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CHAIRMAN'S STATEMENT

The Group's pre exceptional profit before taxation for the fifty two week period ended 26 September 1999 was £301,000 (1998: £903,000) after goodwill amortisation of £68,000 (1998: £nil). Turnover for the period was £34.4 million (1998: £38.6 million). Comparable headline earnings per share were 1.3p (1998: 5.0p). Year end gearing was 35% (1998: 184%). No dividend is proposed.

The exceptional loss of \$758,000 includes \$111,000 of goodwill previously written off to reserves, the costs associated with the restructuring of the administrative departments within our Cleaning and Travel division and the costs of concluding a disputed 1996 decontamination contract with a major nuclear industry customer which was entered into by Jordan Engineering UK Limited prior to its acquisition by the Group.

Financial Review

Our overall performance this year suffered as a result of a 26% reduction in turnover in our Nuclear and Engineering Services division. Management did well to minimise the adverse profit impact arising from this significant turnover reduction and the Group's turnover in the second half was in overall terms one third higher than the turnover achieved in the first half mainly because of the increased turnover from our Cleaning and Travel division. Operating profit before goodwill amortisation was £520,000 in the second half; this was more than double the £254,000 achieved in the first half. Gross profit margins have strengthened gradually throughout the last 18 months with 1999 showing a 18.6% margin (1998: 13.9%) as a result of focusing the Group's activities on partnership and service, rather than contractor related activities. The Group's borrowings reduced by £109,000 in the second half of the year and by £2.8 million during the fifty two weeks since 27 September 1998.

Acquisitions and Disposals

The Group purchased the entire issued share capital of Checkclean Limited and its subsidiary, Corporate Clean Limited, on 15 March 1999 for a maximum consideration of £2.15 million. This acquisition broadened the geographic coverage of our Cleaning and Travel division operations and has provided the Group with the opportunity to benefit from the integration of management and administrative functions of three previously separate regional businesses.

The Group disposed of the loss making chauffeuring business carried on by Two Flags Connect Business Services Limited on 11 August 1999 for an initial consideration of £79,000 with a further £30,000 maximum additional consideration payable dependent upon the level of business with certain customers during the twelve months following disposal.

Operational Review

Excellence Limited was successful in securing new long term work at Gatwick Airport during the year and our Skycaps and baggage handling services are now present at London's two busiest airports. Alpha Excellence has been successfully integrated into the Group and this operation saw a pleasing turnover increase during 1999. Checkclean Excellence is a welcome new addition to the Group and the integration of its administrative and management structures into our Cleaning and Travel division will be completed during the first half of the current year after which we expect annualised overhead savings of at least £300,000.

Jordan's operations continued to develop by establishing site presences on nuclear sites at Devonport and Dungeness which have produced work which can now be added to established site work at Sellafield, Harwell and Trawsfynydd. The major 1998 laser cutter investment at Jordan Fabrications produced a positive contribution to this operation, particularly in the second half of the year.

CHAIRMAN'S STATEMENT *continued*

The Board

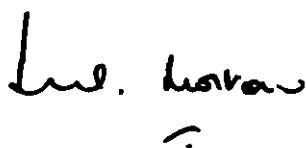
Peter Simonis, a non executive director since 4 February 1992, died suddenly on 14 February 2000. He will be remembered with respect by his colleagues for the valuable contribution he made as a member of the Board.

Strategy

The Board's strategy during the last twenty months has been to increase the Group's presence in the expanding business services sector, thereby reducing our overall exposure to cyclical market activities. The Group has made three acquisitions in the services sector during this period and today's announcement of the proposed acquisitions of MacLellan International Limited and its smaller sister companies, MacLellan Engineering Services PLC and MacLellan Internacional Limitada, strengthens our position as a fast growing provider of specialist business services. As indicated in the separate announcement concerning the proposed acquisitions, the Board believes that the new Group, to be renamed MacLellan Group plc, will be a leading player in the provision of integrated facilities management services.

Outlook

The proposed acquisitions announced today totally transform the prospects for the new Group and the Board looks forward to the future with confidence.



A L R Morton Chairman

17 March 2000

CHIEF EXECUTIVE'S REVIEW

Steady progress in building a strong Services Group

The full year effect of the acquisition of the Excellence and Alpha Plus businesses, together with the part year contribution from Checkclean which was acquired in March 1999, more than replaced the turnover of the Baris business that was disposed of in August 1998.

We have built a Business Services Division from a standing start in June 1998 and this Division now employs approximately 2,500 people and has an approximate annualised turnover of £18 million at 26 September 1999.

The Excellence, Alpha and Checkclean businesses have become a solid foundation for the Group's strategic objective of growing its Business Services activities both geographically and in the range of services offered to our customers. Our senior managers have worked hard to rationalise administrative structures and accounting systems to capture the cost benefits available to us as a result of buying a number of businesses which are all in the South of England.

As previously forecast, Jordan Engineering experienced reduced levels of turnover in the first half following the cessation of the separate activities of the Jordan Process Division. Whilst the second half was much stronger it was not possible to make up for the turnover lost in the first half. Despite this lower level of activity, senior management has been strengthened by selective recruitment and through a number of training initiatives which will stand the Jordan operations in good stead when activity levels increase again.

Trading company reviews

Business Services

The management and administrative structures of Excellence, Alpha and Checkclean have been integrated to gain the advantages of a much broader geographic service with centralised support and the benefits of this integration are now being felt in the current financial year.

Our operations supply a full range of cleaning services ranging from small accounts through to major accounts for commercial and local authority customers. Major customers now include Mercedes Benz, Matra Marconi, Dorset County Council, Hampshire County Council, JET Joint Undertaking, Marshalls Aerospace and City of Westminster.

Our Travel operations successfully started up the new Gatwick airport operation duplicating the Skycaps service which is already well established at Heathrow. Baggage handling and other airport service support activities were supplied to a large number of well known airlines.

We have satisfactorily implemented the Working Time Directive and the introduction of the National Minimum Wage. Since our operations are in the South of England the issue of the minimum wage was not a major concern to us but in those circumstances where an issue did arise we worked closely with customers to avoid a prolonged problem.

CHIEF EXECUTIVE'S REVIEW *continued*

Engineering Services

Key contracts were secured at Devonport for work associated with the major refurbishment of the dockyard. A partnership contract for nearly £4m was also won from British Energy to design and supply a CO₂ plant for the Dungeness power station.

A broad range of contracts were won for services, including decommissioning services, to a number of nuclear sites. A consortium contract to design and supply a caustic scrubber for emission control at Sellafield was an important milestone. Jordan Engineering also serviced customers within the petrochemical, pharmaceutical, architectural and semi-conductor markets in the UK and Ireland.

Jordan Fabrications had a successful year despite some slippage in the expected start dates of contracts for nuclear fuel handling vessels. The year finished strongly with work for Rolls Royce associated with the Devonport dockyard.

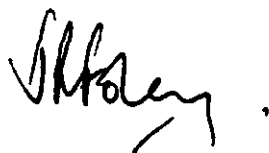
The Bystronic Laser has continued to supply precision parts for nuclear fabrication work. It was also vital in securing the contract for the eye-catching ESAT tower in Dublin, where the design could only be produced economically by the use of computer aided engineering and the laser. The growth in sub-contract laser work has now reached the level where additional shifts will soon be required.

Employees

All of our businesses are crucially dependent on the skills of our employees.

It is our obligation to support and develop an environment where our employees' skills are properly valued and used effectively in order to give our customers a service which is of high quality.

My thanks are due to everyone for their commitment and hard work throughout the year.



John R Foley Chief Executive

DIRECTORS, OFFICERS AND ADVISERS

Directors:

A L R Morton

Non-executive Chairman and Chairman of
Audit and Remuneration Committees

Age 58. Appointed a Director and Chairman in
August 1996. Also Chairman of Vislink plc,
Incepta Group plc, Planit Holdings plc, Baron
Corporation plc, Harrier Group plc and
freecom.net plc.

John R Foley

Chief Executive

Age 44. Appointed a Director and Chief
Executive in November 1994.

Graham W S Lockyer

Operations

Age 52. Appointed Group Operations Director
in October 1998.

Stephen R Shipley

Finance

Age 49. Appointed Group Finance Director in
May 1995.

Brian S North

Non-executive - Member of Audit and
Remuneration Committees

Age 65. Appointed a non-executive Director in
August 1989. Director of Finelist Group PLC,
Gearhouse Group plc, Ted Baker plc,
Springboard plc and also on the board of a
number of unquoted companies.

Secretary and Registered Office

S R Shipley FCA
14 Millbrook Road, Yate
Bristol BS37 5JW

Registered Number - 02279581

Principal Bankers

National Westminster Bank plc
PO Box 23
Portland Square
Sutton-in-Ashfield
Nottinghamshire NG17 1AS

Auditors

PricewaterhouseCoopers
Victoria House
76 Milton Street
Nottingham NG1 3QY

Nominated Adviser

Investec Henderson Crosthwaite
2 Gresham Street
London EC2V 7QP

Company Solicitors

Hallwell Landau
St James's Court
Brown Street
Manchester M2 2JF

Nominated Broker

Williams de Broë plc
1 Waterloo Street
Birmingham B2 5PG

Registrars

Northern Registrars Limited
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA
Tel: 01484 600900

REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements of the Company and of the Group for the fifty two week period ended 26 September 1999.

Activities

Jordec Group plc is the holding company of a group which provides integrated specialist cleaning and facilities management services to travel, commercial and industrial clients and also provides decommissioning services and the design, supply and installation of specialist welded and fabricated products in stainless steel for the nuclear, semi-conductor, pharmaceutical, architectural and general engineering markets. The principal subsidiary undertakings are set out on page 29.

The Chairman's statement on pages 2 and 3 and the Chief Executive's review on pages 4 and 5 give a review of the results for the period, the Group's present position, future prospects and strategy.

Results and dividends

The Group's loss on ordinary activities after taxation for the fifty two week period ended 26 September 1999 amounted to £457,000 (fifty two week period ended 27 September 1998: profit £337,000). The Directors do not recommend the payment of a dividend for the period (period ended 27 September 1998: £nil). The total transfer from reserves therefore amounts to £457,000 (period ended 27 September 1998: transfer to reserves £337,000).

Acquisitions and disposals

On 15 March 1999 the Company acquired the entire issued share capital of Checkclean Limited and its subsidiary company Corporate Clean Limited. The results of this acquisition has been included in the Group financial statements from that date.

The disposal of the chauffeuring business carried on by Two Flags Connect Business Services Limited was completed on 11 August 1999 by the sale of certain assets and associated liabilities of the business.

Further information on acquisitions and disposals is given in note E to the Group statement of cash flows on pages 20 and 21.

Directors

The Directors of the Company at the date of this report are shown on page 6. It is with great sadness that we record the death of Mr Simonis on 14 February 2000.

The interests of the Directors in the share capital of the Company are set out in note 16 to the financial statements; there has been no change in these interests between the period end and 14 March 2000. No Director has any interest in the share capital of the subsidiary undertakings.

REPORT OF THE DIRECTORS *continued*

The Directors retiring by rotation are A L R Morton and S R Shipley who, being eligible, offer themselves for re-election. Mr Morton has a letter of agreement dated 6 March 1997 concerning his appointment as a non-executive director; this agreement may be terminated by either party on six months notice. Mr Shipley has a service agreement with the Company which may be terminated by either party on six months notice.

Share capital

Changes in the authorised and issued share capital of the Company are set out in note 16 to the financial statements.

On 11 March 1999, 8,500,000 ordinary shares of 5 pence each were issued in respect of a placing at a price of 38 pence a share. A further 2,000,000 ordinary shares of 5 pence each were issued on 12 March 1999 in respect of the same placing at a price of 38 pence a share.

Since the period end, a further 292,800 ordinary shares of 5 pence each have been issued at a price of 37.5p in respect of deferred consideration payable on acquisitions made in 1998.

Resolutions will be proposed at the Annual General Meeting to renew for a maximum of fifteen months the authority for the Directors to allot ordinary shares and to exclude shareholders' pre-emption rights where ordinary shares are allotted to them pursuant to a rights issue subject, in both cases, to the limits set out in the resolutions. Save for the allotment of shares to satisfy the exercise of share options or any conversion of the convertible preference shares and in respect of deferred consideration, the Directors have no present intention of making allotments pursuant to these proposed authorities.

Corporate governance

The Board of the Company confirms compliance with the Code of Best Practice set out in the Report of the Committee on the Financial Aspects of Corporate Governance ("the Cadbury Report") for the period ended 26 September 1999.

The Board has overall responsibility for the system of internal control of the Company and Group. This system can only provide reasonable and not absolute assurance against material misstatement or loss.

The Directors review and monitor the effectiveness of the system of internal financial controls through the following processes:

- there is an established group organisation structure which clearly defines lines of responsibility and delegation of authority.
- the Board meets in full on a regular basis and has a schedule of matters which are required to be brought to it for attention.
- procedures are in place for planning, capital expenditure and reporting systems to monitor the Group's business and its performance.
- financial control is based on a group consolidated budget, which is presented to the Board for approval, that comprises a monthly profit and loss account, balance sheet and cash flow statement; actual results are reported monthly and significant variances are investigated.

REPORT OF THE DIRECTORS continued

During the period ended 26 September 1999, the finance and administration functions of the cleaning and travel businesses were relocated; the financial and operating controls for those businesses have been progressively re-established under the new management structures.

After making enquiries, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Substantial holdings

Apart from the Directors' interests disclosed in note 16 to the financial statements, the Company had been notified at 14 March 2000 of the following interests in holdings of shares in excess of 3% of the ordinary share capital which at that date comprised 31,899,937 shares of 5 pence each:

Name	Percentage Shareholding	Number of shares
The AIM Trust	7.7%	2,451,000
Beacon Investment Trust plc	6.0%	1,907,817
R B Fletcher	4.9%	1,575,000
A W Sibley	3.9%	1,251,958
Clerical & Medical Investment Group	3.1%	997,083

The convertible preference share capital comprising 5,000,000 shares of 10 pence each is registered in the name of CNW Nominees Limited.

So far as the Board is aware, there are no other holdings of 3% or more in the share capital of the Company.

Creditor payment policy

The Group does not follow any code or standard on payment practice. It is the responsibility of each business in the Group to agree appropriate terms and conditions for its transactions with suppliers; these range from standard written terms to individually negotiated contracts. Payments to suppliers should be made in accordance with those terms and conditions, provided that the supplier has met its obligations under those terms and conditions. Trade creditors at 26 September 1999 represented 72 days (27 September 1998: 76 days) of purchases.

Euro

The Directors are aware of the implications following the introduction of the Euro and appropriate systems and controls have been implemented. The Directors do not consider that the costs associated with the introduction of the Euro have been significant.

Employees

The Group gives full consideration to applications for employment made by disabled persons, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event that an employee becomes disabled, every effort is made to ensure their continued employment and to arrange appropriate training. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as practicable, be identical to that of a person who does not suffer from a disability. The Group has continued its policy of regularly consulting and communicating with its employees through briefing meetings, announcements on notice boards and distribution of the annual report.

Donations

Charitable donations amount to £nil (1998:£170). There were no political contributions in either period.

Close company status

The Directors are of the opinion that the Company is not a close company as defined in the Income and Corporation Taxes Act 1988.

Year 2000

The Millennium Bug, or Year 2000 issue, refers to potential problems in the processing of data or operation of electronic equipment if affected by the transition from 1999 to 2000. As at the date of this report the Directors are not aware of any significant effects on the Group's businesses from the transition. The Directors do not consider that the costs associated with the Group's response to the Year 2000 issue have been significant.

Statement of Directors' Responsibilities

Company law requires Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

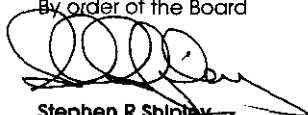
REPORT OF THE DIRECTORS continued

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution concerning their re-appointment as auditors will be proposed at the annual general meeting.

By order of the Board


Stephen R Shiple
Secretary

17 March 2000

AUDITORS' REPORTS

Audit report to the Members of Jordec Group plc

We have audited the financial statements on pages 14 to 37.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report. As described on pages 10 and 11 this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you, if, in our opinion, the Directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

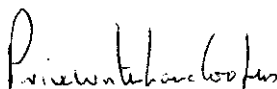
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 26 September 1999 and of the result and cashflows of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

17 March 2000
Nottingham

AUDITORS' REPORTS continued**Auditors' report to the Directors of Jordec Group plc on corporate governance matters**

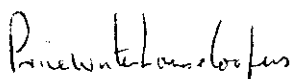
In addition to our audit of the financial statements, we have reviewed your statements on Pages 8 and 9 concerning the Company's compliance with the paragraphs of the Cadbury Code of Best Practice specified for our review by the London Stock Exchange and the adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to non-compliance with those paragraphs of the Code, if not otherwise disclosed.

Basis of opinion

We carried out our review having regard to guidance issued by the Auditing Practices Board. That guidance does not require us to perform any additional work necessary to, and we do not, express any opinion on the effectiveness of either the Company's system of internal financial control or corporate governance procedures, nor on the ability of the Company to continue in operational existence.

Opinion

In our opinion, your statements on internal financial controls and going concern on pages 8 and 9 have provided the disclosures required by paragraphs 4.5 and 4.6 of the Code (as supplemented by the related guidance for directors) and such statements are not inconsistent with the information which came to our attention as a result of our audit work on the financial statements. In our opinion, based on enquiry of certain Directors and officers of the Company and examination of relevant documents, your statements on pages 8 and 9 appropriately reflect the Company's compliance with the other aspects of the Code specified for our review.

**PricewaterhouseCoopers**

Chartered Accountants

17 March 2000

Nottingham

GROUP PROFIT AND LOSS ACCOUNT

for the fifty two week period ended 26 September 1999

	Note	Before exceptional items £000	Exceptional items £000	1999 Total £000	1998 Total £000
Turnover	1				
Continuing operations:					
Existing operations		30,392	-	30,392	29,990
Acquisitions		3,734	-	3,734	-
		34,126	-	34,126	29,990
Discontinued operations		272	-	272	8,602
		34,398	-	34,398	38,592
 Cost of sales	1,5	 (27,989)	 (459)	 (28,448)	 (33,219)
 Gross profit	1	 6,409	 (459)	 5,950	 5,373
 Administrative expenses	1,5	 (5,703)	 (219)	 (5,922)	 (4,128)
 Operating profit	1				
Continuing operations:					
Existing operations		553	(678)	(125)	1,057
Acquisitions		320	-	320	-
		873	(678)	195	1,057
Discontinued operations		(167)	-	(167)	188
		706	(678)	28	1,245
 Exceptional items	5	 -	 (80)	 (80)	 (564)
 Interest	2	 (405)	 -	 (405)	 (342)
 (Loss)/profit on ordinary activities before taxation	3	 301	 (758)	 (457)	 339
 Taxation	6			-	(2)
 (Loss)/profit on ordinary activities after taxation	17			 (457)	 337
 Earnings per share	7				
Headline basis - undiluted				1.3p	5.0p
- diluted				1.1p	4.3p
FRS 3 basis - undiluted				(1.7)p	1.9p
- diluted				(1.5)p	1.6p

The above figures are stated on an historical cost basis and are the total recognised gains and losses for the period. The analysis of turnover and operating profit in 1998 has been restated for discontinued operations.

The notes on pages 24 to 37 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

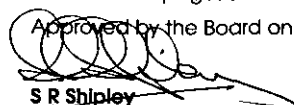
at 26 September 1999



		26 September 1999	27 September 1998
	Note	£000	£000
Fixed assets			
Intangible assets	8	2,869	494
Tangible assets	9	3,058	3,965
Investments	10	275	300
		<u>6,202</u>	<u>4,759</u>
Current assets			
Stocks	11	1,505	1,421
Debtors	12	10,130	8,409
Cash at bank and in hand		396	12
		<u>12,031</u>	<u>9,842</u>
Creditors: Amounts falling due within one year			
Borrowings	13	(1,116)	(3,109)
Other creditors	13	(9,879)	(7,000)
		<u>(10,995)</u>	<u>(10,109)</u>
Net current assets/(liabilities)		<u>1,036</u>	<u>(267)</u>
Total assets less current liabilities		<u>7,238</u>	<u>4,492</u>
Creditors: Amounts falling due after more than one year			
Borrowings	14	(1,362)	(1,816)
		<u>5,876</u>	<u>2,676</u>
Shareholders' funds (including non-equity interests)			
Ordinary shares	16	1,580	1,055
Convertible preference shares	16	500	500
Ordinary shares to be issued	16	110	600
Share premium account	17	4,003	747
Other reserves	17	204	204
Profit and loss account	17	(521)	(430)
Total shareholders' funds		<u>5,876</u>	<u>2,676</u>

The notes on pages 24 to 37 form part of these financial statements.

Approved by the Board on 17 March 2000 and signed on its behalf:


S R Shipley
Director

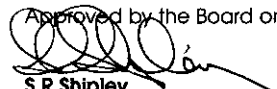
COMPANY BALANCE SHEET

at 26 September 1999

		26 September 1999 £000	27 September 1998 £000
	Note		
Fixed assets			
Tangible assets	9	-	32
Investments	10	2,022	2,335
		<u>2,022</u>	<u>2,367</u>
Current assets			
Debtors - due within one year	12	2,289	715
- due after one year	12	5,140	2,378
Cash at bank and in hand		431	122
		<u>7,860</u>	<u>3,215</u>
Creditors: Amounts falling due within one year			
Borrowings	13	-	(14)
Other creditors	13	(1,724)	(866)
		<u>(1,724)</u>	<u>(880)</u>
Net current assets		<u>6,136</u>	<u>2,335</u>
Total assets less current liabilities		8,158	4,702
Creditors: Amounts falling due after more than one year			
Borrowings	14	(1,250)	(1,262)
		<u>6,908</u>	<u>3,440</u>
Shareholders' funds (including non-equity interests)			
Ordinary shares	16	1,580	1,055
Convertible preference shares	16	500	500
Ordinary shares to be issued	16	110	600
Share premium account	17	4,003	747
Other reserves	17	204	204
Profit and loss account	17	511	334
Total shareholders' funds		<u>6,908</u>	<u>3,440</u>

The notes on pages 24 to 37 form part of these financial statements.

Approved by the Board on 17 March 2000 and signed on its behalf:


S R Shipley
 Director

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the fifty two week period ended 26 September 1999



	1999 Group \$000	1999 Company \$000	1998 Group \$000	1998 Company \$000
(Loss)/profit for the financial period	(457)	177	337	31
New ordinary shares issued including premium (net of expenses)	3,781	3,781	724	724
Movement in ordinary shares to be issued	(490)	(490)	600	600
Merger reserve arising on acquisitions	-	-	1,976	-
Goodwill written off to reserves in current year	(45)	-	(3,046)	-
Goodwill previously written off to reserves:				
- in respect of deferred consideration	300	-	-	-
- business disposal	111	-	-	-
Net increase in shareholders' funds	3,200	3,468	591	1,355
Opening shareholders' funds	2,676	3,440	2,085	2,085
Closing shareholders' funds	5,876	6,908	2,676	3,440
Analysed:				
Equity	3,876	4,908	676	1,440
Non-equity	2,000	2,000	2,000	2,000
	5,876	6,908	2,676	3,440

The notes on pages 24 to 37 form part of these financial statements.

GROUP STATEMENT OF CASH FLOWS

for the fifty two week period ended 26 September 1999

	1999 \$000	1998 \$000
Net cash inflow/(outflow) from operating activities	988	(779)
Returns on investments and servicing of finance		
Interest paid	(356)	(273)
Interest element of finance lease payments	(76)	(49)
	(432)	(322)
Taxation	(27)	-
Capital expenditure and financial investment		
Payments to acquire tangible and intangible fixed assets	(229)	(789)
Receipts from disposal of tangible fixed assets	683	49
Investment in unquoted company	-	(300)
Proceeds from redemption of shares in unquoted company	25	-
	479	(1,040)
Acquisitions and disposals		
Purchase of subsidiary undertaking	(1,513)	(175)
Cash balances of businesses acquired	(282)	(119)
Additional consideration on acquisitions made in prior year	(235)	-
Disposal of business of subsidiary undertaking	66	1,159
Cash balances of business disposed	-	(250)
	(1,964)	615
Net cash outflow before financing	(956)	(1,526)
Financing		
Ordinary shares issued	3,990	347
Expenses incurred in issue of ordinary shares	(209)	(2)
Loans issued/(repaid)	489	(6)
Capital element of finance lease and hire purchase payments	(743)	(435)
	3,527	(96)
Increase/(decrease) in cash in the period	2,571	(1,622)

NOTES TO THE GROUP STATEMENT OF CASH FLOWS

for the fifty two week period ended 26 September 1999

A. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	1999	1998
	£000	£000
Operating profit	28	1,245
Amortisation	120	31
Depreciation	588	552
Profit on disposal of tangible fixed assets	(24)	(8)
(Increase)/decrease in stocks	(49)	395
(Increase) in debtors	(647)	(3,897)
Increase in creditors	972	903
Net cash inflow/(outflow) from operating activities	988	(779)

B. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	£000	£000
Increase/(decrease) in cash for the period	2,571	(1,622)
Net cash flow from changes in debt	254	441
New finance leases and hire purchase agreements	(94)	(844)
Loans and finance leases obligations acquired with purchase of business	(28)	(832)
Finance lease obligations of business sold	128	116
Movement in net debt in the period	2,831	(2,741)
Net debt at beginning of period	(4,913)	(2,172)
Net debt at end of period	(2,082)	(4,913)

C. ANALYSIS OF CHANGES IN NET DEBT DURING THE PERIOD

	At 27 September 1998	Cash flow	Other non- cash changes	Acquired debt	Debt on disposals	At 26 September 1999
	£000	£000	£000	£000	£000	£000
Cash at bank and in hand	12	384	-	-	-	396
Overdrafts	(2,187)	2,187	-	-	-	-
	(2,175)	2,571	-	-	-	396
Debt due within one year	(459)	(489)	-	-	-	(948)
Debt due after one year	(1,250)	-	-	-	-	(1,250)
Finance leases and hire purchase agreements	(1,029)	743	(94)	(28)	128	(280)
	(2,738)	254	(94)	(28)	128	(2,478)
	(4,913)	2,825	(94)	(28)	128	(2,082)

NOTES TO THE GROUP STATEMENT OF CASH FLOWS continued

for the fifty two week period ended 26 September 1999

D. MAJOR NON CASH TRANSACTIONS

During the period, the Group entered into finance leases and hire purchase agreements in respect of assets with a total capital value at the inception of the agreements of £94,000 (1998:£844,000).

E. ACQUISITIONS AND DISPOSALS

On 15 March 1999 the Group acquired the entire issued share capital of Checkclean Limited and its subsidiary company Corporate Clean Limited. The acquisition has been accounted for using acquisition accounting principles. The net liabilities of the businesses acquired have been adjusted for the elimination of previously capitalised goodwill and the recognition of certain onerous contractual commitments; the book values of other assets and liabilities were equivalent to their fair values. The summary of net liabilities acquired is as follows:-

	Book value £000	Fair value adjustments £000	Fair value to Group £000
Goodwill	15	(15)	-
Tangible fixed assets	158	-	158
Stocks	35	-	35
Debtors	896	-	896
Creditors (Including leasing obligations)	(1,243)	(46)	(1,289)
Bank overdraft	(282)	-	(282)
	<u>(421)</u>	<u>(61)</u>	<u>(482)</u>
Goodwill			2,495
Consideration			<u>2,013</u>
Satisfied by:-			
Cash paid			1,425
Acquisition expenses			88
Deferred consideration			<u>500</u>
			<u>2,013</u>

The amount of deferred consideration payable to the vendors of Checkclean is based on the net worth at the date of acquisition. The figure shown above is an estimate by the Directors; the maximum amount payable under the terms of the agreement is £700,000. Checkclean Limited and its subsidiary had a net operating cash inflow of £46,000, payment of interest £7,000 and capital expenditure £25,000 in the period since acquisition. Their results in the period prior to acquisition showed a loss after taxation of £653,000 and in the year ended 30 September 1998 a profit after taxation of £94,000.

During the current year the final consideration payable in respect of the acquisitions of Excellence Limited and Alpha Excellence Limited was determined. Deferred consideration payable amounted to £300,000 compared to the £600,000 previously reported. This reduction, together with a further £45,000 of acquisition costs, has been adjusted through goodwill.

NOTES TO THE GROUP STATEMENT OF CASH FLOWS *continued*
for the fifty two week period ended 26 September 1999



E. ACQUISITIONS AND DISPOSALS - continued

The disposal of the chauffeuring business carried on by Two Flags Connect Business Services Limited was completed on 11 August 1999 by the sale of certain assets and associated liabilities.

The summary of net assets sold is as follows:-

	\$000
Goodwill	111
Tangible fixed assets	141
Net current liabilities	(106)
	<u>146</u>
Loss on disposal	(80)
	<u>66</u>
 Cash receivable	 79
Costs of disposal	(13)
	<u>66</u>

The goodwill shown above had previously been written off to reserves in the Group financial statements.

Under the terms of the sale agreement additional consideration up to a maximum of £30,000 is receivable dependent upon the level of business with certain customers during the twelve months following disposal; no additional consideration has been accrued.

ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Basis of consolidation

The financial statements of the Company and all of its subsidiary undertakings are included in the consolidated financial statements. The results of subsidiary undertakings and businesses acquired or disposed of during the period are included from the date control is acquired or up to the date of disposal.

Goodwill arising on acquisition, being the excess of consideration over the fair value of the net assets acquired, is accounted for as follows:

- on acquisitions completed prior to 27 September 1998 goodwill was eliminated directly against reserves
- on acquisitions completed subsequent to 27 September 1998 goodwill is capitalised and then amortised over its estimated useful economic life

In accordance with the transitional provisions of FRS 10, goodwill previously eliminated against reserves will remain eliminated. On the subsequent disposal or cessation of a previously acquired business, the profit or loss on disposal or cessation is calculated after charging the gross amount of any related goodwill previously taken to reserves, or the remaining amount capitalised on the balance sheet.

In accordance with Section 230 of the Companies Act 1985, Jordec Group plc has taken advantage of the exemption not to include a company profit and loss account.

Turnover

Turnover represents the invoiced value of goods and services supplied together with the value of contracting work executed in the period. No credit is taken for claims until there is firm agreement with the customer. Turnover is exclusive of value added tax.

Intangible fixed assets

Licences to apply technology within the United Kingdom are amortised over the estimated useful economic life of the licences, being 10 years. Goodwill is amortised over 20 years being, in the opinion of the Directors, its estimated useful economic life.

Tangible fixed assets

Tangible fixed assets are shown at cost less accumulated depreciation. Depreciation is calculated on a straight line basis at rates appropriate to the expected useful lives and estimated residual values of the assets within the following ranges:

Freehold land	not depreciated
Freehold buildings	2% per annum
Short leasehold land and buildings	over the period of the lease
Plant, equipment and office fixtures	8 - 50% per annum
Motor vehicles	25 - 33% per annum

ACCOUNTING POLICIES *continued*

Stocks

Stocks, which comprise materials held for use on contracts, are stated at the lower of cost and net realisable value.

Long term contracts

Turnover and related costs on each long term contract are recorded in the profit and loss account as contract activity progresses. Turnover is calculated on the basis of the work done, and, when a profitable outcome to the contract can be assessed with reasonable certainty, includes attributable profit. Attributable profit is calculated on a prudent basis for each contract by reference to the contract's cumulative turnover, total contract value and total profit estimated for the completed contract. Full provision is made for any foreseen losses on contracts. Long term contract balances are stated on a contract by contract basis at net cost less foreseeable losses and applicable payments on account. Any resulting excesses of foreseeable losses or payments on account for any contract are included under creditors.

Deferred taxation

Provision for deferred taxation is made only in respect of timing differences which are expected with reasonable probability to result in a tax liability within the foreseeable future. Deferred tax assets are not recognised.

Leases

Assets obtained under finance lease contracts are included as tangible fixed assets at their capital value and depreciated over their estimated useful lives. The corresponding liability, net of finance charges, is recorded as a creditor and the finance element of the liability is charged to the profit and loss account over the period of the contract. Rentals payable under operating leases are charged to the profit and loss account in the period to which they relate.

Pensions

The group contributes to the personal schemes of certain employees. All costs in respect of pension contributions are charged to the profit and loss account in the period in which they are incurred.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction or at contracted rates where appropriate. Foreign currency assets and liabilities are expressed in sterling at exchange rates ruling at the period end or at contracted rates where appropriate. Exchange differences are taken to the profit and loss account as incurred.

NOTES TO THE FINANCIAL STATEMENTS

1. SEGMENTAL ANALYSIS

	1999 \$000	1998 \$000
Turnover		
Business segment analysis:		
Nuclear and engineering services	20,318	27,295
Cleaning and travel services	13,808	2,695
	<u>34,126</u>	<u>29,990</u>
Discontinued operations	272	8,602
	<u>34,398</u>	<u>38,592</u>
Geographical market analysis by destination:		
UK	33,524	32,723
Europe	874	5,869
	<u>34,398</u>	<u>38,592</u>

All turnover arose in the United Kingdom. (Loss)/profit on ordinary activities before tax and net operating assets by business segment analyses are not provided as the Directors are of the opinion that such disclosure would be prejudicial to the interests of the trading companies within the Group.

	Continuing \$000	Acquired \$000	Discontinued \$000	1999 Total \$000
Turnover	30,392	3,734	272	34,398
Cost of sales				
- normal	(24,780)	(2,926)	(283)	(27,989)
- exceptional	(459)	-	-	(459)
Gross profit	5,153	808	(11)	5,950
Administrative expenses				
- normal	(5,059)	(488)	(156)	(5,703)
- exceptional	(219)	-	-	(219)
Operating profit	(125)	320	(167)	28

	Continuing \$000	Acquired \$000	Discontinued \$000	1998 Total \$000
Turnover	27,295	2,695	8,602	38,592
Cost of sales	(23,639)	(2,019)	(7,561)	(33,219)
Gross profit	3,656	676	1,041	5,373
Administrative expenses	(2,799)	(476)	(853)	(4,128)
Operating profit	857	200	188	1,245

NOTES TO THE FINANCIAL STATEMENTS continued

2. INTEREST

	1999	1998
	£000	£000
Payable:		
Bank loans and overdrafts	304	281
Other loans	29	12
Finance leases and hire purchase agreements	76	49
	<u>409</u>	<u>342</u>
Receivable:		
Bank	(4)	-
Net interest payable	<u>405</u>	<u>342</u>

3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss)/profit on ordinary activities before taxation		
Is after charging/(crediting):	1999	1998
	£000	£000
Amortisation of intangible fixed assets		
- goodwill	68	-
- licences	52	31
Depreciation:		
- owned assets	333	284
- assets under finance leases or hire purchase agreements	255	268
Profit on disposal of tangible fixed assets	(24)	(8)
Auditors' remuneration including expenses		
- audit services	32	25
- non audit services	23	14
Operating lease rentals		
- plant and machinery	1,378	1,463
- other	158	129
Exceptional items (note 5)	<u>758</u>	<u>564</u>

In addition to the non audit services fees shown above, £39,000 has been capitalised within acquisition expenses.

The audit fee in respect of the Company was £5,000 (1998:£4,000).

4. EMPLOYEES

The average number of persons employed by the Group was as follows:

	1999	1998
	Number	Number
Management and Office	109	75
Production and site operatives	<u>2,065</u>	<u>763</u>
	<u>2,174</u>	<u>838</u>

The average payroll costs of these employees, excluding Directors, was as follows:-

	£000	£000
Wages and salaries	17,695	13,748
Social security costs	1,295	1,238
Other pensions costs (see note 20)	76	107
	<u>19,066</u>	<u>15,093</u>

5. EXCEPTIONAL ITEMS

Exceptional items comprise:

	1999	1998
	£000	£000
Restructuring costs	253	-
Costs of settlement of pre-acquisition contracts	425	-
Loss on disposal of subsidiary undertaking	80	564
	<u>758</u>	<u>564</u>

The costs of settlement of pre-acquisition contracts are included within cost of sales together with £34,000 of the restructuring costs. The balance of restructuring costs, which principally relate to office relocation and employee severance, are included within administrative expenses.

6. TAXATION

	1999	1998
	£000	£000
Corporation tax charge on results for the period	-	2

The tax charge for the current and prior period has been mitigated due to the availability of tax losses; there is no potential deferred tax liability. The potential deferred tax asset is analysed in note 15.

7. EARNINGS PER SHARE

The earnings per share calculation has been based on the weighted average number of shares in issue during the period of 26,855,082 (undiluted) and 30,440,011 (fully diluted) (1998: 17,893,009 and 20,697,309 respectively). The FRS 3 basis has been calculated on the loss attributable to ordinary shareholders of £457,000 (1998: profit £337,000). The headline basis has been calculated on a profit of £345,000 (1998: £893,000), being the attributable (losses)/profits as adjusted for exceptional items of £758,000, profit on disposal of tangible fixed assets of £24,000 and goodwill amortisation of £68,000 (1998: exceptional items of £564,000 and profit on disposal of tangible fixed assets of £8,000); this basis has been reported to assist in comparisons with earlier periods.

Fully diluted earnings per share has been calculated on (losses)/profits and shares in issue which have been adjusted to take account of future issues of ordinary shares in respect of the convertible preference shares and options issued under the Company's share option schemes.

NOTES TO THE FINANCIAL STATEMENTS continued

8. INTANGIBLE FIXED ASSETS

	Goodwill £000	Licences £000	Total £000
GROUP			
Cost			
At 27 September 1998	-	525	525
On acquisition	2,495	-	2,495
At 26 September 1999	2,495	525	3,020
Amortisation			
At 27 September 1998	-	31	31
Charge for the period	68	52	120
At 26 September 1999	68	83	151
Net book amount			
At 26 September 1999	2,427	442	2,869
At 27 September 1998	-	494	494

9. TANGIBLE FIXED ASSETS

	Land and buildings	Plant, equipment and office fixtures	Motor vehicles	Total
GROUP	£000	£000	£000	£000
Cost				
At 27 September 1998	1,749	3,846	853	6,448
Additions	26	197	100	323
Businesses acquired	8	432	42	482
Businesses sold	-	(14)	(189)	(203)
Disposals	-	(451)	(436)	(887)
At 26 September 1999	1,783	4,010	370	6,163
Depreciation				
At 27 September 1998	222	2,001	260	2,483
Charge for period	41	396	151	588
Businesses acquired	6	294	24	324
Businesses sold	-	(3)	(59)	(62)
Disposals	-	(57)	(171)	(228)
At 26 September 1999	269	2,631	205	3,105
Net book amount				
At 26 September 1999	1,514	1,379	165	3,058
At 27 September 1998	1,527	1,845	593	3,965

The value of land, which is not depreciated, is £456,000 (1998:£456,000). Land and buildings includes short leasehold land and buildings with a cost of £93,000 (1998:£60,000) and accumulated depreciation of £47,000 (1998:£36,000); depreciation charged in the period amounted to £6,000.

The net book amount of £3,058,000 includes assets held under finance leases and hire purchase agreements which have a capital cost of £814,000 (1998:£1,670,000) and accumulated depreciation of £319,000 (1998:£334,000).

NOTES TO THE FINANCIAL STATEMENTS *continued*

9. TANGIBLE FIXED ASSETS - continued

COMPANY	\$000
Cost	
At 27 September 1998	35
Transfers	(4)
Disposals	(31)
At 26 September 1999	<u>-</u>
Depreciation	
At 27 September 1998	3
Charge for period	6
Transfers	(3)
Disposals	(6)
At 26 September 1999	<u>-</u>
Net book amount	
At 26 September 1999	<u>-</u>
At 27 September 1998	<u>32</u>

The Company's fixed assets were principally motor vehicles held under finance leases with a capital cost of £31,000 (1998:£31,000) and accumulated depreciation at the date of sale of £6,000 (1998:£2,000).

10. INVESTMENTS

	Group \$000	Company \$000
Subsidiary undertakings		
Cost		
At 27 September 1998	-	2,042
Additions	-	12
Deferred consideration - shares to be issued	-	(300)
At 26 September 1999	<u>-</u>	<u>1,754</u>
Provisions for diminution in value		
At 27 September 1998 and 26 September 1999	<u>-</u>	<u>(7)</u>
Other investments at cost		
At 27 September 1998	300	300
Shares redeemed	(25)	(25)
At 26 September 1999	<u>275</u>	<u>275</u>
Net book amount		
At 26 September 1999	<u>275</u>	<u>2,022</u>
At 27 September 1998	<u>300</u>	<u>2,335</u>

The principal subsidiary undertakings of Jordec Group plc, which are incorporated in Great Britain and registered in England and Wales, are as follows:-

NOTES TO THE FINANCIAL STATEMENTS *continued*

TRADING

Alpha Excellence Limited
 Checkclean Excellence Limited
 Excellence Limited
 Excellence Support Services Limited*
 Jordan Engineering UK Limited
 Jordan Fabrications Limited
 Jordan Nuclear Engineering Limited
 Jordan Process Engineering Limited
 Jordan Engineering (Cumbria) Limited*
 Jordan Engineering (Pembroke) Limited
 Two Flags Excellence Limited*

DORMANT

Corporate Clean Limited*
 Jordec Limited
 JEUK 1997 Limited
 Jordec Management Services Limited
 Two Flags Connect Business Services Limited*

Jordec Group plc owns directly or indirectly 100% of the voting and equity shares in each of the subsidiaries and all subsidiary companies are included in the consolidated Group accounts. The share capital of the companies marked * are held through subsidiary undertakings.

11. STOCKS

	Group		Company	
	1999	1998	1999	1998
	£000	£000	£000	£000
Long term contracts				
Net cost less foreseeable losses	8,039	7,428	-	-
Applicable payments on account	(6,712)	(6,130)	-	-
	1,327	1,298	-	-
 Raw materials and consumables				
	178	123	-	-
	1,505	1,421	-	-

NOTES TO THE FINANCIAL STATEMENTS continued

12. DEBTORS

	Group		Company	
	1999	1998	1999	1998
	\$000	\$000	\$000	\$000
Amounts due within one year				
Trade debtors	7,201	5,549	-	-
Amounts recoverable on contracts	1,910	2,312	-	-
Amounts due from Group undertakings	-	-	2,261	486
Other debtors	616	292	18	-
Taxation recoverable	163	-	-	-
Prepayments and accrued income	240	256	10	229
	10,130	8,409	2,289	715

Amounts due after more than one year

Amounts due from Group undertakings	-	-	5,140	2,378
	10,130	8,409	7,429	3,093

13. CREDITORS: Amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
	\$000	\$000	\$000	\$000
Borrowings				
Bank overdraft	-	2,187	-	-
Loans	948	459	-	-
Obligations under finance leases and hire purchase agreements	168	463	-	14
	1,116	3,109	-	14

The bank overdraft facility is secured by a fixed and floating charge over certain of the Group's assets and is repayable on demand. The loans are secured by a fixed charge over certain debtors of the Group.

	Group		Company	
	1999	1998	1999	1998
	\$000	\$000	\$000	\$000
Other creditors				
Trade creditors	4,823	3,932	111	127
Amounts owed to Group undertakings	-	-	141	140
Corporation tax	-	2	-	-
Taxation and social security	1,781	1,130	1,069	330
Accruals and deferred income	1,543	1,286	213	269
Other creditors	1,732	650	190	-
	9,879	7,000	1,724	866

NOTES TO THE FINANCIAL STATEMENTS *continued*

14. CREDITORS: Amounts falling due after more than one year

	Group		Company	
	1999	1998	1999	1998
	£000	£000	£000	£000
Borrowings				
Bank loan	1,250	1,250	1,250	1,250
Obligations under finance leases and hire purchase agreements	112	566	-	12
	1,362	1,816	1,250	1,262

The bank loan, which is secured by a fixed and floating charge over the Group's assets, bears interest at 1.75% over bank base rate and \$375,000 is repayable in October 2000 with six-monthly instalments of \$125,000 commencing in April 2001. The amounts owing under finance leases and hire purchase agreements are secured against the assets acquired under these arrangements.

15. PROVISION FOR LIABILITIES AND CHARGES

Deferred Taxation

The potential deferred tax asset, calculated at 30% (1998: 31%) which has not been recognised in the financial statements, is as follows:-

	Group		Company	
	1999	1998	1999	1998
	£000	£000	£000	£000
Capital allowances on plant	16	16	-	3
Other items	-	174	-	79
Losses	980	793	736	644
	996	983	736	726

NOTES TO THE FINANCIAL STATEMENTS continued

16. CALLED UP SHARE CAPITAL

	26 September 1999		27 September 1998	
	Number	£000	Number	£000
Authorised:				
Ordinary shares of 5p	45,000,000	2,250	35,000,000	1,750
Convertible preference shares of 10p	5,000,000	500	5,000,000	500
		<u>2,750</u>		<u>2,250</u>
Allotted, issued and fully paid:				
Ordinary shares of 5p	31,607,137	1,580	21,107,137	1,055
Convertible preference shares of 10p	5,000,000	500	5,000,000	500
		<u>2,080</u>		<u>1,555</u>

On 11 March 1999, 8,500,000 ordinary shares of 5 pence each were issued in respect of a placing at a price of 38 pence a share. A further 2,000,000 ordinary shares of 5 pence each were issued on 12 March 1999 in respect of the same placing at a price of 38 pence a share.

Since the period end, a further 292,800 ordinary shares of 5 pence each have been issued at a price of 37.5p in respect of deferred consideration payable on acquisitions made in 1998. These shares have been included as ordinary shares to be issued, the movement on which is analysed as follows:

	Ordinary shares to be issued £000
At 27 September 1998	600
On determination of final deferred consideration	(300)
Deferred consideration settled by cash in lieu of shares	(190)
At 26 September 1999	<u>110</u>

The holder of the convertible preference shares is entitled, *pari passu* with the holders of ordinary shares, to share in dividends paid by the Company. In the event of a winding up or other return of capital by the Company, the surplus assets shall be applied first in paying to the holder of the convertible preference shares an amount equal to the issue price of the shares; the balance shall be divided amongst the holders of ordinary shares.

The convertible preference shares are convertible by the shareholder at any time on the basis of 35 ordinary shares of 5p for every 100 convertible preference shares held. Upon conversion, the ordinary shares thereby issued shall rank *pari passu* in all respects and form one class with the existing ordinary shares. The holder is eligible to vote on any resolution which varies the rights of the convertible preference shares.

NOTES TO THE FINANCIAL STATEMENTS continued

16. CALLED UP SHARE CAPITAL - continued

Executive share options

Number of ordinary shares				
Dates normally exercisable	At 27 September 1998	Granted/ (lapsed)	At 26 September 1999	Exercise price per share
Scheme approved by the Inland Revenue on 27 July 1989:				
September 1992/1999	17,500	(17,500)	-	71.4p
November 1994/2001	350	(350)	-	294.0p
November 1997/2004	63,000	(63,000)	-	82.8p
December 1998/2005	87,500	(35,000)	52,500	48.5p
December 1999/2006	207,000	(67,000)	140,000	57.5p
May 2001/2008	50,000	-	50,000	57.5p
March 2002/2009	-	50,000	50,000	40.0p
	425,350	(132,850)	292,500	

Options under agreements

not subject to Inland

Revenue approval:

October 1995/2002	175,000		175,000	45.7p
August 1996/2003	437,500		437,500	57.0p
March 2002/2009	-	565,000	565,000	34.0p
	612,500	565,000	1,177,500	

The options under agreements not subject to Inland Revenue approval can be exercised only if certain specified performance targets are achieved. The share price at 26 September 1999 was 37.5p per share and the price range during the period was 34p to 46p. Under the terms of the Excellence Limited acquisition agreement, Jordec Group plc has undertaken to issue ordinary shares in the Company to the holders of options to acquire shares in Excellence Limited upon the exercise by them of those options in accordance with the rules of the Excellence Limited Unapproved Option Scheme 1997. Under the arrangements, a maximum of 348,479 ordinary shares in Jordec Group plc will be issued at a price of 57p each during the exercise period which commenced in June 1998 and concludes in April 2004.

Directors' share interests

The interests, all of which are beneficial, of the Directors who held office at 26 September 1999 in the share capital of the Company were as follows:-

	Ordinary shares of 5p each	
	26 September 1999	27 September 1998 or later date of appointment
A L R Morton (Chairman)	4,888,686	4,888,686
J R Foley	156,625	156,625
G W S Lockyer	-	-
B S North	20,678	20,678
S R Shipley	38,500	38,500
P G Simonis	25,000	25,000

NOTES TO THE FINANCIAL STATEMENTS continued

16. CALLED UP SHARE CAPITAL - continued

The details of the Directors' share options in the Company were as follows:

Number of ordinary shares				
	Dates normally exercisable	Exercise price per share	At 26 September 1999	At 27 September 1998
J R Foley	October 1995/2002	45.7p	175,000	175,000
	August 1996/2003	57.0p	350,000	350,000
	*March 2002/2009	34.0p	250,000	-
G W S Lockyer	*March 2002/2009	34.0p	250,000	-
S R Shipley	December 1998/2005	48.5p	52,500	52,500
	August 1996/2003	57.0p	87,500	87,500
	*March 2002/2009	34.0p	25,000	-

* granted during the current period.

17. RESERVES

	Share premium account \$000	Other reserves \$000	Profit and loss account \$000
GROUP			
At 27 September 1998	747	204	(430)
On issue of new ordinary shares (net of expenses)	3,256	-	-
Goodwill written off	-	-	(45)
Goodwill adjustment from deferred consideration	-	-	300
Goodwill attributable to disposals	-	-	111
Loss for the period	-	-	(457)
At 26 September 1999	4,003	204	(521)

The total of goodwill written off is \$4.47 million of which \$1.98 million and \$2.49 million has been written off against merger reserve and profit and loss account respectively up to 26 September 1999.

	Share premium account \$000	Other reserves \$000	Profit and loss account \$000
COMPANY			
At 27 September 1998	747	204	334
On issue of new ordinary shares (net of expenses)	3,256	-	-
Profit for the period	-	-	177
At 26 September 1999	4,003	204	511

Under the exemption conferred by s230(4) of Companies Act 1985, a profit and loss account for the Company has not been presented. The profit before tax dealt with in the accounts of the Company is £177,000 (1998:\$31,000).

NOTES TO THE FINANCIAL STATEMENTS continued

18. DIRECTORS' EMOLUMENTS

	1999	1998
	£000	£000
Directors' emoluments comprise:		
Emoluments for services as directors	304	226
Pension contributions	6	5
	<u>310</u>	<u>231</u>

Retirement benefits are accruing to one Director under a separate money purchase pension scheme (1998: one); the other Directors do not receive any pension contributions. The emoluments of the highest paid director, who receives no pension benefit from the Company, were £100,000 (1998: £120,000).

19. COMMITMENTS

	Group		Company	
	1999	1998	1999	1998
	£000	£000	£000	£000
Capital commitments at the end of the financial period				
Contracted but not provided	53	146	-	-

Annual commitments under non-cancellable operating leases

GROUP

	1999		1998	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Operating leases which expire:				
Within one year	17	229	33	57
In the second to fifth year	71	272	20	73
After five years	59	-	20	-
	<u>147</u>	<u>501</u>	<u>73</u>	<u>130</u>

COMPANY

The Company had no outstanding commitments under non-cancellable operating leases (1998: £nil).

20. PENSIONS

The Group contributes to the personal schemes of certain employees. Costs are charged to the profit and loss account in the period in which they are incurred and in the period amounted to £82,000 (1998: £112,000). There were no prepaid or outstanding contributions at 26 September 1999 or 27 September 1998.

21. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise convertible preference shares, borrowings, some cash and various items, such as trade debtors and trade creditors, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group has not entered into any derivative transactions and for the period under review it has been the Group's policy that no trading in financial instruments should be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and these are summarised below. Due to the nature of its activities the Group is not exposed to significant foreign currency risk.

Interest rate risk

The Group finances its operations through a mixture of retained profits and bank borrowings. All borrowings are at variable rates of interest.

Liquidity risk

The Group's activities mean that it needs to maximise liquidity which is achieved through a bank overdraft facility and invoice discount line. These are supplemented by a medium term bank loan.

Financial assets

The Group has no financial assets other than short term debtors, cash at bank and an investment in an unquoted company.

Financial liabilities

The Group's financial liabilities are all at variable interest rates (linked to Bank of England base rate) and denominated in sterling.

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities at 26 September 1999 was as follows:

	Medium term loan	Finance leases	Invoice discount line	Total
	£000	£000	£000	£000
In one year or less or on demand	-	168	948	1,116
In more than one year but not more than two years	500	75	-	575
In more than two years but not more than five years	750	37	-	787
	1,250	280	948	2,478

In addition, the Company has funding from convertible preference shares; as stated in note 16, these are convertible at any time.

Borrowing facilities

The Group has various undrawn committed borrowing facilities. The undrawn facilities available at 26 September 1999 in respect of which all conditions precedent had been met were an overdraft facility of £3 million and invoice discount line of £0.25 million. These facilities are subject to an annual review process.

Fair values of financial assets and financial liabilities

The Directors are of the opinion that the fair values of the Group's financial assets and financial liabilities are not materially different from their book values.

NOTES TO THE FINANCIAL STATEMENTS continued

22. CONTINGENCIES

The Group's bankers and insurers have given guarantees to customers amounting to £781,000 (1998:£553,000) which relate to the execution of contracts. The Company has given guarantees amounting to £2,307,000 (1998:£4,934,000) in respect of contracts entered into by subsidiary companies in the normal course of business.

23. RELATED PARTY TRANSACTIONS

The services of J R Foley are provided under an agreement with Trelawne Services Limited and from 22 October 1998 the services of G W S Lockyer have been provided under an agreement with Greenland Services Limited, both being companies in which, respectively, they have controlling interests. The aggregate amounts paid for their services during the period, including expenses, were £194,000 (1998:£183,000); at 26 September 1999 £30,000 was outstanding (27 September 1998:£11,000).

The Company has taken advantage of the exemption in FRS 8 not to disclose transactions with companies within the same group where there is a common ownership interest in excess of 90% and where such transactions are fully eliminated on consolidation.

FINANCIAL SUMMARY

Financial results for the periods ended

	September 1999 \$000	September 1998 \$000	September 1997 \$000	September 1996 \$000	September 1996 \$000
Turnover	34,398	38,592	27,497	7,576	11,065
(Loss)/profit on ordinary activities before taxation	(457)	339	506	(618)	340
Taxation	-	(2)	-	-	-
(Loss)/profit after taxation	(457)	337	506	(618)	340
Dividends		-	-	-	-
(Loss)/profit for the financial period	(457)	337	506	(618)	340
(Loss)/earnings per share					
Undiluted - 5p	(1.7)p	1.9p	3.1p		
- 20p				(5.7)p	5.2p
- 10p					1.8p
Fixed assets	6,202	4,759	3,140	2,784	278
Net current assets/(liabilities)	1,036	(267)	260	(1,070)	21
Long term liabilities	(1,362)	(1,816)	(1,315)	(135)	(48)
Net assets employed	5,876	2,676	2,085	1,579	251
Share capital	2,080	1,555	1,308	4,504	3,066
Reserves and shares to be issued	3,796	1,121	777	(2,925)	(2,815)
Shareholders' funds	5,876	2,676	2,085	1,579	251
Analysed:					
Equity	3,876	676	85	(421)	(1,749)
Non-equity	2,000	2,000	2,000	2,000	2,000
	5,876	2,676	2,085	1,579	251

Notes:

- The above figures comprise continuing (including acquisitions) and discontinued activities.
- Earnings per share are based on the weighted average number of shares in issue in each period. The figure for the period to 29 February 1996 has been restated to show the effect of the sub-division and consolidation which took place in August 1996; the sub-division in February 1997 did not alter the number of shares in issue upon which the earnings calculation was based.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at 2 Gresham Street, London EC2V 7QP at 11.00am on 13 April 2000 for the following purposes:

As Ordinary Business

- 1 To receive and adopt the Directors' Report and Financial Statements and the Auditors' Report for the fifty two week period ended 26 September 1999.
- 2 To re-elect as a Director of the Company, Mr A L R Morton who retires by rotation.
- 3 To re-elect as a Director of the Company, Mr S R Shipley who retires by rotation.
- 4 To re-appoint PricewaterhouseCoopers as auditors and to authorise the Directors to fix their remuneration.

As Special Business

- 5 To consider and if thought fit pass the following resolution as an ordinary resolution:

That in accordance with Section 80 of the Companies Act 1985 (the "Act"), the Directors of the Company be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities, as defined in that section up to a maximum amount of £655,003 (representing 31.3 per cent of the total share capital in issue) provided that the authority conferred by this paragraph shall expire on the date being fifteen months from the date of the passing of this resolution or, if earlier, the conclusion of the annual general meeting of the Company to be held in 2000; but such authority shall allow the Company to make an offer or agreement which will or might require relevant securities to be allotted after the authority expires and, in that event, the Directors may allot relevant securities in pursuance of such an offer or agreement made by the Company before the authority expires, notwithstanding that by the time of such allotment the authority has expired; and such authority shall be in substitution for any authority conferred upon the Directors in accordance with the said Section 80 prior to the date of the passing of this resolution, which authority (to extent that it remains in force and unexercised) is hereby revoked.

- 6 To consider and if though fit pass the following resolution as a special resolution:

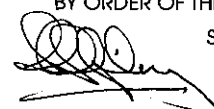
Pursuant to Section 95 (1) of the Act, the Directors of the Company be and are hereby empowered to allot equity securities (within the meaning of Section 94 of the Act) pursuant to the general authority conferred by the aforementioned resolution as if Section 89(1) of the Act did not apply to the allotment; provided that this power shall be limited to:

NOTICE OF ANNUAL GENERAL MEETING continued

- (i) the allotment of equity securities in connection with a rights issue in favour of or general offer to ordinary shareholders where the equity securities respectively attributable to the interests of all the ordinary shareholders are proportionate (as nearly as may be) to the number of ordinary shares held by them (but subject to such exclusion and other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements and any legal or practical difficulties under the laws of any overseas territory or the requirements of any regulatory body or stock exchange);
- (ii) the allotment (otherwise than pursuant to sub paragraph (i) above) of equity securities up to an aggregate nominal amount of £104,749 representing 5 per cent of the current issued share capital of the Company; and
- (iii) unless it is prior to its expiry date duly renewed, varied or revoked shall expire on the date being fifteen months from the date of passing of this resolution or, if earlier the conclusion of the annual general meeting of the Company to be held in 2001 but such resolution and such power shall enable the Company to make an offer or agreement which will or might require equity securities to be allotted after the power expires and, in that event, the Directors may allot equity securities in pursuance of such an offer or agreement made by the Company before the power expires, notwithstanding that by the time of such allotment the power has expired.

17 March 2000

BY ORDER OF THE BOARD



S R Shipley
Secretary

Registered Office
14 Millbrook Road
Yate
Bristol
BS37 5JW

Notes

- 1 Mr Morton and Mr Shipley retire by rotation and, being eligible, are recommended for re-election.
- 2 Any member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company Appointment of a proxy does not preclude a member of the Company from attending and voting at the above meeting. Holders of ordinary shares present or (being a corporation) by a representative shall, upon a show of hands, each have one vote and, if present in person or by proxy or (being a corporation) by a representative shall, upon a poll, have one vote for every ordinary share held.
- 3 The following documents are available for inspection at the Company's registered office, 14 Millbrook Road, Yate, Bristol BS37 5JW during normal business hours on any weekday (excluding Saturdays and Public holidays) from the date of this notice until the date of the meeting.
 - (a) a register of interests of directors and their families in the shares of the Company;
 - (b) copies of directors service or consultancy agreements.