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REPORT & ACCOUNTS

CITY CENTRE

RESTAURANTS, INC.

1999



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CITY CENTRE

RESTAURANTS PLC

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SHAREHOLDER INFORMATION

Directors	Henry E. St. L. King M.A. LL.B. (Cantab) Non-executive Chairman James P. G. Naylor B.A., M.B.A., M.C.I.M., MI Mgt. Chief Executive John D. Wittich FCCA Finance Director Andrew G. Guy B.Sc. (Hons) FHCIMA Executive Director Scott J. Charlesworth Executive Director Charles M. Packshaw M. Sc., B.Sc. (Hons.) Non-executive John E. Jackson FCCA Non-executive Michael Williams-Jones Non-executive
Secretary	John D. Wittich FCCA
Registered Office	Ten George Street Edinburgh EH2 2DZ
Head Office	56-62 Wilton Road London SW1V 1DE
Telephone No:	020 7630 2800
Registrar	Lloyds TSB Registrars Scotland 117 Dundas Street Edinburgh EH3 5ED
Auditors	Ernst & Young London
Company Number	30343
Financial Calendar	Final Dividend 1999 Announcement 28th March 2000 Ex Dividend 25th April 2000 Record Date 2nd May 2000 Payment Date 1st June 2000

**"I WOULD LIKE TO EXPRESS MY
APPRECIATION AND OFFER MY
THANKS TO ALL OUR STAFF WHO
HAVE WORKED HARD IN THE LAST
YEAR TO BRING ABOUT THE CHANGES
WHICH ARE NOW CONTRIBUTING TO
OUR MUCH IMPROVED PERFORMANCE"**

Henry E. St. L. King

CHAIRMAN'S STATEMENT

I am pleased to report a year of *progress and achievement*. We have recorded a healthy uplift in operating profit even though a considerable number of restaurants have been closed for part of the year as a result of our previously reported extensive rebranding and refurbishment programme.

The strategic decision which the Board took early in 1999 to focus on fewer brands has, in a short period of time, produced considerable benefits throughout the Group. Whilst we have continued to open new restaurants, and will be accelerating our opening programme this year, we have also successfully converted a number of restaurants to other of our leading concepts and disposed of some underperforming units where we did not see future potential.

The results of these actions are already apparent and will, we believe, have a positive impact on our performance both in the current year and in the future.

Results

Operating profit for the year ended 31st December 1999 of £20.4m was an improvement of 12.4% compared to £18.1m in 1998 (operating profit before exceptional items and surrender of a lease). Turnover was ahead by 10.5% to £205m (1998: £186m).

Pre-tax profit for the year was £18.1m (1998: £5.7m), and basic earnings per share were 7.39p (1998: 2.10p).

Net gearing was 51% (1998: 28%) and interest was covered by operating profit 8.8 times.

Capital expenditure

Capital expenditure incurred during the year amounted in total to £34m. The Group opened 22 new restaurants at a cost of £15m and rebranded 24 restaurants at an additional cost of £9m. Refurbishing a further 52 restaurants and other items of a general nature cost another £10m. At the year end there were 297 restaurants trading under the Group's brand names.

Final dividend

The Directors are proposing a final dividend of 2.66p (1998: 2.35p) per share, bringing the total dividend for the year ended 31st December 1999 to 3.41p (1998: 3.10p), an increase of 10%, to be paid to shareholders on the register at 2nd May 2000.

Review of operations

The Group has moved forward strongly in what has been a challenging year. In spite of the considerable disruption resulting from our rebranding programme, we have delivered what we set out to do and achieved a good uplift in operating profit.

Trading conditions have been variable throughout the year. A strong summer followed a slow start to the year. Autumn trading was mixed but included an exceptionally strong half-term week which was followed by a satisfactory run up to Christmas. As expected Christmas and the Millennium falling over weekends was unhelpful but sales in the week in between were extremely good.

CHAIRMAN'S STATEMENT

We have also sold or closed 29 poorly performing restaurants which, in the past year, accounted for approximately £600,000 of operating losses.

Recently we have launched our own 'plc' and restaurant websites which we see forming an important part of our marketing mix. Further development is underway and we are exploring the promotional opportunities the internet can provide.

Brand Highlights *Developing Brands*

We continue to see strong growth from these brands which together

posted a 43% increase in restaurant profit on turnover ahead by 40%.

There are presently 65 Caffe Uno's, nine of which opened last year. It is now over six years since the brand was conceived and there is a rolling programme in place to refresh these restaurants to ensure they retain their customer appeal. Last year we refurbished eight restaurants and plan to refurbish a similar number this year. The Caffe Uno brand showed a strong uplift in 1999 and is budgeted to show further advances this year.

Frankie & Benny's, which was recently cited in an industry report as the fastest growing full service restaurant brand in the UK, is proving to be an immensely successful brand in our portfolio. Today there are 55 of these restaurants of which 14 have been converted from Deep Pan Pizzas.

In 1999 we carried out 11 of these conversions and also opened 7 new restaurants. Since the year end, we have completed the other three conversions and opened a further two new units. Mostly located on leisure parks, the brand nevertheless has demonstrated a clear destination element and although it naturally benefits from popular film releases, it also trades well on its own account.

Recently we opened our fifth Frankie & Benny's in a high street location, in Newcastle, and its initial success encourages us in our belief that the brand has wider applications.

We have also seen a healthy growth in profits from our 24 Est Est Est restaurants. Last year we converted

Chiquito www.chiquito.co.uk

As previously mentioned, the year as a whole was characterised by an abnormal amount of activity in restructuring and refurbishing our estate which affected 76 restaurants, 26% of the total. In all 1,800 trading days were lost as a result of this activity, compared with slightly less than half this number in a normal year. Whilst refurbishments will continue to form an ongoing role in our investment programme to ensure our restaurants remain fresh and contemporary, most of the conversion work was completed by the year end and we can look forward to less disruption in the year ahead.

CHAIRMAN'S STATEMENT

**"WOK WOK HAVE RECENTLY
OPENED IN RICHMOND,
FURTHER OPENINGS ARE
SCHEDULED IN BRIGHTON
AND EDINBURGH AND WE
ARE ACTIVELY LOOKING FOR
NEW SITES"**

three Nachos outlets in London to Est Est Est and these are trading successfully. We also opened another new

restaurant in Glasgow. This year we have plans to open at least a further five of these branded restaurants, one of which will be a conversion of a Nachos in Islington and two will be at Heathrow and Gatwick airports.

During the year we crystallised an agreement with the founders of Est Est Est, Derek and Edwina Lilley, to acquire their remaining 10% interest in the brand for £3.65m of which £1.75m was paid in 1999 and the remaining £1.9m will be settled in April this year. Full provision was made for this liability in previous years. The Est Est Est brand will continue to be operated by our strong management team, based in Knutsford, as before.

Wok Wok has almost doubled its profit in the past year. There are now nine of these restaurants offering a fusion of oriental cuisines in contemporary surroundings. We opened a new and popular restaurant in Marlow last year and have very recently opened another restaurant in Richmond which is already trading well. Further openings are scheduled in Brighton and Edinburgh shortly and new sites are being actively canvassed for future development.

Developed Brands

Garfunkel's will be celebrating its 20th anniversary this year. Throughout this time it has proved to be an evergreen brand with a unique

formula, operating equally successfully on busy high streets and at airport terminals.

Last year was no exception and once again the brand has posted increases in sales and profits. As previously reported, trade in central London was marginally affected by a decline in the number of tourists but this was more than compensated by the growth in passenger volumes at airport terminals where we continue to have a strong presence. At the year end, this brand's operations encompassed 47 restaurants, of which 17 are located at airports. Looking forward, I am pleased to announce we shall shortly be opening two new restaurants at Stansted airport which will further extend our reach in this important marketplace.

A new management team is bringing fresh impetus to our Mexican restaurant division. Like for like sales are growing and the prospects for this year are encouraging. Last year we opened six new Chiquito restaurants, including four conversions from Rick Shaw's, a brand we decided to discontinue. We also embarked on a programme of refurbishment which is continuing with a total refit of our high volume restaurant in Leicester Square. More recently we opened a new restaurant in Cheshire which is already generating sales well ahead of expectations. Today, there are 29 Mexican restaurants including the

two remaining Nachos restaurants which form part of this area of our business. Four other Nachos restaurants have been, or are being, rebranded as Est Est Est restaurants.

CHAIRMAN'S STATEMENT

Deep Pan Pizza

We are well advanced with our plan to focus on the 49 restaurants we consider to form the core of this brand. We are currently trading from 59 Deep Pan Pizza outlets as compared with 89 at the start of the year.

Of the total reduction of 30 units, 16 of the best performing restaurants have been converted to other brands with the remaining 14 being disposals. Three of these conversions and one disposal have been completed since the year end. Further disposals and lease expiries will, over time, account for the remaining 10 units which do not meet our ongoing plans for this brand.

Our new management team is now successfully rebuilding the brand. During 1999 that team has refurbished 34 restaurants and plans to refurbish the remaining 15 in the current year. Total sales of this brand are lower than in previous years due to the reduction in the number of restaurants. The decline in sales of the

present units in the brand has been halted and they are now growing. In the second half of 1999 like for like sales declined by 1.5% as compared with a decline of 10.5% in the first half. In the first two months of this year like for like sales grew by 4.3%. From now on, we expect to see this brand to continue improving on the back of superior standards of service which are attracting favourable customer comment.

OK Diners

In September, we stated we had made considerable progress in reducing the number of OK Diner roadside restaurants we operate from 22 to 11. Since then we have disposed of one further site. The remaining ten units produce a modest operating profit and will continue to be managed by the Group.

CHAIRMAN'S STATEMENT

we operate but retain the flexibility of exploring other opportunities for growth so as to keep abreast of changes in the marketplace. This year we aim to open some 30 more restaurants and are already well advanced in our site acquisition programme.

www.wokwok.co.uk Wok Wok

Management and Staff

I would like to express my appreciation and offer my thanks to all our staff who have worked hard in the last year to bring about the changes which are

now contributing to our much improved performance. The Group's operations are supported by a talented and professional management team

who, together with all our employees, have been assiduous in promoting the standards of service and delivery we seek to give all our customers. Our future success depends on training, rewarding and motivating employees at every level within the Group and we believe we have these foundations in place to ensure we can grow our business with confidence.

Strategy and Development

We plan to continue to grow our principal brands in the expanding casual dining market. There will be selective growth in relation to our developed brands and a more rapid roll-out of our developing brands. We have restricted the number of brands which

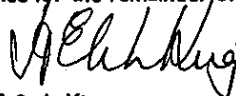
Future prospects

We have made substantial progress in the past year towards repositioning our business to provide a clear focus on our principal brands which now account for 98% of our restaurant

"FRANKIE + BENNY'S IS PROVING TO BE AN IMMENSELY SUCCESSFUL BRAND IN OUR PORTFOLIO. MOSTLY LOCATED ON LEISURE PARKS, THE BRAND NEVERTHELESS HAS A STRONG DESTINATION ELEMENT"

profit. The rewards of the investment we have made, both financially and in management time, are now becoming evident in our improved performance.

The year has begun well and strong trading in the first two months of the year gives us confidence for the remainder of the year.



Henry E. St. L. King
Chairman
10th April 2000

DISCLOSURE OF RESULTS BEFORE EXCEPTIONAL ITEMS

	Year ended 31st December 1999				Year ended 31st December 1998			
	Restaurants Trading at Year End	Turnover £'000	Profit £'000	Margin %	Restaurants Trading at Year End	Turnover £'000	Profit £'000	Margin %
Developing Brands	148	98,786	19,028	19.3%	118	70,338	13,334	19.0%
Developed Brands	76	72,696	12,443	17.1%	72	70,507	12,231	17.3%
Principal Trading Brands	224	171,482	31,471	18.4%	190	140,845	25,565	18.2%
Deep Pan Pizza	63	30,080	788	2.6%	89	38,567	3,520	9.1%
O K Diners	10	3,031	49	1.6%	22	4,178	(56)	(1.4%)
Discontinued Brands	-	698	(347)		4	2,277	(299)	
Pre-opening costs			(1,096)				(1,271)	
	297	205,291	30,865	15.0%	305	185,867	27,459	14.8%
Compensation for surrender of lease			-				1,197	
Administration expenses			(10,481)	(5.1%)			(9,326)	(5.0%)
Operating Profit			20,384	9.9%			19,330	10.4%
Interest payable (net)			(2,307)				(1,282)	
Profit before Tax			18,077				18,048	

"DUE TO THE SHEER DEDICATION AND PROFESSIONALISM OF THE MANAGEMENT TEAM WE HAVE BEEN ABLE TO UNDERTAKE A MAJOR SCHEDULE OF REBRANDING AND RESTRUCTURING WHILST STILL DELIVERING A HEALTHY UPLIFT IN OPERATING PROFIT"

www.wokwok.co.uk WokWok

James Naylor

DIRECTORS

Executive Directors

James P.G. Naylor, Chief Executive
Aged 54, he joined City Centre Restaurants plc as Chief Executive in 1993. He has wide experience of the leisure industry and has held senior positions at Chrysalis Group plc, Northern Leisure plc, First Leisure Corporation plc, Trusthouse Forte plc and Thorn EMI plc. He is a graduate of Leeds and Columbia Universities.

John D. Wittich, Finance Director

Aged 53, he was appointed Finance Director of City Centre Restaurants plc in March 1996 and is a Fellow of The Chartered Association of Certified Accountants (1971). He has extensive experience of the industry and joined the Group in 1982 as Financial Controller of City Centre Restaurants (UK) Limited. He assumed his present position after service as Company Secretary and Director of subsidiary companies in the Group.

Andrew G. Guy, Executive Director

Aged 51, he joined City Centre Restaurants plc in 1993 and was appointed an Executive Director in October 1996. Following his graduation he held several executive appointments in brewing and spent six years in Texas as a Director of two restaurant companies. Prior to joining City Centre Restaurants he was Operations Director and subsequently the first Franchising Director of My Kinda Town plc.

Scott J. Charlesworth, Executive Director

Aged 41, he joined City Centre Restaurants plc in 1993 and was appointed an Executive Director on 29th January 1999. Since joining the Company he has been instrumental in developing the Caffé Uno and Wok Wok brands and prior to that was an Operations Director with Rank Group Plc.

Non-executive Directors

Henry E. St. L. King, Chairman

Aged 63, he is the non-executive Chairman of City Centre Restaurants plc. He was first appointed to the Board in December 1986. He is non-executive Chairman of Rentokil Initial plc and of GKR Group Limited. He is also a director of Total Oil Marine plc and a number of other companies.

Until December 1996 he was Chairman of city solicitors Denton Hall and is now a consultant to its successor Denton Wilde Sapte. He is a graduate of Cambridge University.

Charles M. Packshaw

Aged 48, he was appointed a non-executive Director of the Company in March 1996. He is a Managing Director of Lazard. Prior to joining Lazard he worked for a firm of management consultants. He has a Masters degree from the London Business School.

John E. Jackson

Aged 53, he was appointed a non-executive Director of the Company in October 1996. He is a non-executive Deputy Chairman of The Peoples Lottery and a non-executive director of Thorntons plc. He is Group Chief Executive of Victory Corporation plc and Chief Executive of Virgin Cosmetics Limited. He was formerly Chief Executive of Semara plc, Managing Director of Body Shop International plc and Chairman and Managing Director of Chesebrough-Ponds Limited among others.

Michael Williams-Jones

Aged 52, he was appointed a non-executive Director of the Company in November 1997. He has spent a lifetime in the film and television marketing and distribution business, initially with United Artists where he held several senior executive positions in a number of countries. From 1981 until his retirement in 1996 he was Chief Executive Officer of United International Pictures. He is a member of the British Academy of Film and Television Arts and the American Academy of Motion Pictures Arts and Sciences.

www.caffeuno.co.uk Caffé Uno

REPORT OF THE DIRECTORS

The directors present their Annual Report and the Group Accounts for the year ended 31st December 1999.

Results and Dividends

The results for the year are set out in the Group Profit and Loss Account on page 18 and show a Group Profit after taxation of £14,350,000.

An interim dividend of 0.75p per share was paid on 14th October 1999 and the directors propose a final dividend of 2.66p per share to be paid on 1st June 2000.

Principal Activity

The principal activity of the Group is the operation of restaurants. Further information relating to the business is given in the Chairman's Statement on pages 3 to 7.

Changes in Share Capital

During the year 60,000 shares were issued for a total consideration of £29,400 in respect of options exercised under the 1987 executive share option scheme.

Directors

Full details of the present directors of the Company are given on page 9.

The directors who held office during the year were:

Henry E. St. L. King
James P. G. Naylor
John D. Wittich
Andrew G. Guy

Scott J. Charlesworth
(appointed 29th January 1999)
Charles M. Packshaw
John E. Jackson
Michael Williams-Jones

Each of the non-executive directors is considered by the Board to be independent.

Frankie and Benny's www.frankieandbennys.com

In accordance with the Articles of Association the directors retiring by rotation are Charles M. Packshaw and John E. Jackson. Both of them, being eligible, offer themselves for re-election. Neither of them has a service contract requiring more than twelve months notice.

During the year the Audit Committee comprised the following non-executive directors:

Charles M. Packshaw (Chairman)
Henry E. St. L. King
John E. Jackson
Michael Williams-Jones.

During the year the Remuneration Committee comprised the following non-executive directors:

John E. Jackson
(Chairman from 23rd March 1999)
Charles M. Packshaw
Michael Williams-Jones

Until his retirement from the Remuneration Committee on 23rd March 1999 Henry E. St. L. King was Chairman.

The nomination committee comprises Henry E. St. L. King, James P. G. Naylor and John E. Jackson.

The report on directors' remuneration, which includes details of directors' remuneration and directors' interests in the Company's shares and options together with information on service contracts, is set out on pages 15 to 17.

www.caffeuno.co.uk Caffé Uno

Substantial Shareholdings

At 31st March 2000 the Company had been notified of the following interests of 3% or more in the issued ordinary share capital of the Company:

	No of shares	% of issued capital
Prudential Corporation		
group of companies	27,802,412	14.31%
Fidelity International Limited	14,020,963	7.22%
Norwich Union plc	8,612,225	4.43%
The Aegon UK plc		
Group of Companies	8,413,000	4.33%
Royal and Sun Alliance		
Investment Management Ltd	8,155,000	4.19%
Legal & General		
Investment Management Ltd	7,793,030	4.01%

Corporate Governance

The Company is committed to high standards of corporate governance.

The Board is accountable to the Company's shareholders for good corporate governance. This statement describes how the principles of corporate governance are applied to the Company and the Company's compliance with the Code provisions set out in Section 1 of the Combined Code prepared by the Committee on Corporate Governance chaired by Sir Ronald Hampel.

The Company has been in full compliance throughout the year with the provisions set out in Section 1 of the code of best practice prepared by the Committee on Corporate Governance and published in June 1998 ("the Combined Code") with the exception of provision A.2.1. This provision requires a "senior independent director to be recognised in the Company's Annual Report." The Board have considered this provision

and determined that due to the size of the Company it does not warrant such a position.

Combined Code provision D.2.1 on internal control has been reported on pursuant to the guidance for directors on internal controls and financial reporting issued in December 1994. In respect of Combined Code principle D.2 the Company has established procedures necessary to implement the guidance for directors on the internal control aspects of the Combined Code published in September 1999.

The Board currently comprise the independent non-executive chairman, the chief executive, three other executive directors and three other independent non-executive directors. Their biographies appear on page 9 and these demonstrate a range of experience and sufficient calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct

which is vital to the success of the Group. The Board is responsible to shareholders for the proper management of the Group. All directors are subject to election by shareholders at the first opportunity after their appointment, except where they are first appointed by shareholders, and to re-election thereafter at intervals of not more than three years.

All directors have access to the advice and services of the Company Secretary and a procedure has been agreed for the directors in the furtherance of their duties to take independent professional advice, if necessary, at the Company's expense.

Communications with shareholders are given high priority. The Chairman's Statement on pages 3 to 7 includes a

REPORT OF THE DIRECTORS

detailed review of the business and future developments. There is regular dialogue with institutional shareholders including presentations after the Company's preliminary announcement of the year end results and at the half year.

The Board use the Annual General Meeting to communicate with private and institutional investors and welcomes their participation. The Chairman aims to ensure that the chairmen of the audit, remuneration and nomination committees are available at Annual General Meetings to answer questions.

The Board is responsible for establishing and maintaining the Group's system of internal financial control. Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed, and by their nature can only provide reasonable, but not absolute, assurance against material misstatement or loss. The Board has overall responsibility for the Group and there is a formal schedule of matters specifically reserved for decision by the Board. Procedures have been established with a view to providing effective internal financial control and, in particular:

operational performance and operational matters are considered at regular weekly meetings of the executive directors together with senior executives;

financial performance is monitored and action taken through weekly reporting to the executive directors and monthly reporting to the Board against annual budgets approved by the Board;

capital investment is regulated by a budgetary process and authorisation levels, with appraisals and post-investment reviews; and business risks faced by the Group are the responsibility of the Board and the executive directors constantly monitor and determine the course of action to manage those risks.

The Board has reviewed the effectiveness of the system of internal financial control in operation through the monitoring process set out above. After making enquiries, the directors have a reasonable expectation that 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 accounts.

Statement of Directors' responsibilities in respect of the Accounts

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that the accounts comply with the above requirements.

Garfunkels www.garfunkels.co.uk

www.estestest.co.uk Est Est Est

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

Year 2000 compliance

The Group has not experienced any significant problems arising from the year 2000 issue. However, given the complexity of the issue, it is not possible for any organisation to guarantee that no year 2000 problems will remain and some level of failure may still occur. Accordingly the directors continue to be alert to the potential risks. The Board believes that it has achieved an acceptable state of readiness and has resources to deal promptly with issues that might arise during 2000.

Employees

The executive directors regularly attend meetings with employees and continually review the means whereby information may be provided to employees. Where reasonable and practicable within existing legislation, all persons, including disabled persons, have been treated in the same way in matters relating to employment, training, career development and promotion.

Donations

No donations for charitable or political purposes were made during the year (1998: Nil). Charitable events

and fund raising are organised by restaurants for organisations in their locality.

Creditor payment policy

The Company's policy is to agree the terms of payment with its suppliers as and when a trading relationship is established. The Company ensures that the terms of payment are clear and its policy is to abide by the agreed terms, provided the supplier meets its obligations.

At 31st December 1999 the Company had no trade creditors. The Group had an average of 56 days (1998: 72 days) purchases outstanding in trade creditors.

Financial risk management

The Board of City Centre Restaurants plc regularly reviews the financial requirements of the Group and the risks associated therewith. Group operations are primarily financed from retained earnings and bank borrowings. In addition to the primary financial instruments the Group also has other financial instruments such as debtors, prepayments, trade creditors and accruals that arise directly from the Group's operations.

In August 1999 the Group secured a five year revolving loan of £30 million to replace short term overdraft facilities at a floating rate dependent on LIBOR. Following this transaction the Group's borrowings have doubled and the Board now considers that the main risk arising from the Group's financial instruments to be an interest rate risk. The new loan has been used for investment in new restaurants and rebranding and refurbishment of existing restaurants. The Board is currently giving consideration to hedging a proportion of the Group's sterling debt in order to protect exposure to interest rate fluctuations.

At 31st December 1999 the Group had gross borrowings of £41.6 million and bank and cash balances of £0.2 million.

The average rate of interest paid during the year was 6.77% and the year end average rate was 6.53%. In 1999 interest was covered 8.8 times by profit before interest. Based upon

the year end debt and profits for 1999, a 1% rise in interest rates would reduce profits before tax by 2.3% and would reduce interest cover to 7.5 times.

Special Business at the Annual General Meeting

There are three items of special business to be dealt with at the Annual General Meeting. These are set out in Resolutions 7, 8 and 9 in

REPORT OF THE DIRECTORS

the Notice of Meeting on pages 33 and 34 and relate to the following:

Resolution 7 is an ordinary resolution giving authority to the directors to allot shares up to a total nominal amount of £11,424,567 being the nominal value of the authorised ordinary share capital less the nominal value of the issued share capital at 10th April 2000. The authority will expire at the conclusion of the Annual General Meeting to be held in 2001 and replaces a similar authority granted on 18th May 1999, which expires at the conclusion of the forthcoming Annual General Meeting. Save for any options granted under the share option schemes, the directors have no present intention of exercising the authority conferred by this resolution.

Resolution 8 is a special resolution and will permit the directors, until the conclusion of the Annual General Meeting to be held in 2001, to make issues of equity securities for cash either by way of rights issue or in any other way, provided the shares issued other than by way of rights issue be limited to shares with a nominal value of £2,428,771, being the equivalent of 5% of the equity share capital in issue on the date of the notice of Annual General Meeting. The power will, if granted, replace the similar power conferred on the directors on 18th May 1999 which expires at the date of the forthcoming Annual General Meeting.

Resolution 9 is a special resolution to authorise the Company to purchase

its own shares pursuant to the power contained in Article 127 of the Company's Articles of Association. The directors believe that it would be advantageous for the Company to have the flexibility to purchase its own shares. However, the directors have no present intention of exercising this authority and would only do so after considering the effects on earnings per share and the benefit for shareholders generally. Any shares purchased in this way will be cancelled and the number of shares in issue will be reduced accordingly. The resolution specifies the maximum number of shares which may be purchased (ten per cent of the Company's present issued share capital) and the maximum and minimum prices at which they may be bought. The purchase of shares by the Company under this authority will be effected by a purchase in the market. The power will, if granted, replace the similar power conferred on 18th May 1999 which expires at the date of the forthcoming Annual General Meeting.

Auditors

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the Board

~~John D. Wittich~~

Secretary

10th April 2000

JAMES P. G. NAYLOR

ANDREW G. GUY

DIRECTORS

Frankie and Benny's www.frankieandbennys.com

**“RECENTLY WE HAVE
LAUNCHED OUR OWN
COMPANY AND RESTAURANT
WEBSITES, FURTHER
DEVELOPMENT IS UNDERWAY
AND WE ARE EXPLORING THE
EXCITING PROMOTIONAL
OPPORTUNITIES THE INTERNET
CAN PROVIDE FOR US”**

James Naylor, Chief Executive

www.deeppanpizza.co.uk The Deep Pan Pizza Company

REPORT ON DIRECTORS' REMUNERATION

1 Composition of the Remuneration Committee

The members of the Committee are given on page 10 in the Report of the Directors.

2 Remuneration of Executive Directors

The Committee determines an overall remuneration package for executive directors and senior executives in order to attract, retain and motivate high quality executives capable of achieving the Group's objectives. The Committee aims to ensure that the remuneration packages offered are competitive and in their totality are in line with the terms offered for similar positions in comparable companies.

Performance related bonuses for executive directors are paid at the discretion of the Remuneration Committee based upon the performance of the Group and the individual concerned.

Grants of share options to executive directors are based upon the performance of the Group and the prevailing share price or, in certain circumstances, at a price in excess of the prevailing share price at the date of the grant.

3 Directors' Emoluments

(i) Executive

	Salary		Bonus		Benefits		Pension		Total	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000	1999 £'000	1998 £'000	1999 £'000	1998 £'000	1999 £'000	1998 £'000
James P. G. Naylor	192	180	-	-	16	15	52	48	260	243
John D. Wittich	135	125	-	-	7	6	15	11	157	142
Andrew G. Guy	152	140	-	-	11	10	15	11	178	161
Scott J. Charlesworth (appointed 29th January 1999)	125	n/a	-	n/a	11	n/a	12	n/a	148	n/a
	<u>604</u>	<u>445</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>31</u>	<u>94</u>	<u>70</u>	<u>743</u>	<u>546</u>

(ii) Non-executive

	Fees	
	1999 £'000	1998 £'000
Henry E. St. L. King	75	69
Charles M. Packshaw	20	18
John E. Jackson	20	18
Michael Williams-Jones	20	18
	<u>135</u>	<u>123</u>

James P. G. Naylor is a member of the City Centre Restaurants Executive Pension Plan which is a defined contribution pension scheme for selected executives, the assets of which are held separately from those of the Company in an independently administered fund. Any bonus payments are not pensionable.

The Company makes contributions to a defined contribution Group Personal Pension Plan in respect of John D. Wittich, Andrew G. Guy and Scott J. Charlesworth and other senior executives of the Group.

REPORT ON DIRECTORS REMUNERATION

4 Service Contracts

The executive directors' service contracts currently require the following notice periods for termination:

James P. G. Naylor	Contract dated 4th February 1998	1 year
John D. Wittich	Contract dated 31st December 1995	1 year
Andrew G. Guy	Contract dated 25th May 1995	1 year
Scott J. Charlesworth	Contract dated 15th March 1999	1 year

The non-executive directors do not have service agreements requiring more than twelve months notice.

Their appointments were made as follows:

Henry E. St. L. King	9th December 1986 (Chairman from 31st May 1996)
Charles M. Packshaw	18th March 1996
John E. Jackson	1st October 1996
Michael Williams-Jones	27th November 1997

5 Remuneration of the Non-executive Directors

The remuneration of the non-executive directors is determined by the Board and the fees paid are related to current market levels for comparable businesses. The non-executive directors are not involved in any discussions or decisions about their own remuneration.

6 Executive Share Option Scheme

Options granted to directors under the Company's executive share option scheme and not exercised at 31st December 1999 were as follows:

1987 Scheme	Date of grant	Number of shares	Price per share
James P. G. Naylor	21st April 1994	400,000	82.2p
Andrew G. Guy	26th August 1993	200,000	88.2p

These options were granted at the average of the middle market price of the shares during the five dealing days prior to the grant. The options are normally exercisable between three and ten years from the date of the grant.

1998 Scheme	Date of grant	Number of shares	Price per share
James P. G. Naylor	21st October 1999	383,215	85.0p
John D. Wittich	21st October 1999	211,765	85.0p
Andrew G. Guy	21st October 1999	238,430	85.0p
Scott J. Charlesworth	21st October 1999	211,765	85.0p

These options were granted at a price determined by the Remuneration Committee which was in excess of the prevailing middle market price of the shares on the date of the grant. The options are normally exercisable between three and ten years from the date of the grant.

No options under the executive share option schemes were exercised by directors during the year.

Options granted to directors under the 1997 SAYE share option scheme and not exercised at 31st December 1999 were as follows:

	Date of grant	Number of shares	Price per share
James P. G. Naylor	7th October 1997	14,870	116.0p
John D. Wittich	7th October 1997	14,870	116.0p
Andrew G. Guy	7th October 1997	14,870	116.0p
Scott J. Charlesworth	7th October 1997	5,948	116.0p

The middle market price of the Company's shares at 31st December 1999 was 74.0p (31st December 1998: 71.5p) and the range during the year was 49.5p to 102.5p.

REPORT ON DIRECTORS REMUNERATION

7 Directors' Shareholdings

The interests of the directors in the shares of the Company, all being beneficially owned, were as follows:

	At 31st December 1999	At 1st January 1999 or date of appointment
Henry E. St. L. King	185,443	120,000
James P. G. Naylor	435,000	110,000
John D. Wittich (a)	20,000	20,000
Andrew G. Guy	11,000	11,000
Scott J. Charlesworth (appointed 29th January 1999)	15,000	-
Charles M. Packshaw	1,000	1,000
John E. Jackson	52,500	2,500
Michael Williams-Jones	166,000	1,000

(a) In addition to the above beneficial holding Mr John D. Wittich is deemed to be beneficially interested in a further 8,000 ordinary shares (1998: 8,000).

Between 31st December 1999 and 31st March 2000 there has been no change in the interests of the directors.

None of the directors who held office during the year had a beneficial material interest in any contract to which the Company or any subsidiary undertaking was a party during the year and which was of significance in relation to the business of the Company.

By order of the Board,

~~John D. Wittich~~

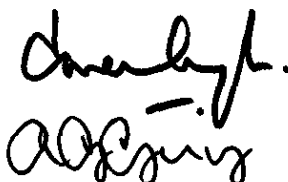
Secretary

10th April 2000

JAMES P. G. NAYLOR

ANDREW G. GUY

DIRECTORS



Group Profit and Loss Account

for the year ended 31st December 1999

	Note	1999	1998		£'000
		£'000	Total £'000	Before Exceptional items £'000	
Turnover		205,291	185,867	185,867	–
Cost of sales:					
Excluding pre-opening costs, compensation for surrender of lease, and exceptional items		(173,330)	(157,137)	(157,137)	–
Pre-opening costs		(1,096)	(1,271)	(1,271)	–
Compensation for surrender of lease		–	1,197	1,197	–
Provision for diminution in value of tangible fixed assets		–	(9,814)	–	(9,814)
		(174,426)	(167,025)	(157,211)	(9,814)
Gross Profit		30,865	18,842	28,656	(9,814)
Administrative expenses:					
Excluding exceptional items		(10,481)	(9,326)	(9,326)	–
Exceptional items:					
Provision for payment due to the originator and Managing Director of the Caffé Uno division		–	(2,016)	–	(2,016)
Abortive costs relating to disposal of restaurants		–	(506)	–	(506)
		(10,481)	(11,848)	(9,326)	(2,522)
Operating Profit	1	20,384	6,994	19,330	(12,336)
Loss on disposal of tangible fixed assets	2	–	(39)	–	(39)
Interest receivable	3	31	51	51	–
Interest payable	4	(2,338)	(1,333)	(1,333)	–
Profit on Ordinary Activities before Taxation		18,077	5,673	18,048	(12,375)
Tax on profit on ordinary activities	6	(3,727)	(1,600)	(3,218)	1,618
Profit on Ordinary Activities after Taxation	7	14,350	4,073	14,830	(10,757)
Dividends	8	(6,626)	(6,021)		
Retained Profit/(Deficit) for the Year	18	7,724	(1,948)		
Earnings per Share	9				
Basic earnings per share		7.39p	2.10p	7.64p	(5.54p)
Diluted earnings per share		7.38p	2.10p	7.63p	(5.53p)

All amounts relate to continuing activities

There were no recognised Gains or Losses other than the profit for the year

Reconciliation of Movements in Shareholders' Funds

for the year ended 31st December 1999

	Note	1999 £'000	1998 £'000
Total recognised gains and losses for the year		14,350	4,073
Dividends		(6,626)	(6,021)
Other movements:			
New shares issued		29	37
Goodwill written back/(off)	11	1,000	(2,000)
Total movements during the year		8,753	(3,911)
Shareholders' funds at 1st January		72,318	76,229
Shareholders' funds at 31st December		81,071	72,318

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Balance Sheets

as at 31st December 1999

	Note	Group		Company	
		1999 £'000	1998 £'000	1999 £'000	1998 £'000
Fixed Assets					
Tangible Assets	10	162,144	138,121	-	-
Investments in subsidiary undertakings	11	-	-	75,617	77,391
		<u>162,144</u>	<u>138,121</u>	<u>75,617</u>	<u>77,391</u>
Current Assets					
Stocks	12	2,419	2,071	-	-
Debtors	13	6,998	4,382	-	-
Cash at bank and in hand	14	221	901	-	-
		<u>9,638</u>	<u>7,354</u>	<u>-</u>	<u>-</u>
Creditors:					
amounts falling due within one year	15	(54,306)	(61,679)	(7,129)	(4,932)
Net Current Liabilities		<u>(44,668)</u>	<u>(54,325)</u>	<u>(7,129)</u>	<u>(4,932)</u>
Total Assets less Current Liabilities		<u>117,476</u>	<u>83,796</u>	<u>68,488</u>	<u>72,459</u>
Creditors:					
amounts falling due after one year	15	(31,969)	(7,626)	-	(5,000)
Provision for liabilities and charges:					
Deferred taxation	16	(4,436)	(3,852)	-	-
		<u>81,071</u>	<u>72,318</u>	<u>68,488</u>	<u>67,459</u>
Capital and Reserves					
Called up share capital	17	48,576	48,561	48,576	48,561
Share premium account	18	10,192	10,178	10,192	10,178
Profit and loss account	18	22,303	13,579	9,720	8,720
Equity Shareholders' Funds		<u>81,071</u>	<u>72,318</u>	<u>68,488</u>	<u>67,459</u>

Approved by the Board of Directors on 10th April 2000 and signed on their behalf by:

James P. G. Naylor
~~John D. Wittich~~

Directors

Andrew G. Guy

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Group Statement of Cash Flows

for the year ended 31st December 1999

	Note	1999 £'000	1998 £'000
Net Cash Inflow from Operating Activities	I	<u>27,524</u>	<u>32,225</u>
Returns on Investments and Servicing of Finance			
Interest received		31	51
Interest paid		<u>(2,338)</u>	<u>(1,333)</u>
Net Cash Outflow from Returns on Investments and Servicing of Finance		<u>(2,307)</u>	<u>(1,282)</u>
Taxation			
Corporation tax paid		<u>(2,373)</u>	<u>(3,873)</u>
Capital Expenditure			
Payments to acquire tangible fixed assets		<u>(36,524)</u>	<u>(39,844)</u>
Receipts from sales of tangible fixed assets		245	3,473
Net Cash Outflow for Capital Expenditure		<u>(36,279)</u>	<u>(36,371)</u>
Acquisitions and Disposals			
Payment and expenses paid for the acquisition of the minority interest in Est Est Est Group		<u>(1,839)</u>	—
		<u>(1,839)</u>	—
Equity Dividends paid		<u>(6,022)</u>	<u>(6,019)</u>
Cash Outflow before Financing		<u>(21,296)</u>	<u>(15,320)</u>
Financing			
Issues of ordinary share capital		29	37
New loans received		30,000	—
Loans repaid		<u>(656)</u>	—
		<u>29,373</u>	<u>37</u>
Increase/(Decrease) in Cash in the year	14	<u>8,077</u>	<u>(15,283)</u>

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Accounting Policies

Accounting Convention

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

Basis of Consolidation

The Group accounts consolidate the accounts of City Centre Restaurants plc and all its subsidiary undertakings made up to 31st December each year.

The acquisition of City Centre Restaurants (UK) Limited in 1987 was accounted for as a merger and the excess of the cost over the nominal value of its share capital and share premium account has been written off to reserves. All other business combinations have been accounted for as acquisitions.

Turnover

Turnover represents amounts received and receivable for services and goods provided (excluding value added tax and voluntary gratuities left by customers for the benefit of the employees). All turnover arose in the United Kingdom.

Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation calculated to write off the cost less residual values on the straight line basis over their estimated useful lives, as follows:

Freehold property	none
Long and short leasehold property	unexpired term of lease or 25 years whichever is less
Fixtures and equipment	5 to 10 years
Motor vehicles	4 years

It is the Group's policy to maintain all its properties to a high standard and, in the opinion of the directors, the residual values of individual properties, based on the prices prevailing at the date of acquisition, are at least equal to the book values of such properties, and accordingly no provision for depreciation is made on freehold property. Should there be any impairment in the value of any property, provision would be made through the profit and loss account.

Stocks

Stocks are valued at the lower of cost and estimated net realisable value.

Deferred Tax

Deferred tax is provided on the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that tax will be payable.

Leasing and Hire Purchase Commitments

Rentals under operating leases are included in the profit and loss account on a straight line basis over the term of the leases.

Property Disposals

Profits and losses on the disposals of properties are recognised in the year in which contracts are exchanged provided no conditions exist which, in the opinion of the directors, could unduly delay or prevent completion from taking place.

Goodwill

Following the introduction of Financial Reporting Standard 10 "Goodwill and Intangible Assets" goodwill on acquisitions since 1st January 1998 is capitalised and amortised over periods depending upon the estimated useful life of the goodwill. Goodwill written off to reserves prior to 1998 has not been restated in the Group Balance Sheet.

Pensions

The Company operates a defined contribution pension scheme for selected executives. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The Company also makes contributions for selected employees into a defined contribution Group Personal Pension Plan and these contributions are charged to the profit and loss account as they become payable.

Pre-opening Revenue Expenses

Property rentals and related costs incurred up to the date of opening a new restaurant are written off to revenue in the year in which they arise. Promotional and training costs are written off to revenue as and when incurred.

Notes to the Accounts

for the year ended 31st December 1999

	1999 £'000	1998 £'000
1 Operating Profit		
(a) Operating profit is stated after charging (crediting):		
Depreciation	10,617	10,007
Auditors' remuneration – Audit services	90	86
– Non audit services	65	71
Operating lease rentals of land and buildings	27,002	23,535
Compensation for surrender of lease	–	(1,197)
Rental income	(1,839)	(1,020)
Exceptional items:		
Provision for diminution in value of tangible fixed assets	–	9,814
Provision for payment due to the originator and Managing Director of the Caffé Uno division	–	2,016
Abortive costs relating to disposal of restaurants	–	506

(b) Reconciliation of operating profit to net cash inflow		
Operating profit	20,384	6,994
Exceptional items	–	9,814
Depreciation	10,617	10,007
Increase/(Decrease) in stocks	(348)	146
(Increase) in debtors	(2,616)	(620)
(Decrease)/Increase in creditors	(513)	5,884

Net cash inflow from operating activities	27,524	32,225

2 Loss on Disposal of Tangible Fixed Assets		
Losses relating to disposals of restaurant premises and fixtures	–	(39)

	–	(39)

3 Interest Receivable		
Bank interest	–	11
Other	31	40

	31	51

4 Interest Payable		
Bank interest	2,317	1,306
Other	21	27

	2,338	1,333

5 Employee Costs and Numbers		
(a) Staff costs:		
Wages and salaries	59,664	53,666
Social security costs	4,522	4,045
Other pension costs	167	128

	64,353	57,839

	Number	Number
(b) Staff numbers:		
United Kingdom	6,983	6,460

Details of the directors' emoluments and the executive pension schemes are given in the Report of the Board on remuneration on pages 15 to 17.

Notes to the Accounts

for the year ended 31st December 1999

6 Tax on Profit on Ordinary Activities	1999	1998
	£'000	£'000
The taxation charge comprises:		
Taxation on the profit for the year:		
UK corporation tax at 30.25% (1998: 31%)	3,140	2,104
Deferred tax	584	(409)
(Over)/under provision from previous years:		
UK corporation tax	3	(155)
Deferred tax	-	60
	<u>3,727</u>	<u>1,600</u>

The effective tax rate is less than the standard rate of corporation tax because full provision has not been made for deferred tax.

7 Profit Attributable to Members of the Holding Company		
Dealt with in the accounts of the Holding Company	7,626	7,598
Dealt with in the accounts of the subsidiary undertakings	6,724	(3,525)
	<u>14,350</u>	<u>4,073</u>

A separate profit and loss account for the holding company has not been presented as permitted by Section 230(3) Companies Act 1985.

8 Dividends		
Interim paid of 0.75p per share (1998: 0.75p)	1,457	1,456
Final proposed of 2.66p per share (1998: 2.35p)	5,169	4,565
	<u>6,626</u>	<u>6,021</u>

9 Earnings per share	1999			1998		
		
Basic earnings per share						
Weighted average number of ordinary shares in issue during the year	194,278,718			194,195,129		
	Pre tax profit £'000	Post tax profit £'000	Pence per share	Pre tax profit £'000	Post tax profit £'000	Pence per share
Total basic earnings for the year	18,077	14,350	7.39	5,673	4,073	2.10
Effect of exceptional items:						
Provision for diminution in value of assets	-	-	-	9,814	9,169	4.72
Provision for payment due to the originator and Managing Director of the Caffé Uno division	-	-	-	2,016	1,114	0.58
Abortive costs relating to disposal of restaurants	-	-	-	506	448	0.23
Loss on disposal of tangible fixed assets	-	-	-	39	26	0.01
	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,375</u>	<u>10,757</u>	<u>5.54</u>
Earnings before exceptional items	<u>18,077</u>	<u>14,350</u>	<u>7.39</u>	<u>18,048</u>	<u>14,830</u>	<u>7.64</u>
Diluted earnings per share						
Weighted average number of ordinary shares in issue during the year	194,278,718			194,195,129		
Shares to be issued in respect of options granted under the Share Option Schemes	227,650			121,722		
	<u>194,506,368</u>			<u>194,316,851</u>		
Diluted earnings per share (pence)	7.38			2.10		

The Group has disclosed an additional earnings per share calculation in order to demonstrate the effect of the exceptional items in 1998.

Notes to the Accounts

for the year ended 31st December 1999

10 Tangible Fixed Assets

	Group		
	Total £'000	Land and buildings £'000	Fixtures, equipment & vehicles £'000
Cost			
At 1st January 1999	203,943	143,201	60,742
Additions	34,885	25,323	9,562
Disposals	(18,322)	(11,277)	(7,045)
At 31st December 1999	220,506	157,247	63,259
Depreciation			
At 1st January 1999	65,822	38,558	27,264
Provided during the year	10,617	6,281	4,336
Applicable to disposals	(18,077)	(11,218)	(6,859)
At 31st December 1999	58,362	33,621	24,741
Net book values			
At 31st December 1999	162,144	123,626	38,518
At 31st December 1998	138,121	104,643	33,478
Net book value of land and buildings:			
		1999	1998
		£'000	£'000
Freehold		11,831	11,508
Long leasehold		3,708	3,723
Short leasehold		108,087	89,412
		123,626	104,643

At both 31st December 1999 and 31st December 1998 the Company had no tangible fixed assets.

Notes to the Accounts

for the year ended 31st December 1999

11 Investments in Subsidiary Undertakings

	Company		
	Total £'000	Shares £'000	Loans £'000
Cost			
At 1st January 1999	78,178	57,215	20,963
Deferred consideration no longer payable	(1,000)	(1,000)	–
Advances during the year	5,268	–	5,268
Repayments during the year	(6,042)	–	(6,042)
At 31st December 1999	76,404	56,215	20,189
Amounts written off			
At 1st January 1999	787	253	534
At 31st December 1999	787	253	534
Net book values			
At 31st December 1999	75,617	55,962	19,655
At 31st December 1998	77,391	56,962	20,429

The Company's principal operating subsidiary undertakings are:

Company	Holding	Proportion of voting rights and shares held
City Centre Restaurants (UK) Limited	Ordinary shares	100%
Chiquito Limited	Ordinary shares	100%
OK Diners Limited*	Ordinary shares	100%
Est Est Est Restaurants Limited*	Ordinary shares	100%
Factmulti Limited*	Ordinary shares	100%

* Held by subsidiary undertakings

The Company's principal operating subsidiary undertakings are all registered in England and operated restaurants in the United Kingdom. All other subsidiary undertakings are wholly owned by the Company or subsidiary undertakings and are dormant.

Under the terms of the acquisition agreement for Est Est Est Group the outstanding 10% of the equity of Est Est Est Restaurants Limited, not owned by the Company, has been acquired by the Company from Mr and Mrs Lilley. In accordance with the agreement the minimum purchase price of £1,750,000 was paid in 1999 and the balance will be discharged in 2000 when the audited accounts are available. The total purchase price and costs associated therewith are not expected to exceed £4,000,000 and therefore £1,000,000 of the provision of £5,000,000 has been released directly to reserves, in the Group accounts.

12 Stocks

Stocks comprise raw materials and consumables and have been valued at the lower of cost and estimated net realisable value. The replacement value at 31st December 1999 is considered by the directors to be not materially different from the balance sheet value.

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Notes to the Accounts

for the year ended 31st December 1999

13 Debtors

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Amounts falling due within one year:				
Trade debtors	488	380	-	-
Other debtors	195	237	-	-
Prepayments	6,315	3,765	-	-
	6,998	4,382	-	-

14 Reconciliation of the Changes in Cash to the Movement in Net (Debt)/Funds

	Group			
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
At 1st January			(20,129)	(4,846)
Movements during the year:				
New loans drawn down			(30,000)	-
Loans repaid			656	-
Cash inflow/(outflow)			8,077	(15,283)
At 31st December			(41,396)	(20,129)
Represented by:	At 1st January 1999 £'000	Cash Flow Movements in the year £'000	Other Movements in the year £'000	At 31st December 1999 £'000
Cash at bank and in hand	901	(680)	-	221
Bank overdraft	(17,748)	8,757	-	(8,991)
Bank loan due within one year	(656)	656	(657)	(657)
Bank loans due after one year	(2,626)	(30,000)	657	(31,969)
	(20,129)	(21,267)	-	(41,396)

15 Creditors

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Amounts falling due within one year:				
Bank overdraft	8,991	17,748	-	-
Bank loan	657	656	-	-
Trade creditors	9,908	11,183	-	-
Corporation tax	2,165	1,395	-	364
Other tax and social security	6,673	7,068	3	3
Other creditors	15,445	11,608	1,946	-
Accruals	5,298	7,456	11	-
Proposed dividend	5,169	4,565	5,169	4,565
	54,306	61,679	7,129	4,932
Amounts falling due after one year:				
Bank loan secured - note (i)	1,969	2,626	-	-
Bank loan unsecured	30,000	-	-	-
Deferred consideration in respect of the acquisition of Est Est Est Group	-	5,000	-	5,000
	31,969	7,626	-	5,000

Note (i) The Bank loan is secured by a floating charge on the assets of Est Est Est Restaurants Limited, and a fixed charge over the premises from which that company operates.

	Group	
	1999 £'000	1998 £'000
The bank loans are repayable within:		
One year	657	656
Two to five years	31,969	2,626
	32,626	3,282

Notes to the Accounts

for the year ended 31st December 1999

16 Deferred Taxation

	Group	
	1999 £'000	1998 £'000
Provided:		
Capital allowances in advance of depreciation		
At 1st January	3,852	4,201
Provided during the year	584	(349)
At 31st December	4,436	3,852
Not provided:		
Capital allowances in advance of depreciation	10,127	7,790
Capital gains rolled over	2,984	3,349
	13,111	11,139

17 Share Capital

Ordinary shares of 25p each:	Number	£'000
Authorised:		
At 1st January 1999 and 31st December 1999	240,000,000	60,000
Allotted, called up and fully paid:		
At 1st January 1999	194,241,732	48,561
Allotments in respect of share options exercised	60,000	15
At 31st December 1999	194,301,732	48,576
	No. of shares	Price per share
Options granted under the 1987 executive share option scheme and not exercised at 31st December 1999 were as follows:		
Period during which options are exercisable:		
1995-2002	85,000	60.8p
1995-2002	30,000	62.2p
1996-2003	200,000	88.2p
1997-2004	400,000	82.2p
Options granted under the 1998 executive share option scheme and not exercised at 31st December 1999 were as follows:		
Period during which options are exercisable:		
2002-2009	1,590,000	74.5p
2002-2009	1,045,175	85.0p
Options granted under the SAYE share option scheme and not exercised at 31st December 1999 were as follows:		
Year during which options are exercisable:		
2002	268,286	116.0p
2003	1,013,318	60.8p

18 Reserves

	Group		Company	
	Share premium account £'000	Profit and loss account £'000	Share premium account £'000	Profit and loss account £'000
At 1st January 1999	10,178	13,579	10,178	8,720
Premium on allotment of shares	14	-	14	-
Goodwill on acquisition of Est Est Est Group written back	-	1,000	-	-
Retained profit for year	-	7,724	-	1,000
At 31st December 1999	10,192	22,303	10,192	9,720

Since 1st January 1989 the cumulative amount of goodwill written off against realised reserves is £50,400,000. Records for periods prior to this date are not readily available.

Notes to the Accounts

for the year ended 31st December 1999

19 Financial Instruments and Derivatives

The Directors' Report on page 13 provides an explanation of the Group's treasury objectives and policies with regards to financial instruments and the management of risk.

Short term debtors and creditors have been omitted from this note as permitted under FRS 13.

As permitted by FRS 13 comparative figures have not been provided.

(a) Interest rate risk profile as at 31st December 1999

Financial Assets

The financial assets of the Group comprised cash (Sterling) amounting to £221,000 on which no interest is receivable.

Financial Liabilities

The financial liabilities of the Group comprised Sterling bank loans and overdrafts amounting to £41,617,000 all of which were floating rate liabilities at rates which fluctuate and are dependent on LIBOR or Base Rate. The average year end interest rate for these borrowings was 5.39% (1998: 7.06%).

(b) Foreign currency exposure profile as at 31st December 1999

The Group has no foreign currency assets or liabilities and as a result, does not have any currency exposures on monetary assets and liabilities.

(c) Liquidity profile of financial liabilities as at 31st December 1999

The following table analyses the Group's financial liabilities as at 31st December 1999, which are repayable as follows:

	Group
	1999
	£'000
In one year or less or on demand	9,648
In more than one year but not more than two years	656
In more than two years but not more than five years	31,313
	41,617

The Group has £2,723,000 of committed borrowing facilities in excess of gross borrowings at the end of the year which is due to expire in one year or less

(d) Fair values of financial assets and liabilities

	Book value	Fair value
	1999	1999
	£'000	£'000
Primary financial instruments held or used to finance the Group's operations:		
Cash	221	221
Borrowings maturing within one year	(9,648)	(9,648)
Borrowings maturing after one year	(31,969)	(31,969)
	(41,396)	(41,396)

(i) The Group does not hold any financial instruments for trading purposes.

(ii) The fair value of short term borrowings and cash at bank and in hand approximate to book values due to the short term maturity of these instruments

Notes to the Accounts

for the year ended 31st December 1999

		Group	
		1999	1998
		£'000	£'000
20	Capital Commitments		
	Authorised and contracted for	7,011	5,905
21	Lease Commitments		
	The minimum rentals payable under operating leases in respect of the next year are as follows:		
	Land and buildings – expiring:		
	within one year	249	181
	within two to five years	1,020	1,785
	after five years	21,173	19,651
		22,442	21,617

Auditors' Report to the Members of City Centre Restaurants plc

We have audited the accounts on pages 18 to 30, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 22.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report. As described on pages 12 and 13, this includes responsibility for preparing the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, 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 the information specified by Law or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the corporate governance statement on pages 11 and 12 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of either the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts.

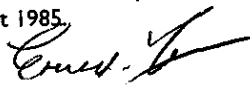
Basis of audit opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the Group as at 31st December 1999 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
London
10th April 2000

Group Financial Record

	1999 £'000	1998 £'000	1997 £'000	1996 £'000	1995 £'000
Turnover	205,291	185,867	165,996	132,767	111,385
Operating profit before exceptional items	20,384	19,330	18,003	15,129	13,261
Exceptional items	-	(12,336)	(788)	(106)	-
Profit/(loss) on disposal of fixed assets	-	(39)	471	1,077	856
Interest (net)	(2,307)	(1,282)	(231)	748	1,358
Profit on Ordinary Activities before Taxation	18,077	5,673	17,455	16,848	15,475
Taxation	(3,727)	(1,600)	(4,393)	(4,087)	(4,653)
Profit on Ordinary Activities after Taxation	14,350	4,073	13,062	12,761	10,822
Dividends	(6,626)	(6,021)	(5,437)	(4,855)	(4,350)
Retained profit/(deficit) for the year	7,724	(1,948)	7,625	7,906	6,472
Basic Earnings per share	7.39p	2.10p	6.73p	6.58p	5.61p
Dividends per share	3.41p	3.10p	2.80p	2.50p	2.24p
Dividend cover	2.17	0.68	2.40	2.63	2.49
Employment of Finance:					
Fixed Assets	162,144	138,121	118,591	96,669	75,786
Net current (liabilities)/assets	(44,668)	(54,325)	(32,126)	(8,632)	4,078
Long term liabilities	(31,969)	(7,626)	(7,176)	(106)	-
	85,507	76,170	79,289	87,931	79,864
Financed by:					
Equity shareholders' funds	81,071	72,318	76,229	85,133	77,245
Deferred tax	4,436	3,852	3,060	2,798	2,619
	85,507	76,170	79,289	87,931	79,864
Net (Debt)/Funds	(41,396)	(20,129)	(4,846)	18,522	22,502
Gearing (%)	51.1%	27.8%	6.4%	n/a	n/a
Interest cover (times)	8.8	15.1	77.9	n/a	n/a

Caffé Uno Heathrow Airport, Terminal 4

Notice of Meeting

Notice is hereby given that the 45th Annual General Meeting of City Centre Restaurants plc will be held at The George Inter-Continental Hotel, 19-21 George Street, Edinburgh, EH2 2PB on Wednesday 24th May 2000, at 11am for the following purposes:

Ordinary business:

1. To receive the Reports of the Directors and of the Auditors and to adopt the Accounts for the year ended 31st December 1999.
2. To declare a final dividend.
3. To re-elect Charles M. Packshaw a Director.
4. To re-elect John E. Jackson a Director.
5. To re-appoint the Auditors.
6. To authorise the Directors to agree the remuneration of the Auditors.

To consider as Special Business and, if thought fit, pass the following resolution as an ordinary resolution:

7. THAT the Directors be generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 to exercise the powers of the Company to allot relevant securities up to a maximum nominal amount of £11,424,567 in aggregate provided that this authority shall (unless previously revoked or renewed) expire on the date of the next Annual General Meeting of the Company and shall supersede any and all previous authorities given to the Directors of the Company in accordance with Section 80 of the Companies Act 1985.

To consider as Special Business and, if thought fit, pass the following resolutions as special resolutions:

8. THAT subject to the passing of resolution 7 the Directors be empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities for cash as if Section 89(1) of the said Act did not apply to any such allotment, provided that this power shall be limited:

i) to the allotment of equity securities in connection with an offer by way of rights to all holders of shares on the register on a record date fixed by the Directors in proportion (as nearly as may be) to such holders' then holding of such shares but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of or the requirements of any recognised regulatory body or The International Stock Exchange; and

ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £2,428,771

and shall expire on the date of the next Annual General Meeting of the Company after the passing of this resolution (or at such later time as the Company by special resolution may from time to time prescribe);

For the purpose of this resolution and resolution 7:

i) the said authority or power shall allow and enable the Company to give effect to offers or agreements made before the expiry of such authority or power which would or might require relevant securities or (as the case may be) equity securities to be allotted after such expiry; and

ii) words and expressions defined in or for the purpose of Part IV of the Companies Act 1985 shall bear the same meaning herein.

Notice of Meeting

9. THAT the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of shares of 25p each in the Company subject to the following conditions:
- i) the maximum number of shares which may be purchased is 19,430,173 shares;
 - ii) the minimum price which may be paid for each share is 25p;
 - iii) the maximum price which may be paid for each share is an amount equal to 105 per cent of the average of the middle market quotations of a share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased; and
 - iv) this authority shall expire at the close of the Annual General Meeting of the Company held in 2001 or, if earlier, on 18th August 2001 (except in relation to the purchase of shares, the contract for which was concluded before the expiry of this authority and which might be executed wholly or partly after such expiry).

By order of the Board

~~John D. Wittich~~ JAMES P. G. NAYLOR
Secretary ANDREW G. GUY
DIRECTORS

Chambers
Andrew G. Guy

56-62 Wilton Road
London SW1V 1DE
10th April 2000

Notes

1. A member who is entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not also be a member.
Forms of proxy must be lodged with the Registrars of the Company at least 48 hours before the time fixed for the meeting. A pre-paid form of proxy is to be found on page 35.
2. The following are available for inspection by members at the Registered Office of the Company during normal business hours and will be available prior to and during the meeting as required:
 - i) A Register of Directors' interests and those of their families in the Shares of the Company together with a statement of transactions.
 - ii) Copies of Directors' service contracts with the Company.
3. The final dividend, if approved, will be paid on 1st June 2000.

Proxy for use at Annual General Meeting by Ordinary Shareholders

I/We

of

being (a) registered holder(s) of * ordinary shares of 25p each of City Centre Restaurants plc hereby appoint the Chairman of the Meeting or (see note 5)

of as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 24th May 2000 and at any adjournment thereof and I/we direct the proxy to vote (on a poll) for me/us as indicated below.

Signed this day of 2000

Signature

Please indicate below how you wish your vote to be cast. On receipt of this proxy duly signed, but without specific directions, the proxy will vote or abstain at his discretion.

		For	Against
Resolution 1	To adopt the Accounts for the year ended 31st December 1999.		
Resolution 2	To declare a final dividend of 2.66p per share for the year ended 31st December 1999.		
Resolution 3	To re-elect Charles M. Packshaw a Director.		
Resolution 4	To re-elect John E. Jackson a Director.		
Resolution 5	To re-appoint the Auditors.		
Resolution 6	To authorise the Directors to agree the remuneration of the Auditors.		
Resolution 7	To authorise the allotment of shares up to a maximum nominal amount of £11,424,567.		
Resolution 8	To give the Directors powers pursuant to Section 95 of the Companies Act 1985.		
Resolution 9	To authorise the Company to purchase its own shares.		

Notes

- To be valid, this proxy must be lodged at the address overleaf not less than 48 hours before the time appointed for holding this meeting (or any adjournment thereof).
- Any alteration in the form of proxy should be initialled.
- In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members. The names of the joint holders should be stated.
- If the member is a corporation, this proxy should be executed either under its common seal, or under the hand of its attorney or any person duly authorised in that behalf.
- A member who wishes to appoint a proxy of his choice should delete the words "the Chairman of the Meeting" and complete in the spaces provided above the name and address of the person so appointed and initial the amendment.
- Completion of this proxy will not preclude you from attending and voting in person at the meeting.
- Charles M. Packshaw and John E. Jackson who are standing for re-election as directors of the Company are members of the remuneration committee.

* Please insert number of ordinary shares registered in your name(s).



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RESPONSE LICENCE No.
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Registrars Scotland
117 Dundas Street
EDINBURGH
EH3 5WY

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