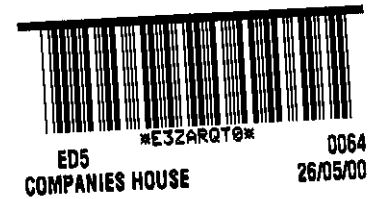


Henry Boot
GROUP OF COMPANIES



1999 Highlights

TURNOVER	£204.8 m
PROFIT BEFORE TAXATION	£11.2 m
EARNINGS PER ORDINARY SHARE	32.0 p
DIVIDENDS PER ORDINARY SHARE	10.0 p
NET ASSETS EMPLOYED	£67.3 m
NET ASSET VALUE PER ORDINARY SHARE	256 p
DIVIDEND COVER	3.2

Five Year Summary

GROUP PROFIT BEFORE TAXATION					
£8.7m	£9.4m	£10.1m	£10.6m	£11.2m	Up 36.6%
EARNINGS PER ORDINARY SHARE					
23.6p	25.1p	27.1p	29.1p	32.0p	Up 40.4%
DIVIDENDS PER ORDINARY SHARE					
7.5p	8.0p	8.5p	9.1p	10.0p	Up 40.8%
ASSET VALUE PER ORDINARY SHARE					
198p	214p	222p	233p	256p	Up 39.1%

Report of the Directors

The directors present their Annual Report and the audited Financial Statements for the year ended 31st December 1999.

RESULTS AND DIVIDENDS

The group profit for the year, the appropriation thereof and dividends paid and proposed are set out in the Group Profit and Loss Account.

The directors recommend that a final dividend of 7.3p per ordinary share be paid on 2nd June 2000 which, together with the interim dividend of 2.7p paid on 18th November 1999, will make a total dividend of 10.0p for the year ended 31st December 1999.

PRINCIPAL ACTIVITY OF THE GROUP

The group's activity is related principally to construction and property and includes building and civil engineering, property development and investment, house building, plant hire and the provision of training services to the construction industry.

CHANGE OF NAME

On 1st June 1999 the name of the company was changed from Henry Boot & Sons PLC to Henry Boot PLC consequent upon the special resolution passed at the Annual General Meeting of the company held on 28th May 1999.

REVIEW OF THE GROUP'S BUSINESS

A review of the group's business during the financial year, of its position at the end of the financial year and of future development is dealt with in the Chairman's Statement and Review of Operations.

On 4th June 1999 the group acquired Quicklift (UK) Limited for a total maximum consideration of £3,180,000 including deferred consideration whereby £250,000 may be payable in respect of each of the years ending 4th June 2000 and 4th June 2001, providing Quicklift meets prescribed pre-tax profit targets in each of those years. The provisional capitalised goodwill on the acquisition, based on the completion balance sheet, is £1,544,000 and this will be amortised in the profit and loss account over its estimated economic life.

SHARE CAPITAL

On two occasions in January 1999 and on two occasions in February 2000 under the authorities granted respectively by resolution 7 passed at the Annual General Meeting held on 22nd May 1998 and by resolution 7 passed at the Annual General Meeting held on 28th May 1999 and in accordance with Section 166 of the Companies Act 1985, the following ordinary 10p shares of the company were bought in and cancelled:

Number	Date bought in	Aggregate consideration	% of issued ordinary share capital
250,000	22.01.1999	£413,310	0.94
250,000	27.01.1999	£408,753	0.95
350,000	01.02.2000	£772,340	1.34
150,000	02.02.2000	£331,020	0.58

The issued ordinary share capital has accordingly been reduced from a total of 26,607,622 (£2,660,762) at 1st January 1999 to 26,115,283 (£2,611,528) at 31st December 1999 (taking into account a total of 7,661 ordinary 10p shares allotted during the year) and subsequently to 25,615,283 (£2,561,528). These purchases took advantage of stock market conditions at the time in order to enhance shareholder returns.

The Notice of the Annual General Meeting which accompanies this report includes the following resolutions:

- (a) An ordinary resolution (resolution 5) to renew the authority of the directors to allot shares up to a maximum nominal amount of £853,842 being 33.33% of the company's issued ordinary share capital at 7th April 2000 (the latest practicable date prior to publication of this document). The authority will expire on 26th May 2005 but it is the present intention of the directors to seek annual renewal of this authority. The directors do not have any present intention of exercising the authority.
- (b) A special resolution (resolution 6) to enable the directors to continue to allot equity securities for cash in connection with a rights issue pro rata to the rights of the existing shareholders but subject to certain exceptions, and for any other purpose provided that the aggregate value of such allotments does not exceed £128,000 (4.99% of the company's issued ordinary share capital at 7th April 2000). The authority will expire on 26th May 2005 but it is the present intention of the directors to seek annual renewal of this authority.

(c) A special resolution (resolution 7) to renew the authority of the company to make market purchases of up to 2,475,000 (9.66%) of its own issued ordinary shares. The minimum price that may be paid under the authority for an ordinary share is 10p and the maximum price is limited to not more than 5% above the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made. The directors will exercise the authority only if they are satisfied that any purchase will be in the interests of the shareholders.

At 7th April 2000 there were outstanding options to subscribe for a total of 789,270 ordinary shares of 10p each in the company, representing 3.08% of the company's issued ordinary share capital at that date. If the full authority being sought to buy-back shares was used, such options would represent 3.41% of the company's issued ordinary share capital (assuming there are no other changes).

DIRECTORS

J S Reis, E J Boot, D H Boot, A P Cooper, D Greaves and J A B Redgrave held office as directors throughout 1999.

The director to retire by rotation is A P Cooper who, being eligible, offers himself for re-appointment. Mr Cooper, a Chartered Accountant, is 52 and joined the company in 1986 as Group Finance Director and was appointed Company Secretary in 1992.

E J Boot and A P Cooper each have a three year rolling service agreement. The Remuneration Committee's view is that three year rolling service agreements are appropriate in these instances for the continuity of the business in this particular industry. This is a departure from provision B.1.7 of the Combined Code. Mr Greaves has a one year rolling service agreement. None of the other directors has a service agreement.

NON-EXECUTIVE DIRECTORS

J S Reis is 62, was appointed to the Board in 1983 and was appointed non-executive Chairman in 1996. He manages substantial interests in farming and property.

D H Boot is 68 and joined the company in 1956, was appointed to the Board in 1960 and was non-executive Chairman from 1987 to 1996.

J A B Redgrave is 68 and was appointed to the Board in 1991. He has extensive experience of the

construction industry with such companies as BPB Industries PLC and as Chairman of Walter Lawrence P.L.C. He was formerly Chairman and Chief Executive of Hunting Gate Group Limited.

DIRECTORS' INTERESTS

The interests of directors in the share capital of the company appearing in the register maintained under the provisions of the Companies Act 1985 were:

	At 31st December 1999		At 1st January 1999	
	Non- Beneficial	Beneficial	Non- Beneficial	Beneficial
J S Reis				
Ordinary	1,517,404	4,395,419	1,517,404	4,395,419
Preference	3,259	5,214	3,259	5,214
E J Boot				
Ordinary	1,247,285	214,050	1,218,435	214,050
Options	97,916	-	97,916	-
Preference	8,053	8,301	8,053	8,301
D H Boot				
Ordinary	514,680	177,370	520,980	171,070
Preference	5,068	13,027	5,068	13,027
A P Cooper				
Ordinary	255,170	-	235,000	-
Options	73,034	-	73,034	-
Preference	1,250	-	1,250	-
D Greaves				
Ordinary	68,590	-	48,420	-
Options	76,416	-	76,416	-
J A B Redgrave				
Ordinary	12,500	-	12,500	-

Between 31st December 1999 and 7th April 2000 E J Boot's beneficial interest in ordinary shares increased by 11,700.

No options have been granted or exercised in the year.

Report of the Directors (Continued)

SUBSTANTIAL SHAREHOLDINGS

Excluding directors, the interests of 3% or more in the ordinary share capital of the company and notified to the company as at 7th April 2000 are:

	Ordinary Shares	
	Number	% of issued
A C Boot	927,050	3.62
J H Boot - beneficial	845,340	3.30
- non-beneficial	173,175	0.67
BT Pension Scheme	918,200	3.58
The Equitable Life Assurance Society	2,176,829	8.50
Moore Street Securities Limited (for company ESOP)	882,587	3.45
FMR Corp.	1,100,000	4.29
Rysaffe Nominees	4,441,400	17.34

Rysaffe Nominees and J A Hume are joint registered holders on behalf of various Reis family trusts, a number of which are also included under the non-beneficial interests of J S Reis.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company 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.

CREDITOR PAYMENT POLICY

The group's policy is for all companies within the group to agree terms and conditions with their suppliers and subcontractors.

Payments are then generally made on the basis of this agreement, providing the suppliers and sub contractors conform with the terms and conditions stipulated.

At 31st December 1999, the company had an average of 29 days purchases outstanding in trade creditors.

REMUNERATION REPORT

The Remuneration Committee comprises of J S Reis, D H Boot, E J Boot and J A B Redgrave.

The company's policy on executive directors' remuneration is to ensure that the directors are

competitively rewarded on a basis that is comparable with similar companies in this industry.

Further detailed information relating to the amount of each element of the remuneration package for the period under review of each director by name, information on share options and long-term incentive schemes, the justification of other pensionable elements of the remuneration package, contracts in excess of one year and the company's policy on the granting of options and other long-term incentive schemes is contained in the Report of the Directors above, the separate report dealing with Corporate Governance, Directors and Staff Costs (note 6 to the Financial Statements) and Share Capital (note 24 to the Financial Statements).

EMPLOYEES

It is our policy to keep all employees informed of the progress and affairs of the group by various means, including our house journal 'Arena' and an Annual Report to Employees published in parallel with the Annual Report. Additionally, employee company statements, notices, etc. are published as appropriate.

The group continues to encourage wider employee share ownership through participation in share option schemes. The Henry Boot PLC Savings Related Share Option Scheme expired on 30th January 2000 and accordingly an ordinary resolution (resolution 8) will be proposed at the forthcoming Annual General Meeting to enable a replacement savings related share option scheme to be approved and adopted, details of which are to be found in the separate Chairman's letter to shareholders which accompanies this Annual Report.

Employee safety, health and welfare are an important part of group policy, as are training and career development.

The group operates a policy of equal opportunities and gives full and fair consideration to the employment of disabled people.

ENVIRONMENTAL POLICY

The group recognises the importance of environmental responsibility throughout all its activities. All employees are required to ensure that environmental issues are carefully considered in the planning, controlling and execution of all work.

The group is committed to:

- ☒ continual review and improvement of working practices to protect the environment, as far as is reasonably practicable within company operations;
- ☒ the reduction, within reasonable economic constraints, of the environmental impact of its activities;
- ☒ compliance with the requirements of relevant environmental legislation and regulation;
- ☒ the health and safety of all those involved in its activities;
- ☒ increasing employee awareness and training in environmental issues.
- ☒ continual review and improvement of its environmental performance, as appropriate to the nature and scale of its operations.

CHARITABLE DONATIONS

Donations for charitable purposes totalled £19,103 (1998 £17,690). The group continues to operate a Give-As-You-Earn Scheme through which employees can make charitable donations before deduction of tax. As an incentive, the company makes an equal donation to charities under this scheme.

YEAR 2000

No problems associated with Year 2000 arose prior to, on and after the Millennium date change. No material costs were incurred in achieving compliance. The Board will continue to monitor progress.

CLOSE COMPANY STATUS

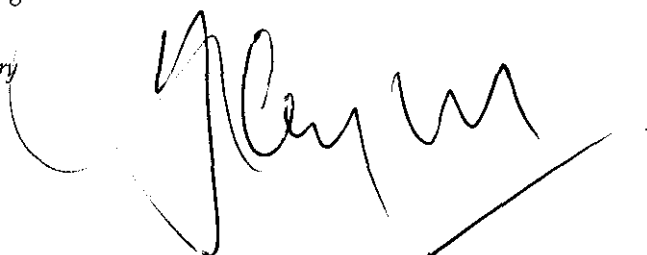
So far as the directors are aware the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company.

AUDITORS

The auditors, Hawsons, have signified their willingness to remain in office and a resolution re-appointing them as auditors and authorising the directors to fix their remuneration will be proposed at the Annual General Meeting.

On behalf of the Board,
A P Cooper, *Company Secretary*

14th April 2000



Corporate Governance

POLICY STATEMENT

The directors generally support, and are committed to, high standards of corporate governance insofar as they assist the overall well-being of the company and its business.

APPLIANCE STATEMENT

In applying the principles of the Combined Code, the company recognises the need to exercise its judgement in relation to the benefits that might accrue to a company of its size when compared to the costs likely to be incurred. In addition, the company's majority shareholders and their long association with the company, inevitably results in some directors having significant financial and personal ties to the company; this is seen in a positive light and to more closely align their interests to those of other shareholders rather than impair, in the case of the non-executive directors, their independence.

Finally, because of the comparatively small size of the Board and the manner in which it conducts its business, which essentially involves all the directors, the composition of, and in some instances the necessity for, committees will vary from the requirements expected of larger organisations.

COMPLIANCE STATEMENT

With the exceptions referred to below and those referred to under the Report of the Directors, the company has complied fully throughout the year with all the major provisions of the Combined Code. Provisions, which for the reasons stated above, where full compliance is not effected are as follows: A.3.2, A.6.1, A.6.2, B.2.2.

REMUNERATION COMMITTEE

Composition of the committee, remuneration policy and details of each element of the remuneration package for each of the directors is referred to in the Report of the Directors on page 18.

INTERNAL CONTROL

Following the endorsement by the London Stock Exchange of the Report of the Turnbull Committee, which provided official guidance with regard to the requisite procedures to adopt in implementing the provisions of the Combined Code on Internal Controls, (Internal Control: Guidance for Directors

on the Combined Code), the directors have established such procedures as are deemed necessary to meet full compliance throughout the year ended 31st December 2000. However, for 1999, and in line with the transitional provisions permitted by the London Stock Exchange, the directors have confined their report below to internal financial controls only.

INTERNAL FINANCIAL CONTROL

This statement is restricted to a review of internal financial controls pursuant to the Guidance for Directors on Internal Controls and Finance Reporting issued by the Rutteman Working Group in December 1994.

The directors maintain overall responsibility for the group's systems of internal financial control, whilst delegating specific responsibilities to subsidiary company managing directors and their boards.

The effectiveness of the systems of internal financial control, as appropriate for a group of our size, is constantly under review and any deficiencies investigated and remedies sought for immediate implementation. A report on the review of the effectiveness of internal financial controls applied throughout the group is received by the Audit Committee on a regular basis. The Audit Committee meets at least twice per year and comprises of the three non-executive directors under the Chairmanship of Mr J A B Redgrave. The meetings are attended by the external Auditors and thereby provide a forum for fuller discussion on the group's internal controls, year-end audit matters, interim and annual statements, accounting policies and issues and ongoing developments

However, it is also recognised that by their very nature, internal financial controls can only provide a reasonable and not absolute assurance against misstatement or loss.

Corporate Governance

(Continued)

The main elements of the financial control systems adopted by the Board include, but are not confined to, the following:

- the establishment of an appropriate organisational *structure and control environment* which addresses management competence and integrity, communication at all levels, delegation of authority and financial reporting;
- each year a detailed budget is prepared for each subsidiary and approved by the Board, including *profit and loss account, balance sheet, cash flow, capital expenditure and capital disposals*;
- monthly consideration by the Board of performance compared with budgets;
- quarterly reviews by the Board of year end forecasts;
- approval levels contained within a schedule of reserved matters set by the Board and reviewed periodically for key areas of business risks.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements 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 company and 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 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group 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 company and the group* and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Group Profit and Loss Account *for the year ended 31st December 1999*

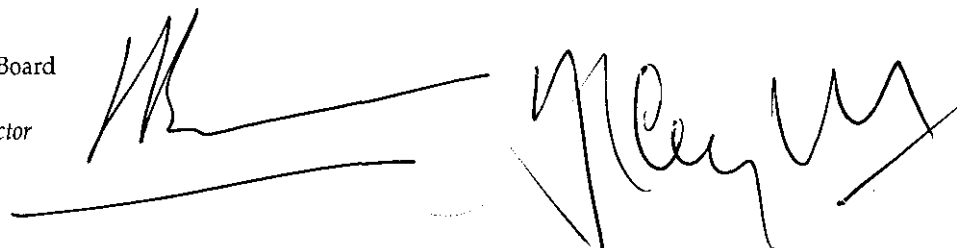
	Note	1999 £'000	1998 £'000
Turnover – continuing operations	1	204,810	172,120
Cost of sales		180,487	150,500
<hr/>			
Gross profit		24,323	21,620
Administrative expenses		12,893	11,641
<hr/>			
Other operating income	2	11,430 31	9,979 31
<hr/>			
Operating profit	3	11,461	10,010
Investment income	4	141	–
Interest	5	(370)	582
<hr/>			
Profit on ordinary activities before taxation	1	11,232	10,592
Tax on profit on ordinary activities	7	3,146	2,966
<hr/>			
Profit for the financial year after taxation	8	8,086	7,626
<hr/>			
Dealt with as follows:			
Dividends (including non-equity)	9	2,523	2,327
Profit retained	25	5,563	5,299
<hr/>			
		8,086	7,626
<hr/>			
Basic earnings per ordinary share	10	32.0p	29.1p
<hr/>			
Diluted earnings per ordinary share	10	30.8p	28.0p
<hr/>			

There were no discontinued operations.

Group and Parent Company Balance Sheets at 31st December 1999

	Note	Group		Parent	
		1999 £'000	1998 £'000	1999 £'000	1998 £'000
Fixed assets					
Intangible assets	11	1,421	-	-	-
Tangible assets	12	26,947	23,225	230	183
Investments	14	1,568	1,534	4,525	4,551
		29,936	24,759	4,755	4,734
Current assets					
Stocks	17	84,292	71,889	3,850	3,850
Debtors	18	21,496	13,022	78,207	64,352
Cash at bank and in hand		6,552	8,401	5,937	7,731
		112,340	93,312	87,994	75,933
Creditors: amounts falling due within one year	19	(71,319)	(52,976)	(73,923)	(63,050)
Net current assets		41,021	40,336	14,071	12,883
Total assets less current liabilities		70,957	65,095	18,826	17,617
Creditors: amounts falling due after more than one year	19	(1,847)	(280)	-	-
Provisions for liabilities and charges	20	(1,852)	(2,382)	(124)	(124)
Net assets employed		67,258	62,433	18,702	17,493
Capital and reserves					
Called up share capital	24	3,011	3,061	3,011	3,061
Capital redemption reserve	25	195	145	195	145
Share premium account	25	1,119	1,105	1,119	1,105
Property revaluation reserve	25	9,680	9,616	-	-
Profit and loss account	25	52,729	47,982	11,708	10,513
Other reserves	25	524	524	2,669	2,669
Shareholders' funds		67,258	62,433	18,702	17,493
Being:					
Non-equity shareholders' funds		400	400	400	400
Equity shareholders' funds		66,858	62,033	18,302	17,093
		67,258	62,433	18,702	17,493

On behalf of the Board
E J Boot, Director
A P Cooper, Director



Group Cash Flow Statement *for the year ended 31st December 1999*

	Note	1999 £'000	1998 £'000
Net cash inflow from operating activities	(a)	3,046	6,355
Returns on investment and servicing of finance	(b)	(150)	574
Taxation		(2,305)	(2,748)
Capital expenditure and financial investment	(b)	(4,124)	(2,990)
Acquisition	(b)	(1,713)	-
Equity dividends paid		(2,348)	(2,279)
<hr/>			
Cash (outflow) before use of liquid resources and financing		(7,594)	(1,088)
Financing	(b)	(1,308)	(907)
<hr/>			
(Decrease) in cash	(c)	(8,902)	(1,995)

Reconciliation of net cash flow to movement in net funds

(Decrease) in cash in the year		(8,902)	(1,995)
Loans and finance leases on acquisition of subsidiary		(1,864)	-
Cash outflow from decrease in debt and lease financing		498	-
New finance leases		(227)	-
<hr/>			
Change in net debt in year		(10,495)	(1,995)
Net funds at 31st December 1998		8,401	10,396
<hr/>			
Net (debt) funds at 31st December 1999	(c)	(2,094)	8,401

Notes to Group Cash Flow Statement

(a) Reconciliation of operating profit to operating cash flow	1999	1998
	£'000	£'000
Operating profit	11,461	10,010
Depreciation and amortisation	3,115	2,619
Profit on sale of tangible fixed assets and investments	(287)	(241)
(Increase) in stocks	(12,393)	(13,131)
(Increase) Decrease in debtors	(7,355)	15,312
Increase (Decrease) in creditors and provisions	8,505	(8,214)
Net cash inflow from operating activities	3,046	6,355
(b) Analysis of cash flows	1999	1998
	£'000	£'000
Returns on investment and servicing of finance		
Interest received	521	1,099
Dividends received	141	-
Interest paid	(735)	(504)
Interest element of finance lease payments	(56)	-
Preference dividend paid	(21)	(21)
Net cash (outflow) inflow	(150)	574
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(4,880)	(4,233)
Sale of tangible fixed assets	993	1,168
Purchase of investments	(344)	(66)
Sale of investments	107	141
Net cash (outflow)	(4,124)	(2,990)
Acquisition		
Purchase of subsidiary undertaking	(2,471)	-
Cash at bank acquired with subsidiary	771	-
Overdraft acquired from subsidiary	(13)	-
Net cash (outflow)	(1,713)	-
Financing		
Premium on issue of ordinary shares	14	-
Cost of own shares purchased	(824)	(907)
Capital element of finance lease payments	(420)	-
Repayment of loans	(78)	-
Net cash (outflow)	(1,308)	(907)

Notes to Group Cash Flow Statement *(Continued)*

(c) Analysis of net debt

	At 31.12.98 £'000	Cash flows £'000	Finance leases and loans on acquisition £'000	New finance leases £'000	At 31.12.99 £'000
Cash at bank	8,401	(1,849)	-	-	6,552
Overdraft	-	(7,053)	-	-	(7,053)
(Decrease) in cash		(8,902)			
Finance leases	-	420	(1,786)	(227)	(1,593)
Loans	-	78	(78)	-	-
	8,401	(8,404)	(1,864)	(227)	(2,094)

(d) Purchase of subsidiary

	1999 £'000
Fair value of net amounts acquired:	
Tangible fixed assets	2,252
Debtors	1,082
Cash at bank	771
Creditors	(598)
Bank overdraft	(13)
Loan and finance leases	(1,864)
Deferred taxation	(203)
	1,427
Goodwill	1,544
	2,971
Satisfied by:	
Cash	2,471
Deferred consideration	500
	2,971

Other Primary Statements *for the year ended 31st December 1999*

Group Statement of Total Recognised Gains and Losses	1999 £'000	1998 £'000
Profit for the financial year	8,086	7,626
Cost of own shares purchased	(824)	(907)
Unrealised surplus on property revaluation	422	419
Elimination of revaluation surplus on transfer of properties to stocks	(350)	(2,953)
Foreign currency translation differences	-	12
Total recognised gains and losses for the year	7,334	4,197
Historical Cost Profits and Losses	1999 £'000	1998 £'000
Reported profit on ordinary activities before taxation	11,232	10,592
Realisation of property revaluation surplus of previous years	8	43
Historical cost profit on ordinary activities before taxation	11,240	10,635
Historical cost profit for the year retained after taxation and dividends	5,571	5,342
Reconciliation of Movements in Shareholders' Funds	1999 £'000	1998 £'000
Profit for the financial year	8,086	7,626
Dividends	(2,523)	(2,327)
Other recognised gains and losses relating to the year	5,563	5,299
New share capital subscribed	(752)	(3,429)
Net addition to shareholders' funds	14	-
Shareholders' funds at 31st December 1998	4,825	1,870
Shareholders' funds at 31st December 1999	62,433	60,563
Shareholders' funds at 31st December 1999	67,258	62,433

Accounting Policies

BASIS OF CONSOLIDATION

The group financial statements are prepared on the historical cost basis as adjusted for the revaluation of land and buildings held as fixed assets and in accordance with applicable accounting standards with the exception of the matter referred to in the 'Partnership Activities with Local Authorities' policy below. The group financial statements are a consolidation of the financial statements of the parent company and its subsidiary undertakings.

TURNOVER

Turnover comprises the value of work carried out on long term contracts, fees receivable for contract management services, net sales (including houses for sale), rents and other income arising in the year.

Sales of properties are recognised at the point of legal completion.

LAND AND BUILDINGS

Investment properties are accounted for at open market value at the balance sheet date. Properties occupied by group undertakings are carried at their 1999 existing use values.

Surpluses on revaluation are credited to the property revaluation reserve.

The portfolio of investment properties is regularly reviewed and properties which are no longer to be retained for investment purposes are immediately transferred to the group's stock of developments in progress, in accordance with the Companies Act 1985, at the lower of cost or realisable value and, pending sale, redeveloped or refurbished as appropriate.

DEPRECIATION

Depreciation is provided on a straight line basis, mainly at the following annual rates, which are calculated to write off the tangible fixed assets over their estimated useful lives:

Plant and machinery	between 25% and 50%
Motor vehicles	25%
Office equipment	25%

Fixed assets held under finance leases are depreciated over the shorter of the lease term and their estimated useful lives.

The estimated lives are constantly under review and additional depreciation is charged whenever considered necessary.

In accordance with Statement of Standard Accounting Practice No.19, investment properties are not depreciated. The Companies Act 1985 requires all properties to be depreciated. The directors consider that compliance with the Accounting Standard is necessary for the accounts to show a true and fair view.

The values and lives of group occupied buildings are reviewed annually; depreciation is provided where it is considered significant having regard to the estimated remaining useful lives and residual values of individual buildings.

GOODWILL

Goodwill arising on the acquisition of subsidiary undertakings is amortised to the profit and loss account over the directors' estimate of their useful economic lives.

LEASED ASSETS

Rentals under operating leases are charged wholly to the profit and loss account.

Assets held under finance leases are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

EMPLOYEE SHARE OWNERSHIP PLAN (ESOP)

The ESOP is accounted for in accordance with the provisions of UITF Abstract 13 and accordingly shares acquired are included in the balance sheet at cost.

STOCKS

Stocks are valued at the lower of cost and net realisable value which, in the case of land held for development, is deemed to be the estimated existing use value where satisfactory planning permission has not been obtained.

LONG TERM CONTRACTS

Profit on long term contracts is recognised in the value of work carried out when the outcome of contracts can be assessed with reasonable certainty and is that amount which is estimated to fairly reflect the profit arising up to the accounting date. Full provision is made for all foreseeable losses.

OPTIONS AND AGENCIES TO PURCHASE LAND

The cost of land options and agencies to purchase land is written off as incurred except that where the expenditure is considered to have a continuing value it is carried at the lower of cost or estimated net realisable value.

PARTNERSHIP ACTIVITIES WITH LOCAL AUTHORITIES

The group has a 50% interest in the ordinary share capital of Kirklees Henry Boot Partnership Limited, a company incorporated in England and formed principally to carry on developments of a regenerative nature in Kirklees.

Government legislation affecting local authorities originally made it necessary for these developments to be carried out through a limited liability joint venture company that would, but for the nature of the agreements entered into by the group and Kirklees Metropolitan Council, be accounted for in accordance with Financial Reporting Standard 9. The directors considered, however, that the group's investment in this joint venture company was not fairly reflected by such accounting treatment. They believed that it was better represented as an extension of the group's property development activity by including, and appropriately valuing, the net cost of the investment in the joint venture company within developments in progress. This treatment has no impact on the reported group profit and continues to be applied.

DEFERRED TAXATION

Provision is made, at appropriate corporation tax rates, for deferred taxation which the directors consider may crystallise within the foreseeable future.

CORPORATION TAX

Corporation tax liabilities of subsidiary companies are transferred to and paid by the parent company and credit is given by the parent company for loss relief surrendered.

PENSIONS

Contributions to provide pensions and related benefits are charged to the profit and loss account annually so as to appropriately apportion the cost over employees' working lives with the group.

Notes to the Financial Statements

1. Turnover and Profit on Ordinary Activities before Taxation

Turnover and profit on ordinary activities before taxation arose mainly from the group's activity in the United Kingdom.

2. Other Operating Income	1999 £'000	1998 £'000
Commissions	31	31
3. Operating Profit	1999 £'000	1998 £'000
Operating profit is stated after charging:		
Depreciation and amortisation of owned assets	2,959	2,619
Depreciation of assets held under finance lease contracts	156	-
Property rentals under operating leases	236	233
Auditors' remuneration – as auditors (parent company £34,000; 1998 £33,000)	164	154
– for non-audit services	54	45
– in addition £60,000 was capitalised in respect of the acquisition of Quicklift (UK) Limited		
Staff costs (note 6)	29,866	27,039
and after crediting:		
Profit on sale of tangible fixed assets and investments	287	241

The total figures for continuing operations in 1999 include the following amounts in respect of Quicklift (UK) Limited, the acquired subsidiary:

Turnover £1,327,000; cost of sales £714,000; administrative expenses £279,000; operating profit £334,000.

4. Investment Income	1999 £'000	1998 £'000
Income from unquoted fixed asset investment	141	-
5. Interest	1999 £'000	1998 £'000
Receivable:		
Bank and similar interest	526	1,063
Payable:		
Bank overdraft and similar interest	(840)	(481)
Finance lease interest	(56)	-
	(370)	582

6. Directors and Staff Costs

Directors:

The emoluments of the directors, excluding pension contributions, were:

	Salary £'000	Bonus £'000	Taxable benefits £'000	1999 Total £'000	1998 Total £'000
J S Reis (Chairman)	20	-	-	20	20
D H Boot (Non-executive)	15	-	-	15	15
E J Boot	143	68	16	227	191
A P Cooper	109	52	13	174	145
D Greaves	109	52	13	174	145
J A B Redgrave (Non-executive)	15	-	-	15	15
	411	172	42	625	531

The executive directors participate in an annual bonus scheme. This is calculated by reference to pre-tax profits achieved in the year and as recommended by the Remuneration Committee. The bonus qualifies for pension, being seen as an essential element of executive remuneration when compared with similar companies in the industry. (This is contrary to the Combined Code provision B.1.6, Schedule A, item 7).

Having achieved the performance target set by The Henry Boot PLC Long-Term Share Incentive Plan for the three years ended 31st December 1998, a number of senior executives received share awards during the year in accordance with the Plan rules. E J Boot, A P Cooper and D Greaves received shares that at the date of allocation had a mid-market value of 250p per share which equated to £72,125, £50,425 and £50,425 respectively.

Directors' pension information:

	Transfer value of the increase in accrued benefit in excess of inflation £'000	Increase in accrued benefit in excess of inflation £'000	Accumulated benefit accrued 1999 £'000	Accumulated benefit accrued 1998 £'000
E J Boot	108	11	86	74
A P Cooper	78	10	46	35

The transfer value has been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11 less the director's contributions.

The increase in accrued pension during the year excludes any increase for inflation.

The pension entitlement shown is that which would be paid annually on retirement, based on service to the end of the year. Members of the scheme have the option to pay Additional Voluntary Contributions; neither these contributions nor the resulting benefits are included in the above table.

	1999 £'000	1998 £'000
Staff costs:		
Wages and salaries	25,845	23,376
Social security costs	2,007	1,804
Other pension costs	2,014	1,859
	29,866	27,039

The average number of employees during the year was 1,620 (1998 1,374) and included those trainees taken on under the Construction Apprenticeship Scheme which totalled 325 (1998 98).

Notes to the Financial Statements (Continued)

6. Directors and Staff Costs (continued)

Pensions:

The Henry Boot Staff Pension and Life Assurance Scheme is a final salary scheme for eligible staff which is funded to provide for future pension liabilities, including anticipated increases in earnings and pensions. The assets of the scheme are held in a fund independently administered by trustees. Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

Although independent actuarial reviews are carried out at each year end for the purposes of SSAP 24, the most recent triennial valuation was at 1st January 1998. The assumptions which have the most significant effect on the results of that valuation were that investment returns would be 9% per annum, that salary increases would average 7% per annum and that present and future pensions would increase at the rate of 5% per annum. The latest actuarial valuation showed that the market value of the assets of the scheme was £67,056,000 and that the actuarial value of those assets represented 106% of the benefits accrued to the members, after allowing for anticipated future increases in earnings.

7. Tax on Profit on Ordinary Activities	1999 £'000	1998 £'000
The charge for the year consists of:		
Corporation tax at 30.25% (1998: 31%)	3,103	2,722
Deferred taxation	43	244
	3,146	2,966

8. Results of Parent Company

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The profit dealt with in the financial statements of the parent company is £4,542,000 (1998 £3,383,000).

9. Dividends	1999 £'000	1998 £'000
Cumulative preference shares (non-equity)	21	21
Ordinary shares (equity):		
Interim of 2.7p (1998 2.5p) paid on 18th November 1999	697	655
Proposed final of 7.3p (1998 6.6p) to be paid on 2nd June 2000	1,805	1,651
	2,523	2,327

Notice has been received from Moore Street Securities Limited waiving its right as corporate trustee for the Employee Share Ownership Plan (ESOP) to receive all dividends in respect of this and the previous financial year except for a nominal amount.

10. Earnings per Ordinary Share

The calculation of earnings per ordinary share is based upon the group profit, after taxation and preference share dividends, of £8,065,000 (1998 £7,605,000). The weighted average number of ordinary shares is as follows:

	1999	1998
Shares in issue	26,142,476	27,039,129
Less shares held by the ESOP on which dividends have been waived	(940,210)	(948,111)
Weighted average number for basic earnings per share	25,202,266	26,091,018
Add back shares held by the ESOP	940,210	948,111
Adjustment for the effects of dilutive potential ordinary shares	48,441	124,125
Weighted average number for diluted earnings per share	26,190,917	27,163,254

11. Intangible Fixed Assets		Goodwill £'000
Cost		
Additions		1,544
At 31st December 1999		1,544
Amortisation		
Seven months to 31st December 1999		123
At 31st December 1999		123
Net book value		
At 31st December 1999		1,421

Goodwill arises on the acquisition of Quicklift (UK) Limited. Details of the consideration and the fair value of the net assets acquired are set out on page 26. The goodwill is being amortised over seven years.

12. Tangible Fixed Assets Group	Land and buildings			Plant and vehicles £'000	Office equipment £'000	Total £'000
	Freehold £'000	Long lease £'000	Investment properties £'000			
Cost or valuation						
At 31st December 1998	4,949	271	9,924	16,653	2,161	33,958
Additions at cost	—	8	—	4,908	293	5,209
Acquisition of subsidiary undertaking	164	—	—	2,071	17	2,252
Disposals	—	—	(14)	(3,072)	(131)	(3,217)
Transfers to stocks	—	—	(360)	—	—	(360)
Adjustments on revaluation	—	(5)	427	—	—	422
At 31st December 1999	5,113	274	9,977	20,560	2,340	38,264
Being:						
Cost	—	—	—	20,560	2,340	22,900
Valuation	5,113	274	9,977	—	—	15,364
	5,113	274	9,977	20,560	2,340	38,264
Depreciation						
At 31st December 1998	11	—	—	9,053	1,669	10,733
Charge for year	1	—	—	2,740	251	2,992
Disposals	—	—	—	(2,279)	(129)	(2,408)
At 31st December 1999	12	—	—	9,514	1,791	11,317
Net book value						
At 31st December 1999	5,101	274	9,977	11,046	549	26,947
At 31st December 1998	4,938	271	9,924	7,600	492	23,225

Notes to the Financial Statements (Continued)

12. Tangible Fixed Assets (continued)

On the historical cost basis the land and buildings would have been included at a cost of £5,684,000 (1998 £5,528,000).

The net book value of tangible fixed assets includes £1,556,000 (1998 Nil) in respect of assets held on finance lease contracts.

The investment properties were valued by external valuers, Cardales, Chartered Surveyors, as at 31st December 1995 on the basis of open market value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors and a review of that valuation has been carried out at each subsequent accounting date by D Greaves, ARICS, MCIOB, a director of the company.

The properties occupied by group undertakings are carried at their 1999 existing use values as determined by D Greaves, ARICS, MCIOB.

Parent company	Plant and vehicles £'000	Office equipment £'000	Total £'000
Cost			
At 31st December 1998	244	613	857
Additions	117	49	166
Disposals	(177)	(113)	(290)
Transfers from group undertakings	10	-	10
At 31st December 1999	194	549	743
Depreciation			
At 31st December 1998	155	519	674
Charge for year	21	48	69
Disposals	(121)	(113)	(234)
Transfers from group undertakings	4	-	4
At 31st December 1999	59	454	513
Net book value			
At 31st December 1999	135	95	230
At 31st December 1998	89	94	183

13. Tangible Fixed Asset Expenditure Commitments

The directors have authorised future tangible fixed asset expenditure not provided in these financial statements as follows:

	Group		Parent	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Contracted for	122	381	-	97

14. Fixed Asset Investments

Group	Quoted investments £'000	Unquoted investments £'000	Total £'000
At 31st December 1998	1,355	179	1,534
Additions	337	60	397
Disposals	(363)	-	(363)
At 31st December 1999	1,329	239	1,568

Parent Company	Quoted investments £'000	Subsidiary companies £'000	Total £'000
At 31st December 1998	1,355	3,196	4,551
Additions	337	-	337
Disposals	(363)	-	(363)
At 31st December 1999	1,329	3,196	4,525

Quoted Investments:

Quoted investments represent own shares held by The Henry Boot PLC Employee Trust as an Employee Share Ownership Plan to provide an incentive to greater ownership of shares in the company by its employees. The company has loaned £1,506,000 to the trustees, interest free, which enabled them to purchase Henry Boot PLC ordinary shares. These shares are used to satisfy options granted by the company under the savings related share option scheme and for the long-term incentive plan. Under the terms of the trust, the trustee has waived all but a nominal dividend on the shares it holds.

At 31st December 1999, 882,587 shares were held by the trustee with a cost of £1,329,732 and a market value of £1,875,497. Of this total, 612,882 shares were committed under various share schemes. In accordance with the requirements of UITF Abstract 13, these shares have been recognised on the balance sheets of the group and the parent company.

15. Subsidiary Companies	1999 £'000	1998 £'000
Shares at cost or valuation		
At 31st December	3,196	3,196

The original cost of shares included above is £2,195,000 (1998 £2,195,000). This has been reduced by provisions for losses where necessary and enhanced where the directors have considered it appropriate to reflect in the valuation increases of a permanent nature in the underlying net asset values of subsidiary companies. Such enhancements have been £1,115,000 in 1975 and £1,135,000 in 1989.

Amounts due to and from subsidiary companies are included in notes 18 and 19.

The principal subsidiary companies are listed on page 44 of this report. All trading subsidiaries operate mainly in the United Kingdom and are wholly owned by the parent company with the exception of Quicklift (UK) Limited which is wholly owned by Banner Plant Limited.

All subsidiary companies have only one class of issued share capital.

Notes to the Financial Statements *(Continued)*

16. Related Party Transactions

As explained in the Accounting Policies the group has a 50% interest in the ordinary share capital of Kirklees Henry Boot Partnership Limited (KHBP). The group's investment included in developments in progress comprised equity of £250,000 (1998 £250,000) and secured loans of £3,170,500 (1998 £4,230,500), against which a provision of £2,849,000 (1998 £2,849,000) has been made. Interest of £248,000 was charged during 1999 on the outstanding loans (1998 £369,000).

During the year the group charged £677,000 (1998 £207,000) in respect of administration and project management fees, and was reimbursed £2,572,000 (1998 £2,068,000) in respect of development and other costs incurred on behalf of KHBP. At the balance sheet date £942,306 (1998 £11,898) was due to the group from KHBP.

17. Stocks

	Group		Parent	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Developments in progress including houses for sale	59,311	50,021	3,850	3,850
Land held for development	24,981	21,868	-	-
	84,292	71,889	3,850	3,850

18. Debtors

	Group		Parent	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Amounts recoverable on contracts	12,637	8,342	-	-
Trade debtors	5,244	2,781	-	-
Other debtors	1,511	644	72	15
Prepayments and accrued income	2,104	1,255	65	69
Amounts owed by group undertakings	-	-	78,070	64,268
	21,496	13,022	78,207	64,352

Included in the above are amounts falling due after more than one year as follows:

	Group		Parent	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Leases	306	-	-	-

19. Creditors	Group		Parent	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Amounts falling due within one year:				
Bank overdraft	7,053	–	7,455	–
Obligations under finance leases	509	–	–	–
Trade creditors	51,454	42,787	119	122
Corporation tax	4,598	3,165	2,373	1,285
Advance corporation tax	–	389	–	389
Other taxation and social security	2,360	2,415	286	911
Other creditors	2,177	1,779	1,163	899
Accruals and deferred income	1,358	785	362	223
Dividends payable:				
Preference	5	5	5	5
Ordinary proposed	1,805	1,651	1,805	1,651
Amounts owed to group undertakings	–	–	60,355	57,565
	71,319	52,976	73,923	63,050
Amounts falling due after more than one year:				
Obligations under finance leases	1,084	–	–	–
Trade creditors	210	280	–	–
Accruals and deferred income	53	–	–	–
Other creditors	500	–	–	–
	1,847	280	–	–

Obligations under finance leases are secured on the assets concerned.

20. Provisions for Liabilities and Charges

Group	Deferred taxation £'000	Other provisions £'000	Total £'000
At 31st December 1998	336	2,046	2,382
Profit and loss account	43	(630)	(587)
Utilised in year	–	(146)	(146)
Acquisition	203	–	203
At 31st December 1999	582	1,270	1,852
Parent company			
At 31st December 1998 and 1999	–	124	124

Other provisions mainly relate to warranties, performance bonds and guarantees.

Notes to the Financial Statements *(Continued)*

21. Deferred Taxation	Group		Parent	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Deferred taxation:				
Corporation tax on the excess of the book value of tangible fixed assets qualifying for taxation allowances over their value for taxation purposes	505	264	-	-
Other timing differences	29	24	-	-
Overseas taxation	48	48	-	-
	582	336	-	-

The full potential liability for deferred taxation in respect of group tangible fixed assets qualifying for taxation allowances is £742,000 (1998 £505,000).

Taxation liabilities not provided for, which would arise in the event of sales of the group's land and buildings at their revalued amounts, are estimated at not more than £970,000 (1998 £940,000).

22. Leasing Commitments	Group	
	1999 £'000	1998 £'000
Obligations under finance leases are:		
Leases which expire:		
Within one year	509	-
Between one and two years	472	-
Between two and five years	612	-
	1,593	-

Obligations under finance leases are secured on the assets concerned.

Annual commitments under operating leases in respect of land and buildings are:	Group	
	1999 £'000	1998 £'000
Operating leases which expire:		
Within one year	48	53
Within two to five years	138	129
After five years	36	15
	222	197

The rents payable under these leases are subject to renegotiation at various intervals specified in the leases.

23. Bank and Bonding Facilities

Bank facilities are available to group undertakings on unsecured terms. The parent company together with certain subsidiary companies has entered into cross guarantees in favour of the group's principal bankers and bondsmen for amounts due in the normal course of business.

24. Share Capital

	Authorised		Allotted, issued and fully paid	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
5.25% cumulative preference shares of £1 each	400	400	400	400
26,115,283 ordinary shares of 10p each (1998 26,607,622)	3,600	3,600	2,611	2,661
	4,000	4,000	3,011	3,061

The preference shares carry the right to a cumulative preferential dividend payable half yearly at the rate of 5.25% per annum and a right, in priority to the ordinary equity, on a return of assets on a winding up or reduction of capital, to repayment of capital together with the arrears of any preferential dividend.

With the exception of any resolution proposed to directly affect the rights or privileges of the holders of the preference shares, the holders thereof are not entitled to receive notice, be present or vote at any general meeting.

During the year 7,661 ordinary shares of 10p each were issued for a consideration of £14,818 following the exercise of options granted under the savings related share option scheme.

On 22nd January 1999 and on 27th January 1999 the company bought in and cancelled a total of 500,000 ordinary shares of 10p each for an aggregate consideration of £824,100. The nominal value of the shares cancelled amounting to £50,000 has been transferred to the capital redemption reserve.

At 31st December 1999 unexercised options to subscribe for ordinary shares of 10p each granted under the company's share option schemes were:

Scheme	Subscription price per share	Period over which option exercisable	Number of shares	
			1999	1998
Executive share option scheme	269.0p	21.10.96–20.10.03	224,000	224,000
Savings related share option scheme	187.0p	28.01.01–27.07.01	366,857	395,442
	204.0p	01.02.02–31.07.02	204,474	239,812

Details of options granted to directors under the Henry Boot PLC Executive Share Option Scheme (Exec.) and Savings Related Share Option Scheme (SAYE) are as follows:

Scheme	Number of options				Exercise price	Date from which exercisable	Expiry date
	At 01.01.99	Granted during year	Exercised during year	At 31.12.99			
E J Boot	Exec.	89,000	–	–	89,000	21.10.96	20.10.03
	SAYE	5,534	–	–	5,534	28.01.01	27.07.01
	SAYE	3,382	–	–	3,382	01.02.02	31.07.02
		97,916	–	–	97,916		
A P Cooper	Exec.	67,500	–	–	67,500	21.10.96	20.10.03
	SAYE	5,534	–	–	5,534	28.01.01	27.07.01
		73,034	–	–	73,034		
D Greaves	Exec.	67,500	–	–	67,500	21.10.96	20.10.03
	SAYE	5,534	–	–	5,534	28.01.01	27.07.01
	SAYE	3,382	–	–	3,382	01.02.02	31.07.02
		76,416	–	–	76,416		

Notes to the Financial Statements (Continued)

24. Share Capital (continued)

No options granted to directors lapsed during the year. The market price of ordinary shares at 31st December 1999 was 212½p and the range during 1999 was 160p to 260p.

Executive Option and Long-Term Incentive Schemes

The Executive Share Option Scheme ended on 27th October 1997. There are a number of unexpired options still outstanding and these are included in the table on page 39. The Henry Boot PLC Long-Term Share Incentive Plan was introduced in 1996. The principle of a long-term incentive scheme for senior executives is one that the company believes readily aligns the interests of directors and shareholders, whilst providing the incentive for your directors to perform at the highest levels. Under the provision of the Plan no participant during any financial year may receive an award that exceeds 50% of basic salary excluding benefits in kind. This is calculated by reference to the share price at the time of the award. Awards under the Plan are subject to a performance condition reflecting improvement on the underlying financial position of the group and specifically if the percentage growth in earnings per share over the three year performance period exceeds the percentage growth in the Retail Price Index over the same period by 6%. Furthermore, the Plan allows for a standard loyalty incentive whereby the performance award may be enhanced by the award of a further share for every two shares retained for a further three year period.

The performance condition in respect of the first potential awards of ordinary shares of 10p each made to directors on 24th October 1996 was achieved and details of the shares awarded are given in Note 6. The maximum potential awards made to directors on 23rd April 1998 were as follows: E J Boot 20,340; A P Cooper 11,870; D Greaves 11,870.

25. Reserves

Group and Parent Company	Capital redemption reserve £'000	Share premium account £'000
At 31st December 1998	145	1,105
Premium on shares issued	-	14
Transfer on own shares purchased and cancelled	50	-
At 31st December 1999	195	1,119

Group	Property revaluation £'000	Profit and loss account £'000	Other reserves		Total other £'000
			Capital £'000	Currency translation £'000	
At 31st December 1998	9,616	47,982	155	369	524
Profit retained	-	5,563	-	-	-
Cost of own shares purchased	-	(824)	-	-	-
Realised revaluation surplus	(8)	8	-	-	-
Adjustment on revaluation	422	-	-	-	-
Adjustment on transfer of properties to stocks	(350)	-	-	-	-
At 31st December 1999	9,680	52,729	155	369	524

Parent Company	Profit and loss account £'000	Other reserves		
		Investment revaluation £'000	Capital £'000	Total other £'000
At 31st December 1998	10,513	1,135	1,534	2,669
Profit retained	2,019	-	-	-
Cost of own shares purchased	(824)	-	-	-
At 31st December 1999	11,708	1,135	1,534	2,669

26. Financial Instruments

The group has adopted the requirements of FRS 13, Derivatives and Other Financial Instruments.

The group's financial instruments comprise the non-equity preference shares, bank borrowings, finance leases, cash and liquid resources, and various items such as trade debtors, trade creditors, etc, that arise directly from its operations. Disclosures relating to short term debtors, creditors and comparative information have been excluded, as allowed for by the standard.

The policy of the group is to retain such financial instruments as are required, together with retained profits, to finance the group's operations. The Board regularly monitors risks relating to financial instruments, the main ones being interest rate fluctuations and liquidity. Occasionally the group will enter into derivative transactions, principally to manage interest rate risks in relation to long term debt where economic circumstances make it advantageous to do so. At the year end, no such derivatives were in place. The group's policy does not permit trading in such financial instruments and during the year the group had no foreign currency risks.

The interest rate risk profile of financial assets and financial liabilities at 31st December 1999 was as follows:

- Financial asset: this comprised of cash, the gross value prior to bank set-off being £11,987,000.
- Financial liabilities: these comprised of floating rate borrowings (all UK sterling) of £12,488,000 and fixed rate non-equity shares and leasing liabilities of £1,993,000.
- The weighted average interest rate of the fixed rate liabilities, the weighted average period for which the rate is fixed and the weighted average period until maturity were 6.6%, 4.9 years and 3.2 years respectively. The non-equity shares have no fixed date for redemption.
- Floating rate financial liabilities: these comprised of bank borrowings and overdrafts that bear interest at varying rates based on UK base, overnight to three month, and six month LIBOR.

At 31st December 1999 the group had undrawn committed borrowing facilities of £8,500,000 of which £3,500,000 expires in less than one year and £12,012,000 undrawn uncommitted borrowing facilities.

The fair values of the financial liabilities and financial assets are considered not to materially differ from the carrying amounts.

27. Guarantees and Contingencies

The parent company has guaranteed the performance of certain contracts entered into by group undertakings in the ordinary course of business.

The group has contingent liabilities under certain contracts undertaken in the ordinary course of business, which are impracticable to quantify. Any liabilities which the directors may reasonably anticipate may crystallise are taken into account in the financial statements.

28. Approval of Financial Statements

The Board of Directors approved these financial statements on 14th April 2000.

Report of the Auditors

TO THE MEMBERS OF HENRY BOOT PLC

We have audited the financial statements on pages 22 to 41 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 28 and 29.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the Annual Report including, as described on page 21, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange and by our professions 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 Companies Act. We also report to you if, in our opinion, the Report of the Directors 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 or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the corporate governance statement on page 20 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 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 financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 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 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.



HAWSONS
Chartered Accountants and Registered Auditors

Sheffield
14th April 2000

Notice of Meeting

Notice is hereby given that the Eightieth Annual General Meeting of Henry Boot PLC will be held at the Sheffield Moat House, Chesterfield Road South, Sheffield S8 8BW on Friday the 26th day of May 2000 at 11.30am for the following purposes:

RESOLUTION 1

To receive the Report of the Directors and the Financial Statements for the year ended 31st December 1999.

RESOLUTION 2

To declare a final dividend on the ordinary shares.

RESOLUTION 3

To re-appoint Mr A P Cooper, who retires by rotation, as a director.

RESOLUTION 4

To re-appoint Hawsons as auditors and to authorise the directors to fix the auditors' remuneration.

And

To consider and, if thought fit, pass the following resolutions, which will be proposed as to Resolutions 5 and 8 as ordinary resolutions of the company and as to Resolutions 6 and 7 as special resolutions of the company:

RESOLUTION 5

That:

- (a) in accordance with Article 7 of the company's Articles of Association, the directors be authorised to allot relevant securities up to a maximum nominal amount of £853,842;
- (b) this authority shall expire on 26th May 2005; and
- (c) all previous authorities under Section 80 of the Companies Act 1985 shall cease to have effect.

RESOLUTION 6

That:

- (a) in accordance with Article 8 of the company's Articles of Association, the directors be given power to allot equity securities for cash;
- (b) for the purposes of paragraph (1)(b) of Article 8, the nominal amount to which this power is limited is £128,000; and
- (c) this power shall expire on 26th May 2005.

RESOLUTION 7

That the company be and it is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 10p each in the capital of the company ('ordinary shares') provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased is 2,475,000;
- (b) the minimum price which may be paid for an ordinary share is 10p;
- (c) the maximum price which may be paid for an ordinary share is not more than 5 per cent above the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made;
- (d) the authority hereby conferred shall expire at the conclusion of the next annual general meeting; and
- (e) the company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority.

RESOLUTION 8

That the Rules of the Henry Boot PLC 2000 Sharesave Scheme, a summary of the principal features of which is set out in the Appendix to the Chairman's letter to shareholders dated 25th April 2000, be and is hereby approved and adopted in the form produced to the Meeting and signed by the Chairman for the purposes of identification subject to such amendments as the directors consider necessary or desirable to obtain the formal approval of the Board of the Inland Revenue under Schedule 9 to the Income and Corporation Taxes Act 1988 AND THAT the directors be and are hereby authorised, subject to the formal approval of the Board of Inland Revenue, to carry the same into effect.

By Order of the Board
A P Cooper, *Company Secretary*
Banner Cross Hall
Sheffield S11 9PD

25th April 2000

Notes Only holders of ordinary shares in the company are entitled to attend and vote at the meeting.

A member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the company. A form of proxy for use at the meeting is enclosed with the notice issued to holders of ordinary shares. The form of proxy should be completed in accordance with the notes on it and should be received by the company's registrars, Northern Registrars Limited, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0LA, no later than 48 hours before the time appointed for the meeting.

The Henry Boot Group of Companies

HENRY BOOT PLC

Directors: J S Reis (*Chairman*); E J Boot (*Managing*); D H Boot;
A P Cooper; D Greaves; J A B Redgrave

Registered Office: Banner Cross Hall, Sheffield S11 9PD
Tel: 0114 255 5444 Fax: 0114 258 5548

HENRY BOOT HOMES LIMITED †

Directors: D Greaves (*Chairman*); A M Daly (*Managing*); E J Boot;
M J Brown; R J Brown; K Chapman; A C Greaves

Banner Cross Hall, Sheffield S11 9PD
Tel: 0114 255 5444 Fax: 0114 258 5548

Regional Offices at Birmingham, Bristol, Derby,
Doncaster, Glasgow and Northampton

HENRY BOOT DEVELOPMENTS LIMITED † HENRY BOOT PROJECTS LIMITED † FIRST NATIONAL HOUSING TRUST LIMITED † HENRY BOOT ESTATES LIMITED †

Directors: D Greaves (*Chairman*); J K Gledhill (*Managing*);
D R Anderson; E J Boot; J H Boot; R Brady; T M Washer

Banner Cross Hall, Sheffield S11 9PD
Tel: 0114 255 5444 Fax: 0114 258 5548

Regional Offices at Birmingham, Bristol, Manchester
and St. Albans

HALLAM LAND MANAGEMENT LIMITED †

Directors: D Greaves (*Chairman*); R J Brown (*Managing*); E J Boot;
A M Daly; J K Gledhill; K J Power; W J Warden

Banner Cross Hall, Sheffield S11 9PD
Tel: 0114 255 5444 Fax: 0114 255 5927

Regional Offices at Bristol, Derby, Glasgow and
Northampton

HENRY BOOT CONSTRUCTION (UK) LIMITED †

Directors: E J Boot (*Chairman*); J P Burbidge (*Managing*); R Balme;
T Lawrence; J Savage

Dronfield, Derbyshire S18 2XN
Tel: 01246 410111 Fax: 01246 410595

Regional Offices at Birmingham, Glasgow and
Manchester

HENRY BOOT MANAGEMENT LIMITED †

Directors: E J Boot (*Chairman*); P Elston (*Managing*); A Arnold;
R Balme; P G Hook; M Whittaker

Dronfield, Derbyshire S18 2XN
Tel: 01246 410111 Fax: 01246 290449

Regional Office at St. Albans

HENRY BOOT RAILTECH LIMITED

Directors: P Elston (*Chairman*); R Balme; J J Dunne;
P G Hook; P S Murphy

Dronfield, Derbyshire S18 2XN
Tel: 01246 410111 Fax: 01246 290449

Regional Office at St. Albans

BANNER PLANT LIMITED † BANNER SCAFFOLDING LIMITED

Directors: E J Boot (*Chairman*); D G Boot (*Managing*)

Dronfield, Derbyshire S18 2XS
Tel: 01246 299400 Fax: 01246 290253

Hire Centres also at Derby, Nottingham, Retford
and Wakefield

QUICKLIFT (UK) LIMITED †

Directors: E J Boot (*Chairman*); D Hawley (*General Manager*);
D G Boot; R A Smith

Meadowbank Road, Rotherham, South Yorkshire
S61 2NB
Tel: 01709 511500 Fax: 01709 511160

HENRY BOOT TRAINING LIMITED †

Directors: D Greaves (*Chairman*); D Hammond (*General Manager*);
G R Hudson

Dronfield, Derbyshire S18 2XN
Tel: 01246 410111 Fax: 01246 290436

Regional Offices at Cannock, Dudley, Glasgow, Leeds,
Manchester, Nottingham and Sheffield

† principal subsidiary