

29 July 1999

ACQUISITION OF AUSTRALIAN GROUND HANDLER

John Menzies plc, through its subsidiary Menzies Transport Services ("MTS"), has completed the purchase of the Australian air cargo handling operation of BOC Cargo Services from The BOC Group plc ("BOC"). This complements the purchase by MTS of BOC's UK air cargo handling business announced on 4th June 1999.

BOC Cargo Services Australia ("BOCCSA") is a leading independent air cargo handler, having commenced operations at Melbourne airport in March 1998 where it operates from a 54,000 sq ft. facility, handling over 45,000 tonnes of cargo per annum. Its customers are Cathay Pacific, Thai Airways, FEDEX and American International. BOCCSA is currently developing a similar facility at Sydney airport where it will commence trading off-airport later this year, prior to on-airport development. Melbourne and Sydney airports account for over 70 per cent of all Australian air cargo flown. MTS will take on the BOCCSA management and staff team in Australia.

Martyn Smith, Group Finance Director of John Menzies, said:
"The acquisition of BOC Cargo Services Australia is an important development for MTS as it allows us to capitalise on our UK cargo handling expertise in a new market where air cargo is undergoing significant change. This is the first step in the Group's strategy of developing MTS beyond its substantial UK base and into an international operator of ground handling services."

In the nine months to April 2000 BOCCSA is expected to incur a loss of some AUS\$1.0m (£0.4m) on turnover of AUS\$5.1m (£2.1m), reflecting the start-up trading situation. The business is expected to become profitable in the financial year following acquisition.

The consideration for BOCCSA will be AUS\$5.1million (£2.1m) in cash, of which AUS\$2.7m (£1.1m) was paid on completion with the balance payable in 12 months time, subject to completion adjustments. The consideration will be applied in acquiring net assets of approximately AUS\$4.9m (£2.0m).