

Heiton Holdings plc



report & financial statements

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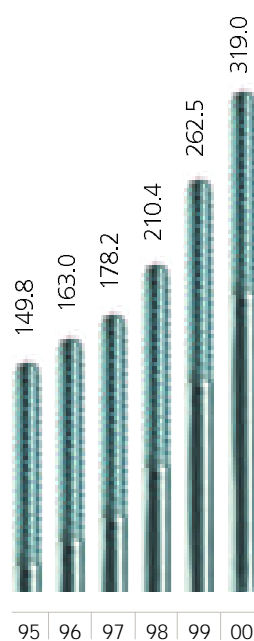
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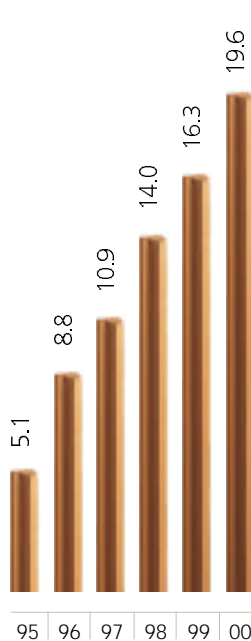
Financial Highlights

	2000 €m	1999 €m	% change
Turnover	319.0	262.5	+21.5%
Profit before Tax	19.6	16.3	+20.2%
Cash Inflow from Operations	22.1	16.9	+30.5%
Development Expenditure	25.1	24.9	+0.8%
	2000	1999	% change
Earnings per share	33.5c	26.3c	+27.2%
Dividends per share	10.0c	7.7c	+29.9%
Net assets per share	205.3c	183.2c	+12.1%
	2000	1999	
Interest Cover	7.2	7.6	
Dividend Cover	3.2	3.3	
Debt Equity Ratio	54.1%	53.0%	
Return on Capital Employed	11.3%	10.1%	

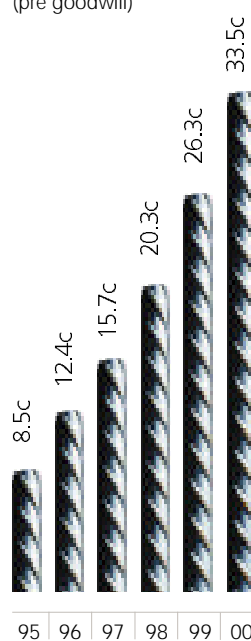
TURNOVER €M



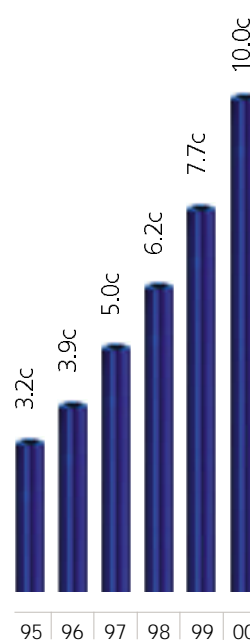
PROFIT BEFORE TAX €M



EARNINGS PER SHARE
(pre goodwill)



DIVIDENDS PER SHARE





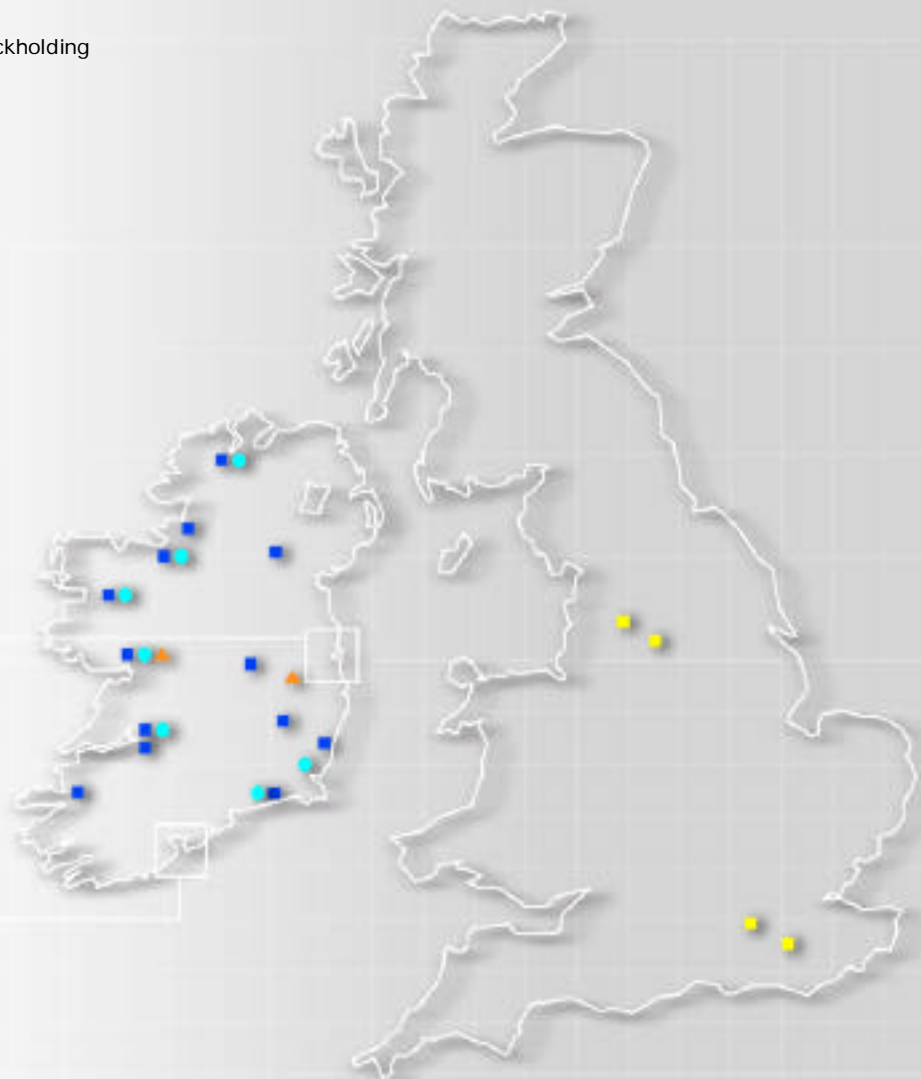
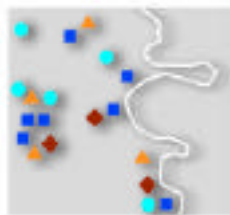
Heiton Holdings plc

Operational Profile

Heiton Holdings plc is a leading Irish industrial group, with core businesses operating in builders merchanting (including plant and tool hire), steel stockholding and homecare/DIY. The group employs over 1,450 people at 52 locations throughout the Republic of Ireland and the United Kingdom. The group's shares are listed on both the Irish and London Stock Exchanges.

Staff Numbers - average	2000	1999
Builders Merchants & Steel	753	652
Sam Hire	139	114
Atlantic Homecare	303	279
The Panelling Centre	43	-
Cooper Clarke Group Limited	226	221
Total	1,464	1,266

- Builders Merchants and Steel Stockholding
- Cooper Clarke
- ▲ Atlantic Homecare
- Sam Hire
- ◆ The Panelling Centre





The group operates its Irish builders merchants and steel stockholding businesses under the names of "Heitons" and "Buckleys", while the plant and tool hire business is operated under the "Sam Hire" name.

The builders merchants product range includes a complete range of building and related products, such as timber (softwoods, hardwoods and sheet materials), bricks, cement, plaster, plumbing etc.

In the steel stockholding business the product range includes steel plates, beams, tubes and merchant bars. In addition the group specialises in the cutting and bending of reinforcing bar steel for infrastructural, civil engineering and environmental projects.



The group is the market leader in Ireland in the builders merchants and steel stockholding businesses.



Sam Hire is the largest plant and tool hire company in Ireland currently operating from 13 outlets. The products include a comprehensive range of small plant and tools for hire as well as a mobile platform hire business.



The homecare/DIY retail business trades under the "Atlantic Homecare" name from eight locations. Currently a strong No.2 in market share, Atlantic Homecare offers a comprehensive and value for money product range within its departments, which include paints/wallpaper, furniture, garden centres, housewares, lighting, hardware/tools etc.



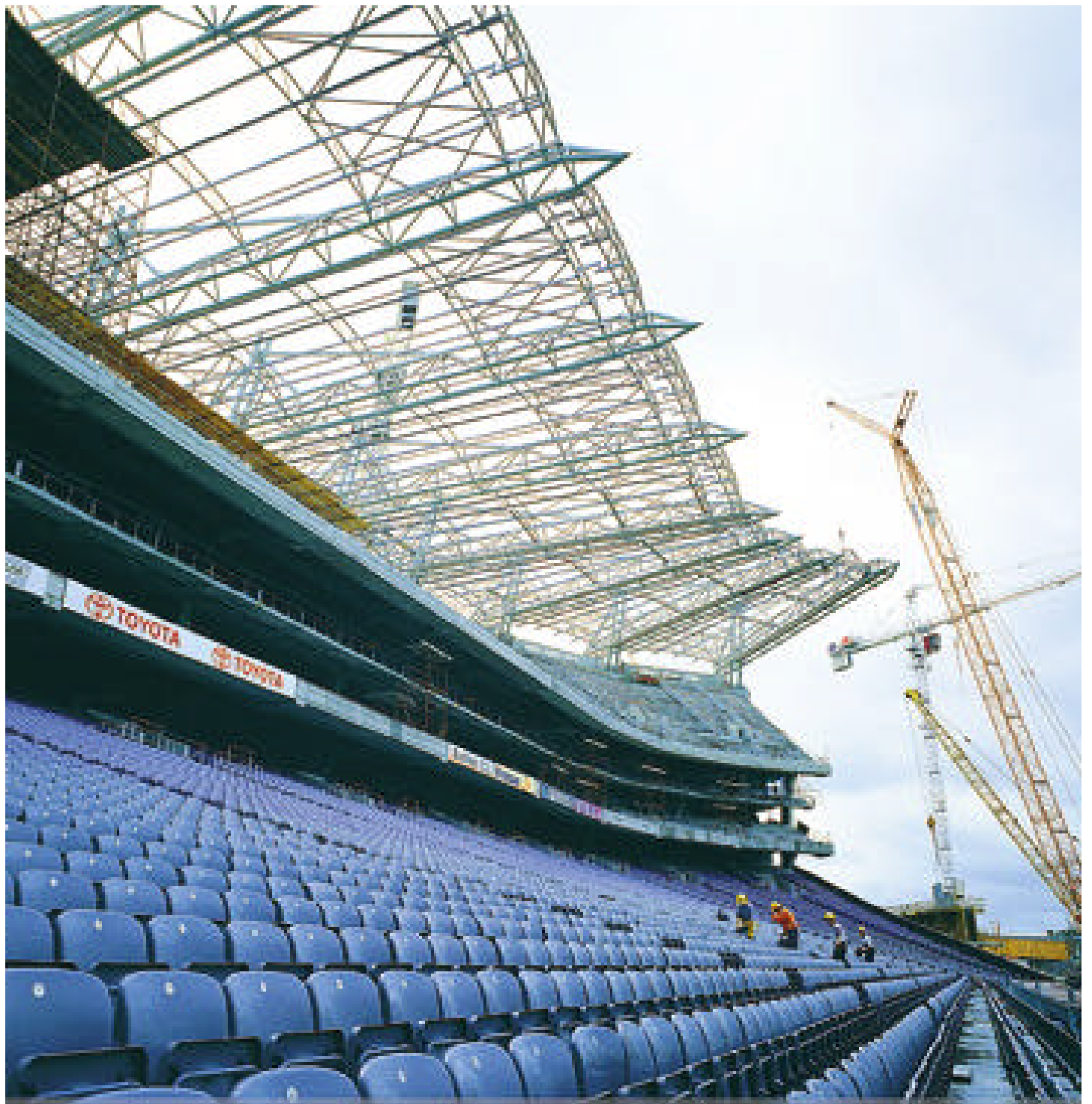
The Panelling Centre was acquired during the year and operates from three locations in the Dublin area. The Panelling Centre is a leading distributor of products used in kitchen construction as well as supplying panels for general DIY building projects.



The group operates in the UK under the name "Cooper Clarke Group Ltd"

The business activities of Cooper Clarke break down into the three areas of (i) commodity business, (ii) own label commodity products, and (iii) Cooper Clarke branded products.

The commodity business comprises the sourcing and distribution of a discrete range of building materials including drainage, drylining, steel products and ground engineering. The own label commodity product activity includes a "Cooper Clarke" casting range, a variety of surface water channels traded under the "Aquadrain" label and other product lines such as "Colorflow" (gratings used in the Aquadrain system). The branded specialist products are targeted at niche areas of the market and include "Ecoblock" (a grass protection block made entirely from recycled materials), "Bridgdek" (a continuous channel drain product used in the construction and refurbishment of bridges) and, "Centurion Access" (an underground chamber product which facilitates subsurface access and is used in the installation of traffic lights and general street lighting situations).



building

FOR THE FUTURE



Stephen O'Connor Chairman

Chairman's Statement

Six Years of Successive Records

Group turnover, pre tax profits and earnings per share have again reached record levels. Adjusted Group earnings per share grew by 27.2% to €33.5c in the year to April 2000 (34.9% excluding last years exceptional item), driven by Group turnover growth of 21.5% to €319.0 million and pre tax profits of €19.6 million, a 20.2% increase on last year. Operating cash flows from the business were strong with EBITDA up 26.3% to €29.5 million resulting in a year end debt level of €53.1 million, up from €46.0 million in 1999. The annual compound growth rates for adjusted earnings per share since 1994 have been 38% per annum supported by strong growth of activities, successful acquisitions and margin enhancement.

These strong results again reflect the Group's consistent implementation of strategy and its leading market position in the core sectors. Achieved against the backdrop of continued economic growth in Ireland, the Group's performance outpaced the overall performance of a dynamic construction sector, with superior growth and margin expansion.

Delivering on our Promise

Our strategy has been continually to maximise shareholder returns through enhancing our market position and improving the operational performance in each of our core businesses. These objectives are achieved through a combination of organic development and acquisitions.

In the first full year of Leo Martin's tenure as Group Chief Executive, I am pleased to report that significant progress has been made in the ongoing delivery of our promise to shareholders. Our vision has continued to be realised through

- Enhanced margins in Irish businesses
- Expansion of Atlantic Homecare store opening programme
- Acquisition of The Panelling Centre
- Alignment of measurement and remuneration systems with shareholders expectations
- Strengthening of Board and management team
- Progress toward E-commerce trading

These key programmes are elaborated on within the Chief Executive's review.

Dividends

The Board is recommending a final dividend of €5.25c, bringing the total dividend for the year to €10.0c, an increase of 30% on last year. This brings the compound growth of dividend payments to 26% per annum since 1994.

Corporate Governance

The Board is committed to the highest standards of Corporate Governance. This applies to the environment, health and safety and to the approach adopted with staff, customers and suppliers. We are further committed to supporting the principles set out in the Combined Code on Corporate Governance.

A detailed statement on Corporate Governance is contained in the Directors' Report.

Board, Management and Staff

Some significant developments took place during the year under review. Leo Martin was appointed Group Chief Executive on 6th July 1999 and, as expected, has already led the Group to new levels of success while retaining our core strategic focus. In October, Rory O'Mahony joined the Group as Chief Operations Director with responsibility for the Irish businesses. The various business units have been reorganised under his leadership and, in conjunction with the Chief Executive, he has completed a strategic review of the Irish businesses.

Richard Hewat retired as an Executive Director in March 2000 and continues to serve as a non-executive Director of the Board. We were pleased to welcome Richard Keatinge to the Board as a non-executive Director in October 1999. On 5th July 2000, Paul Lynch was appointed to the Board as an Executive Director with responsibility for Corporate Development.

Each of these appointments further strengthens the Board and positions us well to meet the challenges which lie ahead.

All of our achievements to date and our future plans for continuing growth are predicated on the talent and goodwill of our excellent staff. I wish to acknowledge this and assure shareholders of our ongoing commitment to developing and encouraging this vital resource.

Remuneration of Directors

As reported before, the Board has formally introduced a new remuneration scheme for Executive Directors which reflects the importance attached by the Board to shareholder value. This includes a base salary structure designed to be at the lower end of comparable peer group levels. This is coupled with a performance-linked bonus scheme that offers the potential for above peer group earnings. Therefore, the scheme contains a well incentivised remuneration package for Executives and offers higher rewards for higher Group performance.

To encourage a broader-based recognition of the requirement for outstanding operational and financial performance, it is proposed that the top managers within the Group will be remunerated on the same basis with a phased changeover period commencing on 1 May 2000. Detailed explanation can be found in the Directors Report and the Financial Review.

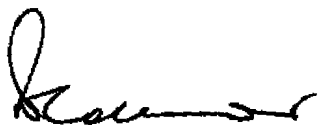
Outlook

The prospects for Heitons key markets are encouraging. The economic climate in Ireland continues to display exciting growth, particularly in the context of demographic trends, rising disposable income and high levels of capital investment.

Given the strength of our market position, we plan continued expansion in all areas of the business in Ireland. Product and category enhancement will continue. For example, the coming year will see the extension of the Panelling Centre product offering to our nation-wide chain of Builders Merchants outlets. Further opportunities for development through category expansion, new store openings and bolt on acquisition are being pursued in Ireland and further afield. We will maximise such opportunities providing they meet our strict acquisition criteria, which demand evidence of added value and specific market positioning or enhancement.

The UK economy, whilst growing at a slower pace than Ireland, is showing signs of some uplift, particularly in the South East. The national spend on infrastructure, however, is somewhat sluggish and is holding back growth in our core heavy-end divisions in the North West of the country.

We will continue to build on our focused strategy and exceptionally solid market base and seek to deliver strong results for our shareholders. I am confident that the management team under Leo Martin will continue to make significant progress.



Stephen O'Connor
Chairman

5th July 2000



reinforcing

OUR MESSAGE



Leo Martin Group Chief Executive

Highlights

The excellent results reflect very strong performances from our business units and also provide further evidence of the soundness of Group strategy. Turnover buoyancy on the back of excellent contributions from each of the Irish divisions drove operating profit growth of 21.3% to €22.8 million.

Group Strategy

Our success in delivering excellent shareholder returns, which have exceeded overall ISEQ market growth over the past six years, derives directly from the pursuit of a consistent strategy. Enhancing our market position and improving operational performance in each of the core businesses are the central tenets of that strategy and will remain so. In the last annual report and at the time of reporting our interim results, we highlighted key elements of our strategy going forward. These include:

- expanding market share and profitability in Builders Merchants, Steel and Hire in Ireland
- growing market share and operating leverage in Homecare/DIY
- delivering the Business Plan for Cooper Clarke in the UK
- further value-enhancing acquisitions both in Ireland and overseas
- optimising the cost of capital
- focusing on cash, asset utilisation and creation of shareholder value

Tangible evidence of delivery of these objectives includes:

- Successful management of costs and pricing, together with a keen focus on satisfying customers has helped to improve Irish operating margins further, from 7.6% to 8.3%.
- Three new branch openings for Atlantic Homecare either in place or in train including the very successful launch of the flagship Blanchardstown store, the opening in June 2000 of our Newbridge outlet to great early success and the announcement of a new Mullingar store which will open in late 2000.
- The adoption of a category management process in our Builders merchants and Atlantic Homecare businesses is starting to deliver tangible marketing and supply chain benefits.

Chief Executive's Operating & Financial Review

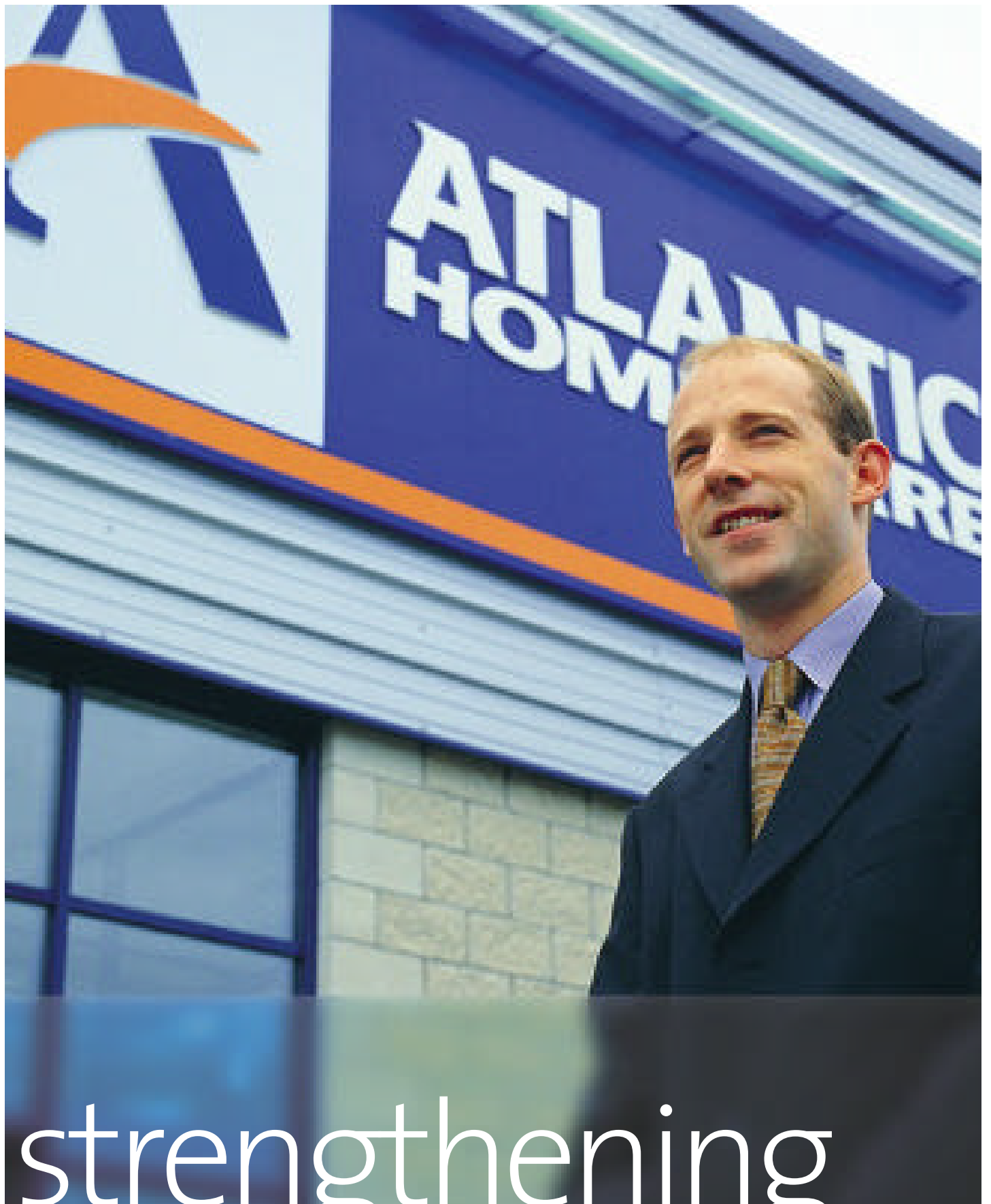
- Sam Hire (with the now completed integration of the January 1999 acquisition Cherry Picker Hire, now Sam Access) has delivered excellent growth. Value has been created by marrying the product to our nation-wide marketing and distribution capability.
- The acquisition of The Panelling Centre demonstrating our commitment to product and category expansion in line with customer needs. Significant opportunities to enhance our product offering will be created by the rollout of The Panelling Centre concept and products to selected Builders Merchants outlets.
- As we anticipated at the time of the acquisition, sales of Cooper Clarke specialist products in our Irish outlets have grown substantially. Good synergies have been achieved in purchasing and in exploiting the cross-selling potential.
- Concentration on driving cash out of our operations has helped to increase return on investment to 11.3%. Based on our Economic Profit model, economic profit has grown from €6.7 million to €9.2 million.

We continue to prioritise expansion of our overseas position in order to reduce dependence on the Irish marketplace. Our focus in this context remains in the UK and Poland. We are seeking out opportunities to enhance or develop a market position in significant market niches, at sensible valuations.

Review of economy and construction sectors in Ireland and UK

The outlook for the Irish construction market and for overall economic growth in Ireland remains positive. Current forecasts from the OECD indicate 10% growth in 2000 and 8% in 2001 for GDP growth, with the construction sector growth also anticipated at 10% and 8%. Construction expenditure increased by circa 13% for 1999, while housing completions were a record 46,512 units. The DIY sector registered double digit growth, fuelled by the ongoing interest in home improvements and higher levels of disposable income.

The exciting National Development Plan (NDP) is central to the continued high levels of construction activity, providing significant potential opportunities for market share expansion and enhanced profits for Heitons. Our view currently is that implementation of the NDP will be delayed beyond this calendar year by the logjams in the planning



strengthening

OUR MARKET POSITION

process and the issue of labour shortages. Both have become significant concerns and measures must be undertaken at Government level (and in the case of planning, perhaps through legislation) to address the problems. Although there is evidence that local authorities are now committed to the release of more serviced land for development, severe shortages still exist in specific pockets around the country and most notably in the greater Dublin area. From a social policy point of view, it is clear that the coming years must see new thinking in relation to the relentless expansion of Dublin and development of neighbouring counties.

Agreement of all parties to the PPF (Programme for Prosperity and Fairness) is to be welcomed. Such agreements have been central to the success of the Irish economy in recent years and adherence to the programme must be followed. Recent inflationary increases and the reducing labour pool both threaten the PPF. Government, employers, and unions must remain strong in defence of a 33-month programme which is in its infancy. The case for discipline, but fairness, in such a strong economy remains pressing.

Recent increases in interest rates may have a slightly dampening effect on inflation but we believe that positive demographics and employment trends will continue to drive property costs upward. The second and third Bacon Reports contain further recommendations designed to dampen the demand from property investors and thereby tighten price increases. The second report succeeded in reducing the rate of growth; the third report requires time to assess its impact. Both these reports are helpful but fail to adequately address supply side solutions, particularly in housing.

In the UK, 1999 GDP growth was 2% while construction growth amounted to 1%. Specifically in Cooper Clarke's heavy end sector there was no growth with infrastructure spend marginally lower than 1998, a disproportionately lower level of expenditure in Northern than Southern England and a weak roads programme adversely affecting performance during the year.

Operational Reports

The following table provides a summary of sales across our business segments:

	€ million		%
Ireland	2000	1999	change
Merchanting	189.6	170.8	11.0
Steel	23.7	25.5	(7.1)
Hire	11.9	9.3	28.3
Homecare/DIY	31.3	24.2	29.3
The Panelling Centre	1.1	-	-
	257.6	229.8	12.1
UK	61.4	32.7	87.2
	319.0	262.5	21.5

Builders Merchants – Ireland

This is the largest division within the Group and is the leader in its market sector, operating from 21 locations nation-wide and trading under the Heiton and Buckley names. The business registered turnover growth of 11% in 1999/2000 in a very competitive market, while also, crucially, strengthening operating margins. This margin growth has been produced despite competitive pricing and rising inflation. Capital investment programmes focusing on enhancing the product range and customer service have all helped to strengthen the competitiveness of the business.

In the current financial year we intend to integrate the existing Heiton and Buckley businesses under a unified brand identity. In tandem with this, strong development programmes are underway in the areas of category and supply chain management, a new best practice operational system is being adopted across the branch structure and selective investment is being committed to enhancing branch facilities and capabilities. Our strategy is to continue to deliver superior returns from this business and to grow our market penetration at a pace above the core market through selective acquisitions, organic development and increased margins.

The acquisition of Tullamore Hardware Ltd. was completed on 30 June 2000. This €5.7 million business represents another example of filling gaps in coverage in Ireland.



expanding

OUR HORIZONS

Sam Hire

The hire division now operates from 13 branches nation-wide and had another outstanding year with turnover growth of 28.3%. Returns remain well in excess of the cost of capital. In addition to competing very effectively in the small plant and power tools market segment, the successful integration of the Cherry Picker Hire business was completed and renamed Sam Access. The number of platforms increased by over 100% to 171. Sam Hire will continue to grow market share in the coming year principally through increasing outlet capacity and penetrating new market sectors.

Steel

The steel business performed very well with an excellent result producing improved absolute operating margins over 1999. This was against a background of lower turnover due primarily to the closure of the Portarlinton facility which was due to cost inefficiencies and withdrawal from low margin business. Further, surplus supplies disrupted international markets in the earlier part of the year followed by shortage of certain products at a later stage.

For the coming year an investment programme to enhance value added product capacity is in place which will strengthen the base of the business and opportunities to increase steel penetration nationally will be pursued.

Atlantic Homecare

Turnover growth of 29.3% was recorded for the financial year under review. Like-for-like growth was 11.5%. Market share has risen to an estimated 28% of the 'shed' sector and the significant profit growth means that this business is now generating attractive returns.

The year saw a number of significant developments.

As we implemented our strategy of focusing on larger stores, a major new store was opened at Blanchardstown in April 1999 to great acclaim from customers and suppliers alike. This store now delivers the highest turnover of any in the Division and is well ahead of the Business Plan. The smaller Omni Centre store was closed. Another major new store at Newbridge was opened in June 2000 and a further one is planned to open in Mullingar in late 2000. These new openings will sustain the dynamic growth in sales and operating profit of the business.

Against the background of strong sectoral growth, vigorous competition in the sector is expected to persist. Both national and international market participants are pursuing aggressive development strategies to tap the potential of the current huge demand in home improvement. The product range will continue to be expanded and enhanced in line with customer needs as the market evolves and per capita spend on DIY in Ireland continues to converge with the UK and European norms.

The Panelling Centre

This key business was acquired in April 2000 for €8.0 million, with a further €1.2 million payable upon certain profitability targets being met in 2000/2001. The business operates from three premises in Dublin and provides a specialist service to both trade and retail customers in kitchen and bedroom units and related timber products.

Significant potential exists to expand The Panelling Centre concept into our Builders Merchants network nation-wide and to introduce a limited range of relevant Builders Merchants products into the existing Panelling Centre outlets. Plans are in train to enhance the business and increase its market penetration through the opening of at least one new outlet regionally, as well as upgrading existing outlets and unlocking Group synergies on a national basis. This acquisition is expected to be value enhancing in the financial year ending April 2001.



creating

NEW STANDARDS

United Kingdom

1999/2000 has been a year of concentration on organisational and management change for Cooper Clarke, our UK specialist drainage products business. A new Finance Director was recruited in May 2000 to strengthen the management team and new organisation structures have been introduced, and management responsibility has been deepened.

The effect has been a temporary delay to many of the programmes for new product development, expansion of sales territories and geographic spread within the UK. Sales dropped on the back of a deliberate policy to eradicate low margin products together with a weak construction, and in particular, infrastructure market. This was compensated somewhat by sales of branded products into Ireland.

The new team is focused on developing the heavy end drainage products, the introduction of new products, and concentration on higher margin activities, thus seeking to enhance results in the coming year. In addition, investment in our fourth site, Godalming, was completed in March 2000 and has met our expectations over the first three months.

Key Developments

Property

We reported at the interim stage that we were reviewing various means by which the significant value of our extensive property portfolio might be unlocked for the benefit of our shareholders. Two expert groups of internal and external advisors are currently engaged to make proposals. We expect to be in a position to announce decisions in relation to the first of these shortly. The objective is to deliver additional returns for shareholders above the existing use valuations of selected properties with significant potential.

Poland

Our research, led by two employees based in Poznan, continues to support our contention that this remains an exciting long-term market opportunity. We have identified merchants which can give Heitons an appropriate platform from which to grow and indeed discussions are ongoing with a number of such businesses, which should be ideal joint venture partners. Initial investments will only be made when we are satisfied that the returns and growth prospects from such investments meet our acquisition criteria.

E-commerce

Extensive research over the past several months has led us to confirm that the internet represents an excellent means of enhancing and facilitating more effective communication and trading with customers and suppliers. Initiatives to facilitate this are underway with the joint objectives of superior service levels for customers and a lower cost base for the business.

In an important development of our e-commerce strategy, Atlantic Homecare will be trading on-line via the internet by the end of this year. We anticipate that Atlantic Homecare will be the first Homecare/DIY store in Europe to be trading on-line when we launch this service. We will be selling a wide range of selected products (initially over 3000) and this new distribution channel will enable Atlantic Homecare to reach many new consumers throughout the island of Ireland.

Environment

It is our policy to conduct our business activities in an environmentally responsible manner. This includes;

- Compliance with national and EU legislation on the environment.
- Development and delivery of products and services in a manner that is not detrimental to the environment or the health and safety of employees, personnel on and in our premises and the general public.
- Seeking to improve environmental performance continuously with respect to minimising waste and emissions and conserving energy and natural resources.

Financial Report

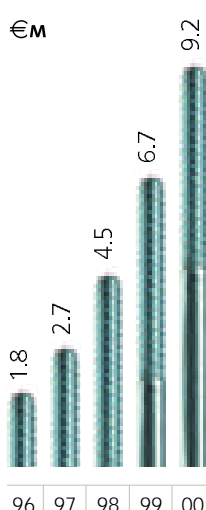
Economic Profit

Group strategy is focused on the delivery of shareholder value. This measures the growth of share price plus dividend payments. Having reviewed closely our measures for evaluation of business performance, the Board now believes that the most appropriate accounting based measure equating to shareholder value is Economic Profit.

Economic Profit measures the value created by the Group after deducting a charge for the Group's cost of capital. The cost of capital is the charge levied on the assets invested by shareholders in the Group. Shareholder's investment is based on the average capital employed (including purchased goodwill) in the Group over the year. The cost of capital charge is based on the cost of the mix of shareholder equity and debt.

Applying this methodology indicates that Heitons created economic profit of €9.2 million, up from €6.7 million in 1998/99. This is an excellent return for shareholders.

A Summary of Economic Profit over the last 5 years reflects Heitons track record of delivery of shareholder value.



The difference between Economic Profit and other performance measures, most notably earnings per share, is that economic profit rewards the successful utilisation of assets as well as superior trading performance.

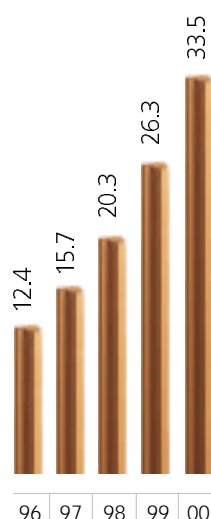
Application of Accounting Standards

There is one new standard which affects Heitons this year. FR15 – tangible fixed assets requires an entity to choose a cost or revaluation policy. Heitons has adopted a policy of revaluation of properties every 3/5 years.

Earnings

Details of operating results for the year are contained in the Chairman and Chief Executive's statements. It is enlightening also to review these results over a 5 year timeframe.

EPS pre goodwill €c



Cash Generation

1999/00 again featured strong growth in the generation of cash. EBITDA (earnings before interest, tax, depreciation and amortisation) has risen to €29.5 million, an increase of 26.3% over 1999. Following the working capital investment to support the growth in turnover, the cash generated from operations has risen by 30.5% to €22.1 million.

A simplified cash flow format is set out below:

	2000	1999
	€m	€m
INFLOWS		
Operating Profit	22.8	18.8
Depreciation and Amortisation	6.7	4.6
EBITDA	29.5	23.4
Profit on disposal of fixed assets	(0.2)	(1.8)
Working capital investment	(7.2)	(4.7)
Cash generated from operations	22.1	16.9
OUTFLOWS		
Dividends paid net	(3.0)	(2.5)
Interest paid	(2.9)	(2.2)
Taxation paid	(4.7)	(3.4)
Capital expenditure (net of disposals)	(12.4)	(8.3)
Acquisitions	(12.7)	(16.7)
NET CASH OUTFLOW	(13.6)	(16.2)

This operating cash generation has enabled the Group to:

- Continue a progressive dividend policy with a 20% increase in net dividend payments
- Meet the higher interest burden arising from acquisition expenditure although retaining a comfortable level of interest cover
- Pursue a significant capital expenditure programme (up 49%) behind Atlantic store openings, Cooper Clarke new branch and Irish merchanting branch upgrades.

Acquisition expenditure has been financed from new debt.

Balance Sheet and Returns

The net operating assets for the Group (including capitalised goodwill) have risen by 13.8% to €153.8 million. Return on capital employed has risen from 10.1% to 11.3% at 30 April 2000.

Treasury Policy and Management

The Group's treasury policies are to maintain a balance between short, medium and long term debt; to raise gearing levels at a time of low interest rates and interest rate stability, thereby reducing the cost of capital for the Group; to maintain interest cover well above our financial covenants; and to avoid interest or foreign exchange transactions of a speculative nature.

Interest cover for the Group remains very comfortable at 7.2 times, marginally below last years level. This is the most relevant measure of Heiton's capacity to assume debt and means there is substantial scope for borrowing to finance future capital and acquisition programmes.

At the year-end the net debt of the Group was €53.1 million, a debt to equity level of 54%. Of this total, €21.1 million has a long dated maturity with the first repayment due in 2003 while a medium term facility amounting to €21.2 million is due for repayment between 2001 and 2005. The Group has operated comfortably within its total facilities throughout the year.

Consistent with our financial risk policies, we continue to hedge currency risk on overseas purchasers as appropriate. The introduction of the euro in 1999 has obviously also served to mitigate this risk.



Leo Martin

Group Chief Executive

5th July 2000

Audit Committee

J. K. Bourke (Chairman)
N.V.G. Carroll
S. O'Connor

Remuneration Committee

S. O'Connor (Chairman)
J. K. Bourke
N.V.G. Carroll
R. Keatinge

Nominations Committee

S. O'Connor (Chairman)
N.V.G. Carroll
J.R.B. Hewat
L.J. Martin
V. O'Doherty

Finance & Acquisitions Committee

R. Keatinge (Chairman)
N.V.G. Carroll
J.R.B. Hewat

Board of Directors and Company Secretary



Stephen O'Connor

Age 70, was co-opted to the Board and became Non-Executive Chairman in 1994. Mr O'Connor retired as Chief Executive of Waterford Foods plc in 1994. He is Chairman of An Post and Clashfern Holdings Ltd, and a Director of several other companies, including National Irish Bank.



Leo Martin

Age 48, joined the Company as Finance Director in 1986. In 1994, he was appointed Managing Director of the Builders Merchants Division. He assumed the role of Group Chief Executive from July 1999.



Peter Byers

Age 45, was appointed Group Finance Director in May 1996. An F.C.A., he joined the Company from the Campbell Soup Company where he held the position of UK Group Finance Director.



Rory O'Mahony

Age 51, joined the Group as Chief Operations Director (Ireland) in 1999. He was formerly an executive director of Glanbia plc where he was Chief Executive of the Consumer Foods Group responsible for 5 major businesses in Ireland and the UK.



Paul Lynch

Age 33, joined the company in May 1997 to head up its Corporate Development activities and was appointed Corporate Development Director in July 2000. A Chartered Accountant he previously worked with Riada Corporate Finance Limited where he was Associate Director.



John Bourke

Age 63, joined the Board as a Non-Executive Director in 1974. Formerly Managing Director of AIB Investment Managers Ltd, Dr Bourke is a business consultant, a non-executive Director of a number of private companies including HypoVereinsbank Ireland and Saorgus Energy Ltd and is a visiting lecturer at University College Dublin.



Niall Carroll

Age 59, became a Non-Executive Director of the Company in 1985. He is Managing Director of ACT Venture Capital Ltd, and a Non-Executive Director of a number of other companies.



Richard Hewat

Age 60, joined the Company as Service Manager in 1966. He was appointed a Director in 1971 and was Group Chief Executive from 1974 to July 1999. Mr Hewat retired as an executive director of the company in March 2000 and became a Non-Executive Director from 1 April 2000.



Richard Keatinge

Age 52, joined the Board as a Non-Executive Director in 1999. He was formerly Managing Director of IBI Corporate Finance and spent a total of 18 years with the Bank of Ireland Group. He is also a former Executive Chairman of NCB Corporate Finance and former Executive Director of Hardwicke Ltd.



Vincent O'Doherty

Age 64, became a Non-Executive Director in 1993 and was appointed Deputy Chairman and senior independent Director in July 1999. He is Chairman of Superquinn and is a former President of Dublin Chamber of Commerce. He is a member of the National Executive Committee of IBEC.



Mary O'Callaghan

Age 38,
Company Secretary.

Directors' Report and Financial Statements 2000

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Directors' Report

The directors have pleasure in submitting their Annual Report together with the audited consolidated financial statements of the group for the year ended 30 April 2000.

Business review and principal activities

The company is a holding company whose principal operating subsidiaries in the Republic of Ireland carry on the business of builders' merchandising, steel stockholding, timber importing and distribution, manufacture of steel products and roof trusses, plant and tool hire, the wholesale and retail sale of wood products and the operation of retail homecare/DIY stores throughout the country. The company's principal operating subsidiary in the United Kingdom carries on the business of builders' merchandising. A full review of the operations during the year is contained in the Chief Executive's Operating and Financial Review on pages 9 to 17.

Details of the principal subsidiary companies appear on page 52.

Profits, dividends and reserves

The financial statements for the year ended 30 April 2000 are set out on pages 30 to 49.

	€'000
Balance on profit and loss account at beginning of year	32,980
Profit for the financial year	15,006
	47,986

The Directors' allocations and recommendations to deal with this amount are as follows:

Cumulative preference dividend of 6.78c per share in respect of the year ended 31 March 2000, paid	(11)
Interim ordinary dividend of 4.75c per share, paid	(2,263)
Proposed final ordinary dividend of 5.25c per share	(2,503)
Scrip dividends	811
Renominalisation of share capital	(121)
Currency translation adjustment on foreign currency net investment	(7)
Balance on profit and loss account at end of year	43,892

Movements in reserves are set out in note 15 to the financial statements on page 43.

Share capital

Movements in share capital are set out in note 14 to the financial statements on page 42.

Future developments

Future developments are outlined in the reports of the Chairman and Chief Executive on pages 5 to 7 and 9 to 17.

Board of directors

The names of the directors and secretary of the company are set out on page 18.

Mr John Bourke, Mr Richard Hewat and Mr Leo Martin retire by rotation in accordance with the Articles of Association and, being eligible, offer themselves for re-election. Mr Richard Keatinge and Mr Rory O'Mahony who were appointed as directors during the year now retire in accordance with the Articles of Association and, being eligible, offer themselves for election. Mr Paul Lynch who was appointed as a director since the year end now retires in accordance with the Articles of Association and, being eligible, offers himself for election. None of the Directors proposed for election or re-election has a service contract with the Company or any member of the Group with a notice period in excess of one year or with provisions for predetermined compensation on termination which exceeds one year's salary and benefits in kind.

Directors' Report continued

Corporate governance

1. General

The Directors are committed to maintaining the highest standards of corporate governance and this statement describes how the Principles of Good Governance set out in the Combined Code are applied.

2. Board of Directors

The Board of Heiton Holdings plc comprises six non-executive Directors and four executive Directors. The roles of Chairman and Chief Executive are separate. The non-executive directors are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement. Brief biographies for all directors appear under their photographs on page 18. All of the directors bring independent judgement to bear on issues of strategy, performance, resources, including key appointments, and standards of conduct.

The Board holds regular meetings (normally at least nine per annum) and there is contact between meetings as required to progress the Group's business. The Directors receive regular and timely information in a form and quality appropriate to enable the Board to discharge its duties. The Board has a formal schedule of matters specifically reserved to it for decision. This covers the key areas of the Group's business including approval of financial statements, budgets, acquisitions, significant capital expenditure, dividends and new appointments to the board. There is an established procedure for Directors to take independent professional advice if they consider this necessary. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that applicable rules and regulations are complied with and that board procedures are followed.

3. Board Committees

Four Committees of the Board are in place - an Audit Committee, a Remuneration Committee, a Nominations Committee and a Finance and Acquisitions Committee. The Audit Committee, comprised of three non-executive Directors, meets at least four times a year to review the annual report and the preliminary and interim announcements of results prior to submission to the full Board for formal approval and to review the findings of the external and internal auditors with them. The Remuneration Committee meets at least twice a year and has four non-executive Directors. This Committee reviews the performance of executive management, including executive Directors, and is responsible for setting their remuneration levels including performance related remuneration and pension entitlements. The Nominations Committee, which is comprised of four non-executive Directors and the Chief Executive, meets as necessary and is responsible for proposing candidates for appointment to the Board having regard to the balance and structure of the Board. The recently formed Finance and Acquisitions Committee with three non-executive Directors as members will meet as necessary to review critical acquisition proposals and advise on financing structure and policy.

4. Re-election of Directors

Non-executive Directors are appointed for three year terms, subject to re-election and to Companies Act provisions relating to the removal of a director, and reappointment is not automatic. Under the Articles of Association all Directors are subject to election by shareholders at the first AGM following their appointment.

5. Directors' Remuneration

The Remuneration Committee

The Remuneration Committee consists solely of four non-executive Directors (as set out on page 18). The terms of reference for the Committee are to establish the Group's policy on executive remuneration and to consider and approve salaries and other terms of the remuneration package for the executive Directors. The Remuneration Committee considers proposals regarding the remuneration of executive Directors and a number of senior managers and consults with the Chief Executive fully on these matters. Outside independent professional advice is sought when necessary. The remuneration of the non-executive Directors is determined by the Board within the limits of the Articles of Association of the Company.

Directors' Report continued

Remuneration Policy

The Group's policy on executive Directors' remuneration recognises that employment and remuneration conditions for senior executives should properly reward and motivate them to perform in the best interest of the shareholders.

A new remuneration scheme has been put in place which links earnings to the increase in total return to shareholders. The typical elements of the remuneration package for executive Directors are basic salary and benefits, annual bonus, pensions and participation in the share option plan. Under the new scheme the basic salary structure will be at the lower end of peer group levels with increases linked to PPF. There will also be a bonus structure that offers the potential for above peer group rewards to be earned linked to the delivery of economic profit and shareholder return. The intention of the Board is that there should be a clear incentive for Executives to maximise Economic Profit.

Annual bonus will only be paid if the economic profit is positive and thereby it will be directly linked to growth of earnings and value creation. This scheme is being extended over the next two years to senior management in the group to encourage a broader based view of the need for outstanding performance. Details of the calculation of economic profit can be found in the finance section of the Chief Executive's report.

Pensions for executive Directors are calculated on basic salary only - no incentive or benefit elements are included - and in general aim to provide two-thirds of salary at retirement for full service. In the case of executive Directors and some key senior management there is provision for retirement at 60 years of age.

Directors' Service Contracts

There are no service contracts between any Director of the Company and the Company or any of its subsidiaries with a notice period in excess of one year or with provisions for predetermined compensation on termination which exceeds one year's salary and benefits in kind.

Directors' Interests

The beneficial and non-beneficial interests of the Directors and secretary of the company and their spouses and minor children in the share capital of the company at 30 April 2000 and 30 April 1999 were as follows:

Directors' Report continued

	Ordinary shares Beneficial	Ordinary shares Non-beneficial	6% Cumulative preference shares
30 April 2000			
John Bourke	4,816	-	-
Peter Byers	64,502	-	-
Niall Carroll	34,367	-	-
Richard Hewat	530,835	*192,429	2,810
Richard Keatinge (appointed 14 September 1999)	11,301	-	-
Leo Martin	125,423	*192,429	-
Stephen O'Connor	31,203	-	-
Vincent O'Doherty	179	-	-
Rory O'Mahony (appointed 12 October 1999)	12,000	-	-
Mary O'Callaghan (Company Secretary)	32,550	-	-
30 April 1999			
John Bourke	4,774	-	-
Peter Byers	19,192	-	-
Niall Carroll	34,066	-	-
Richard Hewat	495,731	*208,086	2,523
Richard Keatinge **	-	-	-
Leo Martin	125,415	*208,086	-
Stephen O'Connor	31,203	-	-
Vincent O'Doherty	178	-	-
Rory O'Mahony **	-	-	-
Mary O'Callaghan (Company Secretary)	15,265	-	-

*Held in their capacity as trustees of the Heiton Holdings plc Employee Profit Sharing Scheme.

**Shareholding on date of appointment as director.

Mr Paul Lynch who was appointed an executive director on 5 July 2000 held 112 ordinary shares beneficially on that date.

Directors' Report continued

Directors' interests - continued

Details of share options held by the directors and the company secretary are as follows:

	30 April 1999	Granted During Year	Exercised during year	30 April 2000	Weighted average price of options outstanding at 30 April 2000	Exercisable by
Peter Byers	155,000	32,000	(40,000)	147,000	€2.1866	Jul '07 - Jul '09
Richard Hewat	115,000	-	-	115,000	€1.9046	Mar '01
Leo Martin	115,000	60,000	-	175,000	€2.3487	Jul '06 - Jul '09
Rory O'Mahony	-	41,500	-	41,500	€3.2000	Apr '10
Mary O'Callaghan (Company Secretary)	32,000	-	(17,000)	15,000	€1.9046	Oct '08

Mr Paul Lynch who was appointed a director on 5 July 2000 held 40,932 options at that date at a weighted average price of €2.7253.

The options exercised during the year as shown above, were exercised at a weighted average price of €1.218 (the market price when the options were granted).

The market price of the company's ordinary shares on the Irish Stock Exchange at 30 April 2000 was €3.30 and the price range during the year was €2.70 to €4.00.

Other than as stated above there are no non-beneficial holdings held by any of the Directors. The ordinary shares under option are granted under an Executive Share Option Scheme. There were no transactions by the Directors between 30 April 2000 and 5 July 2000.

Other than as stated below the directors and company secretary had no interest, otherwise than through the company, in the share capital and debentures of any subsidiary at 30 April 2000 or 30 April 1999.

300 "A" ordinary shares of €1.27 (IR£1) each in Dunmore Holdings Limited are not held by the company. Beneficial interests in these shares are held by the following Directors of the company:

	30 April 2000	30 April 1999
Peter Byers	100	100
Richard Hewat	100	100
Leo Martin	100	100

Other than as stated above there have not been any contracts or arrangements material to the company or any of its subsidiaries in which a Director of the company was materially interested, and which was significant in relation to the company's business.

Directors' Report continued

Directors' emoluments

	Executive Directors €'000	2000 Non- Executive Directors €'000	Executive Directors €'000	1999 Non- Executive Directors €'000
Fees for services as Directors	-	119	-	92
Other remuneration	609	-	431	-
Benefits in kind	31	-	23	-
Performance related bonuses	324	-	340	-
Pension contributions	108	-	82	-
	1,072	119	876	92
Number of Directors				
At beginning of year	3	4	3	4
Appointed	1	2	-	-
Resigned	(1)	-	-	-
At end of year	3	6	3	4

The Directors remuneration shown comprises all of the fees, salaries, pension contributions and other benefits and emoluments paid to Directors.

Since the year end, on 5 July 2000, Mr Paul Lynch was appointed an Executive Director thereby increasing the number of executive directors to 4.

Directors' pensions: benefits under defined benefit scheme

The aggregate pension benefits attributable to existing executive Directors or executive Directors who have left service during the current financial year are as follows:

	2000 €'000
Accumulated accrued pension benefits on leaving service at year end	194
Increase in accumulated accrued pension benefits (excluding inflation) in the year	46
Transfer value of the increase in accumulated accrued benefits (excluding inflation) at the year end (calculated in accordance with Actuarial Guidance Note GN11)	421

No pension benefits are attributable to non-executive Directors.

6. Relations with Shareholders

Heiton Holdings attaches a high priority to investor relations. An ongoing programme of shareholder communication on strategy and performance is well established. There is regular dialogue with individual institutional investors as well as general presentations at the time of the release of the annual and interim results. Results announcements are sent promptly to all shareholders and published on the Group's web site at <http://www.heitons.ie>. The Company's AGM affords individual shareholders the opportunity to question the Chairman and the Board. In addition, the Company responds throughout the year to numerous letters and telephone calls from shareholders on a wide range of issues.

As in 1999, arrangements have been made for the 2000 annual report and AGM notice to be sent to shareholders 20 working days before the meeting. The level of proxy votes cast on each resolution, and the numbers for and against, will be announced at the 2000 AGM.

Directors' Report continued

7. Accountability and Audit

The written terms of reference of the Audit Committee deal clearly with its authority and duties which include consideration of the appointment of the external auditors and their fees and review of the scope and results of the work performed by both internal and external auditors.

In October 1999 the Irish Stock Exchange adopted the Turnbull Working Party's "Internal Control Guidance for Directors on the Combined Code". This formalised the need by the Company to consider risk management, operational and compliance controls as well as financial controls. The Group has reviewed its internal control procedures to ensure full compliance with the requirements outlined in the Guidance document and has put in place all necessary revisions to implement it fully for the year ended 30 April 2001. In the meantime and as permitted by the Irish and London Stock Exchanges, the Company has adopted a transitional approach for the year ended 30 April 2000 and has complied with the Combined Code provisions in respect of internal control by reporting on internal financial controls in accordance with the guidance for Directors on internal control and financial reporting issued in December 1994.

The directors are responsible for the Group's system of financial control which provides reasonable but not absolute assurance:

- that proper accounting records are maintained;
- as to the reliability and integrity of the financial statements;
- that assets are safeguarded against unauthorised use or disposition;
- that fraud and other material irregularities are prevented and detected.

The key elements of the procedures established by the Directors to provide effective internal financial control are:

- an Audit Committee, which meets regularly, inviting, where appropriate, company executives and external auditors. They review reports on various aspects of control, the Group's annual report and statutory financial statements and other published financial information, and ensure that no restrictions are placed on the scope of the statutory audit or on the independence of the internal audit function.
- a comprehensive annual budgeting and financial reporting system.
- an internal auditor who prepares an annual plan for Audit Committee approval. Regular reports are made to the Committee on the evaluation of internal financial control and assessment of business risk. The internal auditor has direct access to the Audit Committee.
- clear policies and procedures over all key areas of revenue and expenditure, including capital investment, physical and computer security and business resumption planning.
- a clearly defined organisation structure with defined lines of authority and accountability. Appropriately experienced and qualified staff have been allocated responsibility for major business functions.

The Directors recognise that an effective internal control system is an essential part of the efficient management of the company. Utilising the procedures described above, the Directors confirm that they have reviewed the effectiveness of the system of internal financial control.

The Directors confirm, having made appropriate enquiries, that the group has adequate resources to continue operations for the foreseeable future and have, therefore, prepared the financial statements on a going concern basis.

Directors' Report continued

8. Compliance Statement

Heiton Holdings has complied, during the year ended 30 April 2000, with all of the Principles of Good Governance and Code of Best Practice ("the Combined Code") derived by the Committee on Corporate Governance from the Committee's Final Report and from the Cadbury and Greenbury Reports, save in respect of the following matter:

Directors' remuneration:

Disclosures regarding Directors' remuneration have been drawn up on an aggregate basis, in accordance with the Listing Rules of the Irish Stock Exchange.

Directors' responsibilities

In accordance with Irish company law, the Directors acknowledge their responsibilities for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that financial year. In preparing those financial statements, the directors recognise the requirements to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to do so.

The Directors acknowledge their responsibility for keeping proper books of account which disclose with reasonable accuracy, at any time, the financial position of the group and which enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 1999 and the European Communities (Companies: Group Accounts) Regulations, 1992. The Directors recognise their responsibility for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Substantial interests

The directors have been notified of the following substantial interests as at 5 July 2000:

Grafton Group plc	14.56%
Allied Irish Banks plc and its subsidiaries	11.93%
Mr EC Johnson/Fidelity International Ltd/FMR Corp	9.98%
Bank of Ireland Asset Management Ltd	4.44%
Scottish Provident	3.93%

Research and development

Under this heading the group's principal activities are product sourcing and market research.

Welfare of employees

It is the policy of the group to ensure the health and welfare of employees by maintaining a safe place and system of work. This policy is embraced in safety statements and is based on the requirements of employment legislation, including the Safety, Health and Welfare at Work Act, 1989.

Company status

So far as the directors are aware, the close company provisions of the Taxes Consolidation Act, 1997 did not apply to the company at 30 April 2000.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office as auditors of the company.

On behalf of the board

S O'Connor

LJ Martin

5 July 2000

Auditors' Report to the members of Heiton Holdings plc

We have audited the financial statements on pages 30 to 49.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report. As described on page 27, this includes responsibility for preparing the financial statements in accordance with Accounting Standards generally accepted in Ireland. Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board, the Listing Rules of the Irish Stock Exchange and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Irish statute, comprising the Companies Acts, 1963 to 1999 and the European Communities (Companies: Group Accounts) Regulations, 1992. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the company balance sheet is in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the Directors' report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the company to hold an extraordinary general meeting; such a financial situation may exist if the net assets of the company, as stated in the company balance sheet, are not more than half of its called-up share capital.

We also report to you if, in our opinion, any information required by law or the Listing Rules of the Irish Stock Exchange regarding Directors' remuneration and transactions is not disclosed.

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

We review whether the statement on page 27 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Irish 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 to form an opinion on the effectiveness of the company's or group's corporate governance procedures or its risk and control procedures.

Basis of opinion

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

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

Auditors' Report continued

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 April 2000 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 1999 and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The company balance sheet is in agreement with the books of account.

In our opinion the information given in the Directors' report on pages 20 to 27 is consistent with the financial statements.

The net assets of the company, as stated in the company balance sheet on page 36, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 30 April 2000 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Dublin

5 July 2000

Accounting Policies

The significant accounting policies adopted by the group are as follows:

1 Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 1999, and the European Communities (Companies: Group Accounts) Regulations, 1992. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

2 Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the inclusion of certain fixed assets on the basis of valuations in excess of cost.

3 Basis of consolidation

The group financial statements include the results of the parent company and all of its subsidiary undertakings made up to 30 April 2000.

4 Goodwill

With effect from 1 May 1998 purchased goodwill, being the excess of the consideration over the fair values of the identifiable assets and liabilities of acquired undertakings, is capitalised and related amortisation based on its useful life of 10 to 20 years is charged against operating profits. Goodwill arising prior to that date was written off immediately to reserves.

5 Tangible fixed assets and depreciation

Land and buildings are stated on the basis of revaluations less accumulated depreciation on buildings. The amount attributable to revalued buildings, for the purpose of calculating depreciation, has been estimated by professional valuers.

Other tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated in order to write off the cost or valuation of tangible fixed assets, other than land, over their estimated useful lives.

6 Leased assets

Assets acquired under finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term or their estimated useful lives. The related obligation is included in creditors. Finance costs are charged to the profit and loss account over the primary period of the lease.

Operating lease rentals are charged to the profit and loss account in the year in which they arise.

7 Stocks

Stocks, which consist principally of bought-in goods held for resale, are valued at the lower of cost and net realisable value. Cost is determined by reference to invoice price, together with the cost of delivery to the group's premises where appropriate. Net realisable value is determined by taking account of the expected selling price less all costs to be incurred in marketing, selling and distribution.

8 Turnover

Turnover represents the amounts invoiced by group companies for goods supplied and services rendered to customers outside the group.

9 Deferred taxation

Provision is made for deferred taxation by the liability method on timing differences except to the extent that it is not expected to become payable in the foreseeable future.

Accounting Policies continued

10 Foreign currencies

Assets and liabilities denominated in foreign currencies are translated to euros at the exchange rates ruling at the balance sheet date or at contracted rates as appropriate. The operating results of subsidiaries in non-euro countries are translated to euros at average exchange rates. Translation adjustments arising from the restatement of the opening net investment in non-euro subsidiaries at year end exchange rates and the translation of their results at average exchange rates are dealt with through reserves. All other translation adjustments are dealt with in the profit and loss account.

11 Derivative financial instruments

Swap agreements are used to hedge the group's exposure to fluctuations in foreign currency and interest rates on its US dollar senior loan notes. These loan notes are translated at the currency swap rates.

Forward currency contracts are used to manage exposures on trading purchases denominated in foreign currencies. Purchases and the related liabilities are translated at the contract rate at the date of the transaction.

12 Pension costs

The pension cost relating to the group schemes is assessed in accordance with the advice of a qualified independent actuary and is charged to the profit and loss account on a basis calculated to spread the cost of pensions over the expected service lives of current employees.

Group Profit and Loss Account

Year Ended 30 April 2000

	Notes	2000 €'000	1999 €'000
Turnover	1	318,957	262,543
Operating profit	2	22,759	18,770
Interest payable	3	(3,182)	(2,486)
Profit before taxation		19,577	16,284
Taxation	4	(4,571)	(4,482)
Profit for the financial year		15,006	11,802
Dividends paid	5	(2,274)	(1,798)
Dividends proposed	5	(2,503)	(1,841)
Retained for the year		10,229	8,163
Basic earnings per share in cents	6	31.61	25.17
Diluted earnings per share in cents	6	31.40	25.03
Pre-goodwill earnings per share in cents	6	33.51	26.34

Turnover and operating profit arose solely from continuing operations.

On behalf of the board

S O'Connor
LJ Martin

Group Balance Sheet

30 April 2000

	Notes	2000 €'000	1999 €'000
Fixed assets			
Tangible assets	7	97,197	85,746
Intangible assets	8	22,008	18,591
		119,205	104,337
Current assets			
Stocks	9	51,111	41,707
Debtors	10	70,531	62,547
Cash at bank and in hand		9,570	11,000
		131,212	115,254
Creditors - amounts falling due within one year	11	(104,909)	(83,215)
Net current assets		26,303	32,039
Total assets less current liabilities		145,508	136,376
Creditors - amounts falling due after more than one year	12	(44,792)	(47,227)
Provisions for liabilities and charges			
Deferred taxation	13	(2,600)	(2,402)
		98,116	86,747
Capital and reserves			
Called-up share capital	14	15,486	15,219
Share premium	15	8,775	8,585
Revaluation reserve	15	29,963	29,963
Profit and loss account	15	43,892	32,980
		98,116	86,747
Equity shareholders' funds		97,887	86,518
Non-equity shareholders' funds		229	229
		98,116	86,747

On behalf of the board

S O'Connor
LJ Martin

Group Cash Flow Statement

Year Ended 30 April 2000

	Notes	2000 €'000	1999 €'000
Net cash inflow from operating activities	16	22,074	16,921
Returns on investments and servicing of finance:			
Interest and preference dividends paid	17	(2,948)	(2,196)
Taxation paid: Corporation tax		(4,730)	(3,418)
Capital expenditure	17	(10,222)	(7,764)
Acquisitions and disposals: Purchase of new undertakings		(12,736)	(16,657)
Equity dividends paid		(3,293)	(2,741)
Net cash outflow before financing		(11,855)	(15,855)
Financing			
Issue of new share capital		336	254
Increase in debt	17	7,662	12,011
		7,998	12,265
Decrease in cash		(3,857)	(3,590)

Reconciliation of Net Cash Flow to Movement in Net Debt

Year Ended 30 April 2000

	Notes	2000 €'000	1999 €'000
Decrease in cash above		(3,857)	(3,590)
Increase in debt above		(7,662)	(12,011)
New finance leases	18	(2,128)	(510)
Finance leases acquired with new undertaking		-	(932)
Debt acquired with new undertaking		-	(2,491)
Change in net debt		(13,647)	(19,534)
Net debt at beginning of year		(29,536)	(10,002)
Net debt at end of year	18	(43,183)	(29,536)

On behalf of the board

S O'Connor
LJ Martin

Statement of Total Recognised Gains and Losses

Year Ended 30 April 2000

	Notes	2000 €'000	1999 €'000
Profit for the financial year		15,006	11,802
Unrealised surplus on revaluation of properties		-	26,541
		15,006	38,343
Currency translation adjustment on foreign currency net investment	15	(7)	(29)
Total recognised gains and losses for the year		14,999	38,314

Note of Historical Cost Profits and Losses

The difference between the reported profits and those calculated on an unmodified historical cost basis is not material.

Movements on Profit and Loss Account

Year Ended 30 April 2000

	Notes	2000 €'000	1999 €'000
At beginning of the year		32,980	24,140
Scrip dividends	5	811	706
Retained for the year		10,229	8,163
Currency translation adjustment on foreign currency net investment	15	(7)	(29)
Renominalisation of share capital	14	(121)	-
At end of the year		43,892	32,980

Reconciliation of Movements in Shareholders' Funds

Year Ended 30 April 2000

	Notes	2000 €'000	1999 €'000
Profit for the financial year		15,006	11,802
Dividends	5	(4,777)	(3,639)
		10,229	8,163
Scrip dividends	5	811	706
Issue of new share capital	14 & 15	457	254
Unrealised surplus on revaluation of properties		-	26,541
Currency translation adjustment on foreign currency net investment	15	(7)	(29)
Renominalisation of share capital	14	(121)	-
Net addition to shareholders' funds		11,369	35,635
Shareholders' funds at beginning of year		86,747	51,112
Shareholders' funds at end of year		98,116	86,747

Company Balance Sheet

30 April 2000

	Notes	2000 €'000	1999 €'000
Fixed assets			
Financial assets	21	42,828	33,766
Current assets			
Debtors	10	48,446	40,073
Cash at bank and in hand		-	236
		48,446	40,309
Creditors - amounts falling due within one year	11	(18,128)	(9,444)
Net current assets		30,318	30,865
Total assets less current liabilities		73,146	64,631
Creditors - amounts falling due after more than one year	12	(42,291)	(34,221)
Provisions for liabilities and charges			
Deferred taxation	13	(217)	(186)
		30,638	30,224
Capital and reserves			
Called-up share capital	14	15,486	15,219
Share premium	15	8,775	8,585
Revaluation reserve	15	6,073	6,073
Profit and loss account	15	304	347
		30,638	30,224
Equity shareholders' funds		30,409	29,995
Non-equity shareholders' funds		229	229
		30,638	30,224

On behalf of the board

S O'Connor
LJ Martin

Notes to the Financial Statements

1. Segmental analysis

	2000	1999
	€'000	€'000
Turnover:		
Builders merchandising	189,587	170,775
Hire	11,947	9,311
Steel stockholding	23,676	25,498
Retail/DIY	31,274	24,183
Panelling Centre	1,114	-
Total Ireland	257,598	229,767
UK - builders merchandising	61,359	32,776
Total	318,957	262,543
Operating profit before goodwill amortisation:		
Ireland	21,314	17,480
United Kingdom	2,349	1,835
	23,663	19,315

The group operates in the Republic of Ireland and the United Kingdom. Additional segmental information analysed by class of business or geographic location, under Statement of Standard Accounting Practice No.25 Segmental Reporting, is not disclosed because in the opinion of the Directors the disclosure of such information would be prejudicial to the interests of the group.

2 Operating profit

	2000	1999
	€'000	€'000
The following have been credited/(charged) in arriving at operating profit:		
Turnover	318,957	262,543
Movement in stocks	7,564	(102)
Purchase of goods	(234,021)	(187,895)
Staff costs (note 25)	(35,850)	(29,477)
Depreciation	(5,857)	(4,065)
Amortisation of goodwill (note 8)	(904)	(545)
Auditors' remuneration	(175)	(153)
Other operating charges	(26,955)	(21,536)

3 Interest payable

	2000	1999
	€'000	€'000
Interest on borrowings wholly repayable within 5 years:		
- Loans and overdrafts and trade bills	1,312	585
- Finance leases	115	94
	1,427	679
Interest on borrowings wholly or partly repayable after 5 years:		
- Senior guaranteed notes	1,510	1,506
Notional interest on acquisition of Cooper Clarke Group Limited	245	301
	3,182	2,486

Notes to the Financial Statements continued

4 Taxation

	2000 €'000	1999 €'000
Taxation based on the profit for the year:		
Corporation tax:		
- Republic of Ireland	4,121	4,092
- Other	230	390
Deferred taxation (note 13)	220	-
	4,571	4,482

5 Dividends

	2000 €'000	1999 €'000
Ordinary: Interim @ 4.75c per share (1999: 3.81c) – paid	2,263	1,787
Final @ 5.25c per share (1999: 3.90c) – proposed	2,503	1,841
	4,766	3,628
Total @ 10.00c per share (1999: 7.71c)	4,766	3,628
Preference @ 6.78c per share (1999: 6.78c) - paid	11	11
	4,777	3,639
Dividends included above, taken by shareholders in the form of scrip dividends (note 15), amounted to:		
- Final 1999	317	176
- Interim 2000	494	530
	811	706

The dividends of €11,000 on the preference shares are non-equity dividends. All other dividends are equity dividends.

6 Earnings per share

	2000 €'000	1999 €'000
Profit for the financial year	15,006	11,802
Preference dividends	(11)	(11)
	14,995	11,791
Average number of ordinary shares (000's)	47,444	46,841
Basic earnings per ordinary share in cents	31.61c	25.17c

Diluted earnings per share, which takes account solely of the potential exercise of share options granted, is based on a weighted average number of shares and options of 47,734,000 (1999: 47,099,000).

Pre-goodwill earnings per share excludes the effect of goodwill amortisation of €904,000 (1999: €545,000) and is based on an earnings figure of €15,899,000 (1999: €12,336,000).

Notes to the Financial Statements continued

7 Tangible fixed assets

	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Cost or valuation				
At beginning of year	65,303	31,136	6,854	103,293
Assets in new undertakings	2,920	1,031	287	4,238
Additions	3,667	7,508	3,192	14,367
Disposals	(128)	(2,718)	(2,102)	(4,948)
Translation adjustment	941	587	577	2,105
At end of year	72,703	37,544	8,808	119,055
Accumulated depreciation				
At beginning of year	-	14,355	3,192	17,547
Assets in new undertakings	-	612	105	717
Charge for year	704	4,008	1,145	5,857
Disposals	(20)	(1,443)	(1,669)	(3,132)
Translation adjustment	77	444	348	869
At end of year	761	17,976	3,121	21,858
Net book amounts				
At end of year	71,942	19,568	5,687	97,197
At beginning of year	65,303	16,781	3,662	85,746

A full valuation of the group's land and buildings was performed by external valuers, Lisney, at 30 April 1999 principally on an existing use value basis.

Assets acquired in new undertakings are included at fair value at the date of acquisition (note 20).

Depreciation has been applied at the following rates:

Buildings	Average 1.5% p.a. straight line
Plant and equipment	10% - 33 1/3% p.a. straight line
Motor vehicles	20% p.a. reducing balance

Included in tangible fixed assets are the following amounts in respect of assets acquired under finance leases:

	2000 €'000	1999 €'000
Cost	5,129	3,997
Accumulated depreciation	(1,035)	(1,040)
Net book amount	4,094	2,957
Depreciation charge for year	561	234

Land and buildings would have been stated as follows under the unmodified historical cost convention:

	2000 €'000	1999 €'000
Cost	40,561	33,161
Accumulated depreciation	(3,298)	(2,793)
Net book amount	37,263	30,368

Notes to the Financial Statements continued

8 Intangible assets - goodwill	2000	1999
	€'000	€'000
Cost		
At beginning of year	19,111	-
Arising during year (note 20)	4,864	17,965
Reduction during year	(2,618)	-
Translation adjustment	2,279	1,146
At end of year	23,636	19,111
Accumulated amortisation		
At beginning of year	520	-
Charge for year	904	545
Translation adjustment	204	(25)
At end of year	1,628	520
Net book amount	22,008	18,591

The reduction in goodwill during the year reflects the reduction in contingent consideration payable to the vendors of Cooper Clarke Group Limited due to the non-achievement of profit targets, €3,115,000, net of a reduction in the fair value of assets acquired of €497,000.

Goodwill is amortised on a straight line basis over its economic useful life estimated as between 10 and 20 years.

In accordance with the group's accounting policy, goodwill arising on the acquisition of undertakings prior to 1 May 1998 remains eliminated against or added to reserves. Since 1979, such positive goodwill amounted to €6,598,000 and negative goodwill to €2,509,000. This goodwill would be charged or credited in the profit and loss account should the group dispose of the businesses to which it relates.

9 Stocks

Stocks consist principally of bought-in goods held for resale.

The replacement cost of stocks does not differ significantly from the balance sheet amounts.

10 Debtors

	Group		Company	
	2000	1999	2000	1999
	€'000	€'000	€'000	€'000
Trade debtors	64,467	57,383	-	-
Amounts owed by subsidiary undertakings	-	-	48,446	40,073
Prepayments and accrued income	6,064	5,164	-	-
	70,531	62,547	48,446	40,073

All amounts included above fall due within one year.

Notes to the Financial Statements continued

11 Creditors - amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	€'000	€'000	€'000	€'000
Bank loans and overdrafts (note 12)	6,536	2,600	2,002	753
Loan notes	-	68	-	68
Trade creditors	65,688	53,556	-	-
Trade bills payable	203	256	-	-
Amounts owed to subsidiary undertakings	-	-	12,050	6,778
Corporation tax	5,696	5,904	-	-
Income tax deducted under PAYE	530	509	-	-
Value-added tax	5,120	4,207	-	-
Pay-related social insurance	317	309	-	-
Finance leases	1,425	772	-	-
Accruals	7,004	6,870	33	4
Deferred acquisition consideration	9,887	6,323	1,540	-
Dividends proposed (note 5)	2,503	1,841	2,503	1,841
	104,909	83,215	18,128	9,444
Creditors for taxation and social welfare included above	11,663	10,929	-	-

Deferred acquisition consideration amounting to €8,347,000 is guaranteed by certain subsidiary undertakings.

12 Creditors - amounts falling due after more than one year

	Group		Company	
	2000	1999	2000	1999
	€'000	€'000	€'000	€'000
Bank loans	21,889	14,491	21,199	13,129
Senior guaranteed notes	21,092	21,092	21,092	21,092
Finance leases	1,811	1,513	-	-
Deferred acquisition consideration	-	10,131	-	-
	44,792	47,227	42,291	34,221

The maturity profile and guarantees in respect of debt are shown in note 18.

13 Deferred taxation

	Group		Company	
	2000	1999	2000	1999
	€'000	€'000	€'000	€'000
On accelerated capital allowances and other timing differences:				
At beginning of year	2,402	2,222	186	186
Deferred tax in new undertaking	-	168	-	-
Charge to profit and loss account (note 4)	220	-	31	-
Translation adjustment	(22)	12	-	-
At end of year	2,600	2,402	217	186

Deferred taxation not provided for at 30 April 2000 amounted to €Nil (1999:€Nil).

Notes to the Financial Statements continued

14 Share capital

	2000 €'000	1999 €'000
Authorised:		
Equity: 60,000,000 ordinary shares of 32c (1999: 25p) each	19,200	19,046
Non-equity: 180,000 6% cumulative preference shares of €1.27 (1999: IR£1) each	229	229
	19,429	19,275
Allotted and fully paid:		
Equity: 47,677,484 ordinary shares of 32c (1999: 25p) each	15,257	14,990
Non-equity: 180,000 6% cumulative preference shares of €1.27 (1999: IR£1) each	229	229
	15,486	15,219

The movement in allotted and fully paid ordinary share capital comprises:

	Shares 000's	Nominal value €'000
At beginning of year	47,223	14,990
Transfer from profit and loss account	-	121
Scrip dividends (note 15)	223	71
Issue of shares under the employee profit sharing scheme	58	19
Exercise of share options	173	56
At end of year	47,677	15,257

Under the terms of the employee profit sharing scheme introduced on 26 October 1989, 58,268 ordinary shares were allotted at €3.10 each for cash of €180,632.

The share option scheme introduced on 11 October 1979 for senior members of management within the group was closed during the year. Options in respect of 173,029 ordinary shares were exercised for cash of €162,868. At 30 April 2000 options had been granted in respect of 761,118 ordinary shares at an average price of €2.09 per ordinary share.

Under the terms of the share option scheme introduced on 10 April 2000 established pursuant to a resolution of the company at the Annual General Meeting on 9 September 1999, senior members of management within the group may be granted options to subscribe for ordinary shares up to a maximum of 10% of the company's shares having allowed for options under all the employee share schemes. At 30 April 2000 options had been granted in respect of 41,500 shares at an average price of €3.20 per ordinary share.

The cumulative preference shares are entitled to a fixed cumulative dividend at the rate of 6% per annum subject to withholding tax payable half yearly in arrears on 1 October and 1 April. On a winding up the holders have priority to receive repayment of capital plus all arrears of dividend. The holders have no voting rights unless the dividend is in arrears by six months or more.

In accordance with resolutions approved at the Annual General Meeting on 9 September 1999, the company redenominated its preference and ordinary share capital from Irish pounds to euros and renominated the par values of its preference and ordinary shares to €1.27 and 32c respectively. This resulted in an increase in the company's share capital of €121,000 which has been effected by a capitalisation of distributable profits (note 15).

Notes to the Financial Statements continued

15 Reserve movements	Share premium account €'000	Revaluation reserve €'000	Profit and loss account €'000	Total €'000
Group				
At beginning of year	8,585	29,963	32,980	71,528
Scrip dividends (notes 5 & 14)	(71)	-	811	740
Issue of shares under the employee profit sharing scheme (note 14)	162	-	-	162
Issue of shares under the executive share option scheme (note 14)	107	-	-	107
Expenses in connection with share issues	(8)	-	-	(8)
Retained for the year	-	-	10,229	10,229
Currency translation adjustment on foreign currency net investments	-	-	(7)	(7)
Renominalisation of share capital	-	-	(121)	(121)
At end of year	8,775	29,963	43,892	82,630
Company				
At beginning of year	8,585	6,073	347	15,005
Scrip dividends (notes 5 & 14)	(71)	-	811	740
Issue of shares under the employee profit sharing scheme (note 14)	162	-	-	162
Issue of shares under the executive share option scheme (note 14)	107	-	-	107
Expenses in connection with share issues	(8)	-	-	(8)
Retained for the year	-	-	(733)	(733)
Renominalisation of share capital	-	-	(121)	(121)
At end of year	8,775	6,073	304	15,152

The profit for the financial year includes a profit of €4,044,000 (1999: €2,575,000) which has been dealt with in the profit and loss account of the company which, as permitted by section 3(2) of the Companies (Amendment) Act, 1986, is not presented in these financial statements.

16 Reconciliation of operating profit to net cash inflow from operating activities	2000 €'000	1999 €'000
Operating profit	22,759	18,770
Depreciation	5,857	4,065
Profit on disposal of tangible fixed assets	(201)	(1,832)
Amortisation of goodwill	904	545
Cash inflow from trading	29,319	21,548
Stocks	(7,564)	102
Debtors	(5,955)	(6,537)
Creditors	6,274	1,808
Cash outflow from working capital	(7,245)	(4,627)
Net cash inflow from operating activities	22,074	16,921

Notes to the Financial Statements continued

17 Cash flows for headings netted in cash flow statement

	2000	1999
	€'000	€'000
Returns on investments and servicing of finance		
Interest paid	(2,822)	(2,091)
Finance lease interest payments	(115)	(94)
Preference dividends	(11)	(11)
	(2,948)	(2,196)
Capital expenditure		
Purchase of tangible fixed assets	(14,367)	(12,497)
Less: New finance leases	2,128	510
	(12,239)	(11,987)
Disposal of tangible fixed assets	2,017	4,223
	(10,222)	(7,764)
Increase/(decrease) in debt (note 18)		
Debt due after one year	8,214	12,871
Debt due within one year	625	(189)
Finance lease capital repayments	(1,177)	(671)
	7,662	12,011

18 Analysis of net debt

	At beginning of year	Cash flow	Other non-cash changes	At end of year
	€'000	€'000	€'000	€'000
Cash at bank and in hand	11,000	(1,430)	-	9,570
Bank overdrafts	(1,729)	(2,427)	-	(4,156)
	9,271	(3,857)	-	5,414
Debt due after one year (see below)	(35,583)	(8,214)	816	(42,981)
Debt due within one year (see below)	(939)	(625)	(816)	(2,380)
Finance leases (notes 11 & 12)	(2,285)	1,177	(2,128)	(3,236)
	(38,807)	(7,662)	(2,128)	(48,597)
Total	(29,536)	(11,519)	(2,128)	(43,183)
Debt due after one year (note 12):				
Bank loans	(14,491)	(8,214)	816	(21,889)
Senior guaranteed notes	(21,092)	-	-	(21,092)
	(35,583)	(8,214)	816	(42,981)
Debt due within one year:				
Bank loans	(871)	(693)	(816)	(2,380)
Loan notes	(68)	68	-	-
	(939)	(625)	(816)	(2,380)

The amount of €2,218,000 under other non-cash changes above represents new finance leases.

Notes to the Financial Statements continued

18 Analysis of net debt continued

Maturity profile of debt	Within 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total
Bank overdrafts	4,156	-	-	-	4,156
Bank loans	2,380	7,595	14,294	-	24,269
Senior guaranteed notes	-	-	8,437	12,655	21,092
Finance leases	1,425	1,811	-	-	3,236
	7,961	9,406	22,731	12,655	52,753

Bank loans and overdrafts of subsidiary undertakings amounting to €5,224,000 (1999: €1,847,000) are guaranteed by the Company.

The senior guaranteed notes are guaranteed by certain subsidiary undertakings.

19 Treasury information

(a) Interest rate and currency profile

The interest rate and currency profile of the group's financial assets and financial liabilities was as follows:

	2000			
	Euro €'000	Sterling €'000	US\$ €'000	Total €'000
Weighted average fixed debt interest rates	7.0%			
Weighted average fixed debt periods - years	5			
Fixed rate financial liabilities	(22,448)	-	-	(22,448)
Floating rate financial liabilities	(2,700)	(27,605)	-	(30,305)
Financial liabilities on which no interest is paid	(1,206)	(8,681)	-	(9,887)
	(26,354)	(36,286)	-	(62,640)
Financial assets	8,281	1,289	-	9,570
Net financial liabilities	(18,073)	(34,997)	-	(53,070)

	1999			
	Euro €'000	Sterling €'000	US\$ €'000	Total €'000
Weighted average fixed debt interest rates	7.0%			
Weighted average fixed debt periods - years	6			
Fixed rate financial liabilities	(23,445)	-	-	(23,445)
Floating rate financial liabilities	(54)	(16,285)	(752)	(17,091)
Financial liabilities on which no interest is paid	-	(16,454)	-	(16,454)
	(23,499)	(32,739)	(752)	(56,990)
Financial assets	10,866	134	-	11,000
Net financial liabilities	(12,633)	(32,605)	(752)	(45,990)

The amounts shown above take into account the effect of cross currency interest rate swaps and forward foreign exchange contracts entered into to manage these currency exposures.

The fixed rate financial liabilities comprise senior guaranteed loan notes and finance leases (notes 11 and 12).

The floating rate financial liabilities comprise bank loans and overdrafts that bear interest at rates based on DIBOR and LIBOR (notes 11 and 12).

Financial liabilities on which no interest is paid (but notional interest is attributed) comprises deferred acquisition consideration (notes 11 and 12). The weighted average period of these liabilities is 1 year.

Financial assets comprises cash at bank which is substantially non-interest earning.

Financial liabilities and financial assets exclude short term creditors and debtors.

Notes to the Financial Statements continued

19 Treasury information - continued

(b) Currency exposures

At 30 April 2000, after taking into account the effects of forward foreign exchange contracts, the group had no material currency exposures.

(c) Maturity of financial liabilities

	2000 €'000	1999 €'000
Due within one year	17,848	9,763
Between one and two years	9,406	12,414
Between two and five years	22,731	12,687
After five years	12,655	22,126
	62,640	56,990

(d) Borrowing facilities

The group has various undrawn committed borrowing facilities. The facilities available at 30 April 2000 in respect of which all conditions precedent had been met were as follows:

	2000 €'000	1999 €'000
Expiring in one year or less	-	-
Expiring in more than one year but not more than two years	-	-
Expiring in more than two years	25,022	25,858
	25,022	25,858

(e) Fair values of financial liabilities and financial assets

The group's senior loan notes (note 12), which are denominated in US\$, are hedged into Euros by cross currency interest rate swap agreements. These loan notes are stated in the balance sheet at 30 April 2000 at €21,092,000 (1999: €21,092,000), the loan notes having been translated to Euros at the exchange rates inherent in the swap agreements. The fair value of the swaps at 30 April 2000 amounted to a gain €3,028,816. The fair value of the group's other financial liabilities and financial assets are not materially different from their book values.

(f) Gains and losses on hedges

At 30 April 2000 and 30 April 1999 there were no material gains or losses on forward foreign exchange contract hedges carried forward for future recognition in the profit and loss account.

(g) Treasury policy

The group's treasury policy and management of derivatives and other financial instruments, which forms part of these financial statements, is set out in the Chief Executive's Operating and Financial Review on page 17.

Notes to the Financial Statements continued

20 Purchase of new undertakings

The group purchased all of the share capital of The Panelling Centre Limited on 1 April 2000. The purchase has been accounted for using acquisition accounting and its results are included in these financial statements from the date of acquisition.

The fair values, consideration and goodwill on acquisition were as follows:

	Book value €'000	Revaluation €'000	Fair value €'000
Tangible fixed assets	1,564	1,957	3,521
Stocks	1,840	-	1,840
Debtors	2,029	-	2,029
Creditors	(3,557)	-	(3,557)
Corporation tax	(171)	-	(171)
	1,705	1,957	3,662
Goodwill (note 8)	-	-	4,864
	1,705	1,957	8,526

Satisfied by:

Cash payments	7,522
Cash acquired	(536)
	6,986
Deferred acquisition consideration	1,540
	8,526

Deferred acquisition consideration includes €1,206,000 of contingent consideration.

Notes to the Financial Statements continued

21 Financial assets	2000	1999
	€'000	€'000
Unlisted shares in subsidiary undertakings at cost or valuation:		
At beginning of year	33,766	33,748
Additions	9,062	18
At end of year	42,828	33,766

The unlisted shares in subsidiary undertakings were valued by the Directors at 30 April 1990 by reference to their then share capital and non-distributable reserves and, in the case of those subsidiary undertakings acquired, their acquisition cost.

Unlisted shares in subsidiary undertakings would have been stated at €34,590,000 (1998: €25,528,000) under the unmodified historical cost convention.

22 Future capital expenditure not provided for	2000	1999
	€'000	€'000
(None of which apply to the company)		
Contracted for	1,221	2,475
Authorised by the directors but not contracted for	11,658	931
	12,879	3,406

23 Operating lease obligations

Commitments under operating leases, payable in the coming year, related to leases expiring in the following periods:

	Land and buildings €'000	Motor vehicles €'000	Total €'000
Within one year	117	211	328
Within two to five years	-	811	811
Over five years	2,636	660	3,296
	2,753	1,682	4,435

24 Contingent liabilities

The company has guaranteed the liabilities of its Irish registered subsidiary undertakings for the purpose of section 17 of the Companies (Amendment) Act, 1986.

Notes to the Financial Statements continued

25 Employee information	2000	1999
	€'000	€'000
Cost		
Wages and salaries	31,772	25,843
Social welfare costs	3,128	2,692
Pension costs	950	942
	35,850	29,477

The amount for wages and salaries includes a provision of €292,000 (1999: €168,000) payable to the trustees of the employee profit sharing scheme to acquire ordinary shares in the company (note 14).

Employment	2000	1999
	€'000	€'000
The average number of persons employed during the year was:		
- Full time	1,272	1,132
- Part time	149	134
	1,421	1,266

Pensions

The group operates a number of funded pension schemes of the defined benefit type and one pension scheme of the defined contribution type. The assets of these schemes are held in separate trustee administered funds.

The total pension cost for the group for the year ended 30 April 2000 was €950,000 (1999: €942,000). The pension cost is assessed in accordance with the advice of a qualified actuary.

The defined benefit schemes are subject to regular actuarial review. The principal assumption used in the actuarial valuations is that the difference between the investment return and wage/salary increases would average 2.0% p.a.. The attained age method of funding is used.

Actuarial valuations of the defined benefit schemes were performed at various dates between 1997 and 1999. These valuations indicated that, on an aggregate basis, the actuarial values of the assets were sufficient to cover more than 100% of the value of benefits accrued to existing members. The market value of the assets at the dates of these valuations was €21,024,000.

The actuarial reports are available for inspection by members of the schemes but not for public inspection.

26 Directors' interests, emoluments and pensions

Details of directors' interests, emoluments and pensions, which form part of these financial statements, are given on pages 22 to 25.

27 Principal subsidiary undertakings

Details of the principal subsidiary companies are given on page 52.

28 Approval of financial statements

The directors approved the financial statements on 5 July 2000.

Five Year Financial Summary

Year Ended 30 April

	2000 €'000	1999 €'000	1998 €'000	1997 €'000	1996 €'000
Profit and loss account					
Turnover	318,957	262,543	210,406	178,251	162,992
Profit before interest and taxation	22,759	18,770	15,341	11,692	9,756
Financing costs	(3,182)	(2,486)	(1,333)	(761)	(990)
Profit before taxation	19,577	16,284	14,008	10,931	8,766
Taxation	(4,571)	(4,482)	(4,541)	(3,707)	(3,047)
Profit after taxation	15,006	11,802	9,467	7,224	5,719
Basic earnings per share	31.6	25.2	20.3	15.7	12.4
Pre-goodwill earnings per share	33.5	26.3	20.3	15.7	12.4
Dividends per share	10.0	7.7	6.2	5.0	3.9
Dividend cover	3.2	3.3	3.3	3.1	3.2
Operating cash flow	22,074	16,921	13,985	11,129	11,816
Balance sheet					
Tangible fixed assets	97,197	85,746	42,168	31,948	27,785
Intangible assets	22,008	18,591	-	-	-
Working capital (non-financial)	34,581	30,802	21,168	18,612	15,290
	153,786	135,139	63,336	50,560	43,075
Financed as follows:					
Shareholders' funds	98,116	86,747	51,112	45,674	40,459
Net debt	43,183	29,536	10,002	3,794	2,159
Deferred acquisition consideration	9,887	16,454	-	-	-
Deferred tax	2,600	2,402	2,222	1,092	457
	153,786	135,139	63,336	50,560	43,075
Performance measures					
Return on equity	15.3%	13.6%	18.5%	15.8%	14.1%
Return on capital employed	11.3%	10.1%	16.4%	15.3%	14.8%

Shareholders Information

Shareholder Analysis at 30 April 2000

	Number of Accounts	% of Accounts	Number of Shares	% of Shares
1 - 5,000	2,660	82.5%	4,242,296	8.9%
5,001 - 25,000	454	14.1%	4,357,751	9.1%
25,001 - 100,000	63	1.9%	3,030,509	6.4%
100,001 - 250,000	16	0.5%	2,252,495	4.7%
250,001 - 500,000	15	0.5%	5,772,174	12.1%
Over 500,000	17	0.5%	28,022,259	58.8%
	3,225	100.0%	47,677,484	100.0%

Share Price Data (€c)

	High	Low	30 April
Year ended 30 April 2000	400	270	330
Year ended 30 April 1999	305	177	272

The market capitalisation of Heiton Holdings plc at 30 April 2000 was €157.3 million (1999: €128.4 million).

Web Site

Further information on Heiton Holdings plc is available at <http://www.heitons.ie>.

Investor Relations

For investor enquiries please contact: Peter Byers, Finance Director, Heiton Holdings plc, Ashfield, Naas Road, Clondalkin, Dublin 22.
Tel: +353 1 403 4000 Fax: + 353 1 459 3696.

Registrar

Administrative enquiries about the holding of Heiton Holdings plc's shares should be directed in the first instance to the Company's Registrars whose address is IRG Registrars, PO Box 7117, Dublin 2.
Tel: +353 1 810 2400 Fax: +353 1 810 2422

Amalgamation of Accounts

Shareholders who receive duplicate sets of company mailings owing to multiple accounts in their name should write to the Company's Registrar at the above address to have their accounts amalgamated.

Annual General Meeting

The Annual General Meeting will be held at Jurys Hotel, Ballsbridge, Dublin 4 on Thursday 7 September 2000 at 12 noon. The Notice of Meeting together with an explanatory letter from the Chairman and a proxy card accompany this report.

Final Dividend

	Ordinary Shares	6% Cumulative Preference Shares
Dividend	€5.25c gross per share subject to declaration at the Annual General Meeting	€3.81c gross per share in respect of the half year 1 April 2000 to 30 September 2000
Dividend payment date	20 September 2000	1 October 2000

Scrip Dividend

Shareholders are being offered the opportunity to receive all or part of the final dividend for the year ended 30 April 2000 in the form of fully paid new Heiton Holdings plc ordinary shares. Details of the scrip dividend offer, and a Form of Election/Mandate Form or Notice of Entitlement (as appropriate) accompany this report. Shareholders wishing to avail of the scrip dividend offer who do not have a Mandate in place must complete, sign and return the form of Election to the Company's Registrar so as to arrive no later than 3.00pm on 1 September 2000.

CREST

Heiton Holdings plc joined the CREST share settlement system on 20 January 1997. Shareholders may continue to hold paper share certificates or hold their shares in electronic form.

Shareholders Information continued

Financial Calendar

Preliminary results announced	5 July 2000
Ex-dividend date for final dividend	17 July 2000
Record date for final dividend	21 July 2000
Annual Report posted	1 August 2000
Annual General Meeting	7 September 2000
Payment date for final dividend	20 September 2000
Interim results announced	Early January 2001

Principal Subsidiary Companies - all wholly owned

Heiton McFerran Limited - Builders Merchants and Steel Stockholders
Heiton McFerran (Donegal) Limited - Builders Merchants
Morgan McMahon & Co. Limited - Timber Importers and Builders Merchants
Heiton McCowen Limited - Builders Merchants
Atlantic Home and Garden Centre Limited - Investment Holding Company
Atlantic Home Care Limited - Homecare/D.I.Y.
F & T Buckley Limited - Builders Merchants
F & T Buckley (Holdings) Limited - Property & Investment Holding Company
Timber Frame Limited - Manufacturing Company
Lindis Limited - Manufacturing Company
Sam Hire Limited - Plant and Tool Hire
Panelling Centre Limited - Panelling Products

The above Companies are all incorporated and operate in the Republic of Ireland and have their Registered Offices at Ashfield, Naas Road, Clondalkin, Dublin 22, except Sam Hire Limited whose Registered Office is at Red Cow, Naas Road, Clondalkin, Dublin 22.

Cooper Clarke Group Limited - Builders Merchants
The above Company is incorporated and operates in the United Kingdom. Its Registered Office is at Stone Hill Road, Farnworth, Bolton, BL4 9NG, England.

Registered Office

Ashfield, Naas Road, Clondalkin, Dublin 22
Registered in Dublin, Ireland. No. 1945.

Principal Bankers

Allied Irish Bank plc
Bankcentre
Ballsbridge
Dublin 4

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered
Auditors
Wilton Place, Dublin 2.

Solicitors

A. & L. Goodbody,
I.F.S.C., North Wall Quay, Dublin 1.

Stockbrokers

Davy Stockbrokers,
49 Dawson Street, Dublin 2.