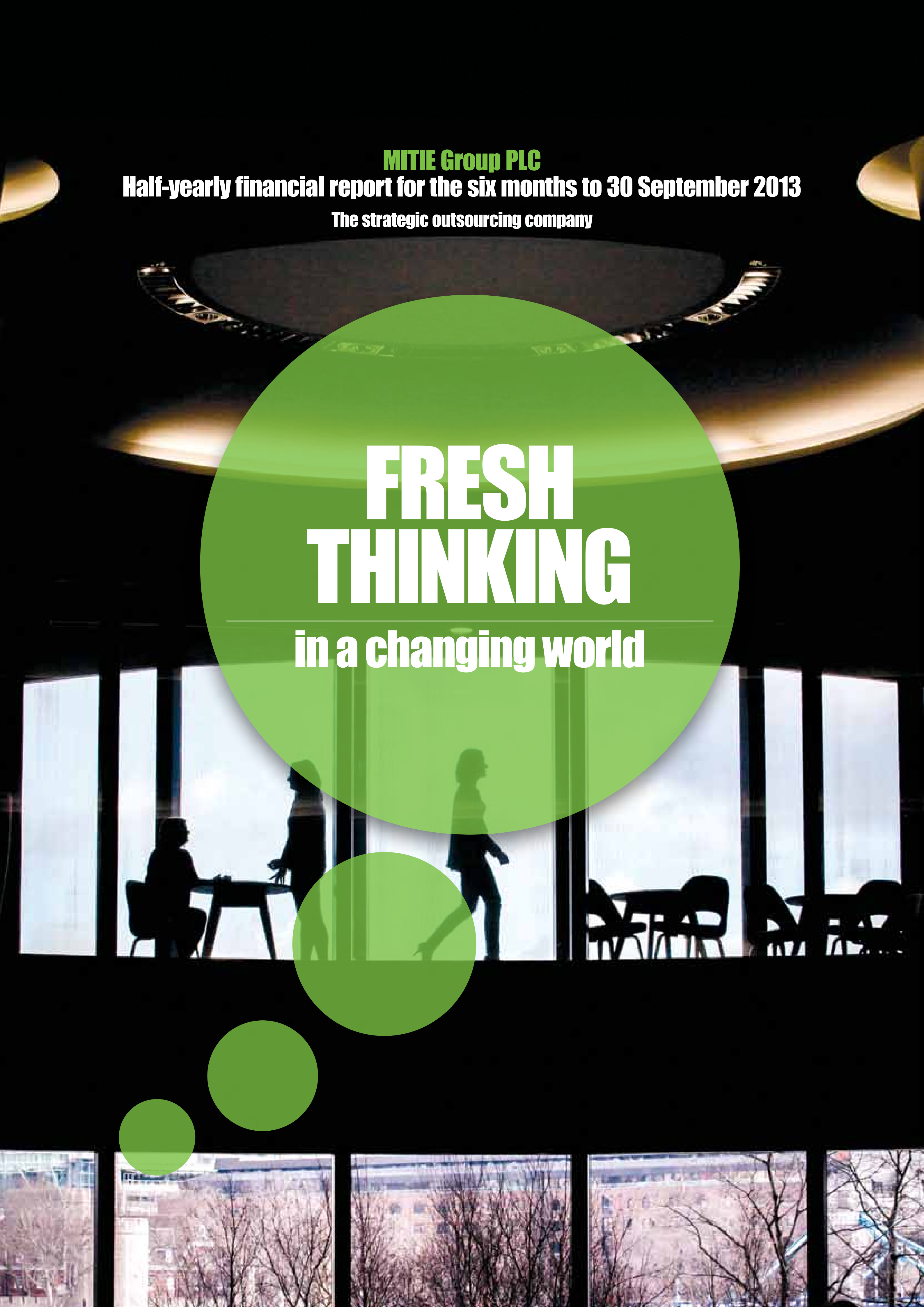
MITIE Group PLC

Half-yearly financial report for the six months to 30 September 2013

The strategic outsourcing company

FRESH THINKING

in a changing world



The shape of our business.

Healthcare
We provide high quality homecare in the UK, delivering a wide range of services to people who require help and support due to illness, disability or infirmity.

Revenue of £45m

Facilities Management
We provide a wide range of FM services across the UK, Ireland and Europe. These are delivered as integrated FM contracts, in bundles or as single services, depending on client requirements.

Revenue of £821m

Energy Solutions
We provide specialist energy and carbon advice and work with our clients to develop and implement their energy strategies, and deliver real improvements in performance.

Revenue of £13m

Property Management
We provide a full suite of property maintenance services for commercial clients and the social housing market.

Revenue of £165m

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Good progress, great prospects.

This has been a positive period for MITIE. Our growth has been driven by a number of new contract awards and a good operational performance, particularly from our facilities management division which saw another period of strong organic growth.

MITIE has recorded several significant achievements during the first half of the year and is well-positioned to deliver further growth during the latter half of the year.

For the six months to 30 September 2013, headline revenue rose by 10.5% to £1,044.6m (2012: £945.0m), of which 5.1% was generated by organic growth. Headline operating profit increased by 13.3% to £62.3m (2012: £55.0m), with the operating profit margin standing at 6.0% (2012: 5.8%), and excellent cash conversion on a rolling 12-month basis of 116.3% (2012: 84.6%). Headline basic earnings per share rose by 9.3% to 11.8p per share (2012: 10.8p).

During this period, our order book has decreased by £0.5bn or 5.4%, to £8.7bn (March 2013: £9.2bn) and our sales pipeline now stands at £8.8bn (March 2013: £8.7bn). With new contracts won since the year end and existing contracts successfully retained, revenue visibility continues to be extremely positive, with 99% of budgeted revenue for 2013/14 secured (prior year: 98%), and 74% of forecast revenue for 2014/15 secured (prior year: 72%).

Across the whole of MITIE, we focus on higher margin, growth markets, with good overall progress being achieved during the period and all four divisions in a strong position to benefit from the current market opportunities.

In the public sector, outsourcing is a key government strategy to drive efficiency and reduce costs. We believe that this is an attractive long-term market for us, with the greatest opportunities in health, justice, local authorities and social housing. In the private sector, which remains buoyant, we work for clients in a wide cross-section of sectors, from leisure and healthcare to finance and manufacturing. Of total revenue generated during the period, the public sector accounted for 35%, including 5% with central government, and the private sector accounted for 65%.

Our Facilities Management division experienced very strong organic revenue growth of 10.1%, driven largely by our integrated FM portfolio.

In our Healthcare division, the integration of Enara and rebrand to MiHomecare has gone very well and we see excellent opportunities to grow this business. Progress in the Property Management division has been steady and some significant contract gains will result in an improved second half. Within Energy Solutions, Utilyx is performing well and is a key asset for the group.

As we have previously referred to, we are exiting our cyclical mechanical and electrical engineering contracting businesses. We are also reducing our exposure to the construction element of our Asset Management business, which has become part of the Energy Solutions division and is now focused on niche design and consulting projects in the decentralised energy market. The phased reduction in both of these areas of work is progressing well and we remain confident of the positive impact this will have on both the risk and margin profile of the group.

Chief Executive's update

Facilities Management

Six months to September	2013 Headline	2012 Headline[1,2]	Growth
Revenue	**£821.2m**	£744.4m	10.3%
Operating profit	**£49.7m**	£45.2m	10.0%
Operating profit margin	**6.1%**	6.1 %	–

Property Management

Six months to September	2013 Headline	2012 Headline[1,2]	Growth
Revenue	**£165.2m**	£173.1m	(4.6)%
Operating profit	**£9.9m**	£10.4m	(4.8)%
Operating profit margin	**6.0%**	6.0%	–

Energy Solutions

Six months to September	2013 Headline	2012 Headline[1,2]	Growth
Revenue	**£13.3m**	£27.5m	(51.6)%
Operating profit	**£(2.9)m**	£(0.6)m	–
Operating profit margin	**(21.8)%**	(2.2)%	(19.6)pp

Healthcare

Six months to September	2013 Headline	2012 Headline[1,2]	Growth
Revenue	**£44.9m**	n/a	n/a
Operating profit	**£5.6m**	n/a	n/a
Operating profit margin	**12.5%**	n/a	n/a

1 The 2012 results have been restated following amendments to IAS 19 'Employee Benefits' and re-presented to show the results of businesses being exited within other items.
2 Re-presented for operating segments effective from 1 April as disclosed in AR&A 2013.

Divisional overview

Our *Facilities Management* division remains the UK's market leader for integrated services and is particularly well positioned for further growth. This sector is estimated to be worth over £92bn and is continuing to grow at some 2% per year. With the largest 120 FM providers dominating the market, we see great opportunities as clients move towards the integrated model. Our strong performance and reputation within the integrated FM (IFM) market continues to set us apart, and a recent sector-wide survey revealed MITIE to be the top IFM service provider, as well as the most customer-focused and innovative (source: i-FM.net). Our largest IFM contract with Lloyds Banking Group is exceeding our expectations and we continue to see opportunities to develop this further.

Our single service specialisms are also performing well and remain market leading – we ranked amongst the top three service providers in each of cleaning, security, front of house, landscaping, waste and engineering maintenance. Catering is also a particularly attractive and cash-generative sector for us and one where we are growing rapidly. Now the sixth largest catering operation in the UK, our Gather & Gather business is targeting further growth through 2013 and beyond and has been awarded a number of flagship contracts during the period, including with two of the UK's leading fashion retailers.

The FM division recorded a number of important successes across a range of markets. For example, Mitchells & Butlers, the leading operator of restaurants and pubs in the UK, awarded us a three-year £38m contract to deliver waste management, cleaning and environmental services. In addition, we have extended our contract to provide security services to BNP Paribas, been awarded a £9m contract to provide cleaning services to Cineworld and won a £5m contract for FM services to Kellogg's UK and European head offices. Among many other notable achievements, the division has been awarded a contract to operate Ashford International station for HS1, the owners of the UK's first high-speed railway. We were also recently awarded a security services contract with Arup, the global professional services firm.

Further afield, we have been awarded a new, multi-million pound contract with the Bank of Ireland to provide a range of FM and other services for the next five years. MITIE people will be delivering services at 350 of the bank's sites across the Republic of Ireland, Northern Ireland and Great Britain. We have also secured an £8m three-year contract to provide FM for Bergen Engines AS, a Norwegian engine manufacturer.

Our *Healthcare* division continues to deliver excellent opportunities. The integration of Enara, which we acquired for £110.8m in October 2012, is progressing well. The business has been successfully rebranded as MiHomecare and we anticipate significant opportunities in the £17bn homecare market over the coming years, as clients seek to achieve greater value to offset the planned 10% cut in council spending. Our strategy is to build on our good relationships with local authorities and the NHS in order to significantly grow MiHomecare.

The first half of the year saw us appointed to deliver a Continuing Healthcare programme in Leicestershire worth £2.5m over five years as well as framework contracts in Worcestershire and Richmond upon Thames, with an expected total value of £3.3m over five years.

In *Property Management*, we focus on long-term contracts with housing associations and local authorities and anticipate further steady organic growth. Since the beginning of the financial year, we have continued to build our PM portfolio, with a series of key contract wins. These include a £7.5m agreement to provide painting services to the housing stock of London & Quadrant Housing Trust over six years, with a possible six-year extension valued at an additional £7.5m. We have also been appointed to deliver painting services to 5,000 properties across Southern England for Raglan Housing, in a six-year contract valued at £4.5m.

"A recent sector-wide survey revealed MITIE to be the top IFM service provider, as well as the most customer-focused and innovative."

For Southampton City Council, we have been appointed preferred bidder to deliver energy efficiency works to over 2,100 properties across Southampton, under the Government's ECO (Energy Companies Obligation) and Green Deal Schemes, for a total value of £30m over a 19 month period. Our contract to provide housing repairs and maintenance for Hammersmith and Fulham Council commenced in November, and valued at £18m per annum, brings the total value of work we do for this Council to £28m per annum. This will make a positive contribution to the second half results.

The *Energy Solutions* division, led by our strategic energy consultancy Utilyx, helps clients to buy, use and generate energy more cost-efficiently. With energy costs continuing to rise against a backdrop of complex solutions and confusing policy development, the division remains focused on consulting contracts with a large independent client base as well as supporting our larger FM clients with their energy strategies. Whilst Utilyx continues to grow and deliver strong margins, the overall performance of this division has been offset by losses of £5.1m resulting from the costs of reducing our exposure to the construction element of the Asset Management business and contract delays in that area.

Investing for growth

The MITIE Model encourages entrepreneurial management teams to put their ideas into practice and grow a business as part of MITIE. In the first six months of the year we invested £1.2m in two new initiatives: our existing waste management business has become a standalone business, MITIE Waste and Environmental Services Limited; and MITIE Local Services Limited has been established to provide cleaning services to small and medium-sized clients in the London area. In both cases, the management team has taken an equity stake which motivates them to grow the business and share in its future success.

"The MITIE Model encourages entrepreneurial management teams to put their ideas into practice and grow a business as part of MITIE."

Our ambitions are driven by acquisitions as well as organic growth and we were pleased to acquire UK CRBs Ltd (UKCRBs), the criminal records checking service, from the management team. UKCRBs is one of the largest providers of online criminal records checking services in the UK and gives our Total Security Management business a scalable platform to compete in the rapidly growing screening and vetting market.

Board changes

On 1 June 2013, Jack Boyer joined the Board as a Non-Executive Director and brings extensive experience in entrepreneurial, growth businesses both in the UK and internationally, as well as from time spent in consulting and investment banking. On 31 October 2013, Terry Morgan CBE stepped down from his post as Non-Executive Director. We would like to thank him for the valuable contribution he has made to MITIE's growth and wish him every success in the future. On 1 November 2013, Crawford Gillies was appointed Chairman of the Remuneration Committee, in place of Terry Morgan CBE.

Outlook

The first half of the year has seen strong operational and financial performance for MITIE. We continue to identify new opportunities with both existing and new clients in all of our key markets.

The successful re-positioning of the business means we are in a stronger and better position than ever to deliver higher growth and maintain strong margins. We look ahead with confidence.

Ruby McGregor-Smith CBE
Chief Executive

Headline results exclude restructuring and acquisition related items and the results of businesses being exited (termed 'other items', see Note 3). 2012 headline results have been re-presented to exclude the results of businesses being exited which are now included within other items. 2012 results have also been restated following amendments to IAS 19 'Employee Benefits', see Note 1.

Some more of our recent successes

Facilities Management

Client	Contract	Timeframe	Estimated total value
Bank of Ireland	Awarded a significant new contract to deliver facilities management at 350 sites across the Republic of Ireland, Northern Ireland and Great Britain	5 years	Multi £m
Leading UK provider of care and nursing homes	Awarded a new contract for engineering maintenance across an estate of care homes	5 years	£50m
Major online retailer	Awarded a new contract to deliver a range of facilities management services	3 years	£47m
Mitchells & Butlers	Awarded a contract to provide cleaning and waste services at 1,600 restaurants throughout the UK	3 years	£38m
Novartis Pharmaceuticals	Retained and expanded a contract for waste management services	5 years	£35m
Law firm	Retained and expanded a contract to provide a range of business services, including mailroom, printing and other services	5 years	£12m
Cineworld	Awarded a contract to provide cleaning services at 44 cinemas in the South of England, as well as Cineworld's head office in London	3 years	£9m
Bergen Engines	Awarded a new contract to provide facilities management services in Norway	3 years	£8m
Springfields Fuels	Awarded a new contract for total security management	7 years	£6m
Kellogg's	Awarded a new contract to provide facilities management services to Kellogg's UK and European head offices in Manchester and Dublin, as well as specialist hygiene services to their manufacturing plant in Wrexham	3 years	£5m
Major UK luxury fashion retailer	Gather & Gather awarded a new contract to provide catering services	3 years	£5m
Law firm	Awarded a new contract to provide business services	3 years	£4.5m
NHS Foundation Trust	Awarded a technical facilities management contract to deliver a lighting project	6 months	£4m
Stock exchange	Added to our existing work delivering facilities management, with a contract including cleaning, mail, porterage, reception, reprographics, switchboard, and waste management	3 years	£4m
FedEx	Renewed a contract to provide security services	3 years	£3m
Arup	Awarded a new contract for total security management	3 years	ND
HS1	Awarded a contract to operate Ashford International station on behalf of HS1 Ltd, owner of the UK's first high-speed railway	5 years	ND
BAE Systems	Awarded a new contract for total security management	3 years	ND
University of Law	Awarded a multi-service contract to include cleaning, security, mechanical and electrical engineering and pest control services across the University of Law's eight campuses	3 years	ND

Healthcare

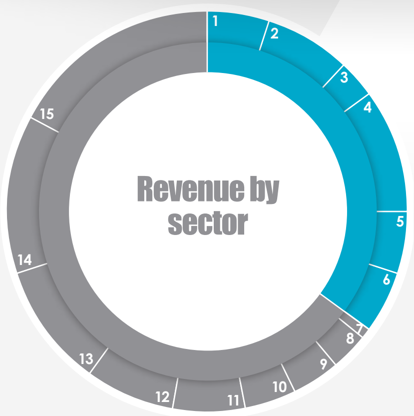
Client	Contract	Timeframe	Total value
Leicestershire	Appointed to deliver a Continuing Healthcare programme	5 years	£2.5m
Worcestershire and Richmond upon Thames	Appointed to framework contracts	5 years	£3.3m

Property Management

Client	Contract	Timeframe	Total value
Southampton City Council	Appointed preferred bidder to deliver energy efficiency works to over 2,100 properties across Southampton, under the government's Green Deal and Energy Companies Obligation (ECO) schemes	19 months + 5.5 year extension	£30m (phase 1)
London & Quadrant Housing Trust	Awarded a new contract to deliver painting services to L&Q's housing stock throughout South East England	6 years + 6 years	£7.5m – £15m
Raglan Housing	Awarded a new contract to provide painting services to 5,000 properties across Southern England	6 years	£4.5m

ND=Not Disclosed

A strong and diverse portfolio

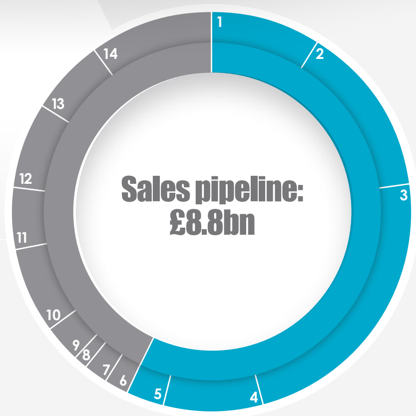


Public sector
35% | £0.4m

1.	Central government	5%
2.	Local government	7%
3.	Other government	3%
4.	Social housing	10%
5.	Health	5%
6.	Education	5%

Private sector
65% | £0.7m

7.	Construction	1%
8.	Property management	3%
9.	Leisure	4%
10.	Utilities	4%
11.	Technology and communications	6%
12.	Transport and logistics	7%
13.	Manufacturing	10%
14.	Retail	13%
15.	Finance and professional services	17%



Public sector
57% | £5.1bn

1.	Central and other government	9%
2.	Local government	14%
3.	Social housing	23%
4.	Health	8%
5.	Education	3%

Private sector
43% | £3.7bn

6.	Utilities	2%
7.	Leisure	2%
8.	Technology and communications	1%
9.	Construction	3%
10.	Transport and logistics	7%
11.	Manufacturing	5%
12.	Property management	7%
13.	Retail	6%
14.	Finance and professional services	10%

Continued strong financial performance

Strong organic growth

	2013 Headline	Headline period on period % change	2013 Statutory
Revenue	**£1,044.6m**	+10.5	£1,085.8m
Operating profit before other items	**£62.3m**	+13.3	n/a
Profit before tax	**£55.3m**	+9.5	£42.8m
Operating profit margin before other items	**6.0%**	+0.2pp	n/a
Basic earnings per share	**11.8p**	+9.3	8.8p
Dividend per share	**4.9p**	+6.5	4.9p

Strong headline financial performance

- **Total headline revenue growth of 10.5%, of which 5.1% was organic**
- **Headline operating profit up 13.3% to £62.3m (2012: £55.0m), of which 4.5% was organic**
- **Headline operating profit margin increased to 6.0% (2012: 5.8%)**
- **Excellent conversion of EBITDA to cash of 116.3% (2012: 84.6%), well above stated long-term KPI of 80%, headline cash conversion is 106.7% (2012: 83.9%) on a rolling 12-month basis**
- **Net debt at 30 September 2013 of £221.8m or 2.0x statutory EBITDA (1.5x headline EBITDA) on a rolling 12-month basis (2012: £132.9m, 1.1x statutory EBITDA or 1.0x headline EBITDA), which we expect to reduce in the second half of the financial year**
- **Interim dividend up 6.5% to 4.9 pence per share (2012: 4.6 pence per share)**

Strong financial performance

MITIE has delivered a strong financial performance in the first six months with double digit headline revenue growth of 10.5% to £1,044.6m (2012: £945.0m) and growth in headline operating profit of 13.3% to £62.3m (2012: £55.0m). Organic growth in headline revenue was 5.1%.

Headline operating profit margin for the first half of the year has improved to 6.0% (2012: 5.8%). This is a result of our focus on and continuing investment in growth businesses that offer strong returns, such as facilities management and healthcare, and exit from the cyclical electrical and mechanical engineering market which has demonstrated low returns in recent periods. The headline margin in the period has also been impacted by activities in Energy Solutions, which has re-focused towards a consulting model and away from construction-led, energy generation contracts.

The headline operating profit excludes the results of the cyclical mechanical and electrical engineering contracting businesses that we are exiting, along with acquisition costs, integration costs and acquisition-related amortisation, in line with disclosures made in the Annual Report and Accounts for the year ended 31 March 2013. During the period the businesses that we are exiting saw a 50% reduction in revenue to £41.2m (2012: £81.6m) and incurred a trading loss of £4.3m (2012: £2.8m).

Acquisition costs of £0.1m (2012: £1.8m) relate to the acquisition of UK CRBs on 14 August 2013. Integration costs of £2.5m (2012: £0.2m) are principally related to the prior year acquisition of Enara; and £5.6m has been incurred since acquisition. The integration will be completed in the second half of the year, with total integration costs expected to be approximately £6.5m.

Net finance costs for the first six months of the year are £7.0m (2012: £4.5m), driven by the increased finance costs following the acquisition of Enara in October 2012 and increased pensions interest charges following changes to IAS 19, 'Employee Benefits'.

Headline profit before tax for the period increased by 9.5% to £55.3m (2012: £50.5m) and statutory profit before tax increased by 16.9% to £42.8m (2012: £36.6m). The effective rate of tax on headline profit for the period ended 30 September 2013 is in line with the UK rate of corporation tax at 23.0% (2012: 24.0%).

Headline basic EPS increased in the period by 9.3% to 11.8p per share (2012: 10.8p per share) and basic EPS increased by 14.3% to 8.8p per share (2012: 7.7p per share).

We have delivered strong levels of cash conversion, with conversion of EBITDA to operating cash at 116.3% (2012: 84.6%) on a rolling 12-month basis which is above our stated long-term target of 80%. The conversion of headline EBITDA to operating cash was 106.7% (2012: 83.9%).

Net debt at the period end was £221.8m (2012: £132.9m). This equates to 2.0x statutory EBITDA (2012: 1.1x), due to the impact of one off restructuring charges in the second half of the previous year which reduced statutory EBITDA levels for the 12 months to September 2013.

Net debt to headline EBITDA was 1.5x (2012: 1.0x) on a rolling 12-month basis. Net debt has primarily increased as a result of the acquisition of Enara for £110.8m in October 2012 and the purchase of own shares and share buybacks for a cost of £17.4m (2012: £6.5m) in the first six months of the current financial year.

Working capital management is a key area of focus for the group and we have seen a net inflow of working capital in the rolling 12-month period to 30 September 2013 of £13.8m (2012: outflow of £26.5m), despite the investment in organic growth during the period. It is usual to see an outflow of working capital in the first half of the year, which was £41.0m (2012: £29.9m).

Returns to shareholders

The half year dividend declared by the Board of 4.9p per share (2012: 4.6p per share) represents an increase of 6.5% on the prior year. It is the group's policy to grow its dividend broadly in line with underlying earnings.

The Board has approved a share purchase policy to maintain share numbers at a broadly consistent level year on year, in order to offset shares issued under the MITIE Model and various share schemes.

Key factors that could affect our business

MITIE's system of internal control is designed to support the group's pursuit of achieving its objectives and strategies, and the identification and management of risks that may impact the group and the environment in which it operates. The assessment of risk is undertaken by every business segment, which has a comprehensive risk register that feeds through to the group risk register reviewed by our Board.

The principal risks and uncertainties have not changed significantly from those detailed on pages 38 and 40 of our Annual Report and Accounts 2013. We analyse our risk profile into four categories:

Strategic:
Business development, competitive positioning, acquisitions and trading overseas

Financial:
Market conditions, economic climate and counterparties

Operational:
IT and finance systems, people, subcontractors and suppliers, trade disruption, health, safety and environment

Regulatory:
Insurance, material litigation and regulatory

Statement of Directors' responsibilities

The Directors of MITIE Group PLC confirm that, to the best of their knowledge, this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report includes a fair view of the information required by rules 4.2.7 and 4.2.8 of the Disclosure and Transparency Rules. The names and functions of the Directors of MITIE Group PLC are as listed in the group's Annual Report and Accounts for 2013 (available on the group's website and as described above: www.mitie.com).

In addition, Jack Boyer was appointed as a Non-Executive Director of MITIE Group PLC on 1 June 2013, full details of his appointment and responsibilities can also be found on the group's website at www.mitie.com.

By order of the Board

Ruby McGregor-Smith CBE
Chief Executive
MITIE Group PLC

18 November 2013

Note:

Headline results exclude other items. Other items comprise acquisition related and integration costs of £2.6m (2012: £2.0m), restructuring costs of £nil (2012: £4.8m) and the amortisation of acquisition related intangible assets of £5.6m (2012: £4.3m). They also include the results of the businesses being exited, with revenue of £41.2m (2012: £81.6m) and a trading loss of £4.3m (2012: £2.8m loss).

The 2012 results have been restated following amendments to IAS 19 'Employee Benefits' and re-presented to show the results of businesses being exited within other items.

Headline cash conversion, calculated on a rolling 12-month basis, excludes the cash effect of other items.

Independent review report to MITIE Group PLC

For the six months to 30 September 2013

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2013 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes 1 to 13. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
18 November 2013

Condensed consolidated income statement

For the six months to 30 September 2013

	Notes	30 September 2013 (unaudited) Headline £m	30 September 2013 (unaudited) Other items £m	30 September 2013 (unaudited) Total £m	30 September 2012 (unaudited and restated) Headline[1,2] £m	30 September 2012 (unaudited and restated) Other items[2] £m	30 September 2012 (unaudited and restated) Total £m
Continuing operations							
Revenue	2	**1,044.6**	**41.2**	**1,085.8**	945.0	81.6	1,026.6
Cost of sales		**(881.5)**	**(36.2)**	**(917.7)**	(804.0)	(70.8)	(874.8)
Gross profit		**163.1**	**5.0**	**168.1**	141.0	10.8	151.8
Administrative expenses		**(100.8)**	**(17.5)**	**(118.3)**	(86.0)	(24.7)	(110.7)
Operating profit	2	**62.3**	**(12.5)**	**49.8**	55.0	(13.9)	41.1
Investment revenue		**0.7**	**–**	**0.7**	0.4	–	0.4
Finance costs		**(7.7)**	**–**	**(7.7)**	(4.9)	–	(4.9)
Net finance costs		**(7.0)**	**–**	**(7.0)**	(4.5)	–	(4.5)
Profit before tax	2	**55.3**	**(12.5)**	**42.8**	50.5	(13.9)	36.6
Tax	5	**(12.7)**	**1.7**	**(11.0)**	(12.1)	3.0	(9.1)
Profit for the period		**42.6**	**(10.8)**	**31.8**	38.4	(10.9)	27.5
Attributable to:							
Equity holders of the parent		**42.5**	**(10.8)**	**31.7**	38.3	(10.9)	27.4
Non-controlling interests		**0.1**	**–**	**0.1**	0.1	–	0.1
		42.6	**(10.8)**	**31.8**	38.4	(10.9)	27.5
Earnings per share (EPS)							
– basic	6	**11.8p**	**(3.0)p**	**8.8p**	10.8p	(3.1)p	7.7p
– diluted	6	**11.5p**	**(2.9)p**	**8.6p**	10.5p	(3.0)p	7.5p

1 Restated following amendments to IAS 19, as described in Note 1.

2 Re-presented to include the results of businesses being exited within other items, which are analysed in Note 3.

Condensed consolidated income statement

For the year ended 31 March 2013

	Notes	Headline[1] £m	Other items £m	Total[1] £m
		Year to 31 March 2013 (audited and restated)		
Continuing operations				
Revenue	2	1,980.6	139.9	2,120.5
Cost of sales		(1,670.6)	(132.3)	(1,802.9)
Gross profit		310.0	7.6	317.6
Administrative expenses		(189.7)	(59.9)	(249.6)
Operating profit	2	120.3	(52.3)	68.0
Investment revenue		0.5	–	0.5
Finance costs		(12.2)	–	(12.2)
Net finance costs		(11.7)	–	(11.7)
Profit before tax	2	108.6	(52.3)	56.3
Tax		(25.7)	11.8	(13.9)
Profit for the year		82.9	(40.5)	42.4
Attributable to:				
Equity holders of the parent		82.7	(40.5)	42.2
Non-controlling interests		0.2	–	0.2
		82.9	(40.5)	42.4
Earnings per share (EPS)				
– basic	6	23.1p	(11.3)p	11.8p
– diluted	6	22.5p	(11.0)p	11.5p

1 Restated following amendments to IAS 19, as described in Note 1.

Condensed consolidated statement of comprehensive income

For the six months to 30 September 2013

	30 September		Year to 31 March
	2013 (unaudited) £m	2012 (unaudited and restated)[1,2] £m	2013 (audited and restated)[1,2] £m
Profit for the period	**31.8**	27.5	42.4
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of net defined benefit pension liability	**3.8**	(1.4)	(11.2)
Income tax relating to items not reclassified	**(1.4)**	0.3	2.7
	2.4	(1.1)	(8.5)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	**(0.2)**	(0.4)	0.1
Gains/(losses) on a hedge of a net investment taken to equity	**0.1**	0.3	(0.1)
Cash flow hedges:			
(Losses)/gains arising during the period	**(7.6)**	(0.5)	2.8
Reclassification adjustment for gains/(losses) included in profit and loss	**8.5**	0.3	(8.1)
Income tax (charge)/credit relating to items that may be reclassified	**(0.2)**	–	0.9
	0.6	(0.3)	(4.4)
Other comprehensive expense for the financial period	**3.0**	(1.4)	(12.9)
Total comprehensive income for the financial period	**34.8**	26.1	29.5
Attributable to:			
Equity holders of the parent	**34.7**	26.0	29.3
Non-controlling interests	**0.1**	0.1	0.2

1 Restated following amendments to IAS 19, as described in Note 1.

2 Re-presented following amendments to IAS 1, as described in Note 1.

Condensed consolidated balance sheet

At 30 September 2013

	Notes	30 September 2013 (unaudited) £m	30 September 2012 (unaudited) £m	31 March 2013 (audited) £m
Non-current assets				
Goodwill		**453.2**	353.1	447.2
Other intangible assets		**81.8**	63.6	88.0
Property, plant and equipment		**55.2**	67.9	56.2
Interest in joint ventures and associates		**0.4**	0.4	0.4
Financing assets		**23.5**	8.2	25.3
Trade and other receivables		**29.5**	20.9	20.8
Deferred tax assets		**16.4**	9.7	14.0
Total non-current assets		**660.0**	523.8	651.9
Current assets				
Inventories		**6.9**	6.9	6.7
Trade and other receivables		**510.4**	536.0	507.4
Cash and cash equivalents		**53.9**	60.0	90.8
Total current assets		**571.2**	602.9	604.9
Total assets		**1,231.2**	1,126.7	1,256.8
Current liabilities				
Trade and other payables		**(477.8)**	(467.1)	(500.7)
Current tax liabilities		**(15.0)**	(11.8)	(10.5)
Financing liabilities		**(2.7)**	(5.5)	(2.7)
Provisions	10	**(1.4)**	(0.5)	(1.4)
Total current liabilities		**(496.9)**	(484.9)	(515.3)
Net current assets		**74.3**	118.0	89.6
Non-current liabilities				
Financing liabilities		**(273.5)**	(188.6)	(284.3)
Provisions	10	**(8.8)**	(11.3)	(8.8)
Retirement benefit obligation		**(27.4)**	(19.2)	(29.9)
Deferred tax liabilities		**(15.4)**	(9.4)	(13.2)
Total non-current liabilities		**(325.1)**	(228.5)	(336.2)
Total liabilities		**(822.0)**	(713.4)	(851.5)
Net assets		**409.2**	413.3	405.3

Condensed consolidated balance sheet

At 30 September 2013

	Notes	30 September 2013 (unaudited) £m	30 September 2012 (unaudited) £m	31 March 2013 (audited) £m
Equity				
Share capital	11	**9.3**	9.2	9.3
Share premium account		**114.1**	103.4	108.0
Merger reserve		**101.2**	97.6	97.6
Share-based payments reserve		**1.3**	2.1	1.9
Own shares reserve		**(27.3)**	(20.8)	(20.3)
Other reserves		**0.4**	0.3	0.3
Hedging and translation reserve		**(5.1)**	(0.9)	(5.9)
Retained earnings		**212.3**	219.2	210.6
Equity attributable to equity holders of the parent		**406.2**	410.1	401.5
Non-controlling interests		**3.0**	3.2	3.8
Total equity		**409.2**	413.3	405.3

Condensed consolidated statement of changes in equity

For the six months to 30 September 2013

	Share capital £m	Share premium account £m	Merger reserve £m	Share-based payments reserve £m	Own shares reserve £m	Other reserves £m	Hedging and translation reserve £m	Retained earnings £m	**Attributable to equity holders of the parent £m**	Non-controlling interests £m	Total £m
At 31 March 2012	9.0	92.5	93.6	5.2	(18.3)	0.3	(0.6)	230.4	**412.1**	4.2	**416.3**
Total comprehensive income	–	–	–	–	–	–	(0.3)	26.3	**26.0**	0.1	**26.1**
Shares issued	0.2	10.9	4.0	–	–	–	–	–	**15.1**	–	**15.1**
Dividends paid	–	–	–	–	–	–	–	(18.3)	**(18.3)**	(0.1)	**(18.4)**
Purchase of own shares	–	–	–	–	(6.5)	–	–	–	**(6.5)**	–	**(6.5)**
Share-based payments	–	–	–	(3.1)	4.0	–	–	0.4	**1.3**	–	**1.3**
Tax on share-based payment transactions	–	–	–	–	–	–	–	0.7	**0.7**	–	**0.7**
Acquisitions and other movements in non-controlling interests	–	–	–	–	–	–	–	(20.3)	**(20.3)**	(1.0)	**(21.3)**
At 30 September 2012	9.2	103.4	97.6	2.1	(20.8)	0.3	(0.9)	219.2	**410.1**	3.2	**413.3**
Total comprehensive income	–	–	–	–	–	–	(5.0)	8.3	**3.3**	0.1	**3.4**
Shares issued	0.1	4.6	–	–	–	–	–	–	**4.7**	–	**4.7**
Dividends paid	–	–	–	–	–	–	–	(16.6)	**(16.6)**	–	**(16.6)**
Purchase of own shares	–	–	–	–	(0.1)	–	–	–	**(0.1)**	–	**(0.1)**
Share-based payments	–	–	–	(0.2)	0.6	–	–	0.4	**0.8**	–	**0.8**
Tax on share-based payment transactions	–	–	–	–	–	–	–	(0.7)	**(0.7)**	–	**(0.7)**
Acquisitions and other movements in non-controlling interests	–	–	–	–	–	–	–	–	**–**	0.5	**0.5**
At 31 March 2013	9.3	108.0	97.6	1.9	(20.3)	0.3	(5.9)	210.6	**401.5**	3.8	**405.3**
Total comprehensive income	–	–	–	–	–	–	0.8	33.9	**34.7**	0.1	**34.8**
Shares issued	0.1	6.1	3.6	–	–	–	–	–	**9.8**	–	**9.8**
Dividends paid	–	–	–	–	–	–	–	(20.5)	**(20.5)**	(0.1)	**(20.6)**
Purchase of own shares	–	–	–	–	(10.0)	–	–	–	**(10.0)**	–	**(10.0)**
Share-based payments	–	–	–	(0.6)	3.0	–	–	1.2	**3.6**	–	**3.6**
Tax on share-based payment transactions	–	–	–	–	–	–	–	0.3	**0.3**	–	**0.3**
Share buybacks	(0.1)	–	–	–	-	0.1	–	(7.4)	**(7.4)**	–	**(7.4)**
Acquisitions and other movements in non-controlling interests	–	–	–	–	–	–	–	(5.8)	**(5.8)**	(0.8)	**(6.6)**
At 30 September 2013	**9.3**	**114.1**	**101.2**	**1.3**	**(27.3)**	**0.4**	**(5.1)**	**212.3**	**406.2**	**3.0**	**409.2**

Condensed consolidated statement of cash flows

For the six months to 30 September 2013

	30 September 2013 (unaudited) £m	30 September 2012 (unaudited and restated)[1] £m	Year to 31 March 2013 (audited and restated)[1] £m
Operating profit	**49.8**	41.1	68.0
Adjustments for:			
Share-based payment expense	**3.7**	1.6	2.5
Defined benefit pension charge	**2.6**	2.2	4.6
Defined benefit pension contributions	**(1.9)**	(2.1)	(4.1)
Acquisition related items	**0.1**	1.8	3.2
Depreciation of property, plant and equipment	**7.8**	10.3	20.4
Amortisation of intangible assets	**8.3**	6.1	14.1
Gain on disposal of property, plant and equipment	**(0.3)**	–	(2.6)
Operating cash flows before movements in working capital	**70.1**	61.0	106.1
Increase in inventories	**(0.2)**	(1.1)	(1.0)
(Increase)/decrease in receivables	**(12.4)**	(25.0)	16.7
(Decrease)/increase in payables	**(28.4)**	(2.8)	11.4
Decrease in provisions	**–**	(1.0)	(2.2)
Cash generated by operations	**29.1**	31.1	131.0
Income taxes paid	**(7.1)**	(12.4)	(21.6)
Interest paid	**(7.1)**	(3.6)	(9.6)
Acquisition costs	**(0.1)**	(1.8)[2]	(3.2)
Net cash inflow from operating activities	**14.8**	13.3	96.6
Investing activities			
Interest received	**0.8**	0.1	0.3
Purchase of property, plant and equipment	**(7.6)**	(18.5)	(30.0)
Purchase of subsidiary undertakings, net of cash acquired	**(1.8)**	(4.3)[2]	(117.0)
Investment in financing assets	**(1.8)**	1.3	(13.0)
Purchase of other intangible assets	**(2.0)**	(2.1)	(5.8)
Disposals of property, plant and equipment	**1.2**	6.4	23.4
Net cash outflow from investing activities	**(11.2)**	(17.1)	(142.1)

1 Restated following amendments to IAS 19, as described in Note 1.

2 The prior period has been re-presented to include acquisition costs as an operating cash flow.

Condensed consolidated statement of cash flows

For the six months to 30 September 2013

	30 September 2013 (unaudited) £m	30 September 2012 (unaudited and restated) £m	Year to 31 March 2013 (audited and restated) £m
Financing activities			
Repayments of obligations under finance leases	**(2.0)**	(1.8)	(4.1)
Proceeds on issue of share capital	**4.4**	3.2	8.5
Settlement of loan notes on purchase of subsidiary undertakings	**–**	–	(0.6)
Bank loans (repaid)/raised	**(4.8)**	26.6	(38.4)
Private placement notes raised	**–**	–	151.5
Purchase of own shares	**(10.0)**	(6.5)	(6.6)
Share buybacks	**(7.4)**	–	–
Equity dividends paid	**(20.5)**	(18.3)	(34.9)
Non-controlling interest dividends paid	**(0.1)**	(0.1)	(0.1)
Net cash (outflow)/inflow from financing	**(40.4)**	3.1	75.3
Net (decrease)/increase in cash and cash equivalents	**(36.8)**	(0.7)	29.8
Net cash and cash equivalents at beginning of the period	**90.8**	60.8	60.8
Effect of foreign exchange rate changes	**(0.1)**	(0.1)	0.2
Net cash and cash equivalents at end of the period	**53.9**	60.0	90.8
Net cash and cash equivalents comprise:			
Cash at bank	**53.9**	60.0	90.8
	53.9	60.0	90.8

Reconciliation of net cash flow to movement in net debt	Notes	30 September 2013 (unaudited) £m	30 September 2012 (unaudited and restated) £m	Year to 31 March 2013 (audited and restated) £m
Net (decrease)/increase in cash and cash equivalents		**(36.8)**	(0.7)	29.8
Effect of foreign exchange rate changes		**(0.1)**	(0.1)	0.2
Decrease/(increase) in bank loans		**5.1**	(25.7)	37.7
Private placement notes raised		**–**	–	(151.5)
Non-cash movement in private placement notes and associated hedges		**1.0**	(0.2)	(5.3)
Settlement of loan notes on purchase of subsidiary undertakings		**–**	–	1.6
Decrease in finance leases		**1.2**	0.7	2.2
Increase in net debt during the period		**(29.6)**	(26.0)	(85.3)
Opening net debt		**(192.2)**	(106.9)	(106.9)
Closing net debt	8	**(221.8)**	(132.9)	(192.2)

Notes to the condensed consolidated financial statements

For the six months to 30 September 2013

1. Basis of preparation

The condensed consolidated financial statements for the six months to 30 September 2013 have been prepared on the basis of the accounting policies set out in the group's latest annual financial statements for the year ended 31 March 2013, except as set out below.

These accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and as adopted for use in the European Union. The condensed financial statements for the six months to 30 September 2013 have been prepared in accordance with IAS 34 'Interim Financial Reporting' and with the Disclosure and Transparency Rules of the Financial Conduct Authority.

The condensed consolidated financial statements for the six months to 30 September 2013 have been reviewed by Deloitte LLP but have not been audited (see page 8). They do not include all the information and disclosures required in the annual financial statements, and therefore should be read in conjunction with the group's annual financial statements as at 31 March 2013. The financial information presented for the year ended 31 March 2013 does not represent full statutory accounts within the meaning of Section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain a statement under Section 498 of the Companies Act 2006.

Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the group's annual financial statements for the year ended 31 March 2013, except for the adoption of the following new standards and amendments for the first time in the current period:

- Amendments to IAS 19 'Employee Benefits' impact the measurement of various components representing movements in the defined benefit pension obligation and associated disclosures, but not the group's total obligation. The amendment has no cash impact. Prior year comparatives have been restated. The operating profit for the six months to 30 September 2013 was reduced by £0.5m, finance costs were increased by £0.7m and the tax charge decreased by £0.3m under the revised standard, with other comprehensive income increased by £0.9m for the same period. The operating profit for the year to 31 March 2013 was reduced by £1.7m, finance costs were increased by £0.8m and the tax charge decreased by £0.6m under the revised standard, with other comprehensive income increased by £1.9m for the same period. The operating profit for the six months to 30 September 2012 was reduced by £0.7m, finance costs were increased by £0.4m and the tax charge decreased by £0.3m under the revised standard, with other comprehensive income increased by £0.8m for the same period.
- IFRS 13 'Fair Value Measurement' has resulted in increased disclosure in the interim accounts of financial assets and liabilities measured at fair value (see Note 9).
- Amendments to IAS 1 'Presentation of Financial Statements' have increased the disclosure within the statement of comprehensive income by separating items that will not be reclassified subsequently to profit and loss from those that could be reclassified. Comparative information has been re-presented. The amendments affect presentation only and there is no impact on profit or loss and total comprehensive income.

Other amendments and interpretations are effective for the first time in the current period but have had no impact on the results or financial position of the group.

The Directors do not anticipate that the adoption of standards and interpretations that have been issued but are not yet effective (and in some cases have not yet been adopted by the EU) will have a material financial impact on the group's financial statements in the period of initial application.

Going Concern

The Directors have considered the Financial Reporting Council guidance on going concern and the principal risks and uncertainties affecting the group. The group benefits from a well diversified portfolio of service offerings and has a broad, diverse customer base. The group currently operates well within the financial covenants associated with its committed funding lines of £250m which are available for use until September 2015. Complementing this, the group has £252m of US Private Placement debt expiring in December 2017, December 2019, December 2022 and December 2024.

After making enquiries, the Directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the group continues to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

2. Business and geographical segments

Business segments

The group manages its business on a service division basis. These divisions are the basis on which the group reports its primary segmental information.

	Six months to 30 September 2013 (unaudited)					Six months to 30 September 2012 (unaudited and restated[4])				
	Revenue £m	Headline revenue £m	Headline operating profit £m	Headline operating profit margin %	Profit before tax £m	Revenue[4] £m	Headline[2] revenue £m	Headline[1,2] operating profit £m	Headline[1,2] operating profit margin %	Profit[1] before tax £m
Facilities Management	**821.2**	**821.2**	**49.7**	**6.1**	**45.9**	744.4	744.4	45.2	6.1	38.2
Property Management	**206.4**	**165.2**	**9.9**	**6.0**	**4.8**	254.7	173.1	10.4	6.0	5.7
Healthcare	**44.9**	**44.9**	**5.6**	**12.5**	**3.6**	–	–	–	–	–
Energy Solutions	**13.3**	**13.3**	**(2.9)**	**(21.8)**	**(3.3)**	27.5	27.5	(0.6)	(2.2)	(1.0)
Acquisition-related costs[3]	**–**	**–**	**–**	**–**	**(8.2)**	–	–	–	–	(6.3)
Total	**1,085.8**	**1,044.6**	**62.3**	**6.0**	**42.8**	1,026.6	945.0	55.0	5.8	36.6

	Year to 31 March 2013 (audited and restated)				
	Revenue £m	Headline revenue £m	Headline[1] operating profit £m	Headline[1] operating profit margin %	Profit[1] before tax £m
Facilities Management	1,542.8	1,542.8	95.4	6.2	82.9
Property Management	488.8	348.9	20.6	5.9	(6.6)
Healthcare	43.0	43.0	5.7	13.3	3.9
Energy Solutions	45.9	45.9	(1.4)	(3.1)	(7.0)
Acquisition-related costs[3]	–	–	–	–	(16.9)
Total	2,120.5	1,980.6	120.3	6.1	56.3

1 Restated following amendments to IAS 19, as described in Note 1.

2 Re-presented to include the results of businesses being exited within other items, which are analysed in Note 3.

3 This includes restructuring costs relating to the integration of Enara and UKCRBs of £2.5m, acquisition costs of £0.1m, and the amortisation of acquisition related intangibles of £5.6m.

4 Re-presented for operating segments effective from 1 April 2013 as disclosed in the Annual Report and Accounts 2013.

The revenue analysis above is net of inter-segment sales which are not considered significant.

Geographical segments

	Six months to 30 September 2013 (unaudited)					Six months to 30 September 2012 (unaudited and restated)				
	Revenue £m	Headline revenue £m	Headline operating profit £m	Headline operating profit margin %	Profit before tax £m	Revenue £m	Headline[2] Revenue £m	Headline[1,2] operating profit £m	Headline[1,2] operating profit margin %	Profit[1] before tax £m
United Kingdom	**1,052.9**	**1,011.7**	**61.9**	**6.1**	**42.5**	1,000.2	918.6	54.3	5.9	35.9
Other countries	**32.9**	**32.9**	**0.4**	**1.2**	**0.3**	26.4	26.4	0.7	2.7	0.7
Total	**1,085.8**	**1,044.6**	**62.3**	**6.0**	**42.8**	1,026.6	945.0	55.0	5.8	36.6

	Year to 31 March 2013 (audited and restated)				
	Revenue £m	Headline[1] revenue £m	Headline[1] operating profit £m	Headline[1] operating profit margin %	Profit[1] before tax £m
United Kingdom	2,063.8	1,923.9	119.0	6.2	55.6
Other countries	56.7	56.7	1.3	2.3	0.7
Total	2,120.5	1,980.6	120.3	6.1	56.3

1 Restated following amendments to IAS 19, as described in Note 1.

2 Re-presented to include the results of businesses being exited within other items, which are analysed in Note 3.

3. Other items

The group separately identifies and discloses restructuring and acquisition related items (termed 'other items'). The results of the cyclical mechanical and electrical engineering contracting businesses which are being exited are also presented in other items. During the six months to 30 September 2013 those businesses generated revenue of £41.2m (2012: £81.6m), and incurred a trading loss of £4.3m (2012: £2.8m).

The businesses being exited do not meet the definition of discontinued operations as stipulated by IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' because the businesses have not been disposed of and there are no assets classified as held for sale. Accordingly the disclosures within non-headline items differ from those applicable for discontinued operations.

Acquisition costs in the six months to 30 September 2013 relate to the costs incurred on the acquisition of UK CRBs Ltd.

	Six months to 30 September 2013 (unaudited)			Six months to 30 September 2012[1] (unaudited and restated)		
	Restructuring and acquisition related costs £m	**Businesses being exited £m**	**Other items £m**	Restructuring and acquisition related costs £m	Businesses being exited £m	Other items £m
Trading losses	**–**	**(4.3)**	**(4.3)**	–	(2.8)	(2.8)
Restructuring costs	**–**	**–**	**–**	(4.8)	–	(4.8)
Restructuring costs relating to the integration of Enara and UKCRBs (2012: Creativevents)	**(2.5)**	**–**	**(2.5)**	(0.2)	–	(0.2)
Acquisition costs	**(0.1)**	**–**	**(0.1)**	(1.8)	–	(1.8)
Amortisation of acquisition related intangibles	**(5.6)**	**–**	**(5.6)**	(4.3)	–	(4.3)
Other items before tax	**(8.2)**	**(4.3)**	**(12.5)**	(11.1)	(2.8)	(13.9)
Tax on other items	**1.8**	**(0.1)**	**1.7**	2.2	0.8	3.0
Other items net of tax	**(6.4)**	**(4.4)**	**(10.8)**	(8.9)	(2.0)	(10.9)

1 Re-presented to show the results of businesses being exited.

	Year to 31 March 2013 (audited)		
	Restructuring and acquisition related costs £m	Businesses being exited £m	Other items £m
Trading losses	–	(3.1)	(3.1)
Business closure costs	–	(22.1)	(22.1)
Restructuring costs	(10.2)	–	(10.2)
Restructuring costs relating to the integration of Creativevents and Enara	(3.7)	–	(3.7)
Acquisition costs	(3.2)	–	(3.2)
Amortisation of acquisition related intangibles	(10.0)	–	(10.0)
Other items before tax	(27.1)	(25.2)	(52.3)
Tax on other items	6.6	5.2	11.8
Other items net of tax	(20.5)	(20.0)	(40.5)

4. Dividends

The proposed interim dividend of 4.9p (2012: 4.6p) per share (not recognised as a liability at 30 September 2013) will be paid on 3 February 2014 to shareholders on the register on 20 December 2013.

The dividend disclosed in the statement of cash flows represents the final ordinary dividend of 5.7p (2012: 5.2p) per share as proposed in the 31 March 2013 financial statements and approved at the group's AGM (not recognised as a liability at 31 March 2013).

Notes to the condensed consolidated financial statements

For the six months to 30 September 2013

5. Taxation

Income tax on headline operating profit for the six months ended 30 September 2013 is based on an effective rate of 23.0% (2012: 24.0%), which has been calculated by reference to the projected charge for the full year. Income tax on statutory profit is based on an effective rate of 25.7% (2012: 24.9%).

6. Earnings per share

Basic and diluted earnings per share have been calculated in accordance with IAS 33 'Earnings Per Share'.

The calculation of the basic and diluted EPS is based on the following data:

	Six months to 30 September		Year to[1] 31 March
	2013 £m	2012[1,2] £m	2013 £m
Net headline profit attributable to equity holders of the parent	**42.5**	38.3	82.7
Other items net of tax	**(10.8)**	(10.9)	(40.5)
Net profit attributable to equity holders of the parent	**31.7**	27.4	42.2

1 Restated following amendments to IAS 19, as described in Note 1.

2 Re-presented to include the results of businesses being exited within other items, which are analysed in Note 3.

	Six months to 30 September		Year to 31 March
Number of shares	**2013 million**	2012 million	2013 million
Weighted average number of Ordinary shares for the purpose of basic EPS	**360.3**	354.6	357.7
Effect of dilutive potential Ordinary shares: share options	**10.2**	9.0	9.5
Weighted average number of Ordinary shares for the purpose of diluted EPS	**370.5**	363.6	367.2

	Six months to 30 September		Year to[1] 31 March
	2013 p	2012[1,2] p	2013 p
Headline basic earnings per share	**11.8**	10.8	23.1
Basic earnings per share	**8.8**	7.7	11.8
Headline diluted earnings per share	**11.5**	10.5	22.5
Diluted earnings per share	**8.6**	7.5	11.5

1 Restated following amendments to IAS 19, as described in Note 1.

2 Re-presented to include the results of businesses being exited within other items, which are analysed in Note 3.

The weighted average number of Ordinary shares in issue during the period excludes those accounted for in the Own shares reserve which were purchased in the market and held in Treasury, and excludes those purchased by the MITIE Group PLC Employee Benefit Trust to satisfy options under the group's LTIP share option scheme. The Own shares reserve represents the cost of 10.8m (2012: 8.5m) shares in MITIE Group PLC, with a weighted average of 8.8m shares during the period (2012: 8.6m).

7. Acquisitions

During the period a net cash outflow of £1.8m arose on the acquisitions set out below:

	£m
UK CRBs Limited	0.8
Non-controlling interests	0.8
Other	0.2
Net cash outflow on acquisitions	**1.8**

7. Acquisitions

Current period acquisitions

Purchase of non-controlling interests

	MITIE Client Services Ltd £m	MITIE Landscapes Ltd £m	MITIE Pest Control (London) Ltd £m	MITIE Security Holdings Ltd £m	**Total £m**
Shares issued – MITIE Group PLC	0.9	3.7	0.5	1.0	**6.1**
Cash consideration	0.1	0.1	0.1	0.5	**0.8**
Total purchase consideration	1.0	3.8	0.6	1.5	**6.9**
Non-controlling interests	0.2	0.7	0.1	0.1	**1.1**
Retained earnings	0.8	3.1	0.5	1.4	**5.8**
Total recognised in equity	1.0	3.8	0.6	1.5	**6.9**

The adoption of IAS 27 'Consolidated and Separate Financial Statements' (revised 2008) in the year ended 31 March 2011 has resulted in the difference between the change in non-controlling interests and the consideration paid being recognised in retained earnings. Prior to adoption of the revised standard this amount was recognised in goodwill.

Purchase of UK CRBs Limited
On 14 August 2013, MITIE acquired the criminal records checking service UK CRBs Limited ("UKCRBs") for a total consideration of £1.0m.

Prior period acquisitions
Purchase of Enara Group Limited

On 9 October 2012, MITIE acquired Enara Group Limited ("Enara"), from August Equity LLP and Enara's senior management team, for a total consideration of £110.8m on a cash and debt free basis. The transaction has been accounted for by the acquisition method of accounting in accordance with IFRS 3 (2008). The provisional acquisition accounting in the 2013 Annual Report and Accounts was reviewed during the period resulting in a reduction of the fair value of net assets acquired of £4.8m and an increase of goodwill of £4.8m to £98.4m.

	Fair value £m
Net assets acquired	
Intangible assets	28.5
Property, plant and equipment	0.4
Deferred tax liability	(4.2)
Trade and other receivables	11.6
Cash and cash equivalents	4.9
Trade and other payables	(23.9)
Net assets acquired	**17.3**
Goodwill	98.4
Total consideration	**115.7**
Satisfied by	
Cash	115.7
Total consideration	**115.7**

Notes to the condensed consolidated financial statements
For the six months to 30 September 2013

7. Acquisitions

Purchase of Creativevents Limited
On 31 July 2012, MITIE acquired a 51% stake in one of the UK's leading independent events and leisure catering companies, Creativevents Limited ('Creativevents'). The initial consideration payable was £5.2m paid in cash on completion and £0.3m of deferred contingent consideration which was settled in cash in the year ended 31 March 2013. The earn-out of the remaining 49% stake will bring total consideration payable to a maximum of £12.0m, which is dependent on long-term performance. Earnout deferred consideration of £6.5m is provided at the Directors' best estimate of the likely future obligation, which in all likelihood will become payable up to 2017 subject to certain profit targets being attained. This is recognised via equity and is included within Provisions in Note 10.

The transaction has been accounted for by the acquisition method of accounting in accordance with IFRS 3 (2008). The provisional acquisition accounting in the 2013 Annual Report and Accounts was reviewed during the period resulting in a reduction of the fair value of net assets acquired of £0.7m, an increase in non-controlling interests of £0.4m and an increase of goodwill of £0.3m to £5.6m.

	Fair value £m
Net assets acquired	
Intangible assets	1.9
Property, plant and equipment	0.3
Trade and other receivables	3.6
Cash and cash equivalents	2.6
Trade and other payables	(8.7)
Net assets acquired	(0.3)
Non-controlling interest	0.2
Goodwill	5.6
Total consideration	**5.5**
Satisfied by	
Initial cash consideration	5.2
Deferred contingent consideration settled in cash in the year ended 31 March 2013	0.3
Total cash consideration	**5.5**

8. Analysis of net debt

	30 September		
	2013 (unaudited) £m	2012 (unaudited) £m	31 March 2013 (audited) £m
Cash and cash equivalents	**53.9**	60.0	90.8
Bank loans	**(13.7)**	(82.3)	(18.8)
Private placement notes	**(250.0)**	(101.0)	(261.3)
Derivative financial instruments hedging private placement notes	**(6.7)**	–	3.6
Net debt before loan notes and obligations under finance leases	**(216.5)**	(123.3)	(185.7)
Loan notes	**–**	(1.6)	–
Obligations under finance leases	**(5.3)**	(8.0)	(6.5)
Net debt	**(221.8)**	(132.9)	(192.2)

9. Financial instruments

With the exception of derivative financial instruments and the private placement notes, all financial assets and liabilities are held at amortised cost. The Directors estimate that their carrying value approximates their fair value. Derivative financial instruments are initially recognised at fair value at the date the contract is entered into and are subsequently remeasured to their fair value through profit or loss unless they are designated as hedges for which hedge accounting can be applied. The carrying value of the private placement notes at 30 September 2013 includes a fair value adjustment for interest rate and currency risk of £0.8m (2012: £1.7m). The fair value of the private placement notes is not significantly different from their carrying value.

Derivative financial instruments are measured at fair value. Fair values of derivative financial instruments are calculated based on a discounted cash flow analysis using appropriate market information for the duration of the instruments. Fair value measurements are classified into three levels, depending on the degree to which the fair value is observable:

Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;
Level 2 fair value measurements are those derived from other observable inputs for the asset or liability; and
Level 3 fair value measurements are those derived from valuation techniques using inputs that are not based on observable market data.

We consider that the derivative financial instruments fall into Level 2.

The carrying values of derivative financial instruments at the balance sheet date were as follows:

	30 September		Year to 31 March
Recurring fair value measurements – assets	**2013 (unaudited) £m**	2012 (unaudited) £m	2013 (audited) £m
Cross currency interest rate swaps designated as cash flow hedges	**–**	–	0.8
Cross currency interest rate swaps designated as fair value hedges	**0.5**	1.2	3.2
Derivative financial instruments hedging private placement notes	**0.5**	1.2	4.0

	30 September		Year to 31 March
Recurring fair value measurements – liabilities	**2013 (unaudited) £m**	2012 (unaudited) £m	2013 (audited) £m
Cross currency interest rate swaps designated as cash flow hedges	**(7.2)**	(1.2)	(0.4)
Derivative financial instruments hedging private placement notes	**(7.2)**	(1.2)	(0.4)

There are no non-recurring fair value measurements.

10. Provisions

	Deferred contingent consideration £m	Insurance reserve £m	**Total £m**
At 1 April 2013	8.0	2.2	**10.2**
Amounts recognised in the income statement	–	0.6	**0.6**
Utilised within the Captive Insurance subsidiary	–	(0.6)	**(0.6)**
At 30 September 2013	8.0	2.2	**10.2**

Included in current liabilities	**1.4**
Included in non-current liabilities	**8.8**
	10.2

Notes to the condensed consolidated financial statements

For the six months to 30 September 2013

10. Provisions

	Deferred contingent consideration £m	Insurance reserve £m	Total £m
At 1 April 2012	1.2	4.4	5.6
Amounts recognised in the income statement	–	0.2	0.2
Deferred contingent consideration settled during the period	(1.0)	–	(1.0)
Utilised within the captive insurance subsidiary	–	(1.2)	(1.2)
Amounts recognised through goodwill	0.3	–	0.3
Amounts recognised through equity	7.9	–	7.9
At 30 September 2012	8.4	3.4	11.8

Included in current liabilities	0.5
Included in non-current liabilities	11.3
	11.8

The provision for insurance claims represents amounts payable by MITIE Reinsurance Company Limited in respect of outstanding claims incurred at the balance sheet dates. These amounts will become payable as each year's claims are settled.

11. Share capital

Ordinary shares of 2.5p	Number million	£m
Allotted and fully paid		
At 1 April 2013	**370.1**	**9.3**
Issued for acquisitions	**2.3**	**0.1**
Share buybacks	**(2.9)**	**(0.1)**
Issued under share option schemes	**1.7**	**–**
At 30 September 2013	**371.2**	**9.3**
At 1 April 2012	361.9	9.0
Issued for acquisitions	4.4	0.1
Issued under share option schemes	1.5	0.1
At 30 September 2012	367.8	9.2

During the period 2.3m (2012: 4.4m) Ordinary shares of 2.5p were allotted in respect of the acquisition of non-controlling interests at a mid-market price of 267.0p (2012: 267.6p) giving rise to share premium of £2.4m (2012: £7.9m) and a merger reserve of £3.6m (2012: £4.0m).

During the period 1.7m (2012: 1.5m) Ordinary shares of 2.5p were allotted in respect of share option schemes at a price between 127p and 254p (2012: 117p and 254p) giving rise to share premium of £3.7m (2012: £3.0m).

During the period 2.9m (2012: nil) Ordinary shares of 2.5p were bought by MITIE Group PLC at a price between 247.0p and 259.8p and subsequently cancelled.

12. Contingent liabilities

The Company is party with other group companies to cross guarantees of each other's bank loans, commitments and overdrafts of £540.0m (2012: £391.0m).

The Company and various of its subsidiaries are, from time to time, party to legal proceedings and claims that are in the ordinary course of business. The Directors do not anticipate that the outcome of these proceedings and claims, either individually or in aggregate, will have a material adverse effect on the group's financial position, other than as provided for in the accounts.

Deferred contingent consideration relating to acquisitions has been accrued at the Directors' best estimate of the likely future obligation of £8.0m (2012: £8.4m). This is the maximum amount payable subject to certain targets being attained.

In addition, the group and its subsidiaries have provided guarantees and indemnities in respect of performance, issued by financial institutions on its behalf, amounting to £29.4m (2012: £30.7m) in the ordinary course of business. These are not expected to result in any material financial loss.

13. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note.

No other material contract or arrangement has been entered into during the period, nor existed at the end of the period, in which a Director had a material interest.

Amounts paid to key management personnel are disclosed in the Directors' remuneration report of our Annual Report and Accounts.

Shareholder information

Results

2014 Interim management statement	3 February 2014
2014 Preliminary statement of annual results	19 May 2014
2015 Interim management statement	11 August 2014
2015 Half-yearly financial report	17 November 2014

Dividends

2013 Final dividend of 5.7p paid	7 August 2013
2014 Half-yearly ex dividend date	18 December 2013
2014 Half-yearly dividend record date	20 December 2013
2014 Half-yearly dividend payment date	3 February 2014
2014 Half-yearly dividend last date for receipt/revocation of DRIP mandate	9 January 2014

Annual General Meeting

2013 Annual General Meeting	9 July 2014

Company details

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Email: group@mitie.com
Website: www.mitie.com

Registered number: SC 19230

Registrars

Capita Asset Services
34 Beckenham Road
Beckenham
Kent BR3 4TU

Telephone: 0871 664 0300*
Website: www.mitie-shares.com

* Calls cost 10p a minute plus network extras, lines are open 8.30am–5.30pm Mon–Fri.

Dividend reinvestment plan (DRIP)

MITIE has set up a dividend reinvestment plan (DRIP) to enable you to build your shareholding by using your cash dividends under a standing election to buy additional shares in MITIE. If you would like to receive further information, including details of how to apply, please call Capita Asset Services on 0871 664 0381 or contact them by sending an email to: **shares@capitaregistrars.com.**

MITIE online share portal

MITIE has launched a shareholder portal where shareholders can register and can:

– access information on shareholdings and movements;

– update address details;

– view dividend payments received and register bank mandate instructions;

– sell MITIE shares;

– complete an online proxy voting form; and

– register for e-communications allowing MITIE to notify shareholders by email that certain documents are available to view on its website. This will further reduce MITIE's carbon footprint as well as reduce costs.

If you wish to register, please sign up at **www.mitie-shares.com.**

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Corporate website

This report can be downloaded in PDF format from the MITIE website, which also contains additional general information about MITIE. Please visit **www.mitie.com**

people + passion

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