23 November 2009

MITIE GROUP PLC

HALF-YEARLY FINANCIAL REPORT FOR THE SIX MONTHS TO 30 SEPTEMBER 2009

Strong earnings growth and good prospects

	2009 £m	2008 £m	Growth %
Revenue	**801.1**	760.7	5.3%
Operating profit before other items*	**42.8**	38.6	10.9%
Profit before tax and other items*	**42.3**	37.6	12.5%
	p	p	%
Basic earnings per share before other items*	**9.2**	8.3	10.8%
Basic earnings per share	**8.6**	7.9	8.9%
Dividend per share	**3.7**	3.3	12.1%

* Other items are non-cash and non-recurring acquisition related items

HIGHLIGHTS

– Strong growth in operating profit before other items of 10.9% to £42.8m, organic growth of 6.7%

– Margins increased by 20bps to 5.3%

– Good revenue growth of 5.3%; organic revenue growth of 1.0%

– Basic EPS before other items up 10.8% to 9.2p and dividend up 12.1% to 3.7p

– Strong cash conversion - 90.8% of EBITDA converted to cash on a rolling 12-month basis

– Strong balance sheet and net debt of £72.6m

– 93% (2008: 94%) of current year and 58% (2008: 57%) of 2010/11 forecast revenue secured

– Acquisition of Dalkia Technical Facilities Management for an initial consideration of £120m. Placement of 19 million new Ordinary shares. Integration progressing well and on track to deliver expected synergy savings

– Acquisition of Environmental Property Services Plc for an initial consideration of £35m

Ruby McGregor-Smith, Chief Executive of MITIE Group PLC, commented:

“MITIE’s strategic focus on sustainable profitable growth has delivered another good set of results in very challenging economic conditions. The acquisition of Dalkia Technical Facilities Management has significantly enhanced our capabilities in energy management.

“The next 12 months will provide considerable opportunities for MITIE to expand its long-term order book. In the private sector clients continue to seek efficiency through multi-service and integrated facilities management contracts while budgetary pressures in the public sector will create substantial facilities management outsourcing opportunities, although the timing of these is currently difficult to predict.

"The Board is confident of delivering full year earnings in line with management expectations and the Group is very well placed for the future."

Contact for further information

John Telling,
Group Corporate Affairs Director

T: 020 7022 8400 M: 07979 701006

Erica Lockhart,
Investor Relations & PR Manager

T: 020 7022 8400 M: 07979 784488

Brunswick
Jonathan Glass, Deborah Spencer
T: 020 7404 5949

MITIE will be presenting its half-yearly results for the period ending 30 September 2009, starting at 0930hrs on Monday 23 November 2009 at UBS Investment Bank, Seventh Floor, 1 Finsbury Avenue, London, EC2M 2PP.

A live webcast of MITIE's results presentation will be available online at www.mitie.co.uk. A copy of the slides will be available to download from the webcast interface as well as from the MITIE website later in the day.

High resolution images are available for the media to download free of charge from www.vismedia.co.uk.

INTERIM MANAGEMENT REPORT

Overview of performance

MITIE's strategy is to deliver stakeholder value through a focus on sustainable profitable growth. Another period of growth in revenue, operating profit, earnings per share and dividends is testament to MITIE's resilient business model. This performance is particularly encouraging against a backdrop of a sixth successive quarter of negative growth in the UK economy. The strength of our management team and the passion and expertise of our people enables us to achieve organic growth where the markets allow and to selectively acquire in areas which complement our existing businesses.

We were very pleased to acquire the UK technical facilities management business of Dalkia plc (DTFM), comprising Dalkia Energy and Technical Services Limited and Parkersell Limited. This acquisition specifically enhances the ability of our Engineering Maintenance business in energy management and lighting and we are integrating the two businesses to form MITIE Technical Facilities Management within the Asset Management division. This acquisition is pivotal in helping us to secure the larger combined asset and facilities management contracts that are coming to the market. We are well placed to introduce efficiency and innovation and form long-term partnerships with our clients to manage and deliver such contracts.

Our sales pipeline is at unprecedented levels and shows increasing evidence of the change from single to multi-service or full facilities management outsourcing as clients look for innovation and operational efficiency from their supply partners. As a result we are continuing to refine the shape of our facilities management team and we are investing further in public sector expertise where we expect a significant level of opportunity, particularly in health, justice, education and social housing. Our clients see our financial strength as an increasingly important differentiator in these markets.

Overall, we are pleased to report that MITIE has made good progress in the six months to 30 September 2009. Revenues from continuing operations increased by 5.3% to £801.1m (2008: £760.7m) while the underlying organic growth of the business was 1.0% (2008: 10.0%). Organically, revenues in Facilities Management grew by 9.5% whilst revenues from Property Management and Asset Management declined by 10.5% and 4.8% respectively, primarily due to the downturn in the London fit-out and new build housing markets, and project slippages. Our secured revenue for the current year now stands at 93% (2008: 94%), while secured revenue for 2010/11 is currently 58% (2008: 57%).

Operating profit before other items (non-cash and non-recurring acquisition related items) increased by 10.9% to £42.8m (2008: £38.6m). Operating profit before other items from the Dalkia Technical Facilities Management (DTFM) acquired business amounted to £1.6m with underlying organic profit growth across the remaining group of 6.7% (2008: 12.2%). Operating profit margins increased to 5.3% (2008: 5.1%). Our basic earnings per share before other items increased by 10.8% to 9.2p per share (2008: 8.3p per share).

Strategy

To achieve our strategic goals we have to anticipate changes in our markets and react quickly. The last six months have proven how important the ability to do this effectively has been. We are still seeing evidence of our clients increasing the levels of outsourcing in their organisations and seeking supply chain efficiencies through larger integrated contracts. However we are also seeing a major shift in the nature of the relationships that our clients want to develop. The current general lack of capital availability means we are facilitating infrastructure funding to enable our clients to upgrade their infrastructure and meet their carbon reduction and energy commitments.

We are also beginning to see opportunities as some of our clients consider outsourcing solutions on a broader geographical basis. We already provide a number of our clients with overseas operational support and have invested in our capability to expand the support available across the European region directly through MITIE.

We continue to believe that the changes we are seeing and anticipating in our markets will continue to offer opportunities for organic and acquisitive growth for MITIE, with acquisitions remaining a key part of our long-term growth strategy.

Acquisitions

On 12 August 2009 we acquired the entire issued share capital of Dalkia Energy and Technical Services Limited and Parkersell Limited, together Dalkia Technical Facilities Management (DTFM), from Dalkia plc for a maximum consideration of £130m with an initial consideration of £120m. DTFM is a leading provider of outsourced Technical Facilities Management and Energy and Specialist Services in the UK (excluding Northern Ireland). It has a recognisable client base which includes blue chip private and public sector clients and an experienced management team.

This strategically important transaction enhances our leading position in the integrated facilities management market in the UK. The transaction brings together MITIE's facilities management services and Dalkia's technical facilities management capabilities and strengthens our platform for sustainable profitable growth. MITIE is now even better placed to provide our clients with facilities, property and asset management services that will assist our clients in meeting the requirements of a low carbon economy.

The integration of DTFM with our Engineering Maintenance business is progressing very well and we are on track to deliver the expected synergy savings. We have been pleased with the positive feedback from our people and our clients.

As also previously announced in August we purchased certain minority shareholdings of six MITIE subsidiary companies under their respective articles of association and shareholders' agreements.

The total consideration for all six purchases amounted to £21,246,679, being satisfied as to £1,144,486 in cash and as to the remaining £20,102,193 by the issue of 8,455,181 new Ordinary shares of 2.5p each in MITIE, valued at 237.75p per share, being the closing market price per MITIE share on 24 July 2009.

MITIE also issued shares as deferred consideration in respect of share purchase agreements signed in 2008. The total consideration in respect of the deferred consideration amounted to £1,285,758, being satisfied as to £34 in cash and as to the remaining £1,285,724 by the issue of 540,788 additional new Ordinary shares of 2.5p each in MITIE, valued at 237.75p per share, being the closing market price per MITIE share on 24 July 2009.

Key performance indicators

Our business continues to be monitored with a discrete range of key performance indicators (KPIs) that we use to maintain our focus on sustainable, profitable growth, and all our KPIs have been achieved in respect of our performance in the first six months of the year.

We have summarised our half-yearly financial performance in the context of our financial KPIs in the table below:

	Target	**2009**	2008
Operating profit margin before other items	5.0 – 6.0%	**5.3%**	5.1%
Cash conversion	Convert over 90.0% of Group EBITDA to cash	**90.8%**	100.2%
Capital expenditure	Maintain below 2.0% of revenue	**1.1%**	1.1%
Dividend growth	Maintain in line with underlying earnings at 2.5 times cover	**12.1%**	17.9%

Delivering value
Our track record of delivering value through earnings and dividend growth continued during the first six months of the year with basic EPS before other items increasing by 10.8% to 9.2p per share (2008: 8.3p per share) while basic EPS was 8.6p per share (2008: 7.9p per share), an increase of 8.9%.

We have continued to grow our dividend in line with our adjusted EPS measure. Our dividend policy ensures that our dividend tracks the underlying growth of the business and is not distorted by non-cash accounting adjustments or by non-recurring acquisition related costs. The half year dividend proposed by the Board of 3.7p per share (2008: 3.3p per share) is an increase of 12.1% and continues to reflect a cover of 2.5 times our adjusted measure.

The acquisition of DTFM emphasises our strategy of delivering value through acquisition. This acquisition is expected to be earnings accretive in its first full year of ownership in the year ended March 2011 as identified cost synergies in excess of £6m are realised. In addition, the acquisition complements MITIE's ability to sell integrated asset and facilities management contracts and hence the prospects for the Group to deliver further value are increased.

Cash flow and liquidity
The underlying cash performance of the business remains excellent and is in line with our stated KPI of 90% conversion of earnings before interest, tax, depreciation and amortisation (EBITDA) to cash on a rolling 12-month basis. Our performance to 30 September 2009 was 90.8% (2008: 100.2%). Net debt has increased by £83.5m since the year end to £72.6m largely due to the acquisition of DTFM which was funded through a combination of debt and equity. Net finance costs decreased to £0.6m (2008: £1.4m) predominantly as the result of the significant reduction in LIBOR since the prior period.

This is a very strong performance in the current economic climate and is a reflection of the focus our financial and operational teams place on ensuring that cash remains a top priority. This enables the Group to continue a programme of selective acquisitions or investment in areas which will add accretive value due to the minimisation, and hence the cost, of the additional external funding required.

The Group's committed facility of £230.0m remains unchanged and in place until 2012. Complementing this, in the period the Group also raised £41.8m of funds net of costs through a placing of 19 million new Ordinary shares which was completed at the same time as the DTFM acquisition in August 2009. This funding allows the Group to remain agile and be selective about further acquisition opportunities in other strategic areas of focus.

Market conditions and strategic opportunities
Our markets are more stable than they were twelve months ago and we are seeing no signs of further deterioration, although we have not seen any consistent signs of economic recovery. This means that while our Facilities Management division is securing a large number of new contracts and experiencing very high levels of tender opportunities, in some areas Property and Asset Management are still adversely affected by lengthy decision making processes, project delays and a reduction in discretionary spend. We have restructured appropriately in the areas that have been adversely affected by worsening conditions.

All clients are reviewing their costs to improve efficiency and eliminate waste. This has been more evident in the private sector but we anticipate considerable impetus in the public sector over the next two years as all public sector bodies will be challenged to maintain front line service delivery with reduced budgets. This will certainly provide opportunity especially in the areas of health, justice, education and local government. We have responded to this by enhancing our public

sector expertise and expect to see a higher level of public sector revenues in the future, although the timing of these is currently difficult to predict.

In Facilities Management the trend towards larger single service contracts and combining services into multi-service and integrated FM contracts continues and we believe that the pace of change is increasing in the current economic climate. We are now talking to our clients about property and asset optimisation and total facilities contracts. This has been a shift for our business as clients' perceptions of our capabilities have changed. Clients however still place a high value on the quality and wide capability of our specialist self delivered single services which remain a key feature of our service offering.

Property Management is performing satisfactorily in the current market. Painting and maintenance activities such as roofing have stabilised as clients are no longer able to defer essential work; however economic conditions are currently unfavourable for private sector interior fit-out work in London and subcontract work in the construction sector and we do not see any major improvement in these areas over the next year.

The acquisition of DTFM has significantly enhanced our capability in our Asset Management division. We are dedicating significant resources to the integration of our Engineering Maintenance business and DTFM and we are pleased with the progress that has already been made. We have expanded DTFM's CarbonCare offering to include the services already provided by MITIE. This gives us the ability to provide our clients with a total energy solution that increases awareness of environmental issues, introduces innovative ideas and technologies, manages carbon footprint data, ensures legislative compliance, guarantees energy reductions and implements cleaner renewable energy solutions. The energy market is being driven by high energy costs, increasing legislation in areas such as the carbon reduction commitment which comes into effect in 2010, and the desire to reduce environmental impacts. We are well placed to support our clients in this increasingly important area.

Segmental review

Our three operating divisions are Facilities, Property and Asset Management. Each is structured to face the market in the way our clients choose to work with us, giving them the flexibility to choose specialist services on their own or multi-services and integrated facilities management. We are seeing more clients wanting to work with us across all three divisions as they look at optimising the returns from their assets. The ability to provide top line strategic advice, supported by excellent management and first class delivery, makes us an attractive partner for our clients.

In the first half of the year our teams have secured new work and retained existing contracts which have added to our order book and means that 93% of our forecast revenue for the year is now secured.

The performance highlights of each of our divisions are set out below:

FACILITIES MANAGEMENT

	2009 £m	2008* £m	%
Revenue	**405.3**	370.0	9.5
Operating profit before other items	**23.5**	21.5	9.3
Margin	**5.8%**	5.8%	–

*restated for reorganisation. See Note 2 to the condensed consolidated financial statements.

Our Facilities Management division delivers facilities consultancy, management and service expertise to our clients. It comprises four business lines: Cleaning and Environmental Services, Security, Integrated FM and Catering. These businesses all work closely together to provide our clients with cost effective, quality services.

In the first six months of the year, revenue in our Facilities Management division grew by 9.5% to £405.3m (2008: £370.0m). Operating profit before other items was up by 9.3% to £23.5m (2008: £21.5m) with operating profit margins before other items at 5.8% (2008: 5.8%), reflecting its strong performance.

Within the **finance and professional sector,** we have secured a facilities management contract with Santander for its entire UK corporate head office buildings portfolio. We have secured a mail services contract for a major financial institution working in partnership with Xerox. We have renewed our mail contract with Société Générale and expanded the range of services to include reception, switchboard, service desk and security. We have added to our waste management contract with HSBC to include the management of its confidential waste across 1,400 sites in the UK.

Within the **government sector**, we have been awarded a five-year facilities management contract by the National Audit Office. MITIE has achieved financial close on its Building Schools for the Future contracts with the London Borough of Newham and Derbyshire County Council. MITIE has secured a contract with the Welsh Assembly Government to look after their main building in Cathays Park, Cardiff, and eight castles or historic monuments forming part of CADW and located in Wales, and a security and reception services contract for the Department for International Development. We have also retained our security contract for the Thames Barrier.

In the **technology and communications sector**, we have secured a national waste management and recycling contract with a major pharmaceutical organisation and we have also been awarded a three-year security contract with Lockheed Martin UK.

In the **retail sector**, we renewed our existing contract with the Co-operative Group and extended it into a major national contract over three years where we will service all Co-operative Group and Somerfield stores.

In the **leisure sector**, we have retained our contract for security and gallery assistants with The Royal Academy of Arts in London and in the **transport sector** we have secured three-year cleaning contracts with BMW Swindon Pressing Limited and Rolls-Royce Motor Cars Limited.

In the **education sector** we have been awarded a five-year multi-service contract with the University of the Arts in London and a three-year security contract with Birmingham City University. In **healthcare** we have secured a specialist cleaning contract with Hinchingbrooke Healthcare NHS Trust.

In the **property sector** we have secured a three-year multi-service contract with Land Securities for two high profile shopping centres.

PROPERTY MANAGEMENT

	2009 £m	2008 £m	%
Revenue	**143.8**	160.6	(10.5)
Operating profit before other items	**8.9**	9.4	(5.3)
Margin	**6.2%**	5.9%	0.3pps

Our Property Management division provides project management and property maintenance services including a complete range of repair, refurbishment, redecoration and fit-out expertise for both the private and public sector, with a focus on social housing.

The first half of the year saw Property Management revenue reduce by 10.5% to £143.8m (2008: £160.6m) while operating profit before other items reduced by 5.3% to £8.9m (2008: £9.4m). Operating profit margins before other items strengthened to 6.2% (2008: 5.9%).

In the **government sector**, we secured a contract with the Welsh Assembly to carry out a number of refurbishment works.

In the **social housing sector**, we have won a place on the new and innovative procurement called Frameworx which is led by CityWest Homes. This procurement is a pan London framework designed to deliver works to housing, schools and commercial properties. We have also secured a contract for a Decent Homes framework with Stevenage Homes.

We have secured a four-year contract with the City of Edinburgh Council to replace kitchens and bathrooms, including electrical water heating and rewiring to Scottish Housing Quality Standards. Also included in the contract is a tenants choice redecoration package.

In addition we have been awarded long-term pre-paint repair and cyclical painting contracts with Home Group, one of the UK's largest providers of affordable housing, and Havebury Housing Partnership in the south east of England.

In the **technology and communications sector** we have been awarded a refurbishment contract with Cable & Wireless.

In **education** we have been awarded a four-year painting contract by the University of Edinburgh and a refurbishment contract with the University of Surrey.

ASSET MANAGEMENT

	2009 £m	2008* £m	%
Revenue	**252.0**	230.1	9.5
Organic	**219.0**	230.1	(4.8)
Acquired	**33.0**	–	–
Operating profit before other items	**10.4**	7.7	35.1
Organic	**8.8**	7.7	14.3
Acquired	**1.6**	–	–
Margin	**4.1%**	3.3%	0.8pps
Organic	**4.0%**	3.3%	0.7pps
Acquired	**4.8%**	–	–

*restated for reorganisation. See Note 2 to the condensed consolidated financial statements.

Our Asset Management division provides energy and carbon management, technology and infrastructure, building services, engineering and technical facilities management to a wide range of customers around the UK. With effect from 12 August 2009, the acquired business of DTFM was incorporated into Asset Management.

Revenue in the division was £252.0m for the first half of the year, an increase of 9.5% over the prior year first half performance of £230.1m. This included revenue of £33.0m from DTFM. Organically the division declined by 4.8% on the previous year. Operating profit before other items was £10.4m (2008: £7.7m) and operating profit margins before other items were 4.1% (2008: 3.3%). DTFM contributed operating profit of £1.6m before the impact of integration costs of £1.1m for the period.

In **retail**, our technical facilities management team has secured a three-year contract with Selfridges covering facilities, mechanical, electrical and engineering maintenance. In the **leisure sector** we have been awarded contracts with the Dorchester Collection and the Birmingham Aquatic Leisure Centre.

In the **healthcare sector**, we have signed a 15-year contract for the Royal Free Hampstead NHS Trust in London to operate and maintain the installed energy facilities and systems. This contract provides guarantees in terms of carbon and energy efficiency and uses all of the abilities within Asset Management from consultancy to design, installation, operation and maintenance. We have also secured a maintenance contract with Northumberland Tyne & Wear NHS Trust.

We have been very successful in the **education sector**, securing contracts at two academies, the ARC Academy in Wembley and the Harris Academy in Dulwich and also at Hartlands School in Harlow. Additionally, we have secured the building services contract at Crownhill School as part of the Leicestershire Building Schools for the Future programme and the M&E design and installation at Penwith College in Penzance, a part of the Truro and Penwith College Group. This includes the installation of both ground source heating and cooling as well as renewable energy from a wind turbine generator. We have also resecured our maintenance contracts with the University of London and Aberdeen College.

In the **government sector** we have secured a five-year technical facilities management contract with the Scottish Parliament.

Board Changes

There have been two changes to the Board since the 31st March 2009, both of which have been previously reported. We were delighted to appoint Terry Morgan, who is currently Chairman of Crossrail, as a Non-Executive Director on 1st July 2009. Ishbel Macpherson retired as a Non-Executive Director on 30th September 2009 and we wish Ishbel well for the future.

We are currently conducting a search process for a further Non-Executive Director.

Key factors that could affect our business

MITIE's system of internal control is designed to support our strategy and to identify and manage the risks which have a potential impact on MITIE and upon the environment in which we operate. These risks remain the same as those detailed on pages 14 and 15 in our Annual Report and Accounts 2009 and are as follows:

1. Financial risk, including liquidity;
2. Health, safety and environment;
3. Infrastructure and systems;
4. New business, business retention and contracting;
5. Acquisitions;
6. Employment regulations; and
7. Skill shortages.

Following the acquisition of DTFM, we have identified that the integration of this acquisition increases the profile of the acquisition risk identified above, particularly for the remaining months of the financial year. Successful integration of DTFM within MITIE is essential to preserve effective relationships with both its clients and people. Failure to complete this effectively will impact the ability of the Group to achieve the stated synergies and keep integration costs within the stated budget. This risk is mitigated through the nomination of an Executive Director as the integration sponsor who is responsible for ensuring a smooth and successful transition in accordance with a detailed integration plan. This Director is supported by a team of experienced specialists and advisors sourced both internally and externally to ensure the integration plan is achieved. The successful integration of DTFM is a Board priority over the next twelve months and has the full support and focus of the executive team.

Outlook

MITIE's strategic focus on sustainable profitable growth has delivered another good set of results in very challenging economic conditions. The acquisition of DTFM has significantly enhanced our capabilities in energy management.

The next 12 months will provide considerable opportunities for MITIE to expand its long-term order book. In the private sector clients continue to seek efficiency through multi-service and integrated facilities management contracts while budgetary pressures in the public sector will create substantial facilities management outsourcing opportunities, although the timing of these is currently difficult to predict.

The Board is confident of delivering full year earnings in line with management expectations and the Group is very well placed for the future.

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 for 2009 (available on the Group's website and as described above: www.mitie.co.uk) with the exception of Terry Morgan who was appointed to the Board as a Non-Executive Director on 1 July 2009 and Ishbel Macpherson who retired from the Board on 30 September 2009.

By order of the Board

Ruby McGregor-Smith

Chief Executive

MITIE Group PLC

23 November 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months to 30 September 2009

		30 September 2009 (unaudited)			30 September 2008 (unaudited)		
	Notes	**Before other items* £m**	**Other items* £m**	**Total £m**	Before other items* £m	Other items* £m	Total £m
Continuing operations							
Revenue	2	**801.1**	**–**	**801.1**	760.7	–	760.7
Cost of sales		**(674.2)**	**–**	**(674.2)**	(624.4)	–	(624.4)
Gross profit		**126.9**	**–**	**126.9**	136.3	–	136.3
Administrative expenses		**(84.1)**	**(2.6)**	**(86.7)**	(97.7)	(1.0)	(98.7)
Operating profit	2	**42.8**	**(2.6)**	**40.2**	38.6	(1.0)	37.6
Investment revenue		**0.9**	**–**	**0.9**	0.5	–	0.5
Finance costs		**(1.4)**	**(0.1)**	**(1.5)**	(1.5)	(0.4)	(1.9)
Net finance costs		**(0.5)**	**(0.1)**	**(0.6)**	(1.0)	(0.4)	(1.4)
Profit before tax		**42.3**	**(2.7)**	**39.6**	37.6	(1.4)	36.2
Tax	5	**(11.8)**	**0.7**	**(11.1)**	(10.6)	0.3	(10.3)
Profit for the period		**30.5**	**(2.0)**	**28.5**	27.0	(1.1)	25.9
Attributable to:							
Equity holders of the parent		**30.2**	**(2.0)**	**28.2**	26.1	(1.1)	25.0
Minority interests		**0.3**	**–**	**0.3**	0.9	–	0.9
		30.5	**(2.0)**	**28.5**	27.0	(1.1)	25.9
Earnings per share (EPS)							
– basic	6	**9.2p**	**(0.6)p**	**8.6p**	8.3p	(0.4)p	7.9p
– diluted	6	**9.0p**	**(0.5)p**	**8.5p**	8.1p	(0.3)p	7.8p

* Other items are analysed in Note 3.

		Year to 31 March 2009 (audited)		
	Notes	Before other items* £m	Other items* £m	Total £m
Continuing operations				
Revenue	2	1,521.9	–	1,521.9
Cost of sales		(1,261.6)	–	(1,261.6)
Gross profit		260.3	–	260.3
Administrative expenses		(179.8)	(1.9)	(181.7)
Operating profit		80.5	(1.9)	78.6
Investment revenue		0.8	–	0.8
Finance costs		(2.9)	(0.6)	(3.5)
Net finance costs		(2.1)	(0.6)	(2.7)
Profit before tax		78.4	(2.5)	75.9
Tax	5	(22.2)	0.7	(21.5)
Profit for the year		56.2	(1.8)	54.4
Attributable to:				
Equity holders of the parent		54.9	(1.8)	53.1
Minority interests		1.3	–	1.3
		56.2	(1.8)	54.4
Earnings per share (EPS)				
– basic	6	17.2p	(0.5)p	16.7p
– diluted	6	17.0p	(0.5)p	16.5p

* Other items are analysed in Note 3.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months to 30 September 2009

	30 September		Year to 31 March
	2009 (unaudited) £m	2008 (unaudited) £m	2009 (audited) £m
Profit for the period	**28.5**	25.9	54.4
Other comprehensive income/(expense):			
Actuarial losses on defined benefit pension schemes	**(8.3)**	(7.3)	(12.0)
Tax credit on items taken directly to equity	**3.2**	1.4	2.5
Other comprehensive expense for the period, net of tax	**(5.1)**	(5.9)	(9.5)
Total comprehensive income for the financial period	**23.4**	20.0	44.9
Attributable to:			
Equity holders of the parent	**23.1**	19.1	43.6
Minority interests	**0.3**	0.9	1.3

CONDENSED CONSOLIDATED BALANCE SHEET

At 30 September 2009

	Notes	30 September 2009 (unaudited) £m	30 September 2008 (unaudited) £m	31 March 2009 (audited) £m
Non-current assets				
Goodwill		**294.4**	204.5	201.2
Other intangible assets		**56.2**	21.7	24.4
Property, plant and equipment		**47.7**	44.3	44.1
Deferred tax assets		**12.8**	6.0	7.3
Retirement benefit surplus		**–**	4.2	3.0
Total non-current assets		**411.1**	280.7	280.0
Current assets				
Inventories		**7.2**	3.9	2.5
Trade and other receivables		**348.8**	313.5	285.8
Cash and cash equivalents		**50.0**	20.4	28.5
Total current assets		**406.0**	337.8	316.8
Total assets		**817.1**	618.5	596.8
Current liabilities				
Trade and other payables		**(296.6)**	(282.6)	(260.2)
Financing liabilities		**(118.5)**	(31.0)	(13.7)
Provisions		**(1.1)**	(3.3)	(3.2)
Current tax liabilities		**(12.6)**	(12.2)	(13.5)
Total current liabilities		**(428.8)**	(329.1)	(290.6)
Net current (liabilities)/assets		**(22.8)**	8.7	26.2
Non-current liabilities				
Financing liabilities		**(4.7)**	(2.0)	(4.5)
Provisions		**(18.4)**	(21.1)	(17.2)
Retirement benefit obligation		**(7.4)**	(2.5)	(3.4)
Deferred tax liabilities		**(10.4)**	(4.1)	(4.5)
Total non-current liabilities		**(40.9)**	(29.7)	(29.6)
Total liabilities		**(469.7)**	(358.8)	(320.2)
Net assets		**347.4**	259.7	276.6
Equity				
Share capital	9	**8.8**	8.0	8.1
Share premium account		**75.2**	23.0	24.4
Merger reserve		**80.3**	67.2	67.2
Share-based payments reserve		**5.3**	3.4	4.4
Own shares reserve		**(9.7)**	(5.2)	(5.2)
Other reserves		**0.2**	0.2	0.2
Retained earnings		**179.6**	153.2	167.4
Equity attributable to equity holders of the parent		**339.7**	249.8	266.5
Minority interests		**7.7**	9.9	10.1
Total equity		**347.4**	259.7	276.6

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months to 30 September 2009

	Share capital £m	Share premium account £m	Merger reserve £m	Share-based payments reserve £m	Own shares reserve £m	Other reserves £m	Retained earnings £m	Attributable to equity holders of the parent £m	Minority interests £m	**Total £m**
At 1 April 2008	7.9	19.0	60.4	2.9	(2.0)	0.2	143.7	232.1	12.9	**245.0**
Total comprehensive income	–	–	–	–	–	–	19.1	19.1	0.9	**20.0**
Shares issued	0.1	4.0	6.8	–	–	–	–	10.9	–	**10.9**
Dividends paid	–	–	–	–	–	–	(10.1)	(10.1)	(0.2)	**(10.3)**
Purchase of own shares	–	–	–	–	(3.2)	–	–	(3.2)	–	**(3.2)**
Share-based payments	–	–	–	0.5	–	–	0.5	1.0	–	**1.0**
Acquisitions and other movements in minority interests	–	–	–	–	–	–	–	–	(3.7)	**(3.7)**
At 30 September 2008	8.0	23.0	67.2	3.4	(5.2)	0.2	153.2	249.8	9.9	**259.7**
Total comprehensive income	–	–	–	–	–	–	24.5	24.5	0.4	**24.9**
Shares issued	0.1	1.4	–	–	–	–	–	1.5	–	**1.5**
Dividends paid	–	–	–	–	–	–	(10.7)	(10.7)	–	**(10.7)**
Share-based payments	–	–	–	1.0	–	–	0.4	1.4	–	**1.4**
Acquisitions and other movements in minority interests	–	–	–	–	–	–	–	–	(0.2)	**(0.2)**
At 31 March 2009	8.1	24.4	67.2	4.4	(5.2)	0.2	167.4	266.5	10.1	**276.6**
Total comprehensive income	–	–	–	–	–	–	23.1	23.1	0.3	**23.4**
Shares issued	0.7	50.8	13.1	–	–	–	–	64.6	–	**64.6**
Dividends paid	–	–	–	–	–	–	(11.6)	(11.6)	(0.2)	**(11.8)**
Purchase of own shares	–	–	–	–	(4.5)	–	–	(4.5)	–	**(4.5)**
Share-based payments	–	–	–	0.9	–	–	0.7	1.6	–	**1.6**
Acquisitions and other movements in minority interests	–	–	–	–	–	–	–	–	(2.5)	**(2.5)**
Balance at 30 September 2009	**8.8**	**75.2**	**80.3**	**5.3**	**(9.7)**	**0.2**	**179.6**	**339.7**	**7.7**	**347.4**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months to 30 September 2009

	30 September		Year to
	2009 (unaudited) £m	2008 (unaudited) £m	31 March 2009 (audited) £m
Operating profit	**40.2**	37.6	78.6
Adjustments for:			
Share-based payment expense	**1.6**	1.0	2.4
Pension charge	**1.9**	0.9	1.5
Pension contributions	**(3.2)**	(2.2)	(5.5)
Depreciation of property, plant and equipment	**7.2**	8.1	16.2
Amortisation of intangible assets	**1.7**	1.0	2.0
Gain on disposal of property, plant and equipment	**(0.7)**	(0.6)	(0.8)
Operating cash flows before movements in working capital	**48.7**	45.8	94.4
Increase in inventories	**(3.5)**	(1.5)	(0.1)
(Increase)/decrease in receivables	**(6.9)**	0.9	28.6
Decrease in payables	**(3.7)**	(7.0)	(29.6)
Increase in provisions	**0.9**	1.6	1.1
Cash generated by operations	**35.5**	39.8	94.4
Income taxes paid	**(11.8)**	(9.0)	(18.6)
Interest paid	**(1.5)**	(1.8)	(2.2)
Net cash from operating activities	**22.2**	29.0	73.6
Investing activities			
Interest received	**0.9**	0.6	0.8
Purchase of property, plant and equipment	**(8.0)**	(7.6)	(15.0)
Purchase of subsidiary undertakings	**(122.5)**	(1.3)	(2.2)
Purchase of other intangible assets	**(3.6)**	(5.7)	(9.0)
Disposals of property, plant and equipment	**1.7**	1.5	2.8
Net cash outflow from investing activities	**(131.5)**	(12.5)	(22.6)
Financing activities			
Repayments of obligations under finance leases	**(1.2)**	(0.7)	(1.6)
Proceeds on issue of share capital	**1.5**	0.5	1.9
Proceeds from share placing	**41.8**	–	–
Repayments of loan notes on purchase of subsidiary undertakings	**–**	–	(1.2)
Bank loans raised/(repaid)	**105.0**	(25.0)	(40.0)
Purchase of own shares	**(4.5)**	(3.2)	(3.2)
Equity dividends paid	**(11.6)**	(10.1)	(20.8)
Minority dividends paid	**(0.2)**	(0.2)	(0.2)
Net cash inflow/(outflow) from financing	**130.8**	(38.7)	(65.1)
Net increase/(decrease) in cash and cash equivalents	**21.5**	(22.2)	(14.1)
Net cash and cash equivalents at beginning of the period	**28.5**	42.6	42.6
Net cash and cash equivalents at end of the period	**50.0**	20.4	28.5
Net cash and cash equivalents comprise:			
Cash at bank	**50.0**	20.4	28.5
	50.0	20.4	28.5

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months to 30 September 2009

Reconciliation of net cash flow to movement in net (debt)/funds	Notes	30 September 2009 (unaudited) £m	30 September 2008 (unaudited) £m	Year to 31 March 2009 (audited) £m
Net increase/(decrease) in cash and cash equivalents		**21.5**	(22.2)	(14.1)
Bank loans (raised)/repaid		**(105.0)**	25.0	40.0
Repayments of loan notes on purchase of subsidiary undertakings		**–**	–	1.2
Decrease/(increase) in finance leases		**–**	0.2	(0.6)
(Increase)/decrease in net debt during the period		**(83.5)**	3.0	26.5
Opening net funds/(debt)		**10.9**	(15.6)	(15.6)
Closing net (debt)/funds	8	**(72.6)**	(12.6)	10.9

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2009

1. BASIS OF PREPARATION

The condensed financial statements for the six months to 30 September 2009 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 2009, 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 2009 have been prepared in accordance with IAS 34 'Interim Financial Reporting' and with the Disclosure and Transparency Rules of the Financial Services Authority.

The condensed consolidated financial statements are unaudited and have not been subject to review. 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 2009.

The financial information presented for the year ended 31 March 2009 does not represent full statutory accounts within the meaning of Section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified, did not include reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

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 2009, except for the adoption in the period of:

– IFRS 8 'Operating Segments'; the Group determined that the operating segments are the same as those reported under the previous standard (IAS 14 'Segment Reporting'). The Group has also early adopted the Improvement to IFRS 8 issued in April 2009 which clarified that a measure of segment assets should be disclosed only if that amount is regularly provided to the chief operating decision maker;

– IAS 1 (Revised) 'Presentation of Financial Statements'; adoption of this standard has resulted in the inclusion of the condensed statement of comprehensive income and the consolidated statement of changes in equity as primary statements; and

– IFRS 2 'Share-based Payment – Vesting Conditions and Cancellations'; the standard has been amended to change the definition of vesting conditions and to clarify the accounting treatment of cancellations by parties other than the entity. The adoption of this amendment did not have a material impact on the financial performance or position of the Group and therefore no restatement was required.

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

Going concern

The Group benefits from a well diversified portfolio of service offerings, further enhanced by the acquisition in August of DTFM, providing stability in the current economic climate. In addition the Group has a broad, diverse customer base with a good balance between public and private sectors underpinned by a large number of long-term contracts. MITIE continues to benefit from a strong balance sheet, strong cash conversion and has available £230.0m of committed funding lines, which are not renewable until 2012. The Group currently operates well within the financial

covenants associated with this facility. As a consequence, the Directors believe that the Group is well placed to manage its business risk successfully and accordingly the Group continues to adopt the going concern basis in preparing the condensed consolidated financial statements.

2. SEGMENTAL ANALYSIS

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

On 1 April 2009 we took a decision to restructure our three operating divisions to Facilities Management (previously Facilities Services), Property Management (previously Property Services) and Asset Management (previously Engineering Services). Further we elected to enhance our Asset Management proposition through its combination with our Engineering Maintenance business, which had previously been a part of our Facilities Services business. The comparative data below in respect of the six months to 30 September 2008 has been adjusted to reflect the reorganisation and revenue and operating profit before other items for the six months to 30 September 2008 for Engineering Maintenance of £82.5m and £3.4m respectively have been excluded from the comparative data below for Facilities Management and included within the comparative period disclosures for Asset Management. The acquired business of DTFM was incorporated into Asset Management with effect from 12 August 2009.

The financial data below reflects the performance of our three divisions in the organisational structures that apply from 1 April 2009.

	Six months to 30 September 2009				Six months to 30 September 2008			
	Revenue £m	**Operating profit before other items* £m**	**Margin %**	**Profit before tax £m**	Revenue £m	Operating profit before other items* £m	Margin %	Profit before tax £m
Facilities Management	**405.3**	**23.5**	**5.8**	**22.4**	370.0	21.5	5.8	19.0
Property Management	**143.8**	**8.9**	**6.2**	**8.9**	160.6	9.4	5.9	9.5
Asset Management	**252.0**	**10.4**	**4.1**	**8.3**	230.1	7.7	3.3	7.7
Total	**801.1**	**42.8**	**5.3**	**39.6**	760.7	38.6	5.1	36.2

	Year to 31 March 2009			
	Revenue £m	Operating profit before other items* £m	Margin %	Profit before tax £m
Facilities Management	781.8	47.2	6.0	44.3
Property Management	297.9	17.9	6.0	17.1
Asset Management	442.2	15.4	3.5	14.5
Total	1,521.9	80.5	5.3	75.9

* Other items are analysed in Note 3.

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

The Group has early adopted the Improvement to IFRS 8 issued in April 2009 which clarified that a measure of segment assets should be disclosed only if that amount is regularly provided to the chief operating decision maker and consequently no segment assets are disclosed.

3. OTHER ITEMS

The Group separately identifies and discloses non-cash and non-recurring acquisition related items (termed 'other items'). Presenting the results excluding other items provides a meaningful analysis of the underlying trading result of the Group and is consistent with the way that financial performance is reported to the Board of Directors.

	Six months to 30 September		Year to 31 March
	2009 £m	2008 £m	2009 £m
Administrative expenses			
Restructuring costs relating to integration of DTFM	**1.1**	–	–
Amortisation of acquisition related intangibles	**1.5**	1.0	1.9
	2.6	1.0	1.9
Finance costs			
Unwinding of discount on deferred contingent consideration	**0.1**	0.4	0.6
Other items	**2.7**	1.4	2.5

4. DIVIDENDS

The proposed interim dividend of 3.7p (2008: 3.3p) per share (not recognised as a liability at 30 September 2009) will be paid on 4 February 2010 to shareholders on the register on 18 December 2009.

The dividend disclosed in the statement of cash flows represents the final ordinary dividend of 3.6p (2008: 3.2p) per share as proposed in the 31 March 2009 financial statements and approved at the Group's AGM (not recognised as a liability at 31 March 2009).

5. TAXATION

Income tax on profit before other items for the six months ended 30 September 2009 is based on an effective rate of 27.9% (2008: 28.2%), which has been calculated by reference to the projected charge for the full year. Income tax on profit before tax is 27.9% (2008: 28.4%).

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 31 March
Number of shares	**2009 million**	2008 million	2009 million
Weighted average number of Ordinary shares for the purpose of basic EPS	**328.0**	316.2	318.3
Effect of dilutive potential Ordinary shares: share options	**5.8**	4.1	4.0
Weighted average number of Ordinary shares for the purpose of diluted EPS	**333.8**	320.3	322.3

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 by the MITIE Group PLC Employee Benefit Trust to satisfy options under the Group's share option schemes. The Own shares reserve represents the cost of 3.9m (2008: 2.2m) shares in MITIE Group PLC.

Following the acquisition of DTFM, 19.0m new Ordinary shares of 2.5p each were placed on 12 August 2009 with certain institutional and other qualified investors. 9.0m Ordinary shares of 2.5p were also allotted in August in respect of acquiring minority interests (see Note 9).

7. ACQUISITION OF SUBSIDIARIES

Purchase of Dalkia Technical Facilities Management

On 12 August 2009, MITIE acquired 100% of Dalkia Energy and Technical Services Limited and Parkersell Limited, together Dalkia Technical Facilities Management (DTFM), for total consideration of up to £130.0m. The transaction has been accounted for by the purchase method of accounting. Below we provide provisional information on the acquisition.

	Book value £m	Fair value adjustments £m	Fair value £m
Net assets acquired			
Intangible assets	1.2	28.7	29.9
Deferred tax asset/(liability)	2.4	(5.9)	(3.5)
Property, plant and equipment	4.8	(2.2)	2.6
Inventories	1.6	(0.4)	1.2
Trade and other receivables	62.3	(6.2)	56.1
Trade and other payables	(35.8)	(2.1)	(37.9)
Current tax asset	0.2	–	0.2
Net assets acquired	36.7	11.9	48.6
Goodwill			74.2
Total consideration			122.8
Satisfied by			
Cash			119.6
Deferred contingent consideration			–
Directly attributable costs			3.2
Total consideration			122.8
Net cash outflow arising on acquisition			
Total consideration			122.8
Accrued costs			(2.2)
Net cash outflow			**120.6**

The goodwill arising on the acquisition of DTFM is attributable to the underlying profitability of the companies, expected profitability arising from new business and the anticipated future operating synergies arising from assimilation into the Group.

DTFM contributed £33.0m to revenue and £1.6m to the Group's profit before tax for the period. If the acquisition had taken place at the start of the period, the Group's revenue and profit before tax and other items would have been approximately £900m and £45m respectively.

Provision is made for deferred contingent consideration at the Directors' best estimate of the likely future obligation. Deferred contingent consideration of up to £10.0m, which may become payable in 2010 subject to certain profit targets being attained, is included within Contingent Liabilities (Note 10).

Purchase of minority interests

	MITIE Cleaning Services Ltd £m	MITIE Engineering Maintenance (North) Ltd £m	MITIE Engineering Projects Ltd £m	MITIE Engineering Services (Midlands) Ltd £m	MITIE Transport Services Ltd £m	MITIE McCartney Fire Protection Ltd £m	**Total £m**
Minority interests	0.5	0.8	0.4	0.2	0.5	0.1	**2.5**
Goodwill	4.8	4.6	1.3	1.4	6.5	0.1	**18.7**
Total purchase consideration	5.3	5.4	1.7	1.6	7.0	0.2	**21.2**
Shares issued – MITIE Group PLC	4.7	5.3	1.6	1.5	6.8	0.2	**20.1**
Cash consideration	0.6	0.1	0.1	0.1	0.2	–	**1.1**
Total purchase consideration	5.3	5.4	1.7	1.6	7.0	0.2	**21.2**

During the period, £1.3m of deferred contingent consideration in respect of the purchase last year of the minority shareholdings in MITIE Interiors Limited, MITIE Property Services (Eastern) Limited, and MITIE Technology & Infrastructure Limited was settled by the issue of new MITIE shares.

8. ANALYSIS OF NET (DEBT)/FUNDS

	30 September		31 March
	2009 £m	2008 £m	2009 £m
Cash and cash equivalents	**50.0**	20.4	28.5
Bank loans	**(115.0)**	(25.0)	(10.0)
Net (debt)/cash before loan notes and obligations under finance leases	**(65.0)**	(4.6)	18.5
Loan notes	**(3.5)**	(4.7)	(3.5)
Obligations under finance leases	**(4.1)**	(3.3)	(4.1)
Net (debt)/funds	**(72.6)**	(12.6)	10.9

9. SHARE CAPITAL

Ordinary shares of 2.5p	Number million	£m
Authorised		
At 30 September 2008 and 30 September 2009	**500.0**	**12.5**
Allotted and fully paid		
At 1 April 2009	**323.0**	**8.1**
Issued for placing	**19.0**	**0.5**
Issued for acquisitions	**9.0**	**0.2**
Issued under share option schemes	**1.0**	**–**
At 30 September 2009	**352.0**	**8.8**
At 1 April 2008	316.8	7.9
Issued for acquisitions	4.8	0.1
Issued under share option schemes	0.3	–
At 30 September 2008	321.9	8.0

On 12 August 2009 19.0m new Ordinary shares of 2.5p each were placed with certain institutional and other qualified investors by UBS Limited and Investec Bank plc acting as joint bookrunners and joint brokers, giving rise to share premium of £41.3m.

During the period 9.0m (2008: 4.8m) Ordinary shares of 2.5p were allotted in respect of the acquisition of minority interests at a mid-market price of 237.8p (2008: 218.8p) giving rise to share premium of £8.0m (2008: £3.6m) and a merger reserve of £13.1m (2008: £6.8m).

During the period 1.0m (2008: 0.3m) Ordinary shares of 2.5p were allotted in respect of share option schemes at a price between 95p and 212p (2008: 95p and 220p) giving rise to share premium of £1.5m (2008: £0.4m).

10. CONTINGENT LIABILITIES

The Company is party with other Group companies to cross guarantees of each other's bank loans, commitments and overdrafts of £265.0m (2008: £270.0m).

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.

Deferred contingent consideration relating to acquisitions has been accrued at the Directors' best estimate of the likely future obligation of £9.3m. The actual amounts payable may vary up to a maximum of £38.9m dependent upon the results of the acquired businesses.

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 £22.2m (2008: £46.6m) in the ordinary course of business. These are not expected to result in any material financial loss.

11. 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.

The Company purchased 3,600 C ordinary shares in the capital of MITIE Transport Services Limited from Ruby McGregor-Smith, a Director of MITIE, for a total consideration of £166,752 by the allotment of 70,137 Ordinary shares of MITIE. This was approved for the purposes of section 190 of the Companies Act 2006 by shareholders at the EGM on 28 September 2009.

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.