



# MITIE Group PLC

## INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

"I am pleased with what we have achieved. MITIE continues to make good progress."

Ian R Stewart, Chief Executive.

- **Strong growth but margin pressure**
- **Share buyback programme**
- **45.5% increase in dividend**
- **Second generation equity plan launched**
- **Exit from capital intensive businesses complete**

<b>FINANCIAL HIGHLIGHTS</b>	<b>2004</b>	<b>2003</b>	
<b>Turnover</b>	<b>£411.3m</b>	£316.3m	<b>up 30.0%</b>
<b>Profit before tax – pre goodwill and exceptional items*</b>	<b>£ 22.5m</b>	£ 18.5m	<b>up 22.1%</b>
<b>Profit before tax – pre exceptional items**</b>	<b>£ 21.1m</b>	£ 17.6m	<b>up 20.2%</b>
<b>Earnings per share – pre goodwill and exceptional items*</b>	<b>4.6p</b>	3.7p	<b>up 24.6%</b>
<b>Dividend per share</b>	<b>1.6p</b>	1.1p	<b>up 45.5%</b>

\* Figures are shown before goodwill amortisation of £1.4m (2003:£0.9m) and exceptional items of £8.4m (2003: £nil)

\*\* Figures are shown before exceptional items of £8.4m (2003: £nil)

Notes:

MITIE: Management Incentive Through Investment Equity

ACTIVITY: MITIE, the support services company, maintains, manages and improves buildings and infrastructure for its customers.

FOR FURTHER INFORMATION:

**On 29 November 2004:**

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# **Chief Executive's Review**

## **Financial results**

I am pleased with what we have achieved. MITIE Group PLC ('MITIE') continues to make good progress. Our margins are under pressure in some disciplines but MITIE has performed well over the six months to 30 September 2004. Growth in turnover and profit has been achieved in line with our targets.

- Turnover was £411.3m, an increase of 30.0% over last year.
- Profit before tax (pre-goodwill and exceptional items) increased by 22.1% to £22.5m.
- Earnings per share (pre-goodwill and exceptional items) rose by 24.6% to 4.6p.

## **Business change**

MITIE has grown dramatically over the past 17 years and has evolved further during the period under review. We have made a number of changes to ensure that MITIE remains an entrepreneurial business that is focused on responding to our customers' needs. These included moving our head office, operational management changes and some key appointments that will enable us to provide our businesses with the appropriate level of support as they grow. Our new corporate development team has been tasked with developing high level customer relationships, winning large contracts, looking at strategic acquisitions, business planning and strategy.

## **Share buyback**

The share buyback programme announced on 7 June 2004 has commenced. In the six months to 30 September 2004 the Company purchased a total of 7.0m shares at an average price of 137.64p. The highest and lowest prices paid for such MITIE shares over the relevant period were 138p and 131p respectively. Since the period end an additional 0.5m shares were purchased at 138p. The shares purchased have been cancelled.

## **Dividend**

The Board has declared an interim dividend of 1.6p per share (2003: 1.1p), an increase of 45.5%. This dividend will be paid on 31 March 2005 to Shareholders on the Register at the close of business on 11 March 2005. The dividend is covered three times by our profit for the period on a pre-exceptional, pre-goodwill basis.

## **Exceptional items**

As the final step of the strategy to exit capital intensive businesses, MITIE sold its entire shareholding in MITIE Generation Ltd ('Generation') to a management buyout team on 30 September 2004 for a total consideration of £12.0m. This sale completes our exit from the scaffolding and access market.

A freehold property was also sold in the period which resulted in a net profit of £1.3m.

## **Second generation equity in Cleaning**

We are very pleased that we received overwhelming shareholder approval at the Extraordinary General Meeting held on 1 November 2004 for the second generation equity plan which we outlined to shareholders in the Annual Report this summer. The present management within Cleaning, who have not had a previous equity opportunity, have now invested £600,000 in the new equity of MITIE Cleaning Services Limited. This is a significant development for the MITIE equity model and will allow the management team to share in the additional value they create.

## **Revenue visibility**

We are fortunate that we continue to experience good visibility of MITIE's forward work due to the long-term nature of the contracts within Support Services and Property Services.

## **Strategic development**

In the 2004 Annual Report I described the main aspects of our strategy and I would like to report on the progress that we are making:

### **Bundled services**

This is an area that continues to provide major opportunities for MITIE. As we develop a national coverage for the majority of our services, we are finding that more of our customers are contracting with us for more than one service. Bundled services contracts are being initiated by customers wanting to benefit from MITIE's wide range of services and achieve a more integrated solution that offers better value.

### **Single services**

MITIE has a relatively small market share for all of our services. This gives us plenty of opportunity to grow. The Support Services and Building Services divisions are both increasing market share. In particular, Security and Business Services are producing excellent growth rates.

### **Start-up companies**

We have started five new companies in the period. A Security company in the South West, a Catering business in London, an Air Conditioning company in Edinburgh, an Engineering business in the West Midlands and a national company which is focused on providing cleaning and associated services to the transport sector.

### **Sector Specific Businesses**

The niche Support Services businesses, particularly in Transport and Retail, have had a successful six months retaining existing contracts and winning new customers.

# **Review of Operations**

## **Support Services**

Support Services continues to make good progress with growth across all businesses and an encouraging increase in the number of customers wanting to use more than one of our services. Our flexibility and ability to provide a service that meets the exact requirements of our customers is paying dividends. Future prospects are encouraging.

## **Cleaning**

Cleaning has been restructured, the acquired operations have been successfully integrated and the new management team has made a promising start. They have picked up new work in all regions. National contracts include a new contract with Procter & Gamble covering five sites across the country.

We have been awarded a ten year contract with West Yorkshire Police to clean all of their buildings and we have retained our contract with the South Wales Magistrates Courts for 11 sites. Our contract with Total Elf at their Milford Haven Terminal has been extended.

In the South East we extended our contract with Pfizer in Sandwich and have also won work with Baker McKenzie, Ordnance Survey and Tarmac.

In Scotland we started the cleaning contract for the Scottish Parliament which was secured in 2003.

Our Retail Cleaning business continues to grow and has secured additional work with Tesco and Boots. In the Transport sector we have gained additional work with both Transport for London and London Bus Services Ltd, and new contracts with the Port of Dover for the cleaning of their food courts and Travel Midland Metro in Birmingham for the cleaning of their entire tram network.

## **Catering**

In recognition of its commitment to quality and excellence, MITIE Catering achieved accreditation to the Hospitality Assured standard in October 2004. Hospitality Assured is the world class standard for service and business excellence in the UK hospitality industry.

The opening of our London Catering business has proved successful. We have secured a contract with Le Meridien Hotel in Piccadilly for food and beverage management including the restaurants and room service. We have won contracts at the European headquarters of GVA Grimley in Mayfair to provide hospitality and executive dining and also with IMS Healthcare for executive dining, hospitality and vending.

## **Landscaping**

The Landscaping business continues to make good progress. Our wider geographical coverage is resulting in greater opportunities from external customers and the business is also developing through referrals from other MITIE companies. Landscaping has been awarded schools contracts in London and Wales and a specialist contract for the eradication of Japanese knotweed with the London Development Agency. We have also secured two golf course maintenance contracts.

## **Pest Control**

Eagle Pest Control has extended the scope of its work at Heathrow Airport to include the accommodation areas within the Terminal 5 construction site and the 92 tunnels under the terminal building. It has also added a contract with Thames Link Trains to combine vegetation and rodent control throughout all of its stations over a three year period. This is the first contract of its type combining pest control and vegetation control activities using a multi-skilled on-site work force. The bird control market is seeing buoyant market conditions and Eagle Pest Control is working with Network Rail to develop solutions for eradicating bird infestations on the underside of bridges.

## **Security**

Last year's acquisitions have been fully integrated and the Security business is performing well. We have created a national communications centre in London from which we control the rostering and scheduling for all our contracts across the country. We use a bespoke time management system to manage the contracts and our 2,500 security officers. In the South East we have secured new contracts with Ealing & West London College and the London Borough of Islington. The security market will be impacted in the next calendar year by the introduction of licensing for all security officers. This is an issue for the entire industry. We are well prepared for licensing and, while it may create temporary instability in some parts of the manned guarding market, the Board expects MITIE to realise benefits in the medium term.

## **Managed Services**

Managed Services has had a period of consolidation. They have invested in their infrastructure and are well placed for the opportunities that are arising in the public sector.

The contract with the Office of the Deputy Prime Minister (ODPM) was successfully mobilised in the first few months of the period under review and we are now delivering a full range of support services to the ODPM staff.

We are continuing to be successful in the facilities market for PFI schools and are currently the preferred bidder for services contracts on schools in Ealing and Kent.

Business Services has had major wins this year including contracts with Morgan Stanley and Société Générale. Contract renewal has been good with a number of important contracts having been successfully retendered including those for Dresdner Kleinwort Wasserstein, White & Case and Linklaters.

The MITIE Docs service, which provides our clients with a broad range of printing and scanning services, continues to grow rapidly. With the trend in the marketplace to procure print and creative services strategically, we anticipate continued growth.

## **Engineering Maintenance**

The current marketplace for mechanical and electrical maintenance is buoyant with competition being fierce and extremely active. We continue to see increasing demand for bundled services, particularly where we have site managed contracts. We are now increasing our national coverage in engineering maintenance and are well placed to expand our business and improve our market share.

We have been awarded a number of contracts which include Man Group to maintain two trading floors which will operate 24 hours a day in London. Another new contract is with The Department for Education & Skills for buildings in Sheffield, Darlington, Runcorn and two sites in London, including offices for ministers. The cleaning for these sites is also provided by MITIE.

Other new contracts are with Standard Life on a portfolio of 42 buildings in the London area and a contract with West Coast Trains covering their entire network.

# Building Services

## Market conditions

Our markets are still highly competitive with margins in the engineering sector still under pressure. There are, however, indications that levels of work in the South East will increase over the next twelve months, but given the project lead times in this sector we do not anticipate this will have a material impact on our performance until the second half of the next financial year. The rest of the UK has seen consistent levels of activity.

## Engineering Services

The companies within the Engineering discipline continue to work hard to maintain an acceptable level of profitability with margins under pressure. There have been good levels of activity in the North West and South West, but the rest of the country remains very competitive.

The public sector, particularly health and education, is strong with clients increasingly looking to more efficient procurement routes, integrated supply chains and framework agreements. A number of ProCure 21 projects, including the development of a new National Blood Service centre in Liverpool and work through the Medicing consortium for Taunton & Somerset NHS Trust, are underway.

The Engineering Retail client base, which already includes Marks & Spencer, Boots, Woolworths, B&S and Primark, has been further strengthened with the addition of ASDA. Commercial projects for Allianz Cornhill, Legal & General and Norwich Union continue to enhance this area of the business.

The focus on developing specialist solutions for our customers has seen ongoing success. For example, we worked with Garden Isle Frozen Foods on the relocation of their processing line. This project, valued in excess of £2 million, was completed in a critical 25 day factory shutdown period.

MITIE Engineering Services is currently carrying out the mechanical and electrical engineering installation at the major new headquarters for the Health and Safety Executive in Bootle. This follows a year during which RoSPA recognised our significant improvement and commitment to Health & Safety with four awards including one gold award.

MITIE Engineering Services has now entered its second year with the BT Telereal contract and has secured a second term under the Boots framework agreement. A national measured term contract with Land Securities Trillium for the Department for Works and Pensions portfolio was agreed in July for a three year period. Our specialist social housing arm has developed strong partnering relationships with Cheshire County Council.

## Property Services

Property Services has produced a good performance in the first half of the year. The structural changes that we have made to consolidate the management of the discipline and to enhance business development activity have produced satisfying results.

We have been working hard at improving our profile within the social housing sector and have been rewarded with partnering or framework agreements with Wandle Housing Association, Wigan Metropolitan Council, Partick Housing Association, Warden Housing Association, Portsmouth City Council, Pavilion Housing Association, London Borough of Brent, Bristol City Council and Fife Special Housing. The whole life value of these contracts is in excess of £125 million.

Our London fit-out company, MITIE Interiors, has made a meaningful contribution with contract wins for the British Red Cross, Terra Firma, Legal & General and the BBC.

Our core Property Services businesses have secured work with North West Trains, Royal Mail, BT Telereal and the University of Durham.

## **Generation**

Generation performed in line with expectations until it was sold to its management team on 30 September 2004. We wish them every success.

## **Outlook**

MITIE is now seeing indications of strengthening market conditions that should improve the level of opportunity for our businesses, although margins will remain under pressure. We will maintain the focus on developing our core services and looking for strategic acquisitions. The Board is confident that we will have another successful year.

## Summary Group Profit & Loss Account

	Six months to 30 September		Year to 31 March
	2004 (unaudited)	2003 (unaudited)	2004 (audited)
	£000's	£000's	£000's
<b>Turnover</b>			
- Continuing operations	<b>392,448</b>	301,095	664,270
- Discontinued operations	<b>18,892</b>	15,226	30,243
	<b>411,340</b>	316,321	694,513
Operating profit (before goodwill amortisation)	<b>21,654</b>	17,529	38,647
Goodwill amortisation	<b>(1,410)</b>	(885)	(2,163)
<b>Operating Profit</b>			
- Continuing operations	<b>19,196</b>	<b>15,656</b>	<b>35,355</b>
- Discontinued operations	<b>1,048</b>	<b>988</b>	<b>1,129</b>
	<b>20,244</b>	<b>16,644</b>	<b>36,484</b>
Loss on sale excluding unamortised goodwill	<b>(3,450)</b>	-	-
Goodwill not previously amortised	<b>(1,238)</b>	-	-
Goodwill previously written off to reserves	<b>(5,013)</b>	-	-
Loss on sale of discontinued operations	<b>(9,701)</b>	-	-
Profit on sale of tangible fixed assets from continuing operations	<b>1,332</b>	-	-
Profit on ordinary activities before interest	<b>11,875</b>	16,644	36,484
Interest receivable	<b>888</b>	932	1,696
Profit on ordinary activities before tax	<b>12,763</b>	17,576	38,180
Tax	<b>(6,943)</b>	(5,748)	(12,293)
Profit on ordinary activities after tax	<b>5,820</b>	11,828	25,887
Minority interest	<b>(1,393)</b>	(1,621)	(2,533)
Profit for the period	<b>4,427</b>	10,207	23,354
Dividend	<b>(4,885)</b>	(3,327)	(7,884)
Retained (loss)/profit for the period	<b>(458)</b>	6,880	15,470
Earnings per ordinary share			
- Basic	<b>1.4p</b>	3.4p	7.6p
- Diluted	<b>1.4p</b>	3.4p	7.6p
- Basic before goodwill amortisation	<b>1.9p</b>	3.7p	8.3p
- Basic before goodwill amortisation and exceptional items	<b>4.6p</b>	3.7p	8.3p
Profit on ordinary activities before taxation and goodwill amortisation and impairment and exceptional items	<b>22,542</b>	18,461	40,343



## Summary Group Balance Sheet

	At 30 September		At 31 March
	2004	2003	2004
	(unaudited)	(unaudited)	(audited)
	£000's	£000's	£000's
<b>Fixed assets</b>			
Intangible assets	51,323	37,108	51,937
Tangible assets	27,626	40,625	40,329
	<u>78,949</u>	<u>77,733</u>	<u>92,266</u>
Cash at bank and in hand	46,543	38,157	47,165
Current asset investments	3,954	6,344	2,391
Other current assets	170,875	143,692	158,923
Creditors – due within one year	(155,670)	(135,947)	(157,370)
<b>Net current assets</b>	<u>65,702</u>	<u>52,246</u>	<u>51,109</u>
<b>Total assets less current liabilities</b>	<b>144,651</b>	129,979	143,375
Creditors – due after more than one year	(224)	(3,417)	(136)
Provisions for liabilities and charges	(9,830)	(5,262)	(7,390)
	<u>134,597</u>	<u>121,300</u>	<u>135,849</u>
<b>Capital and Reserves</b>			
Called up share capital	7,633	7,561	7,736
Share premium account	54,411	42,278	50,731
Capital redemption reserve	175	-	-
Other reserves	693	486	554
Profit & loss account	65,142	61,690	70,212
<b>Equity Shareholders' funds</b>	<u>128,054</u>	<u>112,015</u>	<u>129,233</u>
Minority interest	<u>6,543</u>	<u>9,285</u>	<u>6,616</u>
	<u>134,597</u>	<u>121,300</u>	<u>135,849</u>

## Summary Group Cash Flow

	Six months to 30 September		Year to
	2004	2003	31 March
	(unaudited)	(unaudited)	2004
	£'000's	£'000's	(audited)
			£'000's
Net cash inflow from operating activities	17,013	13,562	43,854
Returns on investments and servicing of finance	929	793	1,628
Tax paid	(6,402)	(5,630)	(12,352)
Capital expenditure	(6,305)	(8,444)	(12,664)
Acquisitions	(205)	(11,375)	(23,689)
Disposals	8,935	-	-
Equity dividends paid	(4,362)	(3,423)	(6,825)
<b>Net cash inflow/(outflow) before financing</b>	<b>9,603</b>	<b>(14,517)</b>	<b>(10,048)</b>
<b>Management of liquid resources</b>	<b>(1,563)</b>	<b>(2,464)</b>	<b>1,489</b>
<b>Financing</b>			
Issue of share capital	1,018	235	967
Redemption of shares	(9,625)	-	-
Cash outflow from decrease in debt	(55)	(57)	(203)
<b>Decrease in cash in the period</b>	<b>(622)</b>	<b>(16,803)</b>	<b>(7,795)</b>
<b>Reconciliation of net cash flow to movements in net funds:</b>			
Decrease in cash in the period	(622)	(16,803)	(7,795)
Cash (outflow)/inflow from movement in debt and lease financing	(796)	69	(204)
Cash inflow/(outflow) from movement in liquid resources	1,563	2,464	(1,489)
Movement in net funds/(debt) in the period	145	(14,270)	(9,488)
Opening net funds	49,311	58,799	58,799
<b>Closing net funds</b>	<b>49,456</b>	<b>44,529</b>	<b>49,311</b>
<b>Reconciliation of operating profit to operating cash flows :</b>			
Operating profit	20,244	16,644	36,484
Depreciation	5,946	6,173	11,935
Amortisation of goodwill	1,410	885	2,163
Profit on sale of tangible fixed assets	(127)	(499)	(884)
Increase in working capital	(10,460)	(9,641)	(5,844)
<b>Net cash inflow from operating activities</b>	<b>17,013</b>	<b>13,562</b>	<b>43,854</b>

# Notes

## 1 Basis of preparation

The Interim Financial Statements have been prepared on the basis of accounting policies consistent with those set out in the Group's Annual Report & Accounts for the year ended 31 March 2004 and were approved by the Board of Directors on 26 November 2004. The accounting information contained in the Interim Report for 2005 does not comprise a full set of accounts within the meaning of Section 240 of the Companies Act 1985. The interim results for the periods to 30 September 2003 and 2004 are unaudited and unreviewed by our auditors. The financial information for the year ended 31 March 2004 has been extracted from the Annual Report & Accounts which received an unqualified auditors' report and has been delivered to the Registrar of Companies.

## 2 Segmental analysis

Activity	TURNOVER	PROFIT BEFORE TAX	PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS	PROFIT BEFORE TAX, GOODWILL AND EXCEPTIONAL ITEMS	PROFIT BEFORE INTEREST, TAX, GOODWILL AND EXCEPTIONAL ITEMS	PROFIT MARGIN BEFORE TAX, GOODWILL AND EXCEPTIONAL ITEMS
	£'000	£'000	£'000	£'000	£'000	%
<b>Six months to 30 September 2004</b>						
Support Services	206,631	12,396	12,396	13,360	12,860	6.5
Building Services	204,709	367	8,736	9,182	8,794	4.5
	<b>411,340</b>	<b>12,763</b>	<b>21,132</b>	<b>22,542</b>	<b>21,654</b>	<b>5.5</b>
<b>Six months to 30 September 2003</b>						
Support Services	159,611	10,333	10,333	10,751	10,433	6.7
Building Services	156,710	7,243	7,243	7,710	7,096	4.9
	<b>316,321</b>	<b>17,576</b>	<b>17,576</b>	<b>18,461</b>	<b>17,529</b>	<b>5.8</b>

Included within the Support Services segment for the six months ended 30 September 2003 are amounts that relate to companies acquired in that year. These include turnover of £7,135,000 and pre-tax profit of £406,000. Included within the Building Services segment for the six months ended 30 September 2004 are amounts that relate to discontinued activities. These include turnover of £18,892,000 (2003: £15,226,000) and pre-tax profit of £917,000 (2003: £877,000).

Turnover	Six months to 30 September			
	2004 CONTINUING ACTIVITIES	2004 DISCONTINUED OPERATIONS	2004 TOTAL	2003 CONTINUING ACTIVITIES
	£'000	£'000	£'000	£'000
<b>Support Services</b>				
Cleaning	92,552	-	92,552	74,510
Catering Services	6,452	-	6,452	4,448
Landscaping	1,078	-	1,078	336
Pest Control	2,381	-	2,381	1,072
Security	24,600	-	24,600	11,175
Managed Services	45,997	-	45,997	39,018
Engineering Maintenance	33,571	-	33,571	29,052
	<b>206,631</b>	<b>-</b>	<b>206,631</b>	<b>159,611</b>
<b>Building Services</b>				
Engineering	121,693	-	121,693	82,746
Property Services	64,124	-	64,124	58,603
Generation	-	18,892	18,892	15,361
	<b>185,817</b>	<b>18,892</b>	<b>204,709</b>	<b>156,710</b>
<b>Total</b>	<b>392,448</b>	<b>18,892</b>	<b>411,340</b>	<b>316,321</b>

### 3 Dividend

The interim dividend of 1.6p (2003: 1.1p) per Ordinary Share will be paid on 31 March 2005 to Shareholders on the Register on 11 March 2005.

### 4 Earnings per share

The calculation of earnings per share is based upon the profit for the period attributable to holders of Ordinary Shares. The weighted average number of Ordinary Shares in issue for the period was 308,059,005 (30 September 2003 - 302,302,600, year to 31 March 2004 – 305,665,870). The calculation of diluted earnings per share using the principles of FRS14 is based on a weighted average number of shares, allowing for the exercise of outstanding share options, of 308,860,305 (30 September 2003 - 302,513,600; year to 31 March 2004 – 306,706,133).

Headline earnings per share continue to have widespread acceptance and have been calculated in accordance with the definition in the UK Society of Investment Professionals statement of investment practice No.1, "The Definition of Headline Earnings", as follows:

	Six months to 30 September	
	2004	2003
Basic earnings per Ordinary Share	<b>1.4p</b>	3.4p
Amortisation of goodwill	<b>0.5p</b>	0.3p
Exceptional items	<b>2.7p</b>	-
Headline earnings per Ordinary Share	<b>4.6p</b>	3.7p

### 5 Purchase of subsidiary undertakings

	MITIE AIR CONDITIONING (NORTH) LTD	MITIE ENGINEERING SERVICES (RETAIL) LTD	MITIE ROOFING SERVICES LTD	MITIE SECURITY (SCOTLAND) LTD	MITIE GREENCOTE LTD	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
Minority interest	538	460	407	39	22	<b>1,466</b>
Goodwill	770	588	610	46	21	<b>2,035</b>
Total purchase consideration	1,308	1,048	1,017	85	43	<b>3,501</b>
Shares issued – MITIE Group PLC	1,235	976	977	78	30	<b>3,296</b>
Cash consideration being cash outflow in the period	73	72	40	7	13	<b>205</b>

## 6 Disposal of subsidiary undertaking

On 30 September 2004, MITIE sold its 100% interest in the ordinary share capital of MITIE Generation Limited. The profit after taxation up to the date of disposal of this company was £643,000 and for the last financial year was £737,000.

The net assets disposed and the related sale proceeds were as follows:

	2004
	£'000
Tangible fixed assets	14,499
Net working capital	2,343
Overdraft	(8,882)
Other loans	(183)
Provisions for liabilities and charges	(1,274)
Net assets	6,503
Goodwill not previously amortised	1,238
Goodwill previously written off to reserves	5,013
	12,754
Loss on disposal	(9,701)
Total consideration	3,053
Satisfied by:	
- Loan notes	2,500
- Short term loan	500
- Cash	53
	3,053
Net cash inflows from sale comprised:	
Cash consideration	53
Overdraft disposed	8,882
Total cash effect	8,935

## 7 Share capital and reserves

	CALLED UP SHARE CAPITAL	SHARE PREMIUM ACCOUNT	CAPITAL REDEMPTION RESERVE	REVALUATION RESERVE	OTHER RESERVE	PROFIT & LOSS ACCOUNT	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Group</b>							
At beginning of year	7,736	50,731	-	(440)	994	70,212	<b>129,233</b>
Shares issued and net premium arising in respect of acquisitions	62	3,232	-	-	-	-	<b>3,294</b>
Shares issued and net premium arising in connection with exercise of share options	10	448	-	-	-	-	<b>458</b>
Retained loss for the financial period	-	-	-	-	-	(458)	<b>(458)</b>
Realisation of property revaluation losses	-	-	-	139	-	-	<b>139</b>
Own shares acquired	(175)	-	-	-	-	(9,450)	<b>(9,625)</b>
Transfer to capital redemption reserve	-	-	175	-	-	(175)	<b>-</b>
Goodwill previously written off included in retained loss for the period	-	-	-	-	-	5,013	<b>5,013</b>
Balance at 30 September 2004	<b>7,633</b>	<b>54,411</b>	<b>175</b>	<b>(301)</b>	<b>994</b>	<b>65,142</b>	<b>128,054</b>

Copies of this statement will be posted to all Shareholders and will be available to the public from the Company's Head Office at 8 Monarch Court, The Brooms, Emersons Green, Bristol, BS16 7FH.

## Financial Calendar

Shares ex-dividend	9 March 2005
Record date for interim dividend	11 March 2005
Payment date for interim dividend of 1.6p per 2.5p share	31 March 2005
Preliminary results for the year to 31 March 2005	23 May 2005
Annual General Meeting	28 July 2005