

27 November 2001

JARVIS plc (“Jarvis”)

RESULTS FOR SIX MONTHS ENDED 30 SEPTEMBER 2001

Jarvis, the international facilities management group, today announces its interim results for the six months to end-September, 2001. Jarvis is a leader in innovative outsourcing solutions, both in the private sector and through public/private partnerships, with strong market positions in the transport, education and health sectors.

The Group reports a strong financial performance for the period across all its established core operating activities. Highlights of the announcement include:

?? Pre-tax profit more than doubled to £17.7 million (2000: £8.7 million)

?? Turnover including joint ventures increased by 27.1% to £443.3 million (2000: £348.7 million)

?? Improved operating margins

?? Basic earnings per share increased by 116% to 8.0p (2000: 3.7p)

?? Interim dividend of 4.0p per share (2000:3.5p)

?? The strong increase in profitability arose from significant turnover growth in Rail, benefits from restructuring of the Roads Division and the continuing growth of long term contracts in the education and student accommodation businesses

The Group today also announces details of two new joint ventures, one of which further strengthens its position in the health sector, the other of which creates a strong new income platform for its Systems and Technologies Division:

?? In health, the creation of a joint venture company, Jarvis Primary Health Limited, which will include the activities of the UK's leading provider of multi-purpose health clinics, community centres integrating GPs, dentists and other health services, an area with substantial growth prospects

?? In technology, the formation of Agilisys, a joint venture with netdecisions Holdings Limited, which will develop business process outsourcing and other IT solutions opportunities, focused initially on the public sector market

The Chief Executive of Jarvis, Paris Moayed, said today: “These extremely strong results further confirm the value of the Group's strategy. They reflect, in particular, the leading positions we have already established in the transport and education sectors and our growing presence in the health sector. The new ventures we have announced today consolidate our position in health and give us a powerful base in our Systems and Technologies business to mirror the successes we are achieving in all other areas of the Group.

We continue to benefit from our focus on specialist markets which provide clear, non-cyclical long term demand and which possess high entry barriers. We are continuously extending our order

book across all our core businesses and the Board is confident that the Group will maintain a strong operating performance, both over the remainder of the current financial year and for the foreseeable future.”

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CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

We are delighted to report on an excellent period for the Company, reflecting a strong trading performance at all levels throughout the Group. The Group's strategy has placed it in a position to participate fully in an increasing range of opportunities in its chosen markets. Since the beginning of the financial year, Jarvis has further strengthened its leading position as a high value added service provider to the transport, education and, increasingly, health sectors.

Profit before tax for the period more than doubled to £17.7 million (2000: £8.7 million) while turnover, including the Group's share of joint ventures, grew to £443.3 million from £348.7 million, a rise of 27 per cent. Operating profit before goodwill increased by 34 per cent to £25.6 million (2000: £19.1 million.) Basic earnings per share for the period increased by 116 per cent to 8.0p (2000: 3.7p).

The Board has declared an interim dividend increased by 14.3 per cent to 4.0p per share (2000: 3.5p) which will be paid on 8 April 2002, to shareholders on the register at 7 December 2001.

The strong improvement in profitability arises from significant turnover growth in Rail, a realisation of benefits from the restructuring of the Roads Division and the continuing growth of long term contracts in Accommodation Services.

Overall Group operating margins before goodwill amortisation improved to 6.0 per cent in the period from 5.6 per cent in the first half of 2000. The first half year typically produces lower margins overall and the Board confidently expects target margins in each business to be achieved in the year as a whole. There is an improved operating cash inflow of £10.1 million in the period (2000: £1.8 million). This improvement is after funding a £20 million increase in working capital to support the substantial growth in activity in the period. Net Group borrowings at 30 September 2001 stood at £109.4 million (2000: £104.6 million.) This included funding in respect of the Group's acquisition of its interest in the Estonian Freight Railway, of which £8.8 million is temporary finance, and is now being refinanced.

Of note is the increase in profit before interest and tax of our European businesses from £3.2 million to £5.9 million. This is the result of improved margins in the Roads business, which benefits our first half, and development of the business in Estonia and the Republic of Ireland.

Jarvis Infrastructure Services

Turnover in the Division, which encompasses Jarvis' rail and traffic systems businesses, increased to £284.8 million (2000: £203.4 million). Rail turnover increased 57 per cent to £206.5 million, (2000: £131.0 million) and the Roads business increased its turnover by 8 per cent to £78.3 million (2000: £72.4 million). Operating profits in the Rail business increased from £5.1 million to £11.3 million on the back of substantially increased turnover and improved efficiency.

The period under review covered the first six months of the Division's contract for all maintenance on the key East Coast Main Line (ECML). Since assuming the contract on 1 April 2001, Jarvis Infrastructure Services has met or exceeded all of its financial and non-financial key performance targets, resulting in significant improvements in service delivery. By combining the management of the ECML maintenance contract with our existing maintenance and renewals contracts in the area, we have been able to reduce the management overhead whilst increasing the number of engineering and maintenance personnel.

Notwithstanding the highly publicised problems on the totality of the West Coast Route Modernisation project, our segment of the work, which is plain line track renewal, continues to set

production records for the laying of new track. At the end of September we were some 15 weeks ahead of the overall production schedule.

The appointment of Administrators to Railtrack plc on 7 October 2001 has had little impact on the day to day operations of our business. All indications are that Government intends to continue the modernisation process. As the lowest cost provider, we look forward to continuing to provide a high quality service, delivering a modern, safe and reliable network to the rail industry, whatever its future structure. With our increased capacity in signalling, we await the decision in respect of the award of the major and prestigious signalling and telecommunication project, Thameslink 2000, which would signify continuing commitment to the modernisation of the rail network.

The Group is working towards the timely completion of the London Underground PPP. Jarvis is a member of the Tube Lines Consortium, which is preferred bidder for the Jubilee, Northern and Piccadilly (JNP) Infraco, one of the three 30 year infrastructure and rolling stock management concessions.

The operating performance of the Roads business improved strongly during the period, with operating profits rising by 51 per cent to £8.0 million (2000: £5.3 million) and margins rising to 10.3 per cent from 7.4 per cent. This reflects the benefits of the synergies realised from the restructuring embarked upon in the previous financial year.

We anticipate that revenues from the Roads business should continue to rise, underpinned by a strong pipeline of potential road maintenance contracts. In highway maintenance, for example, Cheshire County Council extended earlier this month its term maintenance contract with Jarvis for a further two years, to October 2004. The original contract, worth £12 million per annum when awarded in 1997, has been enlarged and the project is now valued at £20 million per annum. Overall, the Roads Division has pre-qualified and is bidding for some £500 million of roads and highways maintenance work.

During the period, a new consortium was created, comprising Jarvis, WSAtkins and Accord, in order to bid for the new generation of Highways Agency Managing Agent Contractor (MAC) maintenance contracts. Also, the Division has widened its market to take advantage of PFI opportunities and is currently actively bidding for a number of major trunk road schemes and street lighting schemes.

Elsewhere, the Group is continuing to extend its customer base in the transport market, not only through its improving Roads business, but also through partnerships such as the Estonia freight rail consortium, which formally came on stream in September this year. This venture, which represents Europe's first privatised vertically integrated railway, has taken the business into a wider area of owning and operating train services, as well as maintenance and renewals. It is already exceeding targets and contributing to revenues and profits.

There was a pension credit in this division of £3.7 million (2000: £3.7 million) reflecting continued amortisation of the schemes' surpluses.

Jarvis Accommodation Services

During the period under review, the Division increased turnover by 24 per cent to £136.2 million (2000: £109.7 million) as a result of the continued success of its PFI and PPP programme.

The Division has now won contracts or been appointed preferred bidder to provide and maintain educational facilities for some 83,000 pupils in 98 schools, and accommodation for around 13,000 university and college students. This includes the successful pilot project, outsourcing facilities management work for 13 schools in the Wirral under the Best Value Initiative.

Our Facilities Management business is achieving critical mass, with the operational phase of many of our new educational sites, both schools and universities, coming on stream. These add to our established contract at the Army Foundation College and a new contract for the University of Luton and will shortly be joined by the whole estate transfer of the accommodation for Nottingham Trent where we are preferred bidder. New projects announced in the period in the education sector include:

- ?? Our first university scheme in London, at Deptford;
- ?? A partnership with the University of Aberdeen;
- ?? A major contract for 18 schools in Liverpool;
- ?? Preferred bidder status for 4 schools in Brighton & Hove; and
- ?? A contract for a new Community Learning Centre in Sunderland.

Outside the UK, the Division has closed on its 25 year contract to develop and provide facilities management for five new schools in the Republic of Ireland. The contract, providing facilities for about 3,500 pupils, has a whole life value of IR£208 million (£173 million). This is the first award of a schools PPP contract in the Republic, where there are some 8,000 schools and where the Government has stated its intention to pursue further contracts of this nature.

The value of private sector partnerships is being increasingly recognised in the health sector. The Group is confident that its health sector contracts will progressively match the contributions made by its education and student accommodation businesses.

Subsequent to the period end, the Division was appointed preferred bidder for a new acute medical care facility for the Whittington Hospital in London. This contract award, which is now our fourth PFI hospital project, is expected to have a whole life value of £86 million.

As announced separately today, Jarvis has made a further important strategic step in developing its presence in the healthcare market. We have signed a conditional agreement to acquire a 45 per cent interest in a new joint venture with Healthcare Property Company Ltd (HPC), a leader in the provision of modern primary medical centres. HPC has already built 80 of these centres, owning and operating 12 of these which are to be transferred into the new joint venture to be known as Jarvis Primary Health Limited. This will establish Jarvis as a market leader in this exciting new development in healthcare, an area which has excellent growth potential. Partnerships for Health (a joint venture between Partnerships UK and the Department of Health) intends to make available up to £1 billion to fund the refurbishment or replacement of 3,000 GP's premises and the creation of 500 modern primary medical centres.

The excellent record which Jarvis Accommodation Services has established, for quality and efficiency of service, places it powerfully to take full advantage of the increasing number of PFI opportunities in its core areas of expertise, both in the UK and overseas.

Jarvis Systems and Technologies

Joint Venture with netdecisions

Having established our Systems and Technologies division last year to focus our internal technology, we have been examining ways in which we can best establish an external market for our systems offerings. The Group has today announced the formation of a 50:50 joint venture with netdecisions Holdings Limited, an established systems integrator. The joint venture, to be called Agilisys, will develop business process outsourcing and other IT solutions opportunities, focused initially on the public sector. Agilisys will acquire the principal elements of our Systems and Technologies Division, and combine it with netdecisions' digital hosting and software support services business, which services its own IT support services and also third party clients. However, we will retain full ownership of Techspan Limited and of our York Control Centre, due to its strategic importance to the Rail business.

This will transform the embryonic Systems and Technologies Division into a strong stand-alone business which meets the key Jarvis criteria of developing market leadership in sectors with substantial long term, non-cyclical growth potential. Kevin Lavery will become the Chief Executive of Agilisys. Kevin has recently joined Jarvis from Newcastle City Council where he was the Chief Executive.

Turnover in Systems and Technologies has risen from £3.3 million to £3.9 million. In line with budget, the Division incurred a trading loss of £1 million primarily due to the high level of investment, with a further charge of £2.5 million arising from the amortisation of our capital investment in our Business Management Transformation project. The Division has continued to increase its contribution to major contracts won by other parts of the Group, providing information and communications technology support for the Cork School of Music and the Brighton and Hove schools programme, as well as other PFI and UPP projects and to major rail contracts.

Future prospects

The Group's established strategy is to build leading market positions in specialist sectors with high entry barriers and where sustainable long term demand has been identified. We provide services and management which increase quality and efficiency within the transport, education and health sectors and use our skills and experience to build positions in related markets.

The Group continues to build a strong and extended order book across its core businesses. Overall, the Board is confident that the Group will maintain a strong operating performance both over the remainder of the current financial year and for the foreseeable future.

Colin Skellett
Chairman

Paris Moayed
Chief Executive

27 November 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the half year ended 30 September 2001

| | Half year ended 30 September 2001 | Half year ended 30 September 2000 | Year ended 31 March 2001 |
|---|--------------------------------------|--------------------------------------|-----------------------------|
| | (unaudited) £'000 | (unaudited) £'000 | (audited) £'000 |
| | Notes | | |
| Turnover: group and share of joint ventures | 2 443,323 | 348,730 | 725,779 |
| Less: share of joint ventures turnover | 2 (18,433) | <u>(10,293)</u> | <u>(26,956)</u> |
| Group Turnover | 424,890 | 338,437 | 698,823 |
| Continuing operations | 424,890 | 316,462 | 676,848 |
| Discontinued operations | - | <u>21,975</u> | <u>21,975</u> |
| | 424,890 | 338,437 | 698,823 |
| Cost of sales | (356,034) | <u>(285,495)</u> | <u>(584,665)</u> |
| Gross Profit | 68,856 | 52,942 | 114,158 |
| Administration expenses | (47,302) | (38,145) | (74,459) |
| Operating profit before goodwill amortisation: | 25,552 | 18,325 | 47,245 |
| Continuing operations | - | 748 | 748 |
| Discontinued operations | 25,552 | <u>19,073</u> | <u>47,993</u> |
| Goodwill amortisation | (3,998) | (4,276) | (8,294) |
| Operating profit: | 21,554 | 14,371 | 39,273 |
| Continuing operations | - | 426 | 426 |
| Discontinued operations | 21,554 | <u>14,797</u> | <u>39,699</u> |
| Total operating profit | 21,554 | 14,797 | 39,699 |
| Share of profits of joint venture undertakings | 831 | 744 | 2,793 |
| Share of (losses) of associated undertakings | (103) | - | (47) |
| Exceptional (Loss) on sale of subsidiary undertakings | - | (857) | (875) |
| Profit on ordinary activities before interest | 22,282 | 14,684 | 41,570 |
| Interest receivable and similar income | 3 (i) 2,477 | 781 | 1,468 |
| Interest payable and similar charges | 3(ii) (7,075) | (6,750) | (12,985) |
| Profit on ordinary activities before taxation | 17,684 | 8,715 | 30,053 |
| Tax on profit on ordinary activities | 4 (6,610) | (3,634) | (10,270) |
| Profit on ordinary activities after taxation | 11,074 | 5,081 | 19,783 |
| Minority interests - equity | (164) | (53) | (903) |
| Profit for the period | 10,910 | 5,028 | 18,880 |
| Dividends paid and proposed | (5,600) | (4,814) | (13,661) |
| Retained profit for the period | 5,310 | 214 | 5,219 |
| Earnings per ordinary share: | 5 | | |
| Basic | 8.0p | 3.7p | 13.9p |
| Fully diluted | 7.8p | 3.6p | 13.7p |
| Before goodwill amortisation and exceptionals | 10.9p | 7.5p | 20.7p |

The consolidated statement of total recognised gains and losses is set out in note 6.

| | As at 30 September 2001 | As at 30 September 2000 | As at 31 March 2001 |
|--|---------------------------------|----------------------------|------------------------|
| | (unaudited) Notes £'000 | (unaudited) £'000 | (audited) £'000 |
| Fixed assets | | | |
| Intangible assets | 136,299 | 142,855 | 138,773 |
| Tangible fixed assets | 70,115 | 58,688 | 60,933 |
| Investments | | | |
| Joint Ventures: | | | |
| Share of gross assets | 195,082 | 96,760 | 139,755 |
| Share of gross liabilities | (180,679) | (92,449) | (134,327) |
| | 14,403 | 4,311 | 5,428 |
| Loans to joint ventures | 8,665 | 1,060 | 1,321 |
| Other investments | 5,517 | 4,219 | 5,284 |
| Total investments | 28,585 | 9,590 | 12,033 |
| Total fixed assets | 234,999 | 211,133 | 211,739 |
| Current assets | | | |
| Properties held for resale and development | 2,623 | 4 | 2,623 |
| Stocks and work in progress | 41,645 | 35,678 | 35,805 |
| Debtors due in less than one year | 278,037 | 239,433 | 245,118 |
| Debtors due in more than one year | 8,161 | 9,724 | 9,690 |
| Debtors: subject to non-recourse financing agreements | 22,098 | 50,667 | 34,853 |
| Less: non-recourse finance | (22,091) | (49,842) | (34,043) |
| | 7 | 825 | 810 |
| Cash at bank and in hand | 40,203 | 18,766 | 44,766 |
| | 370,676 | 304,430 | 338,812 |
| Creditors: Amounts falling due within one year | (289,289) | (210,097) | (242,094) |
| Net current assets | 81,387 | 94,333 | 96,718 |
| Total assets less current liabilities | 316,386 | 305,466 | 308,457 |
| Creditors: Amounts falling due after more than one year | (116,772) | (117,537) | (117,077) |
| Provisions for liabilities and charges | (6,461) | (8,274) | (6,270) |
| Net assets | 193,153 | 179,655 | 185,110 |
| Capital and reserves | | | |
| Called up share capital | 6,929 | 6,874 | 6,893 |
| Share premium account | 128,396 | 125,580 | 125,857 |
| Revaluation reserve | 3,372 | 3,799 | 3,372 |
| Capital redemption reserve | 5 | 5 | 5 |
| Merger Reserve | 89,729 | 89,729 | 89,729 |
| Profit and loss account | (35,913) | (46,688) | (41,217) |
| Equity shareholders' funds | 192,518 | 179,299 | 184,639 |
| Minority interests - equity | 635 | 356 | 471 |
| | 193,153 | 179,655 | 185,110 |

CONSOLIDATED CASH FLOW STATEMENT

| Half year ended 30 September 2001 | Half year ended 30 September 2000 | Year ended 31 March 2001 |
|--------------------------------------|--------------------------------------|-----------------------------|
|--------------------------------------|--------------------------------------|-----------------------------|

| | (unaudited) Notes £'000 | (unaudited) £'000 | (audited) £'000 |
|---|-------------------------------|----------------------|--------------------|
| Net cash inflow from operating activities: | 8 (i) | | |
| Continuing operations | 10,091 | 6,708 | 62,771 |
| Discontinued operations | - | (4,926) | (4,926) |
| | <u>10,091</u> | <u>1,782</u> | <u>57,845</u> |
| Dividends received from joint ventures | 350 | - | 250 |
| Returns on investment and servicing of finance | | | |
| Interest received | 400 | 306 | 385 |
| Interest paid | (4,651) | (6,009) | (10,345) |
| Interest paid on finance leases | (102) | (19) | (61) |
| Net cash outflow from return on investments and servicing of finance | <u>(4,353)</u> | <u>(5,722)</u> | <u>(10,021)</u> |
| Taxation | | | |
| UK and overseas corporation tax paid | (4,390) | (1,786) | (8,136) |
| Capital expenditure and financial investment | | | |
| Purchase of tangible fixed assets | (13,900) | (10,337) | (18,760) |
| Sale of tangible fixed assets | - | 1,124 | 2,250 |
| Net cash outflow from capital expenditure and financial investment | <u>(13,900)</u> | <u>(9,213)</u> | <u>(16,510)</u> |
| Acquisitions and disposals | | | |
| Purchase of subsidiary undertakings | (1,236) | - | (1) |
| Net debt acquired with subsidiary undertakings | (340) | - | - |
| Earn out payments in respect of existing subsidiaries | (53) | (356) | (1,204) |
| Sale of subsidiary undertakings | - | 19,739 | 19,713 |
| Net cash included with sale of subsidiary undertakings | - | (1,042) | (1,042) |
| Loans to and investment in associated undertakings | (354) | - | (425) |
| Loans to and investments in joint venture undertakings | (16,420) | (1,810) | (1,599) |
| Other investments | - | - | (1,000) |
| Net cash (outflow)/inflow from acquisitions and disposals | <u>(18,403)</u> | <u>16,531</u> | <u>14,442</u> |
| Equity dividends paid | (4,882) | (4,727) | (13,142) |
| Net cash (outflow)/inflow before financing | <u>(35,487)</u> | <u>(3,135)</u> | <u>24,728</u> |
| Financing | | | |
| Issue of ordinary share capital | 2,575 | 391 | 687 |
| Repayment of loans | (581) | (4,537) | (5,098) |
| Draw-downs on loans | 17,273 | 23 | 531 |
| Capital element of finance lease rental payments | (1,044) | (1,013) | (1,654) |
| Net cash inflow/(outflow) from financing | <u>18,223</u> | <u>(5,136)</u> | <u>(5,534)</u> |
| (Decrease)/ increase in cash | 8(ii) <u>(17,264)</u> | <u>(8,271)</u> | <u>19,194</u> |

NOTES

1. The figures for the half years ended 30 September 2001 and 30 September 2000 have not been audited and do not constitute statutory accounts. They have been drawn up on the basis of the accounting policies as stated in the full accounts for the year ended 31 March 2001. The figures for the year ended 31 March 2001 are extracted from the audited accounts for that period, which have been filed with the Registrar of Companies. The report of the auditors on these accounts was unqualified and did not contain any statement under Section 237 of the Companies Act 1985.

2. Segmental information

| | Half year ended 30 September 2001 | | Half year ended 30 September 2000 | | Year ended 31 March 2001 | |
|--|--------------------------------------|-------------------------|--------------------------------------|-------------------------|-----------------------------|-------------------------|
| | (unaudited) | | (unaudited) | | (audited) | |
| | Turnover | Profit before tax | Turnover | Profit before tax | Turnover | Profit before tax |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Analysis of turnover by geographical markets supplied | | | | | | |
| United Kingdom | 403,049 | | 310,584 | | 670,013 | |
| Rest of Europe | 39,076 | | 36,920 | | 54,743 | |
| Rest of the World | 1,198 | | 1,226 | | 1,023 | |
| | <u>443,323</u> | | <u>348,730</u> | | <u>725,779</u> | |
| | <u><u>443,323</u></u> | | <u><u>348,730</u></u> | | <u><u>725,779</u></u> | |
| The above includes Joint Venture turnover of: | <u>18,433</u> | | <u>10,293</u> | | <u>26,956</u> | |
| | <u><u>18,433</u></u> | | <u><u>10,293</u></u> | | <u><u>26,956</u></u> | |
| Analysis of turnover and profit by Country of origin | | | | | | |
| United Kingdom | 405,094 | 19,646 | 313,451 | 14,684 | 670,487 | 47,642 |
| Apportioned goodwill amortisation | - | (3,263) | - | (3,151) | - | (6,824) |
| | <u>405,094</u> | <u>16,383</u> | <u>313,451</u> | <u>11,533</u> | <u>670,487</u> | <u>40,818</u> |
| Rest of Europe | 37,798 | 6,624 | 34,831 | 4,276 | 54,565 | 2,222 |
| Apportioned goodwill amortisation | - | (735) | - | (1,125) | - | (1,470) |
| | <u>37,798</u> | <u>5,889</u> | <u>34,831</u> | <u>3,151</u> | <u>54,565</u> | <u>752</u> |
| Rest of the World | 431 | 10 | 448 | - | 727 | - |
| Apportioned goodwill amortisation | - | - | - | - | - | - |
| | <u>431</u> | <u>10</u> | <u>448</u> | <u>-</u> | <u>727</u> | <u>-</u> |
| Net interest | - | (4,598) | - | (5,969) | - | (11,517) |
| | <u>443,323</u> | <u>17,684</u> | <u>348,730</u> | <u>8,715</u> | <u>725,779</u> | <u>30,053</u> |
| | <u><u>443,323</u></u> | <u><u>17,684</u></u> | <u><u>348,730</u></u> | <u><u>8,715</u></u> | <u><u>725,779</u></u> | <u><u>30,053</u></u> |

For the purpose of the above disclosure, the goodwill arising in relation to the Group's United Kingdom and overseas facilities management businesses has been apportioned in proportion to the relevant underlying tangible assets.

2 Segmental information (continued)

| | Half year ended 30 September 2001 | | Half year ended 30 September 2000 | | Year ended 31 March 2001 | |
|--|--------------------------------------|--|--------------------------------------|--|-----------------------------|--|
| | (unaudited) | | (unaudited) | | (audited) | |

| | | Turnover | Profit | Turnover | Profit | Turnover | Profit |
|--|----------------------------|-----------------|-------------------|--------------|-------------------|--------------|-------------------|
| | | £'000 | before tax | £'000 | before tax | £'000 | before tax |
| | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Analysis of turnover and profit by business segment | | | | | | | |
| Infrastructure Services | Group undertakings | 284,791 | 23,030 | 203,405 | 14,067 | 431,704 | 36,547 |
| | Goodwill amortisation | - | (3,882) | - | (3,867) | - | (7,749) |
| | | 284,791 | 19,148 | 203,405 | 10,200 | 431,704 | 28,798 |
| | Joint venture undertakings | 14,270 | 757 | 7,927 | 591 | 19,685 | 591 |
| Accommodation Services and Plant Hire | Group undertakings | 136,186 | 6,048 | 109,691 | 4,800 | 236,275 | 15,559 |
| | Goodwill amortisation | - | (24) | - | - | - | (48) |
| | | 136,186 | 6,024 | 109,691 | 4,800 | 236,275 | 15,511 |
| | Joint venture undertakings | 4,079 | 99 | 2,366 | 153 | 7,271 | 2,202 |
| | Associated undertaking | - | (31) | - | - | - | (13) |
| Systems and Technologies | Group undertakings | 3,913 | (3,526) | 3,366 | (542) | 8,869 | (4,861) |
| | Goodwill amortisation | - | (92) | - | (87) | - | (175) |
| | | 3,913 | (3,618) | 3,366 | (629) | 8,869 | (5,036) |
| | Joint venture undertakings | 84 | (25) | - | - | - | - |
| | Associated undertaking | - | (72) | - | - | - | (34) |
| Discontinued activities | Group undertakings | - | - | 21,975 | 748 | 21,975 | 748 |
| | Goodwill amortisation | - | - | - | (322) | - | (322) |
| | | - | - | 21,975 | 426 | 21,975 | 426 |
| (Loss) on disposal of subsidiary undertakings | | - | - | - | (857) | - | (875) |
| Net interest | | - | (4,598) | - | (5,969) | - | (11,517) |
| | | 443,323 | 17,684 | 348,730 | 8,715 | 725,779 | 30,053 |

3 Interest

(i) Interest receivable and similar income

| | Half year ended | Half year ended | Year ended |
|--|--------------------------|-------------------|---------------|
| | 30 September 2001 | 30 September 2000 | 31 March 2001 |
| | (unaudited) | (unaudited) | (audited) |
| | £'000 | £'000 | £'000 |
| Bank interest receivable | 252 | 135 | 204 |
| Other interest and similar income | 1,065 | 21 | 180 |
| Group companies sub total | 1,317 | 156 | 384 |
| Receivable by joint venture undertakings | 1,160 | 625 | 1,084 |
| | 2,477 | 781 | 1,468 |

3 Interest (continued)

(ii) Interest payable and similar charges

| | Half year ended | Half year ended | Year ended |
|--|--------------------------|-------------------|---------------|
| | 30 September 2001 | 30 September 2000 | 31 March 2001 |
| | (unaudited) | (unaudited) | (audited) |
| | £'000 | £'000 | £'000 |

| | | | |
|---------------------------------------|---------------------|---------------------|----------------------|
| On bank loans and overdrafts | 5,357 | 5,439 | 10,289 |
| On finance leases | 102 | 36 | 111 |
| Other interest | 109 | 236 | 136 |
| Group companies sub total | <u>5,568</u> | <u>5,711</u> | <u>10,536</u> |
| Payable by joint venture undertakings | <u>1,507</u> | <u>1,039</u> | <u>2,449</u> |
| | <u><u>7,075</u></u> | <u><u>6,750</u></u> | <u><u>12,985</u></u> |

(iii) Net interest

| | Half year ended 30 September 2001 | Half year ended 30 September 2000 | Year ended 31 March 2001 |
|---|--------------------------------------|--------------------------------------|-----------------------------|
| | (unaudited) £'000 | (unaudited) £'000 | (audited) £'000 |
| Group | | | |
| - receivable | 1,317 | 156 | 384 |
| - payable | <u>(5,568)</u> | <u>(5,711)</u> | <u>(10,536)</u> |
| | <u><u>(4,251)</u></u> | <u><u>(5,555)</u></u> | <u><u>(10,152)</u></u> |
| Joint venture and associated undertakings | | | |
| - receivable | 1,160 | 625 | 1,084 |
| - payable | <u>(1,507)</u> | <u>(1,039)</u> | <u>(2,449)</u> |
| | <u><u>(347)</u></u> | <u><u>(414)</u></u> | <u><u>(1,365)</u></u> |

4 Taxation

The taxation charge for the six months ended 30 September has been based on the estimated effective rate for the full year.

5. Earnings per ordinary share

| | Half year ended 30 September 2001 | Half year ended 30 September 2001 | Year ended 31 March 2001 |
|--|--------------------------------------|--------------------------------------|-----------------------------|
| Profit for the period | £10,910,000 | £5,028,000 | £18,880,000 |
| Weighted average number of ordinary shares in issue during the period (excluding any shares held by the QUEST which receive only a nominal dividend) | 137,035,069 | 135,348,309 | 135,791,232 |
| Basic earnings per ordinary share | 8.0p | 3.7p | 13.9p |
| Share options adjustment | 3,308,232 | 2,776,140 | 2,157,008 |
| Weighted average number of ordinary shares after share options adjustment | 140,343,301 | 138,124,449 | 137,948,240 |
| Diluted earnings per ordinary share | 7.8p | 3.6p | 13.7p |

Earnings per share are calculated by dividing the profit for the period by the appropriate number of shares.

6. Consolidated statement of total recognised gains and losses

| | Half year ended 30 September 2001 | Half year ended 30 September 2000 | Year ended 31 March 2001 |
|----------------------------------|--------------------------------------|--------------------------------------|-----------------------------|
| | (unaudited) £,000 | (unaudited) £'000 | (audited) £'000 |
| Profit for the financial period | 10,910 | 5,028 | 18,880 |
| Currency translation differences | 12 | 30 | 384 |
| | <u><u>10,922</u></u> | <u><u>5,058</u></u> | <u><u>19,264</u></u> |

7. Reconciliation of movements in equity shareholders' funds:

| | Half year ended 30 September 2001 | Half year ended 30 September 2000 | Year ended 31 March 2001 |
|---|--|--------------------------------------|-----------------------------|
| | (unaudited) £'000 | (unaudited) £'000 | (audited) £'000 |
| At start of period | 184,639 | 178,664 | 178,664 |
| Retained profit | 5,310 | 214 | 5,219 |
| Other recognised gains and losses: | | | |
| Currency translation difference | 12 | 30 | 384 |
| Other reserves movements: | | | |
| Issue of shares at premium | 2,575 | 391 | 687 |
| Amortisation of own shares held within QUEST | (18) | - | (315) |
| At end of period | <u>192,518</u> | <u>179,299</u> | <u>184,639</u> |

8 Cash flow statement

(i) Net cash flow from operating activities

| | Half year ended 30 September 2001 | Half year ended 30 September 2000 | Year ended 31 March 2001 |
|--|--|--------------------------------------|-----------------------------|
| | (unaudited) £'000 | (unaudited) £'000 | (audited) £'000 |
| Operating profit | 21,554 | 14,797 | 39,699 |
| Depreciation of tangible fixed assets | 5,478 | 3,260 | 7,119 |
| Goodwill amortisation | 3,998 | 4,276 | 8,294 |
| (Decrease) in other provisions | (646) | (1,477) | (397) |
| (Loss)/gain on sale of fixed assets | - | (12) | 497 |
| Movements in working capital: | | | |
| Fixed asset/current asset reclassification | - | - | 2,617 |
| Decrease/(increase) in properties held for resale and development | - | 780 | (1,839) |
| Increase in stocks and work in progress | (5,981) | (2,883) | (3,015) |
| Increase in debtors | (28,513) | (20,523) | (18,080) |
| Increase in creditors | 14,197 | 3,732 | 22,893 |
| Currency translation | 4 | (168) | 57 |
| Net operating cash inflow | <u>10,091</u> | <u>1,782</u> | <u>57,845</u> |

8. Cash flow statement (continued)

Reconciliation of net cash flow to movement in net debt

| | Half year ended 30 September 2001 | Half year ended 30 September 2000 | Year ended 31 March 2001 |
|---|--|--|-----------------------------|
| | (unaudited) £'000 | (unaudited) £'000 | (audited) £'000 |
| (Decrease)/increase in cash in the year | (17,264) | (8,271) | 19,194 |
| Cash (outflow)/inflow from (decrease)/increase in debt and lease financing | (15,648) | 5,527 | 6,221 |

| | | | |
|---|------------------|-----------|-----------|
| Change in net debt resulting from cash flows | (32,912) | (2,744) | 25,415 |
| Currency movements | - | (2) | - |
| Loans and finance leases eliminated on disposals/acquisitions | - | 16,556 | 16,556 |
| Movement in net debt for the year | (32,912) | 13,810 | 41,971 |
| Net debt at start of period | (76,460) | (118,431) | (118,431) |
| Net debt at end of period | (109,372) | (104,621) | (76,460) |

Net debt reflects £8.8 million provided for the joint venture that has acquired 66% of the Estonian Freight Railway on a temporary basis to finance that acquisition. Terms have been agreed for refinancing the Joint Venture vehicle and repayment of the temporary financing.

(iii) Analysis of net debt

| | At April 2001 | Cashflow | On acquisition and disposal | 30 September 2001 | 30 September 2000 |
|--------------------------|--------------------|-----------------|--------------------------------|------------------------------|----------------------|
| | (audited) £'000 | £'000 | £'000 | (unaudited) £'000 | (unaudited) £'000 |
| Cash at bank and in hand | 44,766 | (7,251) | - | 37,515 | 18,766 |
| Overdrafts | - | (9,673) | (340) | (10,013) | (1,465) |
| | | (16,924) | (340) | | |
| Debt due within one year | (5,792) | (16,828) | - | (22,620) | (5,779) |
| Debt due after one year | (112,439) | 136 | - | (112,303) | (112,507) |
| Finance leases | (2,995) | 1,044 | - | (1,951) | (3,636) |
| | | (15,648) | - | | |
| | (76,460) | (32,572) | (340) | (109,372) | (104,621) |

9. The interim accounts were approved by the Board on 26th November 2001.