Mitie Group plc

Preliminary announcement of results for the year ended 31 March 2014

Excellent progress through a focus on key growth markets

	2014 Headline[1]	Headline yoy % change[2]	2014 Statutory	Statutory yoy % change
Revenue	**£2,142.6m**	+8.2	£2,221.1m	+4.7
Operating profit	**£127.5m**	+6.0	£82.6m	+21.5
Profit before tax	**£113.3m**	+4.3	£68.4m	+21.5
Operating profit margin	**6.0%**	(0.1ppt)	3.7%	+0.5ppt
Basic earnings per share	**24.3p**	+5.2	13.4p	+13.6
Dividend per share	**11.0p**	+6.8	11.0p	+6.8

Strong financial performance

- Total headline revenue growth of 8.2%, of which 5.2% was organic
- Headline operating profit up 6.0% to £127.5m (2013: £120.3[2]m)
- Excellent conversion of EBITDA to cash of 107.3% (2013: 127.8%[2] reported), well above stated long-term KPI of 80% (headline 102.4%; 2013: 110.0%[2])
- Net debt at 31 March 2014 of £186.6m or 1.6x statutory EBITDA (2013: £192.2m or 1.9x statutory EBITDA)
- Total dividend for the year up 6.8% to 11.0 pence per share (2013: 10.3 pence per share)

Core facilities management business driving strong organic growth

- Sector-leading organic growth in facilities management of 7.2%
- Successfully retained a number of our most significant contracts, including with Network Rail (£75m over five years) and Capita (£110m over five years)
- Awarded a landmark contract with the Home Office, valued at £180 million over eight years, with responsibility for over 900 detainees at the Colnbrook and Harmondsworth Immigration Removal Centres near Heathrow
- Awarded a range of new integrated or bundled FM contracts valued in excess of £10m per annum, including with the Bank of Ireland, Mitchells & Butlers, Four Seasons Healthcare, an insurance company and a major online retailer
- Property Management business successfully mobilised our contract with London Borough of Hammersmith and Fulham (£200m over ten years) and awarded a new contract with Royal Borough of Kingston (£15m over two years)

Entry into the healthcare market progressing well

- Integration of MiHomecare is complete and we continue to see substantial long-term opportunities to grow in the homecare subset of the healthcare market
- Acquired Complete Group in January 2014 for £9m, adding complex care capabilities to our homecare proposition

Further de-risking the business

- Restructured the defined benefits pension scheme, resulting in a one-off, exceptional net credit to the income statement under IAS 19 (revised) of £10.2m and reduces future increases in pension contributions
- We are close to completing the exit from our mechanical and electrical engineering construction business – exceptional losses of £13.6m in the year (2013: £25.2m including business closure costs)
- We are also reducing our exposure to the design and build element of our former Asset Management business – one-off, exceptional charges of £25.4m in the year (2013: £nil)

Well positioned for further growth

- Robust balance sheet and strong financial position will support growth
- 84% of 2014/15 budgeted revenue secured (prior year: 85%)
- Sales pipeline buoyant at £8.2bn (2013: £8.7bn) and order book remains strong at £8.7bn (2013: £9.2bn)

Ruby McGregor-Smith CBE, Chief Executive of Mitie Group plc, commented:

"We have made excellent progress, achieving sector-leading organic growth driven by new and expanded contracts, as well as completing a bolt-on acquisition in healthcare. We are very well-positioned as one of the UK's leading integrated facilities management providers and we have also invested in higher margin markets which will support our growth aspirations.

"We expect outsourcing opportunities will continue to grow, with a trend towards more clients seeking to access bundled and integrated services. We are confident that we will continue to build on our track record of delivering sustainable, profitable growth."

[1] Headline results exclude other items. Other items comprised: exceptional charges in relation to design and build contracts in Energy Solutions of £25.4m (2013: £nil); a net credit arising from the restructure of the Mitie Group defined benefit pension scheme of £10.2m (2013: £nil); acquisition and integration costs of £5.1m (2013: £6.9m); the amortisation of acquisition-related intangible assets of £11.0m (2013: £10.0m); and restructuring costs of £nil (2013: £10.2m). Other items also include the results of the engineering construction business being exited, which had revenue of £78.5m (2013: £139.9m), a trading loss of £13.6m (2013: £3.1m) and business closure costs of £nil (2013: £22.1m).

[2] The 2013 results have been restated following amendments to IAS 19 'Employee Benefits'.

For further information please contact:

Erica Lockhart, Head of Corporate Affairs
T: +44 (0) 20 3123 8179   M: +44 (0) 7979 784488

John Telling, Group Corporate Affairs Director
T: +44 (0) 20 3123 8673   M: +44 (0) 7979 701006

Mitie will be presenting its preliminary results for the year ended 31 March 2014 at 10.00 on Monday 19 May 2014. A live webcast of the presentation will be available online at www.mitie.com/investors at 10.00. The recorded webcast of the presentation and a copy of the accompanying slides will also be available on our website later in the day. Mitie expects to publish its Annual Report and Accounts (containing financial statements that comply with IFRS) in June 2014 and copies will be available from Mitie's registered office and on its website www.mitie.com. Mitie's Annual General Meeting will take place at 14.30 on 9 July 2014.

Legal disclaimer

This announcement contains forward-looking statements. Such statements do not relate strictly to historical facts and can be identified by the use of words such as 'anticipate', 'expect', 'intend', 'will', 'project', 'plan', and 'believe' and other words of similar meaning in connection with any discussion of future events. These statements are made by the Directors of Mitie in good faith based on the information available to them as at 19 May 2014 and will not be updated during the year. These statements, by their nature, involve risk and uncertainty because they relate to, and depend upon, events that may or may not occur in the future. Actual events may differ materially from those expressed or implied in this document and accordingly all such statements should be treated with caution. Nothing in this document should be construed as a profit forecast.

Except as required by law, Mitie is under no obligation to update or keep current the forward-looking statements contained in this report or to correct any inaccuracies which may become apparent in such forward-looking statements.

High resolution images are available for the media to download free of charge from
www.flickr.com/Mitie_group_plc

Overview

Mitie has had another very good year, delivering strong organic growth and implementing further change to accelerate growth in the longer term.

Our core facilities management (FM) business performed exceptionally well, with a steady flow of contract awards and retentions across both the private and public sectors. We are beginning to see an uplift in the level of bid activity across our businesses and we have a robust sales pipeline. We also see a significant opportunity to expand our business with our existing client base, by proactively selling the benefits of bundling more services and of integrated FM. Our energy consulting capability remains an important niche area for us and differentiates our integrated FM proposition in the marketplace.

Our entry into the healthcare market has continued with success, with MiHomecare performing well and the acquisition of Complete Group during the year providing us with more complex care capabilities. We have built a strong proposition in the healthcare market and see significant long-term growth opportunities in this area.

Our strategy is to focus on markets where we see potential for growth and which meet our margin targets. In this financial year, we expect to complete our exit from our loss-making mechanical and electrical engineering construction business, which is exposed to the construction markets. We are also moving out of the design and build element of asset management. Whilst we have incurred significant losses in doing so, the group is now better positioned to deliver our growth ambitions.

As ever, our achievements during the year would not be possible without the exceptional efforts of our people and we would like to extend a huge thank you to each of them, and welcome those who joined us.

Results

During the year, headline revenue grew by 8.2% to £2,142.6m (2013: £1,980.6m). Headline operating profit increased by 6.0% to £127.5m (2013: £120.3m), reflecting a margin of 6.0% (2013: 6.1%). Headline profit before tax increased by 4.3% to £113.3m (2013: £108.6m) and headline earnings per share increased by 5.2% to 24.3p (2013: 23.1p).

Our statutory results include £44.9m of other items (2013: £52.3m), of which £33.9m are non-recurring (2013: £42.3m) and will not form part of our income streams in the future. The key non-recurring items are: £13.6m of trading losses incurred as part of our exit from our mechanical and electrical engineering construction business; exceptional charges of £25.4m in respect of reducing our exposure to the design and build element of our Asset Management business; costs resulting from acquisitions and the related integration costs of £5.1m; and a £10.2m accounting net credit resulting from a change to future pension obligations under the Mitie Group defined benefit pension scheme.

Cash generation remained strong, with cash inflows from operations of £124.1m (2013: £131.0m), representing excellent conversion of EBITDA to cash of 107.3% (2013: 127.8%). The balance sheet remains robust with net debt at the year end of £186.6m or 1.6x EBITDA (2013: £192.2m or 1.9x). Return on capital employed has increased to 16.9% (2013: 16.5%).

We have committed bank facilities of £250m until September 2015 along with £252m equivalent of US Private Placement debt. Both of these facilities leave us in a strong position to take advantage of value-creating acquisition opportunities as they arise.

During this period, our order book has decreased by £0.5bn to £8.7bn (2013: £9.2bn). Our sales pipeline currently stands at £8.2bn (2013: £8.7bn) and our forward revenue visibility is excellent, with contracted revenue for the year ending 31 March 2015 at 84% of budgeted revenue (prior year: 85%).

Dividend

The Board's policy is to grow the dividend broadly in line with the underlying earnings of the group. The final dividend proposed by the Board has increased by 7.0% to 6.1p per share (2013: 5.7p per share), bringing the full year dividend to 11.0p per share (2013: 10.3p per share), an increase of 6.8%. Subject to shareholder approval at the Annual General Meeting, the dividend will be paid on 6 August 2014 to shareholders on the register at 27 June 2014.

Board and corporate governance

Corporate governance remains an important and committed area of focus for the Board. The priorities during the year were the continued execution of our growth strategy, the ongoing review of performance and risk and the composition of the Board.

On 1 June 2013, Jack Boyer was appointed as a Non-Executive Director of the Board. He has extensive experience of building and growing businesses globally and his early career was spent in consultancy and banking. On 31 October 2013, Terry Morgan CBE retired as a Non-Executive Director of the Board and Chairman of the Remuneration Committee. We thank him for his contribution and wish him well for the future. On 1 November 2013, Crawford Gillies undertook the role and responsibilities of Chairman of the Remuneration Committee.

Bill Robson, our longest serving Executive Director, has indicated his intent to step down from the Board on 31 July 2014. Bill has served as a member of the Board since August 2001 and we are delighted that he intends to remain as part of the executive team. He will continue as Managing Director of our Property Management division, focusing on the many new opportunities that are developing within the housing sector.

Outlook

Our focus remains on driving our core UK FM business to its full potential in order to generate strong organic growth and maintain our margins at or above their current levels. At the same time, we will continue to grow and invest in adjacent markets - healthcare is a particular focus and we are well-placed to benefit from the substantial growth opportunities this market will offer.

We have made significant progress re-positioning the group away from low growth, low margin and higher risk activities by exiting businesses which do not meet our financial criteria. As a result, we are better placed than for many years to deliver growth in our chosen outsourcing markets.

The group is financially robust and we have a clear, focused strategy for growth. We are excited about the growth opportunities ahead and confident of delivering shareholder value.

Strategy overview

Our strategy is to deliver sustainable, profitable growth, and we will achieve this through two key routes.

We are focused on driving our core UK FM business to its full potential. Our ambition is to be the leading FM provider in the UK, with specific strengths in our target sectors. We will continue to focus on clients in both the public and private sectors, and provide them with world-class services, unrivalled expertise and the best value for money.

Our growth in FM will come in part from developing relationships with new clients, but more so through expanding our relationships with existing clients. The evolution that our clients make from single service delivery, to bundles of services, to integrated FM in some cases, has been a significant driver of our growth and we see substantial further opportunities to grow with our clients in this way. To this end, we are investing heavily in our key account management capabilities and are taking a more sector-focused approach to both sales and operations. In doing this we aim to grow our overall market share.

At the same time, we will continue to grow and invest in adjacent markets. Healthcare is a particular focus and we aim to take the leading position in our chosen sectors of the homecare market. The integration of MiHomecare is complete and with the acquisition of Complete Group during the year, we are well-placed to exploit great opportunities in this fast-growing market.

This strategy will enable us to achieve a set of key business goals over the next five years:

- As part of our objective of being the UK market leader in FM and in order to better support our clients, we are focusing our business on market sector specialisms.
- We will further build on our success in the Care and Custody sector, growing our services to Central Government, particularly in the area of immigration and prisons.
- In the homecare market, we will develop a leadership position and realise the sales synergies created by adding more complex care into our offering.

Across everything we do, we will be the trusted advisor for our clients, building and growing strong relationships based on sector-leading expertise and propositions, strategic advice, innovative technology and management information.

All of this will ensure that we are a scale player with a strong competitive position in each of our major markets, we generate margins that are above the industry average and we have excellent visibility of long-term revenues.

Reducing risk in our business

We are concentrating on higher margin activities in growth markets that feature long-term, secured revenue streams.

Our mechanical and electrical engineering construction business, where we played a role as subcontractor on major installation projects, carried an unacceptable degree of risk. In addition, as it operated in a cyclical, low margin sector, it could no longer meet our financial or strategic targets. Consequently, we are now well on the way to exiting this business and expect this process to be completed during the financial year ending March 2015.

For similar reasons, we have also been actively reducing our exposure to the design and build element of our Asset Management business, which has become part of the Energy Solutions division. We have existing commitments on a small number of legacy projects where we are carrying design and build risk and continue to experience delays and considerable cost overruns. As a result, during the financial year we recognised a number of non-recurring, exceptional losses in relation to some of these contracts. We have assessed the carrying value of any assets in our accounts and our contract related provisions are £25.4m as at the year end. This is significantly higher than we previously estimated, predominantly due to overruns on one of our generation projects, where we have provided against delays to completion and applied a more conservative assessment of the through life value of the contract. Going forward, design and build risk remains on a small number of material energy contracts and their financial returns remain uncertain. We continue to closely monitor their operational and financial performance.

Marketplace overview

Clients continue to recognise the strengths of outsourcing in the drive to meet cost and operational challenges. We are excited about the growth opportunities in our targeted markets, as clients move from outsourcing single services to relying on our support across bundled services and, ultimately, fully integrated FM.

Although the UK economy is showing signs of improvement, and we have seen an increase in our bid activity across our businesses in the past 12 months, there is still some distance to go before we can say that the effects of the downturn are definitely behind us.

Against this backdrop and the austerity measures which continue to be implemented by both central government and local authorities, outsourcing is now well-established as a route to improved services with lower costs.

We work with people who want to perform better, and see attractive opportunities across FM and Healthcare.

Facilities Management

The total UK FM market is valued at £125 billion, with £75 billion currently outsourced. Our principal addressable market, defined as contracts worth over £500,000 per year, is estimated to be £45 billion, of which we have a 4% share. The market remains fragmented and is dominated by around 120 large providers, with the 12 largest players accounting for 34% of the market. Individual service line markets tend to be led by different competitors, who in turn have follower positions in other markets. The FM market is expected to grow around 2% per year between 2013 and 2017, a significant improvement on the 1.2% per annum achieved between 2007 and 2013 (sources: leading management consultancy; MTW Research).

During 2013, we commissioned an independent qualitative research programme among senior property and facilities directors in the UK. Clients want companies such as Mitie to help them carry out their business better, not just cheaper. Among the survey's key findings was the fact that although outsourcing remains a key method of reducing costs, it is also recognised as a way to harness expertise. Many interviewees also agreed that a focus on least cost provision was a false economy, and stressed the need for a more outcome-based approach that encourages the best performance from the service provider.

The research identified five key customer needs: an emphasis on low price coupled with a proven track record; a steady shift towards bundled services and integrated FM; increased expectation of FM providers, with a need for strategic advice as well as efficient service delivery; greater demand for technology and management information; and reduced demand for FM on a global or cross-border basis.

Public sector

In the public sector, we believe that outsourcing will remain a key government strategy and we foresee an increase in activity, driven by continuing budget reductions. The CBI recently estimated that the Government is only half way through its planned deficit reduction. In order to further reduce the deficit and procure services that offer the best value for money, it will continue to open up public services to independent competition. This will be supported by the UK public services industry, which makes up more than seven per cent of the UK's GDP and supports over five million jobs. The CBI also proposed to introduce new measures to boost transparency and trust in public sector contracts that are managed by private and third sector organisations, which we endorse.

Although we will be highly selective in the opportunities we pursue, justice, social housing and local authorities are all areas where we anticipate high levels of growth in the coming years. While there have been procurement delays in the justice market, we remain confident and have also identified attractive opportunities in social housing, particularly through the long-term nature of contracts and relationships that are a feature of this market.

Private sector

Private sector clients face many similar challenges to their public sector counterparts. They aim to outsource non-core services in order to reduce costs while maintaining – and in many cases improving – the services they offer. We have proven strengths in many segments and expect good growth, especially in retail, manufacturing, transport and the financial sector. Our growth has been predominantly driven by the private sector over the past five years, and we expect this trend to continue, as the economic recovery gains momentum.

Healthcare

Out of an annual UK healthcare spend of over £100 billion, our target social care market accounts for £17 billion and the homecare market in England alone currently accounts for around £8 billion. However, a number of trends will drive this amount up in the coming years.

The UK population is ageing – with the number of over 85s expected to double in the next 25 years. This increase means that long-term care is expected to account for an increasing proportion of GDP. According to the OBR, this figure could rise from around 1.5% today to 2.5% by 2060. Cost pressures continue to mount, with local authorities expected to reduce spending by £800 million in the near term. The planned 10% reduction in council spending over the next two years, announced in the 2013 summer spending review, will add further momentum to the drive to achieve better value in all aspects of long-term care.

Homecare is recognised as an important element in the move towards a system of care that both meets patient needs and also delivers better value. People prefer to remain in their own homes when possible, while central government and local authorities view homecare as a more cost-efficient alternative to care in hospitals or retirement homes. Consequently, homecare in the UK is a marketplace that displays many of the same features as the early days of FM outsourcing. These include clear opportunities for consolidation in a fragmented market and for technology to play a major role in accelerating performance. Furthermore, there is the potential for us to build on our existing FM relationships with local authorities and the NHS to secure homecare contracts.

Increasingly, homecare (or adult social care) is publicly funded but privately delivered. Two decades ago, the vast majority of care was provided by local authorities. Today, such provision is negligible and almost all care is delivered by independent organisations such as Mitie.

Operational performance

There are significant opportunities for us to grow organically and to win market share. This growth will be driven by: our extensive self-delivery capability supported by a well-managed supply chain, which generates value for our clients whether they choose single, bundled or integrated services; our focus on technology which can increase efficiency and enhance profit margins; and our commitment to investing in capable management teams that can build and maintain key strategic relationships.

We have aligned the way we report our FM business to more accurately reflect how the business is managed, which is in the two key areas of Soft and Hard FM. Soft FM is made up of: cleaning and environmental services; security; catering and front of house services. Hard FM provides a range of technical and building services.

Our integrated FM proposition brings together a range of hard and soft FM services. During the year, the total revenue generated from our integrated contracts was £668m.

Over the last two decades, the FM industry has moved from providing single services to bundles of services. Today, the focus is on integrating a wide range of services into one cohesive contract, often at multiple and diverse sites. However, although the immediate benefits of bundled and integrated services include lower costs and a single point of accountability, long-term success is built on a track record of consistent delivery across all service lines.

Many FM clients see technology – and specifically management information – as a key differentiator among providers. The data that we collect and hold as part of managing a client's estate can provide powerful management information. It allows us to reduce the total cost of occupancy and improve service levels and responsiveness. It also provides insight for strategic decisions about how our clients run their estates; for example, how to better use mobile working or how to invest (or divest) across their portfolio.

While a fully integrated FM model will not suit all clients, the shift to greater integration and bundling of services is steady and is continuing to generate new and expanded contracts for Mitie.

Soft FM

	2014	2013	Growth
Revenue	**£1,190.8m**	£1,122.2m	6.1%
Operating profit	**£74.8m**	£73.4m	1.9%
Operating profit margin	**6.3%**	6.5%	(0.2ppts)
Order book	**£5.1bn**	£5.0bn	2.0%

Cleaning and environmental services

Launched in 2013 under the Environmental+ brand, this business is one of the UK's largest providers of cleaning, pest control, landscaping, waste recycling and winter gritting. It employs over 32,000 people and is active on every high street in the country.

We brought these services together under one banner to reflect client demands for linking services that complement each other, saving costs and improving quality.

This model allows us to equip our people with multiple skills, thereby reducing the number of site visits and improving productivity. This joined-up approach also increases efficiencies, saves vital resources such as energy and water, and helps to reduce our clients' carbon footprints.

Security

Our focus is on providing our clients with total security management. We have responded to changes in the industry by adopting a risk-based approach to security - we assess risks and then bring together the right people, technology and consultancy services to manage them.

While manned guarding remains central to our security services, we have diversified through a range of higher margin and predominantly technology-based offerings. Services such as remote monitoring, employee screening, lone worker protection and vacant property security systems are changing our business mix.

In addition, there are good opportunities for us to incorporate security within integrated FM contracts.

Catering and front of house

This is a service line that is now delivering in a market where we have huge potential to grow – the UK contract catering market alone is worth £4.2 billion. Our Gather & Gather catering brand has increased its bottom line three-fold in only three years and is winning business in its own right, as well as an integral part of broader FM contracts.

Competition in this market is significant but fragmented – split between the large global corporates and a host of smaller, independent and owner-operated businesses. The market is based on specialisation, with defined brands and offerings targeted at specific sectors. Our team is diverse and contemporary, and offers clients a new, challenger brand with a real point of difference.

These services have huge potential to generate reputational goodwill and position Mitie as the premier provider of catering and reception services, in combination with our award winning Client Services.

Hard FM

	2014	2013	Growth
Revenue	**£579.4m**	£526.7m	10.0%
Operating profit	**£30.0m**	£29.0m	3.4%
Operating profit margin	**5.2%**	5.5%	(0.3ppts)
Order book	**£2.1bn**	£2.8bn	(25.0%)

Our technical and building services offering encompasses a full range of hard FM services, from mechanical and electrical maintenance to lighting and building fabric repairs. We operate in a wide range of sectors and are currently seeing good opportunities across the business; particularly with clients in the transport, local government, retail and commercial sectors.

Demand for our mobile maintenance service continues to grow, and it is now the most comprehensive in the UK. We are also the largest lighting contractor in the UK, and the advances in LED lighting technology have enabled us to differentiate ourselves further by providing energy efficiencies.

Our specialist services continue to provide new opportunities, through services such as water treatment, building controls, fire and security systems and compliance; all of which continue to grow. Our smartphone operational solution and performance audit software is revolutionising the way our engineers operate, and the way our clients manage their technical assets.

To further support our clients, we have refined our operational structure. Our technical and building services offering now encompasses a range of niche property services such as roofing and plumbing, which previously sat within Property Management. As all of these services are related to either long-term maintenance contracts or short-term projects for clients with large, commercial property portfolios, there are significant benefits from operating them as part of a singular, broader business.

Energy Solutions

	2014	2013	Growth
Revenue	**£15.9m**	£45.9m	(65.4%)
Operating profit	**(£4.4m)**	(£1.4m)	(214.3%)
Operating profit margin	**(27.7%)**	(3.1%)	(24.6ppts)
Order book	**£0.2bn**	£0.3bn	(33.3%)

Energy and carbon consumption are playing a growing role in the property management decisions and strategies of our clients. Costs continue to be a major issue for all, with our own research forecasting that they will double by 2020. The issue is further clouded for clients by the confusing landscape of obligations and policies, as well as the complex solutions offered by many providers.

Our FM proposition is supported by services from our Utilyx business, which help our larger FM clients to procure, use and generate electricity more efficiently. Energy consulting is an important differentiator for many of our clients, who recognise that it can add significant value to their relationships with Mitie. Utilyx also works direct with a large independent client base.

During the year, we integrated our Asset Management business into Utilyx. We are continuing to reduce our exposure to the design and build element of this business.

Property Management

	2014	2013	Growth
Revenue	**£264.8m**	£242.8m	9.1%
Operating profit	**£14.4m**	£13.6m	5.9%
Operating profit margin	**5.4%**	5.6%	(0.2ppts)
Order book	**£0.8bn**	£0.9bn	(11.1%)

Property Management now operates solely in the domestic housing market, serving both private and public sector customers. We deliver a wide range of property related services, and are a market leader in comprehensive repair and paint services. These operations are delivered locally through our branch network in 28 locations, and reach in excess of 200,000 homes across the UK.

The market is fast moving, and we continue to innovate and expand the range of services we offer. We support our clients to make transformational change, which includes bespoke partnering models, legal structures, strategic planning, investment consultation and stock surveys.

The market is also continuing to consolidate and during 2013 we saw an increasing trend towards longer-term, larger bundled contracts across larger social housing portfolios. With continued pressure on local authority budgets, many authorities are turning to economies of scale to maintain quality across housing stocks. We are well placed to exploit this trend by bundling services together for clients.

Our repairs business, which provides services to insurance companies' customers, and private sector housing offering continues to grow and we are creating a sector specialism within our chosen markets.

Healthcare

	2014	2013*	Growth
Revenue	**£91.7m**	£43.0m	113.3%
Operating profit	**£12.7m**	£5.7m	122.8%
Operating profit margin	**13.8%**	13.3%	0.5ppts
Order book	**£0.5bn**	£0.2bn	150.0%

* Enara was acquired on 9 October 2012, these results are from the period from acquisition to 31 March 2013

Since the acquisition of Enara in 2012, which marked our entry into the homecare market, we have rebranded the business as MiHomecare. It now benefits from a more streamlined corporate structure and back office, and full integration into our operations is on track.

MiHomecare provides high quality care at home to people who require help due to illness, disability or infirmity. We deliver around 120,000 hours of care per week to 10,000 people via some 6,000 employees working out of over 57 branches. We offer a range of homecare models to a client base of local authorities (78% of revenue), the NHS (5%) and private individuals (17%). The average length of contract is three years and the business has a retender success rate of over 90%.

During 2013, we were appointed to deliver a Continuing Healthcare programme in Leicestershire as well as framework contracts in Peterborough, Worcestershire and Richmond upon Thames. We also won a two-year contract to provide reablement services and homecare in the London Borough of Camden.

Long-term, our strategy is to complement MiHomecare's domiciliary care operations with capabilities in reablement, complex care, community services and integrated care pathways. The acquisition of Complete Group in January 2014 was an important step in this direction. Complete Group employs some 650 people, including registered nurses, to provide high acuity care at home to around 150 individuals with ongoing complex clinical healthcare needs.

New and retained contract summary

We have continued to build on the excellent client relationships we have in our key markets. This summary shows a selection of contracts that we have retained, expanded and been awarded during the year.

Client	Contract	Timeframe	Total value
Finance and professional services			
Capita	Retained and expanded a contract to deliver integrated FM	5 years	£110m
PwC	Retained a contract to provide document management and distribution services	3 years	ND
Bank of Ireland	Awarded a significant new contract to deliver facilities management at 350 sites across the Republic of Ireland, Northern Ireland and Great Britain	5 years	ND
Law firm	Retained and expanded a contract to provide a range of business services, including mailroom, printing and other services	5 years	£12m
Law firm	Awarded a new contract to provide business services	3 years	£5m
Stock exchange	Added to our existing work delivering facilities management, with a contract including cleaning, mail, porterage, reception, reprographics, switchboard and waste management	3 years	£4m
Arup	Awarded a new contract for total security management	3 years	ND
Retail			
Major online retailer	Awarded a new contract to deliver a range of facilities management services	3 years	£47m
Mitchells & Butlers	Awarded a new contract to provide waste management services at 1,600 restaurants throughout the UK	3 years	£38m
Tesco	Awarded a contract to deliver lighting	4 years	ND
Cineworld	Awarded a contract to provide cleaning services at 44 cinemas in the South of England, as well as Cineworld's head office in London	3 years	£9m
Major UK luxury fashion retailer	Gather & Gather awarded a new contract to provide catering services	3 years	£5m
A British shoe manufacturer	A new contract, subject to final negotiations providing bundled FM	3 years	£4m
Manufacturing and utilities			
AWE, the Atomic Weapons Establishment	Retained and expanded our partnership to deliver bundled services	5 years	£50m
Novartis Pharmaceuticals	Retained and expanded a contract for waste management services	5 years	£35m
Luxury car maker	Retained and expanded our contract to deliver a range of cleaning and environmental services	5 years	£25m
Bergen engines	Awarded a new contract to provide facilities management services in Norway	3 years	£8m
BAE Systems	Awarded a new contract for total security management, working within its Real Estate Solutions business	3 years	ND
Springfields Fuels	Awarded a new contract for total security management	7 years	£6m
Kellogg's	Awarded a new contract to provide facilities management services to Kellogg's UK and European head offices in Manchester and Dublin, as well as specialist hygiene services to their manufacturing plant in Wrexham	3 years	£5m
National Grid	A new total security management contract	6 years	£4m
Transport and logistics			
Network Rail	Retained a contract to deliver integrated FM	5 years	£75m
Heathrow Terminals 3, 4, 5 and the Heathrow Express	Awarded a new contract to provide technical FM	3 years +2 years	£15m (phase 1)
Eurotunnel	Retained and expanded a total security management contract	3 years	£12m
HS1	Awarded a contract to operate Ashford International station on behalf of HS1 Ltd, owner of the UK's first high-speed railway	5 years	ND
FedEx	Renewed a contract to provide security services	3 years	£3m

Client	Contract	Timeframe	Total value
Health			
Four Seasons Healthcare	Commenced a new contract in January to deliver technical FM across its estate of care homes	3 years	£33m
Epsom and St Helier University Hospitals NHS Trust	Awarded a new contract to provide domestic cleaning, portering and catering	5 years	£35m
NHS Foundation Trust	Awarded a technical facilities management contract to deliver a lighting project	6 months	£4m
Central government			
The Home Office	Awarded a new contract to manage and maintain two immigration centres	8 years+ 3 years	£180m (phase 1)
The Maritime & Coastguard Agency	A new bundled FM contract	3 years	£4m
Local government			
London Borough of Sutton	A new contract delivering technical FM	7 years + 3 years	£15m (phase 1)
Education			
University of Law	Awarded a multi-service contract to include cleaning, security, mechanical and electrical engineering, and pest control services across the University of Law's eight campuses	3 years	ND
Oxford Brookes University	A new cleaning contract	3 years	£1m
Homecare			
East Sussex County Council	Appointed to provide homecare, reablement and continuing healthcare	5 years	£20m
Worcestershire and Richmond upon Thames	Appointed to framework contracts	5 years	£3.3m
Leicestershire	Appointed to deliver a Continuing Healthcare programme	5 years	£2.5m
Nottinghamshire County Council	Home based care and support services	3 years	£2.5m
London Borough of Bexley	Appointed to deliver reablement care	2 years	£1m
Social housing			
Orbit Heart of England	Secured an additional £2.5m pa contract to deliver capital improvement works over eight years. This is in addition to our existing work with the client and brings the total contract value to £152m over eight years	8 years	£20m
Royal Borough of Kingston	Awarded a new contract to manage Kingston's 'Better Homes' programme, including delivering planned work and decorations to properties across the borough	1 year + 1 year	£15m
London & Quadrant Housing Trust	Awarded a new contract to deliver painting services to L&Q's housing stock throughout South East England	6 years + 6 years	£7.5m to £15m
Raglan Housing	Awarded a new contract to deliver painting services to 5,000 properties across Southern England	6 years	£4.5m

ND = Not disclosed

Financial review

Financial highlights

We are focused on delivering long term value for our shareholders. With this objective in mind, we are repositioning our business to focus on markets that demonstrate good organic growth potential, can generate strong margins and have a lower risk profile.

This year's financial results demonstrate the strength of our Facilities Management (FM) and Property Management businesses, which continue to generate strong organic growth, and a high margin contribution from our Healthcare business. Separately, we have also recognised the impact of a number of other exceptional items, including losses resulting from our decision to reduce our exposure to two select areas of our business that no longer meet our growth, risk or return expectations and an accounting credit derived from our actions to de-risk our defined benefit pension exposure.

We delivered strong financial results in the year ended 31 March 2014, whilst also making good progress in repositioning our business. Headline revenue grew by 8.2% to £2,142.6m, headline operating profit grew by 6.0% to £127.5m and headline EPS increased by 5.2% to 24.3p per share, all of which underpinned the recommendation of a final dividend of 11.0p per share, an increase of 6.8% over the prior year.

Our results are supported by a strong balance sheet and impressive cash conversion – qualities that have been consistent features of our results and our management processes.

Statutory and non-statutory measures of performance

Our financial statements contain all the information and disclosures required by the relevant accounting standards and regulatory obligations that apply to the group. We have elected to provide some further disclosures and performance measures in order to present our financial results in a way that best demonstrates the performance of our business.

The results described as 'headline' report the performance of the trading activity of our core Soft FM, Hard FM, Property Management, Energy Solutions and Healthcare businesses along with the central overhead required to manage the group. The 'headline' measure illustrates the performance of the underlying activities of the group, and is a non-statutory measure.

We have separately disclosed any restructuring and acquisition-related items together with the results of the engineering construction business which we are exiting. These items are described as 'other items' within the income statement and in related parts of this Annual Report and Accounts. The 'other items' measure of our results is a non-statutory measure. In the current year, 'other items' comprise:

- The results of the engineering construction business we are exiting
- Exceptional charges in respect of reducing our exposure to certain Energy Solutions contracts
- Acquisition related charges, including amortisation of acquisition related intangible assets
- An accounting credit resulting from a change to future pension obligations under the Mitie Group defined benefit pension scheme (recognised under IAS19).

The sum of the headline and other items columns are the statutory reported results of the business and reflect the full trading result of the group, reported in accordance with IFRS. This presentation is consistent with the way in which we manage and report on our business internally and is consistently applied to enhance the disclosure of our performance.

During the year, the group reported on the activities of four divisions: Facilities Management, Property Management, Energy Solutions and Healthcare. With effect from 1 April 2014 we have provided enhanced transparency of the activities of our previously defined Facilities Management division and now disclose and describe separately the results of our Soft FM and Hard FM divisions. In addition, we have refined our operational structure to further support our clients and to focus the activities of our Property Management division solely on the domestic housing market. The niche property services delivered to commercial clients, which were previously undertaken by Property Management, are now part of the Hard FM division.

Revenue

Headline revenue in the year grew by 8.2% to £2,142.6m (2013: £1,980.6m). This increase is attributable to strong organic growth of 5.2% (£105.5m), the full year impact of the prior year acquisitions of £50.7m, and £5.8m from the in-year acquisitions of UKCRBs and Complete Group.

The revenue attributed to the engineering construction business which we are exiting was £78.5m (2013: £139.9m). This revenue has fallen by 43.9% this year as we near completion on committed work.

Total statutory revenue was £2,221.1m, representing growth of 4.7% on the prior year (2013: £2,120.5m).

Operating profit

Headline operating profit increased by 6.0% to £127.5m (2013: £120.3m). This increase is attributable to organic growth of £2.0m or 1.6%, the full year impact of the prior year acquisitions of £4.8m, and £0.4m from the acquisitions made during the current financial year. The group's headline operating profit margin remains strong at 6.0% (2013: 6.1%).

Statutory operating profit for the group increased by 21.5% to £82.6m (2013: £68.0m), reflecting both the growth in the headline performance of the business and a reduction in other items year on year.

Other items

Other items included in the income statement of £44.9m are set out in Note 3. These other items have been incurred principally as a result of our decision to reposition the group away from the construction related mechanical and electrical engineering contracting business and reduce our exposure to design and build contracts in the Energy Solutions division.

During the year, total losses of £13.6m were incurred in the engineering construction business which is being exited. These losses principally arose on settlement of certain contracts final accounts as business activities cease, which resulted in costs in excess of those anticipated at the end of the prior year. Judgements have been taken on the value and completion timetable for the remaining contracts and on the valuation of contract assets and liabilities at the balance sheet date.

Charges totalling £25.4m were incurred in the year as we sought to reduce our exposure to the design and build element of our Asset Management business, which is now part of the Energy Solutions division. We have reviewed the carrying value of assets on the balance sheet related to the activities of this division and have made contract provisions for the costs to complete certain works.

Acquisition related integration costs incurred during the year in respect of the acquisitions of Enara, Complete Group and UKCRBs were £4.4m (2013: £3.7m) and were broadly in line with their respective acquisition businesses cases. Acquisition costs in the year were £0.7m (2013: £3.2m). The amortisation of acquisition related intangible assets was £11.0m (2013: £10.0m).

Following consultation with members and the restructuring of the future benefits to be offered to members under the group's main defined benefit pension scheme, a credit of £10.2m (£10.5m less costs of £0.3m) has been recognised in the income statement under IAS19 (revised) due to the resultant reduction in scheme liabilities in the Mitie Group defined benefit pension scheme.

Earnings per share

We are focused on growing EPS to support our dividend growth aspirations and as a driver to enhancing shareholder value. Headline basic earnings per share increased by 5.2% to 24.3p per share (2013: 23.1p) and statutory basic earnings per share increased by 13.6% to 13.4p (2013: 11.8p).

The EPS measure is driven by both the average number of shares in issue and the profitability of the group. During the year, the Board approved a share purchase policy to maintain share numbers at a broadly consistent level year on year with the aim of ensuring that the interests of shareholders are not diluted by the issue of shares that support the group's various share schemes, nor by the issue of shares as consideration for earn outs under the Mitie Model. During the year, the group bought back 2.9m shares (2013: nil) at a cost of £7.4m to offset the issue of 2.3m shares in respect of earn outs under the Mitie Model. These shares were subsequently cancelled. To offset shares issued under the various share schemes, and to hedge against shares to be issued in the future under these schemes, 5.8m shares (2013: nil) were bought to be held in Treasury at a total cost of £17.0m and shares to the value of £2.8m (2013: £6.6m) were also purchased and held by the group's Employee Benefit Trust. The group's total return of cash to shareholders through share purchase and buyback activity in the year totalled £27.2m (2013: £6.6m). The average number of shares in issue in the year was 359.9m (2013: 357.7m) following this activity.

Dividends

The group has a strong track record of dividend growth and it is the Board's policy to grow dividends broadly in line with the headline earnings of the group. Accordingly, this year's cash returns to shareholders fully reflect the strong underlying performance of the business and have not been discounted by the impact of non-recurring charges. The full year dividend has been established by the Board to reflect the growth in headline earnings at 11.0p per share (2013: 10.3p per share), an increase of 6.8% and reflecting a cover of 2.2x times headline earnings per share. The final dividend proposed by the Board has increased by 7.0% to 6.1p per share (2013: 5.7p per share). During the year, total dividends of £38.1m were paid to shareholders (2013: £34.9m).

Strong cash conversion and free cash flow

Our profits are strongly backed by cash flows. Cash conversion measures our success in converting operating profit (measured by EBITDA) to cash and reflects both the quality of our earnings and the effectiveness of our cash management activities. Cash inflows from operations decreased by 5.3% to £124.1m during the year (2013: £131.0m), but through our continued focus on working capital management we have delivered excellent conversion of profit (EBITDA) to cash at a rate of 107.3% (2013: 127.8%). On a headline basis our cash conversion is 102.4% (2013: 110.0%); this is after adjusting for the effects of certain charges recognised in other items that will not recur.

During the year, Mitie generated good free cash flow of £72.0m (2013: £87.7m), reflecting the strong cash generation of our business model which requires very low levels of capital expenditure to support its development (1.0% of group statutory revenue (2013: 1.3%)). This has enabled us to maintain very good dividend payments, return cash to shareholders, maintain constant share numbers to protect shareholder returns, and actively invest in organic and acquisitive growth opportunities. The consistency of our cash generation and our ability to provide strong cash returns to shareholders has been a key feature of our results and remains a major focus going forward.

Financing facilities

Mitie has a diverse range of secure funding facilities, with committed banking facilities of £250m which are available until September 2015 and on which the group has a floating LIBOR interest rate exposure. It also has a mix of US private placement loan notes, with a range of tenure which mature between 2017 and 2024 and an interest rate exposure that is predominantly fixed at around 4% per annum. The group also has further overdraft facilities of £40m.

Net debt and gearing

The gearing of the group has remained low and net debt at 31 March 2014 was £186.6m (2013: £192.2m), representing a reduction in our statutory net debt to EBITDA ratio to 1.6x (2013: 1.9x). This conservative gearing level gives us capacity to invest in value creating growth opportunities going forward and to provide strong cash returns to our shareholders.

Net finance costs

Total net finance costs increased by 21.4% to £14.2m (2013: £11.7m) in the year. This increase largely reflects the full year effect of the funding costs associated with the acquisition of Enara Group, which was made mid-way through the prior year. This acquisition was funded through the issue of US Private Placement loan notes with a fixed interest rate.

The total interest cost on US Private Placement loan notes was £9.5m (2013: £5.4m). Other interest and finance charges, net of investment revenue, were £3.3m (2013: £5.5m). The introduction of IAS 19 Revised in the current year has resulted in a new pension related interest charge in the year of £1.4m (2013: £0.8m).

Return on capital employed (ROCE)

It is our aim to enhance our ROCE over time. ROCE is calculated as headline operating profit after tax (adjusted for the proforma, full year effect of acquisitions) divided by capital employed. Capital employed is calculated as net assets excluding net debt less non-controlling interests. Our ROCE for the year was 16.9% (2013: 16.5%).

Our ROCE demonstrates our ability to generate returns from the capital employed by our business. We focus on our ROCE through the management of our asset base, consideration of returns on capital when we invest and through a focus on maximising the profitability of the group. By generating returns that exceed our weighted average cost of capital, currently around 8%, we are ensuring that we add value through our investment decisions.

Pensions

Our financial strength and balance sheet remain unaffected by any significant pensions deficit, with the net deficit of all the defined benefit pension arrangements included on the balance sheet being £19.1m (2013: £29.9m).

The deficit on the group defined benefit scheme at 31 March 2014 was £17.0m (2013: £29.7m). The significant decrease in the deficit was due to the strong performance of scheme assets and the positive impact of amendments made to the terms of the Mitie Group defined benefit pension scheme. Future increases in pensionable pay are now subject to a maximum annual cap equivalent to CPI. The scheme, which only has 240 contributing members and is closed to new entrants, will remain open to future accrual but with a generally reduced level of future benefit increases. This change reduced the scheme's future liabilities, mitigates a potential rise in future contributions and establishes a more affordable scheme going forward. The in-year financial impact of the capping of scheme benefits resulted in a non-cash, non-recurring credit to the income statement (after associated costs) of £10.2m.

The group also makes contributions to customers' defined benefit pension schemes under Admitted Body arrangements as well as to other arrangements in respect of certain employees who have transferred to the group under TUPE. Mitie's net defined benefit pension obligations in respect of schemes in which it is committed to funding amounted to £2.1m (2013: £0.2m).

Mitie contributes to a number of defined contribution pension schemes. Auto-enrolment became applicable for the group from 1 July 2013.

Investment in acquisitive growth

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

On 15 January 2014, Mitie acquired Complete Care Holdings Ltd ("Complete Group"), for total consideration of £9.0m.

From the date of ownership, the acquired businesses have contributed headline revenue of £5.8m and headline operating profit of £0.4m, which is in line with our expectations. Acquisition and integration costs of £0.7m and £0.4m respectively were incurred during the year in relation to these acquisitions. In addition, £4.0m of integration costs were incurred in relation to the prior year acquisition of Enara Group (now trading as MiHomecare).

Mitie's entrepreneurial investment model

In August 2013, Mitie purchased certain minority shareholdings of four Mitie subsidiary companies under their respective articles of association and shareholder agreements in accordance with arrangements under our entrepreneurial investment programme known as the Mitie Model. The total consideration for all four purchases amounted to £6.9m being satisfied by £0.8m in cash, and the remaining £6.1m by the issue of 2.3m new Ordinary shares of 2.5p each in Mitie Group plc valued at 267p per share, being the average of the closing middle market price for the five banking days immediately preceding 23 July 2013.

Consolidated income statement
For the year ended 31 March 2014

	2014			2013		
	Headline £m	**Other Items[1] £m**	**Total £m**	Headline[2] £m	Other Items[1] £m	Total[2] £m
Continuing operations						
Revenue	**2,142.6**	**78.5**	**2,221.1**	1,980.6	139.9	2,120.5
Cost of sales	**(1,819.3)**	**(76.5)**	**(1,895.8)**	(1,670.6)	(132.3)	(1,802.9)
Gross profit	**323.3**	**2.0**	**325.3**	310.0	7.6	317.6
Administrative expenses	**(196.3)**	**(46.9)**	**(243.2)**	(189.7)	(59.9)	(249.6)
Share of profit of joint ventures and associates	**0.5**	**–**	**0.5**	–	–	–
Operating profit	**127.5**	**(44.9)**	**82.6**	120.3	(52.3)	68.0
Investment revenue	**1.2**	**–**	**1.2**	0.5	–	0.5
Finance costs	**(15.4)**	**–**	**(15.4)**	(12.2)	–	(12.2)
Net finance costs	**(14.2)**	**–**	**(14.2)**	(11.7)	–	(11.7)
Profit before tax	**113.3**	**(44.9)**	**68.4**	108.6	(52.3)	56.3
Tax	**(25.6)**	**5.7**	**(19.9)**	(25.7)	11.8	(13.9)
Profit for the year	**87.7**	**(39.2)**	**48.5**	82.9	(40.5)	42.4
Attributable to:						
Equity holders of the parent	**87.5**	**(39.2)**	**48.3**	82.7	(40.5)	42.2
Non-controlling interests	**0.2**	**–**	**0.2**	0.2	–	0.2
	87.7	**(39.2)**	**48.5**	82.9	(40.5)	42.4
Earnings per share (EPS)						
– basic	**24.3p**	**(10.9)p**	**13.4p**	23.1p	(11.3)p	11.8p
– diluted	**23.6p**	**(10.6)p**	**13.0p**	22.5p	(11.0)p	11.5p

Notes:
1 Other items are as described in Note 3.
2 Restated following amendments to IAS 19, as described in Note 1.

Consolidated statement of comprehensive income
For the year ended 31 March 2014

	2014 £m	2013[1,2] £m
Profit for the year	**48.5**	42.4
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of net defined benefit pension liability	**2.4**	(11.2)
Income tax relating to items not reclassified	**(1.0)**	2.7
	1.4	(8.5)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	**(0.6)**	0.1
Gains/(losses) on hedge of a net investment taken to equity	**0.2**	(0.1)
Cash flow hedges:		
(Losses)/gains arising during the year	**(10.1)**	2.8
Reclassification adjustment for gains/(losses) included in profit and loss	**12.1**	(8.1)
Income tax (charge)/credit relating to items that may be reclassified	**(0.8)**	0.9
	0.8	(4.4)
Other comprehensive income/(expense) for the financial period	**2.2**	(12.9)
Total comprehensive income for the financial year	**50.7**	29.5
Attributable to:		
Equity holders of the parent	**50.5**	29.3
Non-controlling interests	**0.2**	0.2

Notes:
1 Re-presented following amendments to IAS 1, as described in Note 1.
2 Restated following amendments to IAS 19, as described in Note 1.

Consolidated balance sheet

At 31 March 2014

	2014 £m	2013 £m
Non-current assets		
Goodwill	**459.6**	447.2
Other intangible assets	**79.3**	88.0
Property, plant and equipment	**56.7**	56.2
Interest in joint ventures and associates	**0.9**	0.4
Financing assets	**20.4**	25.3
Trade and other receivables	**41.2**	20.8
Deferred tax assets	**8.4**	14.0
Total non-current assets	**666.5**	651.9
Current assets		
Inventories	**7.4**	6.7
Trade and other receivables	**491.6**	507.4
Cash and cash equivalents	**89.1**	90.8
Total current assets	**588.1**	604.9
Total assets	**1,254.6**	1,256.8
Current liabilities		
Trade and other payables	**(525.6)**	(500.7)
Current tax liabilities	**(11.0)**	(10.5)
Financing liabilities	**(2.7)**	(2.7)
Provisions	**(1.2)**	(1.4)
Total current liabilities	**(540.5)**	(515.3)
Net current assets	**47.6**	89.6
Non-current liabilities		
Financing liabilities	**(273.0)**	(284.3)
Provisions	**(8.8)**	(8.8)
Retirement benefit obligation	**(19.1)**	(29.9)
Deferred tax liabilities	**(9.3)**	(13.2)
Total non-current liabilities	**(310.2)**	(336.2)
Total liabilities	**(850.7)**	(851.5)
Net assets	**403.9**	405.3
Equity		
Share capital	**9.3**	9.3
Share premium account	**118.9**	108.0
Merger reserve	**101.2**	97.6
Share-based payments reserve	**2.6**	1.9
Own shares reserve	**(37.2)**	(20.3)
Other reserves	**0.4**	0.3
Hedging and translation reserve	**(4.3)**	(5.9)
Retained earnings	**210.0**	210.6
Equity attributable to equity holders of the parent	**400.9**	401.5
Non-controlling interests	**3.0**	3.8
Total equity	**403.9**	405.3

Consolidated statement of changes in equity

For the year ended 31 March 2014

	Share capital £m	Share premium account £m	Merger reserve £m	Share-based payments reserve £m	Own shares reserve £m	Other reserves £m	Hedging and translation reserve £m	Retained earnings £m	**Attributable to equity holders of the parent £m**	Non-controlling interests £m	**Total £m**
At 1 April 2012	9.0	92.5	93.6	5.2	(18.3)	0.3	(0.6)	230.4	**412.1**	4.2	**416.3**
Total comprehensive income	–	–	–	–	–	–	(5.3)	34.6	**29.3**	0.2	**29.5**
Shares issued	0.3	15.5	4.0	–	–	–	–	–	**19.8**	–	**19.8**
Dividends paid	–	–	–	–	–	–	–	(34.9)	**(34.9)**	(0.1)	**(35.0)**
Purchase of own shares	–	–	–	–	(6.6)	–	–	–	**(6.6)**	–	**(6.6)**
Share-based payments	–	–	–	(3.3)	4.6	–	–	0.8	**2.1**	–	**2.1**
Acquisitions and other movements in non-controlling interests	–	–	–	–	–	–	–	(20.3)	**(20.3)**	(0.5)	**(20.8)**
At 31 March 2013	9.3	108.0	97.6	1.9	(20.3)	0.3	(5.9)	210.6	**401.5**	3.8	**405.3**
Total comprehensive income	–	–	–	–	–	–	1.6	48.9	**50.5**	0.2	**50.7**
Shares issued	0.1	10.9	3.6	–	–	–	–	–	**14.6**	–	**14.6**
Dividends paid	–	–	–	–	–	–	–	(38.1)	**(38.1)**	(0.1)	**(38.2)**
Purchase of own shares	–	–	–	–	(19.8)	–	–	–	**(19.8)**	–	**(19.8)**
Share-based payments	–	–	–	0.7	2.9	–	–	1.1	**4.7**	–	**4.7**
Tax on share-based payment transactions	–	–	–	–	–	–	–	1.0	**1.0**	–	**1.0**
Share buybacks	(0.1)	–	–	–	–	0.1	–	(7.4)	**(7.4)**	–	**(7.4)**
Acquisitions and other movements in non-controlling interests	–	–	–	–	–	–	–	(6.1)	**(6.1)**	(0.9)	**(7.0)**
At 31 March 2014	**9.3**	**118.9**	**101.2**	**2.6**	**(37.2)**	**0.4**	**(4.3)**	**210.0**	**400.9**	**3.0**	**403.9**

Consolidated statement of cash flows

For the year ended 31 March 2014

	2014 £m	2013[1] £m
Operating profit	**82.6**	68.0
Adjustments for:		
Share-based payment expense	**5.0**	2.5
Defined benefit pension charge	**(6.1)**	4.6
Defined benefit pension contributions	**(3.6)**	(4.1)
Acquisition related items	**0.7**	3.2
Depreciation of property, plant and equipment	**16.1**	20.4
Amortisation of intangible assets	**17.0**	14.1
Share of profit of joint ventures and associates	**(0.5)**	–
Gain on disposal of property, plant and equipment	**(0.7)**	(2.6)
Operating cash flows before movements in working capital	**110.5**	106.1
Increase in inventories	**(0.8)**	(1.0)
(Increase)/decrease in receivables	**(2.4)**	16.7
Increase in payables	**16.8**	11.4
Decrease in provisions	**–**	(2.2)
Cash generated by operations	**124.1**	131.0
Income taxes paid	**(18.2)**	(21.6)
Interest paid	**(14.3)**	(9.6)
Acquisition costs	**(0.7)**	(3.2)
Net cash from operating activities	**90.9**	96.6
Investing activities		
Interest received	**1.2**	0.3
Purchase of property, plant and equipment	**(20.6)**	(30.0)
Purchase of subsidiary undertakings, net of cash acquired	**(10.7)**	(117.0)
Investment in financing assets	**0.8**	(13.0)
Purchase of other intangible assets	**(6.2)**	(5.8)
Disposals of property, plant and equipment	**6.0**	23.4
Net cash outflow from investing activities	**(29.5)**	(142.1)

	2014 £m	2013 £m
Financing activities		
Repayments of obligations under finance leases	**(3.6)**	(4.1)
Proceeds on issue of share capital	**8.9**	8.5
Settlement of loan notes on purchase of subsidiary undertakings	**–**	(0.6)
Bank loans repaid	**(2.8)**	(38.4)
Private placement notes raised	**–**	151.5
Purchase of own shares	**(19.8)**	(6.6)
Share buybacks	**(7.4)**	–
Equity dividends paid	**(38.1)**	(34.9)
Non-controlling interests dividends paid	**(0.1)**	(0.1)
Net cash (outflow)/inflow from financing	**(62.9)**	75.3
Net (decrease)/increase in cash and cash equivalents	**(1.5)**	29.8
Net cash and cash equivalents at beginning of the year	**90.8**	60.8
Effect of foreign exchange rate changes	**(0.2)**	0.2
Net cash and cash equivalents at end of the year	**89.1**	90.8
Net cash and cash equivalents comprise:		
Cash at bank	**89.1**	90.8
	89.1	90.8

Reconciliation of net cash flow to movements in net debt	2014 £m	2013 £m
Net (decrease)/increase in cash and cash equivalents	**(1.5)**	29.8
Effect of foreign exchange rate changes	**(0.2)**	0.2
Decrease in bank loans	**3.5**	37.7
Private placement notes raised	**–**	(151.5)
Non-cash movement in private placement notes and associated hedges	**2.2**	(5.3)
Settlement of loan notes on purchase of subsidiary undertakings	**–**	1.6
Decrease in finance leases	**1.6**	2.2
Decrease/(increase) in net debt during the year	**5.6**	(85.3)
Opening net debt	**(192.2)**	(106.9)
Closing net debt	**(186.6)**	(192.2)

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

1. Basis of preparation and significant accounting policies

Basis of preparation
The preliminary announcement is based on the group's financial statements for the year ended 31 March 2014 which are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union.

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

- Amendments to IAS 19 'Employee Benefits' impact the measurement of various components representing movements in the defined benefit pension obligation and associated disclosures, but not the group's total obligation. The amendment has no cash impact. Prior year comparatives have been restated. The headline operating profit for the year to 31 March 2014 was reduced by £1.3m, finance costs were increased by £1.4m and the tax charge decreased by £0.6m under the revised standard, with other comprehensive income increased by £2.1m for the same period. The headline operating profit for the year to 31 March 2013 was reduced by £1.7m, finance costs were increased by £0.8m and the tax charge decreased by £0.6m under the revised standard, with other comprehensive income increased by £1.9m for the same period; and
- Amendments to IAS 1 'Presentation of Financial Statements' have increased the disclosure within the statement of comprehensive income by separating items that will not be reclassified subsequently to profit and loss from those that could be reclassified. Comparative information has been re-presented. The amendments affect presentation only and there is no impact on profit or loss and total comprehensive income.

The Directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Annual Report and Accounts.

The financial information set out in the preliminary announcement does not constitute the Company's statutory accounts for the years ended 31 March 2014 or 2013, but is derived from those accounts. Statutory accounts for 2013 have been delivered to the Registrar of Companies and those for 2014 will be delivered following the Company's Annual General Meeting. The auditor has reported on those accounts; the reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying the reports and did not contain statements under s498(2) or (3) Companies Act 2006.

2. Business and geographical segments

The group manages its business on a service division basis. These divisions are the basis on which the group reports its primary segmental information. The Healthcare division is the acquired Enara and Complete Group businesses.

Business segments – structure during the year

					2014					2013 (restated)[1]
	Revenue £m	**Headline[2] revenue £m**	**Headline[2] operating profit £m**	**Headline[2] operating profit margin %**	**Profit before tax £m**	Revenue £m	Headline[2] revenue £m	Headline[2] operating profit £m	Headline[2] operating profit margin %	Profit before tax £m
Facilities Management	**1,685.7**	**1,685.7**	**101.1**	**6.0**	**99.7**	1,542.8	1,542.8	95.4	6.2	82.9
Property Management	**427.8**	**349.3**	**18.1**	**5.2**	**6.3**	488.8	348.9	20.6	5.9	(6.6)
Healthcare	**91.7**	**91.7**	**12.7**	**13.8**	**8.8**	43.0	43.0	5.7	13.3	3.9
Energy Solutions	**15.9**	**15.9**	**(4.4)**	**(27.7)**	**(30.3)**	45.9	45.9	(1.4)	(3.1)	(7.0)
Acquisition-related costs[3]	**–**	**–**	**–**	**–**	**(16.1)**	–	–	–	–	(16.9)
Total	**2,221.1**	**2,142.6**	**127.5**	**6.0**	**68.4**	2,120.5	1,980.6	120.3	6.1	56.3

Notes:
1 Restated following amendments to IAS 19, as described in Note 1.
2 Headline revenue and operating profit exclude other items which are analysed in Note 3.
3 This includes costs relating to the integration of Enara, UK CRBs and Complete Group of £4.4m (2013: £3.7m), acquisition costs of £0.7m (2013: £3.2m), and the amortisation of acquisition related intangibles of £11.0m (2013: £10.0m), see Note 3.

With effect from 1 April 2014 our operating divisions are as follows; Facilities Management has been split into Soft FM and Hard FM. Hard FM also includes some of the niche services previously reported within the Property Management division. The Energy Solutions and Healthcare divisions remain unchanged. A proforma analysis of the financial results of the business for the year ended 31 March 2014 is set out below.

Business segments – structure from 1 April 2014

					2014					2013 (restated)[1]
	Revenue £m	**Headline[2] revenue £m**	**Headline[2] operating profit £m**	**Headline[2] operating profit margin %**	**Profit before tax £m**	Revenue £m	Headline[2] revenue £m	Headline[2] operating profit £m	Headline[2] operating profit margin %	Profit before tax £m
Soft FM	**1,190.8**	**1,190.8**	**74.8**	**6.3**	**77.4**	1,122.2	1,122.2	73.4	6.5	67.0
Hard FM	**579.4**	**579.4**	**30.0**	**5.2**	**25.8**	526.7	526.7	29.0	5.5	22.4
Property Management	**343.3**	**264.8**	**14.4**	**5.4**	**2.8**	382.7	242.8	13.6	5.6	(13.1)
Healthcare	**91.7**	**91.7**	**12.7**	**13.8**	**8.8**	43.0	43.0	5.7	13.3	3.9
Energy Solutions	**15.9**	**15.9**	**(4.4)**	**(27.7)**	**(30.3)**	45.9	45.9	(1.4)	(3.1)	(7.0)
Acquisition-related costs[3]	**–**	**–**	**–**	**–**	**(16.1)**	–	–	–	–	(16.9)
Total	**2,221.1**	**2,142.6**	**127.5**	**6.0**	**68.4**	2,120.5	1,980.6	120.3	6.1	56.3

Notes:
1 Restated following amendments to IAS 19, as described in Note 1.
2 Headline revenue and operating profit exclude other items which are analysed in Note 3.
3 This includes costs relating to the integration of Enara, UK CRBs and Complete Group of £4.4m (2013: £3.7m), acquisition costs of £0.7m (2013: £3.2m), and the amortisation of acquisition related intangibles of £11.0m (2013: £10.0m), see Note 3.

The tables below show the movements of headline revenue and operating profit between the old and the new structure:

Headline revenue[1] £m	**2014 £m**	**Technical Facilities Management £m**	**Property Management sections £m**	**2014 – structure from 1 April 2014 £m**
Soft FM	**1,685.7**	**(494.9)**	**–**	**1,190.8**
Hard FM		**494.9**	**84.5**	**579.4**
Property Management	**349.3**	**–**	**(84.5)**	**264.8**
Healthcare	**91.7**	**–**	**–**	**91.7**
Energy Solutions	**15.9**	**–**	**–**	**15.9**
Total	**2,142.6**	**–**	**–**	**2,142.6**

Headline operating profit[1] £m	2014 £m	Technical Facilities Management £m	Property Management sections £m	2014 – structure from 1 April 2014 £m
Soft FM	**101.1**	**(26.3)**	**–**	**74.8**
Hard FM	**–**	**26.3**	**3.7**	**30.0**
Property Management	**18.1**	**–**	**(3.7)**	**14.4**
Healthcare	**12.7**	**–**	**–**	**12.7**
Energy Solutions	**(4.4)**	**–**	**–**	**(4.4)**
Total	**127.5**	**–**	**–**	**127.5**

Note:
1 Headline revenue and operating profit exclude other items which are analysed in Note 3.

The revenue analysis above is net of inter segment sales which are not considered significant.
No single customer accounted for more than 10% of external revenue in 2014 or 2013.
The Improvement to IFRS 8 issued in April 2009 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.

Geographical segments

	2014					2013 (restated)[1]				
	Revenue £m	**Headline[2] revenue £m**	**Headline[2] operating profit £m**	**Headline[2] operating profit margin %**	**Profit before tax £m**	Revenue £m	Headline[2] revenue £m	Headline[2] operating profit £m	Headline[2] operating profit margin %	Profit before tax £m
United Kingdom	**2,149.5**	**2,071.0**	**125.7**	**6.1**	**66.9**	2,063.8	1,923.9	119.0	6.2	55.6
Other countries	**71.6**	**71.6**	**1.8**	**2.5**	**1.5**	56.7	56.7	1.3	2.3	0.7
Total	**2,221.1**	**2,142.6**	**127.5**	**6.0**	**68.4**	2,120.5	1,980.6	120.3	6.1	56.3

Notes:
1 Restated following amendments to IAS 19, as described in Note 1.
2 Headline revenue and operating profit exclude other items which are analysed in Note 3 and are all incurred in the United Kingdom.

3. Other items

The group separately identifies and discloses restructuring and acquisition related items (termed 'other items'). The results of the cyclical mechanical and electrical engineering contracting businesses which are being exited are also presented in other items. During the year those businesses generated revenue of £78.5m (2013: £139.9m), and incurred a trading loss of £13.6m (2013: £3.1m) and business closure costs of £nil (2013: £22.1m).

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

The exceptional charges in relation to design and build contracts in Energy Solutions of £25.4m (2013: £nil) have also been presented in other items. Following the group's decision to reduce its exposure to the design and build element of its Energy Solutions business, it has reassessed the recoverability of certain of its contract-related debtors, the carrying value of certain of its assets and the requirement to provide for the settlement of certain of its contract obligations.

During the year, following a strategic review of the Mitie Group defined benefit pension scheme, a cap on increases in pensionable pay was introduced. This led to a reduction in the defined benefit pension deficit of £10.5m at the date when the plan amendment occurred and was accounted for as a negative past service cost in accordance with IAS 19. The net reported credit after costs incurred of £0.3m was £10.2m.

Restructuring costs in the prior year principally reflect the reorganisation of the overhead cost base in two divisions.

	2014			2013		
	Restructuring and acquisition related costs £m	**Businesses being exited £m**	**Other items £m**	Restructuring and acquisition related costs £m	Businesses being exited £m	Other items £m
Trading losses	**–**	**(13.6)**	**(13.6)**	–	(3.1)	(3.1)
Business closure costs	**–**	**–**	**–**	–	(22.1)	(22.1)
Exceptional charges in relation to design and build contracts in Energy Solutions	**(25.4)**	**–**	**(25.4)**	–	–	–
Restructuring costs	**–**	**–**	**–**	(10.2)	–	(10.2)
Integration costs	**(4.4)**	**–**	**(4.4)**	(3.7)	–	(3.7)
Acquisition costs	**(0.7)**	**–**	**(0.7)**	(3.2)	–	(3.2)
Amortisation of acquisition related intangibles	**(11.0)**	**–**	**(11.0)**	(10.0)	–	(10.0)
Restructuring of Mitie Group defined benefit pension scheme	**10.2**	**–**	**10.2**	–	–	–
Other items before tax	**(31.3)**	**(13.6)**	**(44.9)**	(27.1)	(25.2)	(52.3)
Tax on other items	**3.7**	**2.0**	**5.7**	6.6	5.2	11.8
Other items net of tax	**(27.6)**	**(11.6)**	**(39.2)**	(20.5)	(20.0)	(40.5)

4. Investment revenue

	2014 £m	2013 £m
Interest on bank deposits	**0.2**	0.3
Other interest receivable	**1.0**	0.2
	1.2	0.5

5. Finance costs

	2014 £m	2013[1] £m
Interest on bank facilities	**2.1**	3.8
Interest on private placement	**9.5**	5.4
Bank fees	**2.3**	1.7
Interest on obligations under finance leases	**0.3**	0.3
Loss/(gain) arising on derivatives in a designated fair value hedge	**3.8**	(2.4)
(Gain)/loss arising on adjustment for the hedged item in a designated fair value hedge	**(4.0)**	2.6
Net interest on defined benefit pension scheme assets and liabilities	**1.4**	0.8
	15.4	12.2

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

6. Tax

	2014 £m	2013[1] £m
Current tax	**19.1**	17.3
Deferred tax	**0.8**	(3.4)
	19.9	13.9

Corporation tax is calculated at 23.0% (2013: 24.0%) of the estimated assessable profit for the year.

The charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2014 £m	2013[1] £m
Profit before tax	**68.4**	56.3
Tax at the UK corporation tax rate of 23.0% (2013: 24.0%)	**15.7**	13.5
Non-taxable items	**4.1**	1.6
Impact of changes in statutory tax rates	**(1.0)**	(0.1)
Overseas tax rates	**0.2**	(0.1)
Prior year adjustments	**0.9**	(1.0)
Tax charge for the year	**19.9**	13.9

In addition to the amount charged to the consolidated income statement, tax relating to retirement benefit costs and hedged items amounting to £1.8m has been charged directly to the statement of comprehensive income (2013: £3.6m credit[1]) and £1.0m (2013: £0.1m) relating to share-based payments has been credited directly to equity.

Note:

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

7. Dividends

	2014 £m	2013 £m
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 March 2013 of 5.7p (2012: 5.2p) per share	**20.5**	18.3
Interim dividend for the year ended 31 March 2014 of 4.9p (2013: 4.6p) per share	**17.6**	16.6
	38.1	34.9
Proposed final dividend for the year ended 31 March 2014 of 6.1p (2013: 5.7p) per share	**21.9**	20.6

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

8. 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:

	2014 £m	2013 £m
Net headline profit attributable to equity holders of the parent[1,2]	**87.5**	82.7
Other items net of tax[1]	**(39.2)**	(40.5)
Net profit attributable to equity holders of the parent	**48.3**	42.2

Number of shares	2014 million	2013 million
Weighted average number of Ordinary shares for the purpose of basic EPS	**359.9**	357.7
Effect of dilutive potential Ordinary shares: share options	**11.1**	9.5
Weighted average number of Ordinary shares for the purpose of diluted EPS	**371.0**	367.2

	2014 p	2013 p
Headline basic earnings per share[1,2]	**24.3**	23.1
Basic earnings per share	**13.4**	11.8
Headline diluted earnings per share[1,2]	**23.6**	22.5
Diluted earnings per share	**13.0**	11.5

Note:
1 Restated following amendments to IAS 19, as described in Note 1.
2 Headline revenue and operating profit exclude other items which are analysed in Note 3.

The weighted average number of Ordinary shares in issue during the year excludes those accounted for in the Own shares reserve.

9. Bid, mobilisation and pre contract costs

All bid costs are expensed through the income statement up to the point where contract award or full recovery of the costs is virtually certain.

The confirmation of the preferred bidder for a contract by a client is the point at which the award of a contract is considered to be virtually certain. Costs incurred after that point, but before the commencement of services under the contract, are defined as mobilisation costs. These costs are capitalised and included within trade and other receivables on the balance sheet provided that the costs relate directly to the contract, are separately identifiable, can be measured reliably and that the future net cash inflows from the contract are estimated to be no less than the amounts capitalised.

The capitalised mobilisation costs are amortised over the life of the contract, generally on a straight-line basis, or on a basis to reflect the profile of work to be performed over the life of the contract if the straight-line basis is not considered to be appropriate for the specific contract to which the costs relate. If the contract becomes loss making, any unamortised costs are written off immediately.

Included within Amounts recoverable on contracts are mobilisation costs as detailed below:

Mobilisation costs	2014 £m	2013 £m
At 1 April	**23.2**	21.0
Additions	**15.7**	9.6
Amounts recognised in the income statement	**(8.6)**	(7.4)
At 31 March	**30.3**	23.2
Included in current assets	**13.7**	9.0
Included in non-current assets	**16.6**	14.2
	30.3	23.2

10. Provisions

	Deferred contingent consideration £m	Insurance reserve £m	Total £m
At 1 April 2013	8.0	2.2	**10.2**
Amounts recognised in the income statement	–	1.8	**1.8**
Utilised within the captive insurance subsidiary	–	(1.8)	**(1.8)**
Amounts recognised through equity (arising from transactions with non-controlling interests)	(0.2)	–	**(0.2)**
At 31 March 2014	7.8	2.2	**10.0**
Included in current liabilities			**1.2**
Included in non-current liabilities			**8.8**
			10.0

	Deferred contingent consideration £m	Insurance reserve £m	Total £m
At 1 April 2012	1.2	4.4	5.6
Amounts recognised in the income statement	–	0.4	0.4
Deferred contingent consideration settled during the period	(1.4)	–	(1.4)
Utilised within the captive insurance subsidiary	–	(2.6)	(2.6)
Amounts recognised through goodwill	0.3	–	0.3
Amounts recognised through equity (arising from transactions with non-controlling interests)	7.9	–	7.9
At 31 March 2013	8.0	2.2	10.2
Included in current liabilities			1.4
Included in non-current liabilities			8.8
			10.2

The provision for insurance claims represents amounts payable by Mitie Reinsurance Company Limited in respect of outstanding claims incurred at the balance sheet dates.

11. Analysis of net debt

	2014 £m	2013 £m
Cash and cash equivalents	**89.1**	90.8
Bank loans	**(15.3)**	(18.8)
Private placement notes	**(245.2)**	(261.3)
Derivative financial instruments hedging private placement notes	**(10.3)**	3.6
Net debt before loan notes and obligations under finance leases	**(181.7)**	(185.7)
Obligations under finance leases	**(4.9)**	(6.5)
Net debt	**(186.6)**	(192.2)

12. Acquisitions

During the year a net cash outflow of £10.7m arose on the acquisitions set out below:

	£m
UK CRBs Limited	**0.9**
Complete Care Holdings Limited	**8.8**
Non-controlling interests	**0.8**
Other	**0.2**
Net cash outflow on acquisitions	**10.7**

Current year acquisitions

Entities acquired during the year contributed £5.8m to revenue and £0.4m to the group's headline operating profit for the period. If the acquisitions had taken place at the start of the period, the group's headline revenue and operating profit would have been approximately £2,158m and £128m respectively.

The goodwill arising on the acquisitions is attributable to the underlying profitability of the companies in the acquired group, expected profitability arising from new business and the anticipated future operating synergies arising from assimilation into Mitie. None of the goodwill recognised is expected to be deductible for income tax purposes.

IAS 27 'Consolidated and Separate Financial Statements' (revised 2008) requires transactions with non-controlling interests to be accounted for within equity. As a result, the difference of £5.8m between the consideration paid for the purchase of non-controlling interests during the year and the change in non-controlling interests is recognised in retained earnings. Prior to adoption of the revised standard in the year ended 31 March 2011 these amounts would have been recognised in goodwill.

Purchase of Complete Care Holdings Limited
On 15 January 2014, Mitie acquired the high acuity care provider Complete Care Holdings Limited ("Complete Group") for a total consideration of £9.0m. The transaction has been accounted for by the acquisition method of accounting in accordance with IFRS 3 (2008). The provisional information on the acquisition is provided below:

	Fair value £m
Net assets acquired	
Intangible assets	2.1
Trade and other receivables	2.8
Cash and cash equivalents	0.2
Trade and other payables	(2.3)
Deferred tax liability	(0.3)
Net assets acquired	**2.5**
Goodwill	6.5
Total consideration	**9.0**
Satisfied by	
Cash	9.0
Total consideration	**9.0**

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

Prior year acquisitions
The provisional acquisition accounting for prior year acquisitions as disclosed in the 2013 Annual Report and Accounts was reviewed during the period resulting in a reduction of the fair value of net assets acquired of £5.5m, an increase in non-controlling interests of £0.4m and an increase of goodwill of £5.1m. These adjustments comprise an adjustment to estimates made at the end of the prior year and within a year from the date of acquisition in line with the requirements of IFRS 3 'Business Combinations'. The adjustments have not materially changed the net assets of the group and therefore the 2013 comparative information has not been restated. The final information on prior year acquisitions is shown below.

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

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

Purchase of Creativevents Limited

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

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

	Fair value £m
Net assets acquired	
Intangible assets	1.9
Property, plant and equipment	0.3
Trade and other receivables	3.6
Cash and cash equivalents	2.6
Trade and other payables	(8.7)
Net assets acquired	**(0.3)**
Non-controlling interest	0.2
Goodwill	5.6
Total consideration	**5.5**

Satisfied by	
Initial cash consideration	5.2
Deferred contingent consideration cash settled in cash in the year ended 31 March 2013	0.3
Total cash consideration	**5.5**

Purchase of non-controlling interests

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