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## Serco Group plc Preliminary results for the year ended 31 December 2000

	2000	1999	
Turnover †	£967.0m	£807.5m	up 19.7%
Profit before tax – pre FRS 10	£37.7m	£31.4m	up 20.0%
Earnings per share – pre FRS 10	6.78p	5.63p*	up 20.4%
Dividend per share	1.63p	1.42p*	up 14.4%

† Including joint ventures

\* Restated to reflect a share capitalisation of five shares for every one held approved by shareholders on 5 April 2000

- **Strong growth maintained:** turnover up 19.7%, pre-tax profit up 20.0%, earnings per share up 20.4%.
- **Contract renewals maintained:** successful re-bids continued at over 90%.
- **UK:** major partnership begun with National Crime Squad. Serco are in advanced negotiations for the Highways Agency's new National Traffic Control Centre PFI.
- **AWE:** Atomic Weapons Establishment successfully phased-in, Nuclear Installations Inspectorate and Environment Agency praised our safety and environmental performance at AWE – contract extended to cover support for weapons convoys. Final negotiations for PPP to extend the contract from 10 to 25 years and raise £400 million private finance for the development of the AWE.
- **NATS:** Serco included in final shortlist of three for National Air Traffic Services public-private partnership.
- **Continental Europe:** technical services and facilities management contract won at Forsmark nuclear power station in Sweden. New contracts with CERN nuclear research facility and European Space Agency.
- **Middle East:** technical services contracts renewed at Dubai, Ras Al Khaimah and Sharjah International Airports, new air traffic management system phased-in at Dubai.

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- **North America:** Federal Aviation Administration air traffic control contracts increased to 56 towers, giving scope for further expansion. Joint working group established with Lockheed Martin.
- **Asia Pacific:** In Australia Serco now provides 50% of all garrison support services. Acquisition completed in 2001 of The Hiser Group, one of the world's top three consultancies in IT usability.

**Richard White, Executive Chairman, said:**

"Our bids for initiatives such as the UK's National Air Traffic Services PPP, the proposed Atomic Weapons Establishment PPP and the Future Strategic Tanker Aircraft PFI programme indicate the scale of our ambition and capabilities. In pursuing opportunities on this scale we will not forget that sustainable long term growth depends on consistently excellent performance and organic growth across the whole spectrum of our contracts and businesses: these all continue to have excellent prospects."

**- Ends -**

The Serco Group plc Annual Review and Accounts 2000 is available from today on our Internet site at [www.serco.com](http://www.serco.com).

**Notes to Editors**

Serco Group plc is an international provider of management services to government and industry, covering a comprehensive range of engineering and support activities across many applications.

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## Serco Group plc

### Preliminary results for the year ended 31 December 2000

2000 was another year of strong performance. We maintained our record of consistent growth in sales and profits, renewed and expanded our base of existing contracts, and applied our managerial and technological capabilities to win new contracts.

#### Financial Review

Sales grew 19.7% to £967.0 million. Pre-tax profits rose 20.0% to £37.7 million before goodwill amortisation (FRS 10). Earnings per share rose 20.4% before FRS 10. Operating cash flow performance remained strong at £45.5 million. The recommended final dividend of 1.13p per share makes a total of 1.63p for the year – an increase of 14.4% over 1999.

#### Board changes


There were a number of changes to the Serco Board during the year. In March 2000 Gerry Rodgers retired, having successfully led our Y2K project; we are grateful for his contribution to the business over 30 years. In April Ralph Hodge CBE joined as our third non-executive director. He is a former chief executive of ICI Chemicals and Polymers and chaired the committee that created the ISO 9000 quality standard. Gary Sturgess stood down in December after six years' valued contribution as a non-executive director, to join the company full-time as group policy adviser. At the same time, Betsy Bernard joined us as a non-executive director; she was until recently executive vice president of National Mass Markets, part of Qwest Communications International, and brings us valuable technology experience – particularly in the North American market.

#### Group strategy

Successfully maintaining strong growth in the number, size and complexity of our contracts is not simply a matter of winning bids. We need to secure the necessary depth of management capabilities; share best practice to make the most of the experience we gain; consolidate our growth by retaining contracts as they come up for renewal; and earn our place in the communities we serve by showing social and environmental responsibility.

Our success depends entirely on the performance of Serco's people at all levels – we thank them all for their contribution. We will continue to invest in them, empower them with the knowledge, skills and technology that enable them to excel, and develop a pipeline of appropriately skilled managers. The Serco Best Practice Centre is becoming increasingly effective in identifying excellence and making it accessible to contract managers and their teams worldwide. We are successfully maintaining our contract renewal rate at over 90%. And, as a growing number of our customers expect evidence of social and environmental responsibility, we are currently conducting an audit of our performance in these areas.

Serco is growing quickly, but judiciously. We are building organically on a solid foundation of existing contracts; and the sheer scale of new opportunities available to us around the world means that we can be selective about where and how we grow. We are maintaining our emphasis on winning contracts that play to our strengths in management and technology – focusing on sectors such as transport, defence, and the justice, education and science activities of central and local government, where there are substantial opportunities to add real value.



Our track record of successful Private Finance Initiatives (PFIs) and Public Private Partnerships (PPPs) in the UK will prove a competitive asset as similar opportunities emerge in the Asia Pacific region and Continental Europe. We also continue to pursue larger, more complex opportunities in North America, in partnership with major US corporations.

Our bids for initiatives such as the UK's National Air Traffic Services PPP, the proposed Atomic Weapons Establishment PPP and the Future Strategic Tanker Aircraft PFI programme indicate the scale of our ambition and capabilities. In pursuing opportunities on this scale we will not forget that sustainable long term growth depends on consistently excellent performance and organic growth across the whole spectrum of our contracts and businesses: these all continue to have excellent prospects.

### **Business Review**

Our strong performance in 2000 reflected successes in all regions. We retained and extended much of our existing business while winning new contracts – many of which allow us to demonstrate new levels of management and technical capability.

In the UK we began four very large contracts: the Atomic Weapons Establishment (AWE), the Joint Services Command and Staff College, an infrastructure maintenance contract for Railtrack and an information management and communication partnership with the National Crime Squad.

In continental Europe our German, Italian and Belgian businesses are making an increasingly valuable contribution. We won significant contracts in Sweden, including technical services at the Forsmark nuclear power station, and from CERN, the European Organisation for nuclear research in Switzerland. We also gained important new projects from the European Space Agency.

In the Middle East we successfully renewed the aeronautical technical services contracts at Dubai, Ras Al Khaimah and Sharjah International Airports, and phased-in a new air traffic management system in Dubai.

We had a good year in North America. In re-bidding for air traffic control (ATC) contracts from the Federal Aviation Administration (FAA) we increased the number of towers we operate, giving us scope for further expansion. New opportunities have opened up for our relationship with Lockheed Martin, enabling us to begin negotiations on a private finance initiative (PFI) project to provide an astrobiology laboratory.

In Asia Pacific our principal successes were in defence – in Australia, where we now provide 50% of all garrison support services, and in New Zealand, where we continued to win significant contracts.

Public private partnerships (PPPs) and PFIs remain a significant source of opportunity for us. In the UK, at the Joint Services Command and Staff College, where Serco has an operating contract worth more than £200 million over 27 years, our joint venture completed the £90 million facility and we recruited 300 staff to operate it. Dovegate Prison, Norfolk and Norwich Hospital and Wishaw General Hospital are on schedule for completion this year. We are in advanced negotiations for the Highways Agency's new national Traffic Control Centre PFI.



At AWE we are currently discussing a PPP, which would extend our 10-year contract by a further 15 years and enable our consortium to raise private finance for a series of major capital works. We have been included on the final shortlist of three for the National Air Traffic Services PPP.

We have successfully completed the first selection stage for the UK's Future Strategic Tanker Aircraft programme; and we are investigating the opportunities for a similar programme due to be announced in Australia – the fact that the Australian military are developing PFI projects augurs well for the spread of this procurement method and for our own future growth prospects. We are pursuing our first opportunities in Japan; and we have formally agreed a joint working group with Lockheed Martin in the US to identify further projects beyond our astrobiology laboratory PFI proposal.

### **National, regional and local government**

Our aim in this market is to maintain a solid foundation through re-bids and extensions, while winning increasingly critical, complex projects with existing and new customers.

In the UK we won and successfully began a major partnership with the National Crime Squad. Under a 10-year contract, valued at over £65 million, we will develop its information management and communications strategy and provide comprehensive and highly secure technical resources ranging from the provision of data centres to the storage and tracking of vital evidence.


Justice has become an increasingly important sector for us. During the year we successfully re-bid a 10-year contract for management and operation of Doncaster Prison in Yorkshire. In 2001 we begin operation of Dovegate Prison in Staffordshire under a PFI contract.

We won our largest Swedish contract to date, for technical services and facilities management at Forsmark nuclear power station. This covers a wide range of activities from decontamination services to managing almost 700 accommodation units and we have already broadened its scope.

In Germany we won a further extension of the contracts we have held since 1984 with the Federal Employment Office. Under these contracts we provide further education and retraining for over 1,000 job seekers a day at 13 training centres.

In the Netherlands we extended our mainframe computer support contract with the European Patent Office. We won our second contract with the Dutch government, to manage the Housing Ministry's telecommunications infrastructure at its three main sites in The Hague. Our IT contracts with the European Commission were extended. These cover primarily PC user support to over 15,000 staff in some 30 buildings in Brussels and Luxembourg, and continue to achieve good organic growth.

We began a new contract for CONSOB, the National Commission that oversees the Italian Stock Exchange and public companies: we are supporting its entire IT infrastructure for 450 employees at two offices in Rome and one in Milan.



We are actively pursuing opportunities in the UK education market, where we see significant future growth potential. In December 2000 we acquired Quality Assurance Associates, which is one of the UK's primary providers of school inspection services and head teacher leadership training. The acquisition, for £2.6 million, complements our change management and process improvement expertise and will support our proposals for partnerships with local education authorities.

In 1995 we took over the direct labour organisation of Winchester City Council for five years. The success of the contract, and the strong partnership we have built with the council, won us a 10-year renewal beginning in April 2001.

In the US the outsourcing of state government services is gathering momentum. We made further progress by winning the vehicle fleet maintenance contract for Seminole County in Florida. This includes police and county vehicles and the fire fighting fleet at Sanford Airport.

In Asia Pacific we renewed our housing management contract with JTC Corporation in Singapore; and renewed and extended contracts to maintain nearly 300 parks and open spaces in Manukau City, New Zealand. In Australia we won a five-year contract employing 60 staff to manage and operate the Transinfo public transport information service jointly funded by Queensland Transport, Queensland Rail and Brisbane City Council.

We are building increasing strength in leisure centre management. In the UK we won a 10-year contract to manage the Manchester Aquatics Centre. Built to host the Commonwealth Games in 2002 and to provide a community legacy, this is the world's most technically advanced pool complex.

We also won a 10-year extension to our management and operation contract at Tenterden Leisure Centre in Kent, which will include significant investment in new facilities. In Aylesbury Vale we won a 10-year extension to a leisure centre contract, also involving investment in new facilities; and our customer's satisfaction with our performance has led to a second leisure centre contract. In Sweden we renewed our contract to run the Linköping Leisure Centre and won a five-year contract to manage the Umeå Leisure Centre.

## **Defence**

Defence is a growing and rapidly evolving market where customers are increasingly looking to procure services or capabilities rather than assets. In the UK alone the market for defence services is expected to reach £15.1 billion by 2009. We aim to maintain our position as a major service provider to national defence forces through contract extensions and re-bids, while extending the depth and geographic spread of our capability.

In October we were named as preferred service provider for logistical support, facilities management and range management services to the New Zealand Army's principal training area in Waiouru. The six-year contract, with scope for extension to 10 years, is worth NZ\$60 million.

Importantly, we won a seven-year renewal of our contract at the Defence Procurement Agency headquarters in Abbey Wood near Bristol. With work services management added to our previous contract, we will have over 350 people delivering a total corporate support service.



Another valuable renewal was a second one-year extension to our Royal Navy marine services support contract at the Portsmouth, Devonport and Clyde submarine bases, taking the original five-year term to seven years. This £35 million a year contract involves operating 140 Ministry of Defence vessels and employs 700 seagoing and shore-based support staff.

We also successfully re-bid for a further four years' consultancy to Germany's part of a NATO Air Command and Control System project, and for the management of the Defence Evaluation and Research Agency (DERA) Hebrides and Raasay weapons testing ranges in Scotland.

We achieved an important addition to our facilities management business in Germany by winning the contract to provide serviced accommodation for OCCAR, the joint defence procurement body formed by Germany, the UK, France and Italy.

Significant new UK contracts included spares and support for the Sonar 2093 system in Sandown Class minehunters; maintenance and repair support for Sonar 2054 training systems; and a contract from DERA to crew, operate and maintain its new experimental research vessel RV Triton – a revolutionary trimaran that will be used to test the triple hull concept for future Royal Navy warships.

To broaden our defence engineering skills and enhance our ability to provide complete solutions, we acquired Rakmulti in July for £1 million. This is a UK-based systems integration business specialising in high bandwidth satellite communications, a growth area which is particularly important to naval operations and 'out of area' activity for land and air forces.

In January 2001 we delivered the final vessel under a UK contract to design and build seven passenger support vessels for the Naval Bases and Supply Agency. The vessels were built at two UK shipyards.

### **Air transport**

Air transport is a major global growth market and our aim has been to consolidate our position as the world's leading provider of private air traffic control (ATC) and aviation technical services.

In the US we successfully re-bid for our ATC contracts with the FAA, further increasing the number of towers under our control from 51 to 56. The contracts are now worth over US\$19 million a year. In the Middle East we renewed ATC and technical services contracts at Dubai, Ras Al Khaimah and Sharjah International Airports; and at Bahrain International Airport we will manage the installation and commissioning of upgraded navigational aids. In Europe we further extended our contracts with Eurocontrol and our operations at Zaventem Airport in Brussels.

Under a planned PPP, the UK government is selling a controlling share of the National Air Traffic Services (NATS) to a strategic partner. NATS is the UK's ATC service covering UK airspace and the eastern parts of the North Atlantic as well as 14 of the country's busiest airports. We have been short listed for this partnership.

### **Rail transport**

Rail is a large and technically complex market that is changing fast as a result of deregulation worldwide. Our service expertise and in-depth experience of safety management position us well for growth in activities as diverse as infrastructure maintenance, testing and passenger services.



In the UK we phased-in our infrastructure maintenance contract with Railtrack's East Midlands Zone, covering some 1,200 miles of track and employing about 600 people. We have already been awarded additional contracts for structures inspection and property maintenance, and are in discussions to add track renewals. We also bid successfully for the property management and maintenance contracts in Railtrack's Southern and Anglia Zones, increasing our business in this field by 250%. Together with the renewal of our contract for the North West Zone, this means that we now provide over 60% of Railtrack's property maintenance.

Train testing is under way for the Copenhagen Metro, where we are scheduled to start operating passenger services in 2002.

Information technology for transport infrastructures is a significant growth area for us. In the UK we won the contract to run the Association of Train Operating Companies' communication centre, which collects and distributes rail information from Railtrack and train operators. At the National Rail Enquiry Scheme we implemented a new information system and Internet site – in time to assist with a tenfold increase in enquiries during the prolonged upheaval that followed the Hatfield rail crash. In Scotland, the rail operator ScotRail, part of the National Express Group, extended our information and telesales contract after we helped to increase revenues by 50% in two years.


As operator of London's award-winning Docklands Light Railway (DLR) we have been enhancing the service by displaying real-time train information in streets and buildings around stations, on the DLR website and via WAP mobile phones. We are also trailing real-time news and information screens in trains – a UK first. In Australia we introduced email booking and enquiry facilities for our Ghan, Indian Pacific and Overland trains, followed by direct Internet booking early in 2001. These services, which rank among the great train journeys of the world, attract tourists from all over the globe.

In the UK we began acceptance testing of new non-tilting trains for Virgin CrossCountry services, under a new contract with Bombardier Transportation. We also secured a contract from ALSTOM to undertake certain aspects of the acceptance testing on the Coradia 1000 Class 180 diesel trains.

### **Road transport**

Congestion is a major issue for cities worldwide – it costs the UK economy alone over £15 billion a year. The efficient use of traffic infrastructure has become a major growth area, and we aim to develop a breadth of capability across road transport that enables us to support customers in devising and implementing integrated transport plans.

We are in negotiation with the UK Highways Agency for a contract to build and operate its national Traffic Control Centre. This will allow the strategic management of traffic on England's core trunk road network, monitor traffic and journey times, and distribute traffic and travel information through existing and new media. We would construct the centre and develop its IT systems over a 2½-year period, and then operate and maintain it for a further 7½ years.



In Scotland we bid successfully to expand the scope of the country's National Driver Information and Control System. This integrated traffic management system, which we have been developing since 1993, is now one of the world's largest and most advanced driver information and control systems.

In New Zealand we have won a three-year contract to operate and maintain a traffic control centre for the Auckland motorway system. This contract complements our existing communications and traffic control contracts. We successfully re-bid our contract to manage Auckland's state highway and motorway network including maintenance, asset management strategy and traffic planning.

In Hong Kong we won a further six-year contract to manage the Lion Rock and Airport Road tunnels. The new contracts – extending a relationship begun in 1993 – will employ over 200 staff.

The City of Birmingham in England appointed us to set up a bus tracking and passenger information system modelled on the satellite-based systems we have provided in Coventry and Sheffield. These supply real-time information to operators and passengers, and give buses priority at traffic-signalled junctions.

### **Science and technology**

Governments around the world are increasingly concerned to improve the effectiveness of their science and technology spend through investment in new equipment and better knowledge transfer to industry. As a major employer of scientists, we are looking to extend our presence in this market.

We successfully phased-in the management and operation of the UK Atomic Weapons Establishment (AWE), managing over 4,000 staff through our joint venture with Lockheed Martin UK Ltd and British Nuclear Fuels plc. Both the Nuclear Installations Inspectorate and the Environment Agency have praised our safety and environmental performance to date. Our operations have already been extended to include support for the weapons convoys serving the AWE – a significant demonstration of our customer's confidence in our capability.

We are negotiating a two-year extension to our contract to manage the National Physical Laboratory (NPL), where we are currently investing in extensive new laboratory facilities to replace 50 of the site's 73 buildings. Another investment to maintain the NPL's position among the world's top three measurement laboratories is the creation of one of the world's largest scientific websites. We continue to create revenue-generation opportunities, including a new Knowledge Transfer Centre, which is already producing income of £4 million a year. Current NPL programmes include a £7 million government project to promote environmental best practice and a series of R&D contracts with companies leading the fibre optic communications revolution.

We further extended our activities with the European Space Agency by winning two new contracts at the European Space Research and Technology Centre in the Netherlands. The first provides support services in thermal microgravity instruments, robotics and optics laboratories; the second is for radiation and quality testing of satellite components.

In partnership with Air Liquide of France and Linde Kryotechnik of Switzerland we have been selected by the European organisation for nuclear research, CERN, to maintain and operate its helium cryogenic plants, the world's largest cryogenic installation, from July 2001. This is the fourth contract we have secured with CERN.



## Private sector

As businesses focus their talent and investment on areas of competitive advantage, they increasingly seek external management support for non-core activities. Our experience of managing critical services for government's positions us well to handle the outsourcing of ever more complex tasks for the private sector.

We have become Ireland's leading facilities management company, benefiting from the country's economic growth and the influx of US companies. In January we began a facilities management contract with Microsoft, covering a wide range of technical and non-technical services in the company's 12 Dublin premises. These include its European operations and product localisation centres.

We have also extended our reach in Northern Ireland with a two-year facilities management contract for the Bank of Ireland at its new Belfast operations centre.

Worldwide developments in e-commerce, Internet application services, interactive television and WAP are creating exciting prospects for our usability business, which helps companies to make their technology user-friendly. In November we opened a new purpose-built usability laboratory in London. To increase our international presence in this field we acquired The Hiser Group in Australia; the AUS\$6 million deal, completed in January 2001, brings us one of the world's most respected consultancies in user interface design and usability. We have recently been asked by the UK government to form an industry network covering interactive TV issues.

In New Zealand we extended our contract to provide property maintenance and building services at 4,000 sites for Telecom New Zealand, the country's largest business. This contract has grown to include Telecom's preventive maintenance programme, and in the past two years we have earned substantial incentive payments for achieving cost savings.

In Sweden we built on our existing building maintenance contract at Stockholm's Grand Hotel, winning a new contract to manage a SEK150 million renovation project. We continue to extend our relationship with the hotel – this year we have added responsibility for cleaning and transport support services.

We extended our Welsh facilities management contract with the stainless steel company AvestaPolarit after successfully growing the contract since 1992.

In the US we built on our existing vehicle fleet maintenance contract with Dayton Power & Light to win an additional contract to provide mobile tanker refuelling for its 900-strong vehicle fleet. We added value to the contract by enhancing our mobile maintenance service – introducing hand-held data terminals and a wireless Internet management information system.

The expertise we gain in the public sector can often have applications in the commercial sector. For instance, our defence business has won a contract to provide engineering support to Global Marine Systems, the world's leading submarine cable maintenance and installation company. The contract includes operation and maintenance of sub-sea vehicles for installing fibre optic telecommunication cables.



## Outlook

Our markets remain buoyant and our ability to deliver a full range of services in a single contract is increasingly in demand. Our largest markets, in defence and transport, remain very strong – and we also see increasing opportunity in new fields such as science, justice and education. The scale and complexity of opportunities continue to increase, and this plays to our strengths in both bidding and implementation.

We are seen as a world leader in private sector solutions for delivering public services and we expect to be a significant beneficiary of a worldwide trend towards PFIs and PPPs. The US has started discussing PPPs in the space sector, the Australian Department of Defence is developing a PFI methodology, the state of New South Wales has released a green paper on PFIs, Japan has begun inviting PFI tenders, and Germany has initiated pilot projects in defence. We have formed a Global Projects team to identify and bid for the very large and complex opportunities that are beginning to emerge around the world; and we are forming partnerships and strategic alliances with major international corporations where we believe they will enhance our credibility in this exciting new arena.

The outlook for the future remains bright and we are confident of maintaining our growth record for the foreseeable future.

- Ends -

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Richard White - Executive Chairman  
Kevin Beeston - Chief Executive  
Christopher Hyman - Finance Director

## Proforma Summary Consolidated Profit and Loss Account

For the year ended 31 December 2000

	2000 £'000	1999 £'000
<b>Turnover: Group and share of joint ventures</b>	<b>966,991</b>	807,544
Less: share of joint ventures	<b>(194,948)</b>	(138,982)
Group turnover	<b>772,043</b>	668,562
Cost of sales	<b>(669,361)</b>	(580,586)
<b>Gross profit</b>	<b>102,682</b>	87,976
Administrative expenses excluding goodwill	<b>(74,601)</b>	(58,259)
Share of profits arising from joint ventures – including group joint venture costs and joint venture interest	<b>13,172</b>	4,350
<b>Profit before group interest and goodwill</b>	<b>41,253</b>	34,067
Net group interest	<b>(3,543)</b>	(2,643)
<b>Profit on ordinary activities before taxation – pre amortisation of goodwill</b>	<b>37,710</b>	31,424
Amortisation of goodwill	<b>(3,681)</b>	(2,092)
<b>Profit on ordinary activities before taxation</b>	<b>34,029</b>	29,332
Taxation on profit on ordinary activities	<b>(11,059)</b>	(9,538)
Profit on ordinary activities after taxation	<b>22,970</b>	19,794
Dividends	<b>(6,387)</b>	(5,593)
<b>Retained profit for the financial year</b>	<b>16,583</b>	14,201

Earnings per Share (“EPS”) of 2p each:

Basic EPS, after amortisation of goodwill	<b>5.85p</b>	5.09p *
Basic EPS, before amortisation of goodwill	<b>6.78p</b>	5.63p *
Diluted EPS, after amortisation of goodwill	<b>5.79p</b>	5.06p *
Diluted EPS, before amortisation of goodwill	<b>6.72p</b>	5.60p *

Dividend per share:

Interim dividend	<b>0.50p</b>	0.44p *
Proposed final dividend	<b>1.13p</b>	0.98p *

\* Restated to reflect a share capitalisation of five shares for every one held approved by shareholders on 5 April 2000

The financial information set out on pages 9 to 12 does not constitute the Company's statutory accounts for the years ended 31 December 2000 or 1999, but is derived from those accounts. Statutory accounts for 1999 have been delivered to the Register of Companies and those for 2000 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under s237(2) or (3) of the Companies Act 1985.

To aid in the understanding of the results of the Group and its joint ventures a proforma summary profit and loss account has been included as an alternative presentation.

## Statutory Consolidated Profit and Loss Account

For the year ended 31 December 2000

	2000	2000	2000	1999	1999	Restated
	Group	Joint	Total	Group	Joint	Total
	£'000	Ventures	£'000	£'000	Ventures	£'000
		£'000			£'000	
<b>Turnover: Group and share of joint ventures - continuing operations</b>	<b>772,043</b>	<b>194,948</b>	<b>966,991</b>	668,562	138,982	807,544
Less: share of joint ventures	–	(194,948)	(194,948)	–	(138,982)	(138,982)
Group turnover	<b>772,043</b>	–	<b>772,043</b>	668,562	–	668,562
Cost of sales	<b>(669,361)</b>	–	<b>(669,361)</b>	(580,586)	–	(580,586)
<b>Gross profit</b>	<b>102,682</b>	–	<b>102,682</b>	87,976	–	87,976
Administrative expenses	<b>(78,282)</b>	–	<b>(78,282)</b>	(60,351)	–	(60,351)
Amortisation of goodwill	<b>(3,681)</b>	–	<b>(3,681)</b>	(2,092)	–	(2,092)
Other administrative expenses	<b>(74,601)</b>	–	<b>(74,601)</b>	(58,259)	–	(58,259)
Other operating costs relating to joint ventures	–	<b>(7,654)</b>	<b>(7,654)</b>	–	(3,473)	(3,473)
Operating profit – continuing operations	<b>24,400</b>	<b>(7,654)</b>	<b>16,746</b>	27,625	(3,473)	24,152
Share of operating profit in joint ventures	–	<b>28,876</b>	<b>28,876</b>	–	11,121	11,121
Interest receivable	<b>1,212</b>	<b>139</b>	<b>1,351</b>	1,517	79	1,596
Group	<b>1,212</b>	–	<b>1,212</b>	1,517	–	1,517
Share of joint ventures	–	<b>139</b>	<b>139</b>	–	79	79
Interest payable and similar charges	<b>(4,755)</b>	<b>(8,189)</b>	<b>(12,944)</b>	(4,160)	(3,377)	(7,537)
Group	<b>(4,755)</b>	–	<b>(4,755)</b>	(4,160)	–	(4,160)
Share of joint ventures	–	<b>(8,189)</b>	<b>(8,189)</b>	–	(3,377)	(3,377)
<b>Profit on ordinary activities before taxation</b>	<b>20,857</b>	<b>13,172</b>	<b>34,029</b>	24,982	4,350	29,332
Taxation on profit on ordinary activities			<b>(11,059)</b>			(9,538)
<b>Profit on ordinary activities after taxation</b>			<b>22,970</b>			19,794
Dividends			<b>(6,387)</b>			(5,593)
<b>Retained profit for the financial year</b>			<b>16,583</b>			14,201

Earnings per Share (“EPS”) of 2p each:

Basic EPS, after amortisation of goodwill	<b>5.85p</b>	5.09p *
Basic EPS, before amortisation of goodwill	<b>6.78p</b>	5.63p *
Diluted EPS, after amortisation of goodwill	<b>5.79p</b>	5.06p *
Diluted EPS, before amortisation of goodwill	<b>6.72p</b>	5.60p *

\* Restated to reflect the capitalisation issue on 5 April 2000.

## Summary Consolidated Balance Sheet

At 31 December 2000

	2000 £'000	1999 £'000
<b>Fixed assets</b>		
Intangible asset	68,662	66,854
Tangible assets	40,269	36,508
Investments in joint ventures	27,688	18,022
Investments in own shares	9,680	–
<b>Total fixed assets</b>	<b>146,299</b>	<b>121,384</b>
<b>Current assets/(liabilities)</b>		
Stocks	25,942	26,830
Debtors	190,729	161,900
Cash (net of overdraft)	45,497	35,187
Trade and other creditors	(137,957)	(105,565)
Accruals and deferred income	(88,386)	(74,970)
<b>Net current assets</b>	<b>35,825</b>	<b>43,382</b>
<b>Long term creditors</b>	<b>(47,121)</b>	<b>(47,232)</b>
<b>Provisions for liabilities and charges</b>	<b>(26,078)</b>	<b>(25,906)</b>
<b>Equity shareholders' funds</b>	<b>108,925</b>	<b>91,628</b>

## Summary Consolidated Cash Flow Statement

For the year ended 31 December 2000

	2000 £'000	1999 £'000
<b>Net cash inflow from operating activities</b>	<b>45,534</b>	36,818
Dividends received from joint ventures	7,477	2,156
Returns on investment and servicing of finance	<b>(3,805)</b>	(3,482)
Taxation	<b>(5,653)</b>	(7,279)
Capital expenditure and financial investment	<b>(17,965)</b>	(4,627)
Acquisitions and disposals	<b>(8,174)</b>	(26,288)
Equity dividends paid	<b>(5,816)</b>	(5,018)
Net cash inflow/(outflow) before financing	<b>11,598</b>	(7,720)
Financing	<b>(1,288)</b>	(1,084)
Increase / (decrease) in cash	<b>10,310</b>	(8,804)
Balance at 1 January	<b>35,187</b>	43,991
<b>Balance at 31 December</b>	<b>45,497</b>	35,187

### Distribution of Annual Review and Accounts

Copies of the Annual Review and Accounts, or where appropriate, Annual Review and Summary Financial Statements are being sent to all shareholders of Serco Group plc. Copies are available on 20 February 2001 from either our Internet site at [www.serco.com](http://www.serco.com) or on request from the Registered Office:

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### Notes to Editors

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