

Unaudited condensed consolidated income statement

For the six months ended 30 June 2009

	Six months ended 30 June 2009			Six months ended 30 June 2008			Year ended 31 December 2008		
	Before exceptional items and amortisation of acquired intangible assets £million	Exceptional items and amortisation of acquired intangible assets £million	Total £million	Before exceptional items and amortisation of acquired intangible assets £million	Exceptional items and amortisation of acquired intangible assets £million	Total £million	Before exceptional items and amortisation of acquired intangible assets £million	Exceptional items and amortisation of acquired intangible assets £million	Total £million
Continuing operations									
Revenue	951.2	-	951.2	913.6	-	913.6	1,800.0	-	1,800.0
Cost of sales	(837.9)	-	(837.9)	(809.4)	-	(809.4)	(1,576.8)	-	(1,576.8)
Gross profit	113.3	-	113.3	104.2	-	104.2	223.2	-	223.2
Administration expenses	(83.8)	-	(83.8)	(76.4)	-	(76.4)	(163.8)	-	(163.8)
Amortisation of acquired intangible assets	-	(2.5)	(2.5)	-	(2.5)	(2.5)	-	(5.0)	(5.0)
Total administration expenses	(83.8)	(2.5)	(86.3)	(76.4)	(2.5)	(78.9)	(163.8)	(5.0)	(168.8)
Profit on disposal of property and investments	-	3.4	3.4	-	-	-	-	-	-
Operating profit	29.5	0.9	30.4	27.8	(2.5)	25.3	59.4	(5.0)	54.4
Share of results	13.5	-	13.5	10.2	-	10.2	28.6	-	28.6
Amortisation of acquired intangible assets	-	(0.2)	(0.2)	-	(0.3)	(0.3)	-	(0.3)	(0.3)
Total share of result of associates and joint ventures (note 5)	13.5	(0.2)	13.3	10.2	(0.3)	9.9	28.6	(0.3)	28.3
Total operating profit	43.0	0.7	43.7	38.0	(2.8)	35.2	88.0	(5.3)	82.7
Investment revenue	15.0	-	15.0	19.2	-	19.2	39.9	-	39.9
Finance costs	(18.7)	-	(18.7)	(20.7)	-	(20.7)	(42.7)	-	(42.7)
Profit before tax	39.3	0.7	40.0	36.5	(2.8)	33.7	85.2	(5.3)	79.9
Tax (charge)/credit (note 4)	(8.9)	0.7	(8.2)	(10.8)	0.8	(10.0)	(23.6)	1.4	(22.2)
Profit for the period	30.4	1.4	31.8	25.7	(2.0)	23.7	61.6	(3.9)	57.7
Attributable to:									
Equity holders of the parent	28.9	1.4	30.3	24.1	(2.0)	22.1	58.3	(3.9)	54.4
Minority interest	1.5	-	1.5	1.6	-	1.6	3.3	-	3.3
	30.4	1.4	31.8	25.7	(2.0)	23.7	61.6	(3.9)	57.7

	Six months ended 30 June 2009 pence	Six months ended 30 June 2008 pence	Year ended 31 December 2008 pence
Earnings per share (note 6)			
Basic	24.2	17.7	43.5
Diluted	23.6	17.4	42.7

Dividend per share	2009 proposed and 2008 paid (note 7)	5.5	5.3	17.0
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Unaudited condensed consolidated statement of comprehensive income

For the six months ended 30 June 2009

	Six months ended 30 June 2009 £million	Six months ended 30 June 2008 £million	Year ended 31 December 2008 £million
Profit for the period	31.8	23.7	57.7
Other comprehensive income			
Exchange differences on translation of foreign operations	(26.1)	2.7	48.8
Gains/(losses) on available-for-sale financial assets (excluding joint ventures)	0.2	0.3	(1.3)
Gains/(losses) on cash flow hedges (joint ventures)	46.9	3.6	(79.1)
(Losses)/gains on available-for-sale financial assets (joint ventures)	(32.0)	(30.9)	109.2
Actuarial losses on defined benefit pension schemes	(54.4)	(32.6)	(80.7)
Deferred tax on items taken directly to equity (note 4)	11.0	16.7	14.2
Other comprehensive income net of tax	(54.4)	(40.2)	11.1
Total comprehensive income	(22.6)	(16.5)	68.8
Attributable to:			
Equity holders of the parent	(24.1)	(18.1)	65.5
Minority interest	1.5	1.6	3.3
	(22.6)	(16.5)	68.8

Unaudited condensed consolidated balance sheet

At 30 June 2009

	30 June 2009 £million	30 June 2008 £million	31 December 2008 £million
Non-current assets			
Goodwill	228.9	228.8	228.9
Other intangible assets	33.5	33.4	33.4
Property, plant and equipment	143.6	124.4	156.8
Interests in joint ventures	117.7	68.7	114.0
Interests in associated undertakings	69.0	40.5	72.5
Investments	-	0.1	-
Deferred tax asset	35.5	13.0	19.2
	628.2	508.9	624.8
Current assets			
Inventories	21.6	21.0	27.8
Trade and other receivables	395.3	420.1	372.1
Cash and deposits	70.4	52.2	61.3
	487.3	493.3	461.2
Total assets	1,115.5	1,002.2	1,086.0
Current liabilities			
Bank overdrafts	(13.7)	(21.2)	(3.1)
Trade and other payables	(492.7)	(512.1)	(466.0)
Current tax liabilities	(16.4)	(11.3)	(13.8)
Short-term provisions	(15.5)	(8.7)	(14.0)
	(538.3)	(553.3)	(496.9)
Net current liabilities	(51.0)	(60.0)	(35.7)
Non-current liabilities			
Bank loans	(140.0)	(145.0)	(165.5)
Trade and other payables	(4.8)	(7.4)	(5.1)
Non-current tax liabilities	(9.1)	(8.4)	(9.1)
Long-term provisions	(22.6)	(24.2)	(24.0)
Retirement benefit obligation	(205.1)	(110.5)	(153.1)
	(381.6)	(295.5)	(356.8)
Total liabilities	(919.9)	(848.8)	(853.7)
Net assets	195.6	153.4	232.3
Equity			
Share capital	12.5	12.5	12.5
Share premium account	112.7	112.7	112.7
Capital redemption reserve	0.1	0.1	0.1
Merger reserve	49.0	49.0	49.0
Hedging and translation reserves	92.9	22.0	108.3
Investment in own shares	(0.5)	(0.5)	(0.5)
Retained earnings	(73.2)	(44.2)	(51.8)
Equity attributable to equity holders of the parent	193.5	151.6	230.3
Minority interest	2.1	1.8	2.0
Total equity	195.6	153.4	232.3

Unaudited condensed consolidated statement of changes in equity

For the six months ended 30 June 2009

	Share capital £million	Share premium £million	Capital redemption reserve £million	Merger reserve £million	Hedging and translation reserves £million	Investment in own shares £million	Retained earnings £million	Attributable to equity holders of the parent £million	Minority interest £million	Total £million
Balance at 31 December 2007	12.5	111.9	0.1	49.0	38.7	(0.5)	(30.1)	181.6	1.6	183.2
Total comprehensive income	-	-	-	-	(16.7)	-	(1.4)	(18.1)	1.6	(16.5)
Dividends paid	-	-	-	-	-	-	(14.0)	(14.0)	(1.4)	(15.4)
Shares issued	-	0.8	-	-	-	-	-	0.8	-	0.8
Share-based payments	-	-	-	-	-	-	1.3	1.3	-	1.3
Balance at 30 June 2008	12.5	112.7	0.1	49.0	22.0	(0.5)	(44.2)	151.6	1.8	153.4
Total comprehensive income	-	-	-	-	86.3	-	(2.7)	83.6	1.7	85.3
Dividends paid	-	-	-	-	-	-	(6.6)	(6.6)	(1.5)	(8.1)
Purchase of Company shares	-	-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Company shares used to settle share-based obligations	-	-	-	-	-	0.2	(0.2)	-	-	-
Share-based payments	-	-	-	-	-	-	1.9	1.9	-	1.9
Balance at 31 December 2008	12.5	112.7	0.1	49.0	108.3	(0.5)	(51.8)	230.3	2.0	232.3
Total comprehensive income	-	-	-	-	(15.2)	-	(8.9)	(24.1)	1.5	(22.6)
Dividends paid	-	-	-	-	-	-	(14.6)	(14.6)	(1.4)	(16.0)
Disposal of available-for-sale financial asset and related cash flow hedges recycled through the income statement	-	-	-	-	(0.2)	-	-	(0.2)	-	(0.2)
Shares issued	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	2.1	2.1	-	2.1
Balance at 30 June 2009	12.5	112.7	0.1	49.0	92.9	(0.5)	(73.2)	193.5	2.1	195.6

Unaudited condensed consolidated statement of cash flows

For the six months ended 30 June 2009

	Six months ended 30 June 2009 £million	Six months ended 30 June 2008 £million	Year ended 31 December 2008 £million
Operating activities			
Total operating profit	43.7	35.2	82.7
Adjustments for:			
Amortisation of acquired intangible assets	2.5	2.5	5.0
Depreciation of property, plant and equipment	12.4	10.8	22.6
Gain on disposal of property and investments	(3.4)	-	-
Pension payments in excess of the income statement charge	(6.8)	(5.2)	(10.7)
Share of results of associates and joint ventures	(13.3)	(9.9)	(28.3)
Non-cash charge relating to share-based payments	2.1	1.3	3.5
Gain on disposal of property, plant and equipment	(3.3)	(4.5)	(9.0)
Operating cash flows before movements in working capital	33.9	30.2	65.8
Decrease/(increase) in inventories	4.4	(5.0)	(7.5)
(Increase)/decrease in receivables	(28.4)	(50.2)	11.2
Increase/(decrease) in payables	28.0	44.5	(10.9)
Cash generated by operations	37.9	19.5	58.6
Taxes paid	(6.5)	(8.1)	(14.0)
Net cash from operating activities	31.4	11.4	44.6
Investing activities			
Interest received	2.8	2.9	7.3
Dividends received from associates and joint ventures	5.2	7.7	13.5
Proceeds on disposal of property, plant and equipment	6.6	10.2	20.2
Capital expenditure	(14.5)	(21.7)	(54.8)
Purchase of subsidiary undertaking	-	(0.3)	(0.3)
Investment in joint ventures - PFI investments	(3.0)	(5.0)	(8.2)
Disposal of investment	7.2	-	0.1
Receipt of loan repayment - PFI investments	7.6	0.2	0.4
Receipt of loan repayment - associated undertakings	0.1	-	0.3
Net cash generated/(used) in investing activities	12.0	(6.0)	(21.5)
Financing activities			
Interest paid	(2.0)	(4.4)	(10.2)
Dividends paid to equity shareholders	(14.6)	(14.0)	(20.6)
Dividends paid to minority shareholders	(1.5)	(1.3)	(2.9)
Issue of shares	-	0.8	0.8
(Decrease)/increase in bank borrowings	(25.5)	(18.0)	2.5
Movement in obligations under finance leases	(0.1)	(0.7)	(0.2)
Redemption of loan notes	-	(1.0)	(1.0)
Net cash used in financing activities	(43.7)	(38.6)	(31.6)
Net decrease in cash and cash equivalents	(0.3)	(33.2)	(8.5)
Cash and cash equivalents at beginning of period	58.2	64.5	64.5
Effect of foreign exchange rate changes	(1.2)	(0.3)	2.2
Cash and cash equivalents at end of period	56.7	31.0	58.2
Cash and cash equivalents comprise			
Cash and deposits	70.4	52.2	61.3
Bank overdrafts	(13.7)	(21.2)	(3.1)
	56.7	31.0	58.2
Reconciliation of net cash flow to movement in net debt			
Net decrease in cash and cash equivalents	(0.3)	(33.2)	(8.5)
Decrease/(increase) in bank borrowings	25.5	18.0	(2.5)
Movement in obligations under finance leases	0.1	0.7	0.2
Redemption of loan notes	-	1.0	1.0
Change in net debt resulting from cash flows	25.3	(13.5)	(9.8)
Effect of foreign exchange rate changes	(1.2)	(0.3)	2.2
Movement in net debt during the period	24.1	(13.8)	(7.6)
Net debt - opening	(109.2)	(101.6)	(101.6)
Net debt - closing	(85.1)	(115.4)	(109.2)

Notes to the unaudited interim financial statements

For the six months ended 30 June 2009

1 General information

Interserve Plc (the Company) is a company incorporated in the United Kingdom. The half-year results and condensed consolidated financial statements for the six months ended 30 June 2009 (the interim financial statements) comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in joint ventures and associates.

The directors have considered the Group's financial position with reference to latest forecasts and the actual performance for the half-year period. Whilst the current economic environment continues to be uncertain, the directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months, noting in particular that: the majority of the Group's revenue is derived from long-term contracts; the Group had visibility of 67 per cent of anticipated 2010 revenues at the half-year period; and the Group has access to committed debt facilities totalling £250 million until at least May 2011. Accordingly, the Group continues to adopt the going concern basis in preparing these interim financial statements.

A copy of the statutory accounts for the year ended 31 December 2008 has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain statements made under section 237(2) or (3) of the Companies Act 1985.

The interim financial statements for the six months ended 30 June 2009 have been reviewed but have not been audited (see page 10).

2 Accounting policies

The interim financial statements have been prepared in accordance with IAS 34 - *Interim Financial Reporting*, the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the disclosure requirements of the Listing Rules. The interim financial statements do not include all information required for full annual financial statements, and should be read in conjunction with the Group's Annual Report and Financial Statements for the year ended 31 December 2008, which are available on the Group's website at www.interserve.com.

The accounting policies and methods of computation followed in the interim financial statements are consistent with those published in the Group's Annual Report and Financial Statements for the year ended 31 December 2008 except for the adoption in the period of:

- IFRS 8 - *Operating Segments*, which had no material impact on these interim financial statements.
- IAS 1 - *Presentation of Financial Statements* (September 2007), which has resulted in the inclusion of the condensed consolidated statement of changes in equity as a primary statement. The adoption of this standard has not changed the recognition or measurement of specific transactions or events.

In addition the accounting policies used are consistent with those that the directors intend to use in the Annual Report and Financial Statements for the year ending 31 December 2009.

At the date of authorisation of these interim financial statements the following standards and interpretations were in issue but not yet effective and therefore have not been applied in these interim financial statements:

Standards and interpretations	Accounting periods starting after
IFRIC 12 - <i>Service concession arrangements</i>	29 March 2009
IFRIC 16 - <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2009
IFRIC 17 - <i>Distributions of Non-cash Assets to Owners</i>	1 July 2009
IFRIC 18 - <i>Transfers of Assets from Customers</i>	1 July 2009

These standards and interpretations are not expected to materially impact the Group.

The principal risks and uncertainties facing the Group are those described on pages 26 to 27 of the Group's Annual Report and Financial Statements for the year ended 31 December 2008. The seasonality of the Group results is not expected to differ significantly from prior years.

b) Geographical segments

Facilities Management and Specialist Services are predominantly based in the United Kingdom. The Project Services division is located in the United Kingdom and manages the investments in associates in the Middle East. Equipment Services has operations in all of the geographic segments listed below.

The table below provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services.

	Revenue by geographical market			Total operating profit		
	Six months ended	Six months ended	Year ended	Six months ended	Six months ended	Year ended
	30 June 2009	30 June 2008	31 December 2008	30 June 2009	30 June 2008	31 December 2008
	£million	£million	£million	£million	£million*	£million*
United Kingdom	922.9	901.7	1,748.0	19.2	25.7	51.9
Rest of Europe	14.0	14.2	32.2	0.4	2.3	4.3
Middle East & Africa	40.4	29.0	75.1	27.2	14.0	42.1
Australasia	15.8	16.8	33.6	4.8	4.6	8.6
Far East	2.9	4.2	7.7	(0.4)	(0.4)	(1.8)
Americas	2.6	2.2	7.4	(0.2)	0.2	0.8
Group Services	-	-	-	(8.0)	(8.4)	(17.9)
Inter-segment elimination	(47.4)	(54.5)	(104.0)	-	-	-
	951.2	913.6	1,800.0	43.0	38.0	88.0
Profit on disposal of property and investments				3.4	-	-
Amortisation of acquired intangible assets				(2.7)	(2.8)	(5.3)
				43.7	35.2	82.7

The results of Joint ventures - PFI Investments have been reclassified into the United Kingdom.

	Non-current assets		
	30 June 2009	30 June 2008	31 December 2008
	£million	£million	£million
United Kingdom	165.8	114.1	162.6
Rest of Europe	18.7	19.4	23.3
Middle East & Africa	115.2	68.3	117.6
Australasia	15.2	15.3	14.9
Far East	5.8	10.0	8.3
Americas	4.2	4.2	4.5
Group Services, goodwill and acquired intangible assets	267.8	264.6	274.4
	592.7	495.9	605.6
Deferred tax asset	35.5	13.0	19.2
Total non-current assets	628.2	508.9	624.8

4 Income tax expense

	Six months ended	Six months ended	Year ended
	30 June 2009	30 June 2008	31 December 2008
	£million	£million	£million
UK taxation	7.4	7.1	13.4
Overseas taxation	1.8	2.1	4.6
Deferred taxation	(1.0)	0.8	4.2
	8.2	10.0	22.2
Effective tax rate	20.5%	29.7%	27.8%

The effective corporation tax charged represents the best estimate of the weighted average annual corporation tax rate expected for the full financial year. No account has been taken in these interim financial statements of the 2009 Finance Act that was substantially enacted on 8 July 2009, after the balance sheet date. It is estimated that as a result of this change in tax legislation, deferred tax liabilities of £5 million on unremitted earnings from overseas associates should be released in the full-year financial statements.

Notes to the unaudited interim financial statements

continued

4 Income tax expense (continued)

In addition to the income tax charged to the income statement, the following deferred tax charges/(credits) have been recorded directly in equity in the period:

	Six months ended 30 June 2009 £million	Six months ended 30 June 2008 £million	Year ended 31 December 2008 £million
Tax on actuarial loss on pension liability	(15.2)	(9.1)	(22.6)
Tax on gain/(loss) on available-for-sale financial assets	0.1	-	(0.4)
Tax on fair value adjustment on cash flow hedges	13.1	1.1	(22.1)
Tax on the fair value adjustments on available-for-sale financial assets within the PFI special purpose companies	(9.0)	(8.7)	30.5
Tax on the intrinsic value of share-based payments	-	-	0.4
	(11.0)	(16.7)	(14.2)

5 Share of results and net assets of joint venture and associated undertakings

Share of results from joint venture and associated undertakings were as follows:

	Six months ended 30 June 2009				Six months ended 30 June 2008				Year ended 31 December 2008			
	Project Services £million	Facilities Management £million	Investments £million	Joint ventures - PFI Total £million	Project Services £million	Facilities Management £million	Investments £million	Joint ventures - PFI Total £million	Project Services £million	Facilities Management £million	Investments £million	Joint ventures - PFI Total £million
Revenues	164.3	47.7	73.1	285.1	124.2	38.2	30.0	192.4	284.2	83.1	134.5	501.8
Operating profit	14.2	1.0	1.7	16.9	8.0	1.0	1.5	10.5	25.2	1.8	3.8	30.8
Net interest income	0.4	-	1.1	1.5	0.1	-	0.6	0.7	0.2	-	1.4	1.6
Taxation	(3.6)	(0.3)	(1.0)	(4.9)	(0.1)	(0.3)	(0.6)	(1.0)	(0.9)	(0.5)	(2.4)	(3.8)
Group share of profit after tax	11.0	0.7	1.8	13.5	8.0	0.7	1.5	10.2	24.5	1.3	2.8	28.6
Amortisation of acquired intangible assets	(0.2)	-	-	(0.2)	(0.3)	-	-	(0.3)	(0.3)	-	-	(0.3)
Profit before dividends	10.8	0.7	1.8	13.3	7.7	0.7	1.5	9.9	24.2	1.3	2.8	28.3
Dividends	(3.8)	(1.0)	(0.4)	(5.2)	(6.8)	(0.7)	(0.2)	(7.7)	(12.4)	(0.7)	(0.4)	(13.5)
Retained profits	7.0	(0.3)	1.4	8.1	0.9	-	1.3	2.2	11.8	0.6	2.4	14.8

The joint venture and associated undertakings are located in the United Kingdom except for the Project Services associates which are located in the Middle East.

6 Earnings per share

The calculation of earnings per share is based on the following data:

	Six months ended 30 June 2009 £million	Six months ended 30 June 2008 £million	Year ended 31 December 2008 £million
Earnings			
Earnings for the purposes of basic earnings per share, being net profit attributable to equity holders of the parent	30.3	22.1	54.4
Profit on disposal of property and investments	(3.4)	-	-
Amortisation of acquired intangibles	2.7	2.8	5.3
Tax effect of above adjustments	(0.7)	(0.8)	(1.4)
Headline earnings	28.9	24.1	58.3
Earnings for the purposes of diluted earnings per share	30.3	22.1	54.4
	Six months ended 30 June 2009 Number thousand	Six months ended 30 June 2008 Number thousand	Year ended 31 December 2008 Number thousand
Weighted average number of shares			
Weighted average number of ordinary shares for the purposes of basic and headline earnings per share	125,057	124,861	124,936
Effect of dilutive potential ordinary shares:			
Share-based payments	3,566	2,364	2,396
Weighted average number of ordinary shares for the purposes of diluted earnings per share	128,623	127,225	127,332

Earnings per share

	Six months ended 30 June 2009 pence	Six months ended 30 June 2008 pence	Year ended 31 December 2008 pence
Headline earnings per share	23.1	19.3	46.7
Basic earnings per share	24.2	17.7	43.5
Diluted earnings per share	23.6	17.4	42.7

7 Dividends

	Six months ended 30 June 2009 pence	Six months ended 30 June 2008 £million	Year ended 31 December 2008 £million
Final dividend for the year ended 31 December 2007	11.2	-	14.0
Interim dividend for the year ended 31 December 2008	5.3	-	6.6
Final dividend for the year ended 31 December 2008	11.7	14.6	-
Amount recognised as distribution to equity holders in the period	14.6	14.0	20.6

The proposed interim dividend of 5.5 pence per share, amounting to £6.9 million, was approved by the directors on 11 August 2009 and has therefore not been included as a liability as at 30 June 2009.

8 Defined benefit retirement schemes

The following table sets out the key IAS 19 assumptions used to assess the present value of the defined benefit obligation.

	Six months ended 30 June 2009	Six months ended 30 June 2008	Year ended 31 December 2008
Retail price inflation	3.5% pa	3.9% pa	2.90% pa
Discount rate	6.2% pa	6.5% pa	6.30% pa
Pension increases in payment:			
LPI/RPI	3.4%/3.5%	3.7%/3.9%	2.70%/2.90%
Fixed 5%	5.0%	5.0%	5.0%
3% or RPI if higher (capped at 5%)	3.7%	3.9%	3.5%
General salary increases	4.25 - 5.00% pa	4.65 - 5.40% pa	3.65 - 4.40% pa

The amount included in the balance sheet arising from the Group's obligations in respect of the various pension schemes is as follows:

	30 June 2009 £million	30 June 2008 £million	31 December 2008 £million
Present value of defined benefit obligation	597.5	557.6	534.2
Fair value of schemes' assets	(392.4)	(447.1)	(381.1)
Liability recognised in the balance sheet	205.1	110.5	153.1

The amounts recognised in the income statement are as follows:

	Six months ended 30 June 2009 £million	Six months ended 30 June 2008 £million	Year ended 31 December 2008 £million
Employer's part of current service cost	6.0	7.3	14.6
Interest cost	16.7	16.3	32.5
Expected return on schemes' assets	(12.2)	(16.3)	(32.6)
Total expense recognised in the income statement	10.5	7.3	14.5

Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised directly in equity and presented in the statement of comprehensive income.

Notes to the unaudited interim financial statements

continued

9 Share capital

	Six months ended 30 June 2009 Shares thousand	Six months ended 30 June 2008 Shares thousand	Year ended 31 December 2008 Shares thousand
At 1 January	125,016	124,751	124,751
Exercised share-based payments	352	241	265
At the end of the period	125,368	124,992	125,016

10 Related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Key management compensation is disclosed on pages 52 to 60 in the Annual Report and Financial Statements for the year ended 31 December 2008.

During the period, Group companies entered into the following transactions with related parties who are not members of the Group:

		Six months ended 30 June 2009 £million	Six months ended 30 June 2008 £million	Year ended 31 December 2008 £million
Sales of goods and services	Joint ventures - PFI Investments	109.1	109.0	213.2
	Associates	76.4	62.0	125.9
Purchases of goods and services	Joint ventures - PFI Investments	-	-	-
	Associates	1.3	0.8	2.3
Amounts owed by related parties	Joint ventures - PFI Investments	-	0.9	0.9
	Associates	3.1	2.6	2.1
Amounts owed to related parties	Joint ventures - PFI Investments	-	-	-
	Associates	0.2	0.2	0.3

Sales and purchases of goods and services to related parties were made on normal trading terms.

The amounts outstanding per the above table are unsecured and will be settled in cash. No guarantees have been given or received on these amounts. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

11 Contingent liabilities

Contingent liabilities of the Group have not materially changed from those published in the Annual Report and Financial Statements for the year ended 31 December 2008.

12 Post balance sheet events

On 7 August 2009 the Board approved the closure of the defined benefit scheme to future accrual for all non-passport members from the end of 2009. This will be reflected in a reduction in pension liabilities of approximately £20 million.