



13 August 2014

G4S 2014 Half year results

Investing in sustainable, profitable growth

G4S Chief Executive Officer Ashley Almanza said, “The group made good progress and delivered a satisfactory financial performance in the first six months winning new contracts with a total value of £1.2 billion and producing a 6.3% increase in PBITA and 13.2% increase in earnings. There remains much to be done to capture the full potential of our strategy and to strengthen the group’s performance.”

Financial highlights:

- New contract sales with total value of £1.2bn (+26%)
- Organic revenue growth of 4.1%
 - Emerging markets +12.1%
 - Developed markets in line with the prior year
- Underlying PBITA¹ 6.3% higher at £185m (2013: £174m)
 - Emerging markets PBITA up 14.7%
 - Developed markets PBITA up 6.7%
 - Corporate costs of £28m an increase of £8m including £6m non-cash pension and LTIP costs
- Underlying Earnings¹ of £86m (2013: £76m), up 13.2%, EPS up 3.7%
- Total cash generated by continuing operations of £212m (2013: £224m) included cash flow of £185m (2013: £148m) from operating businesses and one off corporate items of £27m (2013: £76m)
- Net debt position as at 30 June 2014 was £1,680m, reflecting the normal seasonal effect of lower cash flows in the first half which is expected to reverse in the second half of 2014 and the £109m electronic monitoring settlement
- Portfolio management: proceeds of £89m in six months. A further £37m due to be received in the second half of 2014 from the sale of business in Sweden
- Interim dividend maintained at 3.42p/share (DKK 0.3198)

| | Underlying Results ^{1,2} | | | Total Results ³ | | |
|-----------------------|-----------------------------------|---------|--------|----------------------------|---------|--------|
| | 6 months ended 30 June | | | 6 months ended 30 June | | |
| | 2014 | 2013 | Change | 2014 | 2013 | Change |
| Revenue | £3,371m | £3,239m | 4.1% | £3,371m | £3,249m | 3.8% |
| PBITA | £185m | £174m | 6.3% | £179m | £47m | 280.9% |
| Earnings ⁴ | £86m | £76m | 13.2% | £78m | £(196)m | - |
| EPS ⁵ | 5.6p | 5.4p | 3.7% | 5.0p | (14.0)p | - |

¹ At constant exchange rates. The results at actual exchange rates are set out on pages 15 to 31. To clearly present underlying performance, specific items have been excluded and disclosed separately – see page 3.

² 2013 results are presented at constant exchange rates and have been restated for the adoption of IFRS10 and IFRS11. 2013 PBITA has been re-presented for businesses subsequently classified as discontinued – see page 4 for details.

³ At constant exchange rates, including specific items. 2013 results have been restated for the adoption of IFRS10 and IFRS11 and have been re-presented for businesses subsequently classified as discontinued - see page 4 for details.

⁴ Earnings is equal to profit/(loss) for the period attributable to equity holders of the parent – see page 3.

⁵ Earnings per share is based on the average number of shares in issue of 1,545m (2013:1,403m) – see pages 5 to 6.

Ashley Almanza, Group Chief Executive Officer, commented:

“The group made good progress and delivered a satisfactory financial performance in the first six months winning new contracts with a total value of £1.2 billion and producing a 13.2% increase in earnings. There remains much to be done to capture the full potential of our strategy and to strengthen the group’s performance.

Demand for our services was robust, particularly in emerging markets. We are restructuring and rebuilding our businesses in UK & Ireland and in Europe. We have seen growth return to the North American market.

Profit before interest, tax and amortisation of £185¹ million was 6% higher than the same period in 2013, which reflects revenue growth and improved operational gearing, as we begin to capture benefits from restructuring and the implementation of our “Accelerated Best Practice” programmes.

With our increased focus on cash management, cash flow from operating businesses was £185 million, a 25% improvement on the same period last year. Total cash generated by continuing operations, including one off corporate items, was £212 million (2013: £224 million).

Following the review of the group’s strategy and business last year, we identified a number of strategic priorities and in each area we have made progress in moving from planning into execution:

Portfolio and performance management: We have divested six businesses at attractive exit multiples over the past year, for aggregate proceeds of £160 million, including our business in Sweden which we sold in July 2014. In addition, we have taken the decision to discontinue a further 15 smaller businesses and have an ongoing sale process for our US Government Solutions business. Portfolio management remains important for strategic focus, capital discipline and performance management.

Organic growth: We won new work with an annual contract value of over £600 million, and total contract value of £1.2 billion whilst, at the same time, replenishing our pipeline which now stands at an annual value of £4.9 billion.

We continue to see further opportunities to sell additional services in our key markets and, in line with our previously announced plans, we have invested an annualised £15 million to strengthen sales and business development capability. We are progressively embedding a consistent approach to sales operations and sales performance measurement.

Accelerated Best Practice and cost leadership: Our Accelerated Best Practice and cost leadership programme gathered momentum with the appointment of key management and subject matter experts to focus on direct labour efficiency, organisational efficiency, route planning and telematics, IT standardisation, procurement and shared services. Our major restructuring programmes to strengthen the competitiveness and profitability of a number of key businesses, principally in the UK, Ireland and Europe, are being implemented in line with the detailed plans which were developed last year. These programmes and cost initiatives are beginning to deliver improved operational leverage.

People and values: We made good progress with the implementation of our corporate transformation programme. We have enhanced our risk management controls and practices, strengthened contract management and are adopting a more systematic approach to measuring customer service. A group-wide internal communications programme is also underway to reinforce our group values and, in line with the Safety First value, there has been concerted focus on health and safety policy and practice.

Outlook

We have achieved a satisfactory financial performance and are making good strategic progress. Demand for our services continues to be strong in emerging markets, we are restructuring and rebuilding our UK & Ireland and European businesses and we have seen good growth return to our North American markets. The group is making encouraging progress, there remains much to be done to capture the full potential of our strategy and to strengthen the group’s performance.

¹ To clearly present underlying performance, specific items have been excluded and disclosed separately – see page 3.

Group income statement for the six months ended 30 June 2014

| | Underlying results June 2014 £m | Specific items | | | Total June 2014 £m | Restated underlying results June 2013 £m | Restated Total ¹ June 2013 £m |
|--|---------------------------------------|--|-------------------|------------------|--------------------------|--|---|
| | | Acquisition items and discontinued operations £m | Restructure £m | Impairment £m | | | |
| Revenue | 3,371 | - | - | - | 3,371 | 3,239 | 3,249 |
| PBITA before specific items and profit from joint ventures | 181 | - | - | - | 181 | 171 | 172 |
| Share of post-tax profit from joint ventures | 4 | - | - | - | 4 | 3 | 3 |
| PBITA before restructuring and specific items | 185 | - | - | - | 185 | 174 | 175 |
| Impairment and other items | - | - | - | 2 | 2 | - | (124) |
| Restructuring costs | - | - | (8) | - | (8) | - | (4) |
| PBITA | 185 | - | (8) | 2 | 179 | 174 | 47 |
| Amortisation of intangible assets ² | - | (33) | - | - | (33) | - | (35) |
| Goodwill impairment | - | - | - | - | - | - | (41) |
| Acquisition-related expenses | - | - | - | - | - | - | (2) |
| Profit/(loss) before interest and taxation (PBIT) | 185 | (33) | (8) | 2 | 146 | 174 | (31) |
| Finance income | 5 | - | - | - | 5 | 6 | 6 |
| Finance costs | (66) | - | - | - | (66) | (69) | (69) |
| Profit/(loss) before taxation (PBT) | 124 | (33) | (8) | 2 | 85 | 111 | (94) |
| Taxation | (31) | 8 | - | - | (23) | (28) | (14) |
| Profit/(loss) after taxation | 93 | (25) | (8) | 2 | 62 | 83 | (108) |
| Discontinued operations: | | | | | | | |
| Trading profit/(loss) | - | (7) | - | - | (7) | - | (8) |
| Impairment | - | - | - | - | - | - | (74) |
| Profit/(loss) on disposal | - | 30 | - | - | 30 | - | (2) |
| Profit/(loss) from discontinued operations | - | 23 | - | - | 23 | - | (84) |
| Profit/(loss) for the period | 93 | (2) | (8) | 2 | 85 | 83 | (192) |
| Attributable to: | | | | | | | |
| Equity holders of the parent | 86 | (2) | (8) | 2 | 78 | 76 | (196) |
| Non-controlling interests | 7 | - | - | - | 7 | 7 | 4 |
| Profit/(loss) for the period | 93 | (2) | (8) | 2 | 85 | 83 | (192) |
| Earnings per share attributable to ordinary equity shareholders of the parent from continuing and discontinued operations | | | | | | | |
| Basic and diluted | 5.6p | | | | 5.0p | 5.4p | (14.0)p |

¹ 2013 at constant exchange rates and restated for the adoption of IFRS 10 and IFRS 11 and re-presented for businesses subsequently classified as discontinued - see page 4.

² Amortisation of acquisition-related intangible assets.

Prior year reconciliation for discontinued and other items

Prior year results have been restated for operations subsequently classified as discontinued and are reconciled with previously reported results below. As part of the December 2013 year end process, some businesses were reallocated between regions to better align the reporting with how the businesses are managed.

| Adjustments to prior year reported numbers for discontinued businesses, adoption of IFRS10/11 and exchange rate movements: | June 2013 | | December 2013 | |
|--|--------------|-------------|---------------|-------------|
| | Revenue | PBITA | Revenue | PBITA |
| Underlying results as reported in 2013 | 3,648 | 201 | 7,428 | 442 |
| Discontinued businesses | | | | |
| Asia Middle East | (6) | - | (11) | - |
| Latin America ¹ | (16) | (1) | (25) | (2) |
| Europe ² | (64) | (2) | (122) | (2) |
| North America ³ | 60 | 3 | - | - |
| Total | (26) | - | (158) | (4) |
| IFRS10 & IFRS11 adjustments⁴ | | | | |
| Africa | (2) | - | (4) | - |
| Asia Middle East | (87) | (10) | (179) | (22) |
| Europe | - | - | (1) | - |
| UK & Ireland | (17) | (1) | (38) | (2) |
| Corporate costs | - | 1 | - | 3 |
| Total | (106) | (10) | (222) | (21) |
| Underlying restated 2013 results at actual rates | 3,516 | 191 | 7,048 | 417 |
| Exchange differences | | | | |
| Africa | (34) | (3) | (61) | (5) |
| Asia Middle East | (83) | (5) | (128) | (10) |
| Latin America | (64) | (4) | (101) | (6) |
| Europe | (35) | (2) | (83) | (6) |
| North America | (59) | (3) | (108) | (4) |
| UK & Ireland | (2) | - | (4) | (1) |
| Total | (277) | (17) | (485) | (32) |
| Underlying 2013 results at current rates | 3,239 | 174 | 6,563 | 385 |

Prior year results have also been restated to reflect the adoption of the new consolidation standard, IFRS 10 Consolidated Financial Statements and the new joint venture standard IFRS 11 Joint Arrangements. Further details of the restatements are given in note 16.

The impact of the adoption of IFRS 10 and IFRS 11 reflects the actual impact of moving entities from full or proportional consolidation to equity accounted for joint ventures, and differs from the estimates provided in the 2013 Annual Report and Accounts. The effect of the adoption of IFRS 10 and 11 on the group's results at constant exchange rates for the year ended 31 December 2013 has been to reduce PBITA by £21 million interest and tax costs by £3 million (2013 Annual Report and Accounts estimate: £32 million PBITA and £7 million of interest and tax costs), reducing non-controlling interests by an equal and opposite amount. Earnings remained unchanged. Profit attributable to non-controlling interests was £7 million (2013: £7 million). The difference between estimated and actual impact is mainly attributable to the review in detail of certain joint venture agreements.

¹ Includes revenue and PBITA relating to the group's Colombian data solutions business which was sold in August 2013.

² Includes G4S Sweden which has been sold subject to the customary regulatory approvals – as set out on page 6.

³ Following a strategic review, our US Regulated Secure Solutions (RSS) business is no longer for sale.

⁴ For full details of the impact of IFRS10 and IFRS11 see note 16.

GROUP COMMENTARY – CONTINUING OPERATIONS, 6 MONTHS ENDED 30 JUNE 2014

The commentary below in respect of the income statement compares 2014 to 2013 underlying results at constant exchange rates. The results of the group at actual exchange rates are set out on pages 15 to 31.

Revenue

Revenue was £3,371 million, an increase of 4.1% on the same period in 2013.

Emerging markets grew by 12% year on year and, with revenues of £1.2 billion in the first half of the year, now represent 36% of group revenue (2013: 33%). Developed markets revenues were in line with the prior year with growth in North America of 4.2% offset by a small decline in Europe of 1.2%. As expected, UK & Ireland revenues declined by 2.0% as the Electronic Monitoring contract ended in Q1 2014.

PBITA

Group PBITA was £185 million and 6% higher compared to the same period last year (2013: £174 million). PBITA reported for the first half of 2013 has been re-presented to reflect discontinued businesses and restated for the impact of adopting the new consolidation and joint arrangement standards (IFRS 10 and IFRS 11). Full details are set out on page 4. Corporate costs were higher at £28 million (2013: £20 million) largely reflecting an increase in non cash items of £6 million principally related to pensions and LTIPs, as well as the investment in finance, risk management, procurement and IT capability.

Specific Items

The specific items credit of £2 million relates mainly to the successful resolution of a legal claim in Europe.

A restructuring charge of £8 million was incurred in the first half of 2014 (2013: £4 million) relating mainly to UK and Europe.

In 2013 the review of the group's assets and liabilities resulted in a one-off charge of £124 million at PBITA level and £41 million in relation to goodwill impairment.

Net finance costs and tax

Net interest payable on net debt was £51 million (2013: £53 million), lower than the same period last year due to the decrease in average net debt. The pension interest charge was £10 million (2013: £10 million), resulting in total net finance costs of £61 million (2013: £63 million).

The effective tax rate for the half year on underlying earnings was 25% (2013: 25% when restated for IFRS 10 and IFRS 11, see page 7).

Discontinued operations

The total profit for the period of £23 million (2013: loss of £84 million) relating to discontinued operations included a trading loss of £7 million and profit on disposal of £30 million. The profit on disposal relates to the sale of the group's cash solutions business in Canada for £60 million and its business in Norway for £29 million.

Profit for the period

The group made a total underlying profit attributable to equity holders ('earnings') of £86 million (2013: £76 million) an increase of 13.2% for the six months to 30 June 2014.

The group made a total profit of £85 million (2013: loss of £192 million) for the six months to 30 June 2014 after specific items, interest, tax, amortisation and the results of discontinued operations.

Underlying Earnings per share

Underlying earnings per share¹ includes pension interest and increased to 5.6p (2013: 5.4p). Total earnings per share² was 5.0p (2013: loss per share of 14.0p). These are based on a weighted average number of shares in issue of 1,545 million (2013: 1,403 million). A reconciliation of the total and underlying EPS is provided below.

| | Underlying ¹ earnings per share | | | Total ² earnings per share | | |
|--|--|--|--|---------------------------------------|--|--|
| | 2014 £m | 2013 at constant exchange rates £m | 2013 at actual exchange rates £m | 2014 £m | 2013 at constant exchange rates £m | 2013 at actual exchange rates £m |
| Profit/(loss) for the year | 93 | 83 | 97 | 85 | (192) | (202) |
| Non-controlling interests | (7) | (7) | (7) | (7) | (4) | (4) |
| Adjusted profit attributable to shareholders (earnings) | 86 | 76 | 90 | 78 | (196) | (206) |
| Average number of shares (m) note 9a | 1,545 | 1,403 | 1,403 | 1,545 | 1,403 | 1,403 |
| Earnings per share | 5.6p | 5.4p | 6.4p | 5.0p | (14.0)p | (14.7)p |

¹ Underlying earnings exclude specific items - see page 3.

² Total earnings include specific items - see page 3.

Cash flow

Cash generated from continuing operations was £212 million (2013: £224 million). Operating cash flow from operating businesses was £185 million (2013: £148 million) before corporate items: 2013 included £76 million relating to the 2012 Olympics; and 2014 included the £27 million receipt following the Electronic Monitoring settlement with the UK Government. The group invested £54 million in capex in the period (2013: £79 million) and received proceeds of £89 million (comprising £79 million cash proceeds and £10 million relating to the settlement of outstanding finance leases) from the disposal of its business in Norway and the Canada cash solutions business. These contributed to a net cash flow after investing in the business of £204 million (2013: £110 million).

Net interest paid was £66 million (2013: £70 million) and group shareholder dividend payments were £85 million (2013: £78 million). The net cash outflow of £144 million (2013: £123 million) also included the payment of £109 million to the UK Government in relation to the Electronic Monitoring contract.

Net debt

The net debt position as at 30 June 2014 was £1,680 million (31 December 2013: £1,552 million). The increase of £128 million reflects net cash outflow including the £109 million Electronic Monitoring settlement and foreign exchange movements. The group's net debt to EBITDA ratio is 3.1 (2013: 2.8) (see page 31 for details of the calculation) reflecting the normal seasonal effect of lower cash flows in the first half which, in line with previous years, is expected to reverse in the second half of 2014.

Pensions

The group's deficit on funded defined retirement benefit schemes, on the valuation basis specified in IAS19(R) Employee Benefits, was £369 million after tax (31 December 2013: £379 million). The group has made additional pension deficit funding contributions of £21 million (2013: £18 million).

Disposals

The group disposed of its Canadian cash solutions business for proceeds of £60 million and its Norwegian business for proceeds of £29 million, both in January 2014. Net cash proceeds after settlement of finance lease obligations was £79 million. The group has agreed to sell its Swedish business for £37 million and has an ongoing divestment process underway for its US Government Solutions business.

Risks and uncertainties

A discussion of the group's risk assessment and control processes and the principal risks and uncertainties that could affect the business activities or financial results is detailed on pages 36 to 41 of the company's Annual Report and Accounts for the financial year ended 31 December 2013, a copy of which is available on the group's website at www.g4s.com. These risks and uncertainties include, but are not limited to, culture and values, health & safety, people, brand/reputation, major contracts and information security. The business risks and uncertainties are expected to remain materially the same as outlined in the 2013 Annual Report and Accounts during the remaining six months of the financial year.

Credit facilities

The group's credit rating was confirmed by Standard & Poor's as BBB- (Stable) in April 2014. As of 30 June 2014 the company has access to unutilised and committed facilities of £955 million. The group has sufficient borrowing capacity to finance its current and medium term investment plans.

The group has no material debt maturities until March 2016 and has a diverse range of finance providers. Borrowings are principally in pounds sterling, US dollars and euros reflecting the geographies of significant operational assets and profits.

The group's main sources of finance and their applicable rates are set out below:

- (i) A £1.1 billion multicurrency revolving credit facility provided by a consortium of lending banks at a drawn margin of 0.95% over LIBOR and maturing on 10 March 2016. As at 30 June 2014 the drawings were £15 million, US\$160 million and €44 million.
- (ii) A US\$450 million private placement of notes issued on 1 March 2007, which mature at various dates between 2017 and 2022, and bear interest at rates between 5.86% and 6.06%.
- (iii) US\$514 million and £69 million private placement notes issued on 15 July 2008, which mature at various dates between 2015 and 2020 and bear interest at rates between 6.43% and 7.56%.
- (iv) A £350 million Public Note issued on 13 May 2009 bearing an interest rate of 7.75%, maturing 13 May 2019.
- (v) A €600 million Public Note issued on 2 May 2012 bearing an interest rate of 2.875%, maturing 2 May 2017.
- (vi) A €500 million Public Note issued on 6 December 2013 bearing an interest rate of 2.625%, maturing 6 December 2018.

New consolidation standards for 2014 (IFRS10, 11 and 12)

The group has adopted the three new consolidation standards IFRS10 Consolidated Financial Statements, IFRS11 Joint Arrangements and IFRS12 Disclosure of Interest in Other Entities for the six months ended 31 June 2014. For more details on the impact of adopting these standards please see note 16.

The adoption of these standards required a restatement of prior year results which reduced revenue for the six months to 30 June 2013 by £106 million and reduced PBITA by £10 million (both at constant exchange rates). The entities affected are largely in the Middle East with a lower or zero effective rate of tax, and have the effect of increasing the group's effective tax rate on underlying PBT to 25%. The corresponding benefit arises in the share of profits from joint ventures; earnings per share is unchanged.

Significant exchange rates applicable to the group

In the first half of 2014, sterling has strengthened against many of the group's key currencies. As outlined on page 4, at June 2014 average exchange rates, revenues for the six months to June 2013 were £277 million (8%) lower at £3,239 million (2013: £3,516 million at June 2013 average rates) and PBITA was £17 million (9%) lower at £174 million (£191 million).

For the full year 2013, revenues were £485 million lower at £6,563 million (2013: £7,048 million at December 2013 average rates) and PBITA £32 million lower at £385 million (£417 million). The group derives a significant portion of its revenue and profits in the following currencies. Closing and average rates for these currencies are shown below:

| | As at 30 June 2014 | 6 months to 30 June 2014 average rates | 6 months to June 2013 average rates |
|---------------------|-----------------------|--|---|
| £/US\$ | 1.710 | 1.673 | 1.544 |
| £/€ | 1.249 | 1.219 | 1.177 |
| £/South Africa Rand | 18.191 | 17.866 | 14.228 |
| £/India Rupee | 102.839 | 101.668 | 84.754 |
| £/Israel Shekel | 5.863 | 5.821 | 5.670 |
| £/Brazil Real | 3.769 | 3.839 | 3.150 |
| £/Australia \$ | 1.812 | 1.835 | 1.525 |

Dividend

The board has declared an interim dividend of 3.42p per share (DKK 0.3198).

13 August 2014

UNDERLYING REGIONAL AND GROUP PERFORMANCE

The analysis of the group's business performance reflects internal management reporting lines which are based on geographic regions. The group's underlying segmental results are presented below excluding specific items. Prior year results have been restated for the adoption of IFRS10 and IFRS11, for businesses classified as discontinued operations during the period, and for the transfer of business between regions to reflect the way the businesses are managed across the group.

| At constant exchange rates | Revenue | | | PBITA | | | Margins | | Organic Growth |
|---|-------------------------|-------------------------|--------------|-------------------------|-------------------------|--------------|-------------------|-------------------|----------------|
| | 2014 ¹ £m | 2013 ² £m | Change | 2014 ¹ £m | 2013 ² £m | Change | 2014 ¹ | 2013 ² | |
| Africa | 239 | 212 | 12.7% | 22 | 18 | 22.2% | 9.2% | 8.5% | 12% |
| Asia Middle East | 651 | 584 | 11.5% | 48 | 39 | 23.1% | 7.4% | 6.7% | 12% |
| Latin America | 325 | 288 | 12.8% | 16 | 18 | (11.1%) | 4.9% | 6.3% | 13% |
| Emerging Markets | 1,215 | 1,084 | 12.1% | 86 | 75 | 14.7% | 7.1% | 6.9% | 12% |
| Europe | 715 | 724 | (1.2%) | 40 | 41 | (2.4%) | 5.6% | 5.7% | (1%) |
| North America | 651 | 625 | 4.2% | 33 | 26 | 26.9% | 5.1% | 4.2% | 4% |
| UK & Ireland | 790 | 806 | (2.0%) | 54 | 52 | 3.8% | 6.8% | 6.5% | (2%) |
| Developed Markets | 2,156 | 2,155 | 0.0% | 127 | 119 | 6.7% | 5.9% | 5.5% | 0% |
| Total Group before corporate costs | 3,371 | 3,239 | 4.1% | 213 | 194 | 9.8% | 6.3% | 6.0% | 4% |
| Corporate costs | | | | (28) | (20) | | | | |
| Total Group | 3,371 | 3,239 | 4.1% | 185 | 174 | 6.3% | 5.5% | 5.4% | 4% |

¹ To clearly present underlying performance, specific items have been excluded and disclosed separately – refer to page 3 for a reconciliation to total results.

² 2013 results are presented at constant exchange rates and have been restated for the adoption of IFRS 10 and IFRS 11, for businesses classified as discontinued operations and exclude the results of the Colombia data solutions business sold in August 2013.

UNDERLYING OPERATING PERFORMANCE BY REGION

AFRICA

| At constant exchange rates | Revenue | | | PBITA | | | Margins | |
|----------------------------|-------------------------|-------------------------|--------|-------------------------|-------------------------|--------|-------------------|-------------------|
| | 2014 ¹ £m | 2013 ² £m | Change | 2014 ¹ £m | 2013 ² £m | Change | 2014 ¹ | 2013 ² |
| | 239 | 212 | 12.7% | 22 | 18 | 22.2% | 9.2% | 8.5% |

In **Africa** revenues grew 12.7% and PBITA increased 22.2%, benefiting from the growth in revenue as well as overhead efficiency programmes.

New contracts won across the region include work for customers such as financial institutions and utilities in **Kenya**, distribution businesses in **South Africa**, an embassy in **Tanzania**, a hydro-electric plant in **Mozambique** and mine clearance work in **Southern Sudan**. The Mangaung Correctional Centre in **South Africa** is also now back under G4S management.

The acquisition of Deposita in January 2013 and the addition of CASH360 devices and ATM engineering services to our cash solutions business in South Africa has enabled us to sell comprehensive end-to-end solutions in South Africa and other African markets.

The bidding pipeline in Africa has grown strongly in the second quarter for all service lines and includes sectors such as financial services, extractive industries, retail and construction. We have recruited additional talent in areas such as sales and marketing and labour scheduling to ensure we have the capacity to address the market opportunities and to operate efficiently.

ASIA MIDDLE EAST

At constant exchange rates

| Revenue | | | PBITA | | | Margins | |
|-------------------|-------------------|--------|-------------------|-------------------|--------|-------------------|-------------------|
| 2014 ¹ | 2013 ² | Change | 2014 ¹ | 2013 ² | Change | 2014 ¹ | 2013 ² |
| £m | £m | | £m | £m | | | |
| 651 | 584 | 11.5% | 48 | 39 | 23.1% | 7.4% | 6.7% |

Revenue in **Asia Middle East** rose by 11.5% and PBITA increased 23.1%, reflecting a greater contribution from our care and justice services businesses in **Australia** and **New Zealand**, new contracts in **Indonesia** and **Thailand** and a strong profit performance across the **Middle East**.

The Manus Island immigration processing centre contract ended in March 2014. The group secured contract wins in demining and risk management for a number of international oil and gas companies in **Iraq**. The region has invested in technology sales and delivery capability in the Middle East and has now won a number of electronic security systems contracts in the **UAE** and **Qatar**.

We have made significant investment in sales and operational capability in the region. In addition, organisational structures are being reviewed with the aim of streamlining operations and regional overhead.

LATIN AMERICA

At constant exchange rates

| Revenue | | | PBITA | | | Margins | |
|-------------------|-------------------|--------|-------------------|-------------------|---------|-------------------|-------------------|
| 2014 ¹ | 2013 ² | Change | 2014 ¹ | 2013 ² | Change | 2014 ¹ | 2013 ² |
| £m | £m | | £m | £m | | | |
| 325 | 288 | 12.8% | 16 | 18 | (11.1%) | 4.9% | 6.3% |

Revenue and organic growth in **Latin America** was 12.8% with a number of contract wins in the ports, car manufacturing, transportation, financial services, telecommunications and extractives sectors.

PBITA was 11.1% lower due mainly to the legislated increase in pay in **Brazil** which we expect to be partially recovered in the second half of the year.

Recent contract wins include the first pan-Latin America contract and contracts in the manufacturing, financial institution, transportation, ports and industrials sectors. A North America contract with a major on-line retailer was also expanded into Latin America.

Our sales pipeline for the Latin America region is growing well with a number of new multi-year manned security and FM opportunities for multinational customers in **Brazil** and **Colombia**.

EUROPE

At constant exchange rates

| Revenue | | | PBITA | | | Margins | |
|-------------------|-------------------|--------|-------------------|-------------------|--------|-------------------|-------------------|
| 2014 ¹ | 2013 ² | Change | 2014 ¹ | 2013 ² | Change | 2014 ¹ | 2013 ² |
| £m | £m | | £m | £m | | | |
| 715 | 724 | (1.2%) | 40 | 41 | (2.4%) | 5.6% | 5.7% |

In **Europe** revenue declined 1.2% and PBITA was 2.4% lower than the same period last year. Positive sales momentum developed in the first six months this year, with new contract wins and solid customer retention which is helping to offset the Dutch justice services contract loss. In January 2014, we won a €50 million per annum, five year contract to provide cash solutions services in the Netherlands

Revenues for the security systems business, which accounts for around 20% of European secure solutions revenues, remained in line with 2013. The region has an increased focus on security and cash solutions technology.

We made further progress with portfolio management in the region, disposing of three businesses including the sale of our business in **Sweden** for £37 million. Our European markets show some sign of stabilising and we have a diverse contract pipeline with sectors such as ports, aviation, transportation and healthcare being particularly strong. Investment in sales and business development capacity is being made to strengthen this pipeline.

NORTH AMERICA

At constant exchange rates

| Revenue | | | PBITA | | | Margins | |
|-------------------|-------------------|--------|-------------------|-------------------|--------|-------------------|-------------------|
| 2014 ¹ | 2013 ² | Change | 2014 ¹ | 2013 ² | Change | 2014 ¹ | 2013 ² |
| £m | £m | | £m | £m | | | |
| 651 | 625 | 4.2% | 33 | 26 | 26.9% | 5.1% | 4.2% |

Revenue grew by 4.2% in **North America** reflecting a strong performance in commercial security, compliance and investigations and justice services.

We retained contracts with major financial institutions and grew our business in the wholesale retail sector. We also won a new security technology integration project and our Compliance and Investigation business won a global safety hotline contract for a major corporation. There were also major contract wins in the industrial, healthcare and biotech sectors.

PBITA for the region was 26.9% higher, reflecting higher revenue and improved direct labour efficiency resulting in a reduction in non-billable overtime, and overhead reductions.

The implementation of the Affordable Care Act in the US has been delayed for large businesses. It is not expected to have a material impact on the group's business in the US as the majority of its employee healthcare plans are already broadly compliant.

Good progress was made in the region on rationalising the business portfolio. The sale of the cash solutions business in **Canada** completed for £60 million in January 2014 and the divestment process of the US Government Solutions business continues.

Overall, the North American business has a strong contract pipeline with opportunities across diverse sectors including commerce, industry and government.

UK & IRELAND

At constant exchange rates

| Revenue | | | PBITA | | | Margins | |
|-------------------|-------------------|--------|-------------------|-------------------|--------|-------------------|-------------------|
| 2014 ¹ | 2013 ² | Change | 2014 ¹ | 2013 ² | Change | 2014 ¹ | 2013 ² |
| £m | £m | | £m | £m | | | |
| 790 | 806 | (2.0%) | 54 | 52 | 3.8% | 6.8% | 6.5% |

Revenue declined 2% and PBITA was 3.8% higher with improved performance in the UK cash solutions business being partially offset by the ending of the MoJ Electronic Monitoring contract. Significant restructuring programmes are being implemented in the UK cash solutions, Ireland cash solutions and secure solutions businesses covering branch networks (Ireland and UK cash solutions), organisational design and operational labour efficiency.

UK contracts won during 2014 include selection by the Department for Work & Pensions (DWP) to manage community work placements for the long term unemployed, renewal of the Rainsbrook Secure Training Centre, and a regional secure solutions contract with a global IT company.

In April, the UK Government gave a positive assessment of the steps taken to rebuild its confidence in the group's services. The UK corporate renewal programme forms part of a wider programme of change to strengthen the governance and performance of the group as a whole and, while significant progress has been made, much remains to be done. The priorities now are to deliver outstanding service on existing contracts and to grow the business by competing for new Government services in areas where the region has proven expertise and capability.

The UK & Ireland bidding pipeline is broad-based and has grown strongly in FM and outsourcing.

¹ At constant exchange rates. To present clearly underlying performance, specific items have been excluded and disclosed separately – see page 3.

² 2013 results are presented at constant exchange rates and have been restated for the adoption of IFRS10 and IFRS11, for businesses classified in discontinued operations and exclude the results of the Colombia data solutions business, which was sold in August 2013.

UNDERLYING SERVICE LINE OPERATING REVIEW

Secure solutions

| At constant exchange rates | Emerging markets £m | | | Developed markets £m | | | Total £m | | |
|----------------------------|------------------------|-------------------|--------|-------------------------|-------------------|--------|-------------------|-------------------|--------|
| | 2014 ¹ | 2013 ² | Change | 2014 ¹ | 2013 ² | Change | 2014 ¹ | 2013 ² | Change |
| Revenue | 984 | 860 | 14.4% | 1,841 | 1,827 | 0.8% | 2,825 | 2,687 | 5.1% |
| Organic growth | 14% | 13% | | 1% | 2% | | 5% | 5% | |
| PBITA | 64 | 51 | 25.5% | 102 | 96 | 6.3% | 166 | 147 | 12.9% |
| Margin % | 6.5% | 5.9% | 0.6% | 5.5% | 5.3% | 0.2% | 5.9% | 5.5% | 0.4% |

The secure solutions businesses achieved 5.1% growth in revenue and 12.9% PBITA growth.

Emerging markets revenue grew 14%, and PBITA grew by 25.5% driven by contract mix, price increases and cost efficiencies. Developed markets revenue grew 0.8% with PBITA growth of 6.3%. There was good growth in North America offset by a decline in the UK, resulting in part from exiting unprofitable contracts.

Cash solutions

| At constant exchange rates | Emerging markets £m | | | Developed markets £m | | | Total £m | | |
|----------------------------|------------------------|-------------------|--------|-------------------------|-------------------|--------|-------------------|-------------------|--------|
| | 2014 ¹ | 2013 ² | Change | 2014 ¹ | 2013 ² | Change | 2014 ¹ | 2013 ² | Change |
| Revenue | 231 | 224 | 3.1% | 315 | 328 | (4.0%) | 546 | 552 | (1.1%) |
| Organic growth | 3% | 13% | | -4% | -2% | | -1% | 4% | |
| PBITA | 22 | 24 | (8.3%) | 25 | 23 | 8.7% | 47 | 47 | 0.0% |
| Margin % | 9.5% | 10.7% | -1.2% | 7.9% | 7.0% | 0.9% | 8.6% | 8.5% | 0.1% |

Cash solutions revenue declined by 1.1% and PBITA was in line with the prior year.

Emerging markets revenue growth was 3.1%. Emerging markets PBITA was £2 million lower, due mainly to lower gold bullion shipments in the secure logistics business following a sharp fall in volumes of bullion into India. Developed markets revenue declined 4% principally in the Ireland cash solutions business. PBITA in developed markets grew 8.7% reflecting strong performances in the UK and Europe.

¹ At constant exchange rates. To present clearly underlying performance, specific items have been excluded and disclosed separately – see page 3.

² 2013 results are presented at constant exchange rates and have been restated for the adoption of IFRS10 and IFRS11, for businesses classified in discontinued operations and exclude the results of the Colombia data solutions business, which was sold in August 2013.

Directors' responsibility statement in respect of the half-yearly results announcement

We confirm that to the best of our knowledge:

- this condensed set of financial statements has been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* as adopted by the EU;
- the half-yearly report includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The responsibility statement is signed by:

Himanshu Raja

Group Chief Financial Officer

Independent review report to G4S plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Cash Flow and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements. This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst the company has previously produced a half-yearly report containing a condensed set of financial statements, those financial statements have not previously been subject to a review by an independent auditor. As a consequence, the review procedures set out above have not been performed in respect of the comparative period for the six months ended 30 June 2013.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

John Morris

for and on behalf of KPMG Audit Plc

Chartered Accountants

15 Canada Square, London.

E14 5GL

12 August 2014

G4S plc

Half-yearly results announcement

For the six months ended 30 June 2014

Condensed consolidated income statement

Unaudited

For the six months ended 30 June 2014

| | Notes | Six months ended 30.06.14 £m | Six months ended 30.06.13 Restated £m | Year ended 31.12.13 Restated £m |
|--|-------|------------------------------------|--|--|
| Continuing operations | | | | |
| Revenue | 2 | 3,371 | 3,527 | 7,063 |
| Operating profit before interest, tax, amortisation, specific items, restructuring and profit from joint ventures | | 181 | 188 | 410 |
| Share of post-tax profit from joint ventures | | 4 | 4 | 8 |
| Operating profit before interest, tax, amortisation, specific items and restructuring | 2 | 185 | 192 | 418 |
| Specific items | | 2 | (131) | (314) |
| Restructuring costs | | (8) | (4) | (66) |
| Operating profit before interest, tax and amortisation (PBITA) | | 179 | 57 | 38 |
| Amortisation of acquisition-related intangible assets | | (33) | (37) | (72) |
| Goodwill impairment | | - | (48) | (46) |
| Acquisition-related expenses | | - | (2) | (4) |
| Profit on disposal of assets and subsidiaries | | - | - | 24 |
| Operating profit/(loss) before interest and taxation (PBIT) | 2, 3 | 146 | (30) | (60) |
| Finance income | 6 | 5 | 7 | 13 |
| Finance costs | 7 | (66) | (71) | (139) |
| Operating profit/(loss) before taxation (PBT) | | 85 | (94) | (186) |
| Taxation | 8 | (23) | (17) | (53) |
| Profit/(loss) from continuing operations after taxation | | 62 | (111) | (239) |
| Profit/(loss) from discontinued operations | | 23 | (91) | (118) |
| Profit/(loss) for the period | | 85 | (202) | (357) |
| Attributable to: | | | | |
| Equity holders of the parent | 9 | 78 | (206) | (362) |
| Non-controlling interests | | 7 | 4 | 5 |
| Profit/(loss) for the period | | 85 | (202) | (357) |
| Earnings per share attributable to equity shareholders of the parent | | | | |
| Basic and diluted – continuing operations | 9 | 3.5p | (8.2)p | (16.8)p |
| Basic and diluted – continuing and discontinued operations | | 5.0p | (14.7)p | (24.9)p |
| Dividends declared in respect of the period | | | | |
| Interim dividend | 10 | 3.42p | 3.42p | 3.42p |
| Final dividend | 10 | - | - | 5.54p |
| Total dividend | 10 | - | - | 8.96p |

Condensed consolidated statement of comprehensive income
Unaudited

For the six months ended 30 June 2014

| | Six months ended 30.06.14 | Six months ended 30.06.13 Restated | Year ended 31.12.13 Restated |
|--|--|---|---------------------------------------|
| | £m | £m | £m |
| Profit/(loss) for the period | 85 | (202) | (357) |
| Other comprehensive income | | | |
| Items that will never be reclassified to profit or loss: | | | |
| Actuarial (losses)/gains on defined retirement benefit schemes | (1) | 19 | (60) |
| Tax on items that will never be reclassified to profit or loss | - | (4) | (1) |
| | (1) | 15 | (61) |
| Items that are or may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of foreign operations | (24) | 28 | (109) |
| Cash flow and net investment hedging financial instruments | (16) | 44 | 17 |
| Tax on items that are or may be reclassified subsequently to profit or loss | (1) | - | (4) |
| | (41) | 72 | (96) |
| Other comprehensive income, net of tax | (42) | 87 | (157) |
| Total comprehensive income for the period | 43 | (115) | (514) |
| Attributable to: | | | |
| Equity holders of the parent | 37 | (123) | (518) |
| Non-controlling interests | 6 | 8 | 4 |
| Total comprehensive income for the period | 43 | (115) | (514) |

Condensed consolidated statement of changes in equity

Unaudited

For the six months ended 30 June 2014

| | Attributable to equity holders of the parent | | | | | | Total Equity 2014 £m | | |
|-----------------------------|--|--------------------------------|------------------------------------|---------------------------------|---------------------|------------------------------|-------------------------------|----|-----|
| | Share capital 2014 £m | Share premium 2014 £m | Retained earnings 2014 £m | Other reserves 2014 £m | Total 2014 £m | NCI reserve 2014 £m | | | |
| | At 1 January 2014 - restated | 388 | 258 | (415) | 636 | 867 | | 17 | 884 |
| | Total comprehensive income | - | - | 78 | (41) | 37 | | 6 | 43 |
| Dividends declared | - | - | (85) | - | (85) | (5) | (90) | | |
| Equity settled transactions | - | - | 1 | - | 1 | - | 1 | | |
| At 30 June 2014 | 388 | 258 | (421) | 595 | 820 | 18 | 838 | | |

For the year ended 31 December 2013

| | Attributable to equity holders of the parent | | | | | | Total 2013 £m | | |
|---|--|--------------------------------|------------------------------------|---------------------------------|---------------------|------------------------------|---------------------|----|-------|
| | Share capital 2013 £m | Share premium 2013 £m | Retained earnings 2013 £m | Other reserves 2013 £m | Total 2013 £m | NCI reserve 2013 £m | | | |
| | At 1 January 2013 - restated | 353 | 258 | 143 | 422 | 1,176 | | 32 | 1,208 |
| | Total comprehensive income | - | - | (422) | (96) | (518) | | 4 | (514) |
| Shares issued | 35 | - | - | 308 | 343 | - | 343 | | |
| Dividends declared | - | - | (130) | - | (130) | (21) | (151) | | |
| Own shares awarded | - | - | (2) | 2 | - | - | - | | |
| Transactions with non-controlling interests | - | - | (4) | - | (4) | 2 | (2) | | |
| At 31 December 2013 | 388 | 258 | (415) | 636 | 867 | 17 | 884 | | |

For the six months ended 30 June 2013

| | Attributable to equity holders of the parent | | | | | | Total 2013 £m | | |
|---|--|--------------------------------|------------------------------------|---------------------------------|---------------------|------------------------------|---------------------|----|-------|
| | Share capital 2013 £m | Share premium 2013 £m | Retained earnings 2013 £m | Other reserves 2013 £m | Total 2013 £m | NCI reserve 2013 £m | | | |
| | At 1 January 2013 - restated | 353 | 258 | 143 | 422 | 1,176 | | 32 | 1,208 |
| | Total comprehensive income | - | - | (194) | 71 | (123) | | 8 | (115) |
| Dividends declared | - | - | (80) | - | (80) | (3) | (83) | | |
| Equity settled transactions | - | - | 1 | - | 1 | - | 1 | | |
| Transactions with non-controlling interests | - | - | (4) | - | (4) | 2 | (2) | | |
| At 30 June 2013 | 353 | 258 | (134) | 493 | 970 | 39 | 1,009 | | |

Condensed consolidated statement of financial position

Unaudited

At 30 June 2014

| | Notes | As at 30.06.14 £m | As at 30.06.13 Restated £m | As at 31.12.13 Restated £m | As at 31.12.12 Restated £m |
|--|-------|-------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Goodwill | | 1,908 | 2,081 | 1,955 | 2,096 |
| Other acquisition-related intangible assets | | 109 | 169 | 141 | 204 |
| Other intangible assets | | 78 | 79 | 77 | 87 |
| Property, plant and equipment | | 449 | 502 | 484 | 506 |
| Trade and other receivables | | 91 | 165 | 104 | 118 |
| Investment in joint ventures | | 36 | 37 | 34 | 30 |
| Deferred tax assets | | 174 | 172 | 184 | 179 |
| | | 2,845 | 3,205 | 2,979 | 3,220 |
| Current assets | | | | | |
| Inventories | | 117 | 133 | 112 | 124 |
| Investments | | 57 | 53 | 39 | 52 |
| Trade and other receivables | | 1,298 | 1,370 | 1,380 | 1,500 |
| Cash and cash equivalents | | 360 | 433 | 532 | 419 |
| Assets classified as held for sale | 11 | 152 | 290 | 220 | 229 |
| | | 1,984 | 2,279 | 2,283 | 2,324 |
| Total assets | | 4,829 | 5,484 | 5,262 | 5,544 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts | | (21) | (7) | (9) | - |
| Bank loans | | (24) | (15) | (27) | (13) |
| Loan notes | | (115) | (106) | (61) | (40) |
| Obligations under finance leases | | (15) | (16) | (21) | (18) |
| Trade and other payables | | (1,054) | (1,141) | (1,214) | (1,222) |
| Provisions | 13 | (65) | (30) | (195) | (27) |
| Liabilities associated with assets classified as held for sale | 11 | (87) | (144) | (133) | (52) |
| | | (1,381) | (1,459) | (1,660) | (1,372) |
| Non-current liabilities | | | | | |
| Bank loans | | (214) | (392) | (140) | (324) |
| Loan notes | | (1,754) | (2,014) | (1,921) | (1,999) |
| Obligations under finance leases | | (29) | (37) | (31) | (43) |
| Trade and other payables | | (14) | (14) | (13) | (18) |
| Retirement benefit obligations | | (500) | (437) | (504) | (471) |
| Provisions | 13 | (66) | (60) | (64) | (45) |
| Deferred tax liabilities | | (33) | (62) | (45) | (64) |
| | | (2,610) | (3,016) | (2,718) | (2,964) |
| Total liabilities | | (3,991) | (4,475) | (4,378) | (4,336) |
| Net assets | | 838 | 1,009 | 884 | 1,208 |
| EQUITY | | | | | |
| Share capital | | 388 | 353 | 388 | 353 |
| Share premium and reserves | | 432 | 617 | 479 | 823 |
| Equity attributable to equity holders of the parent | | 820 | 970 | 867 | 1,176 |
| Non-controlling interests | | 18 | 39 | 17 | 32 |
| Total equity | | 838 | 1,009 | 884 | 1,208 |

Condensed consolidated statement of cash flow
Unaudited

For the six months ended 30 June 2014

| | Six months ended 30.06.14 | Six months ended 30.06.13 Restated | Year ended 31.12.13 Restated |
|--|---------------------------------|---|---------------------------------------|
| Notes | £m | £m | £m |
| Profit/(loss) from continuing operations before taxation | 85 | (94) | (186) |
| Adjustments for: | | | |
| Finance income | (5) | (7) | (13) |
| Finance costs | 66 | 71 | 139 |
| Depreciation of property, plant and equipment | 54 | 58 | 114 |
| Amortisation of acquisition-related intangible assets | 33 | 37 | 72 |
| Amortisation of other intangible assets | 12 | 12 | 24 |
| Goodwill impairment | - | 48 | 46 |
| Acquisition-related costs | - | 2 | 4 |
| Impairment of other assets | - | 23 | 24 |
| (Decrease)/increase in provisions | (124) | 92 | 187 |
| Additional pension contributions | (21) | (18) | (38) |
| Profit on disposal of fixed assets and subsidiaries | - | - | (24) |
| Share of profit from joint ventures | (4) | (4) | (8) |
| Equity-settled transactions | 1 | 1 | - |
| Operating cash flow before movements in working capital | 97 | 221 | 341 |
| Net working capital movement | (42) | (15) | 83 |
| Net cash flow from operating activities of continuing operations | 55 | 206 | 424 |
| Net cash flow from operating activities of discontinued operations | (10) | (2) | 31 |
| Cash generated by operations | 45 | 204 | 455 |
| Tax paid | (39) | (50) | (83) |
| Net cash flow from operating activities | 6 | 154 | 372 |
| Investing activities | | | |
| Interest received | 15 | 17 | 21 |
| Cash flow from equity accounted investments | 6 | (10) | (2) |
| Net cash flow from capital expenditure | (54) | (79) | (167) |
| Acquisition of subsidiaries | (2) | (18) | (23) |
| Net cash and overdraft balances acquired/disposed of | (8) | (2) | (8) |
| Disposal of subsidiaries | 79 | (1) | 35 |
| Sale of trading investments | (20) | 2 | 13 |
| Net cash used in investing activities | 16 | (91) | (131) |
| Financing activities | | | |
| Share issues | - | - | 343 |
| Dividends paid to equity shareholders of the parent | (85) | (80) | (130) |
| Dividends paid to non-controlling interests | (5) | (3) | (21) |
| Net movement in borrowings | 7 | 80 | (188) |
| Movement in customer cash balances | (22) | - | 22 |
| Transactions with non-controlling interests | - | (2) | (2) |
| Interest paid | (81) | (87) | (129) |
| Repayment of obligations under finance leases | (8) | (8) | (9) |
| Net cash flow from financing activities | (194) | (100) | (114) |
| Net movement in cash, cash equivalents and bank overdrafts | (172) | (37) | 127 |
| Cash, cash equivalents and bank overdrafts at the beginning of the period | 538 | 439 | 439 |
| Effect of foreign exchange rate fluctuations on cash held | (22) | 28 | (28) |
| Cash, cash equivalents and bank overdrafts at the end of the period | 344 | 430 | 538 |

For a reconciliation of net cash flow from operating activities of continuing operations to net debt see page 30.

Notes to the half-yearly results announcement

These statements are prepared using actual exchange rates for the relevant periods.

1) Basis of preparation and accounting policies

These condensed financial statements comprise the unaudited interim consolidated results of G4S plc ("the group") for the six months ended 30 June 2014. These half-yearly financial results do not comprise statutory accounts and should be read in conjunction with the Annual Report and Accounts 2013.

The comparative figures for the financial year ended 31 December 2013 are not the company's statutory accounts for that year. Those accounts have been reported on by the company's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not contain a reference to any matters to which the auditor drew attention by emphasis of matter without qualifying their report, and (iii) did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

The financial information in these condensed financial statements for the half year to 30 June 2014 has been reviewed but not audited.

The half-yearly results have been prepared in accordance with the going concern concept as the group believes it has adequate resources to continue in operational existence for the foreseeable future.

The condensed financial statements of the group presented in this interim announcement have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union, and with the Disclosure and Transparency Rules of the Financial Services Authority. The accounting policies applied are the same as those set out in the group's Annual Report and Accounts 2013 except for the adoption of IFRS10 Consolidated Financial Statements, IFRS11 Joint Arrangements and IFRS12 Disclosure of Interest in Other Entities. The impact of the adoption of these new standards is explained below.

The comparative income statement for the six months ended 30 June 2013 has been re-presented for operations qualifying as discontinued during the six months ended 31 December 2013 and the six months ended 30 June 2014. The comparative income statement for the year ended 31 December 2013 has been re-presented for operations qualifying as discontinued during the six months ended 30 June 2014. For the six months ended 30 June 2013, revenue has been reduced by £15m and PBT has increased by £1m compared to the figures published previously. For the year ended 31 December 2013, revenue has been reduced by £143m and PBT has been increased by £1m compared to the figures published previously.

Basis of preparation of the income statement

The group's income statement and segmental analysis note separately identify results before specific items. Specific items are those that in management's judgement need to be disclosed separately by virtue of their size, nature or incidence. In determining whether an event or transaction is specific, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Specific items include restructuring costs, impairments and other one-off or non-recurring items and the reversal of items relating to the review of assets and liabilities in the prior year.

Adoption of new and revised accounting standards and interpretations

In the six months ended 30 June 2014, the group adopted the following new standards and amendments:

- IFRS10 *Consolidated Financial Statements*, which replaces parts of IAS27 *Consolidated and Separate Financial Statements* and all of SIC-12 *Consolidation – Special Purpose Entities*, introduces a new control model that focuses on whether the group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns. This differs from the previous approach where one of the main criteria used to consolidate was to have the power to govern the financial and operating policies of the entity. As a result of the adoption of IFRS10 the group has reclassified certain entities within the Asia and Middle East region (being Qatar, Bahrain, Kuwait and certain businesses within the United Arab Emirates) as joint ventures where previously they were classified as subsidiaries. As a result of applying IFRS11 Joint Arrangements, the group now accounts for these businesses using the equity method.
- IFRS11 *Joint Arrangements* removes the option to account for jointly controlled entities using the proportionate consolidation method. Instead, all jointly controlled entities will be accounted for using the equity method of accounting. As the group previously applied the proportionate method of accounting to its jointly controlled entities this has impacted the group's consolidated income statement and consolidated statement of financial position.
- IFRS12 *Disclosure of Interest in Other Entities* is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS10, IFRS11 and IFRS12 together form a 'suite' of standards that are effective from 1 January 2013 and have been endorsed by the EU to be applied from 1 January 2014. The group has therefore adopted all three standards for its financial statements for the year ended 31 December 2014.

Restating prior year results for the adoption of these standards has reduced the group's revenue for the six months ended 30 June 2013 by £106m, and for the year ended 31 December 2013 by £222m. The group's PBITA for the six months ended 30 June 2013 is £8m lower, and for the year ended 31 December 2013 is £18m lower. The group's net assets have also been restated and have decreased by £30m as at 30 June 2013 and by £35m as at 31 December 2013. Further details are given in note 16.

Notes to the half-yearly results announcement (continued)

2) Operating segments

The group operates on a worldwide basis and derives a substantial proportion of its revenue, PBITA and PBIT from each of the following six geographic regions: Africa, Asia Middle East, Latin America, Europe, North America and UK & Ireland. For each of the reportable segments, the group's executive committee (the chief operating decision maker) reviews internal management reports on a regular basis.

Segment information for continuing operations is presented below:

Segment revenue

Revenue by reportable segment

| | Six months ended 30.06.14 | Six months ended 30.06.13 Restated | Year ended 31.12.13 Restated |
|--------------------------|--|---|---------------------------------------|
| | £m | £m | £m |
| Africa | 239 | 246 | 496 |
| Asia Middle East | 651 | 667 | 1,361 |
| Latin America | 325 | 363 | 708 |
| Emerging markets | 1,215 | 1,276 | 2,565 |
| Europe | 715 | 758 | 1,526 |
| North America | 651 | 685 | 1,358 |
| UK & Ireland | 790 | 808 | 1,614 |
| Developed markets | 2,156 | 2,251 | 4,498 |
| Total revenue | 3,371 | 3,527 | 7,063 |

Segment result

PBITA by reportable segment

| | Six months ended 30.06.14 | Six months ended 30.06.13 Restated | Year ended 31.12.13 Restated |
|-------------------------------------|--|---|---------------------------------------|
| | £m | £m | £m |
| Africa | 22 | 21 | 40 |
| Asia Middle East | 48 | 44 | 106 |
| Latin America | 16 | 23 | 44 |
| Emerging markets | 86 | 88 | 190 |
| Europe | 40 | 43 | 89 |
| North America | 33 | 29 | 59 |
| UK & Ireland | 54 | 52 | 121 |
| Developed markets | 127 | 124 | 269 |
| PBITA before corporate costs | 213 | 212 | 459 |
| Corporate costs | (28) | (20) | (41) |
| PBITA before specific items | 185 | 192 | 418 |

Total PBITA and PBIT by business segment

| | | | |
|---|------------|-------------|-------------|
| PBITA before specific items | 185 | 192 | 418 |
| Impairment and other items | 2 | (131) | (314) |
| Restructuring costs | (8) | (4) | (66) |
| PBITA after specific items | 179 | 57 | 38 |
| Amortisation of acquisition-related intangible assets | (33) | (37) | (72) |
| Acquisition-related expenses | - | (2) | (4) |
| Goodwill impairment | - | (48) | (46) |
| Profit on disposal of assets and subsidiaries | - | - | 24 |
| PBIT | 146 | (30) | (60) |

Notes to the half-yearly results announcement (continued)

3) Profit from operations before interest and taxation

The income statement can be analysed as follows:

| Continuing operations | Six months ended 30.06.14 £m | Six months ended 30.06.13 Restated £m | Year ended 31.12.13 Restated £m |
|--|---|---|---|
| Total revenue | 3,371 | 3,527 | 7,063 |
| Cost of sales | (2,716) | (2,832) | (5,782) |
| Gross profit | 655 | 695 | 1,281 |
| Administration expenses | (513) | (681) | (1,303) |
| Goodwill impairment | - | (48) | (46) |
| Share of profit from joint ventures | 4 | 4 | 8 |
| Profit from operations before interest and taxation | 146 | (30) | (60) |

Included within administration expenses for the six months ended 30 June 2014 is the amortisation charge for acquisition-related intangible assets of £33m (2013: £37m), restructuring costs of £8m (2013: £4m) and specific items credit of £2m (2013: charge of £131m).

Administration costs for the six months ended 30 June 2013 also included acquisition related costs of £2m.

Administration costs for the year ended 31 December 2013 included an amortisation charge for acquisition related intangible assets of £72m, acquisition related costs of £4m, restructuring costs of £66m, specific items of £314m and were net of a £24m profit on disposal of subsidiaries.

4) Discontinued operations

As at 30 June 2014, following the agreement to sell the group's operations in Sweden, the results of this business have also been classified in discontinued operations. Operations qualifying as discontinued as at 31 December 2013 included the US Government Solutions business, the group's cash solutions business in Sweden and the group's remaining business in Norway. The Canadian cash solutions business and the business in Norway were sold in January 2014 for total proceeds of £89m (comprising £79m cash proceeds and £10m relating to the settlement of outstanding finance leases).

5) Acquisitions

Current Period Acquisitions

During the period the group spent £2m in respect of deferred consideration on prior period acquisitions.

Prior period acquisitions

The purchase consideration and provisional fair values of acquisitions made during the financial year to 31 December 2013 and their contribution to the group's results for the year are set out in the group's Annual Report and Accounts 2013.

Notes to the half-yearly results announcement (continued)

6) Finance income

| | Six months ended 30.06.14 £m | Six months ended 30.06.13 Restated £m | Year ended 31.12.13 Restated £m |
|-----------------------------|---|---|---|
| Interest receivable | 5 | 7 | 13 |
| Total finance income | 5 | 7 | 13 |

7) Finance costs

| | Six months ended 30.06.14 £m | Six months ended 30.06.13 Restated £m | Year ended 31.12.13 Restated £m |
|---|---|---|---|
| Total group borrowing costs | (56) | (61) | (119) |
| Net finance costs on defined retirement benefit obligations | (10) | (10) | (20) |
| Total finance costs | (66) | (71) | (139) |

8) Taxation

| | Six months ended 30.06.14 £m | Six months ended 30.06.13 Restated £m | Year ended 31.12.13 Restated £m |
|-------------------------------|---|---|---|
| UK taxation | 2 | 4 | 7 |
| Overseas taxation | (25) | (21) | (60) |
| Total taxation expense | 23 | 17 | 53 |

Notes to the half-yearly results announcement (continued)

9) Earnings per share attributable to ordinary shareholders of the parent

| | Six months ended 30.06.14 £m | Six months ended 30.06.13 Restated £m | Year ended 31.12.13 Restated £m |
|--|---------------------------------------|---|---|
| (a) From continuing and discontinued operations | | | |
| Profit/(loss) for the period attributable to equity holders of the parent | 78 | (206) | (362) |
| Weighted average number of ordinary shares | 1,545 | 1,403 | 1,452 |
| Earnings per share from continuing and discontinued operations (pence) | | | |
| Basic and diluted | 5.0p | (14.7)p | (24.9)p |
| (b) From continuing operations | | | |
| Earnings | | | |
| Profit for the period attributable to equity holders of the parent | 78 | (206) | (362) |
| Adjustment to exclude (profit)/loss for the year from discontinued operations (net of tax) | (23) | 91 | 118 |
| Profit from continuing operations | 55 | (115) | (244) |
| Earnings per share from continuing operations (pence) | | | |
| Basic and diluted | 3.5p | (8.2)p | (16.8)p |
| From discontinued operations | | | |
| Loss per share from discontinued operations (pence) | | | |
| Basic and diluted | 1.5p | (6.5)p | (8.1)p |
| (c) From adjusted earnings | | | |
| Earnings | | | |
| Profit/(loss) from continuing operations | 55 | (115) | (244) |
| Amortisation of acquisition-related intangible assets | 33 | 37 | 72 |
| Goodwill impairment | - | 48 | 46 |
| Acquisition-related expenses | - | 2 | 4 |
| Profit on disposal of assets and subsidiaries | - | - | (24) |
| Restructuring costs | 8 | 4 | 66 |
| Other specific items | (2) | 131 | 314 |
| Tax on amortisation and specific items | (8) | (14) | (19) |
| Non-controlling interests' share of specific items | - | (3) | (3) |
| Adjusted profit for the period attributable to equity holders of the parent | 86 | 90 | 212 |
| Weighted average number of ordinary shares (m) | 1,545 | 1,403 | 1,452 |
| Underlying earnings per share (pence) | 5.6p | 6.4p | 14.6p |

In the opinion of the directors the earnings per share figure of most use to shareholders is the adjusted earnings per share. This figure better allows the assessment of operational performance, the analysis of trends over time, the comparison of different businesses and the projection of future earnings.

10) Dividends

| | Pence per share | DKK per share | Six months ended 30.06.14 £m | Six months ended 30.06.13 £m | Year ended 31.12.13 £m |
|--|-----------------------|---------------------|---------------------------------------|---------------------------------------|---------------------------------|
| Amounts recognised as distributions to equity holders of the parent in the period | | | | | |
| Final dividend for the year ended 31 December 2012 | 5.54 | 0.4730 | - | 78 | 78 |
| Interim dividend for the six months ended 30 June 2013 | 3.42 | 0.2972 | - | - | 52 |
| Final dividend for the year ended 31 December 2013 | 5.54 | 0.4954 | 85 | - | - |
| Total | | | 85 | 78 | 130 |

An interim dividend of 3.42p (DKK 0.3198) per share for the six months ended 30 June 2014 will be paid on 17 October 2014 to shareholders on the register on 12 September 2014.

Notes to the half-yearly results announcement (continued)

11) Disposal groups classified as held for sale

At 30 June 2014, disposal groups classified as held for sale principally include the assets and liabilities associated with the US Government Solutions business and the group's business in Sweden.

At 31 December 2013, disposal groups classified as held for sale included the assets and liabilities associated with the US Government Solutions business, the remaining business in Norway and the cash solutions business in Canada.

12) Analysis of net debt

A reconciliation of net debt to amounts in the condensed consolidated balance sheet is presented below:

| | As at 30.06.14 £m | As at 30.06.13 Restated £m | As at 31.12.13 Restated £m |
|--|-------------------------|-------------------------------------|-------------------------------------|
| Cash and cash equivalents | 360 | 433 | 532 |
| Investments | 57 | 53 | 39 |
| Net cash and overdrafts included within assets held for sale | 5 | 3 | 16 |
| Net debt included within assets held for sale | 4 | (24) | (17) |
| Current liabilities | | | |
| Bank overdrafts and loans | (160) | (128) | (97) |
| Obligations under finance leases | (15) | (16) | (21) |
| Fair value of loan note derivative financial instruments | 3 | 12 | 14 |
| Non-current liabilities | | | |
| Bank loans | (214) | (392) | (140) |
| Loan notes | (1,754) | (2,014) | (1,921) |
| Obligations under finance leases | (29) | (37) | (31) |
| Fair value of loan note derivative financial instruments | 63 | 117 | 74 |
| Total net debt | (1,680) | (1,993) | (1,552) |

13) Provisions

| | Employee benefits | Restructuring | Claims reserves | Contract provisions | Total |
|-------------------------------------|----------------------|---------------|--------------------|------------------------|------------|
| At 1 January 2014 | 26 | 33 | 57 | 143 | 259 |
| Additional provision in the year | 7 | 8 | 8 | 16 | 39 |
| Utilisation of provision | (9) | (20) | (8) | (126) | (163) |
| Translation adjustments | (1) | (1) | (1) | (1) | (4) |
| At 30 June 2014 | 23 | 20 | 56 | 32 | 131 |
| Included in current liabilities | | | | | 65 |
| Included in non-current liabilities | | | | | 66 |
| | | | | | 131 |

The utilisation of the contract provision mainly relates to the settlement of the electronic monitoring contract with the UK Government in the first half of 2014. The final settlement was for £109m and also included the settlement of two other smaller contracts in the UK.

14) Related party transactions

No related party transactions have taken place in the first six months of the current financial year which have materially affected the financial position or the performance of the group during that period. The nature and amounts of related party transactions in the first six months of the current financial year are consistent with those reported in the group's Annual Report and Accounts 2013.

Notes to the half-yearly results announcement (continued)

15) Fair value of financial instruments

The carrying amounts, fair value and fair value hierarchy relating to those financial instruments that have been recorded at amortised cost where that differs from their fair value, based on expectations at the reporting date, are shown below:

| | Category | Level | 30 June 2014 | | 30 June 2013 | | 31 December 2013 | |
|------------------------------|----------|-------|----------------|------------|----------------|------------|------------------|------------|
| | | | Carrying value | Fair value | Carrying value | Fair value | Carrying value | Fair value |
| Financial assets | | | | | | | | |
| Investments | FVTPL | 1 | 57 | 57 | 53 | 53 | 39 | 39 |
| Interest rate swaps | FVTPL | 2 | 41 | 41 | 58 | 58 | 46 | 46 |
| Commodity swaps | CFH | 2 | - | - | 1 | 1 | 1 | 1 |
| Cross currency swaps | CFH | 2 | 25 | 25 | 70 | 70 | 42 | 42 |
| Financial liabilities | | | | | | | | |
| Loan notes | FVH | 2 | (701) | (701) | (419) | (419) | (377) | (377) |
| Interest rate swaps | FVH | 2 | (2) | (2) | (1) | (1) | (1) | (1) |
| Interest rate swaps | CFH | 2 | (2) | (2) | (3) | (3) | (2) | (2) |
| Commodity swaps | CFH | 2 | (1) | (1) | (1) | (1) | (1) | (1) |
| Cross currency swaps | CFH | 2 | (2) | (2) | - | - | (2) | (2) |
| Loan notes* | AC | 2 | (1,168) | (1,220) | (1,701) | (1,749) | (1,605) | (1,675) |

*€90m (£72m) of May 2012 loan notes and €120m (£96m) of December 2012 loan notes are recorded at fair value through profit or loss

Category key:

| | |
|-------|-----------------------------------|
| FVTPL | Fair value through profit or loss |
| CFH | Cash flow hedge |
| FVH | Fair value hedge |
| AC | Amortised cost |

Valuation techniques used to value these financial instruments are consistent with those used for the year ended 31 December 2013 as disclosed in note 3(h) of the 2013 Annual Report and Accounts.

16) Impact of new accounting standards

The group has presented re-stated income statements for the 6 months ended 30 June 2013 and year ended 31 December 2013, statements of financial position at 30 June 2013, 31 December 2013 and 31 December 2012 and cash flow statements for the 6 months ended 30 June 2013 and year ended 31 December 2013. The following pages contain reconciliations between the restated amounts and those previously published.

The adoption of IFRS10 has resulted in the group's businesses in Qatar, Bahrain and Kuwait and certain entities in the United Arab Emirates being re-classified as joint ventures rather than subsidiaries. These businesses were previously consolidated into each of the relevant line items in the group's results and statement of financial position at 100% of their reported results. As a result of being classified as joint ventures they fall into the scope of IFRS11 and are now reported using the equity method. Under the equity method the group's share of the entities' post-tax results are shown in the income statement under 'share of profit from joint ventures' and the group's net investment is shown in the statement of financial position under 'investment in joint ventures'.

In addition to these entities the group previously applied the proportionate method of consolidation to its existing joint ventures, the most significant of which are Bloemfontein (South Africa), Bridgend (UK) and Policity (Israel). Under the proportionate method of consolidation the group consolidated the group's share of each relevant line item in the group's income statement and statement of financial position. As a result of adopting IFRS11 the results of the joint ventures are now consolidated using the equity method as described above.

The reconciliations also show any re-classification adjustments that have been made to the accounts since they were published. The restated opening balance sheet as at 31 December 2012 for the year ended 31 December 2013 has also been presented.

The impact of the adoption of IFRS 10 and 11 reflects the actual impact of moving entities from full or proportional consolidation to equity accounted for joint ventures, and differs from the estimates provided in the 2013 Annual Report and Accounts. The effect of the adoption of IFRS 10 and 11 on the group's results for the year ended 31 December 2013 has been to reduce PBITA by £18m interest and tax costs by £3m (2013 Annual Report and Accounts estimate: £32m PBITA and £7m of interest and tax costs), reducing non-controlling interests by an aggregate equal and opposite amount. Earnings remained unchanged. Profit attributable to non-controlling interests was £7m (2013: £7m). The difference between estimated and actual impact is mainly attributable to the review in detail of certain joint venture agreements.

Notes to the half-yearly results announcement (continued)

16) Impact of new accounting standards (continued)

Consolidated income statement for the period ended 30 June 2013

| | Interim results as published £m | Restatements for IFRS10 & IFRS11 £m | Revised continuing £m | Entities reclassified as discontinued £m | Interim results restated £m |
|--|--|--|-----------------------------|---|--------------------------------------|
| Revenue from continuing operations | 3,648 | (106) | 3,542 | (15) | 3,527 |
| PBITA | 65 | (8) | 57 | - | 57 |
| PBT | (87) | (8) | (95) | 1 | (94) |
| PAT | (106) | (6) | (112) | 1 | (111) |
| Profit for the period | (196) | (6) | (202) | - | (202) |
| Profit attributable to non-controlling interests | 10 | (6) | 4 | - | 4 |

Consolidated statement of financial position for the period ended 30 June 2013

| | Interim results as published £m | Restatements for IFRS10 & IFRS11 £m | Re- classifications £m | Interim results restated £m |
|---|--|--|------------------------------|--------------------------------------|
| ASSETS | | | | |
| Investment in joint ventures | - | 37 | - | 37 |
| Other non-current assets | 3,126 | (33) | 75 | 3,168 |
| Trade and other receivables | 1,375 | (5) | - | 1,370 |
| Cash and cash equivalents | 494 | (61) | - | 433 |
| Other current assets | 559 | (8) | (75) | 476 |
| | <u>5,554</u> | <u>(70)</u> | <u>-</u> | <u>5,484</u> |
| LIABILITIES | | | | |
| Bank overdrafts | (25) | 18 | - | (7) |
| Trade and other payables | (1,155) | 14 | - | (1,141) |
| Other current liabilities | (313) | 2 | - | (311) |
| Non-current liabilities | (3,022) | 6 | - | (3,016) |
| | <u>(4,515)</u> | <u>40</u> | <u>-</u> | <u>(4,475)</u> |
| Net assets | <u>1,039</u> | <u>(30)</u> | <u>-</u> | <u>1,009</u> |
| EQUITY | | | | |
| Share capital | 353 | - | - | 353 |
| Share premium and reserves | 617 | - | - | 617 |
| Equity attributable to equity holders of the parent | 970 | - | - | 970 |
| Non-controlling interests | 69 | (30) | - | 39 |
| Total equity | <u>1,039</u> | <u>(30)</u> | <u>-</u> | <u>1,009</u> |

Consolidated statement of cash flow for the period ended 30 June 2013

| | Interim results as published £m | Restatements for IFRS10 & IFRS11 £m | Interim results restated £m |
|--|--|--|--------------------------------------|
| Net cash flow from operating activities | 170 | (16) | 154 |
| Net cash used in investing activities | (88) | (3) | (91) |
| Net cash flow from financing activities | (108) | 8 | (100) |
| Net movement in cash, cash equivalents and bank overdrafts | (26) | (11) | (37) |
| Cash, cash equivalents and bank overdrafts at the beginning of the period | 472 | (33) | 439 |
| Effect of foreign exchange rate fluctuations on cash held | 26 | 2 | 28 |
| Cash, cash equivalents and bank overdrafts at the end of the period | <u>472</u> | <u>(42)</u> | <u>430</u> |

Notes to the half-yearly results announcement (continued)

16) Impact of new accounting standards (continued)

Consolidated income statement for the period ended 31 December 2013

| | Annual results as published £m | Restatements for IFRS10 & IFRS11 £m | Revised continuing £m | Entities reclassified as discontinued £m | Annual results restated £m |
|--|---|--|-----------------------------|---|-------------------------------------|
| Revenue from continuing operations | 7,428 | (222) | 7,206 | (143) | 7,063 |
| PBITA | 56 | (18) | 38 | - | 38 |
| PBT | (170) | (17) | (187) | 1 | (186) |
| PAT | (226) | (15) | (241) | 2 | (239) |
| Profit for the period | (342) | (15) | (357) | - | (357) |
| Profit attributable to non-controlling interests | 20 | (15) | 5 | - | 5 |

Consolidated statement of financial position for the period ended 31 December 2013

| | Annual results as published £m | Restatements for IFRS10 & IFRS11 £m | Annual results restated £m |
|---|---|--|-------------------------------------|
| ASSETS | | | |
| Goodwill | 1,966 | (11) | 1,955 |
| Investment in joint ventures | - | 34 | 34 |
| Other non-current assets | 1,022 | (32) | 990 |
| Trade and other receivables | 1,394 | (14) | 1,380 |
| Cash and cash equivalents | 594 | (62) | 532 |
| Other current assets | 376 | (5) | 371 |
| | <u>5,352</u> | <u>(90)</u> | <u>5,262</u> |
| LIABILITIES | | | |
| Bank overdrafts | (22) | 13 | (9) |
| Trade and other payables | (1,220) | 6 | (1,214) |
| Other current liabilities | (442) | 5 | (437) |
| Bank loans | (169) | 29 | (140) |
| Non-current liabilities | (2,580) | 2 | (2,578) |
| | <u>(4,433)</u> | <u>55</u> | <u>(4,378)</u> |
| Net assets | <u>919</u> | <u>(35)</u> | <u>884</u> |
| EQUITY | | | |
| Share capital | 388 | - | 388 |
| Share premium and reserves | 479 | - | 479 |
| Equity attributable to equity holders of the parent | <u>867</u> | - | <u>867</u> |
| Non-controlling interests | 52 | (35) | 17 |
| Total equity | <u>919</u> | <u>(35)</u> | <u>884</u> |

Consolidated statement of cash flow for the period ended 31 December 2013

| | Annual results as published £m | Restatements for IFRS10 & IFRS11 £m | Annual results restated £m |
|--|---|--|-------------------------------------|
| Net cash flow from operating activities | 400 | (28) | 372 |
| Net cash used in investing activities | (163) | 32 | (131) |
| Net cash flow from financing activities | (95) | (19) | (114) |
| Net movement in cash, cash equivalents and bank overdrafts | <u>142</u> | <u>(15)</u> | <u>127</u> |
| Cash, cash equivalents and bank overdrafts at the beginning of the period | 472 | (33) | 439 |
| Effect of foreign exchange rate fluctuations on cash held | (27) | (1) | (28) |
| Cash, cash equivalents and bank overdrafts at the end of the period | <u>587</u> | <u>(49)</u> | <u>538</u> |

Notes to the half-yearly results announcement (continued)

16) Impact of new accounting standards (continued)

Consolidated statement of financial position for the period ended 31 December 2012

| | Annual results as published £m | Restatements for IFRS10 & IFRS11 £m | Annual results restated £m |
|---|---|--|-------------------------------------|
| ASSETS | | | |
| Goodwill | 2,108 | (12) | 2,096 |
| Investment in joint ventures | - | 30 | 30 |
| Other non-current assets | 1,114 | (20) | 1,094 |
| Trade and other receivables | 1,506 | (6) | 1,500 |
| Cash and cash equivalents | 469 | (50) | 419 |
| Other current assets | 413 | (8) | 405 |
| | <u>5,610</u> | <u>(66)</u> | <u>5,544</u> |
| LIABILITIES | | | |
| Bank overdrafts | (17) | 17 | - |
| Trade and other payables | (1,234) | 12 | (1,222) |
| Other current liabilities | (157) | 7 | (150) |
| Non-current liabilities | (2,971) | 7 | (2,964) |
| | <u>(4,379)</u> | <u>43</u> | <u>(4,336)</u> |
| Net assets | <u>1,231</u> | <u>(23)</u> | <u>1,208</u> |
| EQUITY | | | |
| Share capital | 353 | - | 353 |
| Share premium and reserves | 823 | - | 823 |
| Equity attributable to equity holders of the parent | 1,176 | - | 1,176 |
| Non-controlling interests | 55 | (23) | 32 |
| Total equity | <u>1,231</u> | <u>(23)</u> | <u>1,208</u> |

Non GAAP measures

Net cash flow reconciliation to net debt¹

A reconciliation of PBITA to movement in net debt is presented below:

| | Six months ended 30.06.14 £m | Six months ended 30.06.13 £m | Year ended 31.12.13 £m |
|--|---------------------------------------|---------------------------------------|------------------------------|
| PBITA | 179 | 57 | 38 |
| Non-cash movements | | | |
| Depreciation | 54 | 58 | 114 |
| Amortisation of other intangible assets | 12 | 12 | 24 |
| Write down of fixed assets | - | 23 | 24 |
| Share of profit from joint ventures | (4) | (4) | (8) |
| Equity-settled transactions | 1 | 1 | - |
| Increase in provisions | 5 | 92 | 221 |
| Working capital | (62) | (91) | 7 |
| Cash flow from operating businesses | 185 | 148 | 420 |
| Corporate items: | | | |
| EM receivable (2013: Olympics receivable) | 27 | 76 | 76 |
| Cash flow from continuing operations | 212 | 224 | 496 |
| Cash from discontinued operations | (10) | (2) | 31 |
| Net cash generated by operations: | 202 | 222 | 527 |
| Investment in the business | | | |
| Investment in capital expenditure and non-current assets | (54) | (79) | (167) |
| Restructuring spend | (20) | - | (34) |
| Net movement in finance leases | (3) | (12) | (12) |
| Disposal proceeds | 79 | (1) | 35 |
| Net debt acquired/disposed of | 2 | (2) | (8) |
| Acquisitions | (2) | (18) | (23) |
| Net investment in the business | 2 | (112) | (209) |
| Net cash flow after investing in the business | 204 | 110 | 318 |
| Other (uses)/sources of funds | | | |
| Net financing | (66) | (70) | (108) |
| Tax | (39) | (50) | (83) |
| Pensions | (21) | (18) | (38) |
| Dividends | (90) | (83) | (151) |
| Share capital | - | - | 343 |
| Electronic Monitoring: | | | |
| - settlement | (109) | - | - |
| - fees | (7) | - | - |
| Other | (16) | (12) | 18 |
| Net sources/(uses) of funds | (348) | (233) | (19) |
| Net cash flow after investment, financing and tax | (144) | (123) | 299 |
| Net debt at beginning of period | (1,552) | (1,829) | (1,829) |
| FX | 16 | (41) | (22) |
| Net debt at end of period | (1,680) | (1,993) | (1,552) |

¹at actual exchange rates

A reconciliation of net cash flow from operating activities of continuing operations as presented in the statutory cash flow to cash flow from continuing operations in the net cash flow reconciliation to net debt is presented below:

| | Six months ended 30.06.14 £m | Six months ended 30.06.13 £m | Year ended 31.12.13 £m |
|---|---------------------------------------|---------------------------------------|------------------------------|
| Net cash flow from operating activities of continuing operations | 55 | 206 | 424 |
| Adjustments to exclude: | | | |
| Pension deficit payments | 21 | 18 | 38 |
| Electronic Monitoring payments (including fees) | 116 | - | - |
| Restructuring spend | 20 | - | 34 |
| Cash flow from continuing operations | 212 | 224 | 496 |

Non GAAP measures (continued)

Group's definition of net debt to EBITDA

The group's calculation of net debt to EBITDA using its own definition is presented below:

| | Six months ended 30 June 2013 £m | Year to 31 December 2013 £m | Six months ended 30 June 2014 £m | Rolling 12 months to 30 June 2014 £m |
|---|---|--------------------------------------|---|---|
| PBITA (before specific items) | 192 | 418 | 185 | 411 |
| Add back: | | | | |
| Depreciation | 58 | 114 | 54 | 110 |
| Amortisation of non-acquisition related intangible assets | 12 | 24 | 12 | 24 |
| EBITDA | 262 | 556 | 251 | 545 |
| Net debt per Note 12 | | 1,552 | | 1,680 |
| Group's definition of Net debt:EBITDA ratio | | 2.8 | | 3.1 |

| | EBITDA £m | Net Debt £m |
|--------------------|--------------|----------------|
| Pre IFRS10 | 568 | 1,691 |
| IFRS10 adjustments | (23) | (11) |
| Post IFRS10 | 545 | 1,680 |

For further enquiries, please contact:

Helen Parris Director of Investor Relations +44 (0) 1293 554400

Media enquiries:

Adam Mynott Director of Media Relations +44 (0) 1293 554400
Piers Zangana Media Relations Manager +44 (0) 1293 554400
Faeth Birch RLM Finsbury +44 (0) 207 251 3801

High resolution images are available for the media to view and download free of charge from www.vismedia.co.uk.

Notes to Editors:

G4S is a leading international secure outsourcing solutions group which specialises in outsourced business processes and facilities in sectors where security and safety risks are considered a strategic threat.

G4S is quoted on the London Stock Exchange and has a secondary stock exchange listing in Copenhagen. G4S is active in more than 120 countries and has 620,000 employees. For more information on G4S, visit www.g4s.com.

Presentation of Results:

A presentation to investors and analysts is taking place today at 08.30hrs at the London Stock Exchange.

The presentation can also be viewed by webcast using the following link:
<http://view-w.tv/707-803-14696/en>

Dividend payment information

2014 interim dividend:

Announce – Wednesday 13 August 2014
Ex-date – Wednesday 10 September 2014
Record date – Friday 12 September 2014
Last day for DRIP elections – Monday 22 September 2014
Pay date – Friday 17 October 2014

Q3 IMS and Annual Capital Markets Day

A presentation will be held in London on 13 November 2014.