



12 March 2014

**G4S 2013 Preliminary results****Investing in sustainable, profitable growth**

**G4S Chief Executive Officer Ashley Almanza said, “This has been an extremely challenging year for G4S. We have taken clear action to address longstanding issues and have introduced wide ranging changes to strengthen our business. We can now look to the future with increasing confidence, focusing on the growing demand for G4S services that underpins our plans to deliver sustainable, profitable growth.”**

**Financial highlights:**

- Underlying revenue growth of 5.8%, organic growth of 4.7%
  - Strong growth in emerging markets, revenues up 16%
  - Growth of 2% in the UK & Ireland unchanged in North America, down 2% in Europe
- Total PBITA before specific items was 6% lower at £442m (2012: £470m). On an underlying basis, PBITA was up 2.8%.
- Specific items of £386m comprised:
  - A global review of contracts, including a provision for the UK Electronic Monitoring contract, resulted in a £136m pre-tax charge
  - A review of the group’s assets and liabilities at the half year resulted in a one-off charge of £132m to PBITA. Completion of this review resulted in a full year charge of £182m
  - Accelerated restructuring programme for 2013/14 with related charge of £68m
- Underlying EPS was 14.7p (2012: 15.8p) reflecting increased finance costs, higher effective tax rate and increased numbers of shares in issue
- Cash generated by continuing operations rose by 36% to £460m (2012: £337m)
- Financial position strengthened. Net debt of £1.5bn at year end (2012: £1.8bn)
- Portfolio management: proceeds of £124m: £35m to year end, £89m post year end
- Final dividend unchanged at 5.54p DKK 0.4954, total dividend for the year of 8.96p (2012: 8.96p)

	<b>Underlying Results<sup>1</sup></b>			<b>Total Results</b>		
	<b>12 months ended 31 December</b>			<b>12 months ended 31 December</b>		
	<b>2013</b>	<b>2012<sup>2</sup></b>	<b>Change</b>	<b>2013</b>	<b>2012<sup>3</sup></b>	<b>Change</b>
Revenue	<b>£7,428m</b>	£7,024m	5.8%	<b>£7,428m</b>	£7,236m	2.7%
PBITA (before specific items)	<b>£442m</b>	£430m	2.8%	<b>£442m</b>	£470m	(6.0%)
PBITA (after specific items)	-	-	-	<b>£56m</b>	£364m	(84.6%)
Operating margin	<b>6.0%</b>	6.1%	(10bp)	<b>0.8%</b>	5.0%	(420bp)
EPS	<b>14.7p</b>	15.8p	(7.0%)	<b>(24.9)p</b>	2.9p	-

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

<sup>2</sup> 2012 results are presented at constant exchange rates and have been restated for the adoption of IAS19 (2011). 2012 PBITA has been re-presented to exclude PBITA from businesses subsequently classified as discontinued, one-off credits, profits on disposal and the prior year effect of the review of assets and liabilities in 2013 – see pages 3 and 4 for details.

<sup>3</sup> At constant exchange rates, including specific items. See pages 3 and 4 for details.

**Ashley Almanza, Chief Executive Officer, commented:**

“Demand for our services remained strong, particularly in emerging markets where our revenues rose by 16%.

Underlying profit before interest, tax and amortisation of £442<sup>1</sup> million was impacted by lower revenue in Europe and lower US federal government spending which affected our secure solutions and systems businesses.

Cash generated by operations increased by 36% to £460 million.

We conducted a detailed business review in 2013 which confirmed the strength of our global market positions and identified a number of strategic priorities to drive sustainable, profitable growth. We also strengthened our balance sheet through improved cash flow, a successful share placing and asset sales.

We conducted a comprehensive financial review of our assets and liabilities and major contracts including an assessment of our potential liability for the UK Electronic Monitoring contracts. These reviews, together with our restructuring programme, resulted in a £386 million charge to profits during 2013.

Good progress has been made on our strategic priorities, including significant strengthening of our senior management with 28 new appointments to the global leadership team. We have also invested in sales and business development capacity and in extending our technology capability – both important catalysts for future growth.

We have established major restructuring programmes to strengthen our competitive position in a number of our key markets and we are actively managing our business portfolio, divesting a number of businesses which generated proceeds of £124 million to date.

A number of cost leadership programmes are underway applying systematic benchmarking with an early focus on direct labour efficiency, organisational efficiency, route planning, telematics, IT standardisation, procurement and shared services.

We have updated and reinforced awareness and understanding of our group values to ensure that we conduct our business to the highest standards and we are raising the profile and standards of health and safety across the group by standardising safety management systems and embedding health and safety in individual performance contracts. We have also revised our performance measures and incentives so that they are more closely aligned with customer service and sustainable shareholder value creation.

In May 2013, the UK Ministry of Justice announced an investigation into billings made by G4S under electronic monitoring contracts since 2004. The company continues to engage in constructive discussions with the UK Government and we remain committed to resolving all matters relating to the electronic monitoring contracts.

**Outlook**

This has been an extremely challenging year for G4S. We have taken clear action to deal with longstanding issues, provided for all of our potential liabilities and have introduced wide ranging changes that will transform our business. We can now look to the future with confidence, focusing on the growing demand for G4S's services that underpins our plans to deliver sustainable, profitable growth. That confidence is reflected in the Board's recommendation to maintain the dividend.”

<sup>1</sup> Before specific items. See page 3 and 4 for details.

## G4S plc

### Group income statement for the year - unaudited ended 31 December 2013

	Underlying results 2013 £m	Specific items 2013 £m	Total 2013 £m	Underlying Results <sup>1</sup> 2012 £m
Revenue	7,428	-	7,428	7,024
<b>PBITA before restructuring costs</b>	<b>442</b>	<b>(318)</b>	<b>124</b>	430
Restructuring costs	-	(68)	(68)	-
<b>PBITA</b>	<b>442</b>	<b>(386)</b>	<b>56</b>	430
Amortisation of intangible assets <sup>2</sup>	-	(72)	(72)	-
Goodwill impairment	-	(46)	(46)	-
Acquisition-related expenses	-	(4)	(4)	-
Profit on disposal of assets and subsidiaries	-	24	24	-
<b>Profit/(loss) before interest and taxation (PBIT)</b>	<b>442</b>	<b>(484)</b>	<b>(42)</b>	430
Finance income	15	-	15	12
Finance costs	(143)	-	(143)	(129)
<b>Profit/(loss) before taxation (PBT)</b>	<b>314</b>	<b>(484)</b>	<b>(170)</b>	313
Taxation	(75)	19	(56)	(69)
<b>Profit/(loss) after taxation (PAT)</b>	<b>239</b>	<b>(465)</b>	<b>(226)</b>	244
Loss from discontinued operations	-	(116)	(116)	-
<b>Profit/(loss) for the year</b>	<b>239</b>	<b>(581)</b>	<b>(342)</b>	244
Attributable to:				
Equity holders of the parent	214	(576)	(362)	222
Non-controlling interests	25	(5)	20	22
<b>Profit/(loss) for the year</b>	<b>239</b>	<b>(581)</b>	<b>(342)</b>	244
<b>Earnings per share: Basic and diluted</b>	<b>14.7p</b>		<b>(24.9)p</b>	15.8p

### Specific items

Underlying PBITA is presented before specific items. The group considers that this presentation provides readers with a clearer understanding of comparative underlying performance and trends. Specific items are set out below and on page 4 together with the £40 million adjustment to 2012 underlying PBITA for the effect of the review of assets and liabilities.

	As at 30 June 2013 £m	Since 30 June 2013 £m	As at 31 December 2013 £m	As at 31 December 2012 <sup>1</sup> £m
<b>Contracts review</b>	-	136	136	-
<b>Review of assets and liabilities</b>				
Impairment of fixed assets	23	3	26	3
Current asset write-downs	17	17	34	4
Impairment of receivables	52	7	59	28
Creditors, claims and provisions	40	23	63	5
<b>Total review of assets and liabilities</b>	<b>132</b>	<b>50</b>	<b>182</b>	<b>40</b>
<b>Subtotal</b>	<b>132</b>	<b>186</b>	<b>318</b>	<b>40</b>
<b>Restructuring</b>	<b>4</b>	<b>64</b>	<b>68</b>	-
<b>Total specific items</b>	<b>136</b>	<b>250</b>	<b>386</b>	<b>40</b>

<sup>1</sup> 2012 results are presented at constant exchange rates and have been restated for the adoption of IAS19 (2011). 2012 PBITA has been re-presented to exclude PBITA from businesses subsequently classified as discontinued, one-off credits, profits on disposal and the prior year effect of the review of assets and liabilities in 2013 – see page 4 for further details.

<sup>2</sup> Amortisation of acquisition-related intangible assets.

## GROUP COMMENTARY – CONTINUING OPERATIONS

The commentary below in respect of revenue, PBITA and EPS compares 2013 to 2012 underlying<sup>1,2</sup> results.

### Revenue

Revenue growth was 5.8% on the prior year, with 16% growth in emerging markets. Emerging markets revenue of £2.8 billion represents 37% of total group revenue (2012: 34%). Overall developed markets revenues were in line with last year with growth of 2% in the UK & Ireland, no change in North America and Europe down 2%.

### PBITA

Group underlying PBITA<sup>1</sup> was £442 million, representing 2.8% growth on the prior year (2012: £430 million)<sup>2</sup>. emerging markets generated 44% of PBITA (2012: 36%).

Underlying PBITA<sup>1</sup> margins were 6.0% (2012: 6.1%).

### Specific items

Specific items have been excluded from the underlying results to provide a clear comparison of the underlying trading performance of the group. Those items include:

- A global financial review of 163 contracts, including UK Electronic Monitoring contracts, with annualised revenues of around £2 billion resulted in a £136 million charge.
- A review of the group's assets and liabilities applying more balanced judgements was initiated in the first half of 2013, resulting in a PBITA charge of £132 million. This was extended to cover all legal entities during the second half of the year. Completion of this review resulted in a further charge of £50m, bringing the full-year charge to PBITA of £182 million. The total charge related principally to impairment of fixed assets, inventory obsolescence, write down of receivables and the recognition of employer related liabilities.
- Restructuring charges were £68 million (2012: £42 million) for the year. These include amounts of £35 million in respect of previously announced restructuring programmes mainly in the UK, Ireland, and some European businesses. Acceleration of the restructuring programme in the fourth quarter, primarily in Netherlands, Belgium and Finland, resulted in additional charges of £33 million.
- Amortisation of acquisition-related intangible assets was £72 million (2012: £84 million) and acquisition-related costs were £4 million (2012: £7 million). Goodwill impairment charge of £46 million as a result of the review of assets and liabilities at the half year. Profit on disposal of subsidiaries and assets was £24 million in 2013 relating to the sale of the group's data solutions business in Colombia (2012: £5 million).

The 2012 underlying PBITA has been re-presented from £470 million to £430 million to show the prior year impact of the review of assets and liabilities.

### UK corporate renewal

The ongoing costs of the UK corporate renewal programme have been embedded within the overall transformation of the business and are not anticipated to give rise to significant additional costs.

### Net finance costs and tax

Interest payable on net debt was £108 million. This is a net increase of 2.9% over the prior year cost of £105 million, principally due to the increase in the group's average net debt. The pension interest charge was £20 million (2012: £15 million), resulting in total net finance costs of £128 million (2012: £120 million). The average cost of gross borrowings, net of interest rate hedging, was 4.1% (2012: 4.3%). The effective tax rate on underlying earnings was 24% (2012: 22%).

### Discontinued operations

The total loss for the year of £116 million (2012: £56 million) relating to discontinued operations included a trading loss of £11 million, restructuring costs of £2 million and impairment of £103 million, of which £80 million relates to mainly goodwill impairment in the US Government Solutions business.

### (Loss)/profit for the year

The group made a loss of £342 million (2012: profit of £62 million) for the year after specific items, interest, tax, amortisation and the results of discontinued operations.

## Underlying Earnings per share

Underlying and total earnings per share includes pension interest under the revised employee benefits accounting standard IAS19 (2011) to reflect usual practice in our sector. Underlying earnings per share excludes the impact of specific items.

Underlying earnings per share was 14.7p compared to 15.8p<sup>2</sup> in the prior year. Total earnings per share was (24.9)p (2012: 2.9p<sup>3</sup>). These are based on a weighted average number of shares in issue of 1,452 million (2012: 1,403 million). A reconciliation of the total and underlying EPS is provided below.

	Underlying <sup>1</sup> earnings per share			Total <sup>3</sup> earnings per share		
	2013 £m	2012 <sup>2</sup> at constant exchange rates £m	2012 <sup>2</sup> at actual exchange rates £m	2013 £m	2012 at constant exchange rates £m	2012 at actual exchange rates £m
Profit/(loss) for the year	239	244	244	(342)	62	62
Non-controlling interests	(25)	(22)	(22)	(20)	(22)	(22)
Adjusted profit attributable to shareholders	214	222	222	(362)	40	40
Average number of shares (m) note 10	1,452	1,403	1,403	1,452	1,403	1,403
Earnings per share	14.7p	15.8p	15.8p	(24.9)p	2.9p	2.9p

## Cash flow

Cash generated from continuing operations was £460 million (2012: £337 million) resulting from improved working capital management and the receipt of £76 million relating to the Olympics contract, offset by approximately £60 million of payments which were deferred from December 2012 to January 2013 and from £27 million receivables withheld as at the year end in relation to the UK Electronic Monitoring contract.

The positive cash generation allowed the group to continue to invest in the business with net investment of £211 million (2012: £226 million). The main areas of investment were vehicles and plant and equipment, investment in new contracts and included £35 million relating to a number of cash solutions acquisitions in South Africa and Indonesia mainly in the first half of 2013.

Tax paid was £88 million (2012: £85 million), net interest paid was £110 million (2012: £111 million) and total group dividend payments were £154 million (2012: £139 million). The group raised £343 million as a result of its 9.99% share placing of new ordinary shares in August 2013.

Net cash flow was £284 million (2012: outflow of £186 million) resulting in lower net debt of £1,533 million (2012: £1,802 million).

## Pensions

The IAS 19 Revised (2011) net pension deficit relating to funded defined retirement benefit schemes at 31 December 2013 was £379 million net of tax (2012: £335 million). The group has made additional deficit repair pension contributions of £38 million (2012: £37 million) during the year to these schemes. During the year the group agreed to extend the current deficit repair payment schedule for a further two years to 2024.

## Disposals

During the year the group sold its Colombian Data Solutions and its cash business in Slovakia for net proceeds of £35 million. Since 31 December 2013, the group also completed the sale of its cash solutions business in Canada and its business in Norway for combined net proceeds of £89 million.

## Share placing

In August 2013 the group raised £343 million net from the proceeds of a 9.99% placing of 140,925,797 new shares.

<sup>1</sup> At constant exchange rates. To clearly present underlying performance, specific items have been excluded and separately disclosed – refer to page 3.

<sup>2</sup> 2012 results are presented at constant exchange rates and have been restated for the adoption of IAS19 (2011). 2012 PBITA has been re-presented to exclude PBITA from businesses subsequently classified as discontinued, one-off credits, profits on disposal and the prior year effect of the review of assets and liabilities in 2013 – see pages 3 and 4 for details.

<sup>3</sup> Including specific items. See pages 3 and 4 for details.

### Net debt

The net debt position as at 31 December 2013 was £1,533 million (2012: £1,802 million) resulting in a net debt to EBITDA ratio of 2.6x. The decrease of £269 million is principally attributable to the improvement in net cash flow after investing in the business and the proceeds of the share issue, offset by interest, tax and dividend payments.

### Credit facilities

The group's credit rating was revised by Standard & Poor's from BBB- (Negative) to BBB- (Stable) on 4 September 2013. As of 31 December 2013 the company has access to unutilised and committed facilities of £965 million. The group has sufficient borrowing capacity to finance its current 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 1.30% over LIBOR and maturing on 10 March 2016. As at 31 December 2013 the drawings were US\$ 160 million and €44 million.
- (ii) A US\$448.5 million private placement of notes issued on 1 March 2007, which mature at various dates between 2014 and 2022, and bear interest at rates between 5.77% 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 will adopt the three new consolidation standards IFRS10 Consolidated Financial Statements, IFRS11 Joint Arrangements and IFRS12 Disclosure of Interest in Other Entities for the year ended 31 December 2014. For more details on these standards please see Note 1 on pages 17 and 18.

Had the group applied IFRS10 (2011) and IFRS11 for the year ended 31 December 2013 revenue would have been £317m lower and PBITA would have been £32m lower. Consolidated net assets would have been £27m lower and consolidated net cash flow would have been £9m lower. Profit to equity holders would have been unchanged.

### Significant exchange rates applicable to the group

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:

	<b>As at 31 Dec 2013</b>	<b>At 2013 average rates</b>
£/US\$	1.656	1.565
£/€	1.202	1.179
£/South Africa Rand	17.347	15.122
£/India Rupee	102.447	91.807
£/Israel Shekel	5.749	5.649
£/Brazil Real	3.908	3.389
£/Australia \$	1.851	1.629

If year-end (31 December 2013) exchange rates were used for 2013, underlying PBITA would have been £422 million, a reduction from £442 million due to a strengthening of the relative value of sterling.

**Dividend**

The board has recommended a final dividend of 5.54p per share (DKK 0.4954), unchanged from the prior period.

**12 March 2014**

<sup>1</sup> At constant exchange rates. To clearly present underlying performance, specific items have been excluded and separately disclosed – see pages 3 and 4.  
<sup>2</sup> 2012 results are presented pro-forma at constant exchange rates and have been restated for the adoption of IAS19(2011). 2012 PBITA has been re-presented to exclude PBITA from businesses subsequently classified as discontinued, one-off credits, profits on disposal and the prior year effect of the review of assets and liabilities in 2013 – see pages 3 and 4 for details.  
<sup>3</sup> At constant exchange rates, including specific items. See pages 3 and 4 for details.

## UNDERLYING REGIONAL AND GROUP PERFORMANCE

The analysis of the group's business performance has been updated to reflect internal management reporting lines which are based on geographic regions. The group's underlying segmental results are presented below excluding specific items and prior year results have been re-presented to exclude the impact of net charges arising from the review of assets and liabilities in 2013 (more details given in pages 3 and 4), restructuring costs, and the Olympics contract. The adjustments for the impact of the review of assets and liabilities have not resulted in a prior year restatement as they arise from changes in estimates and information arising after the balance date.

At constant exchange rates	Revenue			PBITA			Margins		Organic Growth
	2013 <sup>1</sup> £m	2012 <sup>2</sup> £m	Change	2013 <sup>1</sup> £m	2012 <sup>2</sup> £m	Change	2013 <sup>1</sup>	2012 <sup>2</sup>	
Africa	486	435	11.7%	39	30	30.0%	8.0%	6.9%	7%
Asia Middle East	1,567	1,331	17.7%	129	104	24.0%	8.2%	7.8%	18%
Latin America	717	615	16.6%	48	39	23.1%	6.7%	6.3%	11%
<b>Emerging Markets</b>	<b>2,770</b>	<b>2,381</b>	<b>16.3%</b>	<b>216</b>	<b>173</b>	<b>24.9%</b>	<b>7.8%</b>	<b>7.3%</b>	<b>14%</b>
Europe	1,648	1,674	(1.6%)	92	108	(14.8%)	5.6%	6.5%	(2%)
North America	1,358	1,352	0.4%	56	68	(17.6%)	4.1%	5.0%	0%
UK & Ireland	1,652	1,617	2.2%	122	129	(5.4%)	7.4%	8.0%	1%
<b>Developed Markets</b>	<b>4,658</b>	<b>4,643</b>	<b>0.3%</b>	<b>270</b>	<b>305</b>	<b>(11.5%)</b>	<b>5.8%</b>	<b>6.6%</b>	<b>(0%)</b>
<b>Total Group before Head Office</b>	<b>7,428</b>	<b>7,024</b>	<b>5.8%</b>	<b>486</b>	<b>478</b>	<b>1.7%</b>	<b>6.5%</b>	<b>6.8%</b>	<b>5%</b>
Head office costs				(44)	(48)				
<b>Total Group</b>	<b>7,428</b>	<b>7,024</b>	<b>5.8%</b>	<b>442</b>	<b>430</b>	<b>2.8%</b>	<b>6.0%</b>	<b>6.1%</b>	<b>5%</b>

## TOTAL REGIONAL AND GROUP PERFORMANCE

The group's segmental analysis of statutory results is presented below and is consistent with note 2. The impact of the review of assets and liabilities and restructuring costs are excluded from both the current year and the prior year statutory results. The prior year statutory results exclude the impact of the Olympics revenue consistent with the disclosure in note 2.

At constant exchange rates	Revenue			PBITA			Margins		Organic Growth
	2013 <sup>1</sup> £m	2012 <sup>3</sup> £m	Change	2013 <sup>1</sup> £m	2012 <sup>3</sup> £m	Change	2013 <sup>1</sup>	2012 <sup>3</sup>	
Africa	486	435	11.7%	39	34	14.7%	8.0%	7.8%	7%
Asia Middle East	1,567	1,331	17.7%	129	105	22.9%	8.2%	7.9%	18%
Latin America	717	615	16.6%	48	46	4.3%	6.7%	7.5%	11%
<b>Emerging Markets</b>	<b>2,770</b>	<b>2,381</b>	<b>16.3%</b>	<b>216</b>	<b>185</b>	<b>16.8%</b>	<b>7.8%</b>	<b>7.8%</b>	<b>14%</b>
Europe	1,648	1,674	(1.6%)	92	114	(19.3%)	5.6%	6.8%	(2%)
North America	1,358	1,352	0.4%	56	73	(23.3%)	4.1%	5.4%	0%
UK & Ireland	1,652	1,625	1.7%	122	145	(15.9%)	7.4%	8.9%	1%
<b>Developed Markets</b>	<b>4,658</b>	<b>4,651</b>	<b>0.2%</b>	<b>270</b>	<b>332</b>	<b>(18.7%)</b>	<b>5.8%</b>	<b>7.1%</b>	<b>(0%)</b>
<b>Total Group before Head Office</b>	<b>7,428</b>	<b>7,032</b>	<b>5.6%</b>	<b>486</b>	<b>517</b>	<b>(6.0%)</b>	<b>6.5%</b>	<b>7.4%</b>	<b>5%</b>
Head office costs				(44)	(47)	(6.4%)			
<b>Total Group at constant exchange rates</b>	<b>7,428</b>	<b>7,032</b>	<b>5.6%</b>	<b>442</b>	<b>470</b>	<b>(6.0%)</b>	<b>6.0%</b>	<b>6.7%</b>	<b>5%</b>
FX	-	(8)		-	-				
<b>Total Group at actual exchange rates</b>	<b>7,428</b>	<b>7,024</b>	<b>5.8%</b>	<b>442</b>	<b>470</b>	<b>(6.0%)</b>	<b>6.0%</b>	<b>6.7%</b>	

<sup>1</sup> To clearly present underlying performance, specific items have been excluded and separately disclosed – refer to pages 3, 5 and 20 for a reconciliation to total results.

<sup>2</sup> 2012 results are presented at constant exchange rates and have been restated for the adoption of IAS19 (2011). 2012 PBITA has been re-presented to exclude PBITA from businesses subsequently classified as discontinued, one-off credits, profits on disposal and the prior year effect of the review of assets and liabilities in 2013 – see pages 3 and 4 for details.

<sup>3</sup> 2012 results are reported here at constant exchange rates (but reconciled to actual rates), exclude specific items but are presented before the impact of the review of assets and liabilities in 2013.



## UNDERLYING OPERATING PERFORMANCE BY REGION

### AFRICA

At constant exchange rates

	Revenue			PBITA			Margins	
	2013 <sup>1</sup> £m	2012 <sup>2</sup> £m	Change	2013 <sup>1</sup> £m	2012 <sup>2</sup> £m	Change	2013 <sup>1</sup>	2012 <sup>2</sup>
Africa	486	435	11.7%	39	30	30.0%	8.0%	6.9%

In **Africa** revenues grew 12% and organic growth was 7%. PBITA increased 30%, benefiting from overhead efficiency and restructuring programmes.

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 that market. We are now positioned as the market leading cash solutions business in South Africa and are able to deploy this capability into African and other markets.

Across the region, new contracts won include the Port of Tangiers in **Morocco**, AngloGold in **Ghana**, Tenke mining in **DRC**, a FM contract with Rio Tinto and a secure solutions contract with the United Nations in **Southern Sudan**.

The group has strong market positions across Africa and a healthy product portfolio to support sales in 2014, especially in the areas of cash management, manned security and technology solutions. The bidding pipeline in Africa is diverse and includes sectors such as financial services, mining, embassies and other government agencies, with increasing numbers of both multi-country and larger scale bids. The region is continuing its restructuring programme into other parts of Africa in 2014 and is recruiting additional talent to ensure the region has the capacity to address the market opportunities.

### ASIA MIDDLE EAST

At constant exchange rates

	Revenue			PBITA			Margins	
	2013 <sup>1</sup> £m	2012 <sup>2</sup> £m	Change	2013 <sup>1</sup> £m	2012 <sup>2</sup> £m	Change	2013 <sup>1</sup>	2012 <sup>2</sup>
Asia Middle East	1,567	1,331	17.7%	129	104	24.0%	8.2%	7.8%

Revenue growth in **Asia Middle East** was very strong at 18% and PBITA increased 24.0%, reflecting a greater contribution from our care and justice services businesses in **Australia** and **New Zealand**, improved profitability in our risk services businesses in **Iraq** and **Afghanistan** and a strong profit improvement across the **Middle East**.

Revenue growth accelerated in the second half of the year partly due to a step up in service volumes at the Manus Island processing centre. Following the Australian elections held in September 2013 and the change in government, we have been advised that the Manus Island contract will be re-tendered in March 2014. We won demining and risk management contracts to service a number of international oil companies in **Iraq** and a won or started a number of secure solutions contracts in the **UAE** for key customers including the Abu Dhabi Education Council, Etisalat, Formula 1, the Road Transport Authority and the Dubai airport.

We began investing in our technology sales and delivery capability in the Middle East so that we are able to deploy our proven products and expertise in delivering comprehensive electronic security solutions to clients. Our business in **Saudi** won important contracts in the banking, ports and real estate sectors. Across the region we are systematically reviewing organisational structures and business processes. This review is well advanced in **India**, the largest country in the region, and is enabling us to streamline operations, reduce layers of management and overhead and to invest in sales and operational capability.

## LATIN AMERICA

At constant exchange rates

	Revenue			PBITA			Margins	
	2013 <sup>1</sup> £m	2012 <sup>2</sup> £m	Change	2013 <sup>1</sup> £m	2012 <sup>2</sup> £m	Change	2013 <sup>1</sup>	2012 <sup>2</sup>
Latin America	717	615	16.6%	48	39	23.1%	6.7%	6.3%

Revenue growth in **Latin America** was 17% and PBITA increased by 23% despite economic challenges in the region, including a slow down in economic growth in **Brazil**, with a rigorous price increase programme to mitigate inflation and government mandated wage increases. Following the appointment of a new Regional President, Martin Alvarez, in October 2013 we have continued to build management capacity across the region.

Organic revenue growth was 11% with a number of contract wins in the ports, car manufacturing, transportation, financial services, government and extractives sectors in Latin America.

We sold our **Colombia** data solutions business for £34 million in 2013.

## EUROPE

At constant exchange rates

	Revenue			PBITA			Margins	
	2013 <sup>1</sup> £m	2012 <sup>2</sup> £m	Change	2013 <sup>1</sup> £m	2012 <sup>2</sup> £m	Change	2013 <sup>1</sup>	2012 <sup>2</sup>
Europe	1,648	1,674	(1.6%)	92	108	(14.8%)	5.6%	6.5%

Our European management team has recently been strengthened with the appointment of Graham Levinsohn as Regional CEO, with effect from November 2013.

In **Europe** revenue declined by 1.6% driven by challenging market conditions primarily in secure services in the Netherlands and in the Eastern Europe, with growth in Western Europe secure solutions and cash solutions offset by declines in most Eastern European markets. PBITA was 14.8% lower, adversely impacted by wage inflation and by the closure of 23 prisons and other cost reductions by the Ministry of Justice in the **Netherlands**. During 2014 we will be seeking to improve alignment between salary and price increases in Eastern Europe.

In the fourth quarter, we accelerated our restructuring programme to reduce our cost structure and strengthen our competitive positions in a number of key markets. The programme includes the rationalisation of management and back-office structures and over the course of 2013 and 2014 we plan to invest £23 million in **Netherlands, Belgium, Greece** and **Finland** and other countries.

The region has early revenue momentum into 2014, with new contract wins and solid customer retention. Secure solutions contract wins include contracts for Charleroi airport in **Belgium** and Google in **Finland**, partly offsetting the loss of a Finnish retail customer. In January 2014, we renewed a nine year cash solutions contract with the Dutch Railways.

In Care & Justice Services, our pipeline is strong and our Austrian business began a £5 million per annum immigration contract for 15 years in December 2013. We also won an electronic monitoring contract in Bulgaria and an Agip-Shell security contract in Kazakhstan.

Our cash solutions businesses in Europe performed well overall. A very strong performance was achieved in **Belgium** and **Netherlands** including a number of new retail contracts and CASH360 gains offset by contract losses in the first half of the year in **Finland** and the **Baltics**. G4S Cash Solutions supported the smooth introduction of the Euro in **Latvia** toward the end of the year. In January 2014, G4S won the majority of Geldservice Nederland's (GSN) cash solutions business in the Netherlands for five years, valued at c€50m per annum. GSN serves the major banks in the Netherlands and is the provider of cash counting, handling and logistics, including the maintenance of cash devices.

Revenues for the security systems business, which accounts for around 20% of European secure solutions revenues, remained in line with 2012. Systems contract wins include a maintenance contract for the European parliament in **Luxembourg** and a major systems contract with Lego in **Hungary**. The region has an increased focus on security and cash solutions technology, with the aim of deploying our proven technology solutions from elsewhere in the group into key European markets.

The region made good progress on its portfolio review, selling its **Slovakian** cash solutions business in 2013 and exiting **Uzbekistan**. The sale of our **Norway** business for £29 million was also agreed in 2013 and completed in January 2104.

We have a diverse European contract pipeline with areas such as ports, aviation, transportation and healthcare being particularly strong. Our investment in sales and business development capacity is designed to sustain and strengthen this pipeline over time.

## **NORTH AMERICA**

At constant exchange rates

	Revenue			PBITA			Margins	
	2013 <sup>1</sup> £m	2012 <sup>2</sup> £m	Change	2013 <sup>1</sup> £m	2012 <sup>2</sup> £m	Change	2013 <sup>1</sup>	2012 <sup>2</sup>
North America	1,358	1,352	0.4%	56	68	(17.6%)	4.1%	5.0%

Revenues in the **North America** grew 0.4% and organic growth overall was broadly unchanged with 2% growth in US commercial security and 10% growth in Youth Services offset by US Federal sequestration reducing new and additional federal government work in secure solutions and in the G4S Technology business.

Against a background of uncertain US government spending, commercial contract wins remain robust with major contract awards from Amazon, Bank of New York, Simon Malls, Navistar, Liberty Mutual, MetLife, Georgia Pacific, the Millstone (Dominion) nuclear power plant in the US and more recently Toronto Hydro, Imperial oil, and PTI in **Canada**.

PBITA for the region was 17.6% lower, impacted by sales mix, with lower revenues in the technology businesses (Federal spending impact) and reduced Border Patrol volumes. Results in 2012 also benefitted from one-off protest protection work for banks. Our US technology business has been restructured to increase sales in the commercial sector.

In the **United States** we continued to see increasing interest in our Retail Cash Solutions product, CASH360, with two small contracts awarded recently.

The implementation of the Affordable Care Act in the US has been delayed for large businesses. We do not expect it to have a material impact on G4S as the majority of our US employee Healthcare plans are already broadly compliant.

Overall, the North American business has a strong contract pipeline with over £500 million in near term opportunities across all sectors and a visible long term contract pipeline of more than £1.2 billion.

Good progress was made in the region on rationalising the portfolio. We sold our cash solutions business in **Canada** for £60 million in January 2014.

## UK & IRELAND

At constant exchange rates

	Revenue			PBITA			Margins	
	2013 <sup>1</sup> £m	2012 <sup>2</sup> £m	Change	2013 <sup>1</sup> £m	2012 <sup>2</sup> £m	Change	2013 <sup>1</sup>	2012 <sup>2</sup>
UK & Ireland	1,652	1,617	2.2%	122	129	(5.4%)	7.4%	8.0%

We have reorganised the UK & Ireland region into market facing business units of Cash Solutions, Secure Solutions, Central Government Solutions, Facilities Management and Outsourced Services and we continued to make a number of new management appointments to senior line and function roles.

There was revenue growth of 2% in **UK & Ireland**, with organic growth of 1%, principally due to good growth in the police outsourcing and utilities businesses offset by lower revenues in Ireland and the UK cash solutions business.

PBITA was 5.4% lower due to revenue mix, particularly from lower revenues in the UK cash solutions business. As previously discussed, significant restructuring programmes are being implemented in UK Cash Solutions, Ireland Cash Solutions and Secure Solutions covering branch networks (Ireland and UK Cash Solutions), organisational design and operational labour efficiency. Overhead headcount was reduced by 8% in the fourth quarter of 2013. The cost of restructuring is £34 million and is expected to payback within the next two years.

UK contracts won during 2013 include being selected by the Department for Work & Pensions (DWP) to manage the Child Maintenance Options Contact Centre Service, provision of security at the G8 Summit in June, Pennine Hospital facilities management, and our first contract to provide secure patient transport services under a three-year contract with Northumberland, Tyne and Wear NHS Foundation Trust. Other recent contract awards include Derbyshire and Nottinghamshire Police Forensic Medical Services and Avon and Somerset police custody suites.

Against the backdrop of a highly competitive commercial security market, we won new contracts with key commercial customers such as a security contract with Bank of America, a new global contract with Shell covering 32 countries and we retained our security contract with British Airways. The UK events security business successfully supported the UK Police Service of Northern Ireland (PSNI) at the G8 Summit held at Lough Erne in Northern Ireland in June, delivering a range of specialised security solutions.

In cash solutions, we retained important contracts with HSBC and Barclays and have expanded our outsourcing partnership with Lloyds Banking Group, taking over the management of their Edinburgh cash processing centre.

We continue to engage in constructive discussions with the UK Government on the electronic monitoring contract and have made significant progress on our programme of corporate renewal in the UK. The renewal programme is embedded within our overall corporate programme and is not anticipated to give rise to significant additional cost.

<sup>1</sup> At constant exchange rates. To clearly present underlying performance, specific items have been excluded and separately disclosed – see pages 3 and 4.

<sup>2</sup> 2012 results are presented pro-forma at constant exchange rates and have been restated for the adoption of IAS19 (2011). 2012 PBITA has been re-presented to exclude PBITA from businesses subsequently classified as discontinued, one-off credits, profits on disposal and the prior year effect of the review of assets and liabilities in 2013 – see pages 3 and 4 for details.

## UNDERLYING SERVICE LINE OPERATING REVIEW

### Secure Solutions

At constant exchange rates	Emerging markets £m			Developed markets £m			Total £m		
	2013 <sup>1</sup>	2012 <sup>2</sup>	Change	2013 <sup>1</sup>	2012 <sup>2</sup>	Change	2013 <sup>1</sup>	2012 <sup>2</sup>	Change
Revenue	2,235	1,918	16.5%	3,985	3,949	0.9%	6,220	5,867	6.0%
Organic growth	15%	8%		0%	7%		5%	7%	
PBITA	158	119	32.8%	213	235	(9.4%)	371	354	4.8%
Margin %	7.1%	6.2%	0.9%	5.3%	6.0%	(0.7%)	6.0%	6.0%	0.0%

The secure solutions businesses achieved 6% growth in revenue driven by 16.5% growth in emerging markets and a solid performance in developed markets. Trading conditions in some developed markets, in particular in Europe, remain challenging and we have begun restructuring these businesses to restore margins in the medium term. Lower US federal government spending affected our secure solutions and systems businesses and our US systems business has been restructured to increase sales in the commercial sector. Emerging markets grew strongly across all regions and increased PBITA 32.8% helped by contract mix, price increases and cost efficiencies.

### Cash Solutions

At constant exchange rates	Emerging markets £m			Developed markets £m			Total £m		
	2013 <sup>1</sup>	2012 <sup>2</sup>	Change	2013 <sup>1</sup>	2012 <sup>2</sup>	Change	2013 <sup>1</sup>	2012 <sup>2</sup>	Change
Revenue	535	462	15.8%	673	695	(3.2%)	1,208	1,157	4.4%
Organic growth	12%	8%		(3%)	(1%)		3%	3%	
PBITA	58	54	7.4%	57	70	(18.6%)	115	124	(7.3%)
Margin %	10.8%	11.7%	(0.9%)	8.5%	10.1%	(1.6%)	9.5%	10.7%	(1.2%)

The cash solutions business grew by 4% with 15.8% revenue growth in emerging markets offset by a decline in developed markets principally due to a weaker performance in the UK and Ireland cash solutions businesses, which impacted PBITA. As previously announced, UK and Ireland cash businesses are being restructured and we expect an improved performance in 2014.

Emerging markets PBITA grew 7.4%, notwithstanding new dual vendor policies for major Malaysian banks and price competition in Colombia.

<sup>1</sup> At constant exchange rates. To clearly present underlying performance, specific items have been excluded and separately disclosed – see pages 3 and 4.

<sup>2</sup> 2012 results are presented pro-forma at constant exchange rates and have been restated for the adoption of IAS19 (2011). 2012 PBITA has been re-presented to exclude PBITA from businesses subsequently classified as discontinued, one-off credits, profits on disposal and the prior year effect of the review of assets and liabilities in 2013 – see pages 3 and 4 for details.

**G4S plc****Preliminary statutory financial statements - unaudited**

For the year ended 31 December 2013

**Consolidated income statement**

For the year ended 31 December 2013

	Notes	2013 £m	2012 £m
<b>Continuing operations</b>			
Revenue	2	7,428	7,228
<b>Operating profit before specific items and restructuring</b>		442	470
Specific items	3	(318)	(64)
Restructuring	3	(68)	(42)
<b>Operating profit before interest, tax and amortisation (PBITA)</b>		56	364
Amortisation of acquisition-related intangible assets		(72)	(84)
Goodwill impairment		(46)	-
Acquisition-related expenses		(4)	(7)
Profit on disposal of assets and subsidiaries		24	5
<b>Operating (loss)/profit before interest and taxation (PBIT)</b>		(42)	278
Finance income	6	15	12
Finance costs	7	(143)	(132)
<b>(Loss)/profit before taxation (PBT)</b>		(170)	158
Taxation	8	(56)	(40)
<b>(Loss)/profit after tax</b>		(226)	118
<b>Loss from discontinued operations</b>	4	(116)	(56)
<b>(Loss)/profit for the year</b>		(342)	62
Attributable to:			
Equity holders of the parent		(362)	40
Non-controlling interests		20	22
<b>(Loss)/profit for the year</b>		(342)	62
<b>Earnings per share attributable to equity shareholders of the parent</b>	10		
From (loss)/profit from continuing operations: basic and diluted		(16.9)p	6.8p
From (loss)/ profit from continuing and discontinued operations: basic and diluted		(24.9)p	2.9p
<b>Dividends declared and proposed in respect of the year</b>			
Interim dividend of 3.42p per share (2012: 3.42p)		52	48
Proposed final dividend of 5.54p per share (2012: 5.54p)		86	78
<b>Total dividend of 8.96p per share (2012: 8.96p)</b>	9	138	126

## Consolidated statement of comprehensive income

For the year ended 31 December 2013

	2013 £m	2012 £m
<b>(Loss)/profit for the year</b>	<b>(342)</b>	62
<b>Other comprehensive income</b>		
<b>Items that will never be reclassified to profit or loss:</b>		
Actuarial losses on defined retirement benefit schemes	(60)	(167)
Tax on items that will never be reclassified to profit or loss	(1)	30
	<b>(61)</b>	(137)
<b>Items that are or may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of foreign operations	(109)	(95)
Cash flow and net investment hedging financial instruments	17	(10)
Tax on items that are or may be reclassified subsequently to profit or loss	(4)	5
	<b>(96)</b>	(100)
<b>Other comprehensive income, net of tax</b>	<b>(157)</b>	(237)
<b>Total comprehensive income for the year</b>	<b>(499)</b>	(175)
Attributable to:		
Equity holders of the parent	(518)	(194)
Non-controlling interests	19	19
<b>Total comprehensive income for the year</b>	<b>(499)</b>	(175)

## Consolidated statement of changes in equity

For the year ended 31 December 2013

	Attributable to equity holders of the parent				Total	NCI reserve	Total Equity
	Share capital	Share premium	Retained earnings	Other reserves			
	2013	2013	2013	2013	2013	2013	2013
	£m	£m	£m	£m	£m	£m	£m
At 1 January 2013	353	258	143	422	1,176	55	1,231
Total comprehensive income attributable to equity shareholders of the parent	-	-	(422)	(96)	(518)	19	(499)
Shares issued	35	-	-	308	343	-	343
Dividends declared	-	-	(130)	-	(130)	(24)	(154)
Own shares awarded	-	-	(2)	2	-	-	-
Transactions with non-controlling interests	-	-	(4)	-	(4)	2	(2)
At 31 December 2013	<b>388</b>	<b>258</b>	<b>(415)</b>	<b>636</b>	<b>867</b>	<b>52</b>	<b>919</b>

	Attributable to equity holders of the parent				Total	NCI reserve	Total
	Share capital	Share premium	Retained earnings	Other reserves			
	2012	2012	2012	2012	2012	2012	2012
	£m	£m	£m	£m	£m	£m	£m
At 1 January 2012	353	258	389	494	1,494	50	1,544
Total comprehensive income attributable to equity shareholders of the parent	-	-	(126)	(68)	(194)	19	(175)
Dividends declared	-	-	(120)	-	(120)	(18)	(138)
Own shares purchased	-	-	-	(6)	(6)	-	(6)
Own shares awarded	-	-	(2)	2	-	-	-
Transactions with non-controlling interests	-	-	2	-	2	4	6
At 31 December 2012	<b>353</b>	<b>258</b>	<b>143</b>	<b>422</b>	<b>1,176</b>	<b>55</b>	<b>1,231</b>

## Consolidated statement of financial position

At 31 December 2013

	Notes	2013 £m	2012 £m
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill		1,966	2,108
Other acquisition-related intangible assets		141	204
Other intangible assets		77	87
Property, plant and equipment		490	512
Trade and other receivables		130	132
Deferred tax assets		184	179
		<b>2,988</b>	<b>3,222</b>
<b>Current assets</b>			
Inventories		117	128
Investments		39	56
Trade and other receivables		1,394	1,506
Cash and cash equivalents	12	594	469
Assets classified as held for sale	11	220	229
		<b>2,364</b>	<b>2,388</b>
<b>Total assets</b>		<b>5,352</b>	<b>5,610</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Bank overdrafts	12	(22)	(17)
Bank loans	12	(27)	(18)
Loan notes	12	(61)	(40)
Obligations under finance leases	12	(21)	(18)
Trade and other payables		(1,172)	(1,193)
Current tax liabilities		(48)	(41)
Provisions		(200)	(29)
Liabilities associated with assets classified as held for sale	11	(133)	(52)
		<b>(1,684)</b>	<b>(1,408)</b>
<b>Non-current liabilities</b>			
Bank loans	12	(169)	(327)
Loan notes	12	(1,921)	(1,999)
Obligations under finance leases	12	(31)	(43)
Trade and other payables		(13)	(18)
Retirement benefit obligations		(504)	(471)
Provisions		(64)	(45)
Deferred tax liabilities		(47)	(68)
		<b>(2,749)</b>	<b>(2,971)</b>
<b>Total liabilities</b>		<b>(4,433)</b>	<b>(4,379)</b>
<b>Net assets</b>		<b>919</b>	<b>1,231</b>
<b>EQUITY</b>			
Share capital		388	353
Share premium and reserves		479	823
Equity attributable to equity holders of the parent		<b>867</b>	<b>1,176</b>
Non-controlling interests		52	55
<b>Total equity</b>		<b>919</b>	<b>1,231</b>



## Consolidated statement of cash flows

For the year ended 31 December 2013

	2013	2012
	£m	£m
<b>(Loss)/profit before taxation</b>	<b>(170)</b>	158
Adjustments for:		
Finance income	(15)	(12)
Finance costs	143	132
Depreciation of property, plant and equipment	118	117
Amortisation of acquisition-related intangible assets	72	84
Amortisation of other intangible assets	24	22
Goodwill impairment	46	-
Acquisition-related costs	4	7
Write down of fixed assets	24	-
Increase/(decrease) in provisions	189	(5)
Decrease in retirement benefit obligations	(38)	(37)
Profit on disposal of fixed assets and subsidiaries	(24)	(5)
<b>Operating cash flow before movements in working capital</b>	<b>373</b>	461
Decrease/(increase) in inventories	5	(14)
Decrease/(increase) in receivables	40	(116)
Increase in payables	42	6
<b>Net cash flow from operating activities of continuing operations</b>	<b>460</b>	337
<b>Net cash flow from operating activities of discontinued operations</b>	<b>28</b>	35
<b>Cash generated by operations</b>	<b>488</b>	372
Tax paid	(88)	(85)
<b>Net cash flow from operating activities</b>	<b>400</b>	287
<b>Investing activities</b>		
Interest received	22	6
Cash flow from associates	(6)	3
Purchases of non-current assets	(210)	(160)
Proceeds on disposal of property, plant and equipment and intangible assets other than acquisition-related	11	23
Acquisition of subsidiaries	(23)	(101)
Net cash and overdraft balances acquired	(8)	15
Disposal of subsidiaries	35	19
Sale of investments	16	-
<b>Net cash used in investing activities</b>	<b>(163)</b>	(195)
<b>Financing activities</b>		
Share issues	343	-
Dividends paid to equity shareholders of the parent	(130)	(120)
Dividends paid to non-controlling interests	(24)	(19)
Own shares purchased	-	(6)
Other net movement in borrowings	(165)	324
Movement in customer cash balances	24	-
Transactions with non-controlling interests	(2)	6
Interest paid	(132)	(117)
Repayment of obligations under finance leases	(9)	(22)
<b>Net cash flow from financing activities</b>	<b>(95)</b>	46
<b>Net increase in cash, cash equivalents and bank overdrafts</b>	<b>142</b>	138
Cash, cash equivalents and bank overdrafts at the beginning of the year	472	370
Effect of foreign exchange rate fluctuations on cash held	(27)	(36)
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>587</b>	472

## Notes to the preliminary results announcement

### 1) Basis of preparation and accounting policies

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2013 or 2012. The financial information for 2012 is derived from the statutory accounts for 2012 which have been delivered to the registrar of companies. The auditor has reported on the 2012 accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The statutory accounts for 2013 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the registrar of companies in due course.

The comparative income statement for the year ended 31 December 2012 has been re-presented for operations qualifying as discontinued during the current year. Revenue from continuing operations has been reduced by £273 million and PBT has decreased by £7 million compared to the figures published previously. Further details of discontinued operations are presented within note 4. In addition, the comparative consolidated statement of financial position as at 31 December 2012 has been restated to reflect the completion during 2013 of the initial accounting in respect of acquisitions made during 2012. Adjustments made to the provisional calculation of the fair values of assets and liabilities acquired amount to £15 million, with an equivalent increase in the reported value of goodwill.

#### Basis of preparation of the income statement

During the year the group has enhanced its presentation of business performance by separately disclosing 'underlying results'. The underlying results exclude specific items and for the prior year re-present the effect of one-off credits relating to fair value and other provision releases.

The group's income statement and segmental analysis note separately identify underlying 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 items relating to acquisitions and disposals including amortisation and impairment of acquisition-related intangible assets, discontinued operations, restructuring costs and impairments and other items, including the review of assets and liabilities performed in the current year and in the prior year included the impact of the Olympics contract.

#### Adoption of new and revised accounting standards and interpretations

In the year ended 31 December 2013, the group adopted the following new standards and amendments:

- Amendment to IAS19(2011) – as a result of adopting this amendment the group has changes its calculation of the net pension interest charge. The group's prior year finance costs have been restated for this change, resulting in an additional £7 million interest cost for the year ended 31 December 2012. The amendments also require that the group re-allocates pension administration costs from its previous classification within finance income through other comprehensive income to disclosing it within PBITA. Prior year PBITA has reduced by £3 million as a result of this restatement.
- Amendment to IAS1 – this amendment modifies the presentation of items of comprehensive income in the condensed consolidated statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be reclassified. Comparative income has also been re-presented accordingly. The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the group.
- IFRS13 – the group adopted this new standard during the year which has not resulted in any significant impact on the comparative results for the year to 31 December 2012.

The group has not adopted early any standard, amendment or interpretation. A number of new standards, amendments to standards and interpretations have been announced but are not yet effective for the year ended 31 December 2013. Those that are expected to have an impact on the group accounts are detailed below:

- IFRS10(2011) "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. Apart from certain exceptions within the Asia and Middle East region (including certain businesses in Kuwait, Saudi Arabia and Qatar) it is expected that under the terms of the existing shareholder agreements the remainder of the group's principal subsidiaries will continue to be consolidated upon adoption of IFRS10(2011). Those entities which do not meet the IFRS10(2011) criteria to be consolidated will be accounted for as joint ventures under the new IFRS11.
- 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 currently applies the proportionate method of accounting to its jointly controlled entities this will impact the group's consolidated income statement and consolidated statement of financial position.

## Notes to the preliminary results announcement (continued)

### 1) Basis of preparation and accounting policies (continued)

- 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(2011), 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 will therefore adopt all three standards for its financial statements for the year ended 31 December 2014.

The impact of applying IFRS10(2011) and IFRS11 to the group's consolidated income statement and statement of financial position year ended 31 December 2012 and 31 December 2013 will be presented in detail in the group's annual report and accounts.

Had the group applied IFRS10(2011) and IFRS11 to its accounts for the year ended 31 December 2013 revenue would have been £317m lower (2012: £277 lower) and PBITA would have been £32m lower (2012: £27m lower). Profit to equity holders would have been unchanged. Consolidated net assets would have been £27m lower (2012: £31m lower) and consolidated net cash flow would have been £9m lower (2012: £2m lower).

## Notes to the preliminary 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 executive committee (the chief operating decision maker) reviews internal management reports on a regular basis. This note has therefore been re-presented to more closely align with the way the group is now managed.

Segment information for continuing operations is presented below:

<b>Revenue by geographical area</b>	<b>2013</b>	2012
	<b>£m</b>	£m
Africa	486	465
Asia Middle East	1,567	1,353
Latin America	717	644
Europe	1,648	1,604
North America	1,358	1,338
UK & Ireland	1,652	1,620
<b>Total revenue (before Olympics contract)</b>	<b>7,428</b>	7,024
Olympics contract	-	204
<b>Total revenue</b>	<b>7,428</b>	7,228
<b>PBITA by geographical area</b>	<b>2013</b>	2012
	<b>£m</b>	£m
Africa	39	35
Asia Middle East	129	108
Latin America	48	48
Europe	92	108
North America	56	73
UK & Ireland	122	145
<b>PBITA before head office costs</b>	<b>486</b>	517
Head office costs	(44)	(47)
<b>PBITA (before specific items)</b>	<b>442</b>	470
<b>Specific items (see note 3)</b>		
Contracts review	(136)	-
Review of assets and liabilities	(182)	-
<b>Sub total</b>	<b>(318)</b>	-
One-off credits	-	24
Restructuring costs	(68)	(42)
Olympics	-	(88)
<b>Total specific items</b>	<b>(386)</b>	(106)
<b>Total PBITA</b>	<b>56</b>	364
Amortisation of acquisition-related intangible assets	(72)	(84)
Goodwill impairment	(46)	-
Acquisition-related costs	(4)	(7)
Profit on disposal of assets and subsidiaries	24	5
<b>Total PBIT</b>	<b>(42)</b>	278

## Notes to the preliminary results announcement (continued)

### 3) Profit from operations before interest and taxation (PBIT)

The income statement can be analysed as follows:

	2013 £m	2012 £m
Revenue	7,428	7,228
Cost of sales	(6,066)	(5,742)
<b>Gross profit</b>	<b>1,362</b>	<b>1,486</b>
Administration expenses	(1,404)	(1,208)
<b>PBIT</b>	<b>(42)</b>	<b>278</b>

Administration expenses include £72 million of amortisation of acquisition-related intangible assets (2012: £84 million), £4 million of acquisition-related expenses (2012: £7 million) and are net of a £24 million profit recognised on the disposal of the group's data solutions business in Colombia (2012: £5 million profit on disposal of assets and subsidiaries).

Administration expenses also include a £46 million charge relating to goodwill impairment made at the half year (2012: £nil), a charge resulting from the group's review of assets and liabilities of £182 million, a provision for the review of contracts, including UK Electronic Monitoring, for £136 million (2012: £nil) and restructuring costs of £68 million (2012: £42 million). Further details of the review of assets and liabilities are given below. Administration expenses in 2012 included £24 million of one-off credits relating to fair value and other provision releases and a charge of £88 million relating to the impact of the Olympics contract.

#### Specific items

Specific items have been excluded from the underlying results to provide a clear comparison of the underlying trading performance of the group. Those items are set out below:

	As at 30 June 2013 £m	Since 30 June 2013 £m	As at 31 December 2013 £m
<b>Contracts review</b>	-	136	136
<b>Review of assets and liabilities</b>			
Impairment of fixed assets	23	3	26
Current asset write-downs	17	17	34
Impairment of receivables	52	7	59
Creditors, claims and provisions	40	23	63
<b>Total review of assets and liabilities</b>	<b>132</b>	<b>50</b>	<b>182</b>
<b>Subtotal</b>	<b>132</b>	<b>50</b>	<b>318</b>
<b>Restructuring</b>	<b>4</b>	<b>64</b>	<b>68</b>
<b>Total specific items</b>	<b>136</b>	<b>250</b>	<b>386</b>

#### Contracts review

A global financial review of 163 contracts, including UK Electronic Monitoring contracts, with annualised revenues of around £2 billion resulted in a £136 million charge.

#### Review of assets and liabilities

A review of the group's assets and liabilities applying more balanced judgements was initiated in the first half of 2013, resulting in a PBITA charge of £132 million. This was extended to cover all legal entities during the second half of the year. Completion of this review resulted in a further charge of £50 million, bringing the full-year charge to PBITA of £182 million. The total charge related principally to impairment of fixed assets, inventory obsolescence, write down of receivables and the recognition of employer related liabilities.

#### Restructuring costs

Restructuring charges of £68 million (2012: £42 million) were incurred during the year. These include amounts of £35 million in respect of previously announced restructuring programmes in the UK & Ireland, Netherlands, Belgium, Finland and other European businesses. Acceleration of the restructuring programme in the fourth quarter primarily in Europe resulted in additional charges of £33 million.

## Notes to the preliminary results announcement (continued)

### 4) Discontinued operations

Operations qualifying as discontinued as at 31 December 2013 included the group's cash solution business in Canada and the group's remaining business in Norway, both of which were sold in January 2014.

The classified US Government Solutions business is also still included within discontinued operations as at 31 December 2013 as it was still held for sale at that date. At the half year goodwill relating to this business was impaired by £80 million to write down its net assets to the estimated recoverable amount. Due to circumstances beyond the group's control (mainly relating to the impact on market sentiment arising out of political uncertainty culminating with the US Government shutdown in early October 2013) the sale process has been significantly extended and has now taken over 12 months since the previous year end. The sale process is still underway and has progressed to a stage of negotiation with potential buyers.

Operations qualifying as discontinued in 2012 comprised the cash and secure solutions businesses in Pakistan, which were disposed of in October 2012, the justice business in the United States, which was disposed of in April 2012 and the group's classified US Government Solutions business which we have agreed to sell subject to the relevant regulatory approvals.

### 5) Acquisitions

The group undertook a number of acquisitions in the year. The total fair value of net assets acquired amounted to £14m which included the recognition of £15 million of acquisition-related intangible assets, generating goodwill of £4 million, satisfied by a total consideration of £18 million, all of which has been paid in the year. Related costs of £4 million were incurred and charged to the income statement.

### 6) Finance income

	2013 £m	2012 £m
Interest income on cash, cash equivalents and investments	14	11
Other interest income	1	1
<b>Total finance income</b>	<b>15</b>	<b>12</b>

### 7) Finance costs

	2013 £m	2012 £m
Interest on bank overdrafts, loans and loan notes	126	118
Interest receivable on loan note related derivatives	(12)	(10)
Interest on obligations under finance leases	4	3
Other interest charges	5	6
<b>Total group borrowing costs</b>	<b>123</b>	<b>117</b>
Finance costs on defined retirement benefit obligations	20	15
<b>Total finance costs</b>	<b>143</b>	<b>132</b>

### 8) Taxation

	2013 £m	2012 £m
Current taxation expense	92	72
Deferred taxation credit	(36)	(32)
<b>Total income tax expense for the year</b>	<b>56</b>	<b>40</b>

## Notes to the preliminary results announcement (continued)

### 9) Dividends

	Pence per share	DKK per share	2013 £m	2012 £m
<b>Distributions to equity holders of the parent in the year</b>				
Final dividend for the year ended 31 December 2011	5.11	0.4544	-	72
Interim dividend for the six months ended 30 June 2012	3.42	0.3220	-	48
Final dividend for the year ended 31 December 2012	5.54	0.4730	<b>78</b>	-
Interim dividend for the six months ended 30 June 2013	3.42	0.2972	<b>52</b>	-
			<b>130</b>	120
Proposed final dividend for the year ended 31 December 2013	5.54	0.4954	<b>86</b>	

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting. If so approved, it will be paid on 13 June 2014 to shareholders who are on the register on 2 May 2014. The exchange rate used to translate it into Danish kroner is that at 11 March 2014.

## Notes to the preliminary results announcement (continued)

### 10) Earnings/(loss) per share attributable to equity shareholders of the parent

	2013 £m	2012 £m
<b>From continuing and discontinued operations</b>		
<b>Earnings</b>		
(Loss)/profit for the year attributable to equity holders of the parent	(362)	40
<b>Number of shares (m)</b>		
Weighted average number of ordinary shares (see note below)	1,452	1,403
<b>(Loss)/earnings per share from continuing and discontinued operations (pence)</b>		
Basic and diluted	(24.9)p	2.9p
<b>From continuing operations</b>		
<b>Earnings</b>		
(Loss)/profit for the year attributable to equity holders of the parent	(362)	40
Adjustment to exclude loss for the year from discontinued operations (net of tax)	116	56
(Loss)/profit from continuing operations	(246)	96
<b>(Loss)/earnings per share from continuing operations (pence)</b>		
Basic and diluted	(16.9)p	6.8p
<b>From discontinued operations</b>		
<b>Loss per share from discontinued operations (pence)</b>		
Basic and diluted	(8.0)p	(4.0)p
<b>From adjusted earnings</b>		
<b>Earnings</b>		
(Loss)/profit from continuing operations	(246)	96
Adjustments for:		
Amortisation of acquisition-related intangible assets	72	84
Goodwill impairment	46	-
Acquisition-related expenses	4	7
Profit on disposal of assets and subsidiaries	(24)	(5)
Contracts review	136	-
Other specific items	182	67
Restructuring	68	42
Non-controlling interests' share of specific items	(5)	-
Tax on specific items	(19)	(43)
<b>Adjusted profit for the year attributable to equity holders of the parent</b>	<b>214</b>	<b>248</b>
Weighted average number of ordinary shares (m)	1,452	1,403
<b>Adjusted earnings per share (pence)</b>	<b>14.7p</b>	<b>17.7p</b>

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.

#### Share placing

In August 2013 the group completed a 9.99% share placing which resulted in the weighted average number of shares for the year increasing to 1,452 million.

### 11) Disposal groups classified as held for sale

At 31 December 2013, disposal groups classified as held for sale primarily comprised the assets and liabilities associated with the classified US Government Solutions business, the remaining business in Norway and the cash solutions business in Canada. Sales of both businesses in Norway and Canada completed in January 2014.

At 31 December 2012, disposal groups classified as held for sale comprised the assets and liabilities associated with the classified government solutions business in the US.



## Notes to the preliminary results announcement (continued)

### 12) Analysis of net debt

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

	2013	2012
	£m	£m
Cash and cash equivalents	594	469
Investments	39	56
Net cash and overdrafts included within disposal groups classified as held for sale	15	20
Net debt (excluding cash and overdrafts) included within disposal groups classified as held for sale	(17)	10
Bank overdrafts	(22)	(17)
Bank loans	(196)	(345)
Loan notes	(1,982)	(2,039)
Fair value of loan note derivative financial instruments	88	105
Obligations under finance leases	(52)	(61)
<b>Total net debt</b>	<b>(1,533)</b>	<b>(1,802)</b>

## NON-GAAP measures

### Net cash flow reconciliation to net debt

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

	2013 £m	2012 £m
<b>PBITA</b>	<b>56</b>	<b>364</b>
<b>Non-cash movements</b>		
Depreciation	118	117
Amortisation of other intangible assets	24	22
Write down of fixed assets	24	-
Increase/(decrease) in provisions	189	(5)
Working capital	87	(124)
Pensions	(38)	(37)
<b>Cash flow from continuing operations</b>	<b>460</b>	<b>337</b>
Cash from discontinued operations	28	35
<b>Net cash generated by operations:</b>	<b>488</b>	<b>372</b>
<b>Investment in the business</b>		
Investment in capital expenditure and non-current assets	(199)	(137)
New finance leases	(12)	(21)
Disposal proceeds	35	19
Acquisitions	(35)	(87)
<b>Net investment in the business</b>	<b>(211)</b>	<b>(226)</b>
<b>Net cash flow after investing in the business</b>	<b>277</b>	<b>146</b>
<b>Other (uses)/sources of funds</b>		
Net financing	(110)	(111)
Tax	(88)	(85)
Dividends	(154)	(139)
Share capital	343	-
Other	16	3
<b>Net sources/(uses) of funds</b>	<b>7</b>	<b>(332)</b>
<b>Net cash flow after investment, financing and tax</b>	<b>284</b>	<b>(186)</b>
Net debt at beginning of period	(1,802)	(1,616)
FX	(15)	-
<b>Net debt at end of period</b>	<b>(1,533)</b>	<b>(1,802)</b>

### Group's definition of net debt to EBITDA

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

	2013 £m	2012 £m
PBITA from continuing operations (before specific items)	442	470
Add back:		
Depreciation	118	117
Amortisation of non-acquisition related intangible assets	24	22
<b>EBITDA</b>	<b>584</b>	<b>609</b>
Net debt per Note 12	1,533	1,802
<b>Group's definition of Net debt: EBITDA ratio</b>	<b>2.6</b>	<b>3.0</b>

## NON-GAAP measures (continued)

### Reconciliation of 2012 results

Prior year results have been restated to separately disclose profits/losses reported on disposal of fixed assets and subsidiaries, one-off credits relating to the release of fair value and other provisions; for the effect of operations subsequently classified as discontinued and for the adoption of the revised retirement benefits accounting standard IAS19 (2011).

### Adjustments to prior year reported numbers

	December 2012	
	Revenue £m	PBITA £m
<b>As reported in 2012 (excluding Olympics)</b>	<b>7,297</b>	<b>516</b>
Discontinued businesses	(273)	(14)
Less: One-off credits (page 20)	-	(24)
Less: Profit on disposal of fixed assets and subsidiaries	-	(5)
Less: Pension admin cost restatement from IAS19 (2011)	-	(3)
<b>Restated 2012 results at actual rates</b>	<b>7,024</b>	<b>470</b>

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High resolution images are available for the media to view and download free of charge from [www.vismedia.co.uk](http://www.vismedia.co.uk).

**Notes to Editors:**

G4S is the leading global integrated security company specialising in the provision of security products, services and solutions. The group is active in more than 120 countries, and is the largest employer quoted on the London Stock Exchange with more than 618,000 employees and has a secondary stock exchange listing in Copenhagen. For more information on G4S, visit [www.g4s.com](http://www.g4s.com).

**Presentation of Results:**

A presentation to investors and analysts is taking place today at 0900hrs at the London Stock Exchange.

**Webcast**

<http://view-w.tv/p/707-803-13976/en>

**Dividend payment information**

Ex-date – Wednesday 30 April 2014

Record date – Friday 2 May 2014

Pay date – Friday 13 June 2014

**2014 Financial Calendar**

14 April	Publication of Annual Report and Accounts
7 May	Interim Management Statement
5 June	Annual General Meeting
12 August	Announcement of half-year results to 30 June 2014
12 November	Interim Management Statement