



10 August 2016

G4S plc
Results for the six months ended 30 June 2016

G4S Chief Executive Officer Ashley Almanza said,

“In the first half of the year the Group won new contracts with a total value of £1.4 billion and revenue from our continuing businesses increased by 5.1% which, combined with the positive effect of our productivity programmes, produced a 13.3% increase in earnings. Higher operating profits and enhanced working capital management underpinned strong operating cash flow of £293 million, an increase of 51.8%.

Our plans are delivering tangible results with our PBITA margin increasing from 5.1% to 6.45% since June 2013. We have much to do to realise the full potential of our strategy which is underpinned by our growth, innovation, productivity and portfolio programmes. Executing these programmes and reducing net debt remain our key priorities. The Board has declared an interim dividend of 3.59 pence per share.”

Financial and Operational highlights:

- Revenue^a of £3.1 billion up 5.1%
- PBITA^a of £199 million up 8.2%
- Earnings^a of £102 million up 13.3%
- Operating cash flow^a of £293 million up 51.8%
- Net debt/EBITDA^a fell slightly to 3.2x (December 2015: 3.3x) as the Group's net cash flow covered the impact of sterling weakness
- Interim dividend of 3.59p per share (2015: 3.59p)

Six months ended 30 June 2016				
	Continuing Businesses^a		Statutory Results^b	
	Constant Rates		Actual Rates	
	2016	2015^c restated	2016	2015 restated
Revenue	£3,086m	£2,936m	£3,532m	£3,421m
PBITA	£199m	£184m	£203m	£185m
Earnings	£102m	£90m	£69m	£48m
Operating Cash Flow ^d	£293m	£193m	£273m	£160m
EPS	6.6p	5.8p	4.5p	3.1p

Statutory Results:

- Revenue increased by 3.2% to £3.5 billion
- PBITA increased by 9.7% to £203 million
- Earnings of £69 million (2015: £48 million), up 43.8% after charging £27 million (2015: £40 million) of amortisation and impairment of acquisition-related intangible assets
- Operating cash flow increased by 70.6% to £273 million

^a Results from continuing businesses exclude results from businesses identified for sale or closure and onerous contracts as set out on page 3. The basis of preparation of results of continuing businesses, along with an explanation of Alternative Profit Measures, is on page 9.

^b See page 21 for the basis of preparation of statutory results and for an explanation of prior period adjustments.

^c To aid comparability, 2015 results of continuing businesses are shown at June 2016 average exchange rates, except operating cash flow which is shown at actual rates.

^d Statutory operating cash flow represents net cash flow from operating activities of continuing operations as presented in the statutory cash flow on page 20. Statutory operating cash flow is reconciled to operating cash flow on page 33.

Ashley Almanza, Group Chief Executive Officer, commented:

"In the first half of the year the Group won new contracts with a total value of £1.4 billion and revenue from continuing businesses increased by 5.1% which, combined with the positive effect of our productivity programmes, produced a 13.3% increase in earnings. Higher operating profits and enhanced working capital management underpinned strong operating cash flow of £293 million, an increase of 51.8%.

Our plans are delivering tangible results with our PBITA margin increasing from 5.1% to 6.45% since June 2013. We have much to do to realise the full potential of our strategy which is underpinned by our growth, innovation, productivity and portfolio programmes. Executing these programmes and reducing debt remain our key priorities. The Board has declared an interim dividend of 3.59 pence per share."

Over the past six months the Group has made substantial further progress with the ongoing transformation of G4S:

Growth and innovation: We won new contracts with an annual value of £0.7 billion (2015: £0.7 billion) and total contract value of £1.4 billion (2015: £1.4 billion) whilst, at the same time, replenishing our pipeline which had an annual value of £6.3 billion as at 30 June 2016. We continue to embed a more effective approach to sales operations and to improve early qualification of opportunities.

We continued to invest in product and service development and our sales in systems and technology solutions grew by 8% to £352 million (11% of group revenues). Over the next 12 months, we expect strong growth from our retail solutions businesses (cash recycling and management) and we currently have expected contract revenues of \$0.8 billion which is underpinned by commissioned services, firm contracts and orders in progress. In addition we have a substantial pipeline and considerable potential to grow this business rapidly.

Over the medium term we expect demand for our services to grow by around 4-6% per annum. In the current environment of heightened macro-economic uncertainty and lower global growth, our continuing businesses posted very strong revenue growth in the first half of 2016.

Productivity: The positive effects of our productivity programmes are reflected in the Group's financial performance for the first half with the group PBITA margin increasing from 6.27% to 6.45%. The cash solutions PBITA margin increased to 12.7% from 11.8% and the secure solutions PBITA margin was slightly lower at 6.1% after 6.2% for the comparative period. We expect to extract further benefits going forward. The next phase of our productivity programmes focusses on lean end-to-end processes in our manned security business. Our aim is to provide efficient straight-through processing from order to cash and we are piloting the development of this system in Ireland and the UK manned security businesses. We firmly believe that this will improve the consistency of operational delivery and materially reduce the Group's operating costs over time.

Portfolio management and financial discipline: Our portfolio programme is dramatically improving our strategic focus and since 2013 we have divested 25 businesses (with revenues of c.£900 million and PBITA of £14 million), realising proceeds of £288 million, and a further 38 businesses (with revenues of c.£610 million) are now being sold or exited. In the first six months of 2016, we sold seven businesses and realised proceeds of £32 million. We have a structured process and active buyer interest in our remaining businesses held for sale.

We continued to manage effectively **onerous legacy contracts** and costs were within established provisions.

Cashflow, net debt and pensions: Operating cash flow from continuing businesses increased by 51.8% to £293 million as our working capital management began to deliver substantial benefits. Net cash flow of £59 million after investment in the business, financing costs, taxation and dividends, covered the £59 million impact of sterling weakness. Net debt/EBITDA was slightly lower at 3.2x (3.3x at December 2015). The Group's business plan and current performance supports a net debt/EBITDA ratio of 2.5x or lower in the next 12-18 months.

The latest independent triennial actuarial valuation of the UK pension scheme reflects strong asset performance and reduction in the deficit. We expect that the Trustees will finalise the valuation and payment plan in the second half of the year.

Sterling weakness: More than 80% of the Group's revenues are derived from outside the UK and, if June 2016 closing rates were applied to the results for the six months ended 30 June 2016, PBITA would have increased by 6% to £211 million.

Outlook

Demand for G4S's services has remained positive and our strategy is delivering tangible results with growing revenues, improving profitability and strong cash generation. We have much to do to realise the full potential of our strategy which is underpinned by our growth, innovation, productivity and portfolio programmes. Executing these programmes and reducing debt remain our key priorities.

Analysis of Group results

As described in the 2015 Integrated Report and Accounts, the Group now reports its results for three distinct components, in line with its strategy for managing the business:

- Businesses sold or to be sold or closed under the portfolio programme;
- Onerous contracts to be managed to an effective conclusion; and
- Continuing businesses, which are making tangible strategic, operational and financial progress as we implement G4S' strategy.

The first two components do not form part of the long-term future of G4S, whereas the continuing businesses form the core of G4S today and in the future.

The Group's results for the six months to 30 June 2016, together with the comparative results from the prior period, are analysed into these components and presented below, prepared using the basis explained on page 9.

£m (at June 16 FX rates)	Continuing businesses	Onerous contracts	Portfolio businesses^a	Restructuring	Acquisition-related amortisation and other^c	Statutory
Revenue	3,086	114	332	-	-	3,532
PBITA	199	-	4	-	-	203
Earnings	102	1	(3)	(2)	(29)	69
Operating cash flow	293	4	9	(9)	(24)	273

£m (at June 16 FX rates)	Continuing businesses	Onerous contracts	Portfolio businesses^a	Restructuring	Acquisition-related amortisation and other^c	Statutory
Revenue	2,936	124	407	-	-	3,467
PBITA	184	-	6	-	-	190
Earnings	90	-	4	(12)	(27)	55
Operating cash flow ^b	193	(8)	14	(17)	(22)	160

£m (at June 15 FX rates)	Continuing businesses	Onerous contracts	Portfolio businesses	Restructuring	Acquisition-related amortisation and other^c	Statutory
Revenue	2,894	123	404	-	-	3,421
PBITA	181	-	4	-	-	185
Earnings	87	-	1	(13)	(27)	48
Operating cash flow ^b	193	(8)	14	(17)	(22)	160

^a Portfolio businesses that remain part of the Group and have not yet been sold or closed contributed £306 million revenue (2015: £328 million) and £5 million PBITA (2015: £6 million).

^b Cash flow for the six months ended 30 June 2015 is presented at actual exchange rates.

^c Acquisition-related amortisation and other items in the earnings line are analysed on page 10. Acquisition-related amortisation and other items in the operating cash flow line relate to the Group's additional defined benefit deficit repair contributions.

BUSINESS REVIEW
RESULTS OF CONTINUING BUSINESSES BY REGION AND BUSINESS SERVICE

With effect from 1 January 2016 the former Asia Middle East region was divided into two separate regions, Asia Pacific and Middle East & India. The comparative results presented above and in subsequent pages have been re-presented to reflect this.

The basis of preparation of results of continuing businesses is shown on page 9.

	Revenue	Revenue		PBITA	PBITA	
	June	Restated	Fav/(Unf)	June	Restated	Fav/(Unf)
	2016	June	HoH	2016	June	HoH
At 2016 average exchange rates	£m	£m	%	£m	£m	%
Africa	203	189	7.4%	20	19	5.3%
Asia Pacific	307	297	3.4%	23	19	21.1%
Middle East & India	405	348	16.4%	40	39	2.6%
Latin America	278	254	9.4%	11	10	10.0%
Emerging markets	1,193	1,088	9.7%	94	87	8.0%
Europe	563	533	5.6%	35	32	9.4%
North America	767	741	3.5%	43	41	4.9%
UK & Ireland	563	574	(1.9)%	48	47	2.1%
Developed markets	1,893	1,848	2.4%	126	120	5.0%
Total Group before corporate costs	3,086	2,936	5.1%	220	207	6.3%
Corporate costs	-	-	-	(21)	(23)	8.7%
Total Group	3,086	2,936	5.1%	199	184	8.2%

BUSINESS REVIEW continued**RESULTS OF CONTINUING BUSINESSES BY REGION AND BUSINESS SERVICE continued****AFRICA**

	Revenue	Revenue	HoH	PBITA	PBITA	HoH
	2016	2015		2016	2015	
	£m	£m		£m	£m	
Continuing businesses	203	189	7.4%	20	19	5.3%

Against a background of lower commodity prices, revenue growth in the **Africa** region was 7.4%, with growth across most markets and in both secure solutions and cash solutions.

We continue to invest in strengthening the capability and competitiveness of our businesses in Africa through programmes that address service innovation and delivery alongside operational productivity and efficiency. Operating costs, including these programmes, rose faster than revenues and PBITA increased by 5.3%.

New and renewed contracts won across the region include security, systems, manned security and risk management services work for governments, multi-lateral agencies, NGOs and mining companies.

The sales pipeline in Africa has diverse contract opportunities in areas such as banking, retail, government and NGO security and risk management services.

ASIA PACIFIC

	Revenue	Revenue	HoH	PBITA	PBITA	HoH
	2016	2015		2016	2015	
	£m	£m		£m	£m	
Continuing businesses	307	297	3.4%	23	19	21.1%

Revenue growth in Asia Pacific was 3.4% in the first half of the year and PBITA increased 21.1%, reflecting favourable revenue mix and the benefits of successful restructuring programmes. We have much more to do to transfer best practice and strengthen sales, service and operations.

We secured new contracts across a broad range of sectors including financial services, government, transportation, forestry and retail.

The sales pipeline is diversified by geographic market and customer segment focussed on care and justice, security systems and solutions and cash management services including cash recycling solutions.

MIDDLE EAST AND INDIA

	Revenue	Revenue	HoH	PBITA	PBITA	HoH
	2016	2015		2016	2015	
	£m	£m		£m	£m	
Continuing businesses	405	348	16.4%	40	39	2.6%

Revenues in Middle East and India grew 16.4%, with exceptionally strong increases in India and Saudi Arabia.

We continued to strengthen our management team in the region and to invest in service innovation, customer service and operational excellence. These programmes are at an early stage in this region and operating costs, including these investments, rose faster than revenues and PBITA increased by 2.6%.

New contracts won across the region in the first half include facilities management, risk consulting and security in the aviation and engineering sectors.

The sales pipeline in the Middle East remains diversified with a large number of facilities management, cash solutions, security and systems opportunities in the industrial, retail, property, oil and gas and technology sectors.

BUSINESS REVIEW
RESULTS OF CONTINUING BUSINESSES BY REGION AND BUSINESS SERVICE continued

LATIN AMERICA

	Revenue	Revenue		PBITA	PBITA	
		Restated			Restated	
	2016	2015	HoH	2016	2015	HoH
	£m	£m	%	£m	£m	%
Continuing businesses	278	254	9.4%	11	10	10.0%

Despite weak or negative GDP growth in a number of large markets in **Latin America**, our revenue growth was 9.4% in the first half. Our businesses continued to post good growth in Argentina, Brazil, Mexico and Peru, with growth in security systems in Argentina and Brazil more than offsetting a softer sector in Chile.

PBITA increased 10.0%, reflecting strong growth in security systems and the successful recovery of wage and cost inflation.

During the first half, we won new contracts in facilities management, systems and secure solutions contracts in the banking, communications, consumer product, construction and automotive sectors.

Our sales pipeline for the Latin America region continues to develop well, with a number of multi-year manned security and facilities management opportunities for multinational customers in Brazil, Colombia and Argentina.

EUROPE

	Revenue	Revenue		PBITA	PBITA	
		Restated			Restated	
	2016	2015	HoH	2016	2015	HoH
	£m	£m	%	£m	£m	%
Continuing businesses	563	533	5.6%	35	32	9.4%

In **Europe**, revenues rose by 5.6% driven by growth in both secure solutions and cash solutions. PBITA rose by 9.4%, reflecting the healthy revenue growth and the benefits of our restructuring and productivity programmes.

We succeeded in winning new contracts in aviation security, retail, systems security for infrastructure and cash management.

Our European pipeline has a large number of opportunities with new and existing customers in the retail, aviation, infrastructure, consumer and banking sectors.

BUSINESS REVIEW continued**RESULTS OF CONTINUING BUSINESSES BY REGION AND BUSINESS SERVICE continued****NORTH AMERICA**

	Revenue			PBITA		
	2016	2015	HoH	2016	2015	HoH
	£m	£m	%	£m	£m	%
Continuing businesses	767	741	3.5%	43	41	4.9%

In **North America**, our revenues grew by 3.5%, and our pipeline indicates the potential for further, stronger growth in the second half.

PBITA increased by 4.9%, helped by favourable sales mix and efficiency gains, partially offset by the costs of building the organisational capacity to manage our rapidly growing integrated systems and cash retail solutions service. CASH360™ continues to gain momentum and, following an intensive roll-out programme this summer, we can look forward to a growing financial contribution from our retail solutions business in the second half of 2016.

Key contract wins include the renewal of the CATSA aviation contract in Canada for a further five years, a new global contract with a major financial institution, integrated and secure solutions contracts in real estate and healthcare, retail and automotive sectors.

We have a strong contract pipeline with opportunities across diverse sectors including energy, commerce, retail, transportation and logistics.

UK & IRELAND

	Revenue			PBITA		
	2016	2015	HoH	2016	2015	HoH
	£m	£m	%	£m	£m	%
Continuing businesses	563	574	(1.9)%	48	47	2.1%

As expected, revenue in the **UK & Ireland** declined by 1.9% due mainly to lower volumes in our employment service business. However, PBITA was 2.1% higher reflecting the benefit of our ongoing productivity programmes. The staggered increase in the Living Wage which came into effect in April 2016 and the Apprenticeship Levy is estimated to have a 1-2% adverse impact on 2016 PBITA for the UK and Ireland region.

We continue to actively manage our legacy onerous contract portfolio, mainly in the public sector. The cost of these contracts remained within our established provision. A contingent liability continues to be disclosed in respect of the Compass contract – see note 21.

The UK & Ireland bidding pipeline is broad-based and has grown in the areas of facilities management, security systems and cash outsourcing.

CORPORATE COSTS

	Revenue			PBITA		
	2016	2015	HoH	2016	2015	HoH
	£m	£m	%	£m	£m	%
Corporate costs	-	-	-	(21)	(23)	8.7%

Corporate costs comprise the costs of the plc Board, and central function costs of running the Group including executive, governance and support functions. The year on year reduction in corporate costs arises principally from organisational efficiency programmes partially offset by investment in procurement and IT capability.

BUSINESS REVIEW continued
RESULTS OF CONTINUING BUSINESSES BY SERVICE LINE

Secure Solutions	Revenue			PBITA		
	2016	Revenue Restated 2015	HoH	2016	PBITA Restated 2015	HoH
	£m	£m	%	£m	£m	%
At 2016 average exchange rates						
Emerging markets	1,004	900	11.6%	69	57	21.1%
Developed markets	1,617	1,585	2.0%	92	97	(5.2)%
Total	2,621	2,485	5.5%	161	154	4.5%

Overall, the secure solutions businesses achieved 5.5% growth in revenue and PBITA increased 4.5%

Emerging markets revenues grew by 11.6% and PBITA grew 21.1% as we captured the benefits of earlier restructuring programmes.

Developed market revenues grew by 2.0% with PBITA decreasing by 5.2% reflecting lower volumes in UK care and justice and employment services together with the cost of maintaining and building capacity in North America, to support our growing pipeline of opportunities.

Cash Solutions	Revenue			PBITA		
	2016	Revenue Restated 2015	HoH	2016	PBITA Restated 2015	HoH
	£m	£m	%	£m	£m	%
At 2016 average exchange rates						
Emerging markets	189	188	0.5%	25	30	(16.7)%
Developed markets	276	263	4.9%	34	23	47.8%
Total	465	451	3.1%	59	53	11.3%

Overall cash solutions grew 3.1% in revenues and PBITA rose by 11.3%.

The overall growth in revenue and profit was driven by volume growth and much improved productivity in our developed markets. The improvement in productivity is the result of systematic restructuring and productivity programmes which have been implemented over the past two to three years. We have more to do to extend and embed these programmes across our developed markets and to transfer best practise across the group.

In our emerging markets growth was 0.5%. We have begun to invest in strengthening product and service innovation, operational excellence and productivity. The cost of this investment together with wage increases which rose faster than revenues resulted in PBITA falling 16.7%. The new services and productivity programmes which are delivering positive results in developed markets are now being rolled out in our principal emerging markets and we expect them to improve emerging markets performance over time.

BUSINESS REVIEW
GROUP COMMENTARY

Basis of preparation for results of continuing businesses

The Group applies the basis of preparation as shown on page 21. To aid the comparability of the Group's results from continuing businesses, 2015 comparative results are presented on a constant currency basis by applying June 2016 average exchange rates. In addition, they exclude the results of onerous contracts and certain businesses identified for sale or closure as part of the Group's portfolio rationalisation programme announced in November 2013 and also exclude restructuring costs, amortisation of acquisition-related intangible assets and other items. A reconciliation is provided on page 3. Commentary below is provided at 2016 average exchange rates, unless otherwise stated.

The Group makes use of Alternative Profit Measures (APMs) in the management of its operations and as a key component of its internal and external reporting. In accordance with FRC guidance, these are as explained below.

From 2016, the Group reports its results for three distinct components, in line with its strategy for managing the business:

- Continuing (core) businesses, which comprise the Group's on-going activities;
- Onerous contracts, which are being managed effectively to completion; and
- Portfolio businesses, which are being managed for sale or closure, as part of the portfolio rationalisation programme announced by the Group in November 2013.

The Group's financial review focuses primarily on continuing (core) businesses, as these represent the Group's long term operations, whereas onerous contracts and portfolio businesses do not form part of the Group's long term plans.

Taken together, the three distinct components constitute "continuing operations" from an IFRS or GAAP perspective, as distinct from discontinued operations which, in accordance with IFRS 5, represent areas of the business which are being managed for sale or closure but which represent material business segments or entities. The Group now has minimal operations that meet the IFRS 5 definition of discontinued operations.

G4S uses profit before interest, tax and amortisation ("PBITA") as a consistent measure of the Group's performance, excluding specific and other separately disclosed items which the company believes should be disclosed separately by virtue of their size, nature or incidence. Further details regarding these items can be found in note 3 on page 23.

In common with many peers in the Group's business sector, G4S uses the ratio of net debt to EBITDA of continuing businesses as a consistent measure of leverage performance, and as reported in the 2015 Integrated Report and Accounts has set a target of 2.5x or lower in the next 12 to 18 months.

Continuing Businesses

	June 2016	June 2015	
	£m	£m	Restated Fav/(unfav) HoH
At June 2016 average exchange rates			
Revenue	3,086	2,936	5.1%
Profit before interest, tax and amortisation (PBITA)	199	184	8.2%
Interest	(50)	(51)	2.0%
Profit before tax	149	133	12.0%
Tax	(36)	(32)	12.5%
Profit after tax	113	101	11.9%
Non-controlling interests	(11)	(11)	0.0%
Earnings (profit attributable to equity holders of the parent)	102	90	13.3%
EPS	6.60p	5.83p	13.3%
Operating Cash Flow	293	193	51.8%

Revenue from continuing businesses was £3,086 million, an increase of 5.1% on 2015. Cash solutions was up 3.1% on 2015 and secure solutions was up 5.5% on 2015.

Emerging markets grew 9.7% compared to the same period last year, with revenues of £1.2 billion, and now represent 39% of Group revenue (2015: 37%). Developed markets revenues were 2.4% higher than the prior period with strong growth in Europe of 5.6% and 3.5% in North America, while the UK & Ireland declined by 1.9% as expected.

BUSINESS REVIEW – continued
GROUP COMMENTARY – continued

PBITA of continuing businesses of £199 million (2015: £184 million) was up 8.2% and the Group's PBITA margin increased to 6.45% (2015: 6.27%). The Group saw effects of the slowdown of commodities and oil prices in the global markets in particular affecting some of our businesses in Africa and Latin America but was able to offset these effects with a diversified sales programme and the benefits from our productivity programmes.

Interest

Net interest payable on net debt from continuing businesses was £45 million (2015: £45 million). The pension interest charge was £5 million (2015: £6 million), resulting in a total interest cost of £50 million (2015: £51 million).

Tax

A tax charge of £36 million (2015: £32 million) was incurred on the profits of continuing businesses of £149 million (2015: £133 million) which represents an effective tax rate of 24% (2015: 24%). The Group recognised a statutory tax charge of £34 million (2015: £29 million) on the Group's statutory profit before tax of £115 million (2015: £80 million) which represents an effective tax rate of 30% (2015: 36%).

The difference between the effective tax rate on the Group's statutory profit and on the profits of continuing businesses is due primarily to the absence of tax relief on goodwill impairments and relief for losses on businesses which are in the process of being sold or wound down.

The Group's effective tax rate relating to continuing businesses is a function of the geographic mix of its taxable profits and the respective country tax rates. The Group's profit mix can also be impacted by significant fluctuations in foreign exchange rates.

In its March 2016 Budget, the UK Government announced that as part of the response to the Base Erosion and Profit Shifting (BEPS) recommendations it planned to introduce new rules to: (i) restrict the deductibility of net interest costs and (ii) restrict the amount of taxable profits available to offset against carried forward tax losses to 50% of the available profits. Both of these proposals will take effect from 1 April 2017. The Group is preparing to manage effectively these changes.

Onerous contracts

The Group's onerous contracts had revenues of £114 million (2015: £124 million) for the six months ended 30 June 2016. The Group's established provision covered the losses on onerous contracts.

Portfolio businesses

The Group made further progress with its portfolio management programme and since 2013 has either sold or is exiting 63 businesses, with annualised revenues of c.£1.5 billion and PBITA of £8 million, based on the last full year when each of these businesses formed part of the Group. This programme is greatly improving the Group's strategic focus and has also realised £288 million in disposal proceeds in relation to the 25 businesses sold to date. This includes the sale of seven businesses this year in Finland, Kazakhstan, Brunei, Uzbekistan, Honduras, Thailand and the UK since January 2016, generating proceeds of £32 million.

The Group's on-going portfolio management programme is expected to raise between £250 million and £350 million in the next 12-18 months.

Restructuring

The Group invested £3 million (2015: £16 million) in restructuring programmes in the first six months of the year.

Acquisition-related intangibles and other	2016	2015
	£m	Restated £m
Acquisition-related amortisation and expenses	18	19
Net specific items	2	6
Loss/(profit) on disposal of subsidiaries	3	(12)
Goodwill impairment	9	21
Tax effect of above	(4)	1
Loss/(profit) from discontinued operations	1	(7)
Non-controlling interests' share of specific items	-	(1)
Total acquisition-related amortisation and other items at actual rates	29	27

Net specific items

Specific items of a net £2 million charge (2015: £6 million) comprised a £3 million credit relating to the award of a legal claim in Europe offset by a charge of £5 million arising from the revision of estimates relating to accrued revenue and provisions on legacy acquisitions in Latin America.

Loss on disposal of subsidiaries and goodwill impairment

The Group realised a net loss on the disposal of businesses of £3 million (2015: profit of £12 million) for the six months ended 30 June 2016. The Group recorded a goodwill impairment of £9 million (2015: £21 million) in relation to businesses that are to be sold or closed.

BUSINESS REVIEW – continued
GROUP COMMENTARY – continued

Profit for the period – continuing and statutory

The Group produced profit from continuing businesses attributable to equity holders ('continuing earnings') of £102 million (2015: £90 million), an increase of 13.3% for the six months ended 30 June 2016.

The Group's statutory earnings of £69 million (2015: £48 million) is after losses from portfolio businesses of £3 million (2015: earnings of £1 million), restructuring costs of £3 million (2015: £16 million), and non-cash charges of £18 million (2015: £19 million) for amortisation of acquisition-related intangible assets related to historical acquisitions and £9 million (2015: £21 million) of goodwill impairment charges relating to businesses that are to be sold or closed, together with the corresponding tax effects.

Earnings per share

Earnings per share from continuing businesses^a increased to 6.6p (2015: 5.8p). Statutory earnings per share^a was 4.5p (2015: 3.1p). These are based on the weighted average number of shares in issue of 1,545 million (2015: 1,545 million). A comparison of the statutory and continuing business EPS is provided below.

	Earnings per share					
	Continuing Businesses ^a			Statutory Results ^a		
		2015 at constant exchange rates	2015 at actual exchange rates		2015 at constant exchange rates	2015 at actual exchange rates
	2016 £m	Restated £m	Restated £m	2016 £m	Restated £m	Restated £m
Profit for the period	113	101	98	80	65	58
Non-controlling interests	(11)	(11)	(11)	(11)	(10)	(10)
Profit attributable to shareholders (earnings)	102	90	87	69	55	48
Average number of shares (m)	1,545	1,545	1,545	1,545	1,545	1,545
Earnings per share	6.60p	5.83p	5.63p	4.47p	3.56p	3.11p

^a Basis of preparation of results from continuing businesses is shown on page 9. Basis of preparation of statutory results is shown on page 21.

Cash flow, capital expenditure and portfolio management

Operating cash flow from continuing businesses increased to £293 million (2015: £193 million) due to higher operating profits and enhanced working capital management, see page 33.

The Group invested £46 million (2015: £39 million) in capital expenditure and received proceeds of £32 million (2015: £15 million) from the disposal of businesses. The Group has not made any acquisitions in the period.

The net cash inflow after investing in the business and proceeds from portfolio rationalisation was £270 million (2015: £144 million).

The net cash flow after investing in the business, financing, tax, dividends and pensions was £59 million (2015: outflow of £79 million).

Net debt

Net debt as at 30 June 2016 was £1,782 million (December 2015: £1,782 million). The Group's net debt to EBITDA ratio is 3.2x (December 2015: 3.3x). Net debt includes an increase of £59 million due to the effect of foreign exchange translation differences relating to the Group's debt held in foreign currencies, mainly US dollars and euros, in particular as a result of exchange rate movements in the last week of June 2016.

The detailed reconciliation of movements in net debt is provided on page 33 and is reconciled to the statutory cash flow on page 34. The Group's business plan and current performance supports a net debt/EBITDA of 2.5x or lower in the next 12 to 18 months.

Pension deficit

The latest independent triennial actuarial valuation of the UK scheme reflects strong asset performance and reduction in the deficit. We expect that the Trustees will finalise the valuation and payment plan in the second half of the year.

BUSINESS REVIEW – continued
GROUP COMMENTARY – continued

Credit facilities

In March 2016, the Group's credit rating was affirmed by Standard & Poor's as BBB- (negative). As of 30 June 2016 the Group had liquid resources of £1.2 billion including cash on hand of £818 million and unutilised and committed facilities of £350 million. In addition the Group has agreed a further €600 million facility committed for 12 months with an option to extend for a further six months at the Group's request.

The Group has no material debt maturities until 2017 and has good access to capital markets and 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 as of 30 June 2016 are set out below:

Debt instrument/ Year of issue	Nominal amount ^a	Issued interest rate	Post hedging avg interest rate								Total	
				2016	2017	2018	2019	2020	2021	2022		
US PP 2008	£69m	7.55% - 7.56%	7.02%	25		44						69
US PP 2007	US\$450m	5.86% - 6.06%	1.50%		150		108				79	337
Public Bond May 2012	€600m	2.875%	3.14%		495							495
US PP 2008	US\$298.5m	6.78% - 6.88%	7.11%			155		56				211
Public Bond Dec 2012	€500m	2.625%	2.67%			408						408
Public Bond 2009	£350m	7.75%	6.99%				350					350
Revolving Credit Facility 2015	£1bn (multi curr)	Libor + 1%	1.57%							650		650
				25	645	607	458	56	650	79		2,520

^aNominal debt amount, for fair value carrying amount see note 19.

^bExchange rates at 30 June 2016 or hedged exchange rates where applicable.

The £1 billion multicurrency revolving credit facility matures in January 2021, with the option of a one year extension which if exercised gives the Group facilities through to January 2022. As at 30 June 2016 the drawings were US\$345 million and £405 million.

The Group's average cost of gross borrowings in the first half of 2016, net of interest hedging was 4.1% (2015: 4.2%).

Significant exchange rates applicable to the Group

The Group derives a significant proportion of its revenue and profits in the following currencies. Closing and average rates for these currencies are shown below:

	30 June 2016 Closing rates	Six months to 30 June 2016 Average rates	Year to 31 December 2015 Average rates
£/US\$	1.3368	1.4287	1.5282
£/€	1.2033	1.2861	1.3795
£/South Africa Rand	19.5773	21.7629	19.5175
£/India Rupee	90.2267	95.8563	97.9690
£/Israel Shekel	5.1481	5.4951	5.9441
£/Brazil Real	4.2827	5.2786	5.1054

If June 2016 closing rates were applied to the results for the six months to 30 June 2016, revenue from continuing businesses would have increased by 6% to £3,279 million (for six months ended 30 June 2015: by 6% to £3,116 million) and PBITA from continuing businesses would have increased by 6% to £211 million (for six months ended 30 June 2015: by 6% to £195 million).

Dividend

The Board has declared an interim dividend of 3.59p per share (DKK 0.3143).

Risk and uncertainties

A discussion of the Group's risk assessment and control process and the principal risk and uncertainties that could affect the business activities or financial results is detailed on pages 48 to 54 of the company's Integrated Report and Accounts for the financial year ended 31 December 2015, 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, delivery of core service lines, laws and regulations, growth strategy, geo-political, cash losses and information security. The business risks and uncertainties are expected to remain materially the same as outlined in the 2015 Integrated Report and Accounts during the remaining six months of the financial year.

In accordance with "Reminders for half-yearly and annual financial reports following the EU referendum" issued by the Financial Reporting Council on 12 July 2016, the Board has considered the risks and opportunities presented by the vote for the UK to leave the EU.

The Group operates mainly within national boundaries and is typically subject to security national licensing regulations in each territory, and is relatively well positioned with around 80% of revenues outside the UK and minimal cross border trading.

Depending on the nature of the terms of the UK's exit from the EU around the free movement of capital and labour, this could result in a shortage of skills or workforce availability in the UK market. Equally, it is not yet clear if or how key employment laws would change once the UK is no longer a member of the EU. The terms of the UK's exit from the EU remain unclear and could affect a range of business factors and conditions including the availability of skilled labour, regulation and taxation.

It is also possible that the continuing period of uncertainty lowers economic growth in both the UK and Europe which could affect both our customers and our competitors. The Group will continue to monitor closely developments on the decision to exit the EU as part of its risk management and governance framework.

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

We confirm that to the best of our knowledge:

- the condensed consolidated set of interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* as adopted by the European Union;
- 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 interim 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.

A list of the directors is available on the company's website www.g4s.com.

The responsibility statement is signed on behalf of the Board by:

Himanshu Raja

Group Chief Financial Officer

10 August 2016

Independent review report to G4S plc

For the six months ended 30 June 2016

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed G4S plc's condensed consolidated interim financial statements (the "interim financial statements") in the 2016 half-yearly results of G4S plc for the six month period ended 30 June 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- The consolidated statement of financial position at 30 June 2016;
- The consolidated income statement for the period then ended;
- The consolidated statement of comprehensive income for the period then ended;
- The consolidated statement of changes in equity for the period then ended;
- The consolidated statement of cash flows for the period then ended; and
- The explanatory notes to the interim financial statements.

The interim financial statements included in the 2016 half-yearly results have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

The 2016 half-yearly results, including the interim financial statements, are the responsibility of, and have been approved by, the directors. The directors are responsible for preparing the 2016 half-yearly results in accordance with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the 2016 half-yearly results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of condensed consolidated financial statements involves

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 United Kingdom. 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.

We have read the other information contained in the 2016 half-yearly results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

London

10 August 2016

G4S plc
Consolidated financial statements

For the six months ended 30 June 2016

Consolidated income statement (unaudited)

		Six months ended 30 June 2016	Six months ended 30 June 2015 Restated	Year ended 31 Dec 2015
Continuing operations	<i>Notes</i>	£m	£m	£m
Revenue	6	3,532	3,421	6,863
Operating profit before joint ventures, specific items and other separately disclosed items		198	179	381
Share of post-tax profit from joint ventures		5	6	10
Profit before interest, tax and amortisation (PBITA)	6	203	185	391
<i>Specific items - charges</i>	7	(5)	(6)	(82)
<i>Specific items - credits</i>	7	3	-	12
<i>Restructuring costs</i>	7	(3)	(16)	(44)
<i>(Loss)/profit on disposal of subsidiaries</i>	7	(3)	12	12
<i>Acquisition-related amortisation</i>	7	(18)	(19)	(40)
<i>Goodwill impairment</i>	7	(9)	(21)	(66)
Operating profit	7	168	135	183
Finance income	10	13	12	26
Finance expense	10	(66)	(67)	(131)
Profit before tax		115	80	78
Tax	11	(34)	(29)	(50)
Profit from continuing operations after tax		81	51	28
(Loss)/profit from discontinued operations	8	(1)	7	(2)
Profit for the period		80	58	26
Attributable to:				
Equity holders of the parent		69	48	8
Non-controlling interests		11	10	18
Profit for the period		80	58	26
Earnings per share attributable to equity shareholders of the parent	13			
Basic and diluted - continuing operations		4.5p	2.7p	0.6p
Basic and diluted - continuing and discontinued operations		4.5p	3.1p	0.5p
Dividends declared and proposed in respect of the period				
Interim dividend		55	55	55
Final dividend		-	-	90
Total dividend	12	55	55	145

For further details on the basis of preparation of the consolidated income statement and of the restatement of the results for the six months ended 30 June 2015, see page 21.

Consolidated statement of comprehensive income (unaudited)

	Six months ended 30 June 2016	Six months ended 30 June 2015 Restated	Year ended 31 Dec 2015
	£m	£m	£m
Profit for the period	80	58	26
Other comprehensive income			
Items that will not be re-classified to profit or loss:			
Remeasurements on defined retirement benefit schemes	(98)	(78)	18
Tax on items that will not be re-classified to profit or loss	17	10	(11)
	(81)	(68)	7
Items that are or may be re-classified subsequently to profit or loss:			
Exchange differences on translation of foreign operations and changes in fair value of cash flow and net investment hedging financial instruments	160	(88)	(96)
Tax on items that are or may be re-classified subsequently to profit or loss	(4)	(3)	1
	156	(91)	(95)
Other comprehensive income/(loss), net of tax	75	(159)	(88)
Total comprehensive income/(loss) for the period	155	(101)	(62)
Attributable to:			
Equity holders of the parent	141	(110)	(81)
Non-controlling interests	14	9	19
Total comprehensive income/(loss) for the period	155	(101)	(62)

Consolidated statement of changes in equity (unaudited)

	Attributable to equity holders of the parent					NCI reserve	Total equity
	Share capital	Share premium	Retained earnings	Other reserves	Total		
	2016	2016	2016	2016	2016		
	£m	£m	£m	£m	£m		
At 1 January 2016	388	258	(174)	201	673	18	691
Total comprehensive (loss)/income	-	-	(15)	156	141	14	155
Dividends paid	-	-	(90)	-	(90)	(9)	(99)
Transactions with non-controlling interests	-	-	1	-	1	(2)	(1)
Share-based payments	-	-	4	-	4	-	4
At 30 June 2016	388	258	(274)	357	729	21	750

	Attributable to equity holders of the parent					NCI reserve	Total equity
	Share capital	Share premium	Retained earnings	Other reserves	Total		
	2015	2015	2015	2015	2015		
	£m	£m	£m	£m	£m		
At 1 January 2015	388	258	(42)	296	900	22	922
Total comprehensive (loss)/income - restated	-	-	(19)	(91)	(110)	9	(101)
Dividends paid	-	-	(90)	-	(90)	(8)	(98)
Transactions with non-controlling interests	-	-	-	-	-	1	1
Share-based payments	-	-	3	-	3	-	3
At 30 June 2015 - restated	388	258	(148)	205	703	24	727

	Attributable to equity holders of the parent					NCI reserve	Total equity
	Share capital	Share premium	Retained earnings	Other reserves	Total		
	2015	2015	2015	2015	2015		
	£m	£m	£m	£m	£m		
At 1 January 2015	388	258	(42)	296	900	22	922
Total comprehensive income/(loss)	-	-	14	(95)	(81)	19	(62)
Dividends paid	-	-	(145)	-	(145)	(29)	(174)
Transactions with non-controlling interests	-	-	(2)	-	(2)	-	(2)
Share-based payments	-	-	7	-	7	-	7
Reclassification of non-controlling interests	-	-	(6)	-	(6)	6	-
At 31 December 2015	388	258	(174)	201	673	18	691

G4S plc
Consolidated financial statements continued

As at 30 June 2016

Consolidated statement of financial position (unaudited)

		As at 30 June 2016	As at 30 June 2015 Restated	As at 31 Dec 2015 Restated
	Notes	£m	£m	£m
ASSETS				
Non-current assets				
Goodwill		1,913	1,861	1,828
Other acquisition-related intangible assets		32	62	47
Other intangible assets		80	76	82
Property, plant and equipment		432	421	427
Trade and other receivables		86	65	84
Investment in joint ventures		19	21	18
Retirement benefit surplus	15	87	69	76
Deferred tax assets	11	201	197	187
		2,850	2,772	2,749
Current assets				
Inventories		97	107	103
Investments	17	40	44	49
Trade and other receivables		1,397	1,363	1,316
Cash and cash equivalents	17	818	743	499
Assets classified as held for sale	14	206	19	58
		2,558	2,276	2,025
Total assets		5,408	5,048	4,774
LIABILITIES				
Current liabilities				
Bank overdrafts	17	(50)	(360)	(97)
Bank loans	17	(15)	(40)	(75)
Loan notes	17	(25)	(95)	(25)
Obligations under finance leases	17	(16)	(21)	(19)
Trade and other payables		(1,062)	(1,051)	(1,036)
Current tax liabilities		(35)	(24)	(36)
Provisions	16	(90)	(80)	(90)
Liabilities classified as held for sale	14	(95)	(11)	(30)
		(1,388)	(1,682)	(1,408)
Non-current liabilities				
Bank loans	17	(666)	(221)	(324)
Loan notes	17	(1,908)	(1,718)	(1,749)
Obligations under finance leases	17	(43)	(38)	(45)
Trade and other payables		(58)	(69)	(41)
Retirement benefit obligations	15	(459)	(452)	(355)
Provisions	16	(128)	(121)	(152)
Deferred tax liabilities		(8)	(20)	(9)
		(3,270)	(2,639)	(2,675)
Total liabilities		(4,658)	(4,321)	(4,083)
Net assets		750	727	691
EQUITY				
Share capital		388	388	388
Share premium		258	258	258
Reserves		83	57	27
Equity attributable to equity holders of the parent		729	703	673
Non-controlling interests		21	24	18
Total equity		750	727	691

Consolidated statement of cash flows (unaudited)

	Six months ended 30 June 2016	Six months ended 30 June 2015 Restated	Year ended 31 Dec 2015
	£m	£m	£m
Operating profit	168	135	183
Adjustments for non-cash and other items (see note 18)	52	89	245
Net working capital movement	53	(64)	(69)
Net cash flow from operating activities of continuing operations (see note 18)	273	160	359
Net cash flow from operating activities of discontinued operations	(6)	16	26
Cash generated by operations	267	176	385
Tax paid	(36)	(74)	(102)
Net cash flow from operating activities	231	102	283
Purchases of non-current assets	(47)	(47)	(111)
Proceeds on disposal of property, plant and equipment	1	8	7
Disposal of subsidiaries	32	15	14
Acquisition of subsidiaries	-	(8)	(17)
Cash, cash equivalents and bank overdrafts in disposed entities	(13)	(4)	(3)
Interest received	14	14	16
Sale/(purchase) of investments	13	1	(1)
Cash flow from equity accounted investments	4	5	14
Net cash generated by/(used in) investing activities	4	(16)	(81)
Dividends paid to equity shareholders of the parent	(90)	(90)	(145)
Dividends paid to non-controlling interests	(9)	(8)	(29)
Other net movement in borrowings	327	102	139
Interest paid	(62)	(64)	(107)
Repayment of obligations under finance leases	(13)	(14)	(31)
Transactions with non-controlling interests	(2)	-	(2)
Net cash flow from financing activities	151	(74)	(175)
Net increase in cash, cash equivalents and bank overdrafts	386	12	27
Cash, cash equivalents and bank overdrafts at the beginning of the period	407	402	402
Effect of foreign exchange rate fluctuations on cash held	(12)	(29)	(22)
Cash, cash equivalents and bank overdrafts at the end of the period	781	385	407

Notes to the half-yearly results announcement (continued)

1) Basis of preparation and accounting policies

These condensed interim financial statements comprise the unaudited consolidated results of G4S plc ("the Group") for the six months ended 30 June 2016. These half-yearly financial results and the comparatives for the six months ended 30 June 2015 and for the year ended 31 December 2015 do not comprise statutory accounts and should be read in conjunction with the Integrated Report and Accounts 2015, which is available at www.G4S.com. The Integrated Report and Accounts 2015 was 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 2016 has been reviewed but not audited by PricewaterhouseCoopers LLP, the company's auditor.

The condensed consolidated financial statements of the Group presented in this half-yearly results 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. Other than the adoption of an IFRIC agenda decision relating to cash pooling as described in note 4, the accounting policies applied are the same as those set out in the Group's Integrated Report and Accounts 2015.

The Group has prepared the half yearly financial statements on a going concern basis.

2) Prior period restatements and re-classifications

Prior period restatements

As reported in the 2015 Integrated Report and Accounts, the Group identified prior period errors that have required the restatement of the results for the six months ended 30 June 2015, as well as the consolidated statement of financial position as at 30 June 2015. The nature of these re-statements is as follows:

- The revenue recognition policy previously applied in respect of the supply and installation of alarm systems in Europe, together with the underlying assumptions used in 2007 at inception of certain related sale and leaseback transactions entered into until 2013 were incorrect. These led to the incorrect timing of recognition of profit on installation of those alarm systems with gains being recognised upfront instead of being deferred over the life of the lease and to certain leases being classified as operating leases rather than as finance leases;
- A number of legacy control weaknesses identified in the Africa region led management to perform a full review of the balance sheet in all countries of the region from which prior period errors were identified, mainly relating to cash reconciliations, under-accrual of employee and customer-related liabilities, incorrect classification of finance leases as operating leases and expenses incorrectly capitalised; and
- A number of errors in respect of the calculation of goodwill on certain acquisitions, gains and losses on certain disposals and related tax balances in North America between 2007 and 2014 mainly resulting in goodwill being overstated as at 1 January 2015.

Prior period re-classifications

The consolidated income statement for the six months ended 30 June 2015 has been re-presented to reflect the re-classification of certain discontinued businesses that had not been sold within one year from the date they were classified into discontinued operations, into continuing operations. This re-classification has resulted in revenue from continuing operations increasing by £11m, and PBITA from continuing operations reducing by £2m, for the six months ended 30 June 2015. In addition, £2m in respect of certain employee-related costs in Latin America has been re-classified to PBITA from tax for the six months ended 30 June 2015 to align with the presentation within the results for the year ended 31 December 2015 and for the six months ended 30 June 2016.

The consolidated statement of financial position at 30 June 2015 has been re-presented to show separately the retirement benefit surplus within the GSL section of the UK defined benefit pension scheme and for the re-classification of certain cash balances in North America previously reported within investments. The consolidated statements of financial position as at 30 June 2015 and 31 December 2015 have also been re-presented to show the impact of adopting the new IFRS IC (IFRIC) agenda decision issued in April 2016 regarding cash pooling. This resulted in an increase to cash and cash equivalents and an increase to overdrafts of £273m as at 30 June 2015 and £56m as at 31 December 2015.

Notes to the half-yearly results announcement (continued)

2) Prior period restatements and reclassifications (continued)

Summary

A summary of the combined impact on the consolidated income statement and the consolidated statement of cash flows for the six months ended 30 June 2015 as well as on the consolidated statement of financial position as at 30 June 2015, arising from the above mentioned restatements and re-classifications, is as follows:

Consolidated income statement for the six months ended 30 June 2015	As reported £m	Restatement for prior period errors £m	Restated £m	Re- classifications £m	Re- presented £m
Revenue from continuing operations	3,409	1	3,410	11	3,421
Operating profit before specific items	185	4	189	(4)	185
Profit before tax	70	14	84	(4)	80
Profit from continuing operations after tax	41	13	54	(3)	51
Profit from discontinued operations	4	-	4	3	7
Profit for the period	45	13	58	-	58

Consolidated statement of cash flows for the six months ended 30 June 2015	As reported £m	Restatement for prior period errors £m	Restated £m	Re- classifications £m	Re- presented £m
Net cash flow from operating activities	94	8	102	-	102
Net cash used in investing activities	(11)	1	(10)	(6)	(16)
Net cash flow from financing activities	(69)	(5)	(74)	-	(74)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	14	4	18	(6)	12
Cash, cash equivalents and bank overdrafts at the beginning of the period	391	(5)	386	16	402
Effect of foreign exchange rate fluctuations on cash held	(29)	-	(29)	-	(29)
Cash, cash equivalents and bank overdrafts at the end of the period	376	(1)	375	10	385

Consolidated statement of financial position as at 30 June 2015	As reported £m	Restatement for prior period errors £m	Restated £m	Re- classifications £m	Re- presented £m
Goodwill	1,877	(16)	1,861	-	1,861
Property, plant and equipment	408	13	421	-	421
Retirement benefit surplus	-	-	-	69	69
Deferred tax assets	183	14	197	-	197
Investments	53	-	53	(9)	44
Trade and other receivables	1,365	(2)	1,363	-	1,363
Cash and cash equivalents	460	1	461	282	743
Other assets	349	1	350	-	350
Total Assets	4,695	11	4,706	342	5,048
Bank overdrafts	(86)	(1)	(87)	(273)	(360)
Obligation under finance leases (current)	(10)	(11)	(21)	-	(21)
Trade and other payables (current)	(1,025)	(26)	(1,051)	-	(1,051)
Obligation under finance leases (non-current)	(19)	(19)	(38)	-	(38)
Retirement benefit obligations	(383)	-	(383)	(69)	(452)
Other liabilities	(2,407)	8	(2,399)	-	(2,399)
Total Liabilities	(3,930)	(49)	(3,979)	(342)	(4,321)
Net assets	765	(38)	727	-	727
Equity	765	(38)	727	-	727

Notes to the half-yearly results announcement (continued)

2) Prior period restatements and reclassifications (continued)

Full details of the impact of each individual prior period adjustment on the line items in the consolidated income statement and statement of cash flows for the six months ended 30 June 2015 and on the statement of financial position as at 30 June 2015 analysed by reporting segment are shown in note 20.

3) Specific items and other separately disclosed items

The Group's consolidated 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 increases to or reversals of provisions for onerous contracts that were classified as specific items due to their materiality in relation to the respective regional underlying results. In addition, up until 31 December 2015, specific items also included the results of updating estimates and judgements for certain assets and liabilities related to the balance sheet review performed in 2013. The Group's review of the carrying value of assets and liabilities from 2012 was concluded in 2015. All changes in estimates with effect from 1 January 2016 will flow through PBITA, unless these are individually material.

In order to provide further clarity in the consolidated income statement, the Group also discloses separately restructuring costs, profits or losses on disposal of subsidiaries, acquisition-related amortisation and expenses and goodwill impairment.

Restructuring costs that are separately disclosed reflect the multi-year efficiency programme which is being carried out by the Group. This programme is of a strategic nature and, as such, is monitored and approved by the Group's executive committee. During 2015 and 2016 activities under the programme have focused primarily on transforming the operating model in the regions of UK & Ireland and Europe. During the second half of 2015 this programme began to address organisational efficiency in Latin America, Africa, Asia Pacific, Middle East & India and North America. Restructuring costs that are incurred in the normal course of business are recorded within PBITA.

4) Adoption of new and revised accounting standards and interpretations

Annual improvements 2012-14 became effective for the financial year beginning on 1 January 2016, and were endorsed by the EU, however no accounting policies or material retrospective adjustments were required as a result of adopting these improvements.

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 subject to EU endorsement and are not yet effective for the six months ended 30 June 2016. The directors are currently evaluating the impact of these new standards on the Group accounts:

- Amendments to IFRS10, IFRS 12 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS10 and IAS 28 – Investment entities applying the consolidation exemption
- IFRS 2 amendments - Clarifying share-based payment transactions
- IAS 7 amendments - Disclosure initiative
- IAS 12 amendments - Recognition of deferred tax assets for unrealised losses
- IFRS 9 Financial Instruments

The Group continues to assess the potential impact of IFRS 15 – Revenue from Contracts with Customers on its consolidated financial statements and will adopt the standard from its effective date for the year ended 31 December 2018. In addition, the Group is also assessing the impact of adopting IFRS 16 – Leases, which will be effective for the Group's financial year ended 31 December 2019.

In April 2016 the IFRIC issued an agenda decision on when and whether entities are able to offset balances in accordance with IAS 32. The IFRIC noted that, to the extent to which a Group does not expect to settle its subsidiaries' period-end account balances on a net basis, it would not be appropriate for the Group to assert that it had the intention to settle the entire period-end balances on a net basis at the reporting date. In the current and previous reporting periods the Group's balances did not meet this offset criteria and have therefore been presented/re-presented to show the gross position.

5) Accounting estimates, judgements and assumptions

The preparation of interim financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies with respect to the carrying amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. These judgements, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions, and, in some cases, actuarial techniques. Although these judgements, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ.

Notes to the half-yearly results announcement (continued)

5) Accounting estimates, judgements and assumptions (continued)

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The judgements, estimates and assumptions which are of most significance in preparing the Group's 2016 interim financial statements were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

6) Operating segments

The Group operates on a worldwide basis and derives a substantial proportion of its revenue and operating profit from each of the following seven geographic regions: Africa, Asia Pacific, Middle East and India, Latin America, Europe, North America and UK & Ireland. As announced in the 2015 Annual Report the Asia Middle East region has been split into Asia Pacific and Middle East and India. For each of the reportable segments, the Group executive committee (the chief operating decision maker) reviews internal management reports on a regular basis.

Segment information for continuing operations is presented below:

	Six months ended 30 June 2016	Six months ended 30 June 2015 Restated	Year ended 31 Dec 2015
Revenue by reportable segment	£m	£m	£m
Africa	235	241	470
Asia Pacific	335	353	684
Middle East and India	420	349	737
Latin America	307	325	626
Emerging markets	1,297	1,268	2,517
Europe	681	653	1,304
North America	808	740	1,523
UK & Ireland	746	760	1,519
Developed markets	2,235	2,153	4,346
Total revenue	3,532	3,421	6,863
	Six months ended 30 June 2016	Six months ended 30 June 2015 Restated	Year ended 31 Dec 2015
Operating profit by reportable segment	£m	£m	£m
Africa	17	17	30
Asia Pacific	22	17	43
Middle East and India	41	37	74
Latin America	7	6	15
Emerging markets	87	77	162
Europe	39	34	74
North America	44	41	90
UK & Ireland	54	56	115
Developed markets	137	131	279
Operating profit before corporate costs	224	208	441
Corporate costs	(21)	(23)	(50)
Profit before interest, tax and amortisation (PBITA)	203	185	391
Net specific items	(2)	(6)	(70)
Restructuring costs	(3)	(16)	(44)
(Loss)/profit on disposal of subsidiaries	(3)	12	12
Goodwill impairment	(9)	(21)	(66)
Acquisition-related amortisation and expenses	(18)	(19)	(40)
Operating profit	168	135	183

Notes to the half-yearly results announcement (continued)

7) Operating profit

The income statement can be analysed as follows, reflecting the allocation of specific items to cost of sales and administration expenses:

	Six months ended 30 June 2016	Six months ended 30 June 2015 Restated	Year ended 31 Dec 2015
Continuing operations	£m	£m	£m
Revenue	3,532	3,421	6,863
Cost of sales	(2,892)	(2,786)	(5,657)
Gross profit	640	635	1,206
Administration expenses	(468)	(485)	(967)
Goodwill impairment	(9)	(21)	(66)
Share of post-tax profit from joint ventures	5	6	10
Operating profit	168	135	183

Operating profit includes items that are separately disclosed for the six months ended 30 June 2016 related to:

- Specific items of a net £2m (2015: £6m) comprised a £3m credit relating to the award of a legal claim in Europe offset by a charge of £5m due to the revision of estimates relating to accrued revenue and fair value provisions on legacy acquisitions in Latin America;
- The Group invested £3m in restructuring activities during the period (2015: £16m), mainly relating to the multi-year efficiency programme across the Group. During 2015 and 2016 these programmes have focused primarily on transforming the operating model in the regions of UK & Ireland and Europe. During the second half of 2015 these programmes began to address organisational efficiency across the rest of the Group;
- Acquisition-related amortisation costs of £18m (2015: £19m) relating to legacy acquisitions and a goodwill impairment charge of £9m (2015: £21m) relating to businesses held for sale or closure; and
- A net loss on disposal of £3m (2015: profit of £12m) mainly relating to the disposal of certain businesses in Kazakhstan, Finland, Brunei, Uzbekistan, Thailand and the UK.

8) Discontinued operations

Operations qualifying as discontinued for the six months ended 30 June 2016 mainly relate to historical balances retained from the disposal of the US Government Solutions business in 2014, which was classified as a discontinued operation.

During the prior period the Group has reclassified the Group's business in Costa Rica, together with certain small businesses that had been classified as discontinued operations for more than 12 months and not yet been sold, into continuing operations (see page 21). This resulted in revenue increasing by £11m and total PBITA reducing by £2m for the six months ended 30 June 2015.

9) Acquisitions

The Group has not made any acquisitions in the period.

Notes to the half-yearly results announcement (continued)

10) Net finance expense

	Six months ended 30 June 2016	Six months ended 30 June 2015 Restated	Year ended 31 Dec 2015
	£m	£m	£m
Interest and other income on cash, cash equivalents and investments	4	6	13
Interest receivable on loan note related derivatives	9	6	13
Gain arising from change in fair value of derivative financial instruments hedging loan notes	4	7	10
Loss arising from fair value adjustment to the hedged loan note items	(4)	(7)	(10)
Finance income	13	12	26
Interest costs on bank overdrafts and loans	(10)	(13)	(23)
Interest on loan notes	(47)	(45)	(88)
Interest costs on obligations under finance leases	(2)	(1)	(4)
Other interest charges	(2)	(2)	(4)
Net Group borrowing costs	(61)	(61)	(119)
Finance costs on defined retirement benefit obligations	(5)	(6)	(12)
Finance expense	(66)	(67)	(131)
Net finance expense	(53)	(55)	(105)

11) Tax

	Six months ended 30 June 2016	Six months ended 30 June 2015 Restated	Year ended 31 Dec 2015
	£m	£m	£m
Current taxation expense	(30)	(34)	(62)
Deferred taxation (credit)/expense	(4)	5	12
Total income tax expense for the period	(34)	(29)	(50)

The effective tax rate is 30% (2015: 36%) which is driven primarily by the absence of tax deductions in respect of goodwill impairment charges, losses for which deferred tax assets cannot be recognised in full, and the impact of tax rates on non-UK operations being in excess of the UK corporation tax rate. The income tax expense is based upon management's estimate of the effective tax rate derived from the weighted average annual income tax rate expected for the full year, incorporating non-recurring items as required.

The Group operates in a complex global tax environment and is subject to a broad range of tax issues during the normal course of business, including transactional and transfer pricing matters. Where the amount of tax payable is uncertain, the Group establishes provisions based upon management's judgement of the probable amount of the future liability.

The Group has recognised substantial deferred tax assets, predominantly in relation to tax losses carried forward. The recognition of deferred tax assets involves judgement by management regarding the likelihood of the realisation of these assets. The expectation that these assets will be realised is dependent upon a number of factors, including whether there will be sufficient taxable profits available in future periods to support utilisation of these assets. As at 30 June 2016, the Group had recognised deferred tax assets of £205m, including £4m within assets held for sale.

Notes to the half-yearly results announcement (continued)

12) Dividends

	Pence per share	DKK per share	Six months ended 30 June 2016 £m	Six months ended 30 June 2015 £m	Year ended 31 Dec 2015 £m
Amounts recognised as distributions to equity holders of the parent in the period					
Final dividend for the year ended 31 December 2014	5.82	0.6041	-	90	90
Interim dividend for the six months ended 30 June 2015	3.59	0.3793	-	-	55
Final dividend for the year ended 31 December 2015	5.82	0.5615	90	-	-
			90	90	145
Proposed interim dividend for the six months ended 30 June 2016	3.59	0.3143	55		

An interim dividend of 3.59p (DKK 0.3143) per share for the six months ended 30 June 2016 will be paid on 14 October 2016 to shareholders on the register on 2 September 2016.

13) Earnings per share attributable to equity shareholders of the parent

	Six months ended 30 June 2016 £m	Six months ended 30 June 2015 Restated £m	Year ended 31 Dec 2015 £m
(a) From continuing and discontinued operations			
Earnings			
Profit for the period attributable to equity shareholders of the parent	69	48	8
Weighted average number of ordinary shares (m)	1,545	1,545	1,545
Earnings per share from continuing and discontinued operations (pence)			
Basic and diluted	4.47p	3.11p	0.52p
(b) From continuing operations			
Earnings			
Profit for the period attributable to equity shareholders of the parent	69	48	8
Adjustment to exclude loss/(profit) for the period from discontinued operations (net of tax)	1	(7)	2
Profit from continuing operations	70	41	10
Earnings per share from continuing operations (pence)			
Basic and diluted	4.53p	2.66p	0.65p
(c) From discontinued operations			
(Loss)/earnings per share from discontinued operations (pence)			
Basic and diluted	(0.06)p	0.45p	(0.13)p

Notes to the half-yearly results announcement (continued)

14) Disposal groups classified as held for sale

As at 30 June 2016, disposal groups classified as held for sale included the assets and liabilities associated with a number of operations across the group. The more material of these operations include the Group's business in Israel, its Youth Service business in North America and the Utility and Outsourcing and Children Services businesses in the UK.

At 30 June 2015, disposal groups held for sale mainly comprised the assets and liabilities associated with the Group's business in Costa Rica. At 31 December 2015, disposal groups held for sale mainly comprised the assets and liabilities associated with certain operations in Asia Pacific, Middle East and India, Europe and Latin America.

15) Retirement benefit obligations

The Group's main defined benefit scheme is in the UK which accounts for over 70% (2015: 78%) of the total defined benefit schemes operated by the Group and the majority of the scheme was closed to future accrual in 2011. The Group's total IAS 19 Revised (2011) Employee Benefits net pension deficit at 30 June 2016 was £314m (31 December 2015: £234m) net of tax. The Group has made additional pension contributions of £24m (six months ended 30 June 2015: £22m) in respect of the deficit in the UK schemes during the period. The increase in the defined benefit pension deficit is predominantly due to the significant decrease in the discount rate towards the end of June 2016 following the UK's referendum decision to leave the EU which was only partially offset by an improvement in asset values.

The latest independent triennial actuarial valuation of the UK scheme reflects strong asset performance and reduction in the deficit. We expect that the Trustees will finalise the valuation and payment plan in the second half of the year.

16) Provisions

	Employee benefits	Restructuring	Claims	Onerous customer contracts	Property and other*	Total
	£m	£m	£m	£m	£m	£m
At 1 January 2016	19	14	100	83	26	242
Additional provisions in the period	6	3	15	-	8	32
Utilisation of provision	(5)	(9)	(23)	(10)	(10)	(57)
Transfers and reclassifications	-	(5)	(14)	2	17	-
Unused amounts reversed	-	(1)	-	-	(1)	(2)
Transfer to held for sale	(1)	-	(4)	-	(4)	(9)
Translation adjustments	2	1	6	1	2	12
At 30 June 2016	21	3	80	76	38	218
Included in current liabilities						90
Included in non-current liabilities						128
						218

*Property and other includes £13m (31 December 2015: £12m) of onerous property lease provisions.

Notes to the half-yearly results announcement (continued)

17) Analysis of net debt

A reconciliation of net debt to amounts in the consolidated statement of financial position is presented below:

	As at 30 June 2016	As at 30 June 2015 Restated	As at 31 Dec 2015 Restated
	£m	£m	£m
Cash and cash equivalents	818	743	499
Investments	40	44	49
Net cash and overdrafts included within assets held for sale	13	2	5
Net debt included within assets held for sale	(4)	(7)	(6)
Bank overdrafts	(50)	(360)	(97)
Bank loans	(681)	(261)	(399)
Loan notes	(1,933)	(1,813)	(1,774)
Obligations under finance leases	(59)	(59)	(64)
Fair value of loan note derivative financial instruments	74	4	5
Total net debt	(1,782)	(1,707)	(1,782)

18) Reconciliation of operating profit to net cash flow from operating activities of continuing operations

	Six months ended 30 June 2016	Six months ended 30 June 2015 Restated	Year ended 31 Dec 2015
	£m	£m	£m
Operating profit	168	135	183
Adjustments for non-cash and other items:			
Goodwill impairment	9	21	66
Acquisition-related amortisation	18	19	40
Loss/(profit) on disposal of subsidiaries	3	(12)	(12)
Loss on disposal of fixed assets	-	-	2
Pension curtailment gain	-	-	(5)
Depreciation of property, plant and equipment	54	55	110
Amortisation of other intangible assets	13	12	25
Share of post-tax profit from joint ventures	(5)	(6)	(10)
Share-based payments	4	3	7
(Decrease)/increase in provisions	(20)	19	66
Additional pension contributions	(24)	(22)	(44)
Net working capital movement	53	(64)	(69)
Net cash flow from operating activities of continuing operations	273	160	359

Notes to the half-yearly results announcement (continued)

19) Fair value of financial instruments

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

Category	Level	30 June 2016		30 June 2015	30 June 2015	31 Dec 2015	31 Dec 2015	
		Carrying amount	Fair value	Restated	Restated	Carrying amount	Fair value	
		£m	£m	£m	£m	£m	£m	
Financial assets								
Investments	FVTPL	1	40	40	44	44	49	49
Interest rate swaps	FVTPL	2	43	43	42	42	40	40
Cross currency swaps	CFH	2	31	31	26	26	9	9
Financial liabilities								
Loan notes	FVH	2	(725)	(764)	(675)	(732)	(691)	(733)
Interest rate swaps	CFH	2	(2)	(2)	(1)	(1)	(1)	(1)
Foreign exchange forwards	FVTPL	2	(1)	(1)	-	-	-	-
Commodity swaps	CFH	2	(1)	(1)	(3)	(3)	(3)	(3)
Cross currency swaps	CFH	2	-	-	(65)	(65)	(45)	(45)
Loan notes*	AC	2	(1,208)	(1,266)	(1,138)	(1,212)	(1,083)	(1,144)

*Of the loan note liabilities shown, £44m of July 2008, €90m (£75m) of May 2012 loan notes and €120m (£100m) of December 2012 loan notes are designated in fair value hedge relationships.

Category key:

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

Notes to the half-yearly results announcement (continued)

20) Details of the impact of the 2015 restatement

Full details of the impact of each individual prior period adjustment on the line items in the consolidated income statement and statement of cash flows for the period ended 30 June 2015 and on the statement of financial position as at 30 June 2015 are shown below:

Consolidated income statement for the six months ended 30 June 2015

	As reported £m	Europe £m	Africa £m	North America £m	Restated £m	Re- classifications £m	Re-presented £m
Revenue from continuing operations	3,409	1	-	-	3,410	11	3,421
Operating profit before specific items	185	4	-	-	189	(4)	185
Profit before tax	70	3	11	-	84	(4)	80
Profit from continuing operations after tax	41	2	12	(1)	54	(3)	51
Profit from discontinued operations	4	-	-	-	4	3	7
Profit for the period	45	2	12	(1)	58	-	58

Consolidated statement of cash flows for the six months ended 30 June 2015

	As reported £m	Europe £m	Africa £m	Restated £m	North America* £m	Re- presented £m
Net cash flow from operating activities	94	4	4	102	-	102
Net cash used in investing activities	(11)	1	-	(10)	(6)	(16)
Net cash flow from financing activities	(69)	(5)	-	(74)	-	(74)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	14	-	4	18	(6)	12
Cash, cash equivalents and bank overdrafts at the beginning of the period	391	-	(5)	386	16	402
Effect of foreign exchange rate fluctuations on cash held	(29)	-	-	(29)	-	(29)
Cash, cash equivalents and bank overdrafts at the end of the period	376	-	(1)	375	10	385

* Certain cash balances in North America previously reported within investments were re-classified to within cash.

Notes to the half-yearly results announcement (continued)

Consolidated statement of financial position at 30 June 2015

	As reported	Europe	Africa	North America	Restated	Re-classifications	Re-presented
	£m	£m	£m	£m	£m	£m	£m
Goodwill	1,877	-	-	(16)	1,861	-	1,861
Other acquisition related intangibles	62	-	-	-	62	-	62
Other intangibles	76	-	-	-	76	-	76
Property, plant and equipment	408	10	3	-	421	-	421
Retirement benefit surplus	-	-	-	-	-	69	69
Deferred tax assets	183	4	-	10	197	-	197
Other non-current assets	85	-	1	-	86	-	86
Investments	53	-	-	-	53	(9)	44
Trade and other receivables	1,365	-	(2)	-	1,363	-	1,363
Cash and cash equivalents	460	-	1	-	461	282	743
Other current assets	126	-	-	-	126	-	126
	4,695	14	3	(6)	4,706	342	5,048
Bank overdrafts	(86)	-	(1)	-	(87)	(273)	(360)
Obligations under finance leases	(10)	(10)	(1)	-	(21)	-	(21)
Trade and other payables	(1,025)	(15)	(11)	-	(1,051)	-	(1,051)
Current tax liabilities	(36)	-	1	11	(24)	-	(24)
Provisions	(80)	-	-	-	(80)	-	(80)
Other current liabilities	(146)	-	-	-	(146)	-	(146)
Obligations under finance leases (non-current)	(19)	(15)	(4)	-	(38)	-	(38)
Trade and other payables (non-current)	(69)	-	-	-	(69)	-	(69)
Provisions (non-current)	(121)	1	(1)	-	(121)	-	(121)
Retirement benefit obligations	(383)	-	-	-	(383)	(69)	(452)
Deferred tax liabilities (non-current)	(16)	2	-	(6)	(20)	-	(20)
Other non-current liabilities	(1,939)	-	-	-	(1,939)	-	(1,939)
	(3,930)	(37)	(17)	5	(3,979)	(342)	(4,321)
Net assets	765	(23)	(14)	(1)	727	-	727
Share capital	388	-	-	-	388	-	388
Share premium and reserves	353	(23)	(14)	(1)	315	-	315
Equity attributable to equity holders of the parent	741	(23)	(14)	(1)	703	-	703
Non-controlling interests	24	-	-	-	24	-	24
Total equity	765	(23)	(14)	(1)	727	-	727

21) Contingent liabilities

To date, the Compass contract has not been extended and the onerous contract provision covers the period to August 2017. Should the contract be extended for the period to August 2019 then, based on the same assumptions as the current provision, a further provision for £57m would be required.

Other contingent liabilities exist in respect of agreements entered into in the normal course of business, none of which are individually or collectively significant.

Non GAAP measures

1) Reconciliation of net cash flow from operating activities of continuing operations to movements in net debt

	Six months ended 30 June 2016	Six months ended 30 June 2015 Restated	Year ended 31 Dec 2015
	£m	£m	£m
Operating profit	168	135	183
Adjustments for non-cash and other items (see note 18)	52	89	245
Net working capital movement	53	(64)	(69)
Net cash flow from operating activities of continuing operations (see page 21)	273	160	359
Adjustments for:			
Restructuring spend	9	17	46
Pension deficit repair payments	24	22	44
Cash flow from continuing operations	306	199	449
<i>Analysed between:</i>			
<i>Continuing businesses</i>	293	193	433
<i>Portfolio businesses</i>	9	14	32
<i>Onerous contracts</i>	4	(8)	(16)
Investment in the business			
Purchase of fixed assets, net of disposals	(46)	(39)	(104)
Restructuring investment	(9)	(17)	(46)
Disposal proceeds	32	15	14
Acquisition of businesses	-	(8)	(17)
Net debt in disposed entities	(9)	(4)	(3)
Net movement in finance leases	(4)	(2)	(27)
Net investment in the business	(36)	(55)	(183)
Net cash flow after investing in the business	270	144	266
Other (uses)/sources of funds			
Net interest paid	(48)	(50)	(91)
Tax paid	(36)	(74)	(102)
Pension deficit payment	(24)	(22)	(44)
Dividends paid	(99)	(98)	(174)
Cash (used by)/from discontinued operations	(6)	16	26
Other	2	5	12
Net other uses of funds	(211)	(223)	(373)
Net cash flow after investment, financing, tax, dividends and pensions	59	(79)	(107)
Net debt at beginning of period	(1,782)	(1,639)	(1,639)
Effect of foreign exchange rate fluctuations	(59)	11	(36)
Net debt at end of period	(1,782)	(1,707)	(1,782)

Non GAAP measures

2) Reconciliation of changes in cash and cash equivalents to movement of net debt

	Six months ended 30 June 2016	Six months ended 30 June 2015 Restated	Year ended 31 Dec 2015
	£m	£m	£m
Net cash flow movement (page 20)	386	12	27
Adjustments for items included in cash flow excluded from net debt:			
(Sale)/purchase of investments	(13)	(1)	1
Net movement in borrowings	(327)	(102)	(139)
Repayment of finance leases	13	14	31
Items included in net debt but excluded from cash flow:			
New finance leases	(4)	(2)	(27)
Net debt (excluding cash and overdrafts) in disposed entities	4	-	-
Net movement in net debt	59	(79)	(107)

3) Group net debt: EBITDA ratio

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

	Six months ended 30 June 2015	Year ended 31 Dec 2015	Six months ended 30 June 2016	Rolling 12 months to 30 June 2016
	£m	£m	£m	£m
Profit before interest, tax and amortisation (page 16)	185	391	203	409
Portfolio businesses (page 3)	(4)	(5)	(4)	(5)
Businesses classified as portfolio in May 2016	18	37	15	34
PBITA	199	423	214	438
Add back:				
Depreciation*	47	92	46	91
Amortisation of non-acquisition related intangible assets*	11	24	12	25
Depreciation and amortisation on businesses classified as portfolio in May 2016	2	4	3	5
EBITDA	259	543	275	559
Net debt per note 17		1,782		1,782
Group's definition of Net debt:EBITDA ratio		3.3		3.2

*Depreciation excludes depreciation relating to portfolio businesses of £8m (Dec 2015: £18m, June 2015: £8m). Amortisation of non-acquisition related intangible assets excludes amortisation relating to portfolio businesses of £1m (Dec 2015: £1m, June 2015: £1m).

4) Reconciliation of previously reported underlying results to restated results from continuing businesses^a

The table below reconciles underlying revenue and PBITA as reported previously to the restated prior period and prior year revenue and PBITA from continuing businesses. The prior period restatements do not impact the cash generation of the Group.

	June 2015		December 2015	
	Revenue £m	PBITA £m	Revenue £m	PBITA £m
Underlying results as previously reported	3,285	193	6,433	427
Prior period re-classifications and restatements (see note 2)	1	2	-	-
Onerous contracts	(123)	-	(234)	-
Africa	(34)	4	12	-
Asia Pacific	(21)	-	(20)	-
Middle East & India	(5)	-	(6)	(1)
Latin America	-	(1)	5	(3)
Europe	(73)	(6)	(86)	(11)
North America	(39)	(2)	(75)	(7)
UK & Ireland	(97)	(9)	(166)	(20)
Total	(269)	(14)	(336)	(42)
Africa	(18)	(2)	(14)	(1)
Asia Pacific	5	1	28	2
Middle East & India	13	1	37	5
Latin America	(31)	(1)	(30)	(2)
Europe	31	2	71	5
North America	40	2	92	5
UK & Ireland	2	-	7	-
Total	42	3	191	14
Impact of exchange rate movements	1.4%	1.6%	3.2%	3.5%
Results of continuing businesses at constant exchange rates	2,936	184	6,054	399

^aSee basis of preparation on page 9.

