9 August 2018

G4S plc
Results for the six months ended 30 June 2018

G4S Chief Executive Officer Ashley Almanza commented:

"As anticipated, the Group delivered a marked improvement in revenue generation in the second quarter, with organic growth of 2.8% resulting in half year organic growth of 0.2% against demanding comparatives".

"Our contract wins and strong retention rate in the first half of 2018 provide revenue momentum into the second half of the year. This, together with growing technology-enabled services in both our cash and security businesses, a favourable sales mix and planned productivity benefits, underpins the Group's positive outlook for the full year".

First half highlights (Underlying results[a] unless otherwise noted):

- Step change in revenue growth in second quarter
- New contract wins of £0.7 billion (annual contract value)
- Secure Solutions margin 5.9% (2017: 5.9%); service mix and productivity offset wage inflation
- Cash Solutions margin 10.7% (2017: 11.0%); reflecting increased business development and operating costs
- Operating cash flow conversion 84% (2017: 80%), in line with seasonal norm
- Net debt to EBITDA[b] 2.7x (30 June 2017: 2.7x)
- EPS[a,c] 7.4p (2017: 7.4p); Interim dividend: 3.59p per share (2017: 3.59p)
- Statutory results reflect businesses sold and exchange rate movements - see page 9

Full year outlook

- First half contract wins and strong retention rate provide second half momentum
- Technology-enabled services, favourable sales mix and productivity benefits underpin full year outlook
- Expect net debt to EBITDA[b]=<2.5x FY18

Group results – first half

	Underlying Results[a]			**Statutory Results[d]**		
	In Constant Currency			**Actual Rates**		
	2018	2017	%	**2018**	2017	%
		Restated[e]			Restated[e]	
Revenue	£3,599m	£3,591m	+0.2	£3,672m	£3,971m	(7.5)
Adjusted PBITA[b]	£212m	£219m	(3.2)	£213m	£238m	(10.5)
Adjusted PBITA[b] margin	5.9%	6.1%		5.8%	6.0%	
Earnings[c]	£115m	£115m	-	£103m	£151m	(31.8)
Earnings Per Share[c]	7.4p	7.4p	-	6.7p	9.8p	(31.6)
Operating Cash Flow	£179m	£183m	(2.2)	£165m	£170m	(2.9)

[a] Underlying results are Alternative Performance Measures as defined and explained on page 36. They are reconciled to the Group's statutory results on page 4. The underlying results are presented at constant exchange rates other than for operating cash flow where operating cash flow for 2017 is presented at 2017 actual rates.
[b] Adjusted PBITA and net debt to adjusted EBITDA are Alternative Performance Measures as defined and explained on page 36. The Net debt to adjusted EBITDA ratio is calculated as set out on page 39.
[c] Earnings is defined as profit attributable to equity shareholders of G4S plc. Underlying earnings and underlying earnings per share ("EPS") are adjusted to exclude specific and other separately disclosed items, as described on page 37, and are reconciled to statutory earnings and EPS on page 4.
[d] See page 21 for the basis of preparation of statutory results.
[e] Restated for the adoption of IFRS15 – Revenue from Contracts with Customers, see note 3.

This announcement contains inside information.

G4S STRATEGY AND INVESTMENT PROPOSITION

G4S is the world's leading, global integrated security company, providing security and related services across six continents .

Our strategy addresses the positive, long-term demand for security services. Our enduring strategic aim is to demonstrate the values and performance that make G4S the company of choice for customers, employees and shareholders. We aim to do this by delivering industry-leading innovative solutions and outstanding service to our customers, by providing engaging and rewarding work for employees and by generating sustainable growth and returns for our shareholders.

Organisation

Our portfolio programme is substantially complete and we now have a much more focused business. Over the past four and a half years we have invested in sales, business development, technology and support and control functions. With sufficient strength and depth in these areas, we re-organised the Group on 1 January 2018 to:

- Consolidate our Secure Solutions businesses into four regions: Africa, Americas, Asia and Europe & Middle East
- Create a global Cash Solutions division

Our new organisation enables us to strengthen further our strategic, commercial and operational focus in each of our core service lines. We will continue to build and utilise shared services for the provision of efficient and fit-for-purpose support functions to all businesses and this element of our organisational development has significant unrealised potential.

We are implementing a productivity programme which is designed to deliver £90 million - £100 million of recurring cost savings by 2020. A portion of these gains will be re-invested in growth, with the majority expected to benefit the bottom line:

- The financing efficiency component of around £20 million has been secured through refinancings completed this year and the benefits will begin to flow through to profits in 2019.
- The operational and overhead components which are expected to deliver £70 million to £80 million of savings by 2020 have, to date, been largely re-invested in sales, business development and enhanced support and control systems. From the second half of this year the savings will begin to make a net contribution to profits.

Business Segments, Service Lines and Regions

The Group has two business segments, **Secure Solutions** and **Cash Solutions**, each with a number of key service lines.

Secure Solutions

- Security Solutions incorporating risk consulting, manned security, facilities management services, software and systems and integrated security solutions
- Care & Justice services including custody, detention and transportation

Security Solutions (77% of group revenues[a]): G4S delivers industry-leading security services and facilities management in around 90 countries around the world. Building on our established security services, we have invested in developing the capabilities to design and deliver security technology, security systems and integrated security solutions that combine people and technology to offer our customers more efficient and valuable security solutions. We believe that the ability to design and deliver technology-enabled security solutions strengthens our customer-value proposition and provides G4S with the opportunity to increase the longevity and grow the value of existing customer relationships, win new business and earn higher margins.

In the first half of 2018, 42% (FY 2017: 39%) of our Secure Solutions revenues[a] were derived from technology-enabled security services which combine our people with technology. We have established a substantial business selling technology-enabled solutions to larger customers. With success in that segment, we are extending our offering into the medium sized customer market.

Care & Justice services (7% of group revenues[a]): G4S's Care & Justice services are concentrated in the UK and Australia where we have built significant knowledge and expertise in delivering complex public services. Our strategic focus is on selective, profitable growth and operational delivery and achieving positive outcomes for those using the services. We expect significantly-improved cash generation from our Care & Justice services over the next 12-18 months as we continue to be highly selective in bidding and negotiating for new business and as certain legacy contracts expire or otherwise improve.

Cash Solutions

- Cash in transit, cash processing and ATM services
- Cash Technology services, comprising:
    - Cash and non-cash management software and services
    - Smart safes and cash-recycling technology

In our Cash Solutions business (16% of group revenues[a]), we provide software, hardware, systems and services that improve the security, control and efficiency of our customers' cash handling. Whilst cash usage is expected to continue to grow in emerging markets, in developed markets cash volumes are expected to gradually decline. To ensure critical mass and economies of scale, we focus on markets where we have, or can build a number one or number two position in the market. We aim to grow volumes in traditional cash services of cash-in-transit and ATMs organically through cost leadership which enables us to win market share and encourages banks to outsource more services.

We believe that the Group is well positioned to address a substantial and valuable opportunity to extend and grow our new products and services that are being adopted by banks and some of the world's leading retailers. We expect this market to continue to grow strongly and we have market-leading innovative products combining software and service. We are making significant progress with large retailers with what we refer to as our "big box" solution and we are also seeing increasing interest in our midsize and small box offerings. We believe that our Cash Technology services have the potential to produce profits greater than the global profits from our traditional cash business in the medium term.

At 30 June 2018, we had over 21,500 (December 2017: 19,500) cash automation locations, a 10% increase since the year end, across North America, Europe, Asia Pacific and Africa. Industry research data indicates that the total addressable market for smart safes and recycling solutions is around £20-25 billion per annum[b].

Financial Outlook

G4S Group Chief Executive Officer, Ashley Almanza, commented:

"Our contract wins and strong retention rate in the first half of 2018 provide good revenue momentum and this, together with an improving sales mix and planned productivity benefits in the second half of the year, underpins the Group's positive outlook for the full year".

"Since 1 January, the creation of a global cash division and consolidation of our Secure Solutions regions are providing us with the strategic, commercial and operational focus needed for the next stage of the Group's development. Combining technology with our established security offering is strengthening our sales mix and contract retention, whilst the rapid development of our cash technology business has the clear potential to deliver profits greater than the global profits of our traditional cash business in the medium term".

"We intend to remain soundly financed with operating cash conversion of more than 100% of Adjusted PBITA and a net debt to Adjusted EBITDA ratio of 2.5x or less. Priorities for excess cash will be investment, dividends and, in the near term, further leverage reduction".

[a] Underlying results are reconciled to statutory results on page 4, and an explanation of Alternative Performance Measures ("APMs") is provided on page 36.
[b] Source: Company research and 3rd party data including RBR, Panteia, Euromonitor International, World Retail Data and Statistics.

GROUP RESULTS FOR THE PERIOD ENDED 30 JUNE 2018

Six months ended 30 June 2018 (at 2018 average exchange rates)

£m	Underlying results[a]	Onerous contracts	Disposed businesses[c]	Restructuring	Acquisition-related amortisation and other[d]	Statutory
Revenue	**3,599**	63	10			**3,672**
Adjusted PBITA[b]	**212**	-	1			**213**
Profit before tax	**158**	-	1	(14)	(6)	**139**
Tax	**(38)**	-	-	3	4	**(31)**
Profit after tax	**120**	-	1	(11)	(2)	**108**
Earnings[e]	**115**	-	1	(11)	(2)	**103**
EPS[e]	**7.4p**	-	0.1p	(0.7)p	(0.1)p	**6.7p**
Operating cash flow[f]	**179**	(6)	2	(10)	-	**165**

Six months ended 30 June 2017 (at 2018 average exchange rates) – restated[g]

£m	Underlying results[a]	Onerous contracts	Disposed businesses[c]	Restructuring	Acquisition-related amortisation and other[d]	Constant currency[h]
Revenue	**3,591**	58	149			**3,798**
Adjusted PBITA[b]	**219**	-	9			**228**
Profit before tax	**163**	(5)	9	(14)	53	**206**
Tax	**(39)**	1	(3)	3	(12)	**(50)**
Profit after tax	**124**	(4)	6	(11)	41	**156**
Earnings[e]	**115**	(4)	5	(11)	37	**142**
EPS[e]	**7.4p**	(0.3)p	0.3p	(0.7)p	2.4p	**9.2p**
Operating cash flow[f]	**183**	(6)	6	(13)	-	**170**

Six months ended 30 June 2017 (at 2017 average exchange rates) - restated[g]

£m	Underlying results[a]	Onerous contracts	Disposed businesses[c]	Restructuring	Acquisition-related amortisation and other[d]	Statutory
Revenue	**3,758**	57	156			**3,971**
Adjusted PBITA[b]	**228**	-	10			**238**
Profit before tax	**173**	(5)	9	(14)	56	**219**
Tax	**(42)**	1	(2)	3	(14)	**(54)**
Profit after tax	**131**	(4)	7	(11)	42	**165**
Earnings[e]	**122**	(4)	6	(11)	38	**151**
EPS[e]	**7.9p**	(0.3)p	0.4p	(0.7)p	2.5p	**9.8p**
Operating cash flow[f]	**183**	(6)	6	(13)	-	**170**

[a] Underlying results are Alternative Performance Measures as defined and explained on page 36 and exclude the results from businesses disposed of during the current or prior period, the effect of onerous contracts and specific and separately disclosed items.
[b] Adjusted PBITA is an Alternative Performance Measure as defined and explained on page 36 and excludes specific and separately disclosed items.
[c] Disposed businesses include the results of all businesses that have been sold or closed by the Group between 1 January 2017 and 30 June 2018 and are excluded from underlying results to present current period and comparative underlying results on a like-for-like basis.
[d] Other includes net specific items, net profit on disposal/closure of subsidiaries/businesses and the results of discontinued operations. The associated tax impact is included in the tax charge within "other". In addition, tax-specific charges or credits, such as those arising from changes in tax legislation which have a material impact, and which are unrelated to net specific items, are included within the tax charge within "other". The accounting policy for specific and other separately disclosed items is provided on page 36.
[e] Earnings is defined as profit attributable to equity shareholders of G4S plc. Underlying Earnings and Underlying EPS exclude specific and other separately disclosed items as described on page 37 and are reconciled to statutory earnings and statutory EPS above.
[f] Operating cash flow is defined on page 37 as net cash flow from operating activities of continuing operations and is stated after pension deficit contributions of £21 million (2017: £20 million). For the period ended 30 June 2017 it is presented at 2017 average exchange rates. Operating cash flow is reconciled to the Group's movements in net debt on page 38.
[g] Restated for the adoption of IFRS 15 – see note 3.
[h] Constant currency amounts represent the comparative 2017 statutory results translated at 2018 average exchange rates as defined on page 36. Constant currency amounts should not be considered as or used in place of the Group's statutory results. Constant currency operating cash flow is translated at 2017 exchange rates.

BUSINESS REVIEW: UNDERLYING RESULTS
ALTERNATIVE PERFORMANCE MEASURES

As indicated in the 2017 Integrated Report and Accounts ('IRA'), with effect from 1 January 2018 we have reorganised the group-wide management of our businesses to create a global Cash Solutions division and to consolidate our Secure Solutions business into four regions: Africa, Americas, Asia and Europe & Middle East. The prior period comparatives have been restated accordingly to report segmental results on a consistent basis. Reconciliations between the previously-reported results of core businesses and the underlying results reported under the new structure are provided on pages 40 and 41. The prior period results have also been restated to reflect the adoption of IFRS 15 – Revenue from Contracts with Customers as set out in note 3.

The narrative in this Business Review discusses the Group's underlying results, which are an alternative performance measure (as described on page 36) and are reconciled to statutory results on page 4. Commentary on the Group's statutory results is provided on pages 9 to 13. Throughout the Business Review, to aid comparability, 2017 prior period results are presented on a constant currency basis by applying 2018 average exchange rates, unless otherwise stated.

At 2018 average exchange rates	**Revenue 2018 £m**	Revenue[a] 2017 £m	HoH %	Organic growth[b] %	**Adjusted PBITA 2018 £m**	Adjusted PBITA[a] 2017 £m	HoH %	**Adjusted PBITA margin 2018 %**	Adjusted PBITA margin[a] 2017 %
Africa	**197**	189	4.2%	4.2%	**15**	14	7.1%	7.6%	7.4%
Americas	**1,177**	1,131	4.1%	4.1%	**54**	47	14.9%	4.6%	4.2%
Asia	**434**	403	7.7%	7.7%	**28**	26	7.7%	6.5%	6.5%
Europe & Middle East	**1,231**	1,221	0.8%	0.8%	**83**	87	(4.6%)	6.7%	7.1%
Secure Solutions	**3,039**	2,944	3.2%	3.2%	**180**	174	3.4%	5.9%	5.9%
Cash Solutions	**560**	647	(13.4%)	(13.4%)	**60**	71	(15.5%)	10.7%	11.0%
Total Group before corporate costs	**3,599**	3,591	0.2%	0.2%	**240**	245	(2.0%)	6.7%	6.8%
Corporate costs	**-**	-	-	-	**(28)**	(26)	7.7%		
Total Group	**3,599**	3,591	0.2%	0.2%	**212**	219	(3.2%)	5.9%	6.1%

[a] As described in the basis of preparation of the Alternative Performance Measures on page 36, the underlying results for 2017 have been restated to be consistent with the structure of the business in 2018 and, as explained in note 3, have also been restated for the adoption of IFRS 15. A reconciliation of the results as previously reported and the restated results above is included on page 40.
[b] Organic growth is calculated based on revenue growth at 2018 average exchange rates, adjusted to exclude the impact of any acquisitions during the current or prior periods.

SECURE SOLUTIONS

During the first half of 2018, our Secure Solutions business delivered organic revenue growth of 3.2%. Despite tightening labour markets in some regions, our commercial discipline and changing service mix towards technology-enabled security meant that, overall, we maintained our above industry-average PBITA margin.

Africa

Revenue growth across our Africa region was 4.2%. Adjusted PBITA increased 7.1% and our new contract wins in the first half provide good momentum into the second half with major wins in the telecoms, automotive and mining sectors.

We made good progress in our security systems business, with integrated security offerings and monitoring and response services. Our remote monitoring and response services for infrastructure is generating good demand and differentiates us from our major competitors in the region.

Our sales and business development opportunities in Africa include key sectors such as embassies, municipalities, mining, banking, transport and telecoms.

Americas

Revenues in our Americas region grew by 4.1% and Adjusted PBITA increased by 14.9% driven by an improving revenue mix, and efficiency gains.

Our Secure Solutions revenues in North America grew by 4.0% as our integrated security solutions continue to gain traction in the market for large enterprise customers. We saw strong demand for our Corporate Risk business which provides security consulting services and security professionals for security operations centre analytics, executive protection and investigative services.

Our rate of revenue growth in North America was self-constrained as we continued to apply commercial discipline in those market locations facing tight labour conditions. We had contract wins across a broad range of sectors including IT, steel manufacturing, chemicals, property, insurance, power and healthcare. Our pipeline in these markets is substantial.

In Latin America our revenues increased by 4.3%.

BUSINESS REVIEW: UNDERLYING RESULTS
ALTERNATIVE PERFORMANCE MEASURES

Asia

Revenue growth in Asia was 7.7% with growth across all major security markets including India. Adjusted PBITA also increased 7.7%.

We secured new and renewed contracts across a broad range of sectors including multinationals, property services, technology and transport and logistics. Across the region we have a diverse set of new business opportunities in embassies, telecoms, power, IT services and infrastructure.

Europe & Middle East

Revenue in our Europe & Middle East region was up 0.8% on the prior period, with good growth in the UK & Ireland and stabilisation in the Middle East. Our Risk Management business which operates in high risk environments grew strongly, winning new ordnance clearance contracts during the second quarter.

The Adjusted PBITA margin was 6.7% (2017: 7.1%) reflecting the impact of lower profitability in the Middle East which we expect to improve in the second half as revenues recover. Our productivity programme is also being applied across the region, along with the implementation of lean processes in our UK manned security business in H2 2018.

Our Europe & Middle East pipeline has a large number of opportunities across a diversified range of customer segments including manned security and security systems contracts for the banking, FMCG, government, multi-lateral agencies and airlines sectors.

CASH SOLUTIONS

In the first half of 2017, we posted very strong revenue growth as we mobilised a large cash technology and services contract in North America. Whilst we had a number of significant contract wins in the first half of 2018, we did not have a similar mobilisation to H1 2017, resulting in global revenues in Cash Solutions declining 13.4%.

Adjusted PBITA fell by 15.5% reflecting the decline in revenues, investment in product and business development (£1m) and higher operating costs, which were principally attack related (Africa: £3m), partially offset by a £6 million benefit from the early completion of a bullion centre contract in the UK. The effect of the large cash technology and services contract in North America has now annualised.

G4S's cash technology and managed services are now delivered to over 21,500 locations around the world, a 10% increase since the year end. This includes 7,800 retail locations across North America, including over 5,700 in large-store formats where G4S has established a market leading position. We believe that the strong value proposition delivered by our unique cash management technology will continue to drive customer interest in North America where we currently have 23 pilot programmes in our pipeline.

CORPORATE COSTS

Corporate costs comprise the costs of the G4S plc Board and the central costs of running the Group including executive, governance and central support functions, and are £2 million higher than the prior period.

Summary underlying results

At June 2018 average exchange rates	June 2018 £m	June 2017 Restated[c] £m	HoH %
Revenue[a]	**3,599**	3,591	0.2%
Adjusted PBITA[a]	**212**	219	(3.2%)
Adjusted PBITA[a] margin	5.9%	6.1%	
Interest	**(54)**	(56)	(3.6%)
Profit before tax[a]	**158**	163	(3.1%)
Tax[a]	**(38)**	(39)	(2.6%)
Profit after tax[a]	**120**	124	(3.2%)
Non-controlling interests	**(5)**	(9)	(44.4%)
Earnings[a] (profit attributable to equity holders of the parent)	**115**	115	-
EPS[a]	**7.4p**	7.4p	-
Operating cash flow[a,b]	**179**	183	(2.2%)

[a] Underlying results are Alternative Performance Measures as defined and explained on page 36. They exclude the effect of specific and separately disclosed items, the results of onerous contracts and the results of businesses sold or closed since 1 January 2017. They are reconciled to the Group's statutory results on page 4.
[b] 2017 comparatives for underlying operating cash flow are presented at 2017 average exchange rates.
[c] The June 2017 results have been restated for the effect of adopting IFRS 15 (see note 3).

Revenue
The Group's revenue increased by 0.2% on the prior period. Secure Solutions revenues were 3.2% higher than the prior period, with 4.2% growth in Africa, 4.1% growth in Americas, 7.7% growth in Asia and 0.8% growth in Europe & Middle East. Cash Solutions revenue decreased by 13.4% reflecting the mobilisation of a large Retail Cash Solutions contract in North America in 2017.

Adjusted PBITA
Adjusted PBITA of £212 million (2017: £219 million) was down 3.2%. This reflects weaker trading in the Europe & Middle East Secure Solutions region and lower revenue, increased business development and operating costs (mainly attack-related in Africa) in the Cash Solutions division. As a result, the Adjusted PBITA margin decreased to 5.9% (2017: 6.1%).

Interest
Net interest payable on net debt was £46 million (2017: £46 million). Net other finance costs were £3 million (2017: £4 million) and the pension interest charge, related to the unwinding of the discount in relation to long-term pension liabilities, was £5 million (2017: £6 million), resulting in a total net interest cost of £54 million (2017: £56 million).

Tax
A tax charge of £38 million (2017: £39 million) was incurred on profit before tax of £158 million (2017: £163 million) which represents an effective tax rate of 24% (2017: 24%). The effective tax rate is a function of a variety of factors, with the most significant being (i) the geographic mix of the Group's taxable profits and the respective country tax rates, (ii) the recognition of, and changes in the value of, deferred tax assets and liabilities, (iii) permanent differences such as expenses disallowable for tax purposes, (iv) irrecoverable withholding taxes, and (v) benefit of one-off items including tax claims.

Non-controlling interests
Profit attributable to non-controlling interests was £5 million in 2018, a decrease from £9 million for 2017, reflecting the non-controlling partners' share of profit of certain businesses in the Europe & Middle East region.

Earnings
The Group generated profit attributable to equity holders ('earnings') of £115 million (2017: £115 million) for the period ended 30 June 2018.

Underlying earnings per share

	2018 £m	2017 at constant exchange rates £m	2017 at actual exchange rates £m
Underlying profit for the period	**120**	124	131
Non-controlling interests	**(5)**	(9)	(9)
Underlying profit attributable to equity holders of the parent (earnings)	**115**	115	122
Average number of shares (m)	**1,548**	1,548	1,548
Underlying earnings per share	**7.4p**	7.4p	7.9p

Onerous contracts
The Group's onerous contracts generated revenues of £63 million (2017: £58 million) for the period ended 30 June 2018. There were no increases in onerous contract provisions during the six months ended 30 June 2018. In the six months ended 30 June 2017 the Group recognised additional provisions of £5 million, classified as specific items, related to the anticipated increase of delivery costs in respect of one of its contracts. It is expected that around 60% of the Group's total provision for onerous customer contracts of £54 million will be utilised by the end of 2020.

Disposed businesses
Businesses disposed of during the six months ended 30 June 2018, including the Group's businesses in Hungary and the Philippines and the secure data solutions business in Kenya, generated revenue of £10 million and Adjusted PBITA of £1m in the six months ended 30 June 2018 (six months ended 30 June 2017: revenue £35 million and Adjusted PBITA £3 million). Businesses sold during the year ended 31 December 2017 included the Group's businesses in Israel and Bulgaria and its Youth Services business in North America, and in total generated revenue of £114 million and Adjusted PBITA of £6 million for the six months ended 30 June 2017.

Restructuring
The Group invested £14 million (2017: £14 million) in restructuring programmes during the six months ended 30 June 2018, relating to the 2018-2020 strategic productivity programme announced in 2017 which is being implemented across the Group, mainly in the Europe & Middle East and Americas regions and the Cash Solutions division. In addition, the Group incurred non-strategic reorganisation costs of £4 million (2017: £4 million) which are included within Adjusted PBITA. We expect to invest a total £25-£30 million in restructuring for the full year 2018 and expect a payback period of less than three years.

Acquisition-related amortisation, specific and other separately disclosed items

	2018 £m	2017 at constant exchange rates £m	2017 at actual exchange rates £m
Specific items	**(8)**	(6)	(6)
Net profit on disposal/closure of subsidiaries/businesses	**4**	65	68
Acquisition-related amortisation	**(2)**	(6)	(6)
Acquisition-related amortisation, specific and other separately disclosed items before tax	**(6)**	53	56
Tax credits/(charges) arising on acquisition-related amortisation and other separately disclosed items	**4**	(12)	(14)
Acquisition-related amortisation and other separately disclosed items after tax	**(2)**	41	42
Loss from discontinued operations	**-**	(4)	(4)
Total acquisition-related amortisation, specific and other separately disclosed items – (charge)/credit to earnings	**(2)**	37	38

Specific items
The specific items charge of £8 million (2017: £6 million) related to additional provisions required in the Asia region in respect of historical employee gratuities. Specific items in 2017 included a £6 million charge related to the estimated cost of settlement of subcontractor claims from commercial disputes in relation to prior years which was settled in 2018.

Profit on disposal/closure of subsidiaries/businesses
During the period, the Group realised a net profit of £4 million (2017: £65 million) relating to the disposal of a number of its operations including its businesses in Hungary and the Philippines and its secure data solutions business in Kenya. Disposals in 2017 included the Group's businesses in Israel and Bulgaria and the Group's youth services business in North America.

Acquisition-related amortisation
Acquisition-related amortisation of £2 million (2017: £6 million) is lower than the prior period as certain intangible assets recognised on a number of legacy acquisitions became fully amortised in 2017.

Tax credits/(charges) arising on acquisition-related amortisation, specific and other separately disclosed items
Tax credits arising on acquisition-related amortisation, specific and other separately disclosed items were £4 million (2017: £12 million tax charge which related primarily to the disposal of subsidiaries in the Americas region).

Cash flow, capital expenditure and portfolio management
The Group generated operating cash flow of £179 million (2017: £183 million), which represents 84% (2017: 80%) of Adjusted PBITA. This was after the pension deficit-repair contributions of £21 million (2017: £20 million) during the period. The Group invested £48 million (2017: £43 million) in net capital expenditure and received net proceeds of £32 million (2017: £151 million) from the disposal of businesses. The Group made no significant acquisitions in the period.

Net cash inflow after investing in the business was £145 million (2017: £266 million). The Group's net increase in net debt before foreign exchange movements was £78 million (2017: decrease of £58 million).

BUSINESS REVIEW – GROUP COMMENTARY
STATUTORY RESULTS

The basis of preparation of the Group's statutory results is set out on page 21. Comparative figures for statutory results are presented at actual historical exchange rates (i.e. the results for the six months ended 30 June 2017 are presented at year to date average exchange rates for the six months ended 30 June 2017). Prior period results have been restated for the impact of adopting IFRS 15 – Revenue from Contracts with Customers, please see note 3 for details.

Statutory results

Statutory results at actual exchange rates	**June 2018 £m**	June 2017 Restated[a] £m	HoH %
Revenue	**3,672**	3,971	(7.5%)
Adjusted profit before interest, tax and amortisation (Adjusted PBITA)	**213**	238	(10.5%)
Specific items	**(8)**	(11)	(27.3%)
Restructuring costs	**(14)**	(14)	-
Profit on disposal/closure of subsidiaries/businesses	**4**	68	(94.1%)
Acquisition-related amortisation	**(2)**	(6)	(66.7%)
Operating profit	**193**	275	(29.8%)
Interest costs (net)	**(54)**	(56)	(3.6%)
Profit before tax	**139**	219	(36.5%)
Tax	**(31)**	(54)	(42.6%)
Profit after tax	**108**	165	(34.5%)
Loss from discontinued operations	**-**	(4)	(100.0%)
Profit for the period	**108**	161	(32.9%)
Non-controlling interests	**(5)**	(10)	(50.0%)
Profit attributable to equity holders of the parent ("statutory earnings")	**103**	151	(31.8%)
EPS	**6.7p**	9.8p	(31.6%)
Operating cash flow	**165**	170	(2.9%)

[a] 2017 results have been restated for the effect of adopting IFRS 15 - see note 3.

Revenue

Revenue decreased by 7.5% compared with the prior period statutory results. Of the decrease, 4.4% (£173 million) was due to movements in exchange rates caused by the relative strengthening of the average sterling exchange rates affecting the Group. Excluding the effects of movements in exchange rates, revenue decreased by 3.3% mainly reflecting a £139 million reduction in revenue in respect of businesses disposed during the current period and prior year including the Group's businesses in Hungary and Israel and its Youth Services business in North America. Revenue from onerous contracts is slightly higher than the prior period at £63 million (2017: £57 million). Excluding the effects of movements in exchange rates, revenue from disposed businesses and onerous contracts, revenue grew by 0.2% at constant exchange rates.

Business performance is discussed in more detail by service line and region on pages 5 to 6.

Adjusted PBITA

Adjusted PBITA of £213 million (2017: £238 million) was down 10.5%. Of the decrease, 4.2% (£10 million) was due to movements in exchange rates. Excluding the effect of movements in exchange rates, Adjusted PBITA decreased by 6.6%, reflecting weaker trading in the Europe & Middle East Secure Solutions region and lower revenue, increased business development and operating costs (mainly attack-related in Africa) in the Cash Solutions division, as well as a reduction in Adjusted PBITA from disposed businesses of £8 million. Excluding the effect of movements in exchange rates and Adjusted PBITA from disposed businesses, the Group's Adjusted PBITA decreased by 3.2% at constant exchange rates.

Specific items

The specific items charge of £8 million (2017: £11 million), related to additional provisions required in the Asia region in respect of historical employee gratuities. Specific items in 2017 of £11 million included £6 million related to the estimated cost of settlement of subcontractor claims from commercial disputes in relation to prior years which were settled in 2018 and £5 million related to the anticipated increase of delivery costs in respect of one of the Group's onerous contracts.

Restructuring costs

The Group invested £14 million (2017: £14 million) in restructuring programmes during the six months ended 30 June 2018, relating to the 2018-2020 strategic productivity programme announced in 2017 which is being implemented across the Group, mainly in the Europe & Middle East and Americas regions and the Cash Solutions division. In addition, the Group incurred non-strategic reorganisation costs of £4 million (2017: £4 million) which are included within Adjusted PBITA.

Profit on disposal and closure of subsidiaries/businesses
The Group generated net profit on disposal and closure of subsidiaries/businesses of £4 million (2017: £68 million) relating to the disposal of a number of the Group's operations including its businesses in Hungary and the Philippines and its secure data solutions business in Kenya. Disposals in 2017 included the Group's businesses in Israel and Bulgaria and the Group's Youth Services business in North America.

Acquisition-related amortisation
Acquisition-related amortisation of £2 million (2017: £6 million) is lower than the prior period as certain intangible assets recognised on a number of legacy acquisitions became fully amortised in 2017.

Net interest costs
Net interest payable on net debt was £46 million (2017: £46 million). Net other finance costs were £3 million (2017: £4 million) and the pension interest charge, related to the unwinding of the discount in relation to long-term pension liabilities, was £5 million (2017: £6 million), resulting in a total net interest cost of £54 million (2017: £56 million).

Tax
The statutory tax charge of £31 million (2017: £54 million) for 2018 included a tax charge of £38 million (2017: £42 million) on the Group's underlying profits, as explained on page 7, tax on onerous contracts of £nil (2017: tax credit of £1 million), tax of £nil in respect of disposed businesses (2017: tax charge of £2 million), a tax credit of £3 million (2017: £3 million) in respect of restructuring costs and a net tax credit of £4 million (2017: tax charge of £14 million) in respect of acquisition-related amortisation and other separately disclosed items.

The Group's statutory tax charge represented an effective rate of 22% (2017: 25%) on profit before tax of £139 million (2017: £219 million). The effective tax rate is a function of a variety of factors, with the most significant being (i) the geographic mix of the Group's taxable profits and the respective country tax rates, (ii) profits arising on the disposal of subsidiaries in the period being exempt from tax, (iii) the recognition of, and changes in the value of, deferred tax assets and liabilities, (iv) permanent differences such as expenses disallowable for tax purposes, (v) irrecoverable withholding taxes, and (vi) benefit of one-off items including tax claims.

The lower effective tax rate compared with the prior period is primarily driven by profits arising on the disposal of subsidiaries being taxed at a higher tax rate in the prior period.

Non-controlling interests
Profit attributable to non-controlling interests was £5 million in 2018, a decrease from £10 million from 2017, reflecting the non-controlling partners' share of profit of certain businesses in the Europe & Middle East region.

Profit attributable to equity holders of the parent ("statutory earnings")
The Group reported profit for the period attributable to equity holders of the parent ("statutory earnings") of £103 million (2017: £151 million) which primarily reflects the lower profit on disposal of subsidiaries in the current period compared with the prior period.

Earnings per share
Statutory earnings per share[a] decreased to 6.7p (2017: 9.8p), based on the weighted average number of shares in issue of 1,548 million (2017: 1,548 million). A reconciliation of the Group's statutory profit for the period to EPS is provided below:

	Earnings per share		
	2018	2017 at constant exchange rates	2017 at actual exchange rates
	£m	£m	£m
Profit for the period	**108**	152	161
Non-controlling interests	**(5)**	(10)	(10)
Profit attributable to equity holders of the parent (earnings)	**103**	142	151
Average number of shares (m)	**1,548**	1,548	1,548
Statutory earnings per share[a]	**6.7p**	**9.2p**	**9.8p**

[a] Basis of preparation of statutory results is shown on page 21.

REVIEW OF THE GROUP'S CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Significant movements in the consolidated statement of financial position
Current loan notes have increased to £1,118 million (31 December 2017: £655 million), reflecting the re-classification of certain US Private Placement notes repayable in March 2019 and GBP public notes repayable in May 2019 as current liabilities.

The following movements in the Group's consolidated statement of financial position are set out elsewhere in this report, as follows:

- Cash, cash equivalents and overdrafts are explained below;
- Net debt is analysed in note 16;
- Provisions are analysed in note 15; and
- Retirement benefit obligations are explained on page 13.

Total equity
Total equity at 30 June 2018 was £833 million (31 December 2017: £843 million). The main movements during the period were: profit for the period of £108 million (six months ended 30 June 2017: £161 million), other comprehensive losses of £9 million (six months ended 30 June 2017: £100 million) (which included a re-measurement loss on deferred retirement benefit schemes of £5 million (six months ended 30 June 2017: £67 million) as explained on page 12 and an exchange loss on translation of foreign operations and changes in fair value of cash flow hedging financial instruments of £5 million (six months ended 30 June 2017: £44 million)), and dividends paid in the period of £105 million (six months ended 30 June 2017: £103 million).

REVIEW OF THE GROUP'S CASH FLOW AND FINANCING

Consolidated statement of cash flow
Net cash flow from operating activities before tax was £165 million (2017: £170 million). Net cash inflow from operating activities was £117 million (2017: £129 million). Net cash used in investing activities was £10 million (2017: cash generated £94 million), including £32 million (2017: £151 million) of net business disposal proceeds. Net cash inflow from financing activities was £291 million (2017: outflow of £349 million) with the difference being mainly the repayment of borrowings of £598 million in the first half of 2017. Cash, cash equivalents and overdrafts at 30 June 2018 were £967 million (2017: £549 million), a net increase compared with 31 December 2017 including the impact of exchange rate movements of £396 million (2017: decrease of £123 million). The Group's statutory cash flow is presented in full on page 20.

Net debt
Net debt as at 30 June 2018 was £1,566 million (2017: £1,607 million). The Group's net debt to Adjusted EBITDA ratio was 2.7x (2017: 2.7x). The detailed reconciliation of movements in net debt is provided on page 38 and is reconciled to the statutory cash flow on page 39.

Net debt maturity
In April 2018, the Group's credit rating was affirmed by Standard & Poor's as BBB-, however the outlook was revised from negative to stable. As at 30 June 2018 the Group had liquidity of £1,967 million (2017: £1,549 million) comprising cash, cash equivalents and bank overdrafts of £967 million (2017: £549 million) and unutilised but committed facilities of £1 billion (2017: £1 billion). The Group issued a €550 million Public Bond in May 2018 which matures in May 2025 and pays an annual coupon of 1.875%.

The next debt maturities are £44 million and $224 million US Private Placement notes due in July 2018 and a €500 million Eurobond in December 2018. The recent refinancings have secured around £20 million of annualised interest cost savings per annum by the end of 2019. The Group 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 earnings.

The Group’s main sources of finance and their applicable rates as at 30 June 2018 are set out below:

Debt instrument/ Year of issue	Nominal amount[a]	Issued interest rate	Post hedging avg interest rate	Year of redemption and amounts (£m)[b]								
				2018	2019	2020	2021	2022	2023	2024	2025	Total
US PP 2007	US$145m	5.96%	2.85%		110							**110**
US PP 2007	US$105m	6.06%	2.91%					80				**80**
US PP 2008	£44m	7.56%	7.56%	44								**44**
US PP 2008	US$224m	6.78%	6.91%	157								**157**
US PP 2008	US$74.5m	6.88%	6.88%			56						**56**
Public Bond 2009	£350m	7.75%	7.75%		350							**350**
Public Bond 2012	€500m	2.63%	2.62%	417								**417**
Public Bond 2016	€500m	1.50%	2.24%						447			**447**
Public Bond 2017	€500m	1.50%	3.21%							429		**429**
Public Bond 2018	€550m	1.88%	2.78%								482	**482**
Revolving Credit Facility 2015[c]	£1bn (multi currency)	Undrawn	-									**-**
				618	**460**	**56**	**-**	**80**	**447**	**429**	**482**	**2,572**

[a] Nominal debt amount, for fair value carrying amount see note 18.
[b] Translated at exchange rates prevailing at 30 June 2018, or hedged exchange rates where applicable.
[c] £964 million of the original £1 billion multi-currency revolving credit facility matures in January 2022, with the remainder maturing in January 2021. As at 30 June 2018 there were no drawings from the facility.

The Group's average cost of gross borrowings, net of interest hedging, was 4.0% (2017: 3.7%).

OTHER INFORMATION

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 2018 Closing rates	Six months to 30 June 2018 Average rates	Year to 31 December 2017 Average rates
£/US$	**1.3194**	**1.3737**	**1.2964**
£/€	**1.1299**	**1.1357**	**1.1453**
£/South Africa Rand	**18.1519**	**16.8604**	**17.3187**
£/India Rupee	**90.3452**	**90.3128**	**84.3570**
£/Brazil Real	**5.0971**	**4.6943**	**4.1506**

Applying June 2018 closing rates to underlying results for the six months ending 30 June 2018 would result in an increase in revenue of 0.9% to £3,633 million (for the period ended 30 June 2017: increase of 1.1% to £3,630 million) and an increase in Adjusted PBITA of 0.9% to £214 million (for the period ended 30 June 2017: increase of 1.4% to £222 million).

Applying June 2018 closing rates to the Group’s statutory results for the six months ending 30 June 2018 would result in an increase in revenue of 0.9% to £3,706 million (for the period ended 30 June 2017: decrease of 3.4% to £3,837 million) and an increase in Adjusted PBITA of 0.5% to £214 million (for the period ended 30 June 2017: decrease of 2.5% to £232 million).

The strengthening of the average Sterling exchange rates compared with the prior period led to a decrease in statutory revenue of 4.4% and a decrease in Adjusted PBITA of 4.2%. The impact of exchange rate movements increased the Group's net debt by £1 million compared with the prior period.

Dividend
The Board has declared an interim dividend of 3.59p (2017: 3.59p) per share (DKK 0.2969).

Pensions
The Group's IAS 19 Revised (2011) Employee Benefits net pension deficit at 30 June 2018 recognised in the consolidated statement of financial position was £382 million (31 December 2017: £381 million) or £321 million (31 December 2017: £318 million) net of applicable tax in the relevant jurisdictions. The Group's net pension deficit has increased marginally compared with the position as at 31 December 2017 reflecting an increase in the deficits in the Group's unfunded pension schemes offset by a decrease in the net deficit of the UK pension scheme. The decrease in the UK scheme's net deficit reflects the payment of scheduled deficit-repair contributions of £21 million (2017: £20 million) during the period, together with a slightly higher discount rate assumption applied to the valuation of scheme obligations. The next triennial valuation of the Group's main UK pension schemes is underway, as a result of which future deficit-repair contributions will be subject to review and potential renegotiation.

Risk and uncertainties
A discussion of the Group's risk assessment and control processes and the principal risks and uncertainties that could affect the business activities or financial results is detailed on pages 60 to 65 of the company's Integrated Report and Accounts for the financial year ended 31 December 2017, 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 and safety, people, major contracts, 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 2017 Integrated Report and Accounts during the remaining six months of the financial year although the risks associated with the terms of the UK's exit from the EU continue to evolve.

Brexit

The Group operates mainly within national boundaries and is typically subject to security-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 to be agreed with the EU around the free movement of capital and labour, the UK's exit from the EU could result in a shortage of skills or workforce availability in the UK market. In addition, 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 uncertain and could also affect a range of business factors and conditions including 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 results for the six months ended 30 June 2018

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 consolidated 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:

Tim Weller
Group Chief Financial Officer
9 August 2018

Independent review report to G4S plc

For the six months ended 30 June 2018

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 2018 half-yearly results of G4S plc for the 6 month period ended 30 June 2018. 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 Guidance and Transparency Rules sourcebook 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 2018;
- 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 2018 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 Guidance and Transparency Rules sourcebook 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 interim financial statements and the review

Our responsibilities and those of the directors

The 2018 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 2018 half-yearly results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the 2018 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 Guidance and Transparency Rules sourcebook 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 interim 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, 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 2018 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
9 August 2018

G4S plc
Consolidated financial statements
For the six months ended 30 June 2018

Consolidated income statement (unaudited)

Continuing operations	Notes	Six months ended 30 June 2018 £m	Six months ended 30 June 2017 Restated[1] £m	Year ended 31 Dec 2017 Restated[1] £m
Revenue	5	**3,672**	3,971	7,826
Operating profit before joint ventures, specific items and other separately disclosed items		**209**	234	483
Share of post-tax profit from joint ventures		**4**	4	9
Adjusted profit before interest, tax and amortisation (Adjusted PBITA)	*5*	**213**	238	492
Specific items	*6*	**(8)**	(11)	(34)
Restructuring costs	*6*	**(14)**	(14)	(20)
Profit on disposal/closure of subsidiaries/businesses	*6,7*	**4**	68	74
Amortisation of acquisition-related intangible assets	*6*	**(2)**	(6)	(10)
Operating profit	*5,6*	**193**	275	502
Finance income[2]	*8*	**8**	6	12
Finance expense[2]	*8*	**(62)**	(62)	(127)
Profit before tax		**139**	219	387
Tax	*9*	**(31)**	(54)	(128)
Profit from continuing operations after tax		**108**	165	259
Loss from discontinued operations		**-**	(4)	(6)
Profit for the period		**108**	161	253
Attributable to:				
Equity holders of the parent		**103**	151	237
Non-controlling interests		**5**	10	16
Profit for the period		**108**	161	253
Earnings per share attributable to equity shareholders of the parent	*11*			
Basic and diluted – from continuing operations		**6.7p**	10.0p	15.7p
Basic and diluted – from continuing and discontinued operations		**6.7p**	9.8p	15.3p
Dividends declared and proposed in respect of the period				
Interim dividend		**55**	55	55
Final dividend		**-**	-	95
Total dividend	*10*	**55**	55	150

[1] Comparative results have been restated for the adoption of IFRS 15 – Revenue from Contracts with Customers, see note 3.

[2] The results for the year ended 31 December 2017 and the six months ended 30 June 2017 have been re-presented to decrease both finance income and finance expense by £4m with no effect on profit before tax, see note 8 for details.

Consolidated statement of comprehensive income (unaudited)

	Six months ended 30 June 2018 £m	Six months ended 30 June 2017 Restated[1] £m	Year ended 31 Dec 2017 Restated[1] £m
Profit for the period	**108**	161	253
Other comprehensive income			
Items that will not be re-classified to profit or loss:			
Re-measurements on defined retirement benefit schemes	**(5)**	(67)	26
Tax on items that will not be re-classified to profit or loss	**1**	11	(4)
	(4)	(56)	22
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 hedging financial instruments	**(5)**	(44)	(69)
Other comprehensive (loss)/income, net of tax	**(9)**	(100)	(47)
Total comprehensive income for the period	**99**	61	206
Attributable to:			
Equity holders of the parent	**94**	52	192
Non-controlling interests	**5**	9	14
Total comprehensive income for the period	**99**	61	206

[1] Comparative results have been restated for the adoption of IFRS 15 – Revenue from Contracts with Customers, see note 3.

Consolidated statement of changes in equity (unaudited)

	Attributable to equity holders of the parent						
	Share capital 2018 £m	**Share premium 2018 £m**	**Retained earnings 2018 £m**	**Other reserves 2018 £m**	**Total 2018 £m**	**NCI reserve 2018 £m**	**Total Equity 2018 £m**
At 1 January 2018	**388**	**258**	**(177)**	**370**	**839**	**4**	**843**
Total comprehensive income/(loss)	**-**	**-**	**99**	**(5)**	**94**	**5**	**99**
Dividends paid	**-**	**-**	**(95)**	**-**	**(95)**	**(10)**	**(105)**
Recycling of cumulative translation adjustments	**-**	**-**	**-**	**(1)**	**(1)**	**-**	**(1)**
Own shares awarded	**-**	**-**	**(9)**	**9**	**-**	**-**	**-**
Own shares purchased	**-**	**-**	**-**	**(7)**	**(7)**	**-**	**(7)**
Share-based payments	**-**	**-**	**4**	**-**	**4**	**-**	**4**
At 30 June 2018	**388**	**258**	**(178)**	**366**	**834**	**(1)**	**833**

	Attributable to equity holders of the parent						
	Share capital 2017 £m	Share premium 2017 £m	Retained earnings 2017 £m	Other reserves 2017 £m	Total 2017 £m	NCI reserve 2017 £m	Total Equity 2017 £m
At 1 January 2017 – restated[1]	388	258	(272)	456	830	21	851
Total comprehensive income/(loss) - restated[1]	-	-	96	(44)	52	9	61
Dividends paid	-	-	(90)	-	(90)	(13)	(103)
Transactions with non-controlling interests	-	-	(15)	-	(15)	2	(13)
Recycling of net investment hedge	-	-	-	24	24	-	24
Recycling of cumulative translation adjustments	-	-	-	(42)	(42)	-	(42)
Own shares awarded	-	-	(11)	11	-	-	-
Own shares purchased	-	-	-	(7)	(7)	-	(7)
Share-based payments	-	-	4	-	4	-	4
At 30 June 2017 - restated[1]	388	258	(288)	398	756	19	775

	Attributable to equity holders of the parent						
	Share capital 2017 £m	Share premium 2017 £m	Retained earnings 2017 £m	Other reserves 2017 £m	Total 2017 £m	NCI reserve 2017 £m	Total Equity 2017 £m
At 1 January 2017 - restated[1]	388	258	(272)	456	830	21	851
Total comprehensive income/(loss) - restated[1]	-	-	261	(69)	192	14	206
Dividends paid	-	-	(145)	-	(145)	(34)	(179)
Transactions with non-controlling interests	-	-	(19)	-	(19)	3	(16)
Recycling of net investment hedge	-	-	-	24	24	-	24
Recycling of cumulative translation adjustments	-	-	-	(42)	(42)	-	(42)
Own shares awarded	-	-	(11)	11	-	-	-
Own shares purchased	-	-	-	(10)	(10)	-	(10)
Share-based payments	-	-	9	-	9	-	9
At 31 December 2017 - restated[1]	388	258	(177)	370	839	4	843

[1] Comparative results have been restated for the adoption of IFRS 15 – Revenue from Contracts with Customers, see note 3.

Consolidated statement of financial position (unaudited)

	Notes	**As at 30 June 2018 £m**	As at 30 June 2017 Restated[1] £m	As at 31 Dec 2017 Restated[1] £m
ASSETS				
Non-current assets				
Goodwill		**1,918**	1,952	1,914
Other acquisition-related intangible assets		**7**	12	9
Non-acquisition-related intangible assets		**96**	84	88
Property, plant and equipment		**381**	412	395
Trade and other receivables		**77**	121	82
Investment in joint ventures		**22**	22	20
Investments	*16*	**22**	13	20
Retirement benefit surplus	*14*	**73**	60	80
Deferred tax assets	*9*	**241**	276	242
		2,837	2,952	2,850
Current assets				
Inventories		**107**	102	104
Investments	*16*	**43**	65	42
Trade and other receivables		**1,432**	1,362	1,417
Current tax assets	*9*	**54**	67	55
Cash and cash equivalents	*16*	**1,302**	827	902
Assets of disposal groups classified as held for sale	*12*	**-**	15	53
		2,938	2,438	2,573
Total assets		**5,775**	5,390	5,423
LIABILITIES				
Current liabilities				
Bank overdrafts	*16*	**(292)**	(216)	(284)
Bank loans	*16*	**(7)**	(14)	(8)
Loan notes	*16*	**(1,118)**	-	(655)
Obligations under finance leases	*16*	**(12)**	(15)	(15)
Trade and other payables		**(1,194)**	(1,204)	(1,263)
Current tax liabilities	*9*	**(61)**	(73)	(79)
Provisions	*15*	**(83)**	(91)	(104)
Liabilities of disposal groups classified as held for sale	*12*	**(1)**	(11)	(19)
		(2,768)	(1,624)	(2,427)
Non-current liabilities				
Bank loans	*16*	**(5)**	(74)	(5)
Loan notes	*16*	**(1,506)**	(2,144)	(1,486)
Obligations under finance leases	*16*	**(22)**	(33)	(20)
Trade and other payables		**(32)**	(41)	(35)
Retirement benefit obligations	*14*	**(455)**	(546)	(461)
Provisions	*15*	**(146)**	(143)	(138)
Deferred tax liabilities	*9*	**(8)**	(10)	(8)
		(2,174)	(2,991)	(2,153)
Total liabilities		**(4,942)**	(4,615)	(4,580)
Net assets		**833**	775	843
EQUITY				
Share capital		**388**	388	388
Share premium		**258**	258	258
Reserves		**188**	110	193
Equity attributable to equity holders of the parent		**834**	756	839
Non-controlling interests		**(1)**	19	4
Total equity		**833**	775	843

[1] The consolidated statements of financial position as at 30 June 2017 and 31 December 2017 have been restated for the effect of IFRS 15. The consolidated statement of financial position as at 30 June 2017 has also been re-presented to re-classify certain investments from current to non-current assets and to present separately current tax liabilities - see note 3.

G4S plc
Consolidated financial statements
For the six months ended 30 June 2018

Consolidated statement of cash flows (unaudited)

	Six months ended 30 June 2018 £m	Six months ended 30 June 2017 £m	Year ended 31 Dec 2017 £m
Operating profit - restated[1]	**193**	275	502
Adjustments for non-cash and other items (see note 17)	**27**	(21)	40
(Increase)/decrease in inventory	**(5)**	7	1
Increase in accounts receivable - restated[1]	**(20)**	(51)	(94)
(Decrease)/increase in accounts payable - restated[1]	**(30)**	(40)	39
Net cash flow from operating activities before tax (see note 17)	**165**	170	488
Tax paid	**(48)**	(41)	(86)
Net cash flow from operating activities	**117**	129	402
Investing activities			
Purchases of non-current assets	**(52)**	(44)	(109)
Proceeds on disposal of property, plant and equipment	**4**	1	5
Disposal of subsidiaries	**32**	151	156
Cash, cash equivalents and bank overdrafts in disposed entities	**(2)**	(8)	(8)
Acquisition of subsidiaries	**(1)**	-	(1)
Interest received	**10**	7	29
(Purchase)/sale of investments	**(3)**	(17)	3
Cash flow from equity accounted investments	**2**	4	6
Net cash (used in)/generated by investing activities	**(10)**	94	81
Financing activities			
Dividends paid to equity shareholders of the parent	**(95)**	(90)	(145)
Dividends paid to non-controlling interests	**(9)**	(13)	(34)
Purchase of own shares	**(7)**	(7)	(10)
Proceeds from new borrowings	**482**	437	437
Repayment of borrowings	**(1)**	(598)	(672)
Net interest (paid)/received relating to derivative financial instruments	**(7)**	22	29
Interest paid	**(69)**	(77)	(136)
Repayment of obligations under finance leases	**(3)**	(10)	(23)
Transactions with non-controlling interests	**-**	(13)	(16)
Net cash inflow/(outflow) from financing activities	**291**	(349)	(570)
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	**398**	(126)	(87)
Cash, cash equivalents and bank overdrafts at the beginning of the period	**571**	672	672
Effect of foreign exchange rate fluctuations on net cash held	**(2)**	3	(14)
Cash, cash equivalents and bank overdrafts at the end of the period	**967**	549	571

[1] Comparative results have been restated for the adoption of IFRS 15 – Revenue from Contracts with Customers, see note 3.

Notes to the interim financial statements

1) Basis of preparation and accounting policies

These condensed consolidated interim financial statements ("the interim financial statements") comprise the unaudited consolidated results of G4S plc ("the Group") for the six months ended 30 June 2018. These results and the comparatives for the six months ended 30 June 2017 and for the year ended 31 December 2017 do not comprise statutory accounts and should be read in conjunction with the Integrated Report and Accounts 2017, which is available at www.g4s.com. The Integrated Report and Accounts 2017 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 interim financial statements have been prepared applying accounting policies consistent with those applied by the Group in the Integrated Report and Accounts 2017, except for the adoption of IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments as described below in note 3.

The financial information in these interim financial statements for the half year to 30 June 2018 has been reviewed but not audited by PricewaterhouseCoopers LLP, the company's auditor.

The interim 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.

The consolidated statement of financial position as at 30 June 2017 has been re-presented to re-classify investments with a book value of £13m from current to non-current assets and to present separately tax receivables of £67m, previously presented within trade and other receivables, as a separate line item on the face of the statement of financial position – see page 23. As described in note 8, the results for the year ended 31 December 2017 and the six months ended 30 June 2017 have been re-presented to decrease both finance income and finance expense by £4m with no effect on profit before tax.

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

2) 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 judgment need to be disclosed separately in arriving at operating profit 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.

All items that are reported as specific items are evaluated and approved by the Group's Audit Committee prior to being separately disclosed. The Group seeks to be balanced when reporting specific items for both debits and credits, and any reversals of excess provisions previously created as specific items are classified consistently as specific items. Specific items may not be comparable with similarly-titled measures used by other companies.

In general, provisions recognised for future losses on onerous contracts are charged to the consolidated income statement within Adjusted PBITA. However, where onerous contract charges are significant by virtue of their size, they are separately charged within specific items. Such losses are distinct from "in-year" losses, which are utilised against provisions for onerous contract losses. Releases of onerous contract provisions originally charged as specific items are separately credited within specific items.

In order to provide further clarity in the consolidated income statement, the Group also discloses separately certain restructuring costs, profits or losses on disposal or closure of subsidiaries, acquisition-related amortisation and expenses and goodwill impairments. Restructuring costs that are separately disclosed reflect the Group's multi-year productivity programme. This programme is of a strategic nature and, as such, is monitored and approved by the Group's Executive Committee. Activities under the programme in 2018 focused primarily on the previously announced three-year plan to implement efficient organisational design and leaner processes. During 2016 and 2017 activities under the programme focused primarily on transforming the operating model in the Europe & Middle East region. Restructuring costs that are incurred in the normal course of business are recorded within Adjusted PBITA.

Notes to the interim financial statements (continued)

3) Adoption of new and revised accounting standards and interpretations

The group has applied IFRS 15 – Revenue from Contracts with Customers and IFRS 9 – Financial Instruments for the first time in the period.

IFRS 15 – Revenue from Contracts with Customers

The Group has adopted IFRS 15 – Revenue from Contracts with Customers with effect from 1 January 2018 and has prepared the 2018 interim financial statements in accordance with the requirements of this new standard. The Group has chosen to apply the standard fully retrospectively and has restated comparatives where appropriate.

The Group derives its revenue principally from providing manned security and cash security services; technology installation; the provision of security equipment (particularly security alarms, smart safes and cash recycling equipment); and facilities management (including care & justice services). For the majority of the Group's services, including the provision of manned security and cash security services, the Group's right to consideration from its customers equates to the value of services supplied to the customer. Where that is the case, the practical expedient has been applied under IFRS 15 to recognise revenue as the customer is billed.

Technology installations represent long-term technology or other installation projects that span one or more reporting periods. Under IFRS 15, such installations are considered to comprise one performance obligation consisting of a group of inseparable services. Revenue in respect of such installations is recognised as the services are delivered based on costs incurred as a proportion of the total expected costs of the installation.

Contracts for the provision of security alarms, smart safes and cash recycling equipment are assessed to identify distinct pe rformance obligations which will typically include one or more of: the outright sale of equipment; the provision of installation and / or m aintenance services; equipment rental and ongoing monitoring. In contracts that include the outright sale of equipment, revenue in respect of the sale and installation is recognised when the equipment is installed. In countries in which equipment cannot be sold with out the provision of ongoing maintenance or other services and in contracts for the rental of equipment, revenue is recognised over the period of the contract. Ongoing maintenance and monitoring services represent a series of services with a constant pattern of transfer to the customer over time. Revenue in respect of such services is recognised over the period of the co ntract.

Contracts for facilities management and care & justice services typically require the provision of a group of interrelated goods and services to the customer over a period of time. Such goods and services are typically considered to represent a single performance obligation as each promise is satisfied over the same period. Consideration received in respect of such services typically e quates to the value of services supplied to the customer to date and the practical expedient has been applied under IFRS 15 to recognise revenue as the customer is billed.

The impact of adopting IFRS 15 on the Group's consolidated income statement for the year ended 31 December 2017 was an immaterial change to the presentation of penalties incurred and an immaterial reduction in the amount capitalised with respect to the costs of bidding for and winning contracts with the effect of reducing revenue by £2m (six months ended 30 June 2017: £1m) and increasing each of PBITA, operating profit, profit before tax, profit after tax, profit for the period and profit for the period attributable to equity holders of the parent by £1m (six months ended 30 June 2017: £1m). The adoption of IFRS 15 had no impact on the Group's net cash flow from operating activities for the year ended 31 December 2017 or for the period ended 30 June 2017.

IFRS 9 – Financial Instruments

The Group has adopted IFRS 9 – Financial Instruments with effect from 1 January 2018, and has prepared the interim financial statements in accordance with the requirements of this new standard.

The new standard is applicable to the classification, measurement, impairment and re-categorisation of financial assets and liabilities. It also introduces a new hedge accounting model.

There has been no change to the Group's consolidated income statement, statement of other comprehensive income, statement of changes in equity or statement of financial position on adoption. The Group has no financial liabilities held at fair value other than derivatives. The introduction of an expected-loss impairment model has had no material effect given the general quality and short-term nature of the Group's trade receivables. There has been no re-categorisation of assets on adoption of the new standard and the Group's existing hedging relationships have been assessed as compliant with the new requirements following a review of the existing hedging arrangements. No voluntary elections been made on adoption.

Notes to the interim financial statements (continued)

As described in note 1, the consolidated statement of financial position at 30 June 2017 has been restated to re-classify certain investments from current to non-current assets and to disclose separately current tax receivable. The effect of the adoption of IFRS 15, along with the re-classification of investments and tax amounts on the Group's consolidated statement of financial position as at 30 June 2017 is set out below:

Consolidated statement of financial position as at 30 June 2017	**As published**	**Re-classifications**		**Restatement for IFRS15**	**Restated**
		Investments	**Tax**		
	£m	**£m**	**£m**	**£m**	**£m**
ASSETS					
Non-current assets					
Trade and other receivables	122	-	-	(1)	121
Investments	-	13	-	-	13
Deferred tax asset	274	-	-	2	276
Other non-current assets	2,542	-	-	-	2,542
	2,938	**13**	**-**	**1**	**2,952**
Current assets					
Investments	78	(13)	-	-	65
Trade and other receivables	1,428	-	(67)	1	1,362
Current tax receivable	-	-	67	-	67
Other current assets	944	-	-	-	944
	2,450	**(13)**	**-**	**1**	**2,438**
Total assets	**5,388**	**-**	**-**	**2**	**5,390**
LIABILITIES					
Current liabilities					
Trade and other payables	(1,203)	-	-	(1)	(1,204)
Other current liabilities	(420)	-	-	-	(420)
	(1,623)	**-**	**-**	**(1)**	**(1,624)**
Non-current liabilities					
Trade and other payables	(29)	-	-	(12)	(41)
Other non-current liabilities	(2,950)	-	-	-	(2,950)
	(2,979)	**-**	**-**	**(12)**	**(2,991)**
Total liabilities	**(4,602)**	**-**	**-**	**(13)**	**(4,615)**
Net assets	**786**	**-**	**-**	**(11)**	**775**
EQUITY					
Share capital	388	-	-	-	388
Share premium	258	-	-	-	258
Reserves	121	-	-	(11)	110
Equity attributable to equity holders of the parent	**767**	**-**	**-**	**(11)**	**756**
Non-controlling interests	19	-	-	-	19
Total Equity	**786**	**-**	**-**	**(11)**	**775**

Notes to the interim financial statements (continued)

The impact of the adoption of IFRS 15 on the Group's consolidated statement of financial position as at 31 December 2017 is presented below:

Consolidated statement of financial position as at 31 December 2017	As published £m	Restatement for IFRS15 £m	Restated £m
ASSETS			
Non-current assets			
Trade and other receivables	83	(1)	82
Deferred tax asset	240	2	242
Other non-current assets	2,526	-	2,526
	2,849	**1**	**2,850**
Current assets			
Trade and other receivables	1,416	1	1,417
Other current assets	1,156	-	1,156
	2,572	**1**	**2,573**
Total assets	**5,421**	**2**	**5,423**
LIABILITIES			
Current liabilities			
Trade and other payables	(1,262)	(1)	(1,263)
Other current liabilities	(1,164)	-	(1,164)
	(2,426)	**(1)**	**(2,427)**
Non-current liabilities			
Trade and other payables	(23)	(12)	(35)
Other non-current liabilities	(2,118)	-	(2,118)
	(2,141)	**(12)**	**(2,153)**
Total liabilities	**(4,567)**	**(13)**	**(4,580)**
Net assets	**854**	**(11)**	**843**
EQUITY			
Share capital	388	-	388
Share premium	258	-	258
Reserves	204	(11)	193
Equity attributable to equity holders of the parent	**850**	**(11)**	**839**
Non-controlling interests	4	-	4
Total Equity	**854**	**(11)**	**843**

New standards not yet effective

The Group has not early-adopted any standard, amendment or interpretation. A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 30 June 2018. The directors are currently evaluating the impact of these new standards on the Group accounts:

- Annual Improvements to IFRS Standards 2015-2017 Cycle
- IFRS 9 amendments – Prepayment features with negative compensation
- IAS 19 amendments – Plan amendment, curtailment or settlement
- IAS 28 amendments – Long term interests in associates and joint ventures
- IFRIC 23 - Uncertainty over income tax treatments

IFRS 16 – Leases

The Group continues to assess the impact of adopting IFRS 16 – Leases, which will be effective for the Group's financial year ending 31 December 2019.

The principal effect of adopting IFRS 16 will be to gross up the Group's balance sheet to recognise additional right of use assets within property, plant and equipment and additional lease liabilities in respect of leases that are currently treated as operating leases. The associated operating lease charge that is currently recorded within operating costs will be removed and replaced with a depreciation charge in respect of the additional assets recognised and an interest charge in respect of the additional lease creditors recognised.

As interest is charged at the effective rate on the reducing balance of the liability over the lease term, the effect on profit before tax will be variable over the term of a lease. However, the cumulative impact on pre-tax profit over the lease term will be neutral. Any difference between the opening adjustment to the lease liability and to property, plant and equipment due to the straight-line depreciation of property, plant and equipment compared with the reducing balance of leases over their respective terms will be reflected as an opening reserves adjustment on implementation of the new standard.

The impact on the consolidated income statement is currently expected to be a decrease in operating lease charges included in operating costs and an increase in both the depreciation expense and interest charge. Adjusted PBITA is expected to increase due to the re-classification of the interest element of operating lease rentals as finance costs.

The impact on the consolidated statement of cash flows will be an increase in net cash flow from operating activities, equivalent to the increase in Adjusted PBITA, matched by an increase in cash outflow from financing activities due to the re-classification of finance lease interest, with no impact on net cash flow.

Further details of the Group's commitments under operating leases at 31 December 2017 can be found in note 38 of the 2017 Integrated Report and Accounts.

4) Accounting estimates, judgments and assumptions

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgments, 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 judgments, 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 judgments, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ.

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 judgments, estimates and assumptions which are of most significance in preparing the Group's interim financial statements are the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

5) Operating segments and revenue

As indicated in the 2017 Integrated Report and Accounts, from 1 January 2018 the Group has reorganised the group-wide management of its businesses to create a Global Cash Solutions division and to consolidate its Secure Solutions business into four regions:

- Africa;
- Americas (combining the previous North America and Latin America regions);
- Asia (including India and Bangladesh that formerly reported under the Middle East & India region); and
- Europe & Middle East (combining the previous Europe, UK & Ireland and Middle East & India regions except for India and Bangladesh that now report under the Asia region).

Prior period and prior year comparatives have been restated accordingly to present segmental results on a consistent basis. 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:

Revenue by reportable segment	**6 months ended 30 June 2018 £m**	6 months ended 30 June 2017 Restated[1] £m	Year ended 31 Dec 2017 Restated[1] £m
Africa	**198**	200	399
Americas	**1,177**	1,260	2,489
Asia	**434**	444	896
Europe & Middle East	**1,299**	1,387	2,747
Total Secure Solutions	**3,108**	3,291	6,531
Total Cash Solutions[2]	**564**	680	1,295
Total Revenue	**3,672**	3,971	7,826

Operating profit by reportable segment	**6 months ended 30 June 2018 £m**	6 months ended 30 June 2017 Restated[1] £m	Year ended 31 Dec 2017 Restated[1] £m
Africa	**15**	16	29
Americas	**54**	52	120
Asia	**28**	29	60
Europe & Middle East	**83**	92	182
Total Secure Solutions	**180**	189	391
Total Cash Solutions[2]	**61**	75	150
Operating profit before corporate costs	**241**	264	541
Corporate costs	**(28)**	(26)	(49)
Adjusted profit before interest, tax and amortisation (Adjusted PBITA)	**213**	238	492
Specific items	**(8)**	(11)	(34)
Restructuring costs	**(14)**	(14)	(20)
Profit on disposal/closure of subsidiaries/businesses	**4**	68	74
Amortisation of acquisition-related intangible assets	**(2)**	(6)	(10)
Operating profit	**193**	275	502

[1] The revenue and operating profit for the six months ended 30 June 2017 and for the year ended 31 December 2017 have been restated to reflect the Group's reorganisation as described above and for the effects of IFRS 15 – see note 3.

[2] Includes a benefit of around £8m from the early completion of a bullion centre contract in the UK Cash Solutions business (2017: £2m from the same contract).

Notes to the interim financial statements (continued)

The Group's revenue by customer type can be analysed as follows:

Revenue by customer type	6 months ended 30 June 2018 £m	6 months ended 30 June 2017 Restated[1] £m	Year ended 31 Dec 2017 Restated[1] £m
Major corporates	**1,249**	1,317	2,575
Government	**776**	825	1,587
Financial institutions	**622**	642	1,391
Retail, leisure and consumers	**613**	744	1,412
Energy and utilities	**213**	245	458
Transport, ports and aviation	**199**	198	403
Total Revenue	**3,672**	3,971	7,826

[1] Revenue for the six months ended 30 June 2017 and for the year ended 31 December 2017 has been restated for the effects of IFRS 15 – see note 3.

6) Operating profit

The income statement can be analysed as follows:

Continuing operations	Six months ended 30 June 2018 £m	Six months ended 30 June 2017 Restated[1] £m	Year ended 31 Dec 2017 Restated[1] £m
Revenue	**3,672**	3,971	7,826
Cost of sales	**(3,037)**	(3,269)	(6,429)
Gross profit	**635**	702	1,397
Administration expenses	**(446)**	(431)	(904)
Share of profit after tax from joint ventures	**4**	4	9
Operating profit	**193**	275	502

[1] Restated for the effect of IFRS 15 – see note 3.

Operating profit includes items that are separately disclosed for the six months ended 30 June 2018 related to:

- Specific items charge of £8m (six months ended 30 June 2017: £11m; year ended 31 December 2017: £34m), relating to additional provisions required in the Asia region in respect of historical employee gratuities. Specific items of £11m incurred during the six months ended 30 June 2017 included a £6m charge related to the estimated cost of settlement of subcontractor claims from commercial disputes in relation to prior years, which were settled in 2018, and a £5m charge related to an increase in expected delivery costs in respect of a contract. Specific items incurred during the year ended 31 December 2017 of £34m included £19m primarily relating to the anticipated total losses over the next 15 to 20 years in respect of certain UK contracts, £6m related to the estimated cost of settlement of subcontractor claims from commercial disputes in respect of prior years, and £9m related mainly to the settlement of labour disputes in respect of prior years in the Americas region;

- Investment in restructuring programmes of £14m (six months ended 30 June 2017: £14m; year ended 31 December 2017: £20m) relating to the 2018-2020 strategic productivity programme announced in 2017 which is being implemented across the Group, mainly in the Europe & Middle East and Americas regions and the Cash Solutions division. In addition, the Group incurred non-strategic severance costs of £4m (six months ended 30 June 2017: £4m; year ended 31 December 2017: £10m) which are included within cost of sales and administration expenses as appropriate;

- Disposal profit of £4m (six months ended 30 June 2017: £68m; year ended 31 December 2017: £74m) relating to the disposal of a number of the Group's operations including its businesses in Hungary and its secure data storage business in Kenya. In the first six months of 2017 the Group disposed of a number of operations including the businesses in Israel and its Youth Services business in North America. The Group also disposed of a small number of minor operations in the second half of 2017; and

- Amortisation of acquisition-related intangible assets of £2m (six months ended 30 June 2017: £6m; year ended 31 December 2017: £10m), which is lower than the prior period as certain intangible assets recognised on legacy acquisitions became fully amortised in 2017.

Notes to the interim financial statements (continued)

7) Disposals and closures

In the first six months of 2018 the Group sold four businesses, including the Group's businesses in Hungary and the Philippines and the secure data storage business in Kenya realising net cash consideration of £32m. These businesses generated Adjusted PBITA of £1m to the date of disposal (six months ended 30 June 2017: £3m).

In the first six months of 2017 the Group sold six businesses, including the Youth Services business in North America, the children's homes business in the UK, the Group's cash business in Peru and the Group's businesses in Israel and Bulgaria, realising net cash consideration of £151m. A further four businesses were closed during the period.

In the second half of 2017 the Group sold a further three businesses, including the Group's cash business in Paraguay, realising additional net cash consideration of £5m.

The net assets and net profit on disposal/closure of operations disposed of or closed were as follows:

	Six months ended 30 June 2018 £m	Six months ended 30 June 2017 £m	Year ended 31 Dec 2017 £m
Goodwill	**8**	50	52
Other acquisition-related intangible assets	**-**	1	1
Property, plant and equipment	**14**	13	13
Other non-current assets	**3**	17	17
Current assets	**22**	78	78
Liabilities	**(16)**	(58)	(61)
Net assets of operations disposed	**31**	101	100
Less: recycling from currency translation reserve	**(1)**	(17)	(18)
Net impact on consolidated statement of financial position due to disposals	**30**	84	82
Fair value of retained investment in former joint venture	**-**	(3)	(3)
Profit on disposal/closure of subsidiaries/businesses	**4**	68	74
Total consideration	**34**	149	153
Satisfied by:			
Cash received	**33**	158	166
Disposal costs paid	**(3)**	(5)	(10)
Additional net consideration received/(costs paid) relating to disposals completed in prior years	**2**	(2)	-
Net cash consideration received in the period	**32**	151	156
Deferred consideration receivable	**3**	4	4
Accrued disposal and other costs	**(1)**	(6)	(7)
Total consideration	**34**	149	153

Notes to the interim financial statements (continued)

8) Net finance expense

	Six months ended 30 June 2018 £m	Six months ended 30 June 2017[1] £m	Year ended 31 Dec 2017[1] £m
Interest and other income on cash, cash equivalents and investments	**6**	6	12
Gain arising from fair value adjustment to the hedged loan note items	**5**	9	14
Loss arising from change in fair value of derivative financial instruments hedging loan notes	**(5)**	(9)	(14)
Other finance income	**2**	-	-
Finance income	**8**	6	12
Interest on bank overdrafts and loans	**(8)**	(10)	(18)
Interest on loan notes	**(41)**	(45)	(87)
Net interest (payable)/receivable on loan-note related derivatives[1]	**(2)**	4	4
Interest on obligations under finance leases	**(1)**	(1)	(3)
Other interest charges[2]	**(5)**	(4)	(12)
Total Group borrowing costs	**(57)**	(56)	(116)
Finance costs on defined retirement benefit obligations	**(5)**	(6)	(11)
Finance expense	**(62)**	(62)	(127)
Net finance expense	**(54)**	(56)	(115)

[1] In the prior periods, the net interest receivable on loan note related derivatives was presented within finance income. In the current period it has been included within finance expense, and the prior period comparatives re-presented accordingly.
[2] Other interest charges include £nil (six months ended 30 June 2017: £nil; year ended 31 December 2017: £2m) relating to discounts unwound on provisions.

9) Tax

	Six months ended 30 June 2018 £m	Six months ended 30 June 2017 £m	Year ended 31 Dec 2017 £m
Current taxation expense	**(33)**	(44)	(97)
Deferred taxation credit/(expense)	**2**	(10)	(31)
Total income tax expense for the period	**(31)**	(54)	(128)

The effective tax rate on continuing operations was 22% (2017: 25%). The effective tax rate is a function of a variety of factors, with the most significant being (i) the geographic mix of the Group's taxable profits and the respective country tax rates, (ii) profits arising on the disposal of subsidiaries in the period being exempt from tax, (iii) the recognition of, and changes in the value of, deferred tax assets and liabilities, (iv) permanent differences such as expenses disallowable for tax purposes, (v) irrecoverable withholding taxes, and (vi) benefit of one-off items including tax claims.

The lower effective tax rate compared with the period to June 2017 is primarily driven by profits arising on the disposal of subsidiaries being taxed at a higher tax rate in the prior period.

At 30 June 2018, the Group had recognised deferred tax assets of £241m (31 December 2017: £242m) based upon the latest view of expected future profitability of businesses in which these assets have been recognised. Deferred tax liabilities of £8m (31 December 2017: £8m), current tax liabilities of £61m (31 December 2017: £79m) and current tax assets of £54m (31 December 2017: £55m) were also recognised. Deferred tax assets arise predominantly on tax losses and on deficits in defined benefit pension schemes. At 30 June 2018, the Group had estimated tax losses of £296m (31 December 2017; £272m) which were not recognised as deferred tax assets. Recognition of deferred tax assets is dependent upon the availability of future taxable profits based on business plans of the relevant legal entities.

Notes to the interim financial statements (continued)

As at 30 June 2018, the Group had capital losses available to carry forward of approximately £2.6bn (31 December 2017: £2.6bn). These losses have no expiry date and have not been agreed with the relevant tax authorities. No deferred tax assets have been recognised in respect of these losses on the basis that the likelihood of their future utilisation is considered to be remote.

At 30 June 2018, the Group had adequate provision for liabilities likely to arise in accounting periods which remain open to enquiry by tax authorities. The global nature of the Group's operations means that the most significant tax risk is in relation to challenges from tax authorities in relation to the pricing of cross-border transactions and the Group's interpretation of the OECD's arm's-length principle. This risk is largely driven by the inherently subjective nature of transfer pricing and the divergent views taken by tax authorities.

In determining the appropriate level of provisions in respect of such challenges, the Group applies a risk-based approach which considers factors such as the quantum of the charge, the countries party to the transaction and the relevant statutes of limitation. An assessment is also made of the likelihood that compensating adjustments will be obtained under the relevant tax treaties to mitigate the level of double taxation which could arise. As the Group operates in a significant number of countries, determining the appropriate level of provisions inevitably involves a significant level of judgment which is typically influenced by the Group's constantly evolving experience of tax controversy in different countries. The Group has open tax periods in a number of countries involving a number of issues, with the most material disputes typically being in respect of cross-border transactions.

As at 30 June 2018, the Group had total tax exposures of approximately £155m (31 December 2017: £146m) of which £42m (31 December 2017: £42m) is provided against. The Group believes that it has made appropriate provision for open tax periods which have not yet been agreed by tax authorities. The final agreed liabilities may vary from the amounts provided, as these are dependent upon the outcomes of the domestic and international dispute resolution processes in the relevant countries. The Group typically has limited control over the timing of resolution of uncertain tax positions with tax authorities. Acknowledging this inherent unpredictability, and on the basis of currently available information, the Group does not expect material changes to occur in the level of provisions against existing uncertain tax positions during the next twelve month period.

At any point in time, the Group is typically subject to tax audits in a number of different countries. In situations where a difference of opinion arises between the Group and a local tax authority in respect of its tax filings, the Group will debate the contentious areas and, where necessary, resolve them through negotiation or litigation. The Group relies upon advice and opinions from the Group tax department, local finance teams and external advisors, to ensure that the appropriate judgments are arrived at in establishing appropriate accounting provisions in relation to such disputes.

10) Dividends

	Pence per share	DKK per share	**2018 £m**	2017 £m
Amounts recognised as distributions to equity holders of the parent in the period				
Final dividend for the year ended 31 December 2016	5.82	0.5029	**-**	90
Interim dividend for the six months ended 30 June 2017	3.59	0.2948	**-**	55
Final dividend for the year ended 31 December 2017	6.11	0.5097	**95**	-
			95	145
Proposed interim dividend for the six months ended 30 June 2018	3.59	0.2969	**55**	

An interim dividend of 3.59p (DKK 0.2969) per share for the six months ended 30 June 2018 will be paid on 12 October 2018 to shareholders on the register on 7 September 2018.

Notes to the interim financial statements (continued)

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

	Six months ended 30 June 2018 £m	Six months ended 30 June 2017 Restated[1] £m	Year ended 31 Dec 2017 Restated[1] £m
(a) From continuing and discontinued operations			
Earnings			
Profit for the period attributable to equity shareholders of the parent	**103**	151	237
Weighted average number of ordinary shares (m)	**1,548**	1,548	1,548
Earnings per share from continuing and discontinued operations (pence)			
Basic and diluted	**6.7p**	9.8p	15.3p
(b) From continuing operations			
Earnings			
Profit for the period attributable to equity shareholders of the parent	**103**	151	237
Adjustment to exclude loss for the period from discontinued operations (net of tax)	**-**	4	6
Profit from continuing operations	**103**	155	243
Earnings per share from continuing operations (pence)			
Basic and diluted	**6.7p**	10.0p	15.7p
(c) From discontinued operations			
Loss for the period from discontinued operations (net of tax)	**-**	(4)	(6)
Loss per share from discontinued operations (pence)			
Basic and diluted	**-**	(0.3)p	(0.4)p

[1] Restated for the effect of IFRS 15 – see note 3.

12) Disposal groups classified as held for sale

As at 30 June 2018, disposal groups classified as held for sale included the assets and liabilities associated with a minor operation in the Group's Asia region.

At 30 June 2017, disposal groups classified as held for sale included the assets and liabilities associated with operations in the Group's Europe & Middle East and Americas regions.

At 31 December 2017, disposal groups classified as held for sale included the assets and liabilities associated with operations in the Group's Europe & Middle East, Africa, Asia and Americas regions.

13) Cash and cash equivalents, overdrafts and customer cash processing balances

The Group's Cash Solutions businesses provide a range of cash handling and processing services on behalf of customers. Certain of those services comprise collection, segregated storage and delivery of customer cash, with title to the cash handled remaining with the customer throughout the process. Such cash is never recorded in the Group's balance sheet.

A number of other cash processing services are provided to customers, such as the sale and purchase of physical cash balances, and the replenishment of ATMs and similar machines from customer funds held in Group bank accounts. Such funds, which are generally settled within two working days, are classified as "funds within cash processing operations", along with the related balances due to and from customers in respect of unsettled transactions, and are included gross within the relevant balance sheet classifications.

Funds within cash processing operations	**As at 30 June 2018 £m**	As at 30 June 2017 £m	As at 31 Dec 2017 £m
Stocks of money, included within cash and cash equivalents	**51**	70	74
Overdraft facilities related to cash processing operations, included within bank overdrafts	**(8)**	(7)	(19)
Liabilities to customers in respect of cash processing operations, included within trade and other payables	**(48)**	(66)	(62)
Receivables from customers in respect of cash processing operations, included within trade and other receivables	**5**	3	7
Funds within cash processing operations (net)	**-**	-	-

Whilst such cash and bank balances are not formally restricted by legal title, they are restricted by the Group's own internal policies such that they cannot be used for the purposes of the Group's own operations. For the purposes of the Group's consolidated statement of cash flow, funds within cash processing operations are therefore recorded net of the related balances due to and from customers in respect of unsettled transactions, within cash, cash equivalents and bank overdrafts, and hence have no impact on the Group's statutory cash flow.

A reconciliation of cash, cash equivalents and bank overdrafts at the end of the period per the consolidated statement of financial position to the corresponding balances included within the consolidated statement of cash flow is included in note 16.

14) Retirement benefit obligations

The Group's main defined benefit scheme is in the UK which accounts for approximately 62% (31 December 2017: 66%) of the total net deficit of all of the defined benefit schemes operated by the Group. The majority of the scheme was closed to future accrual in 2011. The Group's IAS 19 Revised (2011) Employee Benefits net pension deficit at 30 June 2018 recognised in the consolidated statement of financial position was £382m (31 December 2017: £381m) or £321m (31 December 2017: £318m) net of applicable tax in the relevant jurisdictions. The Group's net pension deficit has increased marginally compared with the position as at 31 December 2017 reflecting an increase in the deficits in the Group's unfunded pension schemes offset by a decrease in the net deficit of the UK pension scheme. The decrease in the UK scheme's net deficit reflects the payment of scheduled deficit-repair contributions of £21m (2017: £20m) during the period, together with a slightly higher discount rate assumption applied to the valuation of scheme obligations. The next triennial valuation of the Group's main UK pension schemes is underway, as a result of which future deficit-repair contributions will be subject to review and potential renegotiation.

Notes to the interim financial statements (continued)

15) Provisions and contingent liabilities

	Employee benefits £m	Restructuring £m	Claims £m	Onerous customer contracts £m	Property and other[1] £m	Total £m
At 1 January 2018	20	4	104	62	52	242
Additional provisions in the period	3	14	14	-	4	35
Utilisation of provisions	(2)	(10)	(18)	(8)	(9)	(47)
Transfers and reclassifications	-	(1)	(1)	-	5	3
Unused amounts reversed	-	-	(2)	-	(2)	(4)
Exchange differences	(1)	(1)	1	-	1	-
At 30 June 2018	**20**	**6**	**98**	**54**	**51**	**229**
Included in current liabilities						83
Included in non-current liabilities						146
						229

[1] Property and other includes £20m (31 December 2017: £17m) of onerous property lease provisions and dilapidations.

The Group recognised additional claims provisions of £14m mainly related to the estimated cost of settlement of claims from commercial disputes managed through the internal captive insurance companies in relation to prior years.

Additional provisions of £14m were recorded in relation to restructuring costs, mainly related to the 2018-2020 strategic productivity programme announced in 2017 (see note 6).

There were no increases to onerous customer contract provisions during the period. The provision at the end of June 2018 represents the anticipated total losses in respect of certain UK contracts. These additional expected losses are mainly related to the Compass contract and two PFI contracts that are expected to run for the next 15 to 20 years. It is expected that around 60% of the Group's total provision for onerous contracts will be utilised by the end of 2020. A number of profit improvement plans that were designed but have not yet been embedded successfully in contract delivery were not considered when estimating future expected losses. This is consistent with the Group's policy which requires evidence that profit improvement plans will be successfully implemented before they are reflected in anticipated future cash flow projections for onerous contract provisioning purposes.

The Group is involved in disputes in a number of countries, mainly related to activities incidental to its operations. Currently there are a number of disputes open in relation to the application of local labour law, commercial agreements with customers and subcontractors and claims and compliance matters, in some cases in the course of litigation. In addition, the interpretation of labour laws and regulations in a number of countries where the Group operates is complex and there is inherent judgement made when applying those laws and regulations that are open to interpretation. As such, there is risk that further disputes and claims from employees could arise in the future. Where there is a dispute or where there is a risk of a dispute or claims in the future and where, based on legal counsel advice, the Group estimates that it is probable that the dispute will result in an outflow of economic resources, provision is made based on the Group's best estimate of the likely financial outcome. Where a reliable estimate cannot be made, or where the Group, based on legal counsel advice, considers that it is not probable that there will be an outflow of economic resources, no provision is recognised.

In this regard, the Group is party to a number of on-going litigation processes in relation to interpretation of local labour law and regulations in a number of countries, where it is expected that these matters will not be resolved in the near future. At this stage, the Group's view is that these cases will either be resolved in a manner favourable to the interests of the Group or, due to the nature and complexity of the cases, it is not possible to estimate the potential economic exposure. In addition, in the ordinary course of business, other contingent liabilities exist where the Group is subject to commercial claims and litigation from a range of parties in respect of contracts, agreements, regulatory and compliance matters, none of which are expected to have a material impact on the Group.

The investigation opened by the Serious Fraud Office in 2013 in respect of the Group's Electronic Monitoring contract remains on-going. The Group continues to co-operate fully with the investigation but, based on currently available information, is unable to make a reliable estimate of the outcome of that review.

Judgement is required in quantifying the Group's provisions, especially in connection with claims and onerous contracts, which are based on a number of assumptions and estimates where the ultimate outcome may be different from the amount provided. Each of these provisions reflects the Group's best estimate of the probable exposure at 30 June 2018 and this assessment has been made having considered the sensitivity of each provision to reasonably possible changes in key assumptions. The Group is satisfied that it is unlikely that changes in these key assumptions will have a material impact on the Group's overall provisioning position in the next 12 months.

Notes to the interim financial statements (continued)

16) 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 2018 £m	As at 30 June 2017 £m	As at 31 Dec 2017 £m
Cash and cash equivalents	**1,302**	827	902
Receivables from customers in respect of cash processing operations[1]	**5**	3	7
Net cash and overdrafts included within disposal groups held for sale	**-**	1	8
Bank overdrafts	**(292)**	(216)	(284)
Liabilities to customers in respect of cash processing operations[2]	**(48)**	(66)	(62)
Total Group cash, cash equivalents and bank overdrafts	**967**	**549**	**571**
Investments	**65**	78	62
Net debt (excluding cash and overdrafts) included within disposal groups held for sale	**-**	(1)	(3)
Bank loans	**(12)**	(88)	(13)
Loan notes	**(2,624)**	(2,144)	(2,141)
Obligations under finance leases	**(34)**	(48)	(35)
Fair value of loan note derivative financial instruments	**72**	47	72
Total net debt	**(1,566)**	**(1,607)**	**(1,487)**

[1] Included within trade and other receivables
[2] Included within trade and other payables

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

	Six months ended 30 June 2018 £m	Six months ended 30 June 2017 Restated[1] £m	Year ended 31 Dec 2017 Restated[1] £m
Operating profit	**193**	275	502
Adjustments for non-cash and other items:			
Amortisation of acquisition-related intangible assets	**2**	6	10
Net profit on disposal/closure of subsidiaries/businesses	**(4)**	(68)	(74)
Depreciation of property, plant and equipment	**45**	52	104
Amortisation of non-acquisition-related intangible assets	**10**	11	22
Share of profit from joint ventures	**(4)**	(4)	(9)
Equity-settled share-based payments	**4**	4	9
(Increase)/decrease in provisions	**(5)**	(2)	18
Additional pension contributions	**(21)**	(20)	(40)
Operating cash flow before movements in working capital	**220**	254	542
(Increase)/decrease in inventories	**(5)**	7	1
Increase in receivables	**(20)**	(51)	(94)
(Decrease)/increase in payables	**(30)**	(40)	39
Net cash flow from operating activities before tax	**165**	170	488

[1] Restated for the effect of IFRS 15 – see note 3

Notes to the interim financial statements (continued)

18) Fair value of financial instruments

The carrying amounts and fair values of the Group's financial instruments for which fair value is different from carrying amount are shown below:

	Level*	**30 June 2018 Carrying amount £m**	**30 June 2018 Fair value £m**	30 June 2017 Carrying amount £m	30 June 2017 Fair value £m	31 Dec 2017 Carrying amount £m	31 Dec 2017 Fair value £m
Loan notes carried at amortised cost							
Public loan notes	1	**2,155**	**2,205**	1,659	1,727	1,678	1,742
Private loan notes	2	**469**	**476**	485	493	463	467

The carrying amounts and fair values of the Group's derivative financial instruments indicating those which are designated as hedging instruments are shown below:

	Hedge relationship	Level*	**30 June 2018 £m**	30 June 2017 £m	31 Dec 2017 £m
Derivative assets carried at fair value					
Interest-rate swaps	Fair value hedge	2	**9**	20	15
Cross-currency swaps	Cash flow hedge	2	**59**	47	54
Cross-currency swaps	Net investment hedge	2	**9**	-	16
Derivative liabilities carried at fair value					
Interest-rate swaps	Fair value hedge	2	**-**	(1)	(1)
Interest-rate swaps	Not in a hedging relationship	2	**(1)**	(1)	(1)
Cross-currency swaps	Cash flow hedge	2	**(5)**	(12)	(9)
Cross-currency swaps	Net investment hedge	2	**-**	(6)	(2)

The Group's investments of £65m (30 June 2017: £78m, 31 December 2017: £62m) are stated at fair value determined using Level 1* inputs (i.e. using unadjusted quoted prices in active markets for identical financial instruments). The fair values of financial instruments that are measured using techniques consistent with Level 2* of the valuation hierarchy (i.e. using inputs other than quoted prices in active markets that are observable for the asset and liability, either directly or indirectly) are calculated using discounted cash flow models. The relevant currency-yield curve is used to forecast the floating-rate cash flows anticipated under the instrument, which are discounted back to the balance sheet date.

* Fair value hierarchy level, as defined by IFRS 13 - Fair value measurements.

Alternative Performance Measures

BASIS OF PREPARATION

The Group applies the basis of preparation for its statutory results shown on page 21. To provide additional information and analysis which enables a fuller understanding of the Group's results and to identify easily the performance of the Group's ongoing businesses, the Group also makes use of a number of Alternative Performance Measures (APMs) in the management of its operations and as a key component of its internal and external reporting. Those APMs are prepared and presented in accordance with the following basis of preparation.

Whilst broadly consistent with the treatment adopted by both the Group's business sector peers and by other busines ses outside of the Group's business sector, these APMs are not necessarily directly comparable with those used by other companies.

Adjusted results

In order to allow a fuller understanding of its results, the Group separately discloses the effects on profit of strategic restructuring activities, acquisition related amortisation, goodwill impairments and profits or losses arising on the acquisition or disposal of businesses (together, "*separately disclosed items*"). The Group also discloses separately those items that the Group believes need to be shown separately to allow a fuller understanding of the results for the period because of their size, nature or incidence ("s*pecific items*").

Adjusted measures of profit and earnings are stated before the effects of separately disclosed and specific items; the related tax effects; and tax-specific charges or credits which have a material impact such as those arising from changes in tax legislation.

Adjusted measures of profit are provided to allow the trading results of the Group to be assessed separately from the effects of corporate actions (such as acquisitions, disposals and strategic restructuring) and the effects of significant or unusual items.

A reconciliation of Adjusted PBITA to operating profit is provided on page 16.

Underlying results

To provide a better indication of the performance of the Group's ongoing business at the period end, the Group separately presents its underlying results. Underlying results are defined as the adjusted results of the Group (i.e. stated before the effect of specific and separately disclosed items) excluding the results of onerous contracts and businesses that have been sold or closed in the current and comparative periods. Underlying results for the comparative period are re-presented to remove the effect of businesses disposed of or closed in the current period to enable a like-for-like comparison of the results of the Group's on-going activities at the end of the most recent reporting period.

A reconciliation of the underlying results to the statutory results is included on page 4

Constant currency results

In order to allow readers to assess the performance of the Group's business separate to the effect of foreign exchange movements, the Group also presents its comparative results (excluding cash flows) retranslated to sterling using the average rates for the current period. Cash flows are not retranslated but are presented at historical exchange rates.

A reconciliation of the constant currency results for the period to the statutory results is included on page 42.

Business reporting structure

In line with its strategy for managing the business, the Group reports separately the underlying results of its Cash Solutions and Secure Solutions businesses. The results for the Secure Solutions business are further divided geographically into the following regions:

- Africa;
- Americas (combining the Secure Solutions business of the previously reported Latin America and North America regions).
- Asia (combining the Secure Solutions business of the previously reported Asia Pacific region with that of India and Bangladesh);
- Europe & Middle East (combining the Secure Solutions businesses of the previously reported Middle East & India, Europe, and UK & Ireland businesses but excluding that of India and Bangladesh); and

The Group reports separately the results of onerous contracts and the results of its disposed businesses, being those that have been sold in the current or prior periods.

In prior periods, the Group reported its APMs on a largely geographical basis, split into the following seven geographical regions: Africa, Asia, Middle East & India, Europe, United Kingdom & Ireland, Latin America, and North America. A reconciliation of the results from core businesses (excluding onerous contracts and the portfolio businesses) in the previous structure to the results from core businesses in the new structure is included in note D.

These components, together with the impact of restructuring costs, specific items and other separately disclosed items constitute "continuing operations" under IFRS. Discontinued operations, 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 has not classified any operations as discontinued in any of the periods presented. All amounts recorded as discontinued relate to businesses sold prior to 1 January 2017.

Alternative Performance Measures

Revised presentation of APMs

In prior periods, the Group separately reported the results of its core businesses. The core businesses were defined as the underlying business excluding portfolio businesses (being the parts of the business that had been identified for exit) and certain legacy onerous contracts. The results of the portfolio businesses and onerous contracts were reported separately. After the completion of some minor disposals in the current period, the portfolio programme is considered to be substantially complete. Going forward, the Group will therefore manage the former portfolio businesses as part of its underlying business. Accordingly the Group has revised the presentation of its prior year comparative APMs to include portfolio businesses within the underlying results to enable the presentation of underlying results on a like-for-like basis as described above.

A reconciliation of the results from core businesses as previously stated to the underlying results in included in note D.

Financial performance indicators

The key financial measures used by the Group in measuring progress against strategic objectives are set out below, and are reconciled for the current and prior period to the Group's statutory results on page 4:

- **Revenue**

  Statutory revenue arising in each of the underlying, onerous contracts and disposed business components. *Underlying revenue is a Key Performance Indicator ("KPI")*.

- **Organic Growth**

  Organic growth is calculated based on revenue growth at constant currency, adjusted to exclude the impact of any acquisitions during the current or prior periods.

- **Adjusted profit before interest, tax and amortisation ("Adjusted PBITA")**

  The Group uses Adjusted PBITA as a consistent internal and external reporting measure of its performance, as management views it as being more representative of financial performance from the normal course of business and more comparable period to period. Adjusted PBITA excludes the effect of separately disclosed items (being restructuring costs, goodwill impairment, amortisation of acquisition-related intangible assets and profits or losses on disposal or closure of businesses) and specific items, which the Group believes should be disclosed separately by virtue of their size, nature or incidence, as explained on page 36. Further details explaining the reasons for excluding these items are provided on pages 35 and 36 of the Group's 2017 Integrated Report and Accounts. *Underlying Adjusted PBITA is a KPI.*

- **Operating cash flow**

  Net cash flow from operating activities before tax. *Underlying operating cash flow excludes restructuring spend and is a KPI.*

- **Earnings**

  Profit attributable to equity shareholders of G4S plc. *Underlying earnings is a KPI.*

- **Earnings per share ("EPS")**

  Profit attributable to equity shareholders of G4S plc, per share, from continuing operations. *Underlying EPS is a KPI*.

- **Net debt to adjusted EBITDA**

  The ratio of total net debt, including investments, finance lease liabilities and cash and overdrafts within net assets of disposal groups held for sale, to adjusted earnings attributable to equity shareholders before interest, tax, depreciation and amortisation ('Adjusted EBITDA'). This ratio is a factor in the board's assessment of the financial strength of the Group, and is a key measure of compliance with covenants in respect of the Group's borrowing facilities.

Certain of these financial performance indicators in respect of underlying results also form a significant element of performance measurement used in the determination of performance-related remuneration and incentives, as described on page 36 of the Group's 2017 Integrated Report and Accounts.

Alternative Performance Measures

A. Reconciliation of operating profit to movements in net debt

	Six months ended 30 June 2018 £m	Six months ended 30 June 2017 Restated[1] £m	Year ended 31 Dec 2017 Restated[1] £m
Operating profit	**193**	275	502
Adjustments for non-cash and other items (see note 17)	**27**	(21)	40
Net working capital movement (see note 17)	**(55)**	(84)	(54)
Net cash flow from operating activities before tax (see note 17)	**165**	170	488
Adjustments for:			
Restructuring spend	**10**	13	19
Cash flow from continuing operations	**175**	183	507
Analysed between:			
Underlying operating cash flow	**179**	183	511
Disposed businesses	**2**	6	9
Onerous contracts	**(6)**	(6)	(13)
Investment in the business			
Purchase of fixed assets, net of disposals	**(48)**	(43)	(104)
Restructuring spend	**(10)**	(13)	(19)
Disposal of subsidiaries (see note 7)	**32**	151	156
Acquisition of subsidiaries	**(1)**	-	(1)
Net debt in disposed entities	**(1)**	(11)	(11)
New finance leases	**(2)**	(1)	(3)
Net investment in the business	**(30)**	83	18
Net cash flow after investing in the business	**145**	266	525
Other uses of funds			
Net interest paid	**(66)**	(48)	(78)
Tax paid	**(48)**	(41)	(86)
Dividends paid	**(104)**	(103)	(179)
Purchase of own shares	**(7)**	(7)	(10)
Transactions with non-controlling interests	**-**	(13)	(16)
Other	**2**	4	6
Net other uses of funds	**(223)**	(208)	(363)
Net (increase)/decrease in net debt before foreign exchange movements	**(78)**	58	162
Net debt at the beginning of the period	**(1,487)**	(1,670)	(1,670)
Effect of foreign exchange rate fluctuations	**(1)**	5	21
Net debt at the end of the period	**(1,566)**	(1,607)	(1,487)

[1] Restated for the adoption of IFRS15 – see note 3.

Alternative Performance Measures

B. Reconciliation of changes in cash and cash equivalents to movement in net debt

	Six months ended 30 June 2018 £m	Six months ended 30 June 2017 £m	Year ended 31 Dec 2017 £m
Net increase/(decrease) in cash, cash equivalents and bank overdrafts (page 20)	**398**	(126)	(87)
Adjustments for items included in cash flow excluded from net debt:			
Purchase/(sale) of investments	**3**	17	(3)
Net movement in borrowings	**(481)**	161	235
Repayment of obligations under finance leases	**3**	10	23
Items included in net debt but excluded from cash flow:			
Net debt (excluding cash, cash equivalents and bank overdrafts) of disposed entities	**1**	(3)	(3)
New finance leases	**(2)**	(1)	(3)
Net decrease in net debt before foreign exchange movements	**(78)**	**58**	**162**

C. Group net debt: Adjusted EBITDA ratio

	Six months ended 30 June 2017 Restated[1] £m	Year ended 31 Dec 2017 Restated[1] £m	Six months ended 30 June 2018 £m	**Rolling 12 months to 30 June 2018 £m**	Rolling 12 months to 30 June 2017 Restated[1] £m
Adjusted PBITA (page 16)	238	492	213	**467**	497
Add back:					
Depreciation	52	104	45	**97**	104
Amortisation of non-acquisition-related intangible assets	11	22	10	**21**	23
Adjusted EBITDA	301	618	268	**585**	624
Exclude EBITDA relating to businesses sold in the period/year	(13)	(19)	(1)	**(7)**	(22)
Adjusted EBITDA excluding businesses sold in the period/year	288	599	267	**578**	602
Net debt per note 16				**1,566**	1,607
Net debt: Adjusted EBITDA ratio				**2.7**	2.7

[1] Restated for the adoption of IFRS15 – see note 3.

Alternative Performance Measures

D. Reconciliation of prior period results from core businesses by segment to prior period underlying results by new segments – for the six months ended 30 June 2017

Six months ended 30 June 2017 (£m)	Revenue: Core businesses as previously reported (a)	Revenue: Cash Solutions (b)	Revenue: Secure Solutions re-classification (c)	Revenue: Core businesses in new structure	Adjusted PBITA[i]: Core businesses as previously reported (a)	Adjusted PBITA[i]: Cash Solutions (b)	Adjusted PBITA[i]: Secure Solutions re-classification (c)	Adjusted PBITA[i]: Core businesses in new structure
Africa	**228**	**(34)**	**-**	**194**	**24**	**(9)**	**-**	**15**
Latin America	*350*	*(22)*	-	*328*	*15*	*(3)*	-	*12*
North America	*1,040*	*(149)*	-	*891*	*57*	*(17)*	-	*40*
Americas	**1,390**	**(171)**	**-**	**1,219**	**72**	**(20)**	**-**	**52**
Asia Pacific	**367**	**(115)**	**179**	**431**	**30**	**(16)**	**14**	**28**
Middle East & India	*427*	*(27)*	*(179)*	*221*	*34*	*(1)*	*(14)*	*19*
Europe	*654*	*(146)*	-	*508*	*48*	*(20)*	-	*28*
United Kingdom & Ireland	*649*	*(144)*	-	*505*	*53*	*(14)*	-	*39*
Europe & Middle East	**1,730**	**(317)**	**(179)**	**1,234**	**135**	**(35)**	**(14)**	**86**
Cash Solutions	**-**	**637**	**-**	**637**	**-**	**80**	**-**	**80**
Total before corporate costs	**3,715**	**-**	**-**	**3,715**	**261**	**-**	**-**	**261**
Corporate costs	-	-	-		(26)	-	-	(26)
Total	**3,715**	**-**	**-**	**3,715**	**235**	**-**	**-**	**234**

Six months ended 30 June 2017 (£m)	Core businesses in new structure	Portfolio businesses (d)	Disposed businesses (e)	IFRS 15 (f)	Underlying results at actual exchange rates	Exchange differences (g)	Underlying results at constant exchange rates (h)
Africa	194	6	(1)	-	199	(10)	189
Americas	1,219	41	(23)	-	1,237	(106)	1,131
Asia Pacific	431	13	(13)	-	431	(28)	403
Europe & Middle East	1,234	97	(103)	(1)	1,227	(6)	1,221
Cash Solutions	637	43	(16)	-	664	(17)	647
Total revenue	**3,715**	**200**	**(156)**	**(1)**	**3,758**	**(167)**	**3,591**
Africa	15	1	(1)	-	15	(1)	14
Americas	52	-	(2)	-	50	(3)	47
Asia Pacific	28	1	(1)	-	28	(2)	26
Europe & Middle East	86	5	(5)	1	87	-	87
Cash Solutions	80	(5)	(1)	-	74	(3)	71
Total before corporate costs	**261**	**2**	**(10)**	**1**	**254**	**(9)**	**245**
Corporate costs	(26)	-	-	-	(26)	-	(26)
Adjusted PBITA	**235**	**2**	**(10)**	**1**	**228**	**(9)**	**219**
Other financial KPIs (£m)							
Profit before tax	181	1	(10)	1	173	(10)	163
Profit after tax	138	(1)	(7)	1	131	(7)	124
Earnings	128	(1)	(6)	1	122	(7)	115
Earnings per share - p	8.3	(0.1)	(0.4)	0.1	7.9	(0.5)	7.4
Operating cash flow	192	(3)	(6)	-	183	-	183

a. Results from core businesses as previously reported in the Group's results for periods ended 30 June 2017 or 31 December 2017 as appropriate. Segment results were presented geographically with segments combining both Secure Solutions and Cash Solutions.

b. As reported in the 2017 Integrated Report and Accounts, in January 2018 the Group created a new 'Cash Solutions' division. This column presents the re-classification of the results from the Cash Solutions businesses that were previously reported in the geographical segments into the new Cash Solutions division.

c. With effect from 1 January 2018, the Secure Solutions division was consolidated into four regions: Africa, Americas, Asia and Europe & Middle East. Following this reorganisation, the results of certain businesses previously reported in the Middle East & India region (primarily India and Bangladesh) are now reported in the Asia region.

d. As reported in the 2017 Integrated Report and Accounts, the Group's portfolio business divestment and closure programme is now materially complete. The financial impact of portfolio businesses is no longer material and to simplify reporting moving forwards, the Group has ceased separate columnar disclosure of these items.

e. To present results on a consistent and comparable basis, the results from any businesses sold in either the current or prior periods are excluded from the underlying results in both the current and prior periods. These include the Youth Services business in North America, the children's homes business in the UK and Group businesses in Israel and Bulgaria in 2017 and the document storage business in Kenya and the Group's businesses in Hungary in 2018.

f. With effect from 1 January 2018 the Group has adopted IFRS 15 – Revenue from contracts with customers, as explained in note 3 which has resulted in certain 2017 income statement line items being restated.

g. The 30 June 2017 results were presented at average exchange rates for the six months ended 30 June 2017 and those for the year ended 31 December 2017 were presented at average exchange rates for the year ended 31 December 2017. The comparative results have been re-presented at average exchange rates for the six months ended 30 June 2018.

h. Underlying results are an APM and are explained on page 36 and reconciled to the Group's statutory results on page 4.

Alternative Performance Measures

E. Reconciliation of prior period results from core businesses by segment to prior period underlying results by new segments – for the year ended 31 December 2017

Year ended 31 December 2017 (£m)	Revenue: Core businesses as previously reported (a)	Revenue: Cash Solutions (b)	Revenue: Secure Solutions re-classification (c)	Revenue: Core businesses in new structure	Adjusted PBITA[i]: Core businesses as previously reported (a)	Adjusted PBITA[i]: Cash Solutions (b)	Adjusted PBITA[i]: Secure Solutions re-classification (c)	Adjusted PBITA[i]: Core businesses in new structure
Africa	**457**	**(70)**	**-**	**387**	**46**	**(18)**	**-**	**28**
Latin America	*693*	*(41)*	*-*	*652*	*29*	*(7)*	*-*	*22*
North America	*2,006*	*(225)*	*-*	*1,781*	*123*	*(25)*	*-*	*98*
Americas	**2,699**	**(266)**	**-**	**2,433**	**152**	**(32)**	**-**	**120**
Asia Pacific	**736**	**(223)**	**358**	**871**	**65**	**(32)**	**27**	**60**
Middle East & India	*845*	*(54)*	*(358)*	*433*	*58*	*-*	*(27)*	*31*
Europe	*1,356*	*(303)*	*-*	*1,053*	*104*	*(43)*	*-*	*61*
United Kingdom & Ireland	*1,334*	*(293)*	*-*	*1,041*	*120*	*(35)*	*-*	*85*
Europe & Middle East	**3,535**	**(650)**	**(358)**	**2,527**	**282**	**(78)**	**(27)**	**177**
Cash Solutions	**-**	**1,209**	**-**	**1,209**	**-**	**160**	**-**	**160**
Total before corporate costs	**7,427**	**-**	**-**	**7,427**	**545**	**-**	**-**	**545**
Corporate costs	-	-	-	-	(49)	-	-	(49
Total	**7,427**	**-**	**-**	**7,427**	**496**	**-**	**-**	**496**

Year ended 31 December 2017 (£m)	Core businesses in new structure	Portfolio businesses (d)	Disposed businesses (e)	IFRS 15 (f)	Underlying results at actual exchange rates	Exchange differences (g)	Underlying results at constant exchange rates (h)
Africa	387	12	(3)	-	396	(12)	384
Americas	2,433	56	(23)	-	2,466	(160)	2,306
Asia Pacific	871	25	(25)	-	871	(45)	826
Europe & Middle East	2,527	102	(115)	(1)	2,513	(20)	2,493
Cash Solutions	1,209	87	(31)	(1)	1,264	(19)	1,245
Total revenue	**7,427**	**282**	**(197)**	**(2)**	**7,510**	**(256)**	**7,254**
Africa	28	1	(1)	-	28	(1)	27
Americas	120	-	(2)	-	118	(7)	111
Asia Pacific	60	-	-	-	60	(3)	57
Europe & Middle East	177	4	(8)	1	174	(1)	173
Cash Solutions	160	(10)	(3)	-	147	(2)	145
Total before corporate costs	**545**	**(5)**	**(14)**	**1**	**527**	**(14)**	**513**
Corporate costs	(49)	-	-	-	(49)	-	(49)
Adjusted PBITA	**496**	**(5)**	**(14)**	**1**	**478**	**(14)**	**464**
Other financial KPIs (£m)							
Profit before tax	383	(7)	(14)	1	363	(11)	352
Profit after tax	291	(14)	(7)	1	271	(8)	263
Earnings	277	(15)	(6)	1	257	(7)	250
Earnings per share - p	17.9	(1.0)	(0.4)	0.1	16.6	(0.5)	16.1
Operating cash flow	527	(7)	(9)	-	511	-	511

For a description of (a) to (h) see page 40.

Alternative Performance Measures

E. Reconciliation of statutory results by segment to underlying results by segment

	Statutory results	Onerous contracts	Disposed businesses	Underlying results at actual rates	Exchange differences	Underlying results at constant rates
Revenue by reportable segment (£m)						
Six months ended 30 June 2018						
Africa	198	-	(1)	197	-	197
Americas	1,177	-	-	1,177	-	1,177
Asia	434	-	-	434	-	434
Europe & Middle East	1,299	(63)	(5)	1,231	-	1,231
Cash Solutions	564	-	(4)	560	-	560
Total Group revenue	**3,672**	**(63)**	**(10)**	**3,599**	-	**3,599**
Six months ended 30 June 2017						
Africa	200	-	(1)	199	(10)	189
Americas	1,260	-	(23)	1,237	(106)	1,131
Asia	444	-	(13)	431	(28)	403
Europe & Middle East	1,387	(57)	(103)	1,227	(6)	1,221
Cash Solutions	680	-	(16)	664	(17)	647
Total Group revenue	**3,971**	**(57)**	**(156)**	**3,758**	**(167)**	**3,591**
Year ended 31 December 2017						
Africa	399	-	(3)	396	(12)	384
Americas	2,489	-	(23)	2,466	(160)	2,306
Asia	896	-	(25)	871	(45)	826
Europe & Middle East	2,747	(119)	(115)	2,513	(20)	2,493
Cash Solutions	1,295	-	(31)	1,264	(19)	1,245
Total Group revenue	**7,826**	**(119)**	**(197)**	**7,510**	**(256)**	**7,254**
Adjusted PBITA by reportable segment (£m)						
Six months ended 30 June 2018						
Africa	15	-	-	15	-	15
Americas	54	-	-	54	-	54
Asia	28	-	-	28	-	28
Europe & Middle East	83	-	-	83	-	83
Cash Solutions	61	-	(1)	60	-	60
Adjusted PBITA before corporate costs	**241**	**-**	**(1)**	**240**	**-**	**240**
Corporate costs	(28)	-	-	(28)	-	(28)
Total Group Adjusted PBITA	**213**	**-**	**(1)**	**212**	**-**	**212**
Six months ended 30 June 2017						
Africa	16	-	(1)	15	(1)	14
Americas	52	-	(2)	50	(3)	47
Asia	29	-	(1)	28	(2)	26
Europe & Middle East	92	-	(5)	87	-	87
Cash Solutions	75	-	(1)	74	(3)	71
Adjusted PBITA before corporate costs	**264**	**-**	**(10)**	**254**	**(9)**	**245**
Corporate costs	(26)	-	-	(26)	-	(26)
Total Group Adjusted PBITA	**238**	**-**	**(10)**	**228**	**(9)**	**219**
Year ended 31 December 2017						
Africa	29	-	(1)	28	(1)	27
Americas	120	-	(2)	118	(7)	111
Asia	60	-	-	60	(3)	57
Europe & Middle East	182	-	(8)	174	(1)	173
Cash Solutions	150	-	(3)	147	(2)	145
Adjusted PBITA before corporate costs	**541**	**-**	**(14)**	**527**	**(14)**	**513**
Corporate costs	(49)	-	-	(49)	-	(49)
Total Group Adjusted PBITA	**492**	**-**	**(14)**	**478**	**(14)**	**464**

Supplementary information

This announcement contains inside information and the person responsible for making this announcement is Celine Barroche, company secretary

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High resolution images and b-roll are available to download from the G4S media library, available through the results centre at www.g4s.com.

Notes to Editors:
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G4S is quoted on the London Stock Exchange and has a secondary stock exchange listing in Copenhagen. G4S is active in around 90 countries and has over 560,000 employees. For more information on G4S, visit www.g4s.com.

Presentation of Results:

A presentation to investors and analysts is taking place today at 09.00 hrs at the London Stock Exchange.

The presentation can also be viewed by webcast using the following link:
http://view-w.tv/707-803-18618/en

Please note there will be a telephone dial-in facility for this event, the call details are below:

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Dividend payment information
2018 interim dividend:
Ex-dividend date – 6 September 2018
Last day to elect for DKK – 6 September 2018
Record date – 7 September 2018
Last day for DRIP elections – 21 September 2018
Pay date – 12 October 2018

Financial Calendar

November 2018 - Q3 2018 Trading update