Intertek

2015 HALF YEAR RESULTS ANNOUNCEMENT
3 AUGUST 2015

ON TRACK TO DELIVER FULL YEAR TARGETS

HALF YEAR HIGHLIGHTS

- Improved momentum in constant currency organic[1] revenue growth
- Cost discipline delivered constant currency operating margin improvement of 30 basis points
- Adjusted diluted Earnings per Share (EPS) up 6.7%
- Strong cash performance with cash generated from operations of £169.5m, up 14%
- Interim dividend per share up 6.3%

André Lacroix: Chief Executive Officer statement

"Improved revenue momentum and margin progression have resulted in EPS growth of 6.7% and strong cash generation in the first half of 2015. The constant currency organic growth rate improved by 170 basis points sequentially from the second-half 2014 rate, as we benefited from good growth in our products related divisions and our trade related businesses which was partially offset by the continuing challenging trading conditions in Industry Services. Intertek is on track to deliver its full year targets.

Looking further ahead the global testing, inspection and certification market will continue to benefit from exciting growth prospects driven by global trade flows, global demand for energy, expanding regulations, more complex supply chains, technological innovation and increased demand for higher quality and more sustainable products.

Having joined Intertek a few months ago, I have now visited our largest operations and met our employees, both at the leadership and operational levels. The Group is extremely well-positioned to take advantage of the structural growth opportunities in our markets, as we offer an attractive portfolio of services to our customers based on the depth and breadth of our technical expertise and global network of facilities. We continue to invest in attractive growth areas organically and through acquisitions."

Key Financials	2015	2014	Change at actual rates	Change at constant rates	Organic[1] change at constant rates
Revenue	**£1,060.2m**	£1,024.3m	3.5%	1.4%	0.9%
Adjusted operating profit[2]	**£164.4m**	£152.3m	7.9%	3.4%	3.0%
Adjusted operating margin[2]	**15.5%**	14.9%	60bps	30bps	40bps
Adjusted profit before tax[2]	**£149.8m**	£140.9m	6.3%		
Adjusted diluted earnings per share[2]	**65.3p**	61.2p	6.7%		
Operating profit	**£153.7m**	£131.2m	17.1%		
Operating margin	**14.5%**	12.8%	170bps		
Profit before tax	**£139.1m**	£119.8m	16.1%		
Diluted earnings per share	**60.3p**	51.3p	17.5%		
Interim dividend per share	**17.0p**	16.0p	6.3%		

1. Organic revenue growth excludes the impact of acquisitions and disposals in 2014 and 2015.
2. Adjusted results are stated before Separately Disclosed Items ('SDIs'). See Presentation of Results and note 3 to the Interim Financial Statements.

Contacts

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Analysts' Meeting

A live audiocast for analysts and investors will be held today at 9.30am. Details can be found at http://www.intertek.com/investors/ together with presentation slides and a pdf copy of this report. A recording of the audiocast will be available later in the day.

Corporate website: www.intertek.com

About Intertek

Intertek is a leading quality solutions provider to industries worldwide. From auditing and inspection, to testing, training, advisory, quality assurance and certification, Intertek adds value for its customers by improving the quality and safety of their products, assets and processes.

With a network of more than 1,000 laboratories and offices and over 38,000 people in more than 100 countries, Intertek supports companies' success in a global marketplace, by helping customers to meet end users' expectations for safety, sustainability, performance, integrity and desirability in virtually any market worldwide.

Visit www.intertek.com.

Intertek Group plc (LSE: ITRK) is listed on the London Stock Exchange.

Intertek

HALF YEAR REPORT 2015

BUSINESS REVIEW
For the six months ended 30 June 2015

In order to present the performance of the Group in a clear, consistent and comparable format, certain items are disclosed separately on the face of the income statement. These items, which are described in the Presentation of Results section of this report and in note 3, are excluded from the adjusted results. The figures discussed in this review (extracted from the income statement and cash flow) are presented before Separately Disclosed Items ('SDIs').

Overview of performance

	H1 2015 £m	H1 2014 £m	Change at actual rates	Constant rates Total	Constant rates Organic
Revenue	**1,060.2**	1,024.3	3.5%	1.4%	0.9%
Operating profit[1]	**164.4**	152.3	7.9%	3.4%	3.0%
Margin[1]	**15.5%**	14.9%	60bps	30bps	40bps
Net financing costs	**(14.6)**	(11.4)	28.1%		
Income tax expense[1]	**(37.0)**	(34.5)	7.2%		
Earnings for the period[1]	**105.6**	99.6	6.0%		
Diluted earnings per share[1]	**65.3p**	61.2p	6.7%		
Cash generated from operations[1]	**169.5**	148.2	14.4%		

1. Adjusted results are stated before Separately Disclosed Items. See Presentation of Results and note 3 to the Interim Financial Statements.

At constant exchange rates Group reported revenue was up 1.4%, operating profit up 3.4%, and operating margin up 30bps.

Total reported Group revenue growth was 3.5%, comprising 0.5% growth contributed by acquisitions, organic revenue of 0.9% and an increase of 2.1% from foreign exchange. The Group's organic revenue reflected good growth in the Consumer Goods, Commercial & Electrical, Commodities and Chemicals & Pharma divisions, while challenging conditions in the oil and gas infrastructure market reduced growth in the Industry & Assurance division. In addition, the planned exit of low-value Industry contracts reduced Group revenue by 1.6%.

Sterling depreciated against many of the Group's trading currencies increasing revenue by £21m (2.1%).

Operating profit at constant exchange rates increased 3.4% driven by strong growth in Commodities and Chemicals & Pharma, and continued good profitability in Consumer Goods division.

The adjusted operating margin was 15.5%, an increase of 60bps from the prior year. This was due to significant margin improvements in Commodities and Chemicals & Pharma divisions, both of these divisions benefited from better operating leverage and restructuring activities in the prior and earlier years.

Net financing costs were £14.6m, an increase of £3.2m on 2014. The adjusted effective tax rate was 24.7%, broadly stable with the prior year (H1 2014: 24.5%).

The Group completed one acquisition for total consideration of £6.5m, and invested £42.6m (4.0% of revenue, H1 14: £52.1m) in capital investment to support the Group's growth.

The Group ended the period in a strong financial position. Adjusted cash flow from operations increased by 14.4% to £169.5m. The Group maintained healthy cash conversion at 78.9%. Net debt was £619.1m, a reduction of £41.7m on prior year. Net debt to EBITDA was 1.4x on a pro forma basis (2014: 1.5x).

Adjusted diluted earnings per share at actual exchange rates was 6.7% higher at 65.3p.

The Board has approved a 6.3% increase in the interim dividend to 17.0p per share (2014: 16.0p). The dividend will be paid on 13 October 2015 to shareholders on the register at 2 October 2015.

Restructuring

The Group has continued the activities identified in its restructuring programme from previous years, which has delivered margin improvement in the period. The actions taken included closing underperforming and non-strategic businesses and making redundancies.

Acquisitions

In February 2015, Intertek acquired Adelaide Inspection Services Pty Ltd ('AIS') for a total cash consideration of AUD 12.9m (£6.5m). AIS is an Australian provider of opex-led NDT services primarily to the power generation market, with support also to the construction, oil, gas and mining industries. We continue to evaluate acquisition opportunities.

Capital investment

The Group's capital investment programme ensures we continually position the Company to capture growth into the future. In the period we have invested in service expansions, new businesses and laboratories in Commodities (Australia), Consumer Goods (India, China, Indonesia, Mexico, Mauritius and Myanmar), Chemicals & Pharma (UK and the US) and Commercial & Electrical (India, China, US and UK).

Separately Disclosed Items ('SDIs')

SDIs before interest and tax were £10.7m in the period to 30 June 2015 (H1 14: £21.1m). The amortisation of acquisition intangibles was £10.5m (H1 14: £10.3m). Acquisition costs comprised £0.2m (H1 14: £1.1m) of transaction costs in respect of current year acquisitions. No additional restructuring costs have been incurred in the period to 30 June 2015 (H1 14: £9.7m) in respect of the Group's review and restructuring of certain underperforming business units. Further information on SDIs is given in the Presentation of Results section of this report and in note 3.

Outlook

We continue to expect a 2015 full year organic revenue growth rate that is improved on 2014 with a stable full year margin.

We expect continuing good growth in our Product divisions and Trade related businesses which will be partially offset by continued challenging trading conditions in Industry Services.

Looking further ahead the global testing, inspection and certification market will continue to benefit from exciting growth prospects driven by global trade flows, global demand for energy, expanding regulations, more complex supply chains, technological innovation and increased demand for higher quality and more sustainable products.

The Group is well positioned to take advantage of the structural growth opportunities in our markets, as we offer an attractive portfolio of services to our customers based on the depth and breadth of our technical expertise and global network of facilities.

OPERATING REVIEW BY DIVISION

	Revenue				Adjusted operating profit			
	H1 15 £m	H1 14 £m	Change at actual rates	Change at constant rates	H1 15 £m	H1 14 £m	Change at actual rates	Change at constant rates
Consumer Goods	**196.2**	176.1	11.4%	5.7%	**62.8**	55.6	12.9%	5.5%
Commercial & Electrical	**194.6**	176.0	10.6%	5.4%	**29.7**	26.6	11.7%	5.3%
Chemicals & Pharma	**87.5**	84.1	4.0%	3.2%	**10.1**	7.2	40.3%	36.5%
Commodities	**277.2**	262.8	5.5%	4.4%	**36.8**	26.8	37.3%	33.3%
Industry & Assurance	**304.7**	325.3	(6.3)%	(6.3)%	**25.0**	36.1	(30.7)%	(31.1)%
	1,060.2	1,024.3	3.5%	1.4%	**164.4**	152.3	7.9%	3.4%

A review of the adjusted results of each division in the six months ended 30 June 2015 compared to the six months ended 30 June 2014 is set out below. Revenue, operating profit and growth rates are presented at actual exchange rates. In addition, both total and organic growth at constant exchange rates is presented. Organic growth figures are calculated by excluding the results of acquisitions and disposals made since 1 January 2014. Operating profit and operating margin are stated before Separately Disclosed Items.

All comments below reflect adjusted results and growth rates at constant currency, unless otherwise stated.

Consumer Goods

	H1 15 £m	H1 14 £m	Change at actual rates	Change at constant rates	Organic change at constant rates
Revenue	**196.2**	176.1	11.4%	5.7%	5.7%
Operating profit	**62.8**	55.6	12.9%	5.5%	5.5%
Operating margin	**32.0%**	31.6%	40bps	0bps	0bps

Services & Customers – Intertek is a market leading provider of services to the textiles, toys, footwear, hardlines and retail industries. As partner to retailers, manufacturers and distributors, the company offers expertise on quality issues ranging from restricted hazardous substances and sustainability, to supply chain security and legislation relating to environmental, ethical and trade security issues. Services include testing, inspection, auditing, advisory services, quality assurance and hazardous substance testing. Our customers include the world's leading retailers, their partners and suppliers.

Strategy – We support our customers with quality solutions that add value throughout their supply chain and which support their brand and the desirability of their products to their end consumers. We do this by ensuring that we deliver high levels of service and expertise in key locations, and continuously innovating the range of services we provide, by anticipating customer demands and their future geographic needs.

H1 performance – Softlines revenues grew strongly in the first half, with particular strength in emerging countries including Vietnam, Bangladesh and Turkey, reflecting the broadening of retailers' sourcing patterns. Concern in relation to the use of harmful chemicals in clothing manufacturing process continued to drive growth in chemical testing, while footwear testing also grew strongly following our recent investment in new laboratory capacity. In the period we launched a new CAD-based design-fit testing service in India which helps manufacturers improve the appeal of their end-products to international buyers.

Toys and Hardlines revenue was broadly stable year on year. In new sourcing countries such as India, Indonesia, Vietnam, Turkey and Mexico, revenue grew well as customers diversified their sourcing markets from existing local hubs. We continued to see lower demand for European Union toy standard testing, which had experienced strong growth from mid-2013 when the new regulations were introduced. We are investing in new capabilities expanding sourcing geographies in Asia and Central America to support customers' growing needs there.

Revenue in other Consumer Goods service areas grew well from the long-term growth in demand for the auditing of customers' supplier-factories against social and ethical standards, and services supporting retailers to develop 'own label' products, where we help them to improve the reliability and desirability of their product offering.

H2 growth outlook – We expect continued good growth in the division in line with the trends seen in the first half.

Mid to long term growth outlook – Our Consumer Goods division benefits from strong long term structural growth drivers including product variety, brand and supply chain expansion, product innovation and regulation, and the increasing quality and sustainability demand of developed and emerging economies globally. Through these trends we expect long term continuing growth from expanding investment in quality.

Commercial & Electrical

	H1 15 £m	H1 14 £m	Change at actual rates	Change at constant rates	Organic change at constant rates
Revenue	**194.6**	176.0	10.6%	5.4%	5.4%
Operating profit	**29.7**	26.6	11.7%	5.3%	5.3%
Operating margin	**15.3%**	15.1%	20bps	0bps	0bps

Services & Customers – Our global network of accredited facilities provides manufacturers and retailers with a comprehensive scope of safety, performance and quality testing and certification services. The division supports a wide range of industries including home appliances, consumer electronics, information and communication technology, transportation, lighting, medical, building products, industrial and renewable energy products. Our customers include the world's leading brands and manufacturers of a wide range of consumer electrical and industrial products and components.

Strategy – We deliver solutions that add value along the length of our customers' supply chain and which support their brand and the desirability of their products to their end consumers. Our key focus is leveraging our global network of centres of excellence and comprehensive suite of technical accreditations and market-leading customer service to help our clients get their products to market quicker through our 'global market access' programme.

H1 performance – Revenue in the Electrical & Wireless business line grew, driven by long-term regulatory drivers including US energy efficiency requirements, particularly in the heating, ventilation and air conditioning products sector and standards for industrial machinery in developed economies. Lighting product revenues grew strongly as recent and long-term network investments delivered good sales growth. Demand for mobile communications hardware and software services also grew strongly driven by customers' technological innovations.

Transportation Technologies revenue continued to grow strongly in the first half, driven by new product designs that incorporate new technologies, including fuel efficiency and battery technologies and an increase in R&D expenditure overall by our clients.

Building Products revenue grew strongly, driven by product variety and regulatory demands in the US, where Intertek has a leading market position and continues to innovate, as building owners are demanding higher quality and increased energy efficiency from their building products. Governments in emerging markets are introducing improved quality requirements for buildings as consumer expectations in those markets are changing to expect higher quality finishes and designs, energy efficiency and safety. Intertek continued to expand its services which support manufacturers in validating the environmental performance of 'green' building materials, the production and use of which is an increasing trend.

H2 growth outlook – We expect continued good growth in the division in line with the trends seen in the first half.

Mid to long term growth outlook – As with our other Product-related divisions, Commercial & Electrical benefits from long term structural growth drivers including product variety, brand and supply chain expansion, product innovation and regulation, and the increasing quality and sustainability demands by developed and emerging economies globally. Through these trends we expect long term continuing growth from expanding investment in quality.

Chemicals & Pharma

	H1 15 £m	H1 14 £m	Change at actual rates	Change at constant rates	Organic change at constant rates
Revenue	**87.5**	84.1	4.0%	3.2%	3.2%
Operating profit	**10.1**	7.2	40.3%	36.5%	36.5%
Operating margin	**11.5%**	8.6%	290bps	280bps	280bps

Services & Customers – Serving a wide range of industries, including chemicals and refined products, pharmaceutical, healthcare and beauty, and automotive and aerospace, the division offers advanced laboratory measurement and expert consultancy related technical support services and sustainability solutions. It has an established track record of success in laboratory outsourcing with many large, internationally recognised companies. The division's world leading technical experts also support internal technical development. Our customers include leading brands and suppliers of products and R&D to the pharma industries, makers of healthcare and beauty products, and a wide range of industrial and consumer-facing corporations who use our expertise to help them develop the materials and chemicals of the future.

Strategy – We support our customers as they develop new products, materials and technologies and as they anticipate and meet their end-customers quality demands and anticipate and meet new regulations.

H1 performance – Our Pharma and health & beauty business lines grew well, driven by regulations, customer contract growth and strong demand in China for domestic health and beauty products, which was supported by the award of two domestic testing accreditations in 2014.

Revenue in the Chemicals & Materials business line was driven by industry standards and government fuel efficiency regulations that drove good demand for our lubricants services. In the period we strengthened our relationship with key customers, supporting them on analytical assessment briefs where our expert techniques and assessments are helping them to develop novel ingredients and new materials for products of the future.

The division's margin improved significantly in the period with restructuring activities commenced in prior years improving profitability in the European Chemicals & Materials business in particular, and with improved operating leverage and good cost control.

H2 growth outlook – We expect continued good growth in the division in line with the trends seen in the first half.

Mid to long term growth outlook – Chemicals & Pharma benefits from long term structural growth drivers including product variety, brand and supply chain expansion, product innovation and regulation, and the increasing quality and sustainability demands by developed and emerging economies globally. Through these trends we expect long term continuing growth from expanding investment in quality.

Commodities

	H1 15 £m	H1 14 £m	Change at actual rates	Change at constant rates	Organic change at constant rates
Revenue	**277.2**	262.8	5.5%	4.4%	4.6%
Operating profit	**36.8**	26.8	37.3%	33.3%	32.3%
Operating margin	**13.3%**	10.2%	310bps	290bps	280bps

Services & Customers – Provides independent cargo inspection, analytical assessment, calibration and related research and technical services to the world's petroleum, mining, minerals and biofuels industries. The division also provides services to governments and regulatory bodies to support trade activities that help the flow of goods across borders. Our customers are global and national commodities retailers, traders and storage companies, and government-ministry clients in the Middle East, Africa and South America.

Strategy – We deliver solutions that help our clients protect the value of their downstream hydrocarbon products during their custody-transfer, storage and transportation around the world. Our expertise, service innovations and advanced analytical capabilities also allow us to optimise the return on their cargoes and help them resolve difficult technical challenges. In the mining sector we partner with clients along the supply chain to validate the quality and value of their resources being explored, produced and shipped. Our independent product assessments provide peace-of-mind to our government clients that the quality of products imported into the country meet their standards and import processes.

H1 performance – Revenue in our Cargo & Analytical business line grew well in the first half. The majority of countries in which we operate inspection and analytical testing activities reported good revenue growth. This performance was driven by good trade-flow volumes, and our business and service development activities which included a ramp-up of outsourcing contract activity and expansion of our additive and lubricants capabilities. Our service delivery to our global customers remains a key focus and underlines our leading position in the Cargo & Analytical market place. In the period we also expanded our geographic footprint and technical capabilities to support future and present demand for alternative hydrocarbon fuels, and industrial fuels in growing emerging markets.

While weak market conditions continue in Minerals the level of revenue decline eased and we continued to protect our margin.

The Government Trade Services ('GTS') business revenue grew strongly driven by good export volumes on existing and newer contracts.

The significant margin improvement was achieved through positive operating leverage in our Cargo & Analytical Assessment and GTS operations, the execution of cost restructuring activities commenced in prior years and good costs control.

H2 growth outlook – We expect continued good growth in the division in line with the trends seen in the first half.

Mid to long term growth outlook – The long-term end-demand for resources and energy, development and trading of commodities as well as new fuel sources will continue to drive growth in this division through the cycle.

Industry & Assurance

	H1 15 £m	H1 14 £m	Change at actual rates	Change at constant rates	Organic change at constant rates
Revenue	**304.7**	325.3	(6.3)%	(6.3)%	(8.2)%
Operating profit	**25.0**	36.1	(30.7)%	(31.1)%	(33.1)%
Operating margin	**8.2%**	11.1%	(290)bps	(300)bps	(300)bps

Services & Customers – Using in-depth knowledge of the oil, gas, nuclear, power, renewable energy, construction, food, chemical and agricultural industries, the division provides a diverse range of services to help customers optimise their assets and meet global quality standards for their products. Our services provide clients with independent verification of the integrity of new assets being constructed, and existing assets being maintained, with key services that include technical inspection, asset integrity management, analytical testing, and consulting and training services. The division also provides quality and safety services to the Food and Agri sectors, certification services, second-party supplier auditing, sustainability data verification and process performance analysis. Our customers include the owners, operators and developers of new and existing industrial infrastructure, global food and hospitality brands and their suppliers, and the world's agricultural trading companies and growers.

Strategy – We help our customers to manage risk and optimize the returns of their infrastructure assets across a wide range of industrial sectors. By partnering with Intertek our customers gain peace-of-mind that their projects will proceed, and their assets will operate, with a lower risk of technical failure or delay.

H1 performance – The division delivered a mixed first-half performance with total revenue decreasing by 6.3% to £304.7m. Total operating profit decreased by 31.1% with the margin down by 300 basis points, due to challenging trading conditions in Industry Services which was partially offset by a robust margin performance in Food & Agri and Business Assurance.

Revenue in Business Assurance grew strongly with continuing demand for Quality Management (ISO 9001), Environmental (ISO 14001) and Health & Safety (OHSAS 18001) registrations. The business has also grown revenue with global customers, such as global food manufacturers, as some look to concentrate their worldwide audit providers. Intertek has gained market share through its strength of service and complementary offerings.

Food & Agri revenues grew strongly in the period driven by expansion of food safety needs along the global supply chain. We saw continued strong growth in emerging markets, particularly newer sourcing markets such as Turkey and Latin America generally where our western-brands clients are looking for assurances on a range of food-quality factors from pesticides to microbiological concerns. Within emerging markets such as China and India we experienced good growth in auditing and testing for food safety for the domestic market. Our Agriculture business which primarily supports the trade-volume flow of agricultural trade experienced strong growth due to market share gains in sugar and vegetable oils and other service development initiatives.

Revenue in Industry Services declined in the period due to the strategic decision to exit certain low-value contracts and challenging conditions in the oil and gas infrastructure market, as anticipated.

Revenue in our capex-driven services was 8% lower than the prior year, while opex-driven revenue remained broadly flat. This was due to lower capex activity by oil & gas customers, where Intertek has a leading oil and gas infrastructure support market share.

H2 growth outlook – We expect continuation of the first half trends seen in Business Assurance and Food & Agri through the second half. We expect the oil and gas infrastructure sector to remain challenging with negative growth in Industry services to continue in the second half. We will continue to focus on margin protection with self-help cost initiatives.

Mid to long term growth outlook – We expect oil and gas infrastructure markets to recover and that the long term growth in Industry services will be driven by global population and energy consumption growth, and capex and opex spending to support world economic growth. Growing consumer demand for quality products and brands in developed and developing economies, increasing regulations, and public food scandals, will continue to drive growth in the Food & Agri and Business Assurance markets.

PRESENTATION OF RESULTS

Adjusted results

In order to present the performance of the Group in a clear, consistent and comparable format, certain items are disclosed separately on the face of the income statement. These Separately Disclosed Items which are described below are excluded from the adjusted results.

Organic growth

Organic growth figures are calculated by excluding the results of acquisitions and disposals made since 1 January 2014.

Constant exchange rates

In order to remove the impact of currency translation from our growth figures we present revenue and profit growth at constant exchange rates. This is calculated by translating H1 14 results at H1 15 exchange rates.

Separately Disclosed Items ('SDIs')

Separately Disclosed Items are items which by their nature or size, in the opinion of the Directors, should be excluded from the adjusted results to provide readers with a clear and consistent view of the business performance of the Group and its operating divisions. When applicable, these items include amortisation of acquisition intangibles, impairment of goodwill and other assets, the profit or loss on disposals of businesses or other significant fixed assets, costs of acquiring and integrating acquisitions, the cost of any fundamental restructuring, material claims and settlements, significant recycling of amounts from equity to the income statement and unrealised gains/losses on financial assets/liabilities. Details of the Separately Disclosed Items for the six months ended 30 June 2015 and the comparative period are given in note 3 to the Interim Financial Statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has an established, structured approach to risk management, which includes continuously assessing and monitoring the key risks and uncertainties of the business.

During the first half of the year the Board reviewed the Group's principal risks and uncertainties to ensure they continued to be relevant to the Group. Based on this review, the Board identified the risks outlined on pages 11 to 17 of the Group's Annual Report for 2014, which is available from our website at www.intertek.com:

- Harm to the Group's reputation
- Loss or abuse of accreditation leading to loss of business
- Key staff reliance and depth of management
- Operational Health & Safety
- Political risk
- Environment
- Labour and Human Rights
- Cyclical risk

- IT systems risk
- Major claims
- Business ethics and Bribery and corruption
- Financial irregularity risk

The Business Review and Operating Review by Division include consideration of key uncertainties affecting the Group in the remaining six months of the year.

MANAGEMENT REPORTS & TRADING UPDATE

Intertek will issue a trading update in the fourth quarter of 2015. The 2015 full year results will be announced on 2 March 2016.

HALF YEAR REPORT

If you require a printed copy of this statement please contact the Group Company Secretary. This statement is available on www.intertek.com.

LEGAL NOTICE

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF YEAR REPORT

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;

- The interim management report includes a fair review of the information required by:

  a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

By order of the Board of Intertek Group plc

André Lacroix
Chief Executive Officer
31 July 2015

Edward Leigh
Chief Financial Officer
31 July 2015

Independent review report to Intertek Group plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2015 which comprises the condensed consolidated interim income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ('the DTR') of the UK's Financial Conduct Authority ('the UK FCA'). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the DTR of the UK FCA.

The annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half year report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Stephen Wardell
for and on behalf of KPMG Audit Plc
Chartered Accountants
15 Canada Square
London E14 5GL
31 July 2015

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2015

		Six months to 30 June 2015 (Unaudited)			Six months to 30 June 2014 (Unaudited)		
	Notes	Adjusted Results £m	Separately Disclosed Items* £m	Total 2015 £m	Adjusted results £m	Separately Disclosed Items* £m	Total 2014 £m
Revenue	2	**1,060.2**	–	**1,060.2**	1,024.3	–	1,024.3
Operating costs		**(895.8)**	**(10.7)**	**(906.5)**	(872.0)	(21.1)	(893.1)
Group operating profit	2	**164.4**	**(10.7)**	**153.7**	152.3	(21.1)	131.2
Finance income		**0.6**	–	**0.6**	2.8	–	2.8
Finance expense		**(15.2)**	–	**(15.2)**	(14.2)	–	(14.2)
Net financing costs		**(14.6)**	–	**(14.6)**	(11.4)	–	(11.4)
Profit before income tax		**149.8**	**(10.7)**	**139.1**	140.9	(21.1)	119.8
Income tax expense	4	**(37.0)**	**2.7**	**(34.3)**	(34.5)	5.0	(29.5)
Profit for the period	2	**112.8**	**(8.0)**	**104.8**	106.4	(16.1)	90.3
Attributable to:							
Equity holders of the Company		**105.6**	**(8.0)**	**97.6**	99.6	(16.1)	83.5
Non-controlling interest		**7.2**	–	**7.2**	6.8	–	6.8
Profit for the period		**112.8**	**(8.0)**	**104.8**	106.4	(16.1)	90.3
Earnings per share**							
Basic	5			**60.6p**			51.8p
Diluted	5			**60.3p**			51.3p
Dividends in respect of the period				**17.0p**			16.0p

* See note 3.

** Earnings per share on the adjusted results is disclosed in note 5.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2015

	Notes	Six months to 30 June 2015 (Unaudited) £m	Six months to 30 June 2014 (Unaudited) £m
Profit for the period	2	**104.8**	90.3
Other comprehensive income			
Remeasurements on defined benefit pension schemes		**2.5**	(0.6)
Income tax recognised in other comprehensive income		**–**	0.2
Items that will never be reclassified to profit or loss		**2.5**	(0.4)
Foreign exchange translation differences of foreign operations		**(47.7)**	(39.9)
Net exchange gain on hedges of net investments in foreign operations		**14.2**	23.0
Loss on fair value of cash flow hedges		**–**	(0.1)
Tax on items that are or may be reclassified subsequently to profit or loss		**0.3**	(1.4)
Items that are or may be reclassified subsequently to profit or loss		**(33.2)**	(18.4)
Total other comprehensive expense for the period		**(30.7)**	(18.8)
Total comprehensive income for the period		**74.1**	71.5

Total comprehensive income for the period attributable to:		
Equity holders of the Company	**68.0**	65.4
Non-controlling interest	**6.1**	6.1
Total comprehensive income for the period	**74.1**	71.5

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2015

	Notes	At 30 June 2015 (Unaudited) £m	At 30 June 2014 (Unaudited) £m	At 31 December 2014 (Audited) £m
Assets				
Property, plant and equipment	10	**349.8**	338.8	**363.3**
Goodwill	9	**770.1**	743.9	**779.9**
Other intangible assets		**165.6**	170.7	**174.9**
Investments in associates		**1.4**	1.4	**1.4**
Deferred tax assets		**22.1**	32.0	**24.6**
Total non-current assets		**1,309.0**	1,286.8	**1,344.1**
Inventories		**15.3**	13.3	**14.7**
Trade and other receivables		**539.0**	518.4	**526.5**
Cash and cash equivalents	8	**130.1**	100.5	**119.5**
Current tax receivable		**17.7**	16.6	**14.1**
Total current assets		**702.1**	648.8	**674.8**
Total assets		**2,011.1**	1,935.6	**2,018.9**
Liabilities				
Interest bearing loans and borrowings	8	**(111.3)**	(82.2)	**(89.8)**
Current taxes payable		**(54.8)**	(57.4)	**(53.4)**
Trade and other payables		**(286.5)**	(278.4)	**(301.8)**
Provisions		**(17.3)**	(20.8)	**(23.4)**
Total current liabilities		**(469.9)**	(438.8)	**(468.4)**
Interest bearing loans and borrowings	8	**(637.9)**	(679.1)	**(663.2)**
Deferred tax liabilities		**(40.2)**	(36.8)	**(35.2)**
Net pension liabilities	6	**(21.0)**	(12.9)	**(25.3)**
Other payables		**(13.7)**	(4.7)	**(16.1)**
Provisions		**(3.6)**	(2.3)	**(4.0)**
Total non-current liabilities		**(716.4)**	(735.8)	**(743.8)**
Total liabilities		**(1,186.3)**	(1,174.6)	**(1,212.2)**
Net assets		**824.8**	761.0	**806.7**
Equity				
Share capital		**1.6**	1.6	**1.6**
Share premium		**257.8**	257.8	**257.8**
Other reserves		**(58.3)**	(30.4)	**(25.9)**
Retained earnings		**592.6**	504.2	**547.1**
Total attributable to equity holders of the Company		**793.7**	733.2	**780.6**
Non-controlling interest		**31.1**	27.8	**26.1**
Total equity		**824.8**	761.0	**806.7**

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to equity holders of the Company							
			Other Reserves					
	Share capital	Share premium	Translation reserve	Other	Retained earnings*	Total before non-controlling interest	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2014	1.6	257.8	(20.6)	6.4	487.4	**732.6**	24.1	**756.7**
Total comprehensive income for the period								
Profit	–	–	–	–	83.5	**83.5**	6.8	**90.3**
Other comprehensive income	–	–	(16.2)	–	(1.9)	**(18.1)**	(0.7)	**(18.8)**
Total Comprehensive income for the period	–	–	(16.2)	–	81.6	**65.4**	6.1	**71.5**
Transactions with owners of the company recognised directly in equity **Contributions by and distributions to the owners of the company**								
Dividends paid	–	–	–	–	(49.9)	**(49.9)**	(2.4)	**(52.3)**
Purchase of own shares	–	–	–	–	(14.6)	**(14.6)**	–	**(14.6)**
Tax paid on share awards vested**	–	–	–	–	(5.7)	**(5.7)**	–	**(5.7)**
Equity-settled transactions	–	–	–	–	4.9	**4.9**	–	**4.9**
Income tax on equity-settled transactions	–	–	–	–	0.5	**0.5**	–	**0.5**
Total contributions by and distributions to the owners of the company	–	–	–	–	(64.8)	**(64.8)**	(2.4)	**(67.2)**
At 30 June 2014 (unaudited)	**1.6**	**257.8**	**(36.8)**	**6.4**	**504.2**	**733.2**	**27.8**	**761.0**
At 1 January 2015	1.6	257.8	(32.3)	6.4	547.1	**780.6**	26.1	**806.7**
Total comprehensive income for the period								
Profit	–	–	–	–	97.6	**97.6**	7.2	**104.8**
Other comprehensive income	–	–	(32.4)	–	2.8	**(29.6)**	(1.1)	**(30.7)**
Total Comprehensive income for the period	–	–	(32.4)	–	100.4	**68.0**	6.1	**74.1**
Transactions with owners of the company recognised directly in equity **Contributions by and distributions to the owners of the company**								
Dividends paid	–	–	–	–	(53.2)	**(53.2)**	(1.6)	**(54.8)**
Purchase of own shares	–	–	–	–	(5.2)	**(5.2)**	–	**(5.2)**
Purchase of minority interest	–	–	–	–	(0.8)	**(0.8)**	0.5	**(0.3)**
Tax paid on share awards vested**	–	–	–	–	(3.0)	**(3.0)**	–	**(3.0)**
Equity-settled transactions	–	–	–	–	6.9	**6.9**	–	**6.9**
Income tax on equity-settled transactions	–	–	–	–	0.4	**0.4**	–	**0.4**
Total contributions by and distributions to the owners of the company	–	–	–	–	(54.9)	**(54.9)**	(1.1)	**(56.0)**
At 30 June 2015 (unaudited)	**1.6**	**257.8**	**(64.7)**	**6.4**	**592.6**	**793.7**	**31.1**	**824.8**

* After £244.1m for goodwill written off to retained earnings as at 1 January 2004 in relation to subsidiaries acquired prior to 31 December 1997.
** The tax paid on share awards vested is related to settlement of the tax obligation by the Group via the sale of a portion of the equity-settled shares.

The £53.2m dividend paid on 5 June 2015 represented a final dividend of 33.1p per ordinary share in respect of the year ended 31 December 2014. The £49.9m dividend paid on 6 June 2014 represented a final dividend of 31.0p per ordinary share in respect of the year ended 31 December 2013. No ordinary shares were issued in the period to satisfy the exercise of shares.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2015

	Notes	Six months to 30 June 2015 (Unaudited) £m	Six months to 30 June 2014 (Unaudited) £m
Cash flows from operating activities			
Profit for the period	2	**104.8**	90.3
Adjustments for:			
Depreciation charge		**37.3**	33.8
Amortisation of software		**4.3**	3.5
Amortisation of acquisition intangibles		**10.5**	10.3
Equity-settled transactions		**6.9**	4.9
Net financing costs		**14.6**	11.4
Income tax expense	2	**34.3**	29.5
(Gain)/loss on disposal of property, plant, equipment and software		**(0.1)**	0.3
Operating cash flows before changes in working capital and operating provisions		**212.6**	184.0
Change in inventories		**(0.9)**	(1.5)
Change in trade and other receivables		**(32.5)**	(14.2)
Change in trade and other payables		**(6.5)**	(24.1)
Change in provisions		**(6.3)**	(0.8)
Special contributions into pension schemes		**(2.8)**	(0.9)
Cash generated from operations		**163.6**	142.5
Interest and other finance expense paid		**(15.3)**	(13.2)
Income taxes paid		**(28.1)**	(30.8)
Net cash flows generated from operating activities		**120.2**	98.5
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and software		**0.6**	0.1
Interest received		**0.6**	0.6
Acquisition of subsidiaries, net of cash acquired	9	**(6.1)**	(37.4)
Consideration paid in respect of prior period acquisitions	9	**–**	(0.3)
Purchase of non-controlling interest		**(0.3)**	–
Acquisition of property, plant, equipment and software	10	**(42.6)**	(52.1)
Net cash flows used in investing activities		**(47.8)**	(89.1)
Cash flows from financing activities			
Purchase of own shares		**(5.2)**	(14.6)
Tax paid on share awards vested		**(3.0)**	(5.7)
Drawdown of borrowings		**71.3**	66.0
Repayment of borrowings		**(63.6)**	(15.0)
Dividends paid to non-controlling interest		**(1.6)**	(2.4)
Equity dividends paid		**(53.2)**	(49.9)
Net cash flows used in financing activities		**(55.3)**	(21.6)
Net increase/(decrease) in cash and cash equivalents	8	**17.1**	(12.2)
Cash and cash equivalents at 1 January	8	**119.5**	116.4
Effect of exchange rate fluctuations on cash held	8	**(6.5)**	(3.7)
Cash and cash equivalents at end of period	8	**130.1**	100.5

Cash outflow relating to Separately Disclosed Items was £5.9m (H1 14: £5.7m).

Notes to the Condensed Consolidated Interim Financial Statements

1 Basis of preparation

Reporting entity

Intertek Group plc (the 'Company') is a company incorporated and domiciled in the United Kingdom. The Condensed Consolidated Interim Financial Statements of the Company as at and for the six months ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the 'Group').

The Consolidated Financial Statements of the Group as at and for the year ended 31 December 2014, are available upon request from the Company's registered office at 25 Savile Row, London, W1S 2ES. An electronic version is available from the Investors section of the Group website at www.intertek.com.

Statement of compliance

These Condensed Consolidated Interim Financial Statements are prepared in accordance with *IAS 34: Interim Financial Reporting*, as endorsed and adopted for use in the European Union and the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Consolidated Financial Statements of the Group as at and for the year ended 31 December 2014.

The comparative figures for the financial year ended 31 December 2014 are the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Significant accounting policies

These Condensed Consolidated Interim Financial Statements are unaudited and, except as described below, have been prepared on the basis of accounting policies consistent with those applied in the Consolidated Financial Statements for the year ended 31 December 2014.

There are no new standards effective for the first time in the current financial period with significant impact on the Company's consolidated results or financial position.

Risks and uncertainties

The Operating Review includes consideration of the risks and uncertainties affecting the Group in the remaining six months of the year. The Board has reviewed forecasts, including forecasts adjusted for significantly worse economic conditions, and remains satisfied with the Group's funding and liquidity position. On the basis of its forecasts, both base case and stressed, and available facilities, the Board has concluded that the going concern basis of preparation continues to be appropriate.

Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these Condensed Consolidated Interim Financial Statements, the nature of the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that were applied to the Consolidated Financial Statements as at and for the year ended 31 December 2014. During the six months ended 30 June 2015 management reassessed its estimates in respect of taxation (notes 4 and 12(b)), pensions (note 6), contingent consideration payable and fair value adjustments in respect of acquisitions made in prior periods (note 9 (c)), impairment (note 9(f)) and also claims and settlements (note 12).

Notes to the Condensed Consolidated Interim Financial Statements

1 Basis of preparation *(continued)*

Foreign exchange

The assets and liabilities of foreign operations, including goodwill arising on acquisition, are translated to sterling at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated into sterling at cumulative average rates of exchange during the year.

The most significant currencies for the Group were translated at the following exchange rates:

Value of £1	Assets and liabilities Actual rates		Income and expense Cumulative average rates	
	30 June 2015	30 June 2014	H1 15	H1 14
US dollar	**1.57**	1.70	**1.53**	1.67
Euro	**1.41**	1.25	**1.37**	1.22
Chinese renminbi	**9.77**	10.59	**9.53**	10.25
Hong Kong dollar	**12.21**	13.19	**11.87**	12.94
Australian dollar	**2.06**	1.81	**1.95**	1.83
Canadian dollar	**1.94**	1.82	**1.89**	1.83

2 Operating segments

Business analysis

The Group is organised into business lines which are the Group's operating segments. These operating segments are aggregated into five divisions, which are the Group's reportable segments. These five divisions, each of which offers services to different industries are: Consumer Goods; Commercial & Electrical; Chemicals & Pharma; Commodities and Industry & Assurance. The costs of the corporate head office and other costs which are not controlled by the five divisions are allocated in an appropriate manner. These divisions are the basis on which the Group reports its primary segment information. A description of the activity in each division is given in the Operating Review by Division. The results of the divisions are shown below:

Six month period ended 30 June 2015	Revenue from external customers £m	Depreciation and software amortisation* £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Consumer Goods	196.2	(6.1)	62.8	(0.3)	62.5
Commercial & Electrical	194.6	(12.3)	29.7	(0.8)	28.9
Chemicals & Pharma	87.5	(2.5)	10.1	(0.5)	9.6
Commodities	277.2	(10.6)	36.8	(0.2)	36.6
Industry & Assurance	304.7	(6.4)	25.0	(8.9)	16.1
Total	**1,060.2**	**(37.9)**	**164.4**	**(10.7)**	**153.7**
Group operating profit			**164.4**	**(10.7)**	**153.7**
Net financing costs			(14.6)	–	(14.6)
Profit before income tax			**149.8**	**(10.7)**	**139.1**
Income tax expense			(37.0)	2.7	(34.3)
Profit for the year			**112.8**	**(8.0)**	**104.8**

* Depreciation and software amortisation of £41.6m (2014: £37.3m) includes unallocated charges of £3.7m (2014: £3.2m).

Notes to the Condensed Consolidated Interim Financial Statements

2 Operating segments *(continued)*

Six month period ended 30 June 2014	Revenue from external customers £m	Depreciation and software amortisation* £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Consumer Goods	176.1	(5.3)	55.6	(0.3)	55.3
Commercial & Electrical	176.0	(10.6)	26.6	(2.8)	23.8
Chemicals & Pharma	84.1	(2.3)	7.2	(4.3)	2.9
Commodities	262.8	(10.9)	26.8	(2.7)	24.1
Industry & Assurance	325.3	(5.0)	36.1	(11.0)	25.1
Total	**1,024.3**	**(34.1)**	**152.3**	**(21.1)**	**131.2**
Group operating profit			**152.3**	**(21.1)**	**131.2**
Net financing costs			(11.4)	–	(11.4)
Profit before income tax			**140.9**	**(21.1)**	**119.8**
Income tax expense			(34.5)	5.0	(29.5)
Profit for the year			**106.4**	**(16.1)**	**90.3**

3 Separately Disclosed Items ('SDIs')

		Six months to 30 June 2015 £m	**Six months to 30 June 2014 £m**
Operating costs			
Amortisation of acquisition intangibles	(a)	**(10.5)**	(10.3)
Acquisition costs		**(0.2)**	(1.1)
Restructuring costs	(b)	**–**	(9.7)
Total operating costs		**(10.7)**	(21.1)
Net financing costs		**–**	–
Total before income tax		**(10.7)**	(21.1)
Income tax credit on Separately Disclosed Items		**2.7**	5.0
Total		**(8.0)**	(16.1)

(a) Of the amortisation of acquisition intangibles in the current period, £6.7m (H1 14: £6.6m) relates to the customer contracts and customer relationships acquired with the purchase of Moody International Limited in 2011.

(b) No restructuring costs were incurred in the period (H1 14: £9.7m).

Notes to the Condensed Consolidated Interim Financial Statements

4 Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period in respect of the adjusted results. The income tax expense for the adjusted results for the six months ended 30 June 2015 is £37.0m (H1 14: £34.5m). The Group's adjusted consolidated effective tax rate for the six months ended 30 June 2015 is 24.7% (H1 14: 24.5%). The income tax expense for the total results for the six months ended 30 June 2015 is £34.3m (H1 14: £29.5m). The Group's consolidated effective tax rate for the six months ended 30 June 2015 is 24.7% (H1 14: 24.6%).

Differences between the estimated adjusted effective rate of 24.7% and the weighted average notional statutory UK rate of 20.25% include, but are not limited to, the mix of profits, the effect of tax rates in foreign jurisdictions, non-deductible expenses, the effect of utilised tax losses and under/over provisions in previous periods.

5 Earnings per share ('EPS')

	Six months to 30 June 2015 £m	Six months to 30 June 2014 £m
Based on the profit for the period:		
Profit attributable to ordinary shareholders	**97.6**	83.5
Separately Disclosed Items after tax (note 3)	**8.0**	16.1
Adjusted earnings	**105.6**	99.6
Number of shares (millions):		
Basic weighted average number of ordinary shares	**160.8**	161.1
Potentially dilutive share awards	**1.0**	1.6
Diluted weighted average number of shares	**161.8**	162.7
Basic earnings per share	**60.6p**	51.8p
Potentially dilutive share awards	**(0.3)p**	(0.5)p
Diluted earnings per share	**60.3p**	51.3p
Adjusted basic earnings per share	**65.7p**	61.8p
Potentially dilutive share awards	**(0.4)p**	(0.6)p
Adjusted diluted earnings per share	**65.3p**	61.2p

6 Pension schemes

During the period the Group made a special contribution of £2.8m (H1 14: £0.9m) into The Intertek Pension Scheme.

The significant actuarial assumptions used in the valuation of the Group's material defined benefit pension schemes as at 31 December 2014 have been reviewed. The movements in the discount and inflation rates used to value the pension liabilities, as well as the updated asset valuations and the net pension liabilities, have not moved materially since 31 December 2014; however a net actuarial gain before taxation of £2.5m has been recognised in the consolidated statement of comprehensive income. The net pension liability is £21.0m at 30 June 2015.

The expense recognised in the consolidated interim income statement for the Group's material defined benefit pension schemes consists of interest on the obligation for employee benefits and the expected return on scheme assets. For the six months ended 30 June 2015, the Group recognised a net expense of £0.3m (H1 14: £0.6m).

7 Equity-settled transactions

During the six months ended 30 June 2015, the Group recognised an expense of £6.9m in respect of the share awards made in 2012, 2013, 2014 and 2015. For the six months ended 30 June 2014, the charge was £4.9m in respect of the share awards made in 2011, 2012, 2013 and 2014. The shares granted in 2015 had fair values of 2,557.2p for the Share Awards.

Under the Long Term Incentive Plan, 317,383 Share Awards (H1 14: 256,931), no Performance Awards (H1 14: 304,969) and 52,576 Deferred Share Awards (H1 14: nil) were granted during the period. In addition, 183,149 mirror share awards, as set out in the Consolidated Financial Statements of the Group as at and for the year ended 31 December 2014, were granted with a fair value of 2,633.0p.

8 Analysis of net debt

The components of net debt are outlined below:

	1 January 2015 £m	Cash flow £m	Non-cash adjustments £m	Exchange adjustments £m	30 June 2015 £m
Cash	119.5	17.1	–	(6.5)	**130.1**
Borrowings:					
Revolving credit facility US$800m 2019	(124.1)	(71.3)	–	2.7	**(192.7)**
Bilateral term loan facilities US$40m 2015	(25.8)	–	–	0.4	**(25.4)**
Bilateral term loan facilities US$60m 2016	(38.6)	–	–	0.6	**(38.0)**
Senior notes US$100m 2015	(64.4)	63.5	–	0.9	**–**
Senior notes US$75m 2016	(48.3)	–	–	0.7	**(47.6)**
Senior notes US$100m 2017	(64.4)	–	–	0.9	**(63.5)**
Senior notes US$20m 2019	(12.9)	–	–	0.2	**(12.7)**
Senior notes US$150m 2020	(96.7)	–	–	1.4	**(95.3)**
Senior notes US$15m 2021	(9.7)	–	–	0.1	**(9.6)**
Senior notes US$140m 2022	(90.2)	–	–	1.3	**(88.9)**
Senior notes US$40m 2023	(25.8)	–	–	0.4	**(25.4)**
Senior notes US$125m 2024	(80.6)	–	–	1.2	**(79.4)**
Senior notes US$40m 2025	(25.8)	–	–	0.4	**(25.4)**
Senior notes US$75m 2026	(48.3)	–	–	0.7	**(47.6)**
Other*	2.6	0.1	(0.4)	–	**2.3**
Total borrowings	(753.0)	(7.7)	(0.4)	11.9	**(749.2)**
Total net debt	(633.5)	9.4	(0.4)	5.4	**(619.1)**

* Includes other borrowings of £0.7m (2014: £0.7m) and facility fees.

	30 June 2015 £m	30 June 2014 £m	31 December 2014 £m
Borrowings due in less than one year	**111.3**	82.2	89.8
Borrowings due in one to two years	**–**	330.0	86.4
Borrowings due in two to five years	**266.5**	70.2	199.9
Borrowings due in over five years	**371.4**	278.9	376.9
Total borrowings	**749.2**	761.3	753.0

8 Analysis of net debt *(continued)*

Key facilities

Full details of the Group's borrowings facilities were disclosed in note 14 to the Annual Report for 2014. The only movement in the period relates to the repayment of US$100m of senior notes on 26 June 2015.

Fair values

The carrying value of the interest bearing loans and borrowings is £749.2m. The fair value, based on the present value of the future principal and interest cash flows discounted at the market rate at reporting date, was £759.3m.

The carrying value of derivative liabilities (namely forward exchange contracts) is equal to their fair value. The fair value of these derivatives represents the difference between the values of the outstanding contracts at their contracted rates and a valuation calculated using the spot rates of exchange prevailing at 30 June 2015. Derivative liabilities of £1.2m (H1 14: £0.6m) are included within Trade and Other Payables on the balance sheet.

Interest bearing loans and borrowings and derivative liabilities are categorised as Level 2 under the fair value hierarchy under which the fair value is measured using inputs other than quoted prices observable for the liability either directly, or indirectly. There have been no transfers between any levels within the fair value hierarchy during the period. There have been no reclassifications of financial assets as a result of a change in purposes or use of those assets.

9 Acquisition of businesses

(a) Acquisitions

During the period year, the Group acquired one company, the details of which are included below.

Adelaide Inspection Services Pty Ltd ('AIS')

On 3 February 2015 the Group acquired 100% of the share capital of Adelaide Inspection Services Pty Ltd ('AIS') for cash consideration of AUD 12m (£6.1m) on a cash and debt free basis (total consideration was AUD 12.9m (£6.5m)). AIS is an Australian provider of opex-led NDT services primarily to the power generation market, with support also to the construction, oil, gas and mining industries. Goodwill arising was £4.5m and represents the value placed in expanding the network of non-destructive testing ('NDT') within the Industry & Assurance division.

Provisional details of net assets acquired and fair value adjustments for all the acquisitions completed in the year are set out in the following table. The analysis is provisional and amendments may be made to these figures in the 12 months following the date of each acquisition.

	Book value prior to acquisition £m	Fair value adjustments £m	Fair value to Group on acquisition £m
Property, plant and equipment	0.8	–	0.8
Goodwill	–	4.5	4.5
Other intangible assets	–	0.7	0.7
Inventories	0.2	–	0.2
Trade and other receivables	1.7	–	1.7
Trade and other payables	(1.6)	–	(1.6)
Deferred tax liabilities	–	(0.2)	(0.2)
Net assets acquired	**1.1**	**5.0**	**6.1**
Cash outflow (net of cash acquired)			6.1
Total consideration			**6.1**

The goodwill of £4.5m represents the value of the assembled workforce and the benefits Intertek expects to gain from increasing its presence in the relevant sectors in which the acquired businesses operate.

9 Acquisition of businesses *(continued)*

(a) Acquisitions *(continued)*

The intangible assets of £0.7m represent the value placed on customer contracts and relationships and the deferred tax thereon was £0.2m.

The revenue for the period from the date of acquisition to 30 June 2015 was £2.7m. The revenue for the period 1 January 2015 to the date of acquisition was £0.5m. The profit for the period from the date of acquisition to 30 June 2015 attributable to the Group was £0.3m (£0.3m profit for the period 1 January 2015 to 30 June 2015).

(b) Acquisitions subsequent to the balance sheet date

No acquisitions have been made subsequent to the balance sheet date.

(c) Prior period acquisitions

No consideration (H1 14: £0.3m) was paid during the period in respect of prior period acquisitions.

(d) Impact of acquisitions on the Group results

The Group revenue and profit for the six months ended 30 June 2015 attributable to the Group would have been £1,060.7m and £153.7m respectively, if the acquisition was assumed to have been made on 1 January 2015.

(e) Details of 2014 acquisitions

Full details of acquisitions made in the year ended 31 December 2014 are disclosed in note 10 to the Annual Report for 2014.

(f) Impairment

Past acquisitions generated goodwill, which has been tested annually as required by accounting standards. No impairment was required; however due to the prevailing market conditions, this will be kept under review.

(g) Reconciliation of goodwill

	£m
Goodwill at 1 January 2015	779.9
Additions	4.5
Foreign exchange	(14.3)
Goodwill at 30 June 2015	**770.1**

10 Property, plant, equipment and software

(a) Additions

During the six months to 30 June 2015, the Group acquired fixed assets with a cost of £42.6m (H1 14: £52.1m; year ended 31 December 2014: £109.5m). In addition the Group acquired fixed assets of £0.8m (H1 14: £2.9m; year ended 31 December 2014: £3.4m) through business combinations (note 9).

(b) Capital commitments

Contracts for capital expenditure which are not provided in these accounts amounted to £11.5m (at 30 June 2014: £7.1m; at 31 December 2014: £6.2m).

11 Related parties

There are no related party transactions in the period that have materially affected the financial position or performance of the Group. There are no changes in the related party transactions from those described in the last Annual Report.

Notes to the Condensed Consolidated Interim Financial Statements

12 Contingent liabilities

(a) Claims and litigation

The Group is involved in various claims and lawsuits incidental to the ordinary course of its business.

The outcome of the litigation and the timing of any potential liability cannot be readily foreseen. Based on information currently available, the Directors consider that the cost to the Group of an unfavourable outcome arising from such litigation is unlikely to have a materially adverse effect on the financial position of the Group in the foreseeable future.

(b) Tax

The Group operates in more than 100 countries and is subject to a wide range of complex tax laws and regulations. At any point in time it is normal for there to be a number of open years in any particular territory which may be subject to enquiry by local authorities. Where the effect of the laws and regulations is unclear, estimates are used in determining the liability for the tax to be paid on profits which are recognised in the financial statements. The Group considers the estimates, assumptions and judgements to be reasonable; but this can involve complex issues which may take a number of years to resolve. The final determination of prior year tax liabilities could be different from the estimates reflected in the financial statements.

13 Post balance sheet events

On 31 July 2015 the maturity of the US$800m revolving credit facility was extended by 12 months to June 2020. The other terms of this facility remain unchanged. The Group has an option to extend by a further 12 months in July 2016, subject to lender consent at that time.

14 Approval

The Condensed Consolidated Interim Financial Statements were approved by the Board on 31 July 2015.