2019 HALF YEAR RESULTS ANNOUNCEMENT

1 AUGUST 2019

CONTINUOUS PROGRESS ON REVENUE, MARGIN AND CASH

- Robust group revenue of £1.443bn: +4.9% at constant rates, +7.0% at actual rates
- Broad based organic revenue growth of +3.0% at constant rates: Products +2.1%, Trade +5.1%, Resources +3.5%
- 1.9% revenue growth from acquisitions in attractive growth and margin sectors
- 6.8% increase in adjusted operating profit at constant rates, +7.9% at actual rates
- Continuous adjusted margin progression: +30bps at constant rates, +10bps at actual rates
- Robust adjusted diluted EPS growth: +6.0% at constant rates, +7.2% at actual rates
- Diluted EPS growth of +2.9% at constant rates, +4.8% at actual rates
- Strong operating cash flow of £218.9m, +11.9% vs. last year
- 7.2% increase in half year dividend payment

André Lacroix: Chief Executive Officer statement

"In the first six months of the year, the Group has delivered revenue of £1,442.6m, up 7.0% year-on-year at actual rates and 4.9% at constant rates, driven by broad-based organic growth of 3.0% at constant rates, by the contribution of the acquisitions we made recently in attractive growth and margin sectors and by a 210bps benefit due to FX translation.

For the fifth consecutive year, the Group delivered margin progression in H1 with an increase year-on-year of 30bps at constant currency, that was broad based: Products +20bps, Trade +10bps, Resources +70bps.

Our strong operating cash flow performance with double-digit growth year-on-year reflects our day-to-day operational discipline on cash.

In-line with our dividend policy that targets a payout ratio of circa 50%, and underpinned by our high margin and highly cash generative earnings model, we have announced a half year dividend of 34.2p per share, an increase of 7.2%.

We are on track to deliver our 2019 targets of good organic revenue growth at constant rates, with moderate margin expansion and strong cash conversion. We expect good organic revenue growth at constant currency rates in each of our three divisions: Products, Trade and Resources.

The $250 billion global Quality Assurance industry has attractive structural growth prospects driven by an increased focus of corporations on risk management, global trade flows, global demand for energy, expanding regulations, more complex sourcing and distribution operations, technological innovations, government investments in large infrastructure projects, and increased consumer demand for higher quality and more sustainable products.

We are uniquely positioned to seize these exciting growth opportunities with our Total Quality Assurance (TQA) Value Proposition that provides leading Assurance, Testing, Inspection and Certification solutions that are mission-critical to our customers across multiple industries through our global network of subject-matter experts and over 1,000 state-of-the-art facilities in over 100 countries. We operate a high quality and highly cash generative earnings model delivering strong returns.

Our '5x5' differentiated strategy for growth will continue to move the centre of gravity of our portfolio towards the attractive growth and margin opportunities in the industry based on a disciplined approach to revenue, margin, portfolio and cash performance management, and an accretive disciplined capital allocation policy that delivers sustainable shareholder value creation."

IFRS 16 REPORTING UPDATE

IFRS 16 was adopted on 1 January 2019 for our statutory reporting, without restating prior year figures. As a result, the discussion of our operating results is on an IAS 17 basis for all periods presented, unless otherwise stated. Under IFRS 16, the Group delivered adjusted operating profit of £248.9m, generating a margin of 17.3% and adjusted diluted EPS of 98.2p. Statutory operating profit was £228.7m and statutory diluted EPS was 88.1p.

Key Adjusted Financials	2019 H1 IAS 17[1]	2018 H1 IAS 17[1]	Change at actual rates IAS 17	Change at constant rates[2] IAS 17	2019 H1 IFRS 16[1]
Revenue	£1,442.6m	£1,347.7m	7.0%	4.9%	£1,442.6m
Organic revenue[3]	£1,415.0m	£1,346.0m	5.1%	3.0%	£1,415.0m
Operating profit[4]	£243.6m	£225.8m	7.9%	6.8%	£248.9m
Operating margin[4]	16.9%	16.8%	10bps	30bps	17.3%
Profit before tax[4]	£226.1m	£213.6m	5.9%	4.9%	£227.1m
Diluted earnings per share[4]	97.8p	91.2p	7.2%	6.0%	98.2p
Interim dividend per share	34.2p	31.9p	7.2%		

Key Statutory Financials	2019 H1 IAS 17[1]	2018 H1 IAS 17[1]	Change at actual rates IAS 17	2019 H1 IFRS 16[1]
Revenue	£1,442.6m	£1,347.7m	7.0%	£1,442.6m
Operating profit	£223.4m	£209.3m	6.7%	£228.7m
Operating margin	15.5%	15.5%	-	15.9%
Profit before tax	£205.3m	£196.6m	4.4%	£206.3m
Profit after tax	£154.3m	£147.4m	4.7%	£155.1m
Diluted earnings per share	87.7p	83.7p	4.8%	88.1p

1. Following the adoption of IFRS 16 "Leases" on 1 January 2019, the Group's statutory results for the six months ended 30 June 2019 are on an IFRS 16 basis, whereas the statutory results for the six months ended 30 June 2018 are on an IAS 17 basis as previously reported. For comparability, we have also presented the Group's results for the six months ended 30 June 2019 on an IAS 17 basis and the associated growth rates are on this basis. Additional detail is provided in notes 1 and 11 of this release.
2. Constant currency is calculated by translating H1 18 results at H1 19 exchange rates.
3. Organic revenue growth excludes the impact of acquisitions and disposals in 2018 and 2019.
4. Adjusted results are stated before Separately Disclosed Items ('SDIs'), see note 3 to the Condensed Consolidated Interim Financial Statements. A reconciliation between reported and adjusted measures is shown in the Presentation of Results section on page 20.

The Directors have approved an interim dividend of 34.2p per share (H1 18: 31.9p) to be paid on 11 October 2019 to shareholders on the register at close of business on 27 September 2019.

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Analysts' Call

A live audiocast for analysts and investors will be held today at 8.00am. 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.

intertek

Total Quality. Assured.

Intertek is a leading Total Quality Assurance provider to industries worldwide.

Our network of more than 1,000 laboratories and offices and over 44,000 people in more than 100 countries, delivers innovative and bespoke Assurance, Testing, Inspection and Certification solutions for our customers' operations and supply chains.

Intertek Total Quality Assurance expertise, delivered consistently, with precision, pace and passion, enabling our customers to power ahead safely.

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HALF YEAR REPORT 2019

GROUP CEO REVIEW

In the first six months of the year, the Group has delivered revenue of £1,442.6m, up 7.0% year-on-year at actual rates and 4.9% at constant rates, driven by an organic growth of 3.0% at constant rates, by the contribution of the acquisitions we made recently in attractive growth and margin sectors and by a 210bps benefit due to FX translation.

We continue to make progress on revenue and delivered 3% organic growth at constant currency that was broad-based: +2.1% in Products, +5.1% in Trade and +3.5% in Resources.

The acquisitions made since January 2018 in attractive growth and margin sectors are performing well and have added 1.9% to our revenues in H1. I am particularly pleased with the progress Alchemy is making, offering our leading People Assurance services to our clients in North America.

We delivered a robust operating profit performance of 6.8% growth at constant rates and 7.9% growth at actual rates. For the fifth consecutive year, the Group delivered consistent margin progression in H1 with an increase year-on-year of 30bps at constant currency, that was broad based: Products +20bps, Trade +10bps, Resources +70bps.

Our strong operating cash flow performance with double-digit growth year-on-year reflects our day-to-day operational discipline on cash.

In-line with our dividend policy that targets a payout ratio of circa 50%, and underpinned by our high margin and highly cash generative earnings model, we have announced a half year dividend of 34.2p per share, an increase of 7.2%.

We are on track to deliver our 2019 targets of good organic revenue growth at constant rates, with moderate margin expansion and strong cash conversion. We expect good organic revenue growth at constant currency rates in each of our three divisions: Products, Trade and Resources.

Attractive opportunities for growth

The total value of the global quality assurance market is, we estimate, $250 billion of which ‘only’ $50 billion is currently outsourced. That means there is an opportunity to capture a share of the $200 billion that is currently managed in-house.

Companies are certainly doing far more today to improve quality and safety than they were even five years ago, but there is much that needs to be done to establish a robust, reliable, end-to-end TQA approach that reduces risk. That is what we offer to our clients, leveraging our broad service portfolio, our technical expertise, our global laboratory network, and our passionate customer centric colleagues to allow corporations to concentrate on their core value-generating activities.

We see four growth opportunities.

First, we will be looking to leverage the growth opportunities presented by our existing customers. We aim to increase customer account penetration, both within the services we already provide to each individual organisation and by cross-selling between the various components of our integrated ATIC offering.

Second, we will continue to leverage our global portfolio of industry leading solutions to win new customer relationships with new and fast growing local, regional and global companies.

Third, as companies see the value in our TQA approach, there will also be tremendous growth potential in convincing corporations that currently conduct this work in-house to outsource their quality assurance requirements to us.

Fourth, our industry is highly fragmented and we will look at seizing the right M&A opportunities to enable us to expand our geographic coverage where needed, providing access to a new kind of offering and strengthening our existing operations. Our highly cash generative earnings model and strong balance sheet provides the flexibility to accelerate organic growth with value enhancing acquisitions.

Intertek Total Quality Assurance

Intertek has been the pioneer of our industry across the world for 130 years. We have a proven track record of innovating and anticipating the growing needs of our clients, constantly evolving and improving our customer proposition to meet their changing needs. Importantly, this entrepreneurial spirit among our people is a fundamental aspect of our differentiated '5x5' strategy for growth.

In identifying that for corporations to deliver sustainable performance, our customers need to take a risk-based approach to quality assurance across their entire supply and distribution chain, we evolved our service offering beyond Testing, Inspection and Certification of our clients' physical components, products and assets to also assist them the reliability of their operating processes and quality management systems; Assurance is at the cutting edge of our value proposition.

Further, Intertek has continued to lead the industry as we expanded our Assurance services into People Assurance. In a world of increasingly complex supply chains and distribution channels, employees are key in driving operational excellence in multi-site organisations and we identified that there is a growing demand for bespoke People Assurance solutions to monitor and efficiently close critical skills gaps amongst frontline employees.

Today, our truly systemic, end-to-end Assurance, Testing, Inspection and Certification services (ATIC) enable our clients to operate safely and with complete peace of mind. This is what we call Intertek Total Quality Assurance (TQA).

Intertek's differentiated TQA value proposition is set to continue to lead the industry and sustain our growth trajectory in the years ahead.

Our high-quality earnings model

Our high margin and strongly cash generative earnings model is underpinned by the delivery of our TQA Value Proposition.

The Intertek earnings model is to provide ATIC solutions with superior customer service levels to businesses in the three economic sectors of 'Products', 'Trade' and 'Resources' across more than 100 countries. These sectors provide the framework of our high-quality earnings model, and each benefit from their own set of structural growth drivers.

We operate a capital light business model which, combined with our entrepreneurial culture, enables us to react quickly to new growth opportunities.

At the Group level, in the medium- to long-term we expect to deliver GDP+ organic revenue growth that is margin accretive and strongly cash generative. This will enable us to allocate our resources in a disciplined fashion, to create further value via carefully selected capital expenditure and M&A investments in high-margin and high-growth areas that in turn feed further accelerated margin accretive revenue growth.

The Products sector, which currently delivers 76% of our profit, comprises Softlines, Hardlines, Electrical & Connected World, Building & Construction, Chemicals & Pharma, Transportation Technologies, Food, and Business Assurance. We see the sector as continuing to benefit from corporations' growing investments in quality and innovation and anticipate continuing growth in response to rising consumer demand and a higher regulatory burden.

Specifically, we see two key growth drivers for Intertek in this sector:

- growth in stock-keeping units ('SKUs') or brands, driven by increasing numbers of products worldwide, shorter product life-cycles and the rise of e-commerce. Consider the speed of product development over the last 30 years in the mobile phone sector, as companies have competed for consumer attention through investments in technology, innovation, variety and brand development; and
- growth in the number of tests that need to be taken for each SKU or brand, driven by rising regulatory standards, concerns for safety, demand for higher quality and continuous innovation.

We expect our Products sector to continue growing faster than GDP as our ATIC services support customers in their determination to:

- innovate ahead of their competitors;
- maintain or improve quality while expanding their supply chains;

- meet more demanding regulatory standards;
- raise the sustainability standards of their products and processes;
- sharpen their risk-management focus; and
- protect their reputations.

Our second key business sector is Trade, which comprises Caleb Brett, AgriWorld and Government & Trade Services (GTS) and accounts for 18% of our profit. By drawing on our services, particularly in the inspection area, companies have the assurance of knowing that their cargoes comply with all relevant regulations and quality standards.

Our Trade business will continue to benefit from ongoing growth in global trade and the development of stronger regional trade in Asia, the Indian Ocean, the Mediterranean and the Americas. We expect this growth to be at a rate similar to global GDP through the cycle, driven by the increases in global population and demand from emerging markets that are causing cargo tonnage, shipping numbers and trading routes to grow.

In Resources, our third business sector which contributed 6% of our profit, and consists of our Industry Services and Minerals businesses, we anticipate long-term growth driven by increasing demand for global energy to support GDP and population growth but we recognise this is a cyclical business that is currently in the challenging part of the cycle.

We offer both Capex and Opex Services, helping companies to invest in new capacity and operating existing facilities.

We will also see continued expansion in the different types of energy consumed, with an increasing role for renewables in driving sustainability, carbon reduction and cleanliness of supply.

Our differentiated strategy for growth

Our earnings model supports our '5x5' differentiated strategy for growth, which aims to move the centre of gravity of the Company towards high-growth, high-margin areas in our industry. This strategy comprises five strategic priorities and five strategic enablers, targeted at the achievement of five corporate goals that help us measure progress.

Our five medium- to long-term corporate goals are:

- Fully engaged employees working in a safe environment
- Superior customer service in Assurance, Testing, Inspection and Certification
- Margin-accretive revenue growth based on GDP+ organic growth
- Strong cash conversion from operations
- Accretive, disciplined capital-allocation policy

Our five strategic priorities are:

- A differentiated brand proposition that positions Intertek as the market-leading provider of Quality Assurance services
- Delivering superior service with our TQA Value Proposition, building customer loyalty and attracting new customers
- An effective sales strategy that develops our business by attracting new clients and growing account penetration with existing customers, through increasing the focus on the systematic cross selling of our ATIC solutions
- Operating a growth- and margin-accretive portfolio strategy, that delivers focussed growth among the business lines, countries and services with good growth and margin prospects
- Delivering operational excellence in every operation to drive productivity

The five enablers that will support the execution of our strategy are:

- Our entrepreneurial spirit and decentralised organisation which underpins our customer-centric culture
- Disciplined performance management, driving margin-accretive revenue growth with strong cash conversion and strong returns on capital
- Superior technology, increasing productivity and adding value to our customers
- Engaging our people through the appropriate reward strategy and investing in the right capabilities to support our growth agenda
- Achieving sustainable growth for customers, employees, shareholders, suppliers and communities and ensuring we have the right balance between performance and sustainability

Focussed portfolio strategy

Pursuing a growth- and margin-accretive portfolio is one of our five strategic priorities. When managing our day-to-day performance and allocating our capital and people resources, we will pursue a three-tier portfolio strategy:

First, we will focus on our large businesses with good growth and margin prospects. These areas of focus are:

- at the Business Line level: Softlines, Hardlines, Electrical & Connected World, Caleb Brett and Government & Trade Services
- at the Geographic level: North America and Greater China

Second, we will invest in the fast-growing businesses with good margin prospects where the focus areas are:

- at the Business Line level: Business Assurance, AgriWorld, Building & Construction, Transportation Technology and Food
- at the Geographic level: South Asia, South East Asia, South America, Middle East and Africa

Third, we will focus on improving the performance:

- at the Business Line level: Industry Services and Minerals
- at the Geographic level: Europe and Australasia

Accretive disciplined capital allocation

In our view, to deliver shareholder returns on a consistent basis, the right formula is sustainable earnings growth with accretive disciplined allocation of capital.

We pursue an accretive disciplined approach to capital allocation, which enables us to reinvest our growing earnings and create long-term value and sustainable shareholder returns.

The first priority when it comes to capital allocation is investment to support organic growth. In the medium- to long-term, we will invest circa 5% of revenue in capital expenditure.

The second priority is to deliver sustainable returns for our shareholders through the payment of progressive dividends with a dividend payout ratio of circa 50% of earnings.

The third priority for capital is M&A activity to strengthen our portfolio in the right growth areas, provided we can deliver good returns. This means focussing on those existing business lines or countries with good growth and margin prospects, where we have leading market positions, or entering new exciting growth areas, be that geographically or for services.

The fourth priority is to maintain an efficient balance sheet that gives us the flexibility to invest in growth with a financial net debt to EBITDA ratio of 1.5 to 2 times on an IAS 17 basis.

Looking ahead

We believe that the strength of our 2019 Half Year Results demonstrate the attractive nature of our industry, Intertek's high-quality earnings model and the effectiveness of our '5x5' differentiated strategy for growth.

We are confident about the growth prospects in the global Quality Assurance market.

We are uniquely positioned to seize these attractive growth opportunities, underpinned by the increased complexities of corporate supply chains and the associated challenges of maintaining a high level of quality assurance end-to-end.

Based on our industry-leading expertise and innovative and entrepreneurial culture, we provide a superior customer service to a diversity of industries, geographies and customers with multiple TQA solutions with our global network enabling us to follow the supply chains of our customers wherever they are in the world.

We have a strong track record of creating sustainable growth and shareholder value, leveraging our high-margin and highly cash generative earnings model.

We are moving the Company's centre of gravity towards our industry's most attractive growth and margin areas supporting the increasing need of our clients for end-to-end quality assurance with a disciplined approach to performance management and capital allocation.

We are on track on our 'good to great' journey, making progress on both performance and strategy.

André Lacroix
Chief Executive Officer

Operating Review
For the six months ended 30 June 2019

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') and on an IAS 17 basis for both 2019 and 2018 unless otherwise stated.

Overview of performance

	H1 19 IAS 17[1] £m	H1 18 IAS 17[1] £m	Change at actual rates IAS 17	Change at constant rates[2] IAS 17	H1 19 IFRS 16[1] £m
Revenue	1,442.6	1,347.7	7.0%	4.9%	1,442.6
Organic revenue[3]	1,415.0	1,346.0	5.1%	3.0%	1,415.0
Operating profit[4]	243.6	225.8	7.9%	6.8%	248.9
Margin[4]	16.9%	16.8%	10bps	30bps	17.3%
Net financing costs[4]	(17.5)	(12.2)	(43.4%)	(38.9%)	(21.8)
Income tax expense[4]	(55.4)	(54.0)	(2.6%)	(1.7%)	(55.6)
Earnings for the period[4]	170.7	159.6	7.0%	6.0%	171.5
Diluted earnings per share[4]	97.8p	91.2p	7.2%	6.0%	98.2p

1. Following the adoption of IFRS 16 "Leases" on 1 January 2019, the Group's results for the six months ended 30 June 2019 are on an IFRS 16 basis, whereas the results for the six months ended 30 June 2018 are on an IAS 17 basis as previously reported. For comparability, we have also presented the Group's results for the six months ended 30 June 2019 on an IAS 17 basis and the associated growth rates are on this basis. Additional detail is provided in notes 1 and 11 of this release.
2. Constant currency is calculated by translating H1 18 results at H1 19 exchange rates.
3. Organic revenue growth excludes the impact of acquisitions and disposals in 2018 and 2019.
4. Adjusted results are stated before SDIs, see note 3 to the Condensed Consolidated Interim Financial Statements on page 33.

Total reported Group revenue growth was 7.0%, made of 1.9% growth contributed by acquisitions, organic revenue of 3.0% and an increase of 2.1% from foreign exchange where sterling depreciated against most of the Group's trading currencies.

The Group's organic revenue at constant rates reflected a broad-based organic growth of 2.1% in Products, 5.1% in Trade and 3.5% in Resources.

We delivered an adjusted operating profit of £243.6m, up 6.8% at constant exchange rates year-on-year and up 7.9% at actual rates, driven by a broad-based operating profit growth at constant currency of 6.0% in Products, 6.8% in Trade and 16.9% in Resources. On an IFRS 16 basis, operating profit was £248.9m.

The Group remains very focussed on cost and margin management. The adjusted operating margin was 16.9%, an increase of 30bps from the prior year at constant exchange rates as we benefited from positive operating leverage, margin accretive divisional mix, our portfolio review and margin accretive acquisitions. We delivered margin accretion in each of our three divisions: +20bps in Products, +10bps in Trade and +70bps in Resources at constant currency. On an IFRS 16 basis, adjusted operating margin was 17.3%.

Consistent with the disclosure in our FY18 Annual Report, we continue to make progress with the implementation of our business unit portfolio review, part of our 5x5 strategy announced in March 2016. In-line with this, an £8.8m restructuring cost has been recognised in SDIs in the period, which impacted 10 business units in the half year, taking the total programme to 86.

The Group's operating profit after SDIs for the period was £223.4m (H1 18: £209.3m). On an IFRS 16 basis the Group's statutory operating profit for the period was £228.7m.

Net Financing Costs

Net financing costs were £17.5m, an increase of £5.3m on H1 18 primarily resulting from the acquisition of Alchemy and the impact of foreign exchange rates. This comprised £0.6m (H1 18: £0.7m) of finance income and £18.1m (H1 18: £12.9m) of finance expense. On an IFRS 16 basis, net financing costs were £21.8m in H1 19.

Tax

The adjusted effective tax rate was 24.5%, broadly stable with the prior year (H1 18: 25.3%, FY 18: 24.7%). The tax charge, including the impact of SDIs, of £51.0m (H1 18: £49.2m), equates to an effective rate of 24.8% (H1 18: 25.0%, FY 18: 24.5%). On an IFRS 16 basis the statutory tax charge of £51.2m equates to an effective rate of 24.8%.

Earnings per share

Adjusted diluted earnings per share at actual exchange rates was 7.2% higher at 97.8p. Diluted earnings per share after SDIs was 87.7p (H1 18: 83.7p) per share and basic earnings per share after SDIs was 88.7p (H1 18: 84.9p). On an IFRS 16 basis, adjusted diluted earnings per share was 98.2p, statutory diluted earnings per share was 88.1p per share and statutory basic earnings per share was 89.1p.

Dividend

In-line with our dividend policy of a targeted payout ratio of circa 50% of earnings, the Board has approved a 7.2% increase in the interim dividend to 34.2p per share (H1 18: 31.9p). The dividend will be paid on 11 October 2019 to shareholders on the register at 27 September 2019.

Investments

The Group invested £46.2m (H1 18: £47.0m) organically in laboratory expansions, new technologies and equipment to expand our market coverage and develop innovative ATIC solutions. The Group did not complete any acquisitions in the first six months of 2019.

Cash Flow

The Group's cash performance in the period was strong with free cash flow of £94.1m (H1 18: £90.6m), driven by disciplined working capital management and strong cash conversion. Adjusted cash generated from operations was £229.4m (H1 18: £204.1m). Cash generated from operations was £218.9m (H1 18: £195.6m). On an IFRS 16 basis, free cash flow was £94.1m, adjusted cash generated from operations was £274.0m and statutory cash generated from operations was £263.5m. Free cash flow is defined on page 28 and 42 and reflects the adoption of IFRS 16.

Financial position

The Group ended the period in a strong financial position. Net debt was £826.3m, an increase of £48.1m on 31 December 2018 and an increase of £258.2m on 30 June 2018. On an IFRS 16 basis, net debt was £1,081.8m including the impact of the lease liability.

Outlook

The Group is well positioned to deliver good organic revenue growth with moderate margin progression at constant currency and strong cash conversion in 2019.

We expect our Products related businesses to deliver good organic revenue growth, our Trade related businesses to report good organic revenue growth performance, while we expect our Resources related businesses to deliver a good organic revenue performance. We will continue to benefit from the acquisitions made since January 2018.

Looking further ahead, the global Quality Assurance market will benefit from attractive growth prospects driven by an increased focus of corporations on risk management, global trade flows, global demand for energy, expanding regulations, more complex sourcing and distribution operations, technological innovations, government investments in large infrastructure projects, and increased consumer demand for higher quality and more sustainable products.

We provide our customers with a TQA differentiated Value Proposition based on the depth and breadth of our technical expertise, our global network of over 1,000 state-of-the-art facilities in over 100 countries, our industry leading Assurance, Testing, Inspection and Certification solutions, and our customer centric culture fueled by our passionate colleagues around the world.

We continue to be uniquely positioned to benefit from the GDP+ organic revenue growth prospects in the Quality Assurance Industry in the medium- to long-term, leveraging our high quality and highly cash generative earnings model.

Operating Review by Division

	Revenue				Adjusted operating profit				
	H1 19 £m	H1 18 £m	Change at actual rates	Change at constant rates	H1 19 IAS 17 £m	H1 18 IAS 17 £m	Change at actual rates IAS 17	Change at constant rates IAS 17	H1 19 IFRS 16 £m
Products	**866.8**	805.6	7.6%	4.9%	**184.9**	171.6	7.8%	6.0%	188.0
Trade	**332.7**	310.5	7.1%	5.8%	**44.2**	41.5	6.5%	6.8%	46.0
Resources	**243.1**	231.6	5.0%	3.5%	**14.5**	12.7	14.2%	16.9%	14.9
Group	**1,442.6**	1,347.7	7.0%	4.9%	**243.6**	225.8	7.9%	6.8%	248.9

A review of the adjusted results of each division in the six months ended 30 June 2019 compared to the six months ended 30 June 2018 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 2018. Operating profit and operating margin are stated before SDIs. Statutory profit numbers are shown in note 2.

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

Products Divisional Review

	H1 19 IAS 17 £m	H1 18 IAS 17 £m	Change at actual rates IAS 17	Change at constant rates IAS 17	H1 19 IFRS 16 £m
Revenue	**866.8**	805.6	7.6%	4.9%	866.8
Organic revenue	**843.1**	805.4	4.7%	2.1%	843.1
Adjusted operating profit	**184.9**	171.6	7.8%	6.0%	188.0
Adjusted operating margin	**21.3%**	21.3%	-	20bps	21.7%

Intertek Value Proposition

Our Products-related businesses consist of business lines that are focussed on ensuring the quality and safety of physical components and products, as well as minimising risk through assessing the operating processes and quality management systems of our customers.

As a trusted partner to the world's leading retailers, manufacturers and distributors, the division supports a wide range of industries including textiles, footwear, toys, hardlines, home appliances, consumer electronics, information and communication technology, automotive, aerospace, lighting, building products, industrial and renewable energy products, food and hospitality, healthcare and beauty, and pharmaceuticals.

Across these industries we provide a wide range of ATIC services including, laboratory safety, quality and performance testing, second-party supplier auditing, sustainability analysis, product assurance, vendor compliance, process performance analysis, facility plant & equipment verification and third-party certification.

Strategy

Our TQA Value Proposition provides a systemic approach to support the Quality Assurance efforts of our Products related customers in each of the areas of their operations. To do this we leverage our global network of accredited facilities and world leading technical experts to help our clients meet high quality safety, regulatory and brand standards, develop new products, materials and technologies and ultimately assist them in getting their products to market quicker, in order to continually meet evolving consumer demands.

Innovations

We continue to invest in ATIC innovations to deliver a superior customer service in our Products related businesses:

Virtual Audits

- **Business Assurance innovation:** Intertek has developed a pioneering Virtual Audit solution, through which our TQA Experts are able to audit remotely. This allows us to deliver our audits faster and with a wider audience of observers.
- **Customer benefit:** As the world of our clients becomes increasingly complex, our customers can now benefit from real time quality audits, delivering robust assurance against key risk areas across their supply chains.

Intertek STEM Toy Mark

- **Hardlines innovation:** Intertek has developed a unique STEM (Science, Technology, Engineering and Mathematics) Toy Mark, verifying that our customers' STEM Toys have met stringent quality and safety standards, as well as bringing educational benefits in STEM skills development.
- **Customer benefit:** With the STEM Toy Mark, our customers are able to give consumers the peace of mind that their STEM Toy is safe, as well as educational.

Global Sanitation Authorised Materials Database

- **Electrical innovation:** Intertek has developed a proprietary global database of Sanitation Authorised Materials, materials which have been evaluated by Intertek and determined to be safe to come into contact with food.
- **Customer benefit:** Through this unique solution our customers can save substantial time in providing the required information while making sure their products comply with safety standards.

H1 2019 performance

In the first six months of 2019 our Products business delivered continuous margin accretive revenue growth.

Our revenue growth at constant rates was 4.9% and our organic revenue growth was 2.1%, driven by broad-based revenue growth across business lines and geographies. We delivered robust operating profit of £184.9m, up 6.0% at constant currency enabling us to deliver a margin of 21.3%, up 20bps versus last year as we benefited from positive operating leverage and continued to remain disciplined on cost.

- Our **Softlines** business reported solid organic growth performance. We are leveraging the investments we have made to support the expansion of our customers into new markets and to seize the exciting growth opportunities in the footwear sector. We continue to benefit from strong demand from our customers for chemical testing as well as from a greater number of brands and SKUs.

- Our **Hardlines** and Toy business continues to take advantage of our strong global account relationships, the expansion of our customers' supply chains into new markets and our innovative technology for factory inspections. We delivered solid organic revenue growth performance across our main markets of China, Hong Kong, India and Vietnam.

- We delivered robust organic revenue growth in our **Electrical & Connected World** business driven by higher regulatory standards in energy efficiency and by the increase demand for wireless devices and cybersecurity.

- Our **Business Assurance** business delivered good organic revenue growth as we continue to benefit from the increased focus of corporations on risk management, resulting in strong growth in Supply Chain Audits and increased consumer and government focus on ethical and sustainable supply.

- Driven by the growing demand for more environmentally friendly and higher quality buildings and infrastructure in the US market, our **Building & Construction** business reported solid organic revenue growth.

- Our **Transportation Technology** business delivered robust organic revenue growth as we capitalize on our clients' investments in new powertrains to lower emissions and increase fuel efficiency.

- We continue to benefit from the increased focus of corporations on food safety and delivered good organic revenue growth in our **Food** business.

- We delivered organic revenue performance below last year in our **Chemicals & Pharma** business due to a base line effect in 2018 as we saw robust demand from our clients to meet the 1 June 2018 REACH registration deadline. Moving forward we will continue to benefit from the structural growth opportunities in the healthcare markets in both developed and emerging economies.

H2 2019 growth outlook
We expect our Products division, which represents 76% of our profit, to benefit from good organic revenue growth at constant currency.

Mid- to long-term growth outlook
Our Products division will benefit from mid- to long-term structural growth drivers including product variety, brand and supply chain expansion, product innovation and regulation, the growing demand for quality and sustainability from developed and emerging economies, the acceleration of e-commerce as a sales channel, and the increased corporate focus on risk.

Trade Divisional Review

	H1 19 IAS 17 £m	H1 18 IAS 17 £m	Change at actual rates IAS 17	Change at constant rates IAS 17	H1 19 IFRS 16 £m
Revenue	**332.7**	310.5	7.1%	5.8%	332.7
Organic revenue	**328.8**	309.0	6.4%	5.1%	328.8
Adjusted operating profit	**44.2**	41.5	6.5%	6.8%	46.0
Adjusted operating margin	**13.3%**	13.4%	(10bps)	10bps	13.8%

Intertek Value Proposition
Our Trade division consists of three Global Business Lines with global and regional trade flow based on similar mid- to long-term structural growth drivers:

Our **Caleb Brett** business provides cargo inspection, analytical assessment, calibration and related research and technical services to the world's petroleum and biofuels industries.

Our **Government & Trade Services** (GTS) business provides inspection services to governments and regulatory bodies to support trade activities that help the flow of goods across borders, predominantly in the Middle East, Africa and South America.

Our **AgriWorld** business provides analytical and testing services to global agricultural trading companies and growers.

Strategy
Our TQA Value Proposition assists our Trade related customers in protecting the value and quality of their products during their custody-transfer, storage and transportation, globally, 24/7. Our expertise, service innovations and advanced analytical capabilities allow us to optimise the return on our customers' cargoes and help them resolve difficult technical challenges. 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.

Innovations
We continue to invest in ATIC innovations to deliver a superior customer service in our Trade related businesses:

Oceanlab
- **Caleb Brett innovation:** We have developed self-contained Oceanlab Oil Quality Testing Laboratories, staffed by Intertek TQA Experts and have partnered with our customers to install these on their ships.
- **Customer benefit:** Our Oceanlab initiative has substantially reduced turnaround time and allowed our customers to introduce more flexibility into their sample testing processes.

Intertek Pioneers Hydrocarbon Testing
- **Caleb Brett innovation:** Intertek's entrepreneurial, customer-centric outlook has led us to open Iraq's first commercial hydrocarbon testing lab, with state-of-the-art technology enabling our TQA experts to deliver industry leading hydrocarbon testing services.
- **Customer benefit:** Our customers benefit from rapid turnaround times and from mission critical services which were not previously available in the country.

Rapid Protein Analysis for Soya Exports
- **AgriWorld innovation:** Our AgriWorld TQA Experts' deep technical expertise on soya protein analysis has now been augmented with new state-of-the-art protein analysers.
- **Customer benefit:** Using the new technology, our Experts have been able to reduce the turnaround time of soya protein tests from several hours down to a few minutes.

H1 2019 performance

Our Trade related businesses benefited from an acceleration in revenue momentum with 5.8% growth and 5.1% organic revenue growth at constant rates, driven by broad-based revenue growth across business lines and geographies. We delivered a robust operating profit of £44.2m, up 6.8% at constant currency, enabling us to deliver an operating margin of 13.3%, up 10bps versus last year as we benefited from positive operating leverage and continued to remain disciplined on cost.

- Our **Caleb Brett** business reported good organic revenue growth, reflecting the structural growth drivers in the Crude Oil and Refined Product global trading market.
- Our **Government & Trade Services** business delivered double-digit organic revenue growth driven by growth with existing contracts and benefits of new contracts.
- Our **AgriWorld** business delivered good organic revenue growth.

H2 2019 growth outlook

We expect our Trade related businesses, which represent 18% of our profit, to deliver good organic revenue growth performance at constant currency.

Mid- to long-term growth outlook

Our Trade division will continue to benefit from regional and global trade-flow growth, as well as the increased customer focus on quality, quantity controls and supply chain risk management.

Resources Divisional Review

	H1 19 IAS 17 £m	H1 18 IAS 17 £m	Change at actual rates IAS 17	Change at constant rates IAS 17	H1 19 IFRS 16 £m
Revenue	**243.1**	231.6	5.0%	3.5%	243.1
Organic revenue	**243.1**	231.6	5.0%	3.5%	243.1
Adjusted operating profit	**14.5**	12.7	14.2%	16.9%	14.9
Adjusted operating margin	**6.0%**	5.5%	50bps	70bps	6.1%

Intertek Value Proposition
Our Resources division consists of two Business Lines with similar mid- to long- term structural growth drivers:

Our **Industry Services** business uses in-depth knowledge of the oil, gas, nuclear and power industries to provide a diverse range of TQA solutions to optimise the use of customers' assets and minimise the risk in their supply chains. Some of our key services include technical inspection, asset integrity management, analytical testing and ongoing training services.

Our **Minerals** business provides a broad range of ATIC service solutions to the mining and minerals exploration industries, covering the resource supply chain from exploration and resource development, through to production, shipping and commercial settlement.

Strategy
Our TQA Value Proposition allows us to help customers gain peace of mind that their projects will proceed on time and their assets will continue to operate with a lower risk of technical failure or delay. Our broad range of services allow us to assist clients in protecting the quantity and quality of their mined and drilled products, improve safety and reduce commercial risk in the trading environment.

Innovations
We continue to invest in ATIC innovations to deliver a superior customer service in our Resources related businesses:

DeepView 3D™

- **Industry services innovation:** Intertek has developed DeepView 3D, a new inspection methodology that combines 3D laser scanning and precise metrology data with advanced Non-Destructive Testing results in 3D space to give an accurate representation of current condition and mechanical integrity of critical assets.
- **Customer benefit**: DeepView 3D allows our customers to take a smarter approach to maintenance, allowing them to move from Time Based Maintenance to highly-efficient Condition Based Maintenance Programmes, reducing expensive operational downtime.

Pioneering the use of Spectroscopy

- **Minerals innovation:** Intertek's TQA experts, based on-site at our customers operations, use state-of-the-art infrared spectroscopy to analyse samples quickly and proprietary software to create highly accurate quantitative models for predicting a range of chemical and physical properties.
- **Customer benefit:** Customers benefit from Intertek's on-site experts, delivering best in class analytics that are customised to their needs and saving them much-valued time.

Helicopter Underwater Escape Simulations

- **Intertek innovation:** Our entrepreneurial Intertek experts addressed our customers' safety risks by developing a Helicopter Underwater Escape Simulation programme under international standards.
- **Customer benefit:** Our Exploration and Production customers now have peace of mind that their staff are best prepared for the most dangerous situation they can face.

H1 2019 performance

We benefited from an improved revenue momentum in our Resources related businesses and delivered a strong margin accretion. We reported good organic revenue, up year-on-year of 3.5% at constant rates and we delivered an operating profit of £14.5m, which was up year-on-year by 16.9% enabling us to deliver a margin of 6.0%, up year-on-year by 70bps.

- We delivered good organic revenue growth in our **Capex Inspection Services** business which benefited from the increased investment of our customers in exploration and production, while the demand for **Opex Maintenance Services** remained stable.
- We benefited from robust organic revenue growth in our **Minerals** business.

H2 2019 growth outlook

Overall, we expect our Resources related businesses, which represent 6% of our profit, to deliver a good revenue performance at constant currency.

Mid- to long-term growth outlook

Our Resources division will grow in the medium- to long-term as we benefit from investments in Exploration and Production of Oil and Minerals, to meet the demand of the growing population around the world.

Presentation of Results

For the half year ended 30 June 2019

Adjusted results

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).

Organic growth

Organic growth figures are calculated by excluding the results of acquisitions and disposals made since 1 January 2018.

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 18 results at H1 19 exchange rates.

Separately Disclosed Items

SDIs 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. Reconciliations of the Reported to Adjusted Performance Measures are given below.

When applicable, these SDIs 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 related to acquisition activity, the cost of any fundamental restructuring of a business, material claims and settlements, significant recycling of amounts from equity to the income statement and unrealised market gains/losses on financial assets/liabilities.

Adjusted operating profit excludes the amortisation of acquired intangible assets, primarily customer relationships, as we do not believe that the amortisation charge in the Income Statement provides useful information about the cash costs of running our business as these assets will be supported and maintained by the ongoing marketing and promotional expenditure, which is already reflected in operating costs. Amortisation of software, however, is included in adjusted operating profit as it is similar in nature to other capital expenditure. The costs of any restructuring as part of our '5x5' differentiated strategy for growth are excluded from adjusted operating profit where they represent fundamental changes in individual operations around the Group, and are not expected to recur in those operations. The impairment of goodwill and other assets that by their nature or size are not expected to recur, the profit and loss on disposals of businesses or other significant assets and the costs associated with successful, active or aborted acquisitions are excluded from adjusted operating profit to provide useful information regarding the underlying performance of the Group's operations.

Details of the SDIs for the six months ended 30 June 2019 and the comparative period are given in note 3 to the Condensed Consolidated Interim Financial Statements.

Reconciliation of Results to Adjusted Performance Measures (£m)	**2019 H1 Results IAS 17**	**2019 H1 SDIs IAS 17**	**2019 H1 Adjusted IAS 17**	2018 H1 Reported IAS 17	2018 H1 SDIs IAS 17	2018 H1 Adjusted IAS 17
Operating profit	223.4	20.2	243.6	209.3	16.5	225.8
Operating margin	15.5%	1.4%	16.9%	15.5%	1.3%	16.8%
Net financing costs	(18.1)	0.6	(17.5)	(12.7)	0.5	(12.2)
Profit before tax	205.3	20.8	226.1	196.6	17.0	213.6
Income tax expense	(51.0)	(4.4)	(55.4)	(49.2)	(4.8)	(54.0)
Profit for the year	154.3	16.4	170.7	147.4	12.2	159.6
Cash flow from operations	218.9	10.5	229.4	195.6	8.5	204.1
Basic earnings per share	88.7p	10.2p	98.9p	84.9p	7.6p	92.5p
Diluted earnings per share	87.7p	10.1p	97.8p	83.7p	7.5p	91.2p

Reconciliation of Reported to Adjusted Performance Measures (£m)	**2019 H1 Reported IFRS 16**	**2019 H1 SDIs IFRS 16**	**2019 H1 Adjusted IFRS 16**	2018 H1 Reported IAS 17	2018 H1 SDIs IAS 17	2018 H1 Adjusted IAS 17
Operating profit	228.7	20.2	248.9	209.3	16.5	225.8
Operating margin	15.9%	1.4%	17.3%	15.5%	1.3%	16.8%
Net financing costs	(22.4)	0.6	(21.8)	(12.7)	0.5	(12.2)
Profit before tax	206.3	20.8	227.1	196.6	17.0	213.6
Income tax expense	(51.2)	(4.4)	(55.6)	(49.2)	(4.8)	(54.0)
Profit for the year	155.1	16.4	171.5	147.4	12.2	159.6
Cash flow from operations	263.5	10.5	274.0	195.6	8.5	204.1
Basic earnings per share	89.1p	10.2p	99.3p	84.9p	7.6p	92.5p
Diluted earnings per share	88.1p	10.1p	98.2p	83.7p	7.5p	91.2p

Reconciliation of revenue	**Six months to 30 June 2019 £m**	**Six months to 30 June 2018 £m**	**Change %**
Reported revenue	1,442.6	1,347.7	7.0%
Less: Acquisitions / disposals revenue	(27.6)	(1.7)	
Organic revenue	1,415.0	1,346.0	5.1%
Impact of foreign exchange movements	-	27.7	
Organic revenue at constant currency	1,415.0	1,373.7	3.0%

Constant currency reconciliations	Six months to 30 June 2019 IAS 17 £m	Six months to 30 June 2018 IAS 17 £m	Change %
Adjusted operating profit at actual rates	243.6	225.8	7.9%
Impact of foreign exchange movements	-	2.3	
Adjusted operating profit at constant rates	243.6	228.1	6.8%
Adjusted diluted EPS at actual rates	97.8	91.2	7.2%
Impact of foreign exchange movements	-	1.1	
Adjusted diluted EPS at constant rates	97.8	92.3	6.0%
Diluted EPS at actual rates	87.7	83.7	4.8%
Impact of foreign exchange movements	-	1.5	
Diluted EPS at constant rates	87.7	85.2	2.9%

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. Based on this review, the Board identified the below risks outlined on pages 54 to 59 of the Group's Annual Report for 2018, which is available from our website at www.intertek.com:

Operational

- Reputation
- Customer Service
- People Retention
- Operational Health, Safety & Security
- Industry and Competitive Landscape
- UK Withdrawal from the EU (Brexit)
- IT Systems and Data Security

Legal and Regulatory

- Business Ethics
- Regulatory and Political Landscape

Financial

- Financial Risk

The Board does not consider that there has been any significant change to the nature of these risks and the key mitigating actions since the publication of the Group's Annual Report for 2018.

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

Management Reports and Trading Updates

Intertek will issue a Trading Update in the fourth quarter of 2019. The 2019 Full Year Results will be announced on 3 March 2020.

Half Year Results

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

This Half Year Report and announcement contain certain forward-looking statements with respect to the financial condition, results, operations and business of Intertek Group plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this announcement should be construed as a profit forecast. Past performance cannot be relied upon as a guide to future performance.

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 European Union;

- 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	**Ross McCluskey**
Chief Executive Officer	Chief Financial Officer
31 July 2019	31 July 2019

Independent review report to Intertek Group plc

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Our conclusion

We have reviewed Intertek Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year report of Intertek Group plc for the six-month period ended 30 June 2019. 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 Condensed Consolidated Interim Statement of Financial Position as at 30 June 2019;
- the Condensed Consolidated Interim Income Statement and Condensed Consolidated Interim Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Interim Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Interim Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Report 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 Half Year Report, including the interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half Year Report 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 Half Year Report based on our review. This report, including the conclusion, has been prepared for and only for Intertek Group plc 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 Half Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
31 July 2019

IFRS 16 was adopted on 1 January 2019 for our statutory reporting, without restating prior year figures. As a result, the primary statements are shown on an IFRS 16 basis for 2019 and an IAS 17 basis for 2018. Note 11 provides a reconciliation of the two measures.

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2019

		Six months to 30 June 2019 (Unaudited) IFRS 16			Six months to 30 June 2018 (Unaudited) IAS 17		
	Notes	**Adjusted Results £m**	**Separately Disclosed Items* £m**	**Total 2019 £m**	Adjusted results £m	Separately Disclosed Items* £m	Total 2018 £m
Revenue	2	**1,442.6**	**-**	**1,442.6**	1,347.7	-	1,347.7
Operating costs		**(1,193.7)**	**(20.2)**	**(1,213.9)**	(1,121.9)	(16.5)	(1,138.4)
Group operating profit/(loss)	2	**248.9**	**(20.2)**	**228.7**	225.8	(16.5)	209.3
Finance income		**0.6**	**-**	**0.6**	0.7	-	0.7
Finance expense		**(22.4)**	**(0.6)**	**(23.0)**	(12.9)	(0.5)	(13.4)
Net financing costs		**(21.8)**	**(0.6)**	**(22.4)**	(12.2)	(0.5)	(12.7)
Profit/(loss) before income tax		**227.1**	**(20.8)**	**206.3**	213.6	(17.0)	196.6
Income tax (expense)/credit	4	**(55.6)**	**4.4**	**(51.2)**	(54.0)	4.8	(49.2)
Profit/(loss) for the period	2	**171.5**	**(16.4)**	**155.1**	159.6	(12.2)	147.4
Attributable to:							
Equity holders of the Company		**159.7**	**(16.4)**	**143.3**	148.7	(12.2)	136.5
Non-controlling interest		**11.8**	**-**	**11.8**	10.9	-	10.9
Profit/(loss) for the period		**171.5**	**(16.4)**	**155.1**	159.6	(12.2)	147.4
Earnings per share**							
Basic	5	**99.3p**		**89.1p**	92.5p		84.9p
Diluted	5	**98.2p**		**88.1p**	91.2p		83.7p
Dividends in respect of the period				**34.2p**			31.9p

* 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 2019

	Notes	Six months to 30 June 2019 (Unaudited) IFRS 16 £m	Six months to 30 June 2018 (Unaudited) IAS 17 £m
Profit for the period	2	**155.1**	147.4
Other comprehensive income			
Remeasurements on defined benefit pension schemes		**(4.9)**	7.4
Tax on items that will never be reclassified subsequently to profit or loss		**0.2**	0.8
Items that will never be reclassified to profit or loss		**(4.7)**	8.2
Foreign exchange translation differences of foreign operations		**(3.5)**	7.6
Net exchange gain/(loss) on hedges of net investments in foreign operations		**9.6**	(8.9)
Gain on fair value of cash flow hedges		**0.5**	0.4
Items that are or may be reclassified subsequently to profit or loss		**6.6**	(0.9)
Total other comprehensive income for the period		**1.9**	7.3
Total comprehensive income for the period		**157.0**	154.7

Total comprehensive income for the period attributable to:		
Equity holders of the Company	**146.0**	146.9
Non-controlling interest	**11.0**	7.8
Total comprehensive income for the period	**157.0**	154.7

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2019

	Notes	**At 30 June 2019 (Unaudited) IFRS 16 £m**	At 30 June 2018 (Unaudited) IAS 17 £m	At 31 December 2018 (Audited) IAS 17 £m
Assets				
Property, plant and equipment	10	**671.9**	424.3	441.2
Goodwill	9	**874.9**	596.8	874.9
Other intangible assets		**314.2**	174.2	329.5
Investments in associates		**-**	0.3	0.3
Deferred tax assets		**59.2**	61.4	58.4
Total non-current assets		**1,920.2**	1,257.0	1,704.3
Inventories*		**20.6**	19.4	18.3
Trade and other receivables*		**730.9**	681.1	684.4
Cash and cash equivalents	8	**220.5**	172.7	206.9
Current tax receivable		**19.6**	17.2	19.7
Total current assets		**991.6**	890.4	929.3
Total assets		**2,911.8**	2,147.4	2,633.6
Liabilities				
Interest bearing loans and borrowings	8	**(118.1)**	(32.9)	(138.3)
Current taxes payable		**(48.4)**	(51.9)	(62.5)
Trade and other payables*		**(482.8)**	(416.8)	(515.1)
Lease liabilities		**(66.0)**	-	-
Provisions*		**(21.3)**	(33.2)	(26.8)
Total current liabilities		**(736.6)**	(534.8)	(742.7)
Interest bearing loans and borrowings	8	**(928.7)**	(707.9)	(846.8)
Deferred tax liabilities		**(79.4)**	(50.7)	(80.8)
Net pension liabilities	6	**(9.7)**	(4.1)	(12.5)
Lease liabilities		**(189.3)**	-	-
Other payables*		**(33.4)**	(22.4)	(26.5)
Provisions*		**(16.8)**	(9.7)	(16.0)
Total non-current liabilities		**(1,257.3)**	(794.8)	(982.6)
Total liabilities		**(1,993.9)**	(1,329.6)	(1,725.3)
Net assets		**917.9**	817.8	908.3
Equity				
Share capital		**1.6**	1.6	1.6
Share premium		**257.8**	257.8	257.8
Other reserves		**14.5**	(7.3)	7.1
Retained earnings		**609.8**	527.8	607.5
Total attributable to equity holders of the Company		**883.7**	779.9	874.0
Non-controlling interest		**34.2**	37.9	34.3
Total equity		**917.9**	817.8	908.3

Working capital of £185.3m (H1 18: £210.8m) comprises the asterisked items in the above Statement of Financial Position less refundable deposits aged over 12 months of £11.9m (H1 18: £7.6m).

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2019

	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 2018	1.6	257.8	(13.8)	4.3	459.8	709.7	34.5	744.2
Total comprehensive income for the period								
Profit	-	-	-	-	136.5	136.5	10.9	147.4
Other comprehensive income	-	-	1.8	0.4	8.2	10.4	(3.1)	7.3
Total comprehensive income for the period	-	-	1.8	0.4	144.7	146.9	7.8	154.7
Transactions with owners of the company recognised directly in equity								
Contributions by and distributions to the owners of the company								
Dividends paid	-	-	-	-	(76.9)	(76.9)	(4.4)	(81.3)
Purchase of own shares	-	-	-	-	(8.6)	(8.6)	-	(8.6)
Tax paid on share awards vested*	-	-	-	-	(2.9)	(2.9)	-	(2.9)
Equity-settled transactions	-	-	-	-	11.9	11.9	-	11.9
Income tax on equity-settled transactions	-	-	-	-	(0.2)	(0.2)	-	(0.2)
Total contributions by and distributions to the owners of the company	-	-	-	-	(76.7)	(76.7)	(4.4)	(81.1)
At 30 June 2018 (unaudited)	1.6	257.8	(12.0)	4.7	527.8	779.9	37.9	817.8
At 31 December 2018	**1.6**	**257.8**	**1.7**	**5.4**	**607.5**	**874.0**	**34.3**	**908.3**
Adoption of IFRS 16	-	-	-	-	(12.3)	(12.3)	-	(12.3)
IFRIC 23 Uncertainty over income tax treatments	-	-	-	-	0.2	0.2	-	0.2
1 January 2019 b/f	**1.6**	**257.8**	**1.7**	**5.4**	**595.4**	**861.9**	**34.3**	**896.2**
Total comprehensive income for the period								
Profit	-	-	-	-	143.3	143.3	11.8	155.1
Other comprehensive income	-	-	6.9	0.5	(4.7)	2.7	(0.8)	1.9
Total comprehensive income for the period	**-**	**-**	**6.9**	**0.5**	**138.6**	**146.0**	**11.0**	**157.0**
Transactions with owners of the company recognised directly in equity								
Contributions by and distributions to the owners of the company								
Dividends paid	-	-	-	-	(108.2)	(108.2)	(11.1)	(119.3)
Purchase of own shares	-	-	-	-	(19.8)	(19.8)	-	(19.8)
Tax paid on share awards vested*	-	-	-	-	(10.3)	(10.3)	-	(10.3)
Equity-settled transactions	-	-	-	-	13.2	13.2	-	13.2
Income tax on equity-settled transactions	-	-	-	-	0.9	0.9	-	0.9
Total contributions by and distributions to the owners of the company	**-**	**-**	**-**	**-**	**(124.2)**	**(124.2)**	**(11.1)**	**(135.3)**
At 30 June 2019 (unaudited)	**1.6**	**257.8**	**8.6**	**5.9**	**609.8**	**883.7**	**34.2**	**917.9**

* 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 £108.2m dividend paid on 4 June 2019 represented a final dividend of 67.2p per ordinary share in respect of the year ended 31 December 2018. The £76.9m dividend paid on 6 June 2018 represented a final dividend of 47.8p per ordinary share in respect of the year ended 31 December 2017. No ordinary shares were issued in the period to satisfy the vesting of share awards.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2019

	Notes	**Six months to 30 June 2019 (Unaudited) IFRS 16 £m**	Six months to 30 June 2018 (Unaudited) IAS 17 £m
Cash flows from operating activities			
Profit for the period	2	**155.1**	147.4
Adjustments for:			
Depreciation charge		**79.2**	37.9
Amortisation of software		**7.4**	5.9
Amortisation of acquisition intangibles		**14.4**	9.0
Equity-settled transactions		**13.2**	11.9
Net financing costs		**22.4**	12.7
Income tax expense	4	**51.2**	49.2
Gain on disposal of associate		**(1.8)**	-
Loss on disposal of property, plant, equipment and software		**3.5**	-
Operating cash flows before changes in working capital and operating provisions		**344.6**	274.0
Change in inventories		**(2.3)**	(0.8)
Change in trade and other receivables		**(47.2)**	(35.4)
Change in trade and other payables		**(27.5)**	(38.3)
Change in provisions		**(2.1)**	(1.9)
Special contributions into pension schemes		**(2.0)**	(2.0)
Cash generated from operations		**263.5**	195.6
Interest and other finance expense paid		**(23.4)**	(14.2)
Income taxes paid		**(60.5)**	(45.2)
Net cash flows generated from operating activities*		**179.6**	136.2
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and software*		**0.5**	0.7
Interest received*		**0.5**	0.7
Acquisition of subsidiaries, net of cash acquired	9	**-**	(10.6)
Consideration paid in respect of prior year acquisitions		**(0.6)**	-
Sale of an associate		**2.1**	-
Acquisition of property, plant, equipment, software*	10	**(46.2)**	(47.0)
Net cash flows used in investing activities		**(43.7)**	(56.2)
Cash flows from financing activities			
Purchase of own shares		**(19.8)**	(8.6)
Tax paid on share awards vested		**(10.3)**	(2.9)
Drawdown of borrowings		**196.2**	107.8
Repayment of borrowings		**(131.1)**	(75.4)
Repayment of lease liabilities*		**(40.3)**	-
Dividends paid to non-controlling interest		**(11.1)**	(4.3)
Equity dividends paid		**(108.2)**	(76.9)
Net cash flows used in financing activities		**(124.6)**	(60.3)
Net increase in cash and cash equivalents	8	**11.3**	19.7
Cash and cash equivalents at 1 January	8	**203.2**	135.9
Effect of exchange rate fluctuations on cash held	8	**(2.5)**	-
Cash and cash equivalents at end of period	8	**212.0**	155.6

Adjusted cash flow from operations of £274.0m (H1 18: £204.1m) comprises statutory cash generated from operations of £263.5m (H1 18: £195.6m) before cash outflows relating to Separately Disclosed Items of £10.5m (H1 18: £8.5m).
Free cash flow of £94.1m (H1 18: £90.6m) comprises the asterisked items in the above Statement of Cash Flows.

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 2019 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 2018 are available upon request from the Company's registered office at 33 Cavendish Square, London W1G 0PS. 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 2018.

The comparative figures for the financial year ended 31 December 2018 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 2018.

IFRS 16 Leases came into effect on 1 January 2019. During the year ended 31 December 2018 management completed a data collection exercise to determine the estimated quantitative impact of IFRS 16 on the Group's net assets and income statement as a result of IFRS 16 coming into effect from 1 January 2019.

The adoption of IFRS 16 on 1 January 2019 had the following effect on the Group:

£m	Total assets	Total liabilities	Net assets
31 December 2018	2,633.6	(1,725.3)	908.3
Impact of IFRS 16	256.9	(273.4)	(16.5)
Deferred tax impact	4.2	-	4.2
1 January 2019	2,894.7	(1,998.7)	896.0

The Group has applied the modified retrospective approach, where the cumulative effect of applying IFRS 16 is recognised in retained earnings with no restatement to prior years. The majority of leases were recognised under modified retrospective B on transition, whereby the right-of-use asset was equal to the lease liability at 1 January 2019, being the present value of the remaining future minimum lease payments at the date of initial application, including any early termination or extension options if they were deemed reasonably certain to be adopted. For certain leases the modified retrospective A approach was applied, whereby the right-of-use asset recognised at 1 January 2019 is equal to the right-of-use asset had IFRS 16 been applied since the beginning of the lease.

For new leases entered into after 1 January 2019, the right-of-use asset is measured initially at cost and includes the amount of initial measurement of the lease liability, any initial direct costs incurred including advance lease payments and an estimate of the dismantling, removal and restoration costs required in the terms of the lease.

Depreciation is charged to the consolidated income statement to depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised.

1. Basis of preparation *(continued)*

Significant accounting policies *(continued)*

The lease liability is measured at the present value of the future lease payments, including variable lease payments that depend on an index, discounted using the incremental borrowing rate based on information available at 1 January 2019.

Finance charges are recognised in the condensed consolidated income statement over the period of the lease.

Where leases have a non-lease component that is separately identifiable, this has been excluded from the right-of-use asset and the cost taken to the Income Statement.

The Group has applied the practical expedient within the standard whereby IFRS 16 has been applied to contracts that were previously identified as leases when applying IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

The Group has elected to adopt one exemption proposed by the standard. The Group has not recognised right-of-use assets and lease liabilities for short term leases (less than 12 months duration).

H1 2019 adjusted results	IAS 17	Impact	IFRS 16	Commentary
EBITDA	294.6	40.9	335.5	No operating lease expense under IFRS 16
Operating profit	243.6	5.3	248.9	No operating lease expense offset by IFRS 16 depreciation charge
Net finance costs	(17.5)	(4.3)	(21.8)	IFRS 16 lease expense
Profit before tax	226.1	1.0	227.1	
Net debt	826.3	255.5	1,081.8	Notional long-term loan created on application of IFRS 16 which increases net debt
Adjusted free cash flow	104.6	-	104.6	No impact on free cash flow as lease cash payments are unaffected

The impact on the Group's primary statements is disclosed in note 11.

The Group has adopted IFRIC 23 Uncertainty over Income Tax Treatments effective 1 January 2019. The interpretation clarifies the application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatment. Current tax liabilities decreased by £0.2m as a result of the implementation of IFRIC 23, with a corresponding increase of £0.2m to opening retained earnings.

Estimates and judgements

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 2018. During the six months ended 30 June 2019 management reassessed its estimates and judgements in respect of taxation (notes 4 and 13(b)), pensions (note 6), contingent consideration payable and fair value adjustments in respect of acquisitions made in prior periods (note 9(b) and 9(c)), impairment (note 9(d)), claims and litigation (note 13(a)) and also the recoverability of trade receivables. Trade receivables are reflected net of an estimated provision for impairment losses. This provision considers the past payment history and the length of time that the debts have remained unpaid.

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 mid-term forecasts, both base case and stressed, and available facilities, the Board has concluded that the going concern basis of preparation continues to be appropriate.

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:

	Assets and liabilities Actual rates			Income and expense Cumulative average rates		
Value of £1	**30 June 2019**	30 June 2018	31 December 2018	**H1 19**	H1 18	FY 18
US dollar	**1.27**	1.31	1.26	**1.30**	1.38	1.34
Euro	**1.12**	1.14	1.11	**1.15**	1.14	1.13
Chinese renminbi	**8.73**	8.69	8.69	**8.79**	8.78	8.84
Hong Kong dollar	**9.91**	10.29	9.90	**10.16**	10.79	10.47
Australian dollar	**1.82**	1.79	1.80	**1.83**	1.79	1.79

2. Operating segments

Business analysis

The Group is organised into business lines, which are the Group's operating segments and are reported to the CEO, the chief operating decision maker. These operating segments are aggregated into three divisions, which are the Group's reportable segments, based on similar nature of products and services and mid- to long-term structural growth drivers. When aggregating operating segments into the three divisions we have applied judgement over the similarities of the services provided, the customer-base and the mid- to long-term structural growth drivers. The costs of the corporate head office and other costs which are not controlled by the three divisions are allocated appropriately. A description of the activity in each division is given in the Operating Review by Division.

Following the adoption of IFRS 16 'Leases' on 1 January 2019, the Group's statutory results for the six months ended 30 June 2019 are on an IFRS 16 basis, whereas the statutory results for the six months ended 30 June 2018 are on an IAS 17 basis as previously reported, with any comparison between the two bases of reporting not being meaningful. The segmental analysis set out below is primarily on an IAS 17 basis for all periods presented, as this is the basis on which the chief operating decision maker currently allocates resources and assesses performance, with the expectation that this will transition to an IFRS 16 basis in the financial year ending 31 December 2020.

The results of the divisions are shown below:

Six months to 30 June 2019 IFRS 16	**Revenue from external customers £m**	**Depreciation and software amortisation £m**	**Adjusted operating profit £m**	**Separately Disclosed Items £m**	**Operating profit £m**
Products	866.8	(53.3)	188.0	(10.7)	177.3
Trade	332.7	(21.7)	46.0	(3.7)	42.3
Resources	243.1	(11.6)	14.9	(5.8)	9.1
Total	**1,442.6**	**(86.6)**	**248.9**	**(20.2)**	**228.7**
Group operating profit			**248.9**	**(20.2)**	**228.7**
Net financing costs			(21.8)	(0.6)	(22.4)
Profit before income tax			**227.1**	**(20.8)**	**206.3**
Income tax expense			(55.6)	4.4	(51.2)
Profit for the year			**171.5**	**(16.4)**	**155.1**

2. Operating segments *(continued)*

Six months to 30 June 2019 **IAS 17**	**Revenue from external customers £m**	**Depreciation and software amortisation £m**	**Adjusted operating profit £m**	**Separately Disclosed Items £m**	**Operating profit £m**
Products	866.8	(33.1)	184.9	(10.7)	174.2
Trade	332.7	(11.7)	44.2	(3.7)	40.5
Resources	243.1	(6.2)	14.5	(5.8)	8.7
Total	**1,442.6**	**(51.0)**	**243.6**	**(20.2)**	**223.4**
Group operating profit			**243.6**	**(20.2)**	**223.4**
Net financing costs			(17.5)	(0.6)	(18.1)
Profit before income tax			**226.1**	**(20.8)**	**205.3**
Income tax expense			(55.4)	4.4	(51.0)
Profit for the year			**170.7**	**(16.4)**	**154.3**

Six months to 30 June 2018 IAS 17	Revenue from external customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Products	805.6	(29.1)	171.6	(6.8)	164.8
Trade	310.5	(9.3)	41.5	(3.6)	37.9
Resources	231.6	(5.4)	12.7	(6.1)	6.6
Total	1,347.7	(43.8)	225.8	(16.5)	209.3
Group operating profit			225.8	(16.5)	209.3
Net financing costs			(12.2)	(0.5)	(12.7)
Profit before income tax			213.6	(17.0)	196.6
Income tax expense			(54.0)	4.8	(49.2)
Profit for the year			159.6	(12.2)	147.4

3. Separately Disclosed Items (SDIs)

		Six months to 30 June 2019 £m	Six months to 30 June 2018 £m
Operating costs			
Amortisation of acquisition intangibles	(a)	**(14.4)**	(9.0)
Restructuring costs	(b)	**(8.8)**	(3.9)
Acquisition costs	(c)	**(1.4)**	(3.6)
Material claims and settlements	(d)	**2.6**	-
Gain on disposal of investment in associate		**1.8**	-
Total operating costs		**(20.2)**	(16.5)
Net financing costs	(e)	**(0.6)**	(0.5)
Total before income tax		**(20.8)**	(17.0)
Income tax credit on Separately Disclosed Items		**4.4**	4.8
Total		**(16.4)**	(12.2)

Refer to the Presentation of Results section for further details on SDIs

(a) Of the amortisation of acquisition intangibles in the current period, £4.3m (H1 18: £nil) relates to the customer relationships, trade names, technology and non-compete covenants acquired with the purchase of Alchemy Investment Holdings, Inc ("Alchemy").

(b) Restructuring costs of £8.8m were incurred in the period (H1 18: £3.9m), relating to various fundamental restructuring activities, resulting from the implementation of the new Company structure and corporate 5x5 strategy announced in 2016. These activities included site consolidations, closure of non-core business units, re-engineering of underperforming businesses and delayering of management structures.

(c) Transaction costs relating to acquisition activity in the period and integration of prior period acquisitions were £1.4m (H1 18: £3.6m).

(d) Material claims and settlements relate to a commercial claim that is separately disclosable due to its size.

(e) Net financing costs of £0.6m (H1 18: £0.5m) relates to the change in fair value of contingent consideration and the unwinding of discount on put options related to acquisitions.

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. On an IAS 17 basis the income tax expense for the adjusted results for the six months ended 30 June 2019 is £55.4m (H1 18: £54.0m). The Group's adjusted consolidated effective tax rate for the six months ended 30 June 2019 is 24.5% (H1 18: 25.3%). The income tax expense for the total results for the six months ended 30 June 2019 is £51.0m (H1 18: £49.2m). The Group's consolidated effective tax rate for the six months ended 30 June 2019 is 24.8% (H1 18: 25.0%). On an IFRS 16 basis the statutory tax charge, including the impact of SDIs, of £51.2m, equates to an effective rate of 24.8%.

Differences between the estimated adjusted effective rate of 24.5% and the weighted average notional statutory UK rate of 19.0% include, but are not limited to, the mix of profits, the effect of tax rates in foreign jurisdictions non-deductible expenses and under/over provisions in previous periods.

5. Earnings per share (EPS)

	Six months to 30 June 2019 IAS 17 £m	Six months to 30 June 2018 IAS 17 £m	Six months to 30 June 2019 IFRS 16 £m
Based on the profit for the period:			
Profit attributable to ordinary shareholders	**142.7**	136.5	**143.3**
Separately Disclosed Items after tax (note 3)	**16.4**	12.2	**16.4**
Adjusted earnings	**159.1**	148.7	**159.7**
Number of shares (millions):			
Basic weighted average number of ordinary shares	**160.9**	160.8	**160.9**
Potentially dilutive share awards	**1.8**	2.2	**1.8**
Diluted weighted average number of shares	**162.7**	163.0	**162.7**
Basic earnings per share	**88.7p**	84.9p	**89.1p**
Potentially dilutive share awards	**(1.0p)**	(1.2p)	**(1.0p)**
Diluted earnings per share	**87.7p**	83.7p	**88.1p**
Adjusted basic earnings per share	**98.9p**	92.5p	**99.3p**
Potentially dilutive share awards	**(1.1p)**	(1.3p)	**(1.1p)**
Adjusted diluted earnings per share	**97.8p**	91.2p	**98.2p**

6. Pension schemes

During the period, the Group made a special contribution of £2.0m (H1 18: £2.0m) into The Intertek Pension Scheme in line with a Minimum Funding Requirement agreement.

The significant actuarial assumptions used in the valuation of the Group's material defined benefit pension schemes as at 31 December 2018 have been reviewed. 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 2018. In addition to the special contribution, a net actuarial loss before taxation of £4.9m (H1 18: £7.4m gain) has been recognised in the consolidated statement of comprehensive income. The net pension liability stands at £9.7m at 30 June 2019 (31 December 2018: £12.5m). In June 2019, the Group recorded a pension curtailment gain of £5.8m (2018: £5.4m). The 2019 gain relates to the closure of the Hong Kong defined benefit scheme to future accruals.

7. Equity-settled transactions

During the six months ended 30 June 2019, the Group recognised an expense of £13.2m in respect of the share awards made in 2016, 2017, 2018 and 2019. For the six months ended 30 June 2018, the expense was £11.9m in respect of the share awards made in 2015, 2016, 2017 and 2018. Under the 2011 Long Term Incentive Plan in 2019, Deferred Share Awards granted had an average fair value of 4,588p and LTIP Share Awards had an average fair value of 2,131p. Under the Deferred Share Plan in 2019, Deferred Share Awards granted had an average fair value of 4,619p.

Under the 2011 Long-Term Incentive Plan, 299,641 Deferred Share Awards (previously Share Awards) (H1 18: 303,557) and 363,580 LTIP Share Awards (previously Performance Awards) (H1 18: 331,843) were granted during the period and, under the Deferred Share Plan, 22,029 Deferred Share Awards (H1 18: 15,637) were granted during the period.

8. Analysis of net debt

	30 June 2019 £m	30 June 2018 £m	31 December 2018 £m
Cash and cash equivalents per the Statement of Financial Position	**220.5**	172.7	206.9
Overdrafts	**(8.5)**	(17.1)	(3.7)
Cash per the Statement of Cash Flows	**212.0**	155.6	203.2

The components of net debt are outlined below:

	1 January 2019 £m	Cash flow £m	Non-cash adjustments £m	Exchange adjustments £m	**30 June 2019 £m**
Cash	203.2	11.3	-	(2.5)	**212.0**
Borrowings:					
Revolving credit facility US$800m 2021	(384.8)	(86.2)	-	3.1	**(467.9)**
Senior notes US$20m 2019	(15.8)	15.5	-	0.3	-
Senior notes US$150m 2020	(118.6)	-	-	0.4	**(118.2)**
Senior notes US$15m 2021	(11.8)	-	-	-	**(11.8)**
Senior notes US$140m 2022	(110.7)	-	-	0.4	**(110.3)**
Senior notes US$40m 2023	(31.6)	-	-	0.1	**(31.5)**
Senior notes US$125m 2024	(98.9)	-	-	0.4	**(98.5)**
Senior notes US$40m 2025	(31.7)	-	-	0.1	**(31.6)**
Senior notes US$75m 2026	(59.3)	-	-	0.2	**(59.1)**
Other*	(118.2)	5.6	(0.4)	3.6	**(109.4)**
Total borrowings	(981.4)	(65.1)	(0.4)	8.6	**(1,038.3)**
Total financial net debt	(778.2)	(53.8)	(0.4)	6.1	**(826.3)**
Lease liability (IFRS 16)	(273.4)				**(255.5)**
Total net debt	(1,051.6)				**(1,081.8)**

* Includes other borrowings of £0.4m (2018: £1.3m) and facility fees.

	30 June 2019 £m	30 June 2018 £m	31 December 2018 £m
Borrowings due in less than one year	**109.6**	15.8	134.6
Borrowings due in one to two years	**586.0**	-	118.2
Borrowings due in two to five years	**236.3**	524.9	538.9
Borrowings due in over five years	**106.4**	183.0	189.7
Total borrowings	**1,038.3**	723.7	981.4

Key facilities

Full details of the Group's borrowing facilities were disclosed in note 14 to the Annual Report for 2018.

8. Analysis of net debt *(continued)*

Fair values

The carrying value of the interest-bearing loans and borrowings is £1,038.3m. 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 £1,046.7m. The carrying values of trade and other payables are considered approximate to their fair values.

The carrying value of derivative assets/liabilities (namely interest rate cross currency swaps and foreign currency forwards) is equal to their fair value. The fair value of interest rate cross currency swaps is estimated using the present value of the estimated future cash flows based on observable yield curves. The fair value of foreign currency forwards is estimated using present value of future cash flows based on the forward exchange rates at the balance sheet date. Derivative liabilities of £6.4m are included within trade and other payables (H1 18: derivative liabilities of £11.0m included within trade and other payables).

Interest bearing loans and borrowings and derivative assets/liabilities are categorised as Level 2 under the fair value hierarchy by 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

The Group completed no acquisitions in the first six months of 2019. In H1 2018, the Group completed three acquisitions for a cash outflow of £10.6m.

(b) Prior period acquisitions

£0.6m (H1 18: £nil) was paid during the period in respect of prior period acquisitions.

(c) Details of 2018 acquisitions

Full details of acquisitions made in the year ended 31 December 2018 are disclosed in note 10 to the Annual Report for 2018. The provisional fair value adjustments disclosed in note 10 to the Annual Report 2018 have been updated resulting in an increase in goodwill of £2.1m and deferred tax asset of £0.7m.

(d) Impairment

Goodwill generated from past acquisitions has been tested annually as required by accounting standards. No impairment was required; however, considering prevailing market conditions, this will be kept under review.

(e) Reconciliation of goodwill

	£m
Goodwill at 1 January 2019	874.9
Additions	-
Transfer from acquisition intangibles	2.1
Foreign exchange	(2.1)
Goodwill at 30 June 2019	**874.9**

10. Property, plant, equipment and software

(a) Additions

During the six months to 30 June 2019, the Group acquired fixed assets with a cost of £46.2m (H1 18: £44.9m; year ended 31 December 2018: £113.2m). The Group did not acquire fixed assets through business combinations (H1 18: £3.2m; year ended 31 December 2018: £4.8m). On adoption of IFRS 16, the Group recognised a right of use asset of £256.9m at 1 January 2019. At 30 June 2019, the IFRS 16 right of use asset is £239.8m.

(b) Capital commitments

Contracts for capital expenditure which are not provided in these accounts amounted to £11.0m (H1 18: £15.8m; year ended 31 December 2018: £5.2m).

11. Impact on application of IFRS 16

Condensed Consolidated Interim Income Statement – IAS 17 Basis (unaudited)

For the six months ended 30 June 2019

	Notes	Six months to 30 June 2019 Adjusted Results IAS 17 £m	Six months to 30 June 2019 Separately Disclosed Items * IAS 17 £m	Six months to 30 June 2019 Total 2019 IAS 17 £m	Six months to 30 June 2018 Adjusted Results IAS 17 £m	Six months to 30 June 2018 Separately Disclosed Items * IAS 17 £m	Six months to 30 June 2018 Total 2018 IAS 17 £m
Revenue	2	1,442.6	-	1,442.6	1,347.7	–	1,347.7
Operating costs		(1,199.0)	(20.2)	(1,219.2)	(1,121.9)	(16.5)	(1,138.4)
Group operating profit/(loss)	2	243.6	(20.2)	223.4	225.8	(16.5)	209.3
Finance income		0.6	-	0.6	0.7	–	0.7
Finance expense		(18.1)	(0.6)	(18.7)	(12.9)	(0.5)	(13.4)
Net financing costs		(17.5)	(0.6)	(18.1)	(12.2)	(0.5)	(12.7)
Profit/(loss) before income tax		226.1	(20.8)	205.3	213.6	(17.0)	196.6
Income tax (expense)/credit	4	(55.4)	4.4	(51.0)	(54.0)	4.8	(49.2)
Profit/(loss) for the period	2	170.7	(16.4)	154.3	159.6	(12.2)	147.4
Attributable to:							
Equity holders of the Company		159.1	(16.4)	142.7	148.7	(12.2)	136.5
Non-controlling interest		11.6	-	11.6	10.9	–	10.9
Profit/(loss) for the period		170.7	(16.4)	154.3	159.6	(12.2)	147.4
Earnings per share **							
Basic	5	98.9p		88.7p	92.5p		84.9p
Diluted	5	97.8p		87.7p	91.2p		83.7p
Dividends in respect of the period				34.2p			31.9p

* See note 3.

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

11. Impact on application of IFRS 16 *(continued)*

Condensed Consolidated Interim Income Statement – IFRS 16 Impact (unaudited)

For the six months ended 30 June 2019

		Six months to 30 June 2019					
	Notes	Adjusted Results IAS 17 £m	IFRS 16 Impact £m	Adjusted Results IFRS 16 £m	Results IAS 17 £m	IFRS 16 Impact £m	Statutory Results IFRS 16 £m
Revenue	2	1,442.6	-	1,442.6	1,442.6	-	1,442.6
Operating costs		(1,199.0)	5.3	(1,193.7)	(1,219.2)	5.3	(1,213.9)
Group operating profit	2	243.6	5.3	248.9	223.4	5.3	228.7
Finance income		0.6	-	0.6	0.6	-	0.6
Finance expense		(18.1)	(4.3)	(22.4)	(18.7)	(4.3)	(23.0)
Net financing costs		(17.5)	(4.3)	(21.8)	(18.1)	(4.3)	(22.4)
Profit before income tax		226.1	1.0	227.1	205.3	1.0	206.3
Income tax (expense)/credit	4	(55.4)	(0.2)	(55.6)	(51.0)	(0.2)	(51.2)
Profit for the period	2	170.7	0.8	171.5	154.3	0.8	155.1
Attributable to:							
Equity holders of the Company		159.1	0.6	159.7	142.7	0.6	143.3
Non-controlling interest		11.6	0.2	11.8	11.6	0.2	11.8
Profit for the period		170.7	0.8	171.5	154.3	0.8	155.1
Earnings per share**							
Basic	5	98.9p	0.4p	99.3p	88.7p	0.4p	89.1p
Diluted	5	97.8p	0.4p	98.2p	87.7p	0.4p	88.1p
Dividends in respect of the period					34.2p	-	34.2p

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

11. Impact on application of IFRS 16 *(continued)*

Condensed Consolidated Interim Statement of Comprehensive Income – IAS 17 Basis (unaudited)

For the six months ended 30 June 2019

	Notes	Six months to 30 June 2019 IAS 17 £m	Six months to 30 June 2018 IAS 17 £m
Profit for the period	2	154.3	147.4
Other comprehensive income			
Remeasurements on defined benefit pension schemes		(4.9)	7.4
Tax on items that will never be reclassified subsequently to profit or loss		0.2	0.8
Items that will never be reclassified to profit or loss		(4.7)	8.2
Foreign exchange translation differences of foreign operations		(3.6)	7.6
Net exchange gain/(loss) on hedges of net investments in foreign operations		9.6	(8.9)
Gain on fair value of cash flow hedges		0.5	0.4
Items that are or may be reclassified subsequently to profit or loss		6.5	(0.9)
Total other comprehensive income for the period		1.8	7.3
Total comprehensive income for the period		156.1	154.7
Total comprehensive income for the period attributable to:			
Equity holders of the Company		144.9	146.9
Non-controlling interest		11.2	7.8
Total comprehensive income for the period		156.1	154.7

Condensed Consolidated Interim Statement of Comprehensive Income – IFRS 16 Impact (unaudited)

For the six months ended 30 June 2019

	Notes	Six months to 30 June 2019 IAS 17 £m	IFRS 16 Impact £m	Six months to 30 June 2019 IFRS 16 £m
Profit for the period	2	154.3	0.8	155.1
Other comprehensive income				
Remeasurements on defined benefit pension schemes		(4.9)	-	(4.9)
Tax on items that will never be reclassified subsequently to profit or loss		0.2	-	0.2
Items that will never be reclassified to profit or loss		(4.7)	-	(4.7)
Foreign exchange translation differences of foreign operations		(3.6)	0.1	(3.5)
Net exchange gain on hedges of net investments in foreign operations		9.6	-	9.6
Gain on fair value of cash flow hedges		0.5	-	0.5
Items that are or may be reclassified subsequently to profit or loss		6.5	0.1	6.6
Total other comprehensive income for the period		1.8	0.1	1.9
Total comprehensive income for the period		156.1	0.9	157.0
Total comprehensive income for the period attributable to:				
Equity holders of the Company		144.9	1.1	146.0
Non-controlling interest		11.2	(0.2)	11.0
Total comprehensive income for the period		156.1	0.9	157.0

11. Impact on application of IFRS 16 *(continued)*

Condensed Consolidated Interim Statement of Financial Position – IAS 17 Basis (unaudited)

As at 30 June 2019

	Notes	At 30 June 2019 IAS 17 £m	At 30 June 2018 IAS 17 £m
Assets			
Property, plant and equipment	10	432.1	424.3
Goodwill	9	874.9	596.8
Other intangible assets		314.2	174.2
Investments in associates		-	0.3
Deferred tax assets		55.0	61.4
Total non-current assets		1,676.2	1,257.0
Inventories*		20.6	19.4
Trade and other receivables*		730.8	681.1
Cash and cash equivalents	8	220.5	172.7
Current tax receivable		19.6	17.2
Total current assets		991.5	890.4
Total assets		2,667.7	2,147.4
Liabilities			
Interest bearing loans and borrowings	8	(118.1)	(32.9)
Current taxes payable		(48.2)	(51.9)
Trade and other payables*		(482.8)	(416.8)
Provisions*		(21.3)	(33.2)
Total current liabilities		(670.4)	(534.8)
Interest bearing loans and borrowings	8	(928.7)	(707.9)
Deferred tax liabilities		(79.4)	(50.7)
Net pension liabilities	6	(9.7)	(4.1)
Other payables*		(33.4)	(22.4)
Provisions*		(16.8)	(9.7)
Total non-current liabilities		(1,068.0)	(794.8)
Total liabilities		(1,738.4)	(1,329.6)
Net assets		929.3	817.8
Equity			
Share capital		1.6	1.6
Share premium		257.8	257.8
Other reserves		14.0	(7.3)
Retained earnings		621.5	527.8
Total attributable to equity holders of the Company		894.9	779.9
Non-controlling interest		34.4	37.9
Total equity		929.3	817.8

Working capital of £185.2m (H1 18: £210.8m) comprises the asterisked items in the above Statement of Financial Position less refundable deposits aged over 12 months of £11.9m (H1 18: £7.6m).

11. Impact on application of IFRS 16 *(continued)*

Condensed Consolidated Interim Statement of Financial Position – IFRS 16 Impact (unaudited)

As at 30 June 2019

	Notes	At 30 June 2019 IAS 17 £m	IFRS 16 Impact £m	At 30 June 2019 IFRS 16 £m
Assets				
Property, plant and equipment	10	432.1	239.8	671.9
Goodwill	9	874.9	-	874.9
Other intangible assets		314.2	-	314.2
Investments in associates		-	-	-
Deferred tax assets		55.0	4.2	59.2
Total non-current assets		1,676.2	244.0	1,920.2
Inventories		20.6	-	20.6
Trade and other receivables		730.8	0.1	730.9
Cash and cash equivalents	8	220.5	-	220.5
Current tax receivable		19.6	-	19.6
Total current assets		991.5	0.1	991.6
Total assets		2,667.7	244.1	2,911.8
Liabilities				
Interest bearing loans and borrowings	8	(118.1)	-	(118.1)
Current taxes payable		(48.2)	(0.2)	(48.4)
Trade and other payables		(482.8)	-	(482.8)
Lease liabilities		-	(66.0)	(66.0)
Provisions		(21.3)	-	(21.3)
Total current liabilities		(670.4)	(66.2)	(736.6)
Interest bearing loans and borrowings	8	(928.7)	-	(928.7)
Deferred tax liabilities		(79.4)	-	(79.4)
Net pension liabilities	6	(9.7)	-	(9.7)
Lease liabilities		-	(189.3)	(189.3)
Other payables		(33.4)	-	(33.4)
Provisions		(16.8)	-	(16.8)
Total non-current liabilities		(1,068.0)	(189.3)	(1,257.3)
Total liabilities		(1,738.4)	(255.5)	(1,993.9)
Net assets		929.3	(11.4)	917.9
Equity				
Share capital		1.6	-	1.6
Share premium		257.8	-	257.8
Other reserves		14.0	0.5	14.5
Retained earnings		621.5	(11.7)	609.8
Total attributable to equity holders of the Company		894.9	(11.2)	883.7
Non-controlling interest		34.4	(0.2)	34.2
Total equity		929.3	(11.4)	917.9

11. Impact on application of IFRS 16 *(continued)*

Condensed Consolidated Interim Statement of Cash Flows – IAS 17 Basis (unaudited)

For the six months ended 30 June 2019

	Notes	Six months to 30 June 2019 IAS 17 £m	Six months to 30 June 2018 IAS 17 £m
Cash flows from operating activities			
Profit for the period	2	154.3	147.4
Adjustments for:			
Depreciation charge		43.6	37.9
Amortisation of software		7.4	5.9
Amortisation of acquisition intangibles		14.4	9.0
Equity-settled transactions		13.2	11.9
Net financing costs		18.1	12.7
Income tax expense	4	51.0	49.2
Profit on disposal of associate		(1.8)	-
Gain on disposal of property, plant, equipment and software		(0.2)	-
Operating cash flows before changes in working capital and operating provisions		300.0	274.0
Change in inventories		(2.3)	(0.8)
Change in trade and other receivables		(47.2)	(35.4)
Change in trade and other payables		(27.5)	(38.3)
Change in provisions		(2.1)	(1.9)
Special contributions into pension schemes		(2.0)	(2.0)
Cash generated from operations		218.9	195.6
Interest and other finance expense paid		(19.1)	(14.2)
Income taxes paid		(60.5)	(45.2)
Net cash flows generated from operating activities*		139.3	136.2
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and software*		0.5	0.7
Interest received*		0.5	0.7
Acquisition of subsidiaries, net of cash acquired	9	-	(10.6)
Consideration paid in respect of prior year acquisitions		(0.6)	-
Sale of an associate		2.1	
Acquisition of property, plant, equipment, software*	10	(46.2)	(47.0)
Net cash flows used in investing activities		(43.7)	(56.2)
Cash flows from financing activities			
Purchase of own shares		(19.8)	(8.6)
Tax paid on share awards vested		(10.3)	(2.9)
Drawdown of borrowings		196.2	107.8
Repayment of borrowings		(131.1)	(75.4)
Dividends paid to non-controlling interest		(11.1)	(4.3)
Equity dividends paid		(108.2)	(76.9)
Net cash flows used in financing activities		(84.3)	(60.3)
Net increase in cash and cash equivalents	8	11.3	19.7
Cash and cash equivalents at 1 January	8	203.2	135.9
Effect of exchange rate fluctuations on cash held	8	(2.5)	-
Cash and cash equivalents at end of period	8	212.0	155.6

Adjusted cash flow from operations of £229.4m (H1 18: £204.1m) comprises statutory cash generated from operations of £218.9m (H1 18: £195.6m) before cash outflows relating to Separately Disclosed Items of £10.5m (H1 18: £8.5m). Free cash flow of £94.1m (H1 18: £90.6m) comprises the asterisked items in the above Statement of Cash Flows.

11. Impact on application of IFRS 16 *(continued)*

Condensed Consolidated Interim Statement of Cash Flows – IFRS 16 Impact (unaudited)

For the six months ended 30 June 2019

	Notes	Six months to 30 June 2019 IAS 17 £m	IFRS 16 Impact £m	Six months to 30 June 2019 IFRS 16 £m
Cash flows from operating activities				
Profit for the period	2	154.3	0.8	155.1
Adjustments for:				
Depreciation charge		43.6	35.6	79.2
Amortisation of software		7.4	-	7.4
Amortisation of acquisition intangibles		14.4	-	14.4
Equity-settled transactions		13.2	-	13.2
Net financing costs		18.1	4.3	22.4
Income tax expense	4	51.0	0.2	51.2
Profit on disposal of associate		(1.8)	-	(1.8)
(Gain)/loss on disposal of property, plant, equipment and software		(0.2)	3.7	3.5
Operating cash flows before changes in working capital and operating provisions		300.0	44.6	344.6
Change in inventories		(2.3)	-	(2.3)
Change in trade and other receivables		(47.2)	-	(47.2)
Change in trade and other payables		(27.5)	-	(27.5)
Change in provisions		(2.1)	-	(2.1)
Special contributions into pension schemes		(2.0)	-	(2.0)
Cash generated from operations		218.9	44.6	263.5
Interest and other finance expense paid		(19.1)	(4.3)	(23.4)
Income taxes paid		(60.5)	-	(60.5)
Net cash flows generated from operating activities		139.3	40.3	179.6
Cash flows from investing activities				
Proceeds from sale of property, plant, equipment and software		0.5	-	0.5
Interest received		0.5	-	0.5
Acquisition of subsidiaries, net of cash acquired	9	-	-	-
Consideration paid in respect of prior year acquisitions		(0.6)	-	(0.6)
Sale of an associate		2.1	-	2.1
Acquisition of property, plant, equipment, software	10	(46.2)	-	(46.2)
Net cash flows used in investing activities		(43.7)	-	(43.7)
Cash flows from financing activities				
Purchase of own shares		(19.8)	-	(19.8)
Tax paid on share awards vested		(10.3)	-	(10.3)
Drawdown of borrowings		196.2	-	196.2
Repayment of borrowings		(131.1)	-	(131.1)
Repayment of lease liability		-	(40.3)	(40.3)
Dividends paid to non-controlling interest		(11.1)	-	(11.1)
Equity dividends paid		(108.2)	-	(108.2)
Net cash flows used in financing activities		(84.3)	(40.3)	(124.6)
Net increase in cash and cash equivalents	8	11.3	-	11.3
Cash and cash equivalents at 1 January	8	203.2	-	203.2
Effect of exchange rate fluctuations on cash held	8	(2.5)	-	(2.5)
Cash and cash equivalents at end of period	8	212.0	-	212.0

12. Related parties

There are no material changes in related parties or in related party transactions from those described in the last Annual report.

13. Contingent liabilities

(a) Claims and litigation

The Group is involved in various claims and lawsuits incidental to the ordinary course of its business, including claims for damages, negligence and commercial disputes regarding inspection and testing, and disputes with employees and former employees.

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 with complex tax laws and regulations. At any point in time it is normal for there to be a number of open years 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. 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.

In April 2019, the European Commission concluded that, in certain circumstances, the Group Financing Exemption in the UK's controlled foreign company legislation is not compliant with EU State Aid rules. In June 2019, the UK tax authority filed an application for annulment with the General Court on this decision.

The Group had financing arrangements in line with the UK's Group Finance Exemption legislation and therefore may be affected by this decision.

We are assessing the potential impact of the Commission's decision on the tax treatment of the Group's financing arrangements. Based on that assessment, and the current level of uncertainty, we consider that no provision is required at 30 June 2019. We will continue to consider the impact of the Commission's decision on the Group and the potential requirement to record a provision.

The Group has adopted IFRIC 23 Uncertainty over Income Tax Treatments effective January 1, 2019. The interpretation clarifies the application of the recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatment. Current tax liabilities decreased by £0.2m as a result of the implementation of IFRIC 23, with a corresponding increase of £0.2m to opening retained earnings.

14. Post balance sheet events

There are no post balance sheet events to report.

15. Approval

The Condensed Consolidated Interim Financial Statements were approved by the Board on 31 July 2019.