2014 FULL YEAR RESULTS ANNOUNCEMENT
2 MARCH 2015

Intertek Group plc ("Intertek"), a leading international provider of quality and safety services, announces its full year results for the year ended 31 December 2014.

Adjusted results[1]	**2014**	2013	**Change at actual rates**	**Change at constant currency**	**Organic change at constant currency**
Revenue	**£2,093.3m**	£2,184.4m	(4.2)%	2.3%	(0.6)%
Operating profit	**£324.4m**	£342.6m	(5.3)%	1.2%	(1.4)%
Profit before tax	**£300.2m**	£314.9m	(4.7)%	2.5%	
Diluted earnings per share	**132.1p**	138.6p	(4.7)%	2.6%	
Cash generated from operations	**£403.7m**	£394.1m	2.4%		

1. Adjusted results are stated before Separately Disclosed Items which include amortisation of acquisition intangibles £20.8m (2013: £22.5m), acquisition costs £3.5m (2013: £1.5m), and restructuring costs of £23.5m (2013: £8.8m); and cash outflows associated with acquisition costs and restructuring of £16.9m (2013: £15.5m). See Presentation of Results and note 3.
2. Organic revenue growth excludes the impact of acquisitions and disposals in 2013 and 2014.

Statutory results	**2014**	2013	**Change**
Operating profit	**£276.6m**	£310.0m	(10.8)%
Profit before tax	**£252.2m**	£281.8m	(10.5)%
Diluted earnings per share	**108.8p**	123.0p	(11.5)%
Full year dividend per share	**49.1p**	46.0p	6.7%

Key Financial Points

- Constant currency revenue up 2.3%, including acquisitions which added 2.9%.
- Constant currency organic[2] revenue down 0.6%; and up 1.4% excluding low-value Industry contract exits.
- Operating margin[1] 15.5%, down 20bps.
- Strong cash performance with cash generated from operations[1] of £403.7m, up 2.4%; Free cash flow of £184.8m, up 41.5%.
- Reported diluted Earnings per Share ('EPS')[1] of 132.1p, down 4.7%.
- Recommended full year dividend per share of 49.1p, up 6.7%.

Key Operating Points

- Good growth in Consumer Goods, Commercial & Electrical and Chemicals & Pharmaceuticals divisions, driven by Textiles, Electrical, Building Products, Transportation, Lubricants, and geographically in the Middle East, India, Turkey and Vietnam.
- Industry & Assurance revenue decline includes the strategic exit from low-value contracts (reduced Group organic growth rate by 2.0%) and reductions in oil and gas capex infrastructure project work. Food & Agriculture and Business Assurance grew strongly.
- Commodities saw growth in the oil and gas cargo trade business, but this was offset by declines in Minerals resulting mainly from the Indonesian ore export ban.
- Continued focus on profitability with cost alignment in response to market developments and overall cost improvement initiatives; £23.5m restructuring cost.

Wolfhart Hauser, Chief Executive Officer, commented:

"Intertek delivered solid growth in its product-related businesses in 2014. However, we saw continuing headwinds in the oil and gas capex and mining sectors, and the effect of our strategic exit from certain low-value Industry contracts.

The positive growth in our product-related businesses was supported by long-term growth drivers such as end-user quality demand in developed and developing markets, regulation and supply chain developments, shifting sourcing patterns and new technologies.

Challenging conditions for our customers in oil and gas capex and minerals end-markets affected the level of demand for our services in these sectors during the year.

We have restructured and actively managed our portfolio of businesses during 2014. The restructuring related to underperforming businesses and laboratories in Europe, Minerals, Cargo, Chemicals & Pharmaceuticals and Industry Services, where we have closed businesses and reduced costs.

The Group margin for the full year was slightly below the margin for the same period last year. However the effect of weaker growth was materially mitigated by a strong focus on restructuring and cost control in response to market conditions.

In line with our progressive dividend policy and with a continuing healthy financial position, the Board is recommending a 6.7% dividend increase.

During 2015 we expect our organic revenue growth rate to improve gradually during the year compared to the 2014 growth rate with the margin broadly similar to 2014. Whilst we expect good growth in our product-related businesses, we anticipate continued weakness in 2015 in our oil and gas capex business, which represents around 13% of Group revenues.

Looking further ahead, we expect the near-term negative headwinds in our oil and gas capex business to ease. Our commodity and infrastructure businesses will enable Intertek to take advantage of the long-term growth in energy demand. Our product divisions are strongly leveraged to increasing middle-class demand for quality in emerging markets, expanding regulation and product variety.

Our strategic choice of portfolio positions Intertek to benefit from attractive structural growth drivers, as well as energy and commodity end-market drivers. Through these strategic choices, Intertek is well placed to deliver mid-single digit organic revenue growth over the medium term, supplemented by growth from acquisitions."

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Analysts' Meeting

There will be a meeting for analysts at 9.30am today at Goldman Sachs International, 120 Fleet Street (River Court), London, EC4A 2BB. A copy of the presentation will be available on the website later today.

The 2014 Annual Report will be available to download from the website in April 2015. If you wish to receive a printed copy of this report, please contact Intertek by email to investor@intertek.com or by calling +44 (0) 20 7396 3400.

Corporate website: www.intertek.com

About Intertek

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

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

Visit www.intertek.com.

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

Intertek

FULL YEAR REPORT 2014

BUSINESS REVIEW

For the year ended 31 December 2014

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

Overview of performance

	2014	2013	Change at actual rates	Constant rates	
	£m	£m		Total	Organic
Revenue	**2,093.3**	2,184.4	(4.2)%	2.3%	(0.6)%
Operating profit	**324.4**	342.6	(5.3)%	1.2%	(1.4)%
Margin	**15.5%**	15.7%	(20)bps	(20)bps	(10)bps
Net financing costs	**24.2**	27.7	(12.6)%		
Income tax expense	**72.0**	72.4	(0.6)%		
Earnings for the year[2]	**214.1**	226.0	(5.3)%		
Adjusted diluted earnings per share	**132.1p**	138.6p	(4.7)%	2.6%	
Dividends proposed/paid	**49.1p**	46.0p	6.7%		
Adjusted cash generated from operations	**403.7**	394.1	2.4%		
Acquisitions – purchase price	**43.1**	121.7	(64.6)%		
Capital investment – organic	**109.5**	144.8	(24.4)%		

1. Adjusted results are stated before Separately Disclosed Items. See Presentation of Results and note 3 to the Financial Statements.
2. Attributable to equity holders of the Company.

At constant exchange rates Group reported revenue was up 2.3%, operating profit up 1.2%, operating margin down 20bps and adjusted diluted earnings per share up 2.6%.

The Group revenue growth at constant exchange rates included acquisitions contributing 2.9% with organic revenue down 0.6%. The Group's organic revenue reflected good growth in the Consumer Goods, Commercial & Electrical and Chemicals & Pharmaceuticals divisions overall, offset by industry headwinds impacting the Commodities and Industry & Assurance divisions. Organic growth also reflected the Group's decision to exit certain low-value Industry contracts.

Sterling appreciated against the Group's trading currencies reducing revenue by £138.2m (6.5%); at actual exchange rates total revenue declined by 4.2%.

Operating profit at constant exchange rates increased by 1.2% with growth in Consumer Goods, Commercial & Electrical and Chemicals & Pharmaceuticals partially offset by weakness in Commodities and Industry & Assurance.

The adjusted operating margin was 15.5%, a reduction of 20bps from the prior year. This was due to weaker demand in the Industry Services and Minerals businesses reducing profitability, mitigated by the positive effects of restructuring activities across the Group.

Net financing costs were £24.2m, a decrease of £3.5m on 2013. The adjusted effective tax rate was 24.0% being higher than the prior year (2013: 23.0%), due to the recognition of deferred tax assets in the prior year.

The Group completed three acquisitions for a purchase price of £43.1m, and invested £109.5m (5.2% of revenue) in capital investment to support the Group's growth.

The Group ended the year in a strong financial position. Adjusted cash flow from operations increased by 2% to £403.7m. Free cash flow was strong at £184.8m, up 41.5%. Net debt was £633.5m, a reduction of £28m on a constant currency basis against the prior year. Net debt to EBITDA ratio was 1.5x (2013: 1.4x on a pro forma basis).

Adjusted diluted earnings per share for the year decreased by 6.5p to 132.1p, including a 7.3% negative exchange rate impact.

In line with the Group's progressive dividend policy, the Board is recommending a full year dividend of 49.1p per share (2013: 46.0p), an increase of 6.7% on the 2013 declared dividends. This represents an increase ahead of diluted EPS growth of 2.6% at constant rates and a decline of 4.7% at actual rates. An interim dividend of 16.0p per share (2013: 15.0p) was paid to shareholders on 14 October 2014. The Directors will propose a final dividend of 33.1p per share (2013: 31.0p) at the Annual General Meeting on 15 May 2015, to be paid on 5 June 2015 to shareholders on the register at close of business on 22 May 2015.

Business development highlights

During a year of weakness in some sectors and good growth opportunities in many others, the Group's business development activities focused on actively managing underperforming businesses and maintaining our investment programme that allows the Group to capture long-term growth from positive market developments.

Restructuring

The Group has undertaken a comprehensive review of its portfolio to identify businesses, locations and services which were underperforming or non-strategic. The actions that have been undertaken as a result of this include closing businesses, writing down assets and making redundancies, and have resulted in an additional £23.5m in restructuring cost being recognised.

This further restructuring will address weakness in certain businesses within the Commodities and Chemicals & Pharmaceuticals divisions, as well as the effects of the lower oil price impacting demand in Industry Services. In addition, the restructuring is addressing cost improvement opportunities that have been identified across the wider Group. Initiatives taken include consolidating regional administrative sites for process and operational efficiency; closing underperforming businesses; and reducing overheads. Geographically, Europe and the Americas continued to be a focus within our restructuring programme accounting for just over 50% and 25% of the current year expenditure respectively.

In 2014, the Group's restructuring programme realised a 50bps improvement to the Group full year adjusted operating margin.

Acquisitions
During 2014 the Group continued its strategy of acquiring value-enhancing businesses that add complementary services in areas of growing demand by our customers. We made three acquisitions for a total purchase price of £43.1m (£40.2m net of cash acquired) in 2014. These, together with the seven businesses acquired in 2013 for £122m, added 2.9% to Group revenue growth in 2014.

In February 2014 the Group acquired 100% of the share capital of International Inspection Services Ltd ('INSPEC') for £39.8m, a UAE based business providing non-destructive testing ('NDT') and associated services to support the maintenance needs of the oil and gas industry.

In October 2014 the Group acquired the analytical division of QPS Bioserve India PVT. Ltd, a provider of lab testing services to the food and agriculture, water, soil and fertiliser industries in Southern India. In November 2014 we acquired ScanBi Diagnostics, a provider of analyses and quality services to the agro-biotech, seed breeding, food and feed industries. These businesses expand our capabilities in the higher value analytical agri services market and the growing global food quality market and provide us with a strategic geographic base in the expanding Indian market. They were acquired for a combined purchase price of £3.3m.

In February 2015, Intertek acquired Adelaide Inspection Services Pty Ltd ('AIS') for a total cash consideration of AUD 12m (£6.5m). AIS is an Australian provider of opex-led NDT services primarily to the power generation market, with support also to the construction, oil, gas and mining industries.

Capital investment
The Group's capital investment programme ensures we continually position the Company to capture growth into the future. During the year the Group spent £109.5m (2013: £144.8m) being 5.2% of revenue (2013: 6.6%) on capital investment, which is within our normal range of 5-6% of revenue per annum. This investment is made to add new laboratories and laboratory technologies, capital equipment, and systems infrastructure, and is spread across many different parts of our portfolio where growth and development opportunities are present. Our 2014 investments have included new food testing facilities and technical capabilities in Europe and China, further expansion of transportation technologies capabilities in Asia and North America, and new consumer products laboratories in fast-growth Asian sourcing markets such as Bangladesh and Thailand. These investments will help us to capture strong demand from our global customers and their suppliers and positive local market developments in these areas.

Notable market developments
Changes in regulations and industry standards relevant to our customers also affect trading patterns in our business. During 2014, positive as well as adverse areas of market development included:

- Long-term EU and US product and environmental regulations supporting growing demand for chemical testing of textiles.
- US Environmental Protection Agency standards for emissions, driving demand for testing of vehicle components and materials, fuels and lubricants.
- Communication by the Chinese government of its desire to see the national quality services market open and develop, and achieving accreditation to certify cosmetic products to China's FDA standard in Shanghai.
- A government ban on the export of unprocessed ore in Indonesia reducing demand for testing and inspection of minerals in Indonesia and its export partner countries.
- EU increasing food labelling regulation requirements and US proposal to increase food nutritional labelling and verification requirements, driving demand for food services auditing, testing and analysis.
- African governments planning to increase product import conformity assessment structures.

Separately Disclosed Items

Separately Disclosed Items before interest and tax were £47.8m in 2014 (2013: £32.6m). In 2014 the amortisation of acquisition intangibles was £20.8m (2013: £22.5m). This reduction is a result of certain intangibles having become fully amortised in the year, most notably from the Moody International acquisition made in 2011. Acquisition costs comprised £1.3m (2013: £0.4m) of transaction costs in respect of current year acquisitions, and £2.2m (2013: £1.1m) in respect of prior year acquisitions. Costs of £23.5m (2013: £8.8m) have also been recognised following the Group's review and restructuring of certain underperforming business units. Further information on Separately Disclosed Items is given in the Presentation of Results section of this report and in note 3.

OPERATING REVIEW BY DIVISION

	Revenue				Adjusted operating profit			
	2014	2013	Change at actual rates	Organic change at constant rates	**2014**	2013	Change at actual rates	Organic change at constant rates
	£m	£m			**£m**	£m		
Industry & Assurance	**642.9**	709.3	(9.4)%	(7.8)%	**64.5**	82.2	(21.5)%	(17.7)%
Commodities	**542.4**	586.6	(7.5)%	(0.3)%	**65.5**	70.0	(6.4)%	(0.2)%
Consumer Goods	**375.3**	381.3	(1.6)%	4.5%	**124.8**	124.5	0.2%	6.7%
Commercial & Electrical	**359.6**	338.4	6.3%	5.4%	**51.0**	49.3	3.4%	(1.3)%
Chemicals & Pharmaceuticals	**173.1**	168.8	2.5%	4.5%	**18.6**	16.6	12.0%	11.6%
	2,093.3	2,184.4	(4.2)%	(0.6)%	**324.4**	342.6	(5.3)%	(1.4)%
Net financing costs					**(24.2)**	(27.7)		
Adjusted profit before income tax					**300.2**	314.9	(4.7)%	
Income tax expense					**(72.0)**	(72.4)		
Adjusted profit for the year					**228.2**	242.5	(5.9)%	
Adjusted diluted EPS					**132.1p**	138.6p	(4.7)%	

A review of the adjusted results of each division in the year ended 31 December 2014 compared to the year ended 31 December 2013 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. Operating profit and operating margin are stated before Separately Disclosed Items.

Industry & Assurance

	2014	2013	Change	Change	Organic change
	£m	£m	at actual rates	at constant rates	at constant rates
Revenue	**642.9**	709.3	(9.4)%	(2.8)%	(7.8)%
Adjusted operating profit	**64.5**	82.2	(21.5)%	(14.5)%	(17.7)%
Adjusted operating margin	**10.0%**	11.6%	(160)bps	(140)bps	(130)bps

Industry & Assurance – using in-depth knowledge of the oil, gas, nuclear, power, renewable energy, construction, food, chemical and agricultural industries, the division provides a diverse range of services to help customers optimise their assets and meet global quality standards for their products. These services include technical inspection, asset integrity management, exploration and production support, consulting, training and third-party management systems auditing for the industrial sector. The division also provides quality and safety services to the Food and Agri sectors, certification services, second-party supplier auditing, sustainability data verification and process performance analysis.

Total revenue was £642.9m, down 3% at constant exchange rates. This was primarily due to our decision to exit certain low-value contracts, which negatively impacted the division’s revenue by 6%, as well as delays to the commencement of planned oil and gas infrastructure capital project work by our customers. At actual exchange rates revenue was 9% lower.

Total adjusted operating profit at constant rates was 15% lower at £64.5m with a 140 basis point reduction in margin. At actual rates operating profit was 22% lower. The reduction in underlying margin is due to the revenue decline in our Industry Services business.

The largest proportion of the Industry & Assurance division is our Industry Services business which provides services to the energy infrastructure sector encompassing our Technical Inspection, Technical Staffing, Asset Integrity, Consulting & Training and Exploration & Production services. In 2014, we experienced customers delaying the commencement of planned oil and gas capital projects work which affected our Technical Inspection and Technical Staffing services. Revenue was also reduced by £40m from our strategic decision at the end of 2013 to exit certain low-value Technical Staffing service contracts.

We have begun to expand Industry Services activities into processing, power, infrastructure, aerospace and other utility industries, as well as into oil and gas maintenance driven services in order to balance our leading position and exposure in the oil and gas capex projects market. We saw solid growth in 2014 in our business lines which predominantly support the maintenance of our customers' infrastructure from their operational expenditure ('opex') and where environmental and integrity concerns related to infrastructure also remain high on the public agenda.

Looking into 2015, we anticipate that further reductions in planned energy capital expenditure by our customers in response to the current low oil price will continue to impact revenue. However we expect that, as oil markets recover and we diversify our infrastructure services, the long-term increase in energy demand will drive revenue growth in Intertek's services in these markets.

In April, Intertek acquired INSPEC. This business supplements Intertek's acquisition of GXT in the US in 2013, and the acquisition in 2012 of NDT Services in the UK to create three key regional hubs as we develop our global opex services offering around NDT. The Australian-based NDT business of AIS was acquired in February 2015 for £6.5m in furtherance of this strategy.

Our Business Assurance business line grew strongly in the year with good demand for second-party auditing services from multinational corporations. We launched new services in 2014 including ISO 22301 Business Continuity; ISO 55001 Asset Integrity Management; EDGE Certification (Economic Dividend for Gender Equality); and Private Security Certification. Growing consumer demand, as well as increasing environmental regulations in developed and emerging markets, are placing an increasing emphasis on quality environmental and energy management systems for our customers, in order that supply chain traceability exists.

Growing consumer demand for quality and safety in developing and developed economies, increasing regulations, and public food scandals, are all driving growth in the food testing market. Good growth in Food services during the year was driven by expansion of food safety needs and labelling in Germany, Taiwan and China. New EU food labelling regulations commenced and the US FDA introduced a proposal for new nutritional labelling requirements. In addition, our customers in developed and developing markets are seeking increased support to help them evidence sustainable ingredient sourcing, ethical production, and their environmental impact in response to increasing consumer pressure. Our Agriculture business grew strongly with good harvests in North America and expanding customer demands in South America. We expect these trends to support good growth in our Food & Agriculture and Business Assurance business lines going forward.

We continued to invest in expanding our global food services capabilities, and completed two bolt-on acquisitions for a total consideration of £3.3m in the year, and £3m organic investment in food labs.

Commodities

	2014 **£m**	2013 £m	Change at actual rates	Change at constant rates	Organic change at constant rates
Revenue	**542.4**	586.6	(7.5)%	(0.5)%	(0.3)%
Adjusted operating profit	**65.5**	70.0	(6.4)%	(0.2)%	(0.2)%
Adjusted operating margin	**12.1%**	11.9%	20bps	10bps	0bps

Commodities – provides independent cargo inspection, analytical assessment, calibration and related research and technical services to the world's petroleum, mining, minerals and biofuels industries. The division also provides services to governments and regulatory bodies to support trade activities that help the flow of goods across borders.

Total revenue was £542.4m, down 1% at constant exchange rates, primarily due to the decline in Minerals revenues following the global slowdown in the sector and the impact of the Indonesian ore export ban in early 2014. At actual exchange rates total revenue was 8% lower.

Total adjusted operating profit at constant rates was £65.5m, flat versus prior year, with a 10 basis point increase in margin supported by restructuring activities. Total adjusted operating profit was down 6% at actual rates.

Demand for our oil and gas Cargo and Analytical Assessment inspection and testing business lines is driven by the end-demand for these products, as we test and verify the downstream trade and transport of a wide range of raw and processed products. Revenue grew in 2014 with the strongest growth in the Middle East while Europe remained flat. A weakening oil price in 2014 has not affected the business as our work is driven by throughput of downstream volumes which remained positive. By restructuring our activities in Europe we increased the business lines' margin in 2014. Further planned restructuring in 2015 will ensure this business remains aligned to shifting refining and trade flow patterns by our customers.

The increasing focus on environmental testing in some emerging markets driven by regulation, combined with the growth in Liquefied Natural Gas ('LNG') and unconventional (shale gas) testing and calibration-based work, has meant that Intertek is investing in new data-based technologies and increased use of automation in our laboratories, such as in Colombia. We see opportunities this year to increase our outsourced laboratory work for oil customers and refineries looking to manage costs in response to oil price pressures. Intertek has a leading track record in outsourced services and is well placed to assist customers with shorter test turnaround times and higher levels of knowledge and test quality.

Revenue in our Minerals business line is driven by clients' exploration, production and trading activity of mineral ores around the Pacific Rim, which declined in 2014. This was due to the continuing reduction in exploration activity by our customers and the effects of the introduction of an ore export ban in Indonesia in 2014. We have focused on aligning our global footprint to the changing minerals markets through an extensive restructuring during 2014. We closed a number of Minerals sites, exited businesses in India and Brazil and reduced our employee base significantly. Our production-related testing services grew in 2014. This was primarily in the iron ore sector, as we developed our mine-site services and capabilities; however this did not offset the other declines.

Revenue growth in our Government & Trade Services ('GTS') business was lower in 2014 due to the reduction in scope of our Conformity Assessment Programme with Saudi Arabia as reported in last year's Annual Report. In the final quarter of 2014 we saw the business return to good growth after annualising of this effect which commenced in the fourth quarter of 2013. During 2014 we commenced restructuring of our GTS sales operations to support growth and operational efficiency with Regional Operations Centres in Manila and Johannesburg. We also created a new organisational model to better align the business to future growth opportunities. These activities supported an improved operating margin in the second half of 2014. Looking forward we see many countries in Africa improving their conformity assessment structures which creates further opportunities for our services.

Consumer Goods

	2014	2013	Change	Change	Organic change
	£m	£m	at actual rates	at constant rates	at constant rates
Revenue	**375.3**	381.3	(1.6)%	4.4%	4.5%
Adjusted operating profit	**124.8**	124.5	0.2%	6.1%	6.7%
Adjusted operating margin	**33.3%**	32.7%	60bps	60bps	60bps

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

Total revenue was £375.3m, up 4% at constant exchange rates. At actual exchange rates total revenue was 2% lower.

Total adjusted operating profit was £124.8m, up 6% at constant exchange rates with 60 basis points of margin improvement, reflecting the completion of prior year investments and good growth in the higher margin Softlines business line. Total adjusted operating profit was flat at actual exchange rates.

Our Softlines revenues grew strongly in 2014 with good performances across all geographic regions in response to market demand and as new organic capacity expansion came on-line. Growth was strongest in emerging softlines sourcing markets, such as India, Vietnam and Bangladesh, where increasing numbers of Western retailers are asking Intertek to support them as they continue to diversify their sourcing from China to optimise their costs. During the year we expanded our leather and footwear testing facilities in India and chemical testing capacity in other Asian countries and Mexico. The fabric manufacturing market remains healthy in China where Intertek supports customers in evaluating the fabric before it is shipped to garment manufacturing countries. Chemical testing of textiles remains in demand by our customers. Regulations in the US and industry initiatives are driving greater scrutiny of the presence of hazardous chemicals in clothing and the environmental impact of the supply chain.

Luxury softlines brands continue to see emerging markets as a growth area for both production and for sales. Several countries have exacting technical regulations or import regulations which require testing to be conducted prior to import, such as the SNI clothing mark (Indonesian National Standard). Meanwhile the quality of domestic softlines brands is improving as they aim to compete with global brands on design, quality and price and this is helping to expand the market for Intertek's services. Various states in the US further developed their chemical regulations which are creating customer demand for additional evaluations of softlines and other products.

Revenue growth in Hardlines was flat in 2014, primarily from lower demand for European Union toy standard EN 71 testing in the second half which had experienced strong growth since May 2013 when the new regulations were introduced. China and Hong Kong were the most affected geographies. Looking ahead, markets such as India, Mexico, Vietnam and Turkey, are showing good growth potential as we expect the sourcing trend in hardlines product categories to diversify away from China to alternate manufacturing countries. Most emerging markets are requiring higher quality products across a range of categories for the domestic market as a result of consumer expectations and we expect this trend to also support growth in our business.

Our Product Intelligence services for retailers include product benchmark testing and consultation services that focus on product performance improvement. These services help customers to design better, safer products and to reduce the incidence of defects and returns from the outset of the product development process. This market developed positively in 2014 with more North American retailers developing 'own-label' products and seeking third-party support. In addition, retailers are outsourcing the monitoring of product defects and returns to better identify product categories with inherent quality issues, while others are seeking outsourced personnel to fill quality control oversight functions on sourced products.

Looking forward we consider that customers' shifting sourcing patterns; product variety; increasing chemical regulations and import standards; and the demand for higher quality products and regulatory developments in Western and developing markets will drive good growth in demand for our Consumer Goods business lines.

Commercial & Electrical

	2014 **£m**	2013 £m	Change at actual rates	Change at constant rates	Organic change at constant rates
Revenue	**359.6**	338.4	6.3%	13.9%	5.4%
Adjusted operating profit	**51.0**	49.3	3.4%	10.4%	(1.3)%
Adjusted operating margin	**14.2%**	14.6%	(40)bps	(40)bps	(100)bps

Commercial & Electrical – the global network of accredited facilities provides manufacturers and retailers with a comprehensive scope of safety, performance and quality testing and certification services. The division supports customers in a wide range of industries including home appliances, consumer electronics, lighting, medical products, building products, industrial and HVAC/R (heating, ventilation, air conditioning and refrigeration), ICT (information and communication technology), renewable energy and automotive.

Total revenue was £359.6m, up 14% at constant exchange rates, driven by strong growth in the Transportation Technologies business line and the 2013 acquisition of ATI in Building Products. At actual exchange rates revenue growth was 6%.

Total adjusted operating profit was £51.0m, up 10% at constant exchange rates with the total adjusted operating margin decreasing 40 basis points at constant exchange rates. Total adjusted operating profit was up 3% at actual rates.

Revenue growth in the Electrical business line was driven by demand for performance testing of new technologies being produced in China, Hong Kong, South Korea and the UK. The business line's margin in 2014 was below the prior year following new laboratory investments made in 2013 which are building to full utilisation.

Key customers are more concerned than ever with supply chain integrity, especially those who rely on multiple Original Design Manufacturers. Intertek supports this integrity by reducing overall risk for customers through a process of qualifying suppliers, validating component choices and benchmarking options within the supply chain. With their quickly expanding infrastructure, the Middle East and India have become a strategic imperative to many of our customers, while demand in Latin America for both safe and energy efficient products has steadily increased alongside the increase in local regulations.

Wireless revenue declined in 2014 due to the ending of a global customer contract in the first half of the year which also impacted the business' margin. Demand for mobile device testing as a whole remained very strong driven by North America and global customers' product variety developments and performance testing needs.

In Transportation Technologies revenue grew strongly in 2014. Further investment in the US has expanded capacity to meet new 2017 industry standards and increasingly complex engine technologies. US Environmental Protection Agency regulations are also driving customers to research and assess new component and vehicle performance towards the delivery of lower emissions and fuel economy standards that will take effect in future.

In 2014 we completed the successful integration of ATI which has helped increase Building Products revenue in North America. The business line is expanding its global footprint into China as the emerging middle-class is demanding an increase in safety and security in their buildings and building owners have an increased desire to have longer lasting and more energy efficient buildings.

Looking ahead, regulatory and industry standards for wireless products are evolving to include new technologies, such as Voice Over LTE (VoLTE), wearable products and Smart Grid technology. Customers are developing a wider range of internet-enabled products and technologies to connect products to each other, to consumers, to homes, to the Smart Grid, also known as 'The Internet of Things'. Emerging markets are adopting and enforcing the existing requirements of more mature markets. Global brands are balancing the need for quality and reliability with the cost of speed to market, while new entrants are gaining market share through low cost devices. Performance testing and benchmarking for devices and software applications provides invaluable information to manufacturers and retailers who want to ensure a quality user experience as well as protect their brands. All of these developments provide Intertek with the opportunity for long-term revenue growth.

Chemicals & Pharmaceuticals

	2014	2013	Change	Change	Organic change
	£m	£m	at actual rates	at constant rates	at constant rates
Revenue	**173.1**	168.8	2.5%	5.7%	4.5%
Adjusted operating profit	**18.6**	16.6	12.0%	18.1%	11.6%
Adjusted operating margin	**10.7%**	9.8%	90bps	110bps	70bps

Chemicals & Pharmaceuticals – serving a wide range of industries, including chemicals and refined products, pharmaceutical, healthcare and beauty, and automotive and aerospace, the division offers advanced laboratory measurement and expert consultancy related technical support services and sustainability solutions. It has an established track record of success in laboratory outsourcing with many large, internationally recognised companies. The division's world leading technical experts also support internal technical development.

Total revenue was £173.1m, up 6% at constant exchange rates. At actual rates total revenue was up 3%.

Total adjusted operating profit was £18.6m, up 18% at constant exchange rates with a 110bps increase in margin on the prior year primarily due to restructuring activities and the contribution from the acquisition of Melbourn Scientific in 2013. Total adjusted operating profit at actual rates increased by 12%.

The business delivered improved growth in 2014 as some of the benefits of the restructuring programme, which began in 2013 to address the weak trading conditions in Europe, were realised. Growth was driven primarily by the improved performance of the Pharmaceuticals business in Europe and in India. Further restructuring activities were undertaken in the Netherlands in 2014 to address declines in the chemicals market caused by demand in this global business shifting to new geographies. In the US, demand for lubricant testing was strong following the commencement of a new regulatory standard.

In China the government signalled its intention in 2014 for international testing companies to increase their participation in the domestic testing market. Intertek received an accreditation for our lab in Shanghai to test cosmetic and beauty products destined for the Chinese market to the applicable national standard during the year.

Looking forward, regulations in the Middle East, India and China are expanding the demand for regulatory support services and analytical testing for Intertek in the pharmaceuticals and cosmetic sectors. Counterfeit products are an increasing challenge for our customers operating in these regions and countries, particularly where there is growth in demand for premium quality products and brands. In addition, consumers in mature and, increasingly, emerging markets demand safe chemicals that are used daily in their living environment. This means that Intertek's customers are extremely focused on providing transparency in their supply chain in relation to product chemical management and knowledge, which in turn drives an increased need for information exchange and compliance services that Intertek can offer.

International cosmetics companies are being asked more and more to develop products centrally, but to manufacture and deploy locally. This leads to an increasingly decentralised need for testing services and regulatory compliance review of ingredients, which Intertek provides through its extensive service portfolio.

PRESENTATION OF RESULTS

Adjusted results

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

Organic growth

Organic growth figures are calculated by excluding the results of acquisitions and disposals made since 1 January 2013.

Constant 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 2013 results at 2014 exchange rates.

Separately Disclosed Items

Separately Disclosed Items are items which by their nature or size, in the opinion of the Directors, should be excluded from the adjusted results to provide readers with a clear and consistent view of the business performance of the Group and its operating divisions. When applicable, these items include amortisation of acquisition intangibles, impairment of goodwill and other assets, the profit or loss on disposals of businesses or other significant fixed assets, costs of acquiring and integrating acquisitions, the cost of any fundamental restructuring, material claims and settlements, significant recycling of amounts from equity to the income statement and unrealised gains/losses on financial assets/liabilities. Details of the Separately Disclosed Items for the year ended 31 December 2014 and the comparative period are given in note 3.

LEGAL NOTICE

Condensed Consolidated Income Statement
For the year ended 31 December 2014

	Notes	Adjusted results £m	Separately Disclosed Items* £m	Total 2014 £m	Adjusted results £m	Separately Disclosed Items* £m	Total 2013 £m
Revenue	2	**2,093.3**	**-**	**2,093.3**	2,184.4	-	2,184.4
Operating costs		**(1,768.9)**	**(47.8)**	**(1,816.7)**	(1,841.8)	(32.6)	(1,874.4)
Group operating profit	2	**324.4**	**(47.8)**	**276.6**	342.6	(32.6)	310.0
Finance income		**1.8**	**-**	**1.8**	1.5	-	1.5
Finance expense		**(26.0)**	**(0.2)**	**(26.2)**	(29.2)	(0.5)	(29.7)
Net financing costs		**(24.2)**	**(0.2)**	**(24.4)**	(27.7)	(0.5)	(28.2)
Profit before income tax		**300.2**	**(48.0)**	**252.2**	314.9	(33.1)	281.8
Income tax expense		**(72.0)**	**10.2**	**(61.8)**	(72.4)	7.6	(64.8)
Profit for the year	2	**228.2**	**(37.8)**	**190.4**	242.5	(25.5)	217.0
Attributable to:							
Equity holders of the Company		**214.1**	**(37.8)**	**176.3**	226.0	(25.5)	200.5
Non-controlling interest		**14.1**	**-**	**14.1**	16.5	-	16.5
Profit for the year		**228.2**	**(37.8)**	**190.4**	242.5	(25.5)	217.0
Earnings per share**							
Basic	4			**109.5p**			124.4p
Diluted	4			**108.8p**			123.0p
Dividends in respect of the year				**49.1p**			46.0p

* See note 3.

** Earnings per share on the adjusted results is disclosed in note 4.

Condensed Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

		2014 £m	2013 £m
Profit for the year	2	**190.4**	217.0
Other comprehensive income			
Remeasurements on defined benefit pension schemes		**(12.9)**	5.2
Income tax recognised in other comprehensive income		**(0.1)**	(0.9)
Items that will never be reclassified to profit or loss		**(13.0)**	4.3
Foreign exchange translation differences of foreign operations		**31.9**	(48.9)
Net exchange (loss)/gain on hedges of net investments in foreign operations		**(42.9)**	16.7
Gain/(loss) on fair value of cash flow hedges		**0.2**	(0.2)
Tax on items that are or may be reclassified subsequently to profit or loss		**(7.8)**	5.1
Items that are or may be reclassified subsequently to profit or loss		**(18.6)**	(27.3)
Total other comprehensive expense for the year		**(31.6)**	(23.0)
Total comprehensive income for the year		**158.8**	194.0

Total comprehensive income for the year attributable to:		
Equity holders of the Company	**144.0**	178.9
Non-controlling interest	**14.8**	15.1
Total comprehensive income for the year	**158.8**	194.0

Condensed Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	**2014 £m**	2013 £m
Assets			
Property, plant and equipment	7	**363.3**	337.1
Goodwill	6	**779.9**	736.8
Other intangible assets		**174.9**	170.5
Investments in associates		**1.4**	1.4
Deferred tax assets		**24.6**	28.3
Total non-current assets		**1,344.1**	1,274.1
Inventories		**14.7**	12.2
Trade and other receivables		**526.5**	510.9
Cash and cash equivalents	5	**119.5**	116.4
Current tax receivable		**14.1**	16.5
Total current assets		**674.8**	656.0
Total assets		**2,018.9**	1,930.1
Liabilities			
Interest bearing loans and borrowings	5	**(89.8)**	(15.4)
Current taxes payable		**(53.4)**	(57.9)
Trade and other payables		**(301.8)**	(304.6)
Provisions		**(23.4)**	(22.0)
Total current liabilities		**(468.4)**	(399.9)
Interest bearing loans and borrowings	5	**(663.2)**	(719.2)
Deferred tax liabilities		**(35.2)**	(34.1)
Net pension liabilities		**(25.3)**	(13.1)
Other payables		**(16.1)**	(4.7)
Provisions		**(4.0)**	(2.4)
Total non-current liabilities		**(743.8)**	(773.5)
Total liabilities		**(1,212.2)**	(1,173.4)
Net assets		**806.7**	756.7
Equity			
Share capital		**1.6**	1.6
Share premium		**257.8**	257.8
Other reserves		**(25.9)**	(14.2)
Retained earnings		**547.1**	487.4
Total attributable to equity holders of the Company		**780.6**	732.6
Non-controlling interest		**26.1**	24.1
Total equity		**806.7**	756.7

Condensed Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	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 2013	1.6	257.4	10.2	6.4	354.0	**629.6**	25.3	**654.9**
Total comprehensive income for the year								
Profit	–	–	–	–	200.5	**200.5**	16.5	**217.0**
Other comprehensive income	–	–	(30.8)	–	9.2	**(21.6)**	(1.4)	**(23.0)**
Total Comprehensive income for the year	–	–	(30.8)	–	209.7	**178.9**	15.1	**194.0**
Transactions with owners of the company recognised directly in equity								
Contributions by and distributions to the owners of the company								
Dividends paid	–	–	–	–	(69.4)	**(69.4)**	(14.4)	**(83.8)**
Issue of shares	–	0.4	–	–	–	**0.4**	–	**0.4**
Purchase of own shares	–	–	–	–	(9.1)	**(9.1)**	–	**(9.1)**
Tax paid on share awards vested**	–	–	–	–	(7.6)	**(7.6)**	–	**(7.6)**
Purchase of non-controlling interest	–	–	–	–	(1.9)	**(1.9)**	(1.9)	**(3.8)**
Equity-settled transactions	–	–	–	–	10.9	**10.9**	–	**10.9**
Income tax on equity-settled transactions	–	–	–	–	0.8	**0.8**	–	**0.8**
Total contributions by and distributions to the owners of the company	–	0.4	–	–	(76.3)	**(75.9)**	**(16.3)**	**(92.2)**
At 31 December 2013	**1.6**	**257.8**	**(20.6)**	**6.4**	**487.4**	**732.6**	**24.1**	**756.7**
At 1 January 2014	1.6	257.8	(20.6)	6.4	487.4	**732.6**	24.1	**756.7**
Total comprehensive income for the year								
Profit	–	–	–	–	176.3	**176.3**	14.1	**190.4**
Other comprehensive income	–	–	(11.7)	–	(20.6)	**(32.3)**	0.7	**(31.6)**
Total Comprehensive income for the year	–	–	(11.7)	–	155.7	**144.0**	14.8	**158.8**
Transactions with owners of the company recognised directly in equity								
Contributions by and distributions to the owners of the company								
Dividends paid	–	–	–	–	(75.5)	**(75.5)**	(12.8)	**(88.3)**
Purchase of own shares	–	–	–	–	(20.6)	**(20.6)**	–	**(20.6)**
Tax paid on share awards vested**	–	–	–	–	(6.8)	**(6.8)**	–	**(6.8)**
Equity-settled transactions	–	–	–	–	7.6	**7.6**	–	**7.6**
Income tax on equity-settled transactions	–	–	–	–	(0.7)	**(0.7)**	–	**(0.7)**
Total contributions by and distributions to the owners of the company	–	–	–	–	(96.0)	**(96.0)**	**(12.8)**	**(108.8)**
At 31 December 2014	**1.6**	**257.8**	**(32.3)**	**6.4**	**547.1**	**780.6**	**26.1**	**806.7**

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

The dividend of £49.9m which was paid on 6 June 2014 represented a final dividend of 31.0p per ordinary share in respect of the year ended 31 December 2013. The interim dividend of £25.6m which was paid on 14 October 2014 represented an interim dividend of 16.0p per ordinary share in respect of the year ended 31 December 2014.

Condensed Consolidated Statement of Cash Flows
For the year ended 31 December 2014

	Notes	2014 £m	2013 £m
Cash flows from operating activities			
Profit for the year	2	**190.4**	217.0
Adjustments for:			
Depreciation charge		**69.0**	65.7
Amortisation of software		**7.3**	5.2
Amortisation of acquisition intangibles		**20.8**	22.5
Equity-settled transactions		**7.6**	10.9
Net financing costs		**24.4**	28.2
Income tax expense	2	**61.8**	64.8
Loss on disposal of property, plant, equipment and software		**0.4**	0.6
Operating cash flows before changes in working capital and operating provisions		**381.7**	414.9
Change in inventories		**(2.1)**	(0.1)
Change in trade and other receivables		**(2.6)**	(16.9)
Change in trade and other payables		**8.8**	(15.0)
Change in provisions		**1.9**	(4.3)
Special contributions into pension schemes		**(0.9)**	-
Cash generated from operations		**386.8**	378.6
Interest and other finance expense paid		**(27.9)**	(28.5)
Income taxes paid		**(67.4)**	(80.9)
Net cash flows generated from operating activities		**291.5**	269.2
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and software		**1.0**	4.6
Interest received		**1.8**	1.6
Acquisition of subsidiaries, net of cash acquired	6	**(40.2)**	(108.1)
Consideration paid in respect of prior period acquisitions	6	**(0.3)**	(0.2)
Purchase of non-controlling interest		-	(1.9)
Purchase of associate		-	(1.0)
Acquisition of property, plant, equipment and software	7	**(109.5)**	(144.8)
Net cash flows used in investing activities		**(147.2)**	(249.8)
Cash flows from financing activities			
Proceeds from the issue of share capital		-	0.4
Purchase of own shares		**(20.6)**	(9.1)
Tax paid on share awards vested		**(6.8)**	(7.6)
Drawdown of borrowings		**103.8**	77.4
Repayment of borrowings		**(129.5)**	(42.1)
Dividends paid to non-controlling interest		**(12.8)**	(14.4)
Equity dividends paid		**(75.5)**	(69.4)
Net cash flows used in financing activities		**(141.4)**	(64.8)
Net increase/(decrease) in cash and cash equivalents	5	**2.9**	(45.4)
Cash and cash equivalents at 1 January	5	**116.4**	166.5
Effect of exchange rate fluctuations on cash held	5	**0.2**	(4.7)
Cash and cash equivalents at 31 December	5	**119.5**	116.4

Cash outflow for 31 December 2014 relating to Separately Disclosed Items was £16.9m (2013: £15.5m).

1 Basis of preparation

Reporting entity

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2014 and 2013, but is derived from the 2014 accounts. A full copy of the 2014 Annual Report will be available online at www.intertek.com in April 2015. Statutory accounts for 2013 have been delivered to the Registrar of Companies, and those for 2014 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain statements under Sections 498(2) or 498(3) of the Companies Act 2006.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

Significant accounting policies

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

Foreign exchange

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

	Assets and liabilities		Income and expense	
Value of £1	Actual rates		Cumulative average rates	
	2014	2013	**2014**	2013
US dollar	**1.55**	1.65	**1.65**	1.56
Euro	**1.28**	1.20	**1.24**	1.18
Chinese renminbi	**9.65**	10.06	**10.15**	9.68
Hong Kong dollar	**12.04**	12.78	**12.80**	12.12
Australian dollar	**1.91**	1.86	**1.83**	1.62

2 Operating segments

Business analysis

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

Year ended 31 December 2014

	Revenue from external customers £m	Depreciation and software amortisation* £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Industry & Assurance	642.9	(10.4)	64.5	(22.4)	42.1
Commodities	542.4	(21.7)	65.5	(10.5)	55.0
Consumer Goods	375.3	(11.3)	124.8	(2.4)	122.4
Commercial & Electrical	359.6	(21.4)	51.0	(5.6)	45.4
Chemicals & Pharmaceuticals	173.1	(4.9)	18.6	(6.9)	11.7
Total	**2,093.3**	**(69.7)**	**324.4**	**(47.8)**	**276.6**
Group operating profit			**324.4**	**(47.8)**	**276.6**
Net financing costs			(24.2)	(0.2)	(24.4)
Profit before income tax			**300.2**	**(48.0)**	**252.2**
Income tax expense			(72.0)	10.2	(61.8)
Profit for the year			**228.2**	**(37.8)**	**190.4**

* Depreciation and software amortisation of £76.3m (2013: £70.9m) includes unallocated charges of £6.6m (2013: £5.8m).

Year ended 31 December 2013

	Revenue from external customers £m	Depreciation and software amortisation* £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Industry & Assurance	709.3	(8.4)	82.2	(17.7)	64.5
Commodities	586.6	(23.0)	70.0	(9.2)	60.8
Consumer Goods	381.3	(11.0)	124.5	(2.0)	122.5
Commercial & Electrical	338.4	(18.1)	49.3	(2.3)	47.0
Chemicals & Pharmaceuticals	168.8	(4.6)	16.6	(1.4)	15.2
Total	**2,184.4**	**(65.1)**	**342.6**	**(32.6)**	**310.0**
Group operating profit			**342.6**	**(32.6)**	**310.0**
Net financing costs			(27.7)	(0.5)	(28.2)
Profit before income tax			**314.9**	**(33.1)**	**281.8**
Income tax expense			(72.4)	7.6	(64.8)
Profit for the year			**242.5**	**(25.5)**	**217.0**

3 Separately Disclosed Items

		2014 £m	2013 £m
Operating costs			
Amortisation of acquisition intangibles	(a)	**(20.8)**	(22.5)
Acquisition costs	(b)	**(3.5)**	(1.5)
Restructuring costs	(c)	**(23.5)**	(8.8)
Gain on disposal of investment in associates		**–**	0.2
Total operating costs		**(47.8)**	(32.6)
Net financing costs		**(0.2)**	(0.5)
Total before income tax		**(48.0)**	(33.1)
Income tax credit on Separately Disclosed Items		**10.2**	7.6
Total		**(37.8)**	(25.5)

(a) Of the amortisation of acquisition intangibles in the current year, £13.3m (2013: £15.6m) relates to the customer contracts and customer relationships acquired with the purchase of Moody International Limited in 2011.

(b) Acquisition costs comprise £1.3m (2013: £0.4m) for transaction costs in respect of current year acquisitions, and £2.2m in respect of prior year acquisitions (2013: £1.1m)

(c) Restructuring costs relate to asset write-offs and staff redundancies in certain regions in which the Group operates.

4 Earnings per share

Based on the profit for the year:	2014 £m	2013 £m
Profit attributable to ordinary shareholders	**176.3**	200.5
Separately Disclosed Items after tax (note 3)	**37.8**	25.5
Adjusted earnings	**214.1**	226.0
Number of shares (millions):		
Basic weighted average number of ordinary shares	**161.0**	161.2
Potentially dilutive share awards	**1.1**	1.9
Diluted weighted average number of shares	**162.1**	163.1
Basic earnings per share	**109.5p**	124.4p
Potentially dilutive share awards	**(0.7)p**	(1.4)p
Diluted earnings per share	**108.8p**	123.0p
Adjusted basic earnings per share	**133.0p**	140.2p
Potentially dilutive share awards	**(0.9)p**	(1.6)p
Adjusted diluted earnings per share	**132.1p**	138.6p

5 Analysis of net debt

The components of net debt are outlined below:

	1 January 2014 £m	Cash flow £m	Exchange adjustments £m	31 December 2014 £m
Cash	116.4	2.9	0.2	**119.5**
Borrowings:				
Revolving credit facility US$800m 2019	(191.7)	78.2	(10.6)	**(124.1)**
Bilateral multi-currency facility 2016	(37.3)	36.1	1.2	**–**
Bilateral term loan facilities US$40m 2015	(12.1)	(12.1)	(1.6)	**(25.8)**
Bilateral term loan facilities US$60m 2016	(12.1)	(24.1)	(2.4)	**(38.6)**
Senior notes US$25m 2014	(15.1)	15.1	–	**–**
Senior notes US$100m 2015	(60.7)	–	(3.7)	**(64.4)**
Senior notes US$75m 2016	(45.5)	–	(2.8)	**(48.3)**
Senior notes US$100m 2017	(60.7)	–	(3.7)	**(64.4)**
Senior notes US$20m 2019	(12.1)	–	(0.8)	**(12.9)**
Senior notes US$150m 2020	(91.0)	–	(5.7)	**(96.7)**
Senior notes US$15m 2021	–	(8.7)	(1.0)	**(9.7)**
Senior notes US$140m 2022	(84.9)	–	(5.3)	**(90.2)**
Senior notes US$40m 2023	(24.3)	–	(1.5)	**(25.8)**
Senior notes US$125m 2024	(63.7)	(11.7)	(5.2)	**(80.6)**
Senior notes US$40m 2025	(24.3)	–	(1.5)	**(25.8)**
Senior notes US$75m 2026	–	(47.1)	(1.2)	**(48.3)**
Other*	0.9	1.8	(0.1)	**2.6**
Total borrowings	(734.6)	27.5	(45.9)	**(753.0)**
Total net debt	(618.2)	30.4	(45.7)	**(633.5)**

* Includes other borrowings of £0.7m (2013: £0.9m) and facility fees.

	2014 £m	2013 £m
Borrowings due in less than one year	**89.8**	15.4
Borrowings due in one to two years	**86.4**	84.3
Borrowings due in two to five years	**199.9**	334.8
Borrowings due in over five years	**376.9**	300.1
Total borrowings	**753.0**	734.6

Key facilities

Total undrawn committed borrowing facilities as at 31 December 2014 were £391m (2013: £175m).

US$800m revolving credit facility

The Group's principal bank facility comprises a US$800m multi-currency revolving credit facility which was increased on 31 July 2014 from US$600m. The facility was also extended to June 2019 with an option to extend for a further two years subject to the agreement of lenders. Advances under the facility bear interest at a rate equal to LIBOR, or their local currency equivalent, plus a margin, depending on the Group's leverage. Drawings under this facility at 31 December 2014 were £124.1m (2013: £191.7m).

Bilateral multi-currency facility
In December 2010 the Group signed a multi-currency facility available to March 2016. The facility comprised of a £30m multicurrency revolver facility and a €12m term loan facility. The £30m multi-currency revolver facility was cancelled in July 2014 and the €12m term loan facility was cancelled in December 2014. Drawings under these facilities were £37.3m at 31 December 2013.

Bilateral term loan facility 1
On 21 December 2012 the Group signed a US$20m bilateral term loan which was increased on 4 April 2014 to US$40m. The maturity of this facility is December 2015. Advances under this facility bear interest at a rate equal to LIBOR plus a margin depending on the Group's leverage. Drawings under this facility at 31 December 2014 were £25.8m (2013: £12.1m).

Bilateral term loan facility 2
On 21 December 2012 the Group signed a US$20m bilateral term loan which was increased on 4 April 2014 to US$60m. The extended maturity of this facility is March 2016. Advances under this facility bear interest at a rate equal to LIBOR plus a margin, depending on the Group's leverage. Drawings under this facility at 31 December 2014 were £38.6m (2013: £12.1m).

Private placement bonds
In June 2008 the Group issued US$100m of senior notes. The notes are repayable on 26 June 2015 and pay a fixed annual interest rate of 5.54%.

In December 2008 the Group issued US$100m of senior notes. These notes were issued in two tranches with US$25m repayable on 21 January 2014 at a fixed annual interest rate of 7.5% and US$75m repayable on 10 June 2016 at a fixed annual interest rate of 8.0%.

In December 2010 the Group issued US$250m of senior notes. These notes were issued in two tranches with US$100m repayable on 15 December 2017 at a fixed annual interest rate of 3.2% and US$150m repayable on 15 December 2020 at a fixed annual interest rate of 3.91%.

In October 2011 the Group issued US$265m of senior notes. These notes were issued in three tranches with US$20m repayable on 18 January 2019 at a fixed annual interest rate of 3.0%, US$140m repayable on 18 January 2022 at a fixed annual interest rate of 3.75% and US$105m repayable on 18 January 2024 at a fixed annual interest rate of 3.85%.

In February 2013 the Group issued US$80m of senior notes. These notes were issued in two tranches with US$40m repayable on 14 February 2023 at a fixed annual interest rate of 3.10% and US$40m repayable on 14 February 2025 at a fixed annual interest rate of 3.25%.

In July 2014 the Group issued US$110m of senior notes. These notes were issued in four tranches with US$15m repayable on 31 July 2021 at a fixed annual interest rate of 3.37%, US$20m repayable on 31 July 2024 at a fixed annual interest rate of 3.86%, US$60m repayable on 31 October 2026 at a fixed annual interest rate of 4.05% and US$15m repayable on 31 December 2026 at a fixed annual interest rate of 4.10%.

6 Acquisition of businesses

(a) Acquisitions
During the year, the Group completed three acquisitions for £43.1m and an investment value of £40.2m:

International Inspection Services Ltd ('INSPEC')
On 28 February 2014 the Group acquired 100% of the share capital of International Inspection Services Ltd, a company based in UAE, for an investment value of £37.1m. Goodwill arising was £21.9m and represents the value placed in expanding the network of non-destructive testing ('NDT') within the Industry & Assurance division.

Other
On 1 October 2014 the Group acquired the analytical division of QPS Bioserve India PVT. Ltd, a company based in India, and on 19 November 2014 the Group acquired ScanBi Diagnostics, a company based in Sweden. Goodwill arising on these acquisitions of £3.0m represents the value placed on expanding quality services and analytical testing services for food and agriculture within the Industry & Assurance division.

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

All acquisitions	Book value prior to acquisition	Fair value adjustments	Fair value to Group on acquisition
	£m	£m	£m
Property, plant and equipment	3.3	0.1	3.4
Goodwill	-	24.9	24.9
Other intangible assets	-	7.6	7.6
Inventories	0.3	(0.3)	-
Trade and other receivables	12.3	(3.5)	8.8
Trade and other payables	(3.4)	(1.0)	(4.4)
Deferred tax liabilities	-	(0.1)	(0.1)
Net assets acquired	**12.5**	**27.7**	**40.2**
Cash outflow (net of cash acquired)			40.2
Total consideration			**40.2**

The goodwill of £24.9m represents the value of the assembled workforce and the benefits Intertek expects to gain from increasing its presence in the relevant sectors in which the acquired businesses operate.

The intangible assets of £7.6m represent the value placed on customer contracts and relationships and the deferred tax thereon was £0.1m.

The revenue for the period from the dates of acquisition to 31 December 2014 was £12.9m. The revenue for the period 1 January 2014 to the dates of acquisition was £4.2m. The loss for the period from the dates of acquisition to 31 December 2014 attributable to the Group was £0.4m. The profit for the period 1 January 2014 to the dates of acquisition was £0.1m.

(b) Acquisitions subsequent to the balance sheet date
On 3 February 2015 the Group acquired for £6.5m Adelaide Inspection Services Pty Ltd ('AIS'), an Australian-based business providing NDT and associated services to the power generation, construction, oil, gas and mining industries.

(c) Prior period acquisitions
Consideration of £0.3m (2013: £0.2m) was paid during the year in respect of prior period acquisitions.

(d) Impact of acquisitions on the Group results
The Group revenue and profit for the year ended 31 December 2014 attributable to the Group would have been £2,097.5m and £190.5m respectively if the acquisitions were assumed to have been made on 1 January 2014.

(e) Details of 2013 acquisitions
Full details of acquisitions made in the year ended 31 December 2013 are disclosed in note 10 to the Annual Report for 2013.

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

(g) Reconciliation of goodwill

	£m
Goodwill at 1 January 2014	736.8
Additions	24.9
Foreign exchange	18.2
Goodwill at 31 December 2014	**779.9**

7 Property, plant, equipment and software

Additions

During the year ended 31 December 2014, the Group acquired fixed assets with a cost of £109.5m (2013: £144.8m). In addition the Group acquired fixed assets of £3.4m (2013: £11.1m) through business combinations (note 6).