2016 FULL YEAR RESULTS ANNOUNCEMENT

7 MARCH 2017

STRONG REVENUE, EARNINGS AND CASH PERFORMANCE

2016 Year Highlights

- Strong revenue growth: +8.8% at constant currency rates, +18.5% at actual rates
- Recent acquisitions contributed £242m additional revenue
- Stable organic revenue growth at constant rates: Products +5.5%, Trade +1.3%, Resources -13.0%
- Portfolio strength and cost discipline driving margin progression: +30bps at constant rates, +10bps at actual rates
- Strong diluted EPS growth: +9.6% at constant rates, +19.2% at actual rates
- Free cash flow of £318m, +35.2% year on year driven by 139% cash conversion
- Full year dividend per share of 62.4p, an increase of 19.3%

A video outlining the Full Year Results is available on the Group's website - http://www.intertek.com/

André Lacroix: Chief Executive Officer statement

"The Group has delivered a strong revenue, earnings and cash performance, reflecting the Group's performance management discipline focussed on margin accretive revenue growth with strong cash conversion and accretive disciplined capital allocation. We have announced a full year dividend of 62.4p, an increase of 19.3%, in line with our progressive dividend policy and underpinned by our excellent cash generation.

The Products and Trade related divisions, which represent over 90% of the Group's earnings, delivered an excellent performance with organic growth of 4.1% at constant rates while, as expected, trading conditions continued to be challenging in the Resource related division. The recent acquisitions delivered an excellent performance contributing £242m of additional revenue.

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 value proposition that provides a superior service, offering global Assurance, Testing, Inspection and Certification solutions to our customers across multiple industries through our global network of over 1,000 state of the art facilities in over 100 countries. The double-digit growth in our assurance services reflects the strong market potential of our differentiated Total Quality Assurance approach.

We operate a high quality and highly cash generative earnings model. Our differentiated growth strategy 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 to deliver attractive returns for our shareholders."

Total Quality. Assured.

Key Adjusted Financials	2016	2015	Change at actual rates	Change at constant rates[1]
Revenue	**£2,567.0m**	£2,166.3m	18.5%	8.8%
Organic revenue[2]	**£2,321.9m**	£2,131.7m	8.9%	0.1%
Operating profit	**£409.7m**	£343.4m	19.3%	10.4%
Operating margin	**16.0%**	15.9%	10bps	30bps
Profit before tax	**£387.3m**	£319.2m	21.3%	11.6%
Diluted earnings per share	**167.7p**	140.7p	19.2%	9.6%
Dividend per share	**62.4p**	52.3p	19.3%	

1. Constant currency is calculated by translating 2015 results at 2016 average exchange rates
2. Organic revenue growth excludes the impact of acquisitions and disposals in 2015 and 2016
3. Adjusted results are stated before Separately Disclosed Items ('SDIs'), see note 3 to the Condensed Consolidated Financial Statements

Key Statutory Financials	2016	2015
Revenue	**£2,567.0m**	£2,166.3m
Operating profit/(loss)	**£369.5m**	(£283.5m)
Operating margin	**14.4%**	(13.1%)
Profit/(loss) before tax	**£347.1m**	(£307.7m)
Diluted earnings/(loss) per share	**156.8p**	(224.2p)

The Directors will propose a final dividend of 43.0p per share (2015: 35.3p) at the Annual General Meeting on 26 May 2017, to be paid on 2 June 2017 to shareholders on the register at close of business on 19 May 2017**.**

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Analysts' Meeting

A live audiocast for analysts and investors for the 2016 Full Year Results will be held today at 9.00a.m.. 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.

About Intertek

Intertek is a leading Total Quality Assurance provider to industries worldwide. Through our network of more than 1,000 laboratories and offices and over 42,000 people in more than 100 countries, the Group is re-defining the industry with our Total Quality Assurance proposition. We go beyond physical quality control to provide total peace of mind through our 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.

Visit www.intertek.com

FULL YEAR REPORT 2016

GROUP CEO REVIEW

The Group has delivered strong revenue, earnings and cash generation, reflecting the Group's performance management discipline on margin accretive revenue growth with strong cash conversion and accretive disciplined capital allocation. We have announced a full year dividend of 62.4p, an increase of 19.3%, in line with our progressive dividend policy.

The Products and Trade related divisions, which represent over 90% of the Group's earnings, delivered an excellent performance with organic growth of 4.1% at constant rates while, as expected, trading conditions remain challenging in the Resource related division. The recent acquisitions delivered an excellent performance and contributed £242m of additional revenue.

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 value proposition that provides a superior service, offering global Assurance, Testing, Inspection and Certification solutions to our customers across multiple industries through our global network of over 1,000 state of the art facilities in over 100 countries.

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 a total $200 billion in-house opportunity.

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 Total Quality Assurance approach that reduces risk. That is what we offer and will continue to bring our clients, leveraging our broad service portfolio, our technical expertise and our global laboratory network 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 Total Quality Assurance 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 or 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 a proven track record of innovating and anticipating the growing needs of its clients. We have been the pioneers of our industry across the world for 130 years and we continue to be its chief innovator, constantly evolving and improving our offer to customers 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 our customers now need systemic and in-depth Assurance, Testing, Inspection and Certification services, we added last year a new dimension to our traditional Quality Control offering by placing Assurance as the cutting edge of our product offering. The intensifying focus by corporations on managing risk in the supply chain has substantially increased the role of Assurance in their day-to-day risk-mitigation activities.

Today, the truly systemic Total Quality Assurance (TQA) solutions we can deliver go beyond assuring the quality and safety of a corporation's physical components, products and assets to also look at the reliability of their operating processes and quality management systems. Our TQA approach is fundamental to enabling our clients to operate safely and with complete peace of mind.

Our differentiated TQA value proposition is set to lead our growth trajectory in the years ahead. We have evolved our service offering to meet the needs of our customers, positioning Intertek strongly to leverage these truly exciting opportunities with our differentiated TQA value proposition.

Our high quality earnings model

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 benefits from its own set of structural growth drivers.

The Products sector, which currently delivers over 70% of our profit, comprises consumer goods, electrical & wireless, building & construction, chemicals & pharmaceuticals, softlines & hardlines, transportation technologies, food & 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. Just 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 cargo, agriculture and government and trade services and accounts for around 20% 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.

Together, these forces represent a compelling opportunity. To take soya exports as one illustrative example, the total quantity exported grew at a CAGR of 6.2% per annum between 2001 and 2015 – a similar growth rate to those of many other globally traded agriculture and resource products.

In Resources, our third business sector which contributed less than 10% of our profit, 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, we can help companies investing 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.

At the Group level, in the medium- to long-term we expect to deliver GDP plus 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.

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 strong brand proposition that positions Intertek as the market-leading provider of Quality Assurance services
- Delivering superior service with our Total Quality Assurance 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 & Wireless, Cargo & Analytical Assessment 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, Agriculture, Building & Construction, Transportation Technologies 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 40% 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 focusing 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 geography or services.

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

Looking ahead

We believe that the strength of our results in 2016 demonstrate the attractive nature of our industry, Intertek's high quality earnings model and the effectiveness 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.

Leveraging our industry-leading expertise and innovative and entrepreneurial culture, we service a diversity of industries, geographies and customers with multiple Total Quality Assurance 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 with a disciplined approach to performance management and capital allocation.

André Lacroix
Chief Executive Officer

Operating Review

For the year ended 31 December 2016

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

Overview of Performance

	2016	2015	Change at actual rates	Change at constant rates[1]
	£m	£m	%	%
Revenue	**2,567.0**	2,166.3	18.5%	8.8%
Organic revenue[2]	**2,321.9**	2,131.7	8.9%	0.1%
Operating profit[3]	**409.7**	343.4	19.3%	10.4%
Operating margin[3]	**16.0%**	15.9%	10bps	30bps
Net financing costs	**(22.4)**	(24.2)	(7.4%)	
Income tax expense[3]	**(98.0)**	(77.5)	26.5%	
Earnings for the period[3]	**289.3**	241.7	19.7%	10.1%
Diluted earnings per share[3]	**167.7**	140.7p	19.2%	9.6%

1. Constant currency is calculated by translating 2015 results at 2016 exchange rates.
2. Organic revenue growth excludes the impact of acquisitions and disposals in 2015 and 2016.
3. Adjusted results are stated before Separately Disclosed Items.

Total reported Group Revenue for the year was £2,567.0m, up 18.5% (up 8.8% at constant exchange rates), with organic revenue growth of 0.1% at constant exchange rates.

The Group's adjusted operating profit was £409.7m, up 19.3% on the prior year (up 10.4% at constant exchange rates). The adjusted operating margin was 16.0% compared with 15.9% in the prior year.

The Products division delivered excellent results with all business lines contributing to a robust organic growth performance. The Trade division delivered solid revenue growth. The Resources division continued to be impacted by the reduction in energy capital expenditure by our clients.

The Group completed three acquisitions in the year and also invested £105.5m (2015: £112.2m) organically.

This resulted in the Group's reported operating profit for the year being £369.5m (2015: reported operating loss £283.5m, which was impacted by the one-off impairment to the Industry Services business line in the Resources division).

Net Financing Costs

The Group had an adjusted net financing cost of £22.4m (2015: £24.2m) in the year. This comprised £0.9m (2015: £1.0m) of finance income and £23.3m (2015: £25.2m) of finance expense. The total interest charge included £nil (2015: £nil) relating to SDIs.

Tax

The Group effective tax rate on adjusted profit before income tax was 25.3% (2015: 24.3%). The statutory tax charge, including the impact of SDIs, of £75.5m (2015: £39.3m), equates to an effective rate of 21.8% (2015: (12.8%)) and the cash tax on adjusted results is 24.3% (2015: 22.2%). The statutory tax charge, excluding the impact of SDIs, is £98.0m (2015: £77.5m).

Earnings per share

The Group delivered adjusted diluted earnings per share ('EPS') of 167.7p (2015: 140.7p). Diluted EPS after SDIs was 156.8p (2015: diluted loss per share of 224.2p), and basic EPS was 158.5p (2015: basic loss per share of 224.2p).

Dividend

The Board recommends a full year dividend of 62.4p per share, an increase of 19.3%. This recommendation reflects the Group's earnings progression, strong financial position and the Board's confidence in the Group's structural growth drivers into the future.

The full year dividend of 62.4p represents a total cost of £100.7m or 37% of adjusted profit attributable to shareholders of the Group for 2016 (2015: £84.2m and 37%). The dividend is covered 2.7 times by earnings (2015: 2.7 times), based on adjusted diluted earnings per share divided by dividend per share.

Portfolio activities

In March 2016, the Group announced a new divisional segmentation into Products, Trade and Resources, and also a new organisational management structure. The Group also announced its new '5x5' differentiated strategy for growth, with the aim to move the centre of gravity of the company towards high-growth, high-margin areas in its industry.

Of note, this included two strategic priorities relevant to the operational structure of the business. First, to operate a portfolio that delivers focussed growth amongst the business lines, countries and services, including a strategic review of underperforming business units. Second, to deliver operational excellence in every operation to drive productivity, including re-engineering of unnecessary processes and layers.

During the year, the Group has implemented various fundamental restructuring activities, consistent with this new company structure and '5x5' strategy, with a resulting charge of £21.4m in the year. These activities included site consolidations, closure of non-core business units, re-engineering of underperforming businesses and the delayering of management structures. These charges are included in the SDI section below.

Separately Disclosed Items

A number of items are separately disclosed in the financial statements as exclusion of these items provides readers with a clear and consistent presentation of the underlying operating performance of the Group's business.

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 of acquiring and integrating acquisitions, 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 are excluded from adjusted operating profit where they represent fundamental changes in individual operations around the Group as a result of the Portfolio activities, and are not expected to recur in those operations. 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 in order to provide useful information regarding the underlying performance of the Group's operations.

The SDIs charge for 2016 comprises amortisation of acquisition intangibles £14.0m (2015: £21.4m); acquisition costs relating to successful, active or aborted acquisitions £2.8m (2015: £5.8m); £21.4m (2015: £6.7m) in relation to restructuring businesses currently underway; £2.0m (2015: £nil) relating to the loss on disposal of subsidiaries and associates, and material claims and settlements of £nil (2015: £3.6m).

In 2015, an impairment charge of £577.3m was incurred in relation to our Industry Services business line in the Resources division. In addition, an impairment of £12.1m of IT assets related to computer software was recorded in 2015.

Further information on Separately Disclosed Items is given in note 3 to the financial statements.

Acquisitions and investments

The Group's strategy is to invest both organically and by acquiring complementary businesses, enabling it to take advantage of the strong long-term structural growth drivers in the quality assurance industry and continually offer the latest technologies and services in the locations demanded by clients.

The Group completed three (2015: four) acquisitions and investments in the year with a cash consideration of £34.8m, net of cash acquired of £0.7m.

In January 2016, the Group acquired the Food Institute Trust – Italia SRL ('FIT-Italia'), an Italian-based business providing food quality and safety services to the retail and agricultural sectors.

In October 2016, the Group acquired EWA-Canada Ltd ('EWA'), a leading provider of cyber security and assurance services to a broad range of industries. Its service portfolio includes IT network security solutions for network carriers, product security evaluations according to the Common Criteria standard, network security evaluations, as well as certain consulting services.

In November 2016, the Group entered into an agreement with the shareholders of Laboratorios ABC Química Investigación y Análisis S.A. de C.V ('ABC Analitic') to form an environmental and food services Joint Venture in Mexico, which will operate as 'Intertek+ ABC Analitic'.

The Group also invested £105.5m (2015: £112.2m) organically in laboratory expansions, new technologies and equipment and other facilities. This investment represented 4.1% of revenue (2015: 5.2%).

Outlook

We expect to deliver a solid organic revenue growth performance at constant currency in 2017 with moderate Group margin expansion.

We expect our Products related businesses to deliver good organic growth, our Trade related businesses to report solid organic growth performance, while the market conditions will remain challenging in our Resources related businesses.

Looking further ahead, the global Assurance, Testing, Inspection and Certification industry will continue to benefit from exciting growth prospects driven by an increased focus of corporations on risk management, global trade flows, global demand for energy, expanding regulations, more complex supply chains, technological innovations and increased demand for higher quality and more sustainable products.

Intertek is well positioned to take advantage of the ATIC growth opportunities in the Quality Assurance market. We offer a high quality Assurance, Testing, Inspection and Certification service to our clients based on the depth and breadth of our technical expertise, our global network of state of the art facilities and our customer centric culture.

Operating review by division

	Revenue				Adjusted operating profit			
	2016	**Restated 2015**	**Change at actual rates**	**Change at constant rates**	**2016**	**Restated 2015**	**Change at actual rates**	**Change at constant rates**
	£m	£m	%	%	**£m**	£m	%	%
Products	**1,465.5**	1,110.6	32.0%	19.9%	**297.7**	233.8	27.3%	16.5%
Trade	**584.5**	536.6	8.9%	1.6%	**81.8**	75.7	8.1%	2.2%
Resources	**517.0**	519.1	(0.4%)	(8.0%)	**30.2**	33.9	(10.9%)	(15.2%)
Group	**2,567.0**	2,166.3	18.5%	8.8%	**409.7**	343.4	19.3%	10.4%

Since 1 January 2016 following the change in Group strategy, the approach to reporting and performance management that the Chief Executive Officer[1] uses to make decisions about operating matters has changed from the previous five divisions to the three divisions set out above. The segment information for earlier periods has been restated to conform to these changes. The changes have been made as the business lines within the new divisions demonstrate similar mid- to long-term structural growth drivers.

As part of this change the former Consumer Goods, Commercial & Electrical and Chemicals & Pharmaceuticals divisions have been mostly aggregated into the Products division; the former Commodities division has primarily moved to the Trade division and the former Industry & Assurance division has primarily moved to Resources. Certain business lines within those former segments have also been reallocated to better align to the structural growth drivers of each division. Full details of which business lines are part of which division are set out in the 2015 Annual Report.

A review of the adjusted results of each division in the twelve months ended 31 December 2016 compared to the twelve months ended 31 December 2015 is set out on the following pages. Revenue, operating profit and growth rates are presented at actual exchange rates. In addition, both total and organic growth at constant exchange rates are presented. Organic growth figures are calculated by excluding the results of acquisitions and disposals made since 1 January 2015. Operating profit and operating margin are stated before Separately Disclosed Items.

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

[1] The chief operating decision maker is the Chief Executive Officer.

Products

	2016 £m	Restated 2015 £m	Change at actual rates %	Change at constant rates %
Revenue	**1,465.5**	1,110.6	32.0%	19.9%
Organic revenue	**1,260.7**	1,086.6	16.0%	5.5%
Operating profit	**297.7**	233.8	27.3%	16.5%
Operating margin	**20.3%**	21.1%	(80bps)	(60bps)

Services & Customers

Our Product 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, our Products Business Lines support 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 & hospitality, healthcare & 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 3rd party certification.

Strategy

Our Total Quality Assurance proposition provides a systemic approach to support the Quality Assurance efforts of our Product 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.

Innovation

We continue to invest in innovation within our Products related businesses to meet the evolving needs of our clients:

- Our **Business Assurance** division has developed a proprietary supplier management platform know as GSM. GSM maximizes supply chain visibility for both buyers and suppliers through supply chain management, evaluation and improvement. One of our major clients has asked us to help them mitigate the risks of their entire global supplier base by designing an end to end Supplier Qualification Operating System to track the compliance of these suppliers based on their Code of Conduct in the areas of human rights and labour practices, worker health and safety, environmental management, and business integrity.

- Our **Transportation Technologies** business became one of the first facilities in Europe to be accredited to perform power certification testing on electric motors, following a significant investment we made in our electric vehicle testing capabilities in the UK. Recognising the changing landscape of traditional gasoline and diesel engines, our business responded swiftly to the evolving needs of our clients and can now provide both testing and certification services in the same location, providing a more efficient solution for our customers.

2016 performance

Our Product related businesses delivered an excellent revenue performance with double digit growth rates.

We delivered 5.5% organic revenue growth and in addition, we benefited from the contribution of the recent acquisitions. Our margin was slightly down year on year as the improvement in organic margin was offset by the impact of acquisitions.

- Our **Softlines** business delivered a robust organic growth performance. We continue to benefit from strong demand from our customers for chemical testing. We are also leveraging the investments we have made to support the expansion of our customers in new markets and to seize the exciting growth opportunities in the footwear sector.

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

- Our **Transportation Technology** business delivered strong organic growth across our main markets in the USA, UK, Germany and China. We continue to capitalise on our clients' investments in new powertrains as they strive to adopt more stringent emissions and fuel economy standards.

- Our **Business Assurance** business delivered double digit organic growth in our three regions of North America, Europe and Asia. We continue to benefit from the increased focus of corporations on risk management resulting in strong growth in Supply Chain Audits.

- We delivered solid organic growth in **Electrical & Wireless** driven by higher regulatory standards in energy efficiency and by the increased demand for wireless devices.

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

- We saw a solid organic growth in our **Chemicals & Pharma** business as we continue to leverage the structural growth opportunities in the healthcare markets in both developed and emerging economies.

- Our **Building & Construction** business delivered a robust organic growth performance driven by the growing demand for greener and higher quality buildings and infrastructure in the US Market. PSI benefited from a good revenue momentum and delivered the expected synergies in year 1.

2017 growth outlook

We expect our Products division to benefit from good organic 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, and on the increasing quality and sustainability demand of developed and emerging economies, the acceleration of e-commerce as a sales channel, and the increased corporate focus on risk.

Trade

	2016 £m	Restated 2015 £m	Change at actual rates %	Change at constant rates %
Revenue	**584.5**	536.6	8.9%	1.6%
Organic revenue	**582.7**	536.4	8.6%	1.3%
Operating profit	**81.8**	75.7	8.1%	2.2%
Operating margin	**14.0%**	14.1%	(10bps)	10bps

Services & Customers

Our Trade division consists of three Global Business Lines with differing services and customers, but similar mid- to long-term structural growth drivers:

Our **Cargo & Analytical Assessment** ('Cargo/AA') 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 **Agriculture Services** business provides analytical and testing services to global agricultural trading companies and growers.

Strategy

Our Total Quality Assurance 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.

Innovation

Providing innovative solutions is a key point of differentiation for our Trade related businesses:

- Our **Agriculture Services** business has recently developed the Soil Manager App to Support Local Farmers in Africa. Africa is home to more than 10 million farmers with 50% owning a mobile device. The app allows 24/7 access to a range of services which can assist with enriching soil fertility and increase yields whilst minimising input costs. It is available free of charge from online app stores, and is an innovative way for local farmers to connect with qualified specialists, fertilizer merchants, and even allowing for direct investments by sponsors. After submitting test samples, the results are directly available along with fertilizer recommendations on the app. In addition, farmers can connect with a qualified agronomist to discuss the results, a service that is often beyond the reach of small scale farmers in Africa.

- In our **GTS** business, we have developed a proprietary Workflow ERP system known as Astra. Following client feedback, we developed our existing platform to integrate through EDI into our clients' logistics operations, in order to provide them with real time updates on the process of certification approvals. This enabled our client to reduce the logistics cycle by knowing at every stage, where we were up to in the certification process. This ultimately led to faster product delivery, a reduction in stock, a shorter sales cycle, and an improved competitive position in the market. This was a great example of our GTS business developing a bespoke assurance solution to optimise supply chain processes for their clients.

2016 performance

Our Trade related businesses delivered solid organic growth overall with moderate margin progression at constant currency.

- Our **Cargo/AA** business reported solid organic growth performance benefiting from the structural growth drivers in the Crude Oil and Refined Product global trading market. As expected we saw a normalisation of the supply situation following the build-up of the high level of inventory we saw in 2015.

- The demand for **GTS** continued to weaken following the slowdown seen in the second half of 2015 and was below last year. The volume of regional trade in the Middle/East and Africa has reduced given the economic challenges and uncertainties in these regions.

- Our **Agriculture** business continues to benefit from the expansion of the supply chain of our clients in markets such as Brazil and Turkey, and delivered a robust organic growth performance.

2017 growth outlook

We expect our Trade related businesses to deliver solid organic 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

	2016 £m	Restated 2015 £m	Change at actual rates %	Change at constant rates %
Revenue	**517.0**	519.1	(0.4%)	(8.0%)
Organic revenue	**478.5**	508.7	(5.9%)	(13.0%)
Operating profit	**30.2**	33.9	(10.9%)	(15.2%)
Operating margin	**5.8%**	6.5%	(70bps)	(50bps)

Services & Customers

Our Resources division consists of two Business Lines with differing services and customers:

Our **Industry Services** business uses in-depth knowledge of the oil, gas, nuclear and power industries to provide a diverse range of Total Quality Assurance 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 Total Quality Assurance proposition allows us to help customers gain peace of mind that their exploration projects will proceed on time with the expected quality standards and their assets will continue to operate with a lower risk of technical failure. 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.

Innovation

During 2016, our **Industry Services** team has developed a unique tool, known as **InterPret**. InterPret is a suite of software tools that have been developed in order to support our client's needs for the provision of faster real time information in production environments. There are three processes available to our clients within the suite of InterPret solutions.

- **InBlend** uses infrared spectra to predict hydrocarbon composition, significantly speeding up the laboratory process allowing customers to assess every delivery and sample for all known properties. This helps them maximize margins and reduce process delays.
- **InProcess** uses smart data analytics to analyse large datasets and mitigate future problems such as shutdowns and asset failure. For example the analysis has been used to identify major pump seal failure and to optimise the production of diesel at a refinery.
- **InFlow** can be used to assess the stability of blended hydrocarbons. Understanding the interactions in hydrocarbon blends reduces tank cleaning and maintenance costs, promotes efficiency, and reduces the risk of shutdowns.

2016 performance

Our Resource related businesses saw an organic revenue decline of 13.0% and a slight margin erosion.

- The revenue from **Capex Inspection Services** was lower than last year driven by a lower volume of investments in exploration activities from our clients and from price pressure in the industry.

- The demand for **Opex Maintenance Services** remained stable overall and we are benefiting from the investments made in NDT services.

- Given the challenging trading conditions in our **Industry Services** operations we continue to be very focussed on cost and capacity management in our Capex Inspection business.

- Continuing the trend seen in the second half of 2015, we saw a stable level of demand for testing activities in the **Minerals** business.

2017 growth outlook

We do not believe that we have reached the trough in the Resources division and we expect the trading conditions to remain challenging.

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

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 measures are used in order to present the Group's results excluding the effects of the change in the scope of consolidation (acquisitions and disposal over the past two years).

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 2015 results at 2016 average exchange rates.

Separately Disclosed Items

A number of items are separately disclosed in the financial statements as exclusion of these items provides readers with a clear and consistent presentation of the underlying operating performance of the Group's business.

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 of acquiring and integrating acquisitions, 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.

Full Year Report

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

Condensed Consolidated Income Statement

For the year ended 31 December 2016

	Notes	Adjusted results £m	Separately Disclosed Items* £m	Total 2016 £m	Adjusted results £m	Separately Disclosed Items* £m	Total 2015 £m
Revenue	2	**2,567.0**	**–**	**2,567.0**	2,166.3	–	2,166.3
Operating costs		**(2,157.3)**	**(40.2)**	**(2,197.5)**	(1,822.9)	(626.9)	(2,449.8)
Group operating profit/(loss)	2	**409.7**	**(40.2)**	**369.5**	343.4	(626.9)	(283.5)
Finance income		**0.9**	**–**	**0.9**	1.0	–	1.0
Finance expense		**(23.3)**	**–**	**(23.3)**	(25.2)	–	(25.2)
Net financing costs		**(22.4)**	**–**	**(22.4)**	(24.2)	–	(24.2)
Profit/(loss) before income tax		**387.3**	**(40.2)**	**347.1**	319.2	(626.9)	(307.7)
Income tax expense		**(98.0)**	**22.5**	**(75.5)**	(77.5)	38.2	(39.3)
Profit/(loss) for the year	2	**289.3**	**(17.7)**	**271.6**	241.7	(588.7)	(347.0)
Attributable to:							
Equity holders of the Company		**272.7**	**(17.7)**	**255.0**	228.2	(588.7)	(360.5)
Non-controlling interest		**16.6**	**–**	**16.6**	13.5	–	13.5
Profit/(loss) for the year		**289.3**	**(17.7)**	**271.6**	241.7	(588.7)	(347.0)
Earnings per share**							
Basic	4			**158.5p**			(224.2)p
Diluted	4			**156.8p**			(224.2)p
Dividends in respect of the year				**62.4p**			52.3p

* 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 2016

	Notes	**2016** £m	2015 £m
Profit/(loss) for the year	2	**271.6**	(347.0)
Other comprehensive income/(expense)			
Remeasurements on defined benefit pension schemes		**(5.2)**	(2.2)
Income tax recognised in other comprehensive income		**–**	–
Items that will never be reclassified to profit or loss		**(5.2)**	(2.2)
Foreign exchange translation differences of foreign operations		**279.5**	2.0
Net exchange (loss)/gain on hedges of net investments in foreign operations		**(194.1)**	(33.1)
Gain/(loss) on fair value of cash flow hedges		**14.3**	–
Tax on items that are or may be reclassified subsequently to profit or loss		**2.8**	3.0
Items that are or may be reclassified subsequently to profit or loss		**102.5**	(28.1)
Total other comprehensive income/(expense) for the year		**97.3**	(30.3)
Total comprehensive income/(expense) for the year		**368.9**	(377.3)

Total comprehensive income/(expense) for the year attributable to:		
Equity holders of the Company	**347.2**	(391.8)
Non-controlling interest	**21.7**	14.5
Total comprehensive income/(expense) for the year	**368.9**	(377.3)

Condensed Consolidated Statement of Financial Position

For the year ended 31 December 2016

	Notes	2016 £m	Restated 2015 £m
Assets			
Property, plant and equipment	7	**443.3**	365.3
Goodwill	6	**586.1**	471.1
Other intangible assets		**198.8**	160.4
Investments in associates		**0.3**	0.3
Deferred tax assets		**48.3**	42.7
Total non-current assets		**1,276.8**	1,039.8
Inventories		**19.1**	16.1
Trade and other receivables		**651.8**	583.5
Cash and cash equivalents	5	**175.6**	141.1
Current tax receivable		**23.0**	15.6
Total current assets		**869.5**	756.3
Total assets		**2,146.3**	1,796.1
Liabilities			
Interest bearing loans and borrowings	5	**(103.4)**	(121.8)
Current taxes payable		**(55.8)**	(52.6)
Trade and other payables		**(406.8)**	(356.6)
Provisions		**(34.0)**	(30.7)
Total current liabilities		**(600.0)**	(561.7)
Interest bearing loans and borrowings	5	**(815.9)**	(794.7)
Deferred tax liabilities		**(48.7)**	(51.7)
Net pension liabilities		**(31.8)**	(26.9)
Other payables		**(33.7)**	(17.3)
Provisions		**(13.8)**	(4.4)
Total non-current liabilities		**(943.9)**	(895.0)
Total liabilities		**(1,543.9)**	(1,456.7)
Net assets		**602.4**	339.4
Equity			
Share capital		**1.6**	1.6
Share premium		**257.8**	257.8
Other reserves		**35.3**	(58.0)
Retained earnings		**273.0**	110.2
Total attributable to equity holders of the Company		**567.7**	311.6
Non-controlling interest		**34.7**	27.8
Total equity		**602.4**	339.4

Condensed Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Attributable to equity holders of the Company							
			Other Reserves					
	Share capital £m	Share premium £m	Translation reserve £m	Other £m	Retained earnings £m	**Total before non-controlling interest £m**	Non-controlling interest £m	**Total equity £m**
At 1 January 2015	1.6	257.8	(32.3)	6.4	547.1	**780.6**	26.1	**806.7**
Total comprehensive income for the year								
(Loss)/Profit	–	–	–	–	(360.5)	**(360.5)**	13.5	**(347.0)**
Other comprehensive income	–	–	(32.1)	–	0.8	**(31.3)**	1.0	**(30.3)**
Total Comprehensive income for the year	–	–	(32.1)	–	(359.7)	**(391.8)**	14.5	**(377.3)**
Transactions with owners of the company recognised directly in equity								
Contributions by and distributions to the owners of the company								
Dividends paid	–	–	–	–	(80.7)	**(80.7)**	(13.3)	**(94.0)**
Adjustments arising from changes in non-controlling interest	–	–	–	–	(0.7)	**(0.7)**	0.5	**(0.2)**
Purchase of own shares	–	–	–	–	(5.2)	**(5.2)**	–	**(5.2)**
Tax paid on share awards vested*	–	–	–	–	(3.0)	**(3.0)**	–	**(3.0)**
Equity-settled transactions	–	–	–	–	12.9	**12.9**	–	**12.9**
Income tax on equity-settled transactions	–	–	–	–	(0.5)	**(0.5)**	–	**(0.5)**
Total contributions by and distributions to the owners of the company	–	–	–	–	(77.2)	**(77.2)**	(12.8)	**(90.0)**
At 31 December 2015	**1.6**	**257.8**	**(64.4)**	**6.4**	**110.2**	**311.6**	**27.8**	**339.4**
At 1 January 2016	1.6	257.8	(64.4)	6.4	110.2	**311.6**	27.8	**339.4**
Total comprehensive income for the year								
(Loss)/Profit	–	–	–	–	255.0	**255.0**	16.6	**271.6**
Other comprehensive income	–	–	79.0	14.3	(1.1)	**92.2**	5.1	**97.3**
Total Comprehensive income for the year	**–**	**–**	**79.0**	**14.3**	**253.9**	**347.2**	**21.7**	**368.9**
Transactions with owners of the company recognised directly in equity								
Contributions by and distributions to the owners of the company								
Dividends paid	–	–	–	–	(88.0)	**(88.0)**	(16.3)	**(104.3)**
Adjustments arising from changes in non-controlling interest	–	–	–	–	–	**–**	1.5	**1.5**
Put option liability over non-controlling interest	–	–	–	–	(8.6)	**(8.6)**	–	**(8.6)**
Issue of share capital	–	–	–	–	–	**–**	–	**–**
Purchase of own shares	–	–	–	–	(6.4)	**(6.4)**	–	**(6.4)**
Tax paid on share awards vested*	–	–	–	–	(5.2)	**(5.2)**	–	**(5.2)**
Equity-settled transactions	–	–	–	–	16.6	**16.6**	–	**16.6**
Income tax on equity-settled transactions	–	–	–	–	0.5	**0.5**	–	**0.5**
Total contributions by and distributions to the owners of the company	**–**	**–**	**–**	**–**	**(91.1)**	**(91.1)**	**(14.8)**	**(105.9)**
At 31 December 2016	**1.6**	**257.8**	**14.6**	**20.7**	**273.0**	**567.7**	**34.7**	**602.4**

* The tax paid on share awards vested is related to settlement of the tax obligation on behalf of employees by the Group via the sale of a portion of the equity-settled shares.
A dividend of £56.8m paid on 3 June 2016 represented the final dividend of 35.3p per ordinary share in respect of the year ended 31 December 2015. An interim dividend of £31.2m paid on 14 October 2016 represented the interim dividend of 19.4p per ordinary share in respect of the year ended 31 December 2016.

Condensed Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	Notes	2016 £m	2015 £m
Cash flows from operating activities			
Profit/(loss) for the year	2	**271.6**	(347.0)
Adjustments for:			
Depreciation charge		**76.4**	75.1
Amortisation of software		**13.1**	10.1
Amortisation of acquisition intangibles		**14.0**	21.4
Impairment of goodwill and other assets		–	589.4
Equity-settled transactions		**16.6**	12.9
Net financing costs		**22.4**	24.2
Income tax expense	2	**75.5**	39.3
(Profit)/loss on disposal of subsidiary		**(0.4)**	–
(Profit)/loss on disposal of associate		**2.4**	–
(Profit)/loss on disposal of property, plant, equipment and software		**(0.1)**	0.2
Operating cash flows before changes in working capital and operating provisions		**491.5**	425.6
Change in inventories		**–**	(1.0)
Change in trade and other receivables		**28.8**	(10.8)
Change in trade and other payables		**21.9**	24.9
Change in provisions		**4.0**	6.4
Special contributions into pension schemes		**(2.8)**	(2.8)
Cash generated from operations		**543.4**	442.3
Interest and other finance expense paid		**(29.7)**	(26.4)
Income taxes paid		**(94.1)**	(70.8)
Net cash flows generated from operating activities		**419.6**	345.1
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and software		**3.0**	1.3
Interest received		**1.0**	1.0
Acquisition of subsidiaries, net of cash acquired	6	**(34.8)**	(231.3)
Consideration paid in respect of prior period acquisitions	6	**(2.0)**	–
Purchase of non-controlling interest		**–**	(0.3)
Sales/(purchase) of subsidiaries		**2.0**	–
Sale/(purchase) of associates		**(3.4)**	1.1
Acquisition of property, plant, equipment and software	7	**(105.5)**	(112.2)
Net cash flows used in investing activities		**(139.7)**	(340.4)
Cash flows from financing activities			
Purchase of own shares		**(6.4)**	(5.2)
Tax paid on share awards vested		**(5.2)**	(3.0)
Drawdown of borrowings		**0.2**	169.0
Repayment of borrowings		**(170.5)**	(63.5)
Dividends paid to non-controlling interest		**(16.3)**	(13.3)
Equity dividends paid		**(88.0)**	(80.7)
Net cash flows used in financing activities		**(286.2)**	3.3
Net (decrease) / increase in cash and cash equivalents	5	**(6.3)**	8.0
Cash and cash equivalents at 1 January	5	**116.0**	119.5
Exchange adjustments	5	**49.1**	(11.5)
Cash and cash equivalents at 31 December	5	**158.8**	116.0

Cash outflow for 31 December 2016 relating to Separately Disclosed Items was £21.9m (2015: £23.4m).

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 2016 and 2015, but is derived from the 2016 accounts. A full copy of the 2016 Annual Report will be available online at www.intertek.com in March 2017. Statutory accounts for 2015 have been delivered to the Registrar of Companies, and those for 2016 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 that have a significant impact on the Company's consolidated results or financial position.

Revision of disclosure

Following an agenda decision by the IFRS Interpretations Committee in March 2016 regarding offsetting and cash pool arrangements, the Group has revised the disclosure of its cash pooling arrangements in the comparative balance sheets at 31 December 2015. This revision has had the effect of increasing both cash and cash equivalents and interest bearing loans and borrowings by £25.1m at 31 December 2015.

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**	
	2016	2015	**2016**	2015
US dollar	**1.22**	1.48	**1.35**	1.53
Euro	**1.17**	1.36	**1.23**	1.38
Chinese renminbi	**8.51**	9.61	**8.98**	9.62
Hong Kong dollar	**9.49**	11.48	**10.52**	11.87
Australian dollar	**1.70**	2.03	**1.83**	2.04

2 Operating Segments

Business analysis

Since 1 January 2016 following the change in Group strategy, the structure of the components that the Chief Executive Officer[1] uses to make decisions about operating matters has changed from the previous five divisions to the three divisions set out below. The segment information for earlier periods has been restated to conform to these changes. The changes have been made as the business lines within the new divisions demonstrate similar mid- to long-term structural growth drivers.

The Group is organised into business lines which are the Group's operating segments. These operating segments are aggregated into three divisions (2015: five), which are the Group's reportable segments. These three divisions, each of which offers services to different industries are: Products, Trade and Resources. The costs of the corporate head office and other costs which are not controlled by the three 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:

For the year ended 31 December 2016

	Revenue from external customers £m	**Depreciation and software amortisation* £m**	**Adjusted operating profit £m**	**Separately Disclosed Items £m**	**Operating profit £m**
Products	1,465.5	(56.6)	297.7	(16.7)	281.0
Trade	584.5	(18.6)	81.8	(6.4)	75.4
Resources	517.0	(13.8)	30.2	(17.1)	13.1
Group total	**2,567.0**	**(89.0)**	**409.7**	**(40.2)**	**369.5**
Group operating profit			**409.7**	**(40.2)**	**369.5**
Net financing costs			(22.4)	–	(22.4)
Profit before income tax			**387.3**	**(40.2)**	**347.1**
Income tax expense			(98.0)	22.5	(75.5)
Profit for the year			**289.3**	**(17.7)**	**271.6**

* Depreciation and software amortisation of £89.5m includes unallocated charges of £0.5m.

For the year ended 31 December 2015

	Revenue from external customers £m	Depreciation and software amortisation* £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Products	1,110.6	(45.4)	233.8	(20.4)	213.4
Trade	536.6	(17.4)	75.7	(5.1)	70.6
Resources	519.1	(13.2)	33.9	(601.4)	(567.5)
Group total	**2,166.3**	**(76.0)**	**343.4**	**(626.9)**	**(283.5)**
Group operating profit/(loss)			**343.4**	**(626.9)**	**(283.5)**
Net financing costs			(24.2)	–	(24.2)
Profit/(loss) before income tax			**319.2**	**(626.9)**	**(307.7)**
Income tax expense			(77.5)	38.2	(39.3)
Profit/(loss) for the year			**241.7**	**(588.7)**	**(347.0)**

* Depreciation and software amortisation of £85.2m includes unallocated charges of £9.2m.

[1] The chief operating decision maker is the Chief Executive Officer.

3 Separately Disclosed Items

		2016 £m	2015 £m
Operating costs			
Amortisation of acquisition intangibles	(a)	**(14.0)**	(21.4)
Acquisition costs	(b)	**(2.8)**	(5.8)
Restructuring costs	(c)	**(21.4)**	(6.7)
Loss on disposal of businesses	(d)	**(2.0)**	–
Impairment of goodwill and other assets	(e)	**–**	(589.4)
Material claims and settlements	(f)	**–**	(3.6)
Total operating costs		**(40.2)**	(626.9)
Net financing costs		**–**	–
Total before income tax		**(40.2)**	(626.9)
Income tax credit on Separately Disclosed Items		**22.5**	38.2
Total		**(17.7)**	(588.7)

(a) Of the amortisation of acquisition intangibles in the current year, £3.9m (2015: £13.4m) relates to the customer contracts and customer relationships acquired with the purchase of Moody International Limited in 2011, and £5.0m (2015: £0.4m) relates to the customer relationships acquired with the purchase of PSI Group in 2015.
(b) Acquisition costs comprise £2.5m (2015: £5.2m) for transaction costs in respect of current year acquisitions, and £0.3m in respect of prior year acquisitions (2015: £0.6m).
(c) During the year, the Group has implemented various fundamental restructuring activities, consistent with the new Company structure and 5x5 strategy. These activities included site consolidations, closure of non-core business units, re-engineering of underperforming businesses and the delayering of management structures.
(d) Three small non-core businesses were disposed of in 2016.
(e) In 2015, £589.4m of impairment of goodwill and other assets comprised £577.3m for the Industry Services CGU and £12.1m in respect of computer software.
(f) Material claims and settlements relate to a commercial claim that is separately disclosable due to its nature.

4 Earnings per share

Based on the profit for the year:	2016 £m	2015 £m
Profit/(loss) attributable to ordinary shareholders	**255.0**	(360.5)
Separately Disclosed Items after tax (note 3)	**17.7**	588.7
Adjusted earnings	**272.7**	228.2
Number of shares (millions):		
Basic weighted average number of ordinary shares	**160.9**	160.8
Potentially dilutive share awards	**1.7**	1.4
Diluted weighted average number of shares	**162.6**	162.2
Basic earnings/(loss) per share	**158.5p**	(224.2p)
Potentially dilutive share awards	**(1.7p)**	–
Diluted earnings/(loss) per share	**156.8p**	(224.2p)
Adjusted basic earnings per share	**169.5p**	141.9p
Potentially dilutive share awards	**(1.8p)**	(1.2p)
Adjusted diluted earnings per share	**167.7p**	140.7p

5 Analysis of net debt

	2016 £m	2015 £m
Cash and cash equivalents per the Statement of Financial position	**175.6**	141.1
Overdrafts	**(16.8)**	(25.1)
Cash per the Statement of Cash Flows	**158.8**	116.0

The components of net debt are outlined below:

	1 January 2016 £m	Cash flow £m	Exchange adjustments £m	31 December 2016 £m
Cash	116.0	(6.3)	49.1	**158.8**
Borrowings:				
Revolving credit facility US$800m 2021	(253.8)	73.5	(61.9)	**(242.2)**
Bilateral term loan facilities US$100m 2018	(67.5)	–	(14.3)	**(81.8)**
Bilateral term loan facilities US$60m 2016	(40.4)	41.8	(1.4)	**–**
Senior notes US$75m 2016	(50.6)	52.6	(2.0)	**–**
Senior notes US$100m 2017	(67.4)	–	(14.4)	**(81.8)**
Senior notes US$20m 2019	(13.5)	–	(2.9)	**(16.4)**
Senior notes US$150m 2020	(101.2)	–	(21.5)	**(122.7)**
Senior notes US$15m 2021	(10.1)	–	(2.1)	**(12.2)**
Senior notes US$140m 2022	(94.5)	–	(20.0)	**(114.5)**
Senior notes US$40m 2023	(27.0)	–	(5.7)	**(32.7)**
Senior notes US$125m 2024	(84.4)	–	(17.9)	**(102.3)**
Senior notes US$40m 2025	(27.0)	–	(5.7)	**(32.7)**
Senior notes US$75m 2026	(50.6)	–	(10.7)	**(61.3)**
Other*	(3.4)	1.8	(0.3)	**(1.9)**
Total borrowings	(891.4)	169.7	(180.8)	**(902.5)**
Total net debt	(775.4)	163.4	(131.7)	**(743.7)**

* Includes other borrowings of £4.8m (2015: £6.2m) and facility fees.

	2016 £m	2015 £m
Borrowings due in less than one year	**86.6**	96.7
Borrowings due in one to two years	**81.1**	134.2
Borrowings due in two to five years	**391.3**	367.0
Borrowings due in over five years	**343.5**	293.5
Total borrowings	**902.5**	891.4

Description of borrowings

Total undrawn committed borrowing facilities as at 31 December 2016 were £412.0m (2015: £286.0m).

US$800m revolving credit facility

The Group's principal bank facility comprises a US$800m multi-currency revolving credit facility. In July 2016, US$672m of the facility was extended to June 2021. 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 2016 were £242.2m (2015: £253.8m).

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. This facility was further increased in November 2015 to US$100m, and the maturity of this facility was also extended to November 2018. Advances under this facility bear interest at a rate equal to LIBOR plus a margin. Drawings under this facility at 31 December 2016 were £81.8m (2015: £67.5m).

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 was March 2016. Advances under this facility bore interest at a rate equal to LIBOR plus a margin. Drawings under this facility at 31 December 2016 were £nil (2015: £40.4m).

Private placement bonds

In December 2008, the Group issued US$75m of senior notes. The notes, which were repaid on 10 June 2016, paid 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
EWA-Canada Ltd

On 3 October 2016, the Group completed the acquisition of EWA-Canada Ltd, a leading provider of cyber security and assurance services for products, equipment and networks across multiple industries, for a purchase price of £25.1m (£25.0m net of cash acquired), generating goodwill of £18.8m.

Other

On 8 January 2016, the Group acquired FIT Italia SRL, an Italian company specialising in providing assurance services to the retail and agricultural sectors through food quality and safety assessments. On 11 November 2016, the Group entered into an agreement with Laboratorios ABC Química, Investigación y Análisis, S.A. de C.V ('ABC Analitic') to form an environmental services Joint Venture in Mexico. ABC Analitic is a leading provider of water testing and analytical services. Cash consideration for these two ventures was £17.9m (£17.3m net of cash acquired) generating goodwill of £15.5m.

Provisional details of the net assets acquired and fair value adjustments are set out in the following tables. These analyses are provisional and amendments may be made to these figures in the 12 months following the date of acquisition.

EWA-Canada Ltd	**Book value prior to acquisition £m**	**Fair value adjustments £m**	**Fair value to Group on acquisition £m**
Property, plant and equipment	0.7	–	0.7
Goodwill	–	18.8	18.8
Other intangible assets	–	6.3	6.3
Trade and other receivables	3.0	–	3.0
Trade and other payables	(2.1)	–	(2.1)
Deferred tax liabilities	–	(1.7)	(1.7)
Net assets acquired	**1.6**	**23.4**	**25.0**

Other Acquisitions	**Book value prior to acquisition £m**	**Fair value adjustments £m**	**Fair value to Group on acquisition £m**
Property, plant and equipment	3.4	–	3.4
Goodwill	–	15.5	15.5
Other intangible assets	–	4.4	4.4
Inventories	3.8	(2.0)	1.8
Trade and other receivables	(2.5)	(3.0)	(5.5)
Trade and other payables	(0.2)	–	(0.2)
Deferred tax liabilities	–	(1.0)	(1.0)
Attributable to NCI	(1.1)	–	(1.1)
Net assets acquired	**3.4**	**13.9**	**17.3**

The total goodwill arising on acquisitions made during 2016 was £34.3m. Goodwill in respect of 2015 acquisitions decreased by £5.0m. The goodwill arising represents the value of the assembled workforce and the benefits the Company expects to gain from increasing its presence in the relevant sectors in which the acquired businesses operate. The intangible assets of £10.7m primarily represent the value placed on customer relationships and the deferred tax thereon was £2.7m.

The total cash consideration paid for the acquisitions in the year was £35.5m (2015: £237.2m), with further contingent consideration payable of £7.5m. Cash consideration includes cash and debt acquired of £0.7m. The total purchase price was £42.3m.

A put option exists over the minority shareholding related to ABC Analitic. This put option is exercisable at certain points through to 2019. The net present value of the put option liability has been recognised as a non-current financial liability under IAS 39.

In total acquisitions made during 2016 contributed revenues of £6.8m and a net profit after tax of £1.0m from their respective dates of acquisition to 31 December 2016.

(b) Acquisitions subsequent to the balance sheet date

There were no acquisitions subsequent to the balance sheet date.

(c) Prior period acquisitions

£2.0m (2015: £nil) was paid during the year in respect of prior period acquisitions.

(d) Impact of acquisitions on the Group results

The Group revenue and profit after tax for the year ended 31 December 2016 would have been £2,590.2m and £274.8m respectively if all the acquisitions were assumed to have been made on 1 January 2016.

(e) Details of 2015 acquisitions

Full details of acquisitions made in the year ended 31 December 2015 are disclosed in note 10 to the Annual Report for 2015.

(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 2016	471.1
Additions	29.3
Foreign exchange	85.7
Goodwill at 31 December 2016	**586.1**

7 Property, plant, equipment and software

Additions

During the year ended 31 December 2016, the Group acquired fixed assets with a cost of £105.5m (2015: £112.2m). In addition the Group acquired fixed assets of £4.1m (2015: £20.7m) through business combinations (note 6).

Impairment

In 2015, IT assets related to computer software of £12.1m were impaired.