Group 4 Securicor plc
Preliminary Results Announcement
January – December 2006

Group 4 Securicor, the international security solutions group, today announces its unaudited preliminary results for the twelve months to 31 December 2006.

RESULTS HIGHLIGHTS

- Strong organic turnover growth of 7.1%
- Group turnover up 8.4% * to £4,353.6 million
- PBITA up 10% * to £277.0 million
- Margin improved from 6.3% to 6.4%
- Cash flow generation of £241.1 million, 88% of PBITA (2005: 79%)
- Adjusted earnings per share increased 9% to 12.2p
- Recommended final dividend up 13% to 2.52 pence per share (DKK 0.277)
(Recommended total dividend up 19% to 4.21 pence per share (DKK 0.463))
- Excellent growth continues across New Markets
- Strong margin progression in Cash Services
- Increasing group targets
- Overall another strong performance across the group

** at constant exchange rates*

Nick Buckles, Group Chief Executive, commented:

"We have achieved a strong set of results in what I would consider to be a year of consolidation for the group. Having delivered on the synergies and strategy that we communicated at the time of the merger in 2004, we are now moving quickly into a new phase which we would describe as one of enhanced growth and development.

When we created Group 4 Securicor, we explained how the combined organisation would deliver additional strategic benefits over and above the initial synergy targets. I am pleased to say that some of these additional benefits are emerging across the organisation. As a result, we are targeting accelerated growth, margin improvements and higher cash generation across our businesses over the next three years.

I am confident that we will deliver on our increased financial targets and strategic objectives and I am excited about the future for the group as we develop our reputation as the global leader in providing security solutions."

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Notes to Editors:
Group 4 Securicor operates in over 100 countries throughout the world, employing around 470,000 people. It is a market leader in the provision of security solutions in many of the countries in which it operates. For more information on Group 4 Securicor, visit www.g4s.com.

Presentation of Results:
A presentation to investors and analysts is taking place today at 09.00 at the London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. A telephone dial-in facility is also available on +44 (0)20 7162 0125.

Annual General Meeting:
The company's annual general meeting will be held in London on 31 May.

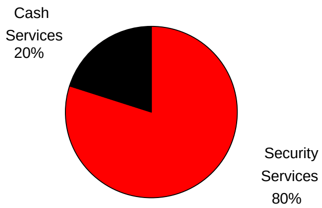
FINANCIAL SUMMARY

Results

The results which follow have been prepared under International Financial Reporting Standards (IFRS), as adopted by the European Union. Today's results announcement includes geographic detail on our Security Services business, which now incorporates our Manned Security and Security Systems operations. In particular, we are disclosing detail on geographic regions in our various New Markets regions, namely the Middle East, Latin America and the Caribbean, Africa and Asia, and we are now reporting separately our UK & Ireland business. This reporting structure is based on how the organisation is managed and we will continue to report in this format in the future.

Group Turnover

Turnover of Continuing Businesses	2006 £m	2005 £m
Turnover at constant exchange rates	4,353.6	4,017.0
Exchange difference	-	28.7
Total continuing business turnover	4,353.6	4,045.7



Turnover increased by 8.4% in the year from £4,017 million to £4,354 million. Organic turnover growth was 7.1%.

Organic Turnover Growth *	Europe	North America	New Markets	Total
Security Services	5.0%	5.4%	16.1%	6.9%
Cash Services	6.7%	1.7%	18.5%	7.6%
Total	5.4%	5.2%	16.5%	7.1%

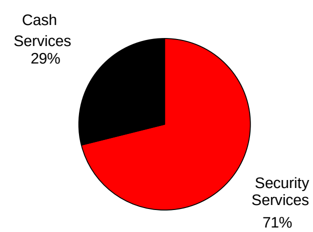
** Calculated to exclude acquisitions and disposals, and at constant exchange rates*

Group Profit

PBITA * of Continuing Businesses	2006 £m	2005 £m
PBITA at constant exchange rates	277.0	251.8
Exchange difference	-	3.2
Total continuing business PBITA	277.0	255.0
PBITA margin	6.4%	6.3%

** PBITA is defined as profit before interest, taxation, amortisation of acquisition-related intangible assets and exceptional items*

PBITA at constant exchange rates increased by 10% to £277.0 million. The PBITA margin increased from 6.3% to 6.4%.



Cash Flow and Financing

Cash Flow	2006 £m	2005 £m
Operating cash flow	241.1	198.0
Operating cash flow / PBITA	88%	79%

Operating cash flow, analysed on page 18, was £241.1 million in the year, representing 88% of PBITA, ahead of the group's target of 80%. Net debt at the end of the year was £673 million, further analysis of which is on page 17.

Security Services

* At constant exchange rates	Turnover £m		PBITA £m		Margins	
	2006	2005	2006	2005	2006	2005
Europe *	1,792.1	1,699.7	104.5	100.5	5.8%	5.9%
North America *	1,049.9	993.2	62.7	59.2	6.0%	6.0%
New Markets *	638.6	525.1	48.4	38.4	7.6%	7.3%
Total Security Services *	3,480.6	3,218.0	215.6	198.1	6.2%	6.2%
Exchange differences	-	29.8	-	3.3		
At actual exchange rates	3,480.6	3,247.8	215.6	201.4		

In security services there was steady overall organic growth of 6.9% and margins were maintained at 6.2%.

Europe

* At constant exchange rates	Turnover £m		PBITA £m		Margins		Organic Growth
	2006	2005	2006	2005	2006	2005	2006
UK & Ireland*	539.7	534.8	44.1	42.5	8.2%	7.9%	0.6%
Continental Europe *	1,252.4	1,164.9	60.4	58.0	4.8%	5.0%	7.0%
Total Europe *	1,792.1	1,699.7	104.5	100.5	5.8%	5.9%	5.0%

There was modest organic growth in the **UK & Ireland** during the year but growth in the last quarter of 2006 was over 6%. Margins improved compared to the prior year due to good cost control, strong demand in justice services and an increase in higher margin project work during the fourth quarter.

The management structures of UK security services and justice services were merged at the end of the year to create a market-facing, customer-focused business. Growth in the UK will be achieved by targeting specific market segments and customers. We will also use the public sector expertise of the justice services business as a platform for moving into the provision of services to new areas of Government.

The **Netherlands** had another exceptional year, despite the renegotiation of our justice services contract in the prior year, achieving double digit organic growth and improved margins. The business won several important contracts, as well as some significant project work, underpinned by a recovering economic environment.

Belgium continued to perform well and the business was successful in increasing the scope and activities of several important existing contracts. **Denmark** achieved good growth and margins, supported by another strong performance from its market-leading systems business. **Sweden** was impacted by some contract losses, which were partially offset by several good contract wins during the year. A new management team is in place and we are well positioned to take advantage of our unique capability of offering customers combined security solutions. The **Baltics** had another strong year with double digit organic growth and high margins, driven by some large contract wins in the retail sector and our wide range of services in the region.

France delivered good organic growth, but a restructuring programme had some impact on margins. Nevertheless, with a new management team in place, a high quality customer base and a strong product offering, there is much potential for margin progression in the future. We are currently preparing for a national wage award, which is expected to be implemented next month.

Greece won several important contracts during the second half, partially offsetting some material contract reductions earlier in the year. A new collective bargaining agreement has now been signed and is expected to benefit the industry going forward. Despite a challenging socio-political environment in **Israel** last year, good progress is being made in finalising a new collective bargaining agreement. In addition, our electronic monitoring contract continued to grow, whilst our systems business had an excellent year, as we maintained our position as the sole supplier of integrated security solutions. So far in 2007, significant combined security services and cash services contracts have been won in **Turkey** and **Romania**.

North America

* At constant exchange rates	Turnover £m		PBITA £m		Margins		Organic Growth
	2006	2005	2006	2005	2006	2005	2006
North America *	1,049.9	993.2	62.7	59.2	6.0%	6.0%	5.4%

North America delivered another year of good organic growth and margins in 2006. Excluding turnover related to high levels of short term response work after Hurricane Katrina during 2005 and early 2006, underlying organic growth was around 8% for the year as a whole, and particularly strong in the fourth quarter of 2006 at 10%, measured on the same basis.

In the **United States**, whilst the market continued to be very competitive, we won some large contracts during the second half in the commercial sector together with additional business from existing customers. We also achieved increased manning levels at a number of nuclear power plants. In the government sector, we won a five year contract to provide security and transit services at the Mexican border, as mentioned at the half year. Margins were maintained compared to the previous year despite stronger pressure on labour resources resulting in higher levels of un-billed overtime for much of 2006. Good management of risk, claims, incident losses and healthcare programmes mitigated these overtime cost increases.

Canada had a good year, supported by additional project work won during the year and some large national contract wins in the fourth quarter.

New Markets

* At constant exchange rates	Turnover £m		PBITA £m		Margins		Organic Growth
	2006	2005	2006	2005	2006	2005	2006
Middle East *	125.5	88.4	10.9	7.8	8.7%	8.8%	21.4%
Latin America & Caribbean *	124.5	97.2	6.5	3.0	5.2%	3.1%	19.7%
Africa *	152.6	135.8	12.5	12.6	8.2%	9.3%	8.8%
Asia *	236.0	203.6	18.5	15.0	7.8%	7.4%	17.1%
Total New Markets *	638.6	525.1	48.4	38.4	7.6%	7.3%	16.1%

In **New Markets**, organic growth continued to be strong at 16.1%, with margins increasing to 7.6%.

The **Middle East** achieved another year of double digit organic growth, with strong margins, as our market-leading position in the region continued to have a positive impact. On-going investment in countries like the **UAE** and **Saudi Arabia** continues to benefit the group, as a growing number of companies rely on us as a key supplier of a range of security and cash services. Our contract in **Iraq** continued to perform in line with our expectations and we anticipate another good year in 2007.

Latin America saw double digit organic growth with strong margin improvements. There was excellent organic growth in **Argentina**, driven by several important contract wins, and solid margin progression, supported by an on-going focus on contract efficiency. **Guatemala** generated double digit organic growth and margins, partly as a result of an acquisition which was completed and integrated during the year. **Colombia** had a good year, due to a strong performance from its toll service business and as a result of increased corporate investment in the country having a beneficial impact on the market. **The Caribbean** region performed strongly as it continued to offer its services across an expanding geographic base.

Africa produced good organic growth overall. **South Africa**, our largest business in the region, had a challenging year due to a restructuring of the business, completed at the start of the year, and the indirect impact of industry-wide strike action, which was settled during the first half. A long term union agreement is now in place and the business is extremely well placed going forward. **Kenya**, **Botswana** and **Namibia** produced excellent organic growth with solid margin improvements, due to the businesses' unique offering of combined security solutions. **Nigeria** also had a strong year, driven by the thriving local energy sector.

Asia achieved exceptional organic growth and good margin progression. Our market-leading position and prominent reputation, as well as our wide range of service offerings, continued to have a beneficial impact in **India**, where strong, double-digit growth and good margin improvements were achieved. In **Hong Kong** we continued to win a number of small to medium-sized contracts, ensuring the business is on a firm platform going forward. **Macau** performed extremely well as we continued to see the benefits of the country's burgeoning tourist industry.

Cash Services

* At constant exchange rates	Turnover £m		PBITA £m		Margins	
	2006	2005	2006	2005	2006	2005
Europe *	661.7	619.4	68.7	59.9	10.4%	9.7%
North America *	85.3	80.5	1.8	3.0	2.1%	3.7%
New Markets *	126.0	99.1	17.4	15.4	13.8%	15.5%
Total Cash Services *	873.0	799.0	87.9	78.3	10.1%	9.8%
Exchange differences	-	(2.1)	-	0.0		
At actual exchange rates	873.0	797.9	87.9	78.3		

In cash services, there was strong organic growth of 7.6%, compared to 6.2% in the prior year, whilst margins increased to 10.1% from 9.8%.

Overall organic growth in **Europe** increased to 6.7%, from 5.8% in the prior year. The **UK** saw continued good growth and further margin development, supported by several significant contract wins, with ATM and cash processing performing particularly well. Whilst attack levels increased on the prior year, good progress is being made in reducing attacks in certain regions and we continue to develop new technologies to reduce attack losses. We have commenced the pilot of our retail cash management solution, one of several significant growth opportunities going forward.

Good margins were maintained in the **Netherlands** and the business achieved some important contract renewals, helping to support another strong performance from the business. In **Sweden**, we saw a decline in attacks due to an increased investment in security. Our business delivered further margin progression and we won a number of contracts during the year, the most significant being a major Swedish financial institution which commenced in 2007. There were strong performances elsewhere in Europe during the year, in particular **Belgium**, the **Baltics** and **Hungary** saw robust organic growth with good margin improvements.

At the end of the year, we reached agreement to divest our cash services business in **Germany**.

In **North America**, there was moderate organic growth in **Canada**, compared to negative growth in the prior year. The market continued to be challenging and profitability was impacted by increased operating costs following a major robbery in 2005. Nevertheless, we were awarded some important contract renewals and are optimistic about the medium term outlook.

New Markets continued to deliver strong, double-digit margins and organic growth. **Asia** saw good organic growth and margin progression. Our businesses continued to be successful in providing customers with enhanced product offerings as the market dynamics in various countries, including **Malaysia** and **Indonesia**, become further advanced. In **Hong Kong**, whilst the market is less developed, we continue to benefit from being the only major provider of a full range of cash services.

The **Middle East** delivered another outstanding performance. The region experienced double digit organic growth and margins as a result of our market-leading position and the on-going favourable economic conditions in the region. In particular, the **UAE**, **Saudi Arabia** and **Qatar** delivered exceptional results.

Africa achieved another excellent year of organic growth, buoyed by a particularly strong performance in **Kenya**. **Morocco** had a challenging year, partly as a result of new legislation surrounding the cash management market resulting in an asset write-down, which impacted the margin in Africa. Last month, we announced the acquisition of a majority stake in Fidelity Cash Management Services (PTY) Ltd, This acquisition provides the group with a cash services presence in **South Africa** for the first time, as well as growing our exposure to other markets, including **Botswana**, **Namibia** and **Lesotho**, thereby increasing the potential for cross-selling opportunities in these markets.

STRATEGY

Strategy Development

We have made good progress in 2006 towards our vision of becoming the global leader in providing security solutions and we expect this to continue into the future. Our approach is focused on the markets in which we operate rather than the services we provide and we believe that this strategy provides us with sustainable competitive advantage.

Our position in New Markets is unrivalled in the industry and will become increasingly significant to the group over time.

Group Targets

When the merger was announced in 2004, we set ourselves an overall organic growth target of 6%+ per annum. In 2006 we have exceeded that target and delivered organic growth of 7%, a level of performance which we will target into the future.

At the same time, we were targeting a medium term PBITA margin of 7%. We still believe this is achievable within two to three years and will continue to target margin improvements at this level.

We have had a very strong year on cash generation having implemented good controls across the organisation since the merger. We are confident that this good progress will continue and are increasing our cashflow target to 85% of PBITA in place of the current 80% target.

Last year, we announced our intention to increase dividends so as to reduce dividend cover to around 2.5 times as a result of our confidence in the performance of the group going forward. We are targeting dividend cover at this level within two years.

Acquisitions

The group's acquisition strategy remains focused on bolt-ons across all service areas which will add scale or additional expertise to our businesses or help to consolidate fragmented markets. Our acquisition policy follows a number of strict criteria, the key measure being that acquisitions reach a post-tax Return On Invested Capital of 12% within 3 years. These criteria ensure that we continue to make sound acquisitions at fair prices.

In 2006 we made a number of bolt-on acquisitions in many different countries, with a particular focus on New Markets, including Chile, Hong Kong, Guatemala, Mozambique, Democratic Republic of Congo, Indonesia, Saudi Arabia and United Arab Emirates.

The group has already made several acquisitions in 2007 in a variety of countries including the UK, the Netherlands, South Africa and the Czech Republic.

Looking ahead, we will continue to aim to fill appropriate geographic gaps in the security services businesses, increase our New Markets presence and make targeted acquisitions in cash services.

OTHER FINANCIAL ISSUES

Disposals and discontinued operations

On 22 December 2006, in accordance with the strategy announced at the half year, the group agreed the terms of a disposal of its cash business in Germany, which has now completed. On 28 December 2006 we disposed of a US transportation business, being the remaining business of Cognisa. The results of these businesses for the year, together with the net loss on their disposal and the related tax charge, comprised the majority of the £33.4m reported loss from discontinued operations.

The loss from discontinued operations in 2005 of £13.1m also included the businesses disposed in that year, including the manned security business of Falck Nederland and the security operations of Cognisa.

Financing and interest

The lending banks exercised their options to extend the term of the £1billion multi-currency revolving credit facility to 28 June 2011. One more extension option process is exercisable in the period 90 days prior to 28 June 2007. If the options are exercised the facility will mature on 28 June 2012. The margin continues at 0.225% over LIBOR.

An £87m multi-currency revolving credit facility was signed with ING Bank NV London Branch on 1 February 2007. The facility term is for 5 years and there is an option exercisable by the bank under which the facility can be extended to 28 June 2012. The extension option is exercisable in the period 90 days prior to 28 June 2007.The margin on this facility is 0.225% over LIBOR.

On 1 March 2007 the group completed a US$550m Private Placement of Notes, which mature at various dates between 2014 and 2022 and bear interest at rates between 5.77% and 6.06%.

As of 31 December 2006, net debt was £673m representing a gearing of 69%. The group has sufficient capacity to finance growth.

Net interest payable on net debt was £42.0m. This is an increase of 20% over the 2005 cost of £35.1m due principally to the rising costs of borrowing and the increase in the group's average gross debt.

The group's average cost of gross borrowings in 2006 was 4.7% compared to 4.2% in 2005. The cost, based on the yield curves at 31 December 2006, was 5.2%.

Also included within financing is a net income of £1.0m (2005: cost of £4.9m) in respect of movements in the group's pension obligations.

Taxation

The effective tax rate for the year was 28.6% compared to 31.1% in 2005. The group believes that this rate is sustainable going forward.

Pensions

The group's funding shortfall on the valuation basis specified in IAS19 Employee Benefits was £226m before tax or £158m after tax (2005: £217m and £152m respectively).

The value of the assets in the funds increased by £119m during 2006 continuing the trend of 2005. However, this was counteracted by the impact of increasing inflation. The group believes that, over the very long term in which pension liabilities become payable, investment returns should eliminate the deficit in the schemes in respect of past service liabilities. However, in recognition of the regulatory obligation upon pension fund trustees to address currently reported deficits, additional cash contributions into the two main UK schemes of around £24m are being made in 2007. This level of contribution will be reviewed annually and reassessed formally at the next actuarial valuation dates, which are 5 April 2009 in respect of the Securicor scheme and 31 March 2007 in respect of the Group 4 scheme.

Dividend

The directors recommend a final dividend of 2.52p per share (DKK 0.277). This represents an increase of 13% on the final dividend for the year to 31 December 2005. The interim dividend was 1.69p per share (DKK 0.186) and the total dividend, if approved, will be 4.21p per share (DKK 0.463), representing an increase of 19% over the total dividend for 2005.

In proposing this final dividend, the board considered both the appropriate level of dividend cover and the future strategy and prospective earnings of the group. Dividend cover for 2006 is 2.9 on adjusted profit, further analysis of which is on page 16. The group reaffirms its intention to increase dividends so as to reduce dividend cover to around 2.5 times.

REVIEW AND OUTLOOK

We have delivered on the synergies and strategic objectives that we set out at the time of the merger and have built the platform on which we can further develop as the global leader in our field.

As we become more market facing and less product led, we are further developing our customer relationships across a broad range of sectors and geographic markets and gaining a clearer understanding of customers' needs and values.

We will build on this strategy in 2007 and expect to make progress towards our increased targets, as we focus our management on driving through accelerated growth and margin improvements.

13 March 2007

Group 4 Securicor

Group 4 Securicor plc
Unaudited preliminary results announcement
For the year ended 31 December 2006

Consolidated income statement
For the year ended 31 December 2006

	Notes	2006 £m	2005 £m
Continuing operations			
Revenue	2	**4,353.6**	4,045.7
Profit from operations before amortisation of acquisition-related intangible assets, exceptional items and share of profit from associates		**274.2**	249.7
Share of profit from associates		**2.8**	5.3
Profit from operations before amortisation of acquisition-related intangible assets and exceptional items (PBITA)	2	**277.0**	255.0
Amortisation of acquisition-related intangible assets		**(36.0)**	(33.8)
Exceptional items: Restructuring costs consequential upon acquisitions		**-**	(18.2)
Profit from operations before interest and taxation (PBIT)	2, 3	**241.0**	203.0
Finance income	6	**81.2**	72.6
Finance costs	7	**(122.2)**	(112.2)
Profit from operations before taxation		**200.0**	163.4
Taxation:			
- Before amortisation of acquisition-related intangible assets and exceptional items		**(67.5)**	(67.3)
- On amortisation of acquisition-related intangible assets		**10.8**	10.0
- On exceptional items		**-**	(2.3)
	8	**(56.7)**	(59.6)
Profit from continuing operations after taxation		**143.3**	103.8
Loss from discontinued operations	4	**(33.4)**	(13.1)
Profit for the year		**109.9**	90.7
Attributable to:			
Equity holders of the parent		**96.5**	80.8
Minority interests		**13.4**	9.9
Profit for the year		**109.9**	90.7
Earnings per share attributable to ordinary equity shareholders of the parent	10		
For profit from continuing operations:			
Basic		**10.2p**	7.4p
Diluted		**10.2p**	7.4p
For profit from continuing and discontinued operations:			
Basic		**7.6p**	6.4p
Diluted		**7.6p**	6.4p

Dividends per share declared and proposed in respect of the year	**2006**	2005	Notes: 9	2006 £m	2005 £m
Interim (declared and recognised in reserves)	**1.69p**	1.30p		**21.4**	16.4
Final (proposed but not recognised)	**2.52p**	2.24p		**32.3**	28.3
Total dividends per share declared and proposed	**4.21p**	3.54p		**53.7**	44.7

Consolidated balance sheet
As at 31 December 2006

	Notes	2006 £m	2005 £m
ASSETS			
Non-current assets			
Goodwill		**1,170.9**	1,176.3
Other acquisition-related intangible assets		**220.6**	241.4
Other intangible assets		**22.2**	27.3
Property, plant and equipment		**355.0**	354.6
Investment in associates		**7.3**	3.9
Trade and other receivables		**49.9**	50.3
Deferred tax assets		**115.7**	112.9
		1,941.6	1,966.7
Current assets			
Inventories		**49.9**	35.3
Trading investments		**73.7**	61.4
Trade and other receivables		**798.9**	829.8
Cash and cash equivalents		**307.5**	263.8
		1,230.0	1,190.3
Total assets		**3,171.6**	3,157.0
LIABILITIES			
Current liabilities			
Bank overdrafts		**(97.5)**	(58.7)
Bank loans		**(70.1)**	(87.7)
Obligations under finance leases		**(13.6)**	(12.1)
Trade and other payables		**(707.6)**	(758.4)
Current tax liabilities		**(26.3)**	(27.6)
Retirement benefit obligations		**(42.2)**	(30.0)
Provisions		**(40.3)**	(44.5)
		(997.6)	(1,019.0)
Non-current liabilities			
Bank loans		**(830.3)**	(790.1)
Obligations under finance leases		**(42.5)**	(33.9)
Trade and other payables		**(1.0)**	(1.0)
Retirement benefit obligations		**(208.3)**	(211.0)
Provisions		**(38.7)**	(47.3)
Deferred tax liabilities		**(81.7)**	(84.8)
		(1,202.5)	(1,168.1)
Total liabilities		**(2,200.1)**	(2,187.1)
Net assets		**971.5**	969.9
EQUITY			
Share capital		**320.0**	317.2
Share premium and reserves		**615.2**	625.0
Equity attributable to equity holders of the parent	11	**935.2**	942.2
Minority interests		**36.3**	27.7
Total equity		**971.5**	969.9

Consolidated cash flow statement

For the year ended 31 December 2006

	2006 £m	2005 £m
Profit from continuing operations before taxation	**200.0**	163.4
Trading loss from discontinued operations before taxation	**(18.1)**	(7.6)
Adjustments for:		
Finance income	**(81.2)**	(72.6)
Finance costs	**122.2**	112.2
Finance costs attributable to discontinued operations	**0.9**	0.9
Depreciation of property, plant and equipment	**82.8**	75.4
Amortisation of acquisition-related intangible assets	**36.0**	33.8
Amortisation of other intangible assets	**7.4**	6.8
Impairment of other intangible assets	**2.5**	-
Share of profit from associates	**(2.8)**	(5.3)
(Profit)/loss on disposal of property, plant and equipment and intangible assets other than acquisition-related	**(1.6)**	2.8
Equity-settled transactions:		
-Performance share plan and deferred share awards	**3.6**	1.2
-Share options	**1.4**	1.5
Operating cash flow before movements in working capital	**353.1**	312.5
Increase in inventories	**(6.9)**	(6.3)
Increase in receivables	**(17.7)**	(67.9)
(Decrease)/increase in payables	**(13.5)**	0.1
Decrease in provisions	**(47.6)**	(10.9)
Cash generated by operations	**267.4**	227.5
Tax paid	**(70.3)**	(53.0)
Net cash flow from operating activities	**197.1**	174.5
Investing activities		
Interest received	**11.5**	9.8
Cash flow from associates	**2.7**	12.3
Purchases of property, plant and equipment and intangible assets other than acquisition-related	**(93.2)**	(108.0)
Proceeds on disposal of property, plant and equipment and intangible assets other than acquisition-related	**10.7**	18.2
Acquisition of subsidiaries and separately acquired customer-related intangible assets	**(96.7)**	(69.7)
Net cash balances acquired	**3.5**	3.0
Disposal of subsidiaries	**9.9**	42.1
(Purchase)/disposal of trading investments	**(21.8)**	4.8
Own shares purchased	**(3.1)**	(6.1)
Acquisition of minority shareholders of the former Group 4 Falck A/S	**-**	(9.5)
Net cash used in investing activities	**(176.5)**	(103.1)
Financing activities		
Share issues	**9.1**	4.9
Dividends paid to minority interests	**(3.0)**	(5.1)
Dividends paid to equity shareholders of the parent	**(49.8)**	(39.9)
Net increase in borrowings	**95.1**	47.3
Interest paid	**(59.3)**	(47.9)
Net cash inflow from hedging financial instruments	**11.8**	-
Repayment of obligations under finance leases	**(8.4)**	(7.6)
Net cash flow from financing activities	**(4.5)**	(48.3)
Net increase in cash, cash equivalents and bank overdrafts	**16.1**	23.1
Cash, cash equivalents and bank overdrafts at the beginning of the year	**205.1**	177.7
Effect of foreign exchange rate fluctuations on cash held	**(11.2)**	4.3
Cash, cash equivalents and bank overdrafts at the end of the year	**210.0**	205.1

Consolidated statement of recognised income and expense

For the year ended 31 December 2006

	2006 £m	2005 £m
Exchange differences on translation of foreign operations	**(42.6)**	36.5
Actuarial losses on defined retirement benefit schemes	**(33.4)**	(22.6)
Change in fair value of cash flow hedging financial instruments	**1.1**	0.4
Change in fair value of net investment hedging financial instruments	**11.6**	(6.2)
Tax on items taken directly to equity	**(1.4)**	12.3
Net (expense)/income recognised directly in equity	**(64.7)**	20.4
Profit for the year	**109.9**	90.7
Total recognised income	**45.2**	111.1
Attributable to:		
Equity holders of the parent	**31.8**	101.2
Minority interests	**13.4**	9.9
Total recognised income	**45.2**	111.1

Notes to the preliminary results announcement

1) Basis of preparation and accounting policies

The preliminary results announcement for the year ended 31 December 2006 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU) at 31 December 2006. Details of the accounting policies applied are those set out in the 2005 Annual Report and Accounts. The financial statements will be delivered to the Registrar of Companies in due course.

The primary statements and selected notes in this preliminary results announcement do not constitute the company's financial statements within the meaning of Section 240 of the Companies Act 1985 for the years ending 31 December 2006 or 2005. The notes included in this announcement are in some cases summaries of those included in the statutory accounts. Statutory accounts for the year ended 31 December 2005 have been filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under Section 237 of the Companies Act 1985.

The comparative income statement for the year ended 31 December 2005 has been re-presented for operations discontinued during the current year. Turnover from continuing operations has been reduced by £84.2m and profit from operations before taxation (PBT) has been increased by £5.9m in respect of these operations. In addition, the comparative balance sheet as at 31 December 2005 has been restated to reflect the completion during 2006 of the initial accounting in respect of acquisitions made during 2005. Adjustments made to the provisional calculation of the fair values of assets and liabilities acquired amount to £3.6m, with an equivalent increase in the reported value of goodwill.

2) Segmental analysis

The group operates in two core product areas: security services (combining manned security, justice services and security systems) and cash services. The group operates on a worldwide basis and derives a substantial proportion of its revenue and profit from operations before interest and taxation (PBIT) from each of the following geographic regions: Europe (comprising the United Kingdom and Ireland, and Continental Europe), North America, and New Markets (comprising the Middle East and Gulf States, Latin America and the Caribbean, Africa and Asia Pacific).

The current management structure of the group is a combination of product area and geography, within which the larger businesses generally report by product area. The group's primary segmentation is therefore by business segment and its secondary segmentation is by geography.

In 2005, the group reported three product segments: manned security, security systems and cash services. During 2006 the group integrated its manned security and security systems businesses within Europe into a security services country reporting-line structure, similar to the structure that was already in place within New Markets. Therefore, the group is managed by and thus reports two product segments: security services and cash services. For this year only, the security services segment is further analysed between manned security and security systems but this will not be the case going forward for the fully integrated security services product segment.

Segment information in respect of continuing operations is presented below:

Segment revenue

Revenue by business segment	**2006 £m**	2005 £m
Security Services		
UK & Ireland	**539.7**	534.9
Continental Europe	**1,252.4**	1,168.0
Europe	**1,792.1**	1,702.9
North America	**1,049.9**	1,005.6
Middle East and Gulf States	**125.5**	89.8
Latin America and the Caribbean	**124.5**	100.9
Africa	**152.6**	142.1
Asia Pacific	**236.0**	206.5
New Markets	**638.6**	539.3
Total Security Services	**3,480.6**	3,247.8
Manned Security	**3,064.5**	2,858.2
Security Systems	**416.1**	389.6
Total Security Services	**3,480.6**	3,247.8
Cash Services		
Europe	**661.7**	620.7
North America	**85.3**	76.9
New Markets	**126.0**	100.3
Total Cash Services	**873.0**	797.9
Total Revenue	**4,353.6**	4,045.7

2) Segmental analysis (continued)

Revenue by geographic market	2006 £m	2005 £m
Europe	**2,453.8**	2,323.6
North America	**1,135.2**	1,082.5
New Markets	**764.6**	639.6
Total revenue	**4,353.6**	4,045.7

PBITA by business segment	2006 £m	2005 £m
Security Services		
UK & Ireland	**44.1**	42.5
Continental Europe	**60.4**	58.3
Europe	**104.5**	100.8
North America	**62.7**	61.0
Middle East and Gulf States	**10.9**	7.8
Latin America and the Caribbean	**6.5**	3.3
Africa	**12.5**	13.3
Asia Pacific	**18.5**	15.2
New Markets	**48.4**	39.6
Total Security Services	**215.6**	201.4
Manned Security	**180.9**	169.3
Security Systems	**34.7**	32.1
Total Security Services	**215.6**	201.4
Cash Services		
Europe	**68.7**	60.0
North America	**1.8**	2.8
New Markets	**17.4**	15.5
Total Cash Services	**87.9**	78.3
Total PBITA before head office costs	**303.5**	279.7
Head office costs	**(26.5)**	(24.7)
Total PBITA	**277.0**	255.0
PBITA by geographic market		
Europe	**173.2**	160.8
North America	**64.5**	63.8
New Markets	**65.8**	55.1
Total PBITA before head office costs	**303.5**	279.7
Head office costs	**(26.5)**	(24.7)
Total PBITA	**277.0**	255.0

Result by business segment	2006 £m	2005 £m
Total PBITA	**277.0**	255.0
Amortisation of acquisition-related intangible assets	**(36.0)**	(33.8)
Exceptional items	**-**	(18.2)
Total PBIT	**241.0**	203.0
Security Services	**199.5**	173.0
Cash Services	**68.0**	56.1
Head office costs	**(26.5)**	(26.1)
Total PBIT	**241.0**	203.0

3) Profit from operations before interest and taxation

The income statement can be analysed as follows:

	2006	2005
	£m	£m
Continuing operations		
Revenue	**4,353.6**	4,045.7
Cost of sales	**(3,423.1)**	(3,160.1)
Gross profit	**930.5**	885.6
Administration expenses	**(692.2)**	(687.9)
Share of profit from associates	**2.8**	5.3
Profit from operations before interest and taxation	**241.0**	203.0

Included within administration expenses are charges for the amortisation of acquisition-related intangible assets and exceptional items.

4) Discontinued operations

Discontinued operations represent operations disposed of during 2005 and 2006.

On 22 December 2006 the group agreed terms for the divestment of G4S Geld und Wertdienste GmbH, the German cash services business. The business and assets of Cognisa Transportation, Inc were disposed of on 28 December 2006.

In 2005, the group disposed of the security operations of Cognisa Security in the US, which were sold on 31 August 2005. Further disposals included Group 4 Falck Cash Services UK, sold on 7 March 2005 and the manned security business of Falck Security Nederland and its subsidiaries (with the exception of aviation security activities) sold on 2 November 2005. The disposal of these businesses was required by the European Commission as a condition for their approval of the combination between the security businesses of the former Group 4 Falck A/S and Securicor plc on 19 July 2004. During the disposal process the group did not have control over these operations and in consequence their results were not consolidated from 20 July 2004.

5) Acquisitions

The group undertook a number of acquisitions in the year, none of which were individually material. The total fair value of net assets acquired amounted to £30.4m which included the recognition of £22.2m of acquisition-related intangible assets, generating goodwill of £68.0m, satisfied by a total consideration of £98.4m.

Principal acquisitions in subsidiary undertakings include the purchase of controlling interests in the Chilean company, Servicios Generales, Limitada, a manned security services provider, and in Al Majal Security Services, a security services and cash services business in Saudi Arabia. In addition, the group increased its interests in the United Arab Emirates.

6) Finance income

	2006	2005
	£m	£m
Interest receivable	**14.0**	11.8
Expected return on defined retirement benefit scheme assets	**67.2**	60.8
Total finance income	**81.2**	72.6

7) Finance costs

	2006 £m	2005 £m
Interest on bank overdrafts and loans	**53.4**	43.7
Interest on other loans	**0.2**	0.5
Interest on obligations under finance leases	**2.4**	1.8
Total group borrowing costs	**56.0**	46.0
Finance costs on defined retirement benefit obligations	**66.2**	65.7
Decrease in fair value of trading investments	**-**	0.5
Total finance costs	**122.2**	112.2

8) Taxation

	2006 £m	2005 £m
Total taxation charge before taxation on amortisation of acquisition-related intangible assets and exceptional items	**(67.5)**	(67.3)
Deferred taxation credit on amortisation of acquisition-related intangible assets	**10.8**	10.0
Taxation charge on exceptional items	**-**	(2.3)
Total taxation charge	**(56.7)**	(59.6)

The total taxation charge includes amounts attributable to the UK of £16.8m (2005: £11.2m)

9) Dividends

	Pence per share	**DKK per share**	**2006 £m**	2005 £m
Amounts recognised as distributions to equity holders of the parent in the year				
Final dividend for the year ended 31 December 2004	1.85	0.1981	-	23.5
Interim dividend for the six months ended 30 June 2005	1.30	0.1430	-	16.4
Final dividend for the year ended 31 December 2005	2.24	0.2435	28.3	-
Interim dividend for the six months ended 30 June 2006	1.69	0.1863	21.4	-
			49.7	39.9
Proposed final dividend for the year ended 31 December 2006	2.52	0.2766	32.3	

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting. If so approved, it will be paid on 8 June 2007 to shareholders who are on the register on 11 May 2007. The exchange rate used to translate it into Danish Kroner is that at 12 March 2007.

10) Earnings per share attributable to ordinary shareholders of the parent

	2006 £m	2005 £m
From continuing and discontinued operations		
Earnings		
Profit for the year attributable to equity holders of the parent	**96.5**	80.8
Effect of dilutive potential ordinary shares (net of tax)	**0.3**	-
Profit for the purposes of diluted earnings per share	**96.8**	80.8
Number of shares (m)		
Weighted average number of ordinary shares	**1,268.3**	1,265.0
Effect of dilutive potential ordinary shares	**5.4**	6.0
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**1,273.7**	1,271.0
Earnings per share from continuing and discontinued operations (pence)		
Basic	**7.6p**	6.4p
Diluted	**7.6p**	6.4p
From continuing operations		
Earnings		
Profit for the year attributable to equity holders of the parent	**96.5**	80.8
Adjustment to exclude loss for the year from discontinued operations (net of tax)	**33.4**	13.1
Profit from continuing operations	**129.9**	93.9
Effect of dilutive potential ordinary shares (net of tax)	**0.3**	-
Profit from continuing operations for the purpose of diluted earnings per share	**130.2**	93.9
Earnings per share from continuing operations (pence)		
Basic	**10.2p**	7.4p
Diluted	**10.2p**	7.4p
From discontinued operations		
Loss per share from discontinued operations (pence)		
Basic	**(2.6)p**	(1.0)p
Diluted	**(2.6)p**	(1.0)p
From adjusted earnings		
Earnings		
Profit from continuing operations	**129.9**	93.9
Adjustment to exclude net retirement benefit finance costs and fair value adjustments to financial instruments (net of tax)	**(0.7)**	3.8
Adjustment to exclude amortisation of acquisition-related intangible assets (net of tax)	**25.2**	23.8
Adjustment to exclude exceptional items (net of tax)	**-**	20.5
Adjusted profit for the year attributable to equity holders of the parent	**154.4**	142.0
Adjusted earnings per share (pence)	**12.2p**	11.2p

In the opinion of the directors the earnings per share figure of most use to shareholders is that which is adjusted. This figure better allows the assessment of operational performance, the analysis of trends over time, the comparison of different businesses and the projection of future earnings.

Notes to the preliminary results announcement (continued)

11) Summary reconciliation of equity attributable to equity holders of the parent

	Share Capital 2006 £m	**Reserves 2006 £m**	**Total 2006 £m**	Share Capital 2005 £m	Reserves 2005 £m	Total 2005 £m
At beginning of year	**317.2**	**625.0**	**942.2**	316.1	563.3	879.4
Total recognised income attributable to equity shareholders of the parent	**-**	**31.8**	**31.8**	-	101.2	101.2
Shares issued	**2.8**	**6.3**	**9.1**	1.1	3.8	4.9
Dividends declared	**-**	**(49.8)**	**(49.8)**	-	(39.9)	(39.9)
Own shares purchased	**-**	**(3.1)**	**(3.1)**	-	(6.1)	(6.1)
Equity settled transactions:						
-Performance share plan	**-**	**2.3**	**2.3**	-	1.2	1.2
-Deferred share awards	**-**	**1.3**	**1.3**	-	-	-
-Share options	**-**	**1.4**	**1.4**	-	1.5	1.5
At end of year	**320.0**	**615.2**	**935.2**	317.2	625.0	942.2

12) Analysis of net debt

A reconciliation of net debt to amounts in the balance sheet is presented below:

	2006 £m	2005 £m
Cash and cash equivalents	**307.5**	263.8
Trading investments	**73.7**	61.4
Current liabilities		
Bank overdrafts	**(97.5)**	(58.7)
Bank loans	**(70.1)**	(87.7)
Obligations under finance leases	**(13.6)**	(12.1)
Non-current liabilities		
Bank loans	**(830.3)**	(790.1)
Obligations under finance leases	**(42.5)**	(33.9)
Total net debt	**(672.8)**	(657.3)

An analysis of movements in net debt in the year is presented below:

	2006 £m	2005 £m
Increase in cash, cash equivalents and bank overdrafts per consolidated cash flow statement	**16.1**	23.1
Purchase/(disposal) of trading investments	**21.8**	(4.8)
Increase in debt and lease financing	**(86.7)**	(39.7)
Change in net debt resulting from cash flows	**(48.8)**	(21.4)
Borrowings acquired with subsidiaries	**(2.5)**	(1.3)
Net additions to finance leases	**(19.6)**	(20.7)
Movement in net debt in the year	**(70.9)**	(43.4)
Translation adjustments	**55.4**	(27.5)
Net debt at the beginning of the year	**(657.3)**	(586.4)
Net debt at the end of the year	**(672.8)**	(657.3)

Non GAAP measure – cash flow

The directors consider it is of assistance to shareholders to present an analysis of the group's operating cash flow in accordance with the way in which the group is managed, together with a reconciliation of that cash flow to the net cash flow from operating activities as presented in the consolidated cash flow statement**.**

Operating cash flow

For the year ended 31 December 2006

	2006 £m	2005 £m
Group PBITA	**274.2**	249.7
Depreciation and amortisation of assets other than acquisition-related intangible assets	**91.1**	81.4
Increase in working capital and provisions before exceptional items	**(41.7)**	(43.3)
Net cash flow from capital expenditure	**(82.5)**	(89.8)
Operating cash flow	**241.1**	198.0

Reconciliation of operating cash flows	2006 £m	2005 £m
Net cash flow from operating activities (per consolidated cash flow statement)	**197.1**	174.5
Net cash flow from capital expenditure	**(82.5)**	(89.8)
Cash outflow on exceptional items and discontinued operations	**32.0**	39.7
Additional pension contributions	**24.2**	15.0
Other	**-**	5.6
Tax paid	**70.3**	53.0
Operating cash flow	**241.1**	198.0