5 November 2015

Shanks Group plc

Shanks Group plc (LSE: SKS), a leading international waste-to-product business, today announces its interim results for the six months ended 30 September 2015.

Commenting on the results, Peter Dilnot, Group Chief Executive, said:

"We have delivered revenue and profit growth in constant currency in the first half, underpinned by an encouraging improvement in our core Commercial Waste division in the Netherlands. The previously reported market pressures in the oil and gas segment and in our municipal business have offset some of this growth. The medium term outlook for all divisions remains positive.

Our expectations for 2015/16 are unchanged and the longer term growth drivers for Shanks remain attractive. We continue to focus on implementing our strategy of driving margin expansion, investing in new infrastructure, and actively managing the portfolio."

Business Overview

- Overall Group trading in line with expectations in the first half
- Commercial Waste division performing strongly due to market recovery and delivery of self-help programmes, with trading profit in Commercial Waste Netherlands up 78% at constant currency
- Hazardous Waste division investments on track, despite market headwinds in the oil and gas sector
- Municipal division build out of new infrastructure progressing, with BDR commissioned and Wakefield to commission after a short delay
- Issue of first Green retail bond to be listed on the London Stock Exchange, raising proceeds of €100m

Financial Summary

- Underlying revenue up 5% at constant currency to £297.0m
- Underlying profit before tax up 4% at constant currency to £10.7m
- Underlying EPS up 6% at constant currency to 2.1p per share
- Continued focus on capital discipline delivered core net debt better than expectations at £184m and core Net Debt:EBITDA ratio of 2.7x
- Interim dividend maintained at 1.1p per share, reflecting continued confidence in the medium term

	2015	2014	Change %	Change % Constant Currency
Underlying* revenue	**£297.0m**	**£304.8m**	**-3%**	**5%**
EBITDA	**£35.0m**	**£38.5m**	**-9%**	**0%**
Trading profit	**£17.4m**	**£18.1m**	**-4%**	**6%**
Underlying* free cash flow	**£16.4m**	**£12.7m**	**29%**	**36%**
Underlying* profit before tax	**£10.7m**	**£11.2m**	**-5%**	**4%**
Exceptional and non-trading items	**£(8.1)m**	**£(19.8)m**		
Profit (loss) after tax (statutory basis)	**£1.1m**	**£(9.7)m**		
Underlying* EPS	**2.1p**	**2.1p**	**0%**	**6%**
Basic earnings (loss) per share (statutory basis)	**0.3p**	**(2.5)p**		
Interim dividend per share	**1.1p**	**1.1p**	**-**	**-**

**Underlying measures exclude non-trading and exceptional items, financing fair value measurements and amortisation of acquisition intangibles. Trading profit is operating profit before amortisation of acquisition intangibles and exceptional items. EBITDA comprises trading profit before depreciation, amortisation and profit or loss on disposal of plant, property and equipment. Underlying free cash flow is before dividends, growth capex, acquisitions and disposals.*

Outlook

The Board's expectations for 2015/16 remain unchanged. We anticipate a stronger performance in the second half, relative to the normal seasonal trend, based on an improved output in Hazardous Waste, better offtake markets in Belgium, and lower interest costs. The second half will also see a period of planned further investment in our Municipal division in the UK and Canada.

For the year as a whole, we expect our Commercial Waste and Hazardous Waste Divisions to deliver profit growth in constant currency. The performance of our Municipal Division will be impacted by the short delay to the commissioning of Wakefield and previously reported contract changes relating to diversion targets.

Longer term, the growth drivers in our business remain attractive. We continue to focus on driving margin expansion, investing in new infrastructure, and actively managing the portfolio.

Notes:

1. The interim dividend of 1.1 pence per share will be paid on 8 January 2016 to shareholders on the register at close of business on 4 December 2015.

2. Management will be holding an analyst presentation at 9:30 a.m. today, 5 November in the James Watt Room at The Brewery, 52 Chiswell Street, London EC1Y 4SD.

3. Webcast details for the presentation at 9.30 a.m.
   – Webcast: www.shanksplc.com
   – Telephone conference:

United Kingdom	0800 3680649
Belgium	0800 392 47
Netherlands	0800 024 9942
All other locations	+44 20 3059 8125

   – Confirmation password: **Shanks**

4. A copy of this announcement is available on the Company's website, (www.shanksplc.com). A copy of the presentation being made today to financial institutions will also be available.

For further information contact:

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FORWARD-LOOKING STATEMENTS

Certain statements in this announcement constitute "forward-looking statements". Forward-looking statements may sometimes, but not always, be identified by words such as "will", "may", "should", "continue", "believes", "expects", "intends" or similar expressions. These forward-looking statements are subject to risks, uncertainties and other factors which, as a result, could cause Shanks Group's actual future financial condition, performance and results to differ materially from the plans, goals and expectations set out in the forward-looking statements. Such statements are made only as at the date of this announcement and, except to the extent legally required, Shanks Group undertakes no obligation to revise or update such forward-looking statements.

INTRODUCTION

Shanks Group plc is a leading international waste-to-product business, with market leading positions in its three operating divisions. Our vision is to be the most respected waste-to-product company and we are delivering on a clear long-term strategy for growth through sustained margin expansion, infrastructure investment in attractive market segments, and active management of the business portfolio.

The six months ended 30 September 2015 saw revenues and profits return to modest growth at constant currency, underpinned by an encouraging and long-awaited upturn in our core Netherlands commercial market.

STRATEGY

Our strategy is focused on making products from waste as a cost-effective and sustainable alternative to landfill and mass incineration. The need for such solutions continues to grow due to regulation and legislation, and as a result of society's determination to protect the environment and promote the re-use of materials. Shanks has leading positions in its target markets and a unique portfolio of businesses, capabilities and technologies.

The Group has three market-facing divisions: Commercial Waste, Hazardous Waste and Municipal. Each is a leader in its target market and has a clear strategy to deliver organic growth.

The Group has three core strategies that are applied across all three divisions:

- **Driving Margin Expansion:** using advantaged capabilities and productivity to drive improved operational performance;
- **Investing in Infrastructure:** expanding the footprint with investment in new infrastructure where advantaged and where we can deliver sustained and high quality earnings growth; and
- **Managing the Portfolio:** actively managing the business portfolio to improve returns and accelerate growth.

OVERVIEW

Continuing Operations	Revenue				Trading Profit			
	Six months ended				Six months ended			
	Sep 15	Sep 14	Variance %		Sep 15	Sep 14	Variance %	
	£m	£m	Reported	CER	£m	£m	Reported	CER
Commercial Waste	145.5	159.2	-9%	2%	8.1	7.2	13%	30%
Hazardous Waste	64.4	69.2	-7%	4%	7.3	8.0	-9%	1%
Municipal	90.2	81.0	11%	12%	5.2	5.7	-9%	-7%
Group central services	-	-			(3.2)	(2.8)	-14%	-14%
Inter-segment revenue	(3.1)	(4.6)			-	-		
Total	**297.0**	**304.8**	**-3%**	**5%**	**17.4**	**18.1**	**-4%**	**6%**

CER = at constant exchange rate.

Group underlying revenue increased by 5% at constant currency in the six months ended 30 September 2015 to £297.0m. Trading profit grew by 6% at constant currency to £17.4m, and underlying profit before tax grew by 4% at constant currency to £10.7m. Core net debt was better than expected at £184m at the period end, representing a net debt to EBITDA ratio of 2.7x, comfortably within the Group's covenant level of 3.5x.

The Commercial Waste Division reported a trading profit of £8.1m, an increase of 30% at constant currency, on revenues up by 2%. This result was underpinned by a strong performance from our improving Netherlands operations, where trading profit grew by 78% in local currency, slightly offset by a slower first half in Belgium.

The Hazardous Waste Division reported a 4% increase in revenues and a 1% increase in trading profit to £7.3m at constant currency, with the benefits of new investments coming on stream being offset by weakness in the core oil and gas markets.

The Municipal Division reported at constant currency a 12% increase in revenues, including the effect of construction revenues in Canada, but a 7% fall in profits to £5.2m as a result of the impact of previously reported contract changes.

Group Central Services costs increased by £0.4m to £3.2m due to investments in enhanced Group capabilities.

The Group continues to invest in opportunities that are expected to deliver sustained growth and attractive returns. In the first half, Shanks invested £5m in growth capital, the vast majority of which related to increasing capacity in the Hazardous Waste Division. The fully operational investment portfolio delivered slightly reduced pre-tax returns of 17.9% (March 2015: 18.1%). The Group also oversaw the expenditure of £10m of non-recourse debt into the new projects in the UK Municipal Division.

The Group delivered underlying free cash flow of £16.4m (2014: £12.7m) in the first half. Our better than expected net debt position was assisted by active management of the timing of investment flows and working capital to offset the impact of additional costs of commissioning in the Municipal Division.

In June we were pleased to issue the first Green retail bond to be listed on the London Stock Exchange. Green retail bonds are independently verified to demonstrate that the monies raised will be for sustainable purposes. The proceeds of €100m raised will be used to support our investment programme, almost all of which qualifies as green, as well as to refinance the 2010 bond which fell due for redemption in October.

Reflecting the Board's continuing confidence in the medium term growth prospects for the Group, we are pleased to announce a maintained interim dividend of 1.1p per share.

H1 to H2 Trajectory

Historically the Group has a seasonal bias towards the first half, driven by construction activity, organic growing seasons and the impact of winter weather on the second half. However, a number of factors mean that this year we expect a stronger second half, relative to the historic trend. These factors include:

- Greater throughput in Hazardous Waste and further benefits from the new water storage tanks and the new Theemsweg Total Care Centre in Rotterdam;
- Improving Belgian offtake markets, leading to increased volumes; and
- Reduced interest costs following redemption of both the €100m 2010 Belgian retail bond and our €40m Pricoa loan notes.

Outlook

The Board's expectations for 2015/16 remain unchanged. We anticipate a stronger performance in the second half, relative to the normal seasonal trend, based on an improved output in Hazardous Waste, better offtake markets in Belgium, and lower interest costs. The second half will also see a period of planned further investment in our Municipal division in the UK and Canada.

For the year as a whole, we expect our Commercial Waste and Hazardous Waste Divisions to deliver profit growth in constant currency. The performance of our Municipal Division will be impacted by the short delay to the commissioning of Wakefield and contract changes relating to diversion targets.

Longer term, the growth drivers in our business remain attractive. We continue to focus on driving margin expansion, investing in new infrastructure, and actively managing the portfolio.

DIVISIONAL REVIEW

The divisional review is presented with reference to performance variances in local currency unless otherwise stated, with the impact of currency movements excluded.

Commercial Waste Division

	Revenue				Trading Profit			
	Six months ended				Six months ended			
	Sep 15	Sep 14	Variance		Sep 15	Sep 14	Variance	
Netherlands Commercial Waste	126.5	118.8	7.7	6%	8.2	4.6	3.6	78%
Belgium Commercial Waste	75.4	79.3	(3.9)	-5%	3.1	4.1	(1.0)	-24%
Total €m	**201.9**	**198.1**	**3.8**	**2%**	**11.3**	**8.7**	**2.6**	**30%**
Total £m (at average rate)	**145.5**	**159.2**	**(13.7)**	**-9%**	**8.1**	**7.2**	**0.9**	**13%**

	Trading Margin		Return on Operating Assets	
Netherlands Commercial Waste	6.5%	3.9%	7.2%	5.1%
Belgium Commercial Waste	4.1%	5.2%	42.4%	36.7%
Total	**5.6%**	**4.4%**	**9.9%**	**8.6%**

The Commercial Waste Division comprises solid waste collection and treatment activities across the Netherlands and Belgium along with organics processing sites in the Netherlands and various smaller units in Belgium.

The Commercial Waste Division delivered a strong performance in the first half, with revenues up by 2% and trading profit up by 30% at constant currency. Reported trading profit improved by 13% to £8.1m.

Netherlands

Conditions in the Netherlands commercial markets continued to improve in the first half, in line with the forecasts made a year ago. Our core Dutch construction market has now had a ten month recovery from sixty year lows, driven in particular by increased activity in residential construction and by smaller building firms. Whilst this is encouraging, a broader based recovery remains constrained by continued low levels of investment in commercial property and infrastructure, and by the weakened balance sheets and operating margins of many of the larger Dutch construction companies. The commercial segment has grown slightly in the first half, with GDP up 1.8%. Commercial volumes have remained broadly flat but pricing has improved in response to the increased costs of incineration due to greater capacity utilisation and the incinerator tax.

Revenue in the Netherlands increased by 6% to €126.5m, on the back of increased construction volumes, higher commercial prices and firmer recyclate pricing. Volumes were flat overall, with declines in landfill and sludges offset by increases in construction and wood. Trading profit increased by 78% to €8.2m as a result of the high operational gearing and the flow through of improved recyclate income. Trading margin increased by 260 basis points to 6.5% and the return on operating assets increased by 210 basis points to 7.2%.

The continued recovery in our end markets has been supplemented by the impact of our self-help programmes. Our commercial effectiveness programme has focused our activities on more profitable segments and has led to the exit from loss making customers. During the first half we renewed our organics composting contract with Omrin in the northern Netherlands for up to 5 years. This contract, worth €2.3m per annum, underpins our Drachten facility for the medium term. We were also pleased to sign a six year contract for the sale of Icopower pellet fuel to a cement kiln in Sweden.

Our cost reduction programmes have also continued to deliver material benefits: a dedicated programme has resulted in a 190 basis points reduction in sickness levels and cost management programmes have resulted in a sustained improvement in performance at our Icova facility in Amsterdam. Our continuous improvement programme has also made good progress in the first half, with the first full lean conversion of one of our operating companies coming to the end of the pilot phase.

We have also continued to invest in carefully targeted capital projects in the Dutch Commercial business that will deliver attractive returns. The new sorting line at van Vliet Contrans is performing very well and delivering good growth, and a new warehouse at Icova will drive cost reduction in the storage and transport of Icopower pellets. We have also made good progress in securing the necessary permits to start construction of our new depot at Zoeterwoude.

Belgium

The Belgian market was mixed in the first half. Waste volumes arising and gate fees remained broadly flat, with some growth in Flanders offset by weakness in our larger Wallonia market. However, previously reported challenges in the core offtake markets of wood dust for power generation and SRF for cement production continued well into the current fiscal year. Tax increases on waste that were introduced in both Wallonia and Flanders in July were successfully passed on to the market.

Revenues fell by 5% to €75.4m, primarily as a result of operating only one shift of SRF production in Gent and ongoing disruption at our primary wood dust customer. Trading profit fell by 24% to €3.1m driven by the same key factors. Overall, volumes for solid waste inputs in Belgium were down on the prior year principally due to the reduced throughput at Gent although prices were slightly ahead. Looking to the second half, we have resumed full supply of wood dust to our major customer, and anticipate increasing SRF production and supply from Gent in the third quarter.

We were pleased during the period to be granted a permit by the government of Wallonia to extend the valorisation phase of the Cetem landfill by a further four years in order to complete the shaping of the landfill prior to closure.

We have also been implementing self-help programmes in Belgium. We have made good progress in relation to a full lean conversion of our Gent site, which is expected to deliver significant benefits next year, and we have also rolled out our commercial effectiveness programme into Belgium following its success in the Netherlands.

During the period we continued to add focus to the Belgian portfolio of assets, completing the sale of our non-core operations in northern France for a small consideration.

Hazardous Waste

	Revenue				Trading Profit			
	Six months ended				Six months ended			
	Sep 15	Sep 14	Variance		Sep 15	Sep 14	Variance	
Total €m	**89.4**	**86.1**	**3.3**	**4%**	**10.1**	**10.0**	**0.1**	**1%**
Total £m (at average rate)	**64.4**	**69.2**	**(4.8)**	**-7%**	**7.3**	**8.0**	**(0.7)**	**-9%**

	Trading Margin		Return on Operating Assets	
Total	**11.3%**	**11.6%**	**23.2%**	**28.5%**

The Hazardous Waste Division comprises ATM, one of Europe's largest facilities for the treatment of contaminated soil, water, sludges and packed chemical waste, and Reym, one of the leading industrial cleaning companies in the Netherlands.

The Hazardous Waste Division delivered a robust performance in the first half despite facing significant headwinds from its core oil and gas markets: revenues were up 4% to €89.4m and trading profit up 1% to €10.1m.

The oil market has seen a contraction in industrial cleaning activity, in particular major shutdowns, and a fall in the volumes of industrial sludges for treatment at ATM. Furthermore, the waste industry is facing off-take challenges for the resale of surplus waste oils. In the gas market, production is being limited by authorities in response to environmental concerns. The lower activity in the oil and gas market is expected to persist through the remainder of the year, and we are carefully reviewing our operating capacity and plans to respond to this weaker environment. Longer term, we believe that cleaning activities and associated waste volumes for treatment at ATM will return to normalised levels.

Other market segments have performed better: ship cleaning volumes have continued to grow and soil intake has been in line with expectations. These markets are forecast to continue to grow due to the increased enforcement of legislation and underlying increases in demand.

Operationally, ATM experienced one-off challenges in the first half. In July, the waterside processing plant was contaminated by the delivery of sludges containing a large quantity of molybdenum. The biological reactors and other process equipment were out of action for around two weeks for decontamination and significant costs were incurred to dispose of the affected sludges. These costs, totalling around €1.9m (£1.4m), have been taken as an exceptional item and we are seeking recovery of these costs. In addition, we have identified an over-recognition of revenue from the processing of soil from the soil shed following an operational process change as part of our investment programme in late 2014. The €1.4m (£1.0m) prior year's element of this has been taken as a non-trading item for this year. As a result we have reviewed all process and financial controls and additional measures have been put in place to prevent recurrence of this issue.

The investment programme has continued to be implemented on budget and on time. The new water storage tanks were commissioned at the start of the year, and were instrumental in reducing the impact of the contamination incident. These tanks are capable of containing nearly a month of production capacity and provide a valuable buffer stock to protect operations from fluctuations in the supply of high volume waters. We were also pleased to fully commission the Theemsweg Total Care facility in the heart of Rotterdam's Europoort on time and on budget.

Municipal

	Revenue				Trading Profit			
	Six months ended				Six months ended			
	Sep 15	Sep 14	Variance		Sep 15	Sep 14	Variance	
UK Municipal	80.4	74.9	5.5	7%	4.2	5.0	(0.8)	-16%
Canada Municipal	10.6	6.1	4.5	74%	1.4	1.3	0.1	8%
Bid costs	-	-	-		(0.3)	(0.6)	0.3	
Total £m (at constant currency)	**91.0**	**81.0**	**10.0**	**12%**	**5.3**	**5.7**	**(0.4)**	**-7%**
Total £m (at average rate)	**90.2**	**81.0**	**9.2**	**11%**	**5.2**	**5.7**	**(0.5)**	**-9%**

	Trading Margin	
UK Municipal	5.2%	6.7%
Canada Municipal	13.2%	21.3%
Total	**5.8%**	**7.0%**

The Municipal Division is a UK market leader in providing mechanical biological treatment (MBT) and anaerobic digestion (AD) solutions to divert municipal waste from landfill and is also a leader in Canada in the diversion of municipal organic waste from landfill through composting and AD.

In the six months ended 30 September 2015, the Division performed robustly in tightening markets and in the face of previously reported contract amendments. Revenues grew by 12% to £91m while trading profit fell by 7% to £5.3m at constant currency.

UK Municipal

The UK business grew revenues by 7% to £80.4m, with the Barnsley, Doncaster and Rotherham (BDR) contract entering full service in July 2015. However, trading profit fell by 16% to £4.2m due to previously reported amendments in the Derby and ELWA contracts.

Operational performance was strong across the business. Increasing austerity for our customers continues to put pressure on them to maximise value from their waste contracts. We work with them to reduce costs through enhanced diversion, but the market has been tightening with increasing gate fees for the disposal of RDF in Europe, over-supply of SRF in the UK and further pressure on recyclate income and insurance costs. While our long-term contracts provide us with a degree of protection against these pressures, the impact on our customers, and therefore on us, has increased margin pressure. In response, we have undertaken successful lean conversion and productivity programmes at ELWA and we are implementing a procurement programme across the division.

We were delighted to commission the BDR facility on schedule. Early performance is rapidly improving towards target levels after some initial extra costs, including additional diversion pending the final commissioning of the Ferrybridge multi-fuel facility to which we send our RDF. Our Wakefield facility is largely complete and operational but will enter full service around four months late due to the insolvency of the constructor of the AD facility on the site. The project and operational teams have worked hard to minimise the impact of this event that was beyond our control. As previously announced the impact of liquidated damages and other related expenses of up to £5m will be reported as an exceptional item, £4.6m in the first half. Construction of the waste-to-energy facility at Derby is progressing well and is on track for full service commencement in the first half of 2017.

We completed the £5m expansion of our Energen Biogas (EBG) joint venture at Cumbernauld in Scotland in September. The EBG plant has almost doubled capacity and is now the largest AD facility in the UK. A new gas-to-grid capability, to add to the existing electricity generation, will be commissioned in the second half. Our Westcott Park facility in England is now operating.

Canada Municipal

Revenues in Canada Municipal grew by 74% to £10.6m and trading profit by 8% to £1.4m at constant currency. The principal driver of the revenue growth was the recognition of the revenues and costs of the build programme for our new bio-fuel facility in Surrey, Canada. Unlike our UK PFI contracts, we are acting as principal and not agent in this build programme: therefore the revenues and costs of construction are shown in our income statement with a modest margin. The Surrey facility is progressing well and is expected to enter full service in 2017. Excluding the Surrey construction activities, the business was broadly flat, with ongoing weaker volumes from Toronto into our London facility offsetting cost reductions. New compost regulations have been introduced which are presenting short term operational and offtake market challenges: these may be addressed by a moderate investment in enhanced capability next year.

FINANCE REVIEW

Revenue and profit

Underlying revenue grew by 5% at constant currency to £297.0m (a fall of 3% at actual rates). All divisions showed growth at constant currency.

Trading profit from continuing operations, before non-trading and exceptional items, increased by 6% at constant currency to £17.4m (a fall of 4% at actual rates). The principal driver of this performance was an encouraging recovery in the performance of our Commercial Waste Division in the Netherlands.

The operating result from continuing operations on a statutory basis, which takes into account non-trading and exceptional items, was a profit of £9.3m (2014: loss of £1.8m).

The profit before tax from continuing operations on a statutory basis including the impact of non-trading and exceptional items in the period was £2.6m (2014: loss of £8.6m).

Non-trading and exceptional items excluded from pre-tax underlying profits

To enable a better understanding of underlying performance, certain items are excluded from trading profit and underlying profit before tax due to their size, nature or incidence.

Total non-trading and exceptional items from continuing operations were sharply reduced, as anticipated, to £8.1m (2014: £19.8m). These items are further explained in note 3 to the financial statements and include:

- Impact of liquidated damages and other associated costs on Wakefield contract of £4.6m (2014: £nil).
- Contamination issue at ATM waterside of £1.4m (2014: £nil).
- Prior year over-recognition of soil revenues in ATM of £1.0m (2014:£nil).
- Amortisation of intangible assets acquired in business combinations of £0.9m (2014: £1.0m).

Net finance costs

Overall net finance costs decreased by £0.1m in the period. On core borrowings there were increased charges from the overlap of the third Belgian retail bond and higher amortisation charges net of favourable currency movements. The higher level of finance income is due to an increase in interest receivable on financial assets relating to PFI/PPP contracts as the build programme for the BDR and Wakefield contracts continued.

Taxation

The effective tax rate on underlying profits from continuing operations was 21.7% (2014: 24.0%) based on management's best estimate of the weighted average annual tax rate expected for the full financial year.

Earnings per share (EPS)

Underlying EPS from continuing operations, which excludes the effect of non-trading and exceptional items, increased by 6% at constant currency to 2.1p per share (2014: 2.1p). Basic EPS from continuing operations returned to a profit of 0.3p per share compared to a loss of 2.5p per share in the prior year.

Dividend

The Board has approved an interim dividend of 1.1 pence per share (2014: 1.1 pence) that will be paid on 8 January 2016, to shareholders on the register at the close of business on 4 December 2015.

Retirement benefits

The Group operates a defined benefit pension scheme for certain UK employees which has been closed to new entrants since September 2002. At 30 September 2015, the net retirement benefit deficit relating to the UK scheme was £18.1m compared with £13.1m at 31 March 2015. The increase in the deficit reflected the fall in asset values in the period net of a reduction in liabilities given the increase in discount rates in the period. The latest actuarial valuation of the scheme was at 5 April 2012 and a funding plan of £3.1m per annum over seven years was agreed with the trustees. This payment profile will be reconsidered once the outcome of the actuarial valuation as at 5 April 2015 has been finalised.

Directors' valuation of UK PFI assets

The Directors' valuation of the net present value of the UK PFI assets has been increased by £5m to £115m based on updated conservative projections. This value is not recorded in the Group's balance sheet.

Return on Capital

The Group return on operating assets (excluding debt, tax and goodwill) from continuing operations increased from 12.2% at 31 March 2015 to 12.4% at 30 September 2015. The total Group post-tax return on capital employed was 6.3% compared with 6.0% at 31 March 2015.

Investment programme

The Group has had a stated strategy of investing in sustainable waste management infrastructure, with a target pre-tax return of 15-20% on fully operational assets (post-tax return of 12-15%). At 30 September 2015, the fully operational proportion of the investment portfolio delivered a pre-tax return of 17.9% (March 2015: 18.1%). The portfolio as a whole delivered a pre-tax return of 13.8% (March 2015:14.9%).

The investment in the Municipal programme has progressed rapidly with the commissioning of BDR, the near-completion of Wakefield and good progress in construction at Derby. For the period to 30 September 2015, the PFI financial assets reduced by £1.2m to £277m due to further construction spend in BDR, Wakefield and Surrey net of reductions as BDR entered full service. Asset increases are broadly matched by increases in non-recourse debt that is lent directly to the UK PFI funding entities with no recourse to the Group as a whole. The build on the Derby contract will not be reflected in financial assets as we hold our interest in this contract in a joint venture.

Cash Flow

A summary of the total cash flows in relation to core funding is shown below.

	Sep 15 £m	Sep 14 £m
EBITDA	34.9	38.4
Working capital movement and other	(1.4)	(0.5)
Net replacement capital expenditure	(9.2)	(17.4)
Interest and tax	(7.9)	(7.8)
Underlying free cash flow	**16.4**	**12.7**
Growth capital expenditure	(4.8)	(5.4)
Acquisitions and disposals	2.8	0.4
Restructuring spend	(1.2)	(3.6)
Dividends paid	(9.3)	(9.3)
UK PFI funding	(21.6)	1.8
Canada Municipal funding	(3.2)	-
Other	(4.6)	(3.1)
Net core cash flow	**(25.5)**	**(6.5)**
Free cash flow conversion	**95%**	**70%**

All numbers above include both continuing and discontinued operations
Free cash flow conversion is defined as underlying free cash flow divided by trading profit

The strong focus on cash management and tight control of capital expenditure has continued and resulted in a strong cash performance in the six months ended 30 September 2015.

Replacement capital expenditure remained tightly controlled at £9.2m following catch-up expenditure in the prior year.

The cash interest and tax spend in the period at £7.9m was slightly ahead of last year as a result of timing on tax payments in the Netherlands, payment of loan fees and lower overall interest payments following the receipt of the Green retail bond proceeds.

Growth capital spend of £4.8m was principally in Hazardous Waste and included expenditure on storage tanks at ATM and the Theemsweg facility.

The acquisitions and disposals income of £2.8m in the current period primarily reflects the sale of the land and buildings of our former site at Kettering.

UK PFI funding outflow of £21.6m includes an injection of £10.2m of subordinated debt into BDR, along with other additional costs of project completion and commissioning at BDR and Wakefield.

The exchange rate on the Euro has moved from 1.38 at 31 March 2015 to 1.36 at 30 September 2015.

Net debt and borrowings

The net core cash outflow of £25.5m along with an adverse exchange effect of £3.8m on the translation into Sterling of the Group's Euro and Canadian Dollar denominated debt and loan fee amortisation has resulted in a core net debt increase of £28.7m to £183.7m. Core net debt was better than expectations at the half year. Net debt to EBITDA was 2.7x, comfortably within our covenants. Overall, net debt is expected to be around £200m at year end, in line with original guidance.

Core borrowings, excluding PFI/PPP non-recourse borrowings, are almost all long term, as outlined in the table below.

All figures in £m	Available	Drawn	Term
€100m Belgian retail bond	73.7	73.7	Oct-15
€100m Belgian retail bond	73.7	73.7	Jul-19
€100m Belgian Green retail bond	73.7	73.7	Jun-22
Term & revolving credit facility	132.7	14.5	Jan-19
Total debt and facilities	353.8	235.6	
Finance leases		10.2	
Loan fees		(2.6)	
Cash		(59.5)	
Core net debt		183.7	

During the period, we issued a €100m Green retail bond in the Belgian market, our third bond issue in Belgium, but our first Green bond. A bond can only be classified as Green if the funds raised will be used for sustainable purposes, which is the case for almost all of the investments made by Shanks. The new bond has a tenor of seven years and a coupon of 3.65%. In October 2015 we redeemed our first Belgian retail bond, which had a tenor of five years and a coupon of 5%. We also redeemed in June 2015 our PRICOA senior notes of €40m.

Debt accumulated in the special purpose vehicles (SPVs) created for the financing of PFI/PPP programmes is separate from the Group core debt and is secured over the assets of the SPVs with no recourse to the Group as a whole. At 30 September 2015 this amounted to £196.6m (31 March 2015: £222.6m). While PFI assets are under construction, there are periods when the timing of draw downs from the non-recourse debt differs from the outflows required and the Group may temporarily fund any difference.

Principal risks and uncertainties

The Group operates a risk management framework to identify, assess and control the most serious risks facing the Group and the Board believes that the key risks and associated mitigation strategies have not changed in the period. The 2015 Annual Report (pages 61 to 67) provides a discussion of the Group's principal risks and uncertainties and these are as follows:

- Waste volumes - that incoming waste volumes in the market may fall.
- Investment and growth: cash risk - that funding sources are available but that cash generation is insufficient to allow access to funding.
- Pricing competition - that market pricing may put pressure on our margins.
- Talent development/leadership - that we may lack the required management capabilities.
- Long-term contracts - that we enter into long-term contracts at disadvantageous terms or we rely on a small number of large contracts.
- Investment and growth: financing risk - that funding is not available.
- Health and safety - that we incur reputational loss or civil and criminal costs.
- Recyclate pricing - that the value we receive for recycled and recovered products falls.
- Fire and business continuity planning - business interruption and other costs as a result of a disaster such as fire.
- Project execution - that we fail to deliver our investment and cost reduction programmes.
- ICT failure - that ICT failure causes business interruption or loss.
- Operational failure - operational failure at a key facility leading to business interruption and other costs.
- Output recyclate / recovered product volumes - that the volumes of products we place to market falls.

- Environmental permit risk – that our environmental permits to operate are restricted or removed.

Looking forward over the remainder of the financial year, the biggest areas of risk focus for the Group concern waste volumes linked to both market and weather conditions, pricing competition and recyclate pricing in the solid waste market. We are also focused on ensuring that capacity ramps in Hazardous Waste as planned. Fire remains a significant risk in waste treatment but we continue to implement improvements to mitigate this risk.

Statement of the Directors' responsibilities

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last Annual Report.

There have been no amendments to the Board of Directors of Shanks Group plc since the 2015 Annual Report. A list of current Directors is maintained on the Shanks Group plc website: www.shanksplc.com.

By order of the Board

P Dilnot
Group Chief Executive
5 November 2015

T Woolrych
Group Finance Director
5 November 2015

Consolidated Interim Income Statement (unaudited)

First half ended 30 September 2015

		First half 2015/16			First half 2014/15		
	Note	**Trading £m**	**Non-trading & exceptional items £m**	**Total £m**	Trading £m	Non-trading & exceptional items £m	Total £m
Revenue	2	**297.0**	**(1.0)**	**296.0**	304.8	-	304.8
Cost of sales		**(250.5)**	**(2.3)**	**(252.8)**	(257.0)	(2.5)	(259.5)
Gross profit		**46.5**	**(3.3)**	**43.2**	47.8	(2.5)	45.3
Administrative expenses		**(29.1)**	**(4.8)**	**(33.9)**	(29.7)	(17.4)	(47.1)
Operating profit (loss)	2,3	**17.4**	**(8.1)**	**9.3**	18.1	(19.9)	(1.8)
Finance income	2	**8.7**	**-**	**8.7**	6.8	0.1	6.9
Finance charges	2	**(15.8)**	-	**(15.8)**	(14.0)	-	(14.0)
Share of results from associates and joint ventures		**0.4**	-	**0.4**	0.3	-	0.3
Profit (loss) before taxation	2	**10.7**	**(8.1)**	**2.6**	11.2	(19.8)	(8.6)
Taxation	3,4	**(2.3)**	**0.8**	**(1.5)**	(2.7)	1.6	(1.1)
Profit (loss) for the period from continuing operations		**8.4**	**(7.3)**	**1.1**	8.5	(18.2)	(9.7)
Discontinued operations							
Profit (loss) for the period from discontinued operations	5	**(0.1)**	**0.4**	**0.3**	(0.1)	-	(0.1)
Profit (loss) for the period		**8.3**	**(6.9)**	**1.4**	8.4	(18.2)	(9.8)
Attributable to:							
Owners of the parent		**8.2**	**(6.9)**	**1.3**	8.4	(18.2)	(9.8)
Non-controlling interest		**0.1**	**-**	**0.1**	-	-	-
		8.3	**(6.9)**	**1.4**	8.4	(18.2)	(9.8)
Basic earnings (loss) per share attributable to owners of the parent (pence per share)							
Continuing operations	6	**2.1**	**(1.8)**	**0.3**	2.1	(4.6)	(2.5)
Discontinued operations	6	**-**	**0.1**	**0.1**	-	-	-
		2.1	**(1.7)**	**0.4**	2.1	(4.6)	(2.5)
Diluted earnings (loss) per share attributable to owners of the parent (pence per share)							
Continuing operations	6	**2.1**	**(1.8)**	**0.3**	2.1	(4.6)	(2.5)
Discontinued operations	6	**-**	**0.1**	**0.1**	-	-	-
		2.1	**(1.7)**	**0.4**	2.1	(4.6)	(2.5)

Consolidated Interim Statement of Comprehensive Income (unaudited)

First half ended 30 September 2015

	First half 2015/16 £m	First half 2014/15 £m
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign subsidiaries	**0.4**	(12.2)
Fair value movement on cash flow hedges	**4.0**	(8.2)
Deferred tax on fair value movement on cash flow hedges	**(0.7)**	1.6
Share of other comprehensive income of investments accounted for using the equity method	**0.3**	-
	4.0	(18.8)
Items that will not be reclassified to profit or loss:		
Actuarial loss on defined benefit pension scheme	**(7.5)**	(7.5)
Deferred tax on actuarial loss on defined benefit pension scheme	**1.5**	1.5
	(6.0)	(6.0)
Other comprehensive loss for the period, net of tax	**(2.0)**	(24.8)
Profit (loss) for the period	**1.4**	(9.8)
Total comprehensive loss for the period	**(0.6)**	(34.6)
Attributable to:		
Owners of the parent	**(1.0)**	(34.1)
Non-controlling interest	**0.4**	(0.5)
Total comprehensive loss for the period	**(0.6)**	(34.6)
Total comprehensive loss attributable to owners of the parent arising from:		
Continuing operations	**(1.3)**	(34.0)
Discontinued operations	**0.3**	(0.1)
	(1.0)	(34.1)

Consolidated Interim Balance Sheet (unaudited)

As at 30 September 2015

	Note	**30 September 2015 £m**	30 September 2014 £m	31 March 2015 £m
Assets				
Non-current assets				
Intangible assets		**175.3**	186.5	173.8
Property, plant and equipment		**279.7**	308.1	282.9
Investments		**11.5**	8.6	10.1
Financial assets relating to PFI/PPP contracts		**271.5**	214.3	246.6
Trade and other receivables		**0.8**	2.2	2.2
Deferred tax assets		**22.2**	15.6	21.7
		761.0	735.3	737.3
Current assets				
Inventories		**6.9**	8.8	6.9
Financial assets relating to PFI/PPP contracts		**5.5**	28.2	31.6
Trade and other receivables		**121.9**	130.1	121.0
Derivative financial instruments	11	**-**	-	0.1
Current tax receivable		**-**	0.2	0.1
Cash and cash equivalents		**59.5**	89.9	60.8
		193.8	257.2	220.5
Assets classified as held for sale	5	**1.1**	3.5	3.5
		194.9	260.7	224.0
Total assets		**955.9**	996.0	961.3
Liabilities				
Non-current liabilities				
Borrowings - PFI/PPP non-recourse net debt		**(164.1)**	(134.5)	(160.3)
Borrowings - Other		**(167.3)**	(236.4)	(140.8)
Derivative financial instruments	11	**(38.4)**	(23.3)	(43.8)
Other non-current liabilities		**(4.5)**	(0.3)	(0.6)
Deferred tax liabilities		**(29.5)**	(35.6)	(30.2)
Provisions	9	**(38.7)**	(34.2)	(40.4)
Defined benefit pension scheme deficit	10	**(22.6)**	(19.3)	(16.4)
		(465.1)	(483.6)	(432.5)
Current liabilities				
Borrowings - PFI/PPP non-recourse net debt		**(32.5)**	(58.7)	(62.3)
Borrowings - Other		**(75.9)**	(3.3)	(75.0)
Derivative financial instruments	11	**(1.5)**	(0.9)	(0.3)
Trade and other payables		**(183.8)**	(202.1)	(187.0)
Current tax payable		**(8.3)**	(8.9)	(6.3)
Provisions	9	**(9.9)**	(8.3)	(8.8)
		(311.9)	(282.2)	(339.7)
Total liabilities		**(777.0)**	(765.8)	(772.2)
Net assets		**178.9**	230.2	189.1
Equity				
Share capital		**39.8**	39.8	39.8
Share premium		**100.0**	100.0	100.0
Exchange reserve		**11.8**	24.4	11.4
Retained earnings		**28.7**	66.7	39.7
Equity attributable to owners of the parent		**180.3**	230.9	190.9
Non-controlling interest		**(1.4)**	(0.7)	(1.8)
Total equity		**178.9**	230.2	189.1

Consolidated Interim Statement of Changes in Equity (unaudited)

First half ended 30 September 2015

	Share capital £m	Share premium £m	Exchange reserve £m	Retained earnings £m	Non-controlling interest £m	Total equity £m
Balance at 1 April 2015	**39.8**	**100.0**	**11.4**	**39.7**	**(1.8)**	**189.1**
Profit for the period	**-**	**-**	**-**	**1.3**	**0.1**	**1.4**
Other comprehensive income (loss)	**-**	**-**	**0.4**	**(2.7)**	**0.3**	**(2.0)**
Total comprehensive income (loss) for the period	**-**	**-**	**0.4**	**(1.4)**	**0.4**	**(0.6)**
Share-based compensation	**-**	**-**	**-**	**(0.1)**	**-**	**(0.1)**
Movement on tax arising on share-based compensation	**-**	**-**	**-**	**(0.2)**	**-**	**(0.2)**
Dividends	**-**	**-**	**-**	**(9.3)**	**-**	**(9.3)**
Balance as at 30 September 2015	**39.8**	**100.0**	**11.8**	**28.7**	**(1.4)**	**178.9**
Balance at 1 April 2014	39.8	99.9	36.6	97.4	(0.2)	273.5
Loss (profit) for the year	-	-	-	(17.0)	0.1	(16.9)
Other comprehensive loss	-	-	(25.2)	(28.5)	(1.7)	(55.4)
Total comprehensive loss for the year	-	-	(25.2)	(45.5)	(1.6)	(72.3)
Share-based compensation	-	-	-	1.3	-	1.3
Movement on tax arising on share-based compensation	-	-	-	0.2	-	0.2
Proceeds from exercise of employee options	-	0.1	-	-	-	0.1
Dividends	-	-	-	(13.7)	-	(13.7)
Balance as at 31 March 2015	39.8	100.0	11.4	39.7	(1.8)	189.1
Balance at 1 April 2014	39.8	99.9	36.6	97.4	(0.2)	273.5
Loss for the period	-	-	-	(9.8)	-	(9.8)
Other comprehensive loss	-	-	(12.2)	(12.1)	(0.5)	(24.8)
Total comprehensive loss for the period	-	-	(12.2)	(21.9)	(0.5)	(34.6)
Share-based compensation	-	-	-	0.4	-	0.4
Movement on tax arising on share-based compensation	-	-	-	0.1	-	0.1
Proceeds from exercise of employee options	-	0.1	-	-	-	0.1
Dividends	-	-	-	(9.3)	-	(9.3)
Balance as at 30 September 2014	39.8	100.0	24.4	66.7	(0.7)	230.2

The exchange reserve comprises all foreign exchange differences arising since 1 April 2005 from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Group's net investment in foreign operations.

Consolidated Interim Statement of Cash Flows (unaudited)

First half ended 30 September 2015

	Note	**First half 2015/16 £m**	First half 2014/15 £m
Cash flows from operating activities	12	**28.5**	31.0
Income tax paid		**(0.5)**	(1.6)
Net cash generated from operating activities		**28.0**	29.4
Investing activities			
Purchases of intangible assets		**(0.5)**	(0.4)
Purchases of property, plant and equipment		**(14.8)**	(19.2)
Acquisition of business assets		**-**	(0.4)
Disposals of property, plant and equipment		**1.3**	0.6
Proceeds from disposal of subsidiary		**0.4**	-
Proceeds from exiting UK Solid Waste		**2.4**	0.8
Outflows in respect of PFI/PPP arrangements under the financial asset model		**(20.6)**	(38.6)
Capital received in respect of PFI/PPP financial assets		**21.0**	2.2
Finance income		**3.7**	2.3
Dividends received from associates and joint ventures		**0.1**	-
Investment in joint venture		**(0.7)**	-
Receipt of deferred consideration		**0.3**	0.1
Net cash used in investing activities		**(7.4)**	(52.6)
Financing activities			
Finance charges and loan fees paid		**(11.1)**	(8.6)
Dividends paid	7	**(9.3)**	(9.3)
Proceeds from issuance of ordinary shares		**-**	0.1
Proceeds from the issuance of retail bonds		**71.4**	-
Proceeds from loan from non-controlling interest		**3.4**	-
Repayment of senior notes		**(28.5)**	-
Repayment of bank borrowings		**(17.4)**	(8.4)
Proceeds from PFI/PPP net debt		**4.7**	39.1
Repayment of PFI/PPP net debt		**(33.8)**	(0.9)
Repayments of obligations under finance leases		**(1.7)**	(1.4)
Net cash (used in) generated from financing activities		**(22.3)**	10.6
Net decrease in cash and cash equivalents		**(1.7)**	(12.6)
Effect of foreign exchange rate changes		**0.4**	(1.7)
Cash and cash equivalents at the beginning of the period		**60.8**	104.2
Cash and cash equivalents at the end of the period		**59.5**	89.9

Notes to the Consolidated Interim Financial Statements (unaudited)

1. Basis of preparation

General information
Shanks Group plc is a public limited company incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438.

This condensed set of consolidated interim financial statements for the six months ended 30 September 2015 has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority and with IAS 34 Interim Financial Reporting as adopted by the European Union. They should be read in conjunction with the 2015 Annual Report and Accounts, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations as adopted by the European Union. The 2015 Annual Report and Accounts are available from the Company's website www.shanksplc.com.

These primary statements and selected notes comprise the unaudited interim consolidated financial results of the Group for the six months ended 30 September 2015 and 2014, together with the audited results for the year ended 31 March 2015. These interim financial results do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The comparative figures as at 31 March 2015 have been extracted from the Group's statutory Annual Report and Accounts for that financial year, but do not constitute those accounts. Those statutory accounts for the year ended 31 March 2015 were approved by the Board of Directors on 21 May 2015 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

Having reassessed the principal risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

The Board of Directors approved, on 5 November 2015, this condensed set of consolidated interim financial statements which have been reviewed by PricewaterhouseCoopers LLP but not been audited (see page 32).

Accounting policies and principal risks
The results have been prepared applying the accounting policies and presentation that were used in the preparation of the 2015 Annual Report and Accounts except as described below. Taxes on income in the interim periods are accrued using the estimated tax rate that would be applicable to expected total annual profit or loss. New standards have no significant impact on the consolidated results or financial position in the current financial period.

Changes in presentation
The Group has changed the composition of its reportable segments with effect from 1 April 2015. This has been undertaken following the implementation of a new divisional structure to align the businesses more closely with our customers and to reflect the information provided to the chief operating decision maker in order to assess performance and to make decisions on allocating resources. The following changes were made to the reportable segments:

- Commercial Waste combines the Benelux Solid Waste division with the Netherlands Organics segment and the Belgium Organics business unit.
- Municipal combines the UK Municipal division with the Canada segment and the UK Organics business unit.
- Hazardous Waste and Group central services reportable segments are unchanged by the new structure.

As required under IFRS 8 Operating Segments, the Group has restated the corresponding items of segment information for earlier periods to ensure consistent comparisons to the new structure. Segment information under the previous format is also included for information purposes.

The Finance Review includes consideration of the principal risks and uncertainties affecting the Group in the remaining six months of the year.

Notes to the Consolidated Interim Financial Statements (unaudited)

1. Basis of Preparation – continued

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

In preparing these condensed consolidated interim financial statements, the nature of the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended 31 March 2015 and can be found on pages 115 to 117 of the 2015 Annual Report and Accounts.

Underlying business performance
The Group believes that trading profit, underlying profit before tax, underlying profit after tax, underlying free cash flow, underlying earnings per share and EBITDA (earnings before interest, tax, depreciation and amortisation) provide useful information on underlying trends to shareholders. These measures are used by the Group for internal performance analysis and incentive compensation arrangements for employees.

The terms 'trading profit', 'exceptional items' and 'underlying' are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. It is not intended to be a substitute for, or superior to, GAAP measurements of profit.

The term 'underlying' refers to the relevant measure being reported for continuing operations excluding non-trading and exceptional items, financing fair value remeasurements and amortisation of acquisition intangibles, excluding landfill void and computer software. Trading profit is defined as continuing operating profit before amortisation of acquisition intangibles and exceptional items. EBITDA comprises trading profit before depreciation, amortisation and profit or loss on disposal of plant, property and equipment, as shown in note 3.

Non-trading and exceptional items
Items classified as non-trading and exceptional are disclosed separately due to their size or incidence to enable better understanding of performance. These include, but are not limited to, significant impairments, restructuring of the activities on an entity including employee severance costs, aborted acquisition and disposal transaction costs, onerous contracts, significant provision releases and profit or loss on disposal of properties. A full listing of those items presented as non-trading and exceptional is shown in note 3.

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

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

Closing Rates

Value of £1	**30 September 2015**	30 September 2014	Change	31 March 2015	Change
Euro	**1.36**	1.28	5.7%	1.38	(1.9)%
Canadian dollar	**2.03**	1.81	12.1%	1.88	8.0%

Average Rates

Value of £1	**30 September 2015**	30 September 2014	Change
Euro	**1.39**	1.25	11.1%
Canadian dollar	**1.95**	1.83	6.7%

Notes to the Consolidated Interim Financial Statements (unaudited)

2. Segmental reporting

The Group's chief operating decision maker is considered to be the Board of Directors. The Group's reportable segments are determined with reference to the information provided to the Board of Directors in order for it to allocate the Group's resources and to monitor the performance of the Group.

Following the implementation of the new divisional structure the Group's reportable segments are:

Commercial Waste	Collection and treatment of commercial waste in the Netherlands and Belgium.
Hazardous Waste	Industrial cleaning and treatment of hazardous waste.
Municipal	Operation of waste management facilities under long-term municipal contracts in the UK and Canada.
Group central services	Head office corporate function.

The profit measure the Board of Directors uses to evaluate performance is trading profit. Trading profit is continuing operating profit before the amortisation of acquisition intangibles (excluding landfill void and computer software), non-trading and exceptional items. The Group accounts for inter-segment trading on an arm's length basis.

The segmental information under the new structure at 30 September 2015 is as follows:

Revenue	**First half 2015/16 £m**	Restated* First half 2014/15 £m
Netherlands Commercial Waste	**91.2**	95.5
Belgium Commercial Waste	**54.3**	63.7
Commercial Waste	**145.5**	159.2
Hazardous Waste	**64.4**	69.2
UK Municipal	**80.4**	74.9
Canada Municipal	**9.8**	6.1
Municipal	**90.2**	81.0
Inter-segment revenue	**(3.1)**	(4.6)
Total revenue from continuing operations#	**297.0**	304.8

*The comparatives have been restated to reflect the new reportable segments.

#Total revenue from continuing operations excludes the impact of the non-trading item of £1m.

Notes to the Consolidated Interim Financial Statements (unaudited)

2. Segmental reporting - continued

Segment results	First half 2015/16 £m	Restated* First half 2014/15 £m
Netherlands Commercial Waste	**5.9**	3.7
Belgium Commercial Waste	**2.2**	3.5
Commercial Waste	**8.1**	7.2
Hazardous Waste	**7.3**	8.0
UK Municipal	**4.2**	5.0
Canada Municipal	**1.3**	1.3
Bid costs	**(0.3)**	(0.6)
Municipal	**5.2**	5.7
Group central services	**(3.2)**	(2.8)
Total trading profit	**17.4**	18.1
Non-trading and exceptional items	**(8.1)**	(19.9)
Total operating profit (loss) from continuing operations	**9.3**	(1.8)
Finance income	**8.7**	6.9
Finance charges	**(15.8)**	(14.0)
Share of results from associates and joint ventures	**0.4**	0.3
Profit (loss) before tax and discontinued operations	**2.6**	(8.6)

*The comparatives have been restated to reflect the new reportable segments.

The segmental information as prepared under the previous structure is as follows:

Revenue	First half 2015/16 £m	First half 2014/15 £m
Netherlands Solid Waste	**84.6**	87.5
Belgium Solid Waste	**33.8**	43.0
Belgium Other	**23.8**	25.5
Intra-segment revenue	**(4.8)**	(6.4)
Solid Waste Benelux	**137.4**	149.6
Hazardous Waste	**64.4**	69.2
Netherlands	**7.1**	8.0
Canada	**9.8**	6.1
Other Organics	**2.6**	1.6
Organics	**19.5**	15.7
UK Municipal	**79.4**	74.9
Inter-segment revenue	**(3.7)**	(4.6)
Total revenue from continuing operations#	**297.0**	304.8

#Total revenue from continuing operations excludes the impact of the non-trading item of £1m.

Notes to the Consolidated Interim Financial Statements (unaudited)

2. Segmental reporting - continued

Segment results	**First half 2015/16 £m**	First half 2014/15 £m
Netherlands Solid Waste	**6.5**	3.6
Belgium Solid Waste	**1.7**	2.2
Belgium Other	**2.9**	3.8
Divisional central services	**(4.2)**	(3.9)
Solid Waste Benelux	**6.9**	5.7
Hazardous Waste	**7.9**	8.6
Divisional central services	**(0.6)**	(0.6)
Hazardous Waste	**7.3**	8.0
Netherlands	**0.9**	1.2
Canada	**1.1**	1.3
Other Organics	**(0.2)**	0.1
Divisional central services	**-**	(0.7)
Organics	**1.8**	1.9
UK Municipal	**7.2**	7.8
Divisional central services	**(2.6)**	(2.5)
UK Municipal	**4.6**	5.3
Group central services	**(3.2)**	(2.8)
Total trading profit	**17.4**	18.1
Non-trading and exceptional items	**(8.1)**	(19.9)
Total operating profit (loss) from continuing operations	**9.3**	(1.8)
Finance income	**8.7**	6.9
Finance charges	**(15.8)**	(14.0)
Share of results from associates and joint ventures	**0.4**	0.3
Profit (loss) before tax and discontinued operations	**2.6**	(8.6)

Notes to the Consolidated Interim Financial Statements (unaudited)

3. Non-trading and exceptional items

To improve the understanding of the Group's financial performance, items which do not reflect the underlying performance are presented in non-trading and exceptional items.

	First half 2015/16 £m	First half 2014/15 £m
Continuing operations		
ATM soil revenue recognition	**1.0**	-
Total non-trading and exceptional revenue	**1.0**	-
Damages on the Wakefield contract	**4.6**	-
ATM waterside contamination	**1.4**	-
Amortisation of acquisition intangibles	**0.9**	1.0
Restructuring charges	**0.1**	3.3
Acquisition costs	**0.1**	0.2
Impairment of goodwill	**-**	11.1
Canadian contract issues	**-**	3.0
Costs relating to the fire at a UK Municipal site	**-**	1.0
Portfolio activities	**-**	0.3
Total non-trading and exceptional items in operating profit (loss)	**8.1**	**19.9**
Change in fair value of derivatives	**-**	(0.1)
Tax on non-trading and exceptional items	**(0.8)**	(1.6)
Continuing non-trading and exceptional items in profit (loss) after tax	**7.3**	18.2
Discontinued operations (further details in note 5)	**(0.4)**	-
Total non-trading and exceptional items in profit (loss) after tax	**6.9**	18.2

At ATM there has been the identification of an over-recognition of revenue of £1.0m (2014/15: £nil) from the processing of soil following a change in our operational processes as part of our investment programme in late 2014.

The Wakefield facility is expected to enter full service around four months late due to the insolvency of the constructor of the AD facility on the site. As a result the Group has incurred damages under contract and other associated costs of £4.6m (2014/15: £nil) which have resulted in a one-off adjustment to the carrying value of the financial asset.

The waterside processing plant at ATM was contaminated by the delivery of sludges containing a large quantity of molybdenum with costs of £1.4m (2014/15: £nil).

Amortisation of intangible assets acquired in business combinations of £0.9m (2014/15: £1.0m).

Further restructuring charges and associated costs of £0.1m (2014/15: £3.3m) relating to the prior period programme have been incurred in the period.

Acquisition costs of £0.1m (2014/15: £0.2m).

Reconciliation of trading profit to EBITDA from continuing operations	**First half 2015/16 £m**	First half 2014/15 £m
Trading profit	**17.4**	18.1
Depreciation of property, plant and equipment	**16.2**	18.8
Amortisation of intangible assets (excluding acquisition intangibles)	**1.2**	1.3
Non-exceptional gains on property, plant and equipment	**(0.1)**	(0.2)
Non cash landfill related expense and provisioning	**0.3**	0.5
EBITDA from continuing operations	**35.0**	38.5

Notes to the Consolidated Interim Financial Statements (unaudited)

4. Tax

Tax expense is recognised based on management's best estimate of the full year effective tax rate on expected full year profits to March 2016. The estimated average underlying annual tax rate on continuing operations for the year to 31 March 2016 is 21.7% (2014/15: 24.0%).

The Finance Act 2013 included legislation to reduce the main rate of UK corporation tax from 23% to 21% from 1 April 2014 and then to 20% by 1 April 2015. The Finance (No 2) Act 2015 included legislation to reduce the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and then 18% from 1 April 2020 but this was not substantively enacted until after the balance sheet date. As a result the UK deferred tax for the period has been calculated based on the rate of 20% (2014/15: 20%).

5. Assets classified as held for sale and discontinued operations

Assets classified as held for sale

	As at 30 September 2015 £m	As at 30 September 2014 £m	As at 31 March 2015 £m
Property, plant and equipment	**1.1**	3.5	3.5

The assets classified as held for sale at 30 September 2015 include land and buildings at Jaartsveld following the decision to exit from soil washing activities at this location. The prior year included the material recycling facility at Kettering which was sold in September 2015 generating a profit of £0.4m which is reflected as exceptional and non-trading.

Discontinued operations

The tables below show the results of the UK Solid Waste discontinued operations which are included in the Group Income Statement and Group Cash Flow Statement respectively.

Income Statement	**First half 2015/16 £m**	First half 2014/15 £m
Revenue	**-**	0.3
Cost of sales	**-**	(0.3)
Administrative expenses	**(0.1)**	(0.1)
Trading loss before exceptional and non-trading items	**(0.1)**	(0.1)
Exceptional and non-trading items	**0.4**	-
Operating profit (loss) before tax on discontinued operations	**0.3**	(0.1)
Taxation	-	-
Profit (loss) after tax on discontinued operations	**0.3**	(0.1)

Cash Flow Statement	**First half 2015/16 £m**	First half 2014/15 £m
Net cash flows from operating activities	**-**	0.3
Net cash flows generated from investing activities	**2.4**	0.8
Net cash flows generated from discontinued operations	**2.4**	1.1

Notes to the Consolidated Interim Financial Statements (unaudited)

6. Earnings per share

	First half 2015/16	First half 2014/15
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	**397.9m**	397.8m
Effect of share options in issue	**0.6m**	0.3m
Weighted average number of ordinary shares for diluted earnings per share	**398.5m**	398.1m
Continuing operations		
Profit (loss) attributable to owners of the parent used to determine basic and diluted earnings per share (£m)	**1.0**	(9.7)
Non-trading and exceptional items (net of tax) (£m) (see note 3)	**7.3**	18.2
Earnings attributable to owners of the parent for underlying basic and underlying diluted earnings per share (£m)	**8.3**	8.5
Basic and diluted earnings (loss) per share	**0.3p**	(2.5)p
Underlying and underlying diluted earnings per share (see note below)	**2.1p**	2.1p
Discontinued operations		
Profit (loss) attributable to owners of the parent used to determine basic and diluted earnings per share (£m)	**0.3**	(0.1)
Non-trading and exceptional items (net of tax) (£m) (see note 3)	**(0.4)**	-
Loss attributable to owners of the parent for underlying basic and underlying diluted earnings per share (£m)	**(0.1)**	(0.1)
Basic and diluted earnings per share	**0.1p**	-
Underlying and underlying diluted earnings per share (see note below)	**-**	-
Total operations		
Profit (loss) attributable to owners of the parent used to determine basic and diluted earnings per share (£m)	**1.3**	(9.8)
Non-trading and exceptional items (net of tax) (£m) (see note 3)	**6.9**	18.2
Earnings attributable to owners of the parent for underlying basic and underlying diluted earnings per share (£m)	**8.2**	8.4
Basic and diluted earnings (loss) per share	**0.4p**	(2.5)p
Underlying and underlying diluted earnings per share (see note below)	**2.1p**	2.1p

The Directors believe that adjusting earnings per share for the effect of the amortisation of acquisition intangibles (excluding landfill void and computer software), the change in fair value of derivatives and exceptional items enables comparison with historical data calculated on the same basis. Exceptional items are those items that need to be disclosed separately on the face of the Income Statement, because of their size or incidence, to enable a better understanding of performance.

7. Dividends

	First half 2015/16 £m	First half 2014/15 £m
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 March 2015 of 2.35p per share (2014: 2.35p)	**9.3**	9.3
Interim dividend per share	**1.1p**	1.1p

An interim dividend of 1.1p per share was approved by the Board on 5 November 2015 and will be paid on 8 January 2016 to shareholders on the register at close of business on 4 December 2015. In 2014/15 an interim dividend of 1.1p per share was paid. The final dividend for 2014/15 of 2.35p per share (2013/14: 2.35p) was approved by the shareholders at the Annual General Meeting on 23 July 2015 and was paid on 31 July 2015.

Notes to the Consolidated Interim Financial Statements (unaudited)

8. Property, plant and equipment

During the six months ended 30 September 2015, the Group acquired assets with a cost of £11.4m (2014/15: £21.1m), disposed of assets with a net book value of £1.4m (2014/15: £0.4m), charged depreciation of £16.2m (2014/15: £18.8m) and in the prior year charged an impairment of £0.2m. The major growth projects are as described in the Finance Review.

At 30 September 2015 the Group had capital commitments of £11.4m (2014/15: £11.0m).

9. Provisions

	Site restoration and aftercare £m	Restructuring £m	Other £m	Total £m
At 1 April 2015	32.9	1.7	14.6	49.2
Provided in the period	0.4	-	0.5	0.9
Released in the period	-	-	(0.1)	(0.1)
Finance charges – unwinding of discount	0.6	-	0.4	1.0
Utilised in the period	(0.1)	(0.8)	(2.2)	(3.1)
Exchange	0.6	-	0.1	0.7
At 30 September 2015	**34.4**	**0.9**	**13.3**	**48.6**
Current	**2.2**	**0.9**	**6.8**	**9.9**
Non-current	**32.2**	**-**	**6.5**	**38.7**
At 30 September 2015	**34.4**	**0.9**	**13.3**	**48.6**
Current	2.0	1.7	5.1	8.8
Non-current	30.9	-	9.5	40.4
At 31 March 2015	32.9	1.7	14.6	49.2
Current	0.8	2.3	5.2	8.3
Non-current	28.9	0.1	5.2	34.2
At 30 September 2014	29.7	2.4	10.4	42.5

The site restoration provision relates to the cost of final capping and covering of the landfill sites. These costs are expected to be paid over a period of up to 24 years from the balance sheet date and may be impacted by a number of factors including changes in legislation and technology. Post-closure costs of landfill sites, including such items as monitoring, gas and leachate management and licensing, have been estimated by management based on current best practice and technology available. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of approximately 30 years from closure of the relevant landfill site.

The restructuring provision relates to redundancy and related costs incurred in the structural cost reduction programme. During the period a further £0.8m has been utilised (2014/15: £1.8m).

Other provisions principally cover onerous contracts, onerous leases, lifecycle expenditure obligations, warranties and indemnities. Onerous contracts are provided at the net present value of the operating losses of the onerous contracts. The provisions are to be utilised over the period of the contracts to which they relate with the latest date being 2034. Under the terms of agreements for the disposal of UK Operations, the Group has given a number of warranties and indemnities to the purchasers which may give rise to future payments.

Notes to the Consolidated Interim Financial Statements (unaudited)

10. Defined benefit pension scheme

The amounts recognised in the Income Statement were as follows:

	First half 2015/16 £m	First half 2014/15 £m
Current service cost	**0.2**	0.1
Interest expense on scheme net liabilities	**0.2**	0.3
	0.4	0.4

The amounts recognised in the balance sheet were as follows:

	As at 30 September 2015 £m	As at 30 September 2014 £m	As at 31 March 2015 £m
Present value of funded obligations	**(166.3)**	(160.4)	(169.2)
Fair value of plan assets	**143.7**	141.1	152.8
Pension scheme deficit	**(22.6)**	(19.3)	(16.4)
Related deferred tax asset	**4.5**	3.9	3.3
Net pension liability	**(18.1)**	(15.4)	(13.1)

The scheme deficit has increased due to the impact on plan assets of the fall in the market value of equities during the period, partially offset by an increase in the discount rate applied to the pension liability.

11. Financial instruments at fair value

The Group holds derivative financial instruments used for hedging which are measured at fair value. The Group uses the following hierarchy of valuation techniques to determine the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Group does not hold any financial instruments at fair value which are valued using Level 1 or Level 3 techniques and there have been no transfers between categories in the current or preceding periods.

Valuation techniques used to derive Level 2 fair values
The fair values of interest rate swaps, forward foreign exchange contracts and fuel derivatives are determined by discounting the future cash flows using the applicable period-end yield curve.

The fair values of the retail bonds and senior notes are based on cash flows discounted using a rate based on the effective interest rate of the borrowing.

The table below presents the Group's financial instruments measured at fair value:

	As at 30 September 2015 £m	As at 30 September 2014 £m	As at 31 March 2015 £m
Assets			
Derivative financial instruments	**-**	-	0.1
	-	-	0.1
Liabilities			
Derivative financial instruments	**39.9**	24.2	44.1
Retail bonds	**224.5**	162.1	149.6
Senior notes	**-**	34.4	31.7
	264.4	220.7	225.4

The fair value of all other financial assets and financial liabilities in the consolidated balance sheet were not materially different to their carrying value.

Notes to the Consolidated Interim Financial Statements (unaudited)

12. Notes to the statement of cash flows

	First half 2015/16 £m	First half 2014/15 £m
Profit (loss) before taxation	**2.6**	(8.6)
Fair value gain on financial instruments	**-**	(0.1)
Finance income	**(8.7)**	(6.8)
Finance charges	**15.8**	14.0
Share of results from associates and joint ventures	**(0.4)**	(0.3)
Operating profit (loss) from continuing operations	**9.3**	(1.8)
Operating profit (loss) from discontinued operations	**0.3**	(0.1)
Amortisation and impairment of intangible assets	**2.1**	13.4
Depreciation and impairment of property, plant and equipment	**16.2**	19.0
Exceptional gain on disposal of UK Solid Waste assets	**(0.4)**	-
Non-exceptional gain on disposal of property, plant and equipment	**(0.1)**	(0.2)
Net decrease in provisions	**(2.2)**	(1.5)
Payments to fund defined benefit pension scheme deficit	**(1.5)**	(1.5)
Share-based compensation	**(0.1)**	0.4
Increase in service concession arrangement receivable	**(3.2)**	-
Other non-cash exceptional items	**4.6**	-
Operating cash flows before movement in working capital	**25.0**	27.7
Decrease in inventories	**-**	0.1
(Increase) decrease in receivables	**(0.8)**	2.1
Increase in payables	**4.3**	1.1
Cash flows from operating activities	**28.5**	31.0

Consolidated movement in net debt

	First half 2015/16 £m	First half 2014/15 £m	Full year 2014/15 £m
Net decrease in cash and cash equivalents	**(1.7)**	(12.6)	(40.4)
Net increase in borrowings and finance leases	**5.2**	(28.4)	(40.4)
Capitalisation of loan fees	**1.4**	-	-
Total cash flows in net debt	**4.9**	(41.0)	(80.8)
Finance leases entered into during the period	**-**	(3.7)	(6.5)
Deferred interest on PFI/PPP non-recourse debt	**(3.1)**	(3.8)	(8.8)
Amortisation of loan fees	**(0.7)**	(0.4)	(0.9)
Exchange (loss) gain	**(3.8)**	10.0	23.5
Movement in net debt	**(2.7)**	(38.9)	(73.5)
Net debt at beginning of period	**(377.6)**	(304.1)	(304.1)
Net debt at end of period	**(380.3)**	(343.0)	(377.6)

Movement in net debt	At 1 April 2015 £m	Cash flows £m	Other non-cash changes £m	Exchange movements £m	**At 30 September 2015 £m**
Cash and cash equivalents	60.8	(1.7)	-	0.4	**59.5**
Bank loans	(31.3)	18.0	(0.3)	0.6	**(13.0)**
Senior notes	(28.8)	28.6	(0.2)	0.4	**-**
Retail bonds	(144.0)	(70.8)	(0.2)	(5.0)	**(220.0)**
Finance leases	(11.7)	1.7	-	(0.2)	**(10.2)**
Total core net debt	(155.0)	(24.2)	(0.7)	(3.8)	**(183.7)**
PFI/PPP non-recourse net debt	(222.6)	29.1	(3.1)	-	**(196.6)**
Total net debt	(377.6)	4.9	(3.8)	(3.8)	**(380.3)**

On 16 June 2015 the Group issued €100m of seven year bonds listed on the London Stock Exchange to investors in Belgium and Luxembourg at an annual coupon of 3.65%.

On 26 June 2015 the Group repaid early the remaining €40m of senior notes.

Notes to the Consolidated Interim Financial Statements (unaudited)

12. Notes to the statement of cash flows - continued

Reconciliation of underlying free cash flow as presented in the Finance Review

	First half 2015/16 £m	First half 2014/15 £m
Net cash generated from operating activities	**28.0**	29.4
Exclude reclassification for provisions, working capital and restructuring	**0.3**	5.5
Exclude payments to fund defined benefit pension scheme	**1.5**	1.5
Exclude increase in service concession arrangement	**3.2**	-
Include finance charges and loan fees paid	**(11.1)**	(8.6)
Include finance income received	**3.7**	2.3
Include purchases of intangible assets	**(0.5)**	(0.4)
Include purchases of replacement items of property, plant and equipment	**(10.0)**	(17.6)
Include proceeds from disposals of property, plant & equipment	**1.3**	0.6
Underlying free cash flow	**16.4**	12.7

13. Contingent liabilities

The nature of the Group's contingent liabilities remains consistent with those as listed in the 2015 Annual Report and Accounts.

14. Related party transactions

The Group's significant related parties remain as disclosed in note 34 of the 2015 Annual Report and Accounts. There were no material differences in related parties or related party transactions in the period compared to the prior period.

15. Post balance sheet events

On 22 October 2015 the Group repaid on their maturity retail bonds of €100m issued on 22 October 2010.

Independent review report to Shanks Group plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the interim financial report of Shanks Group plc for the six months ended 30 September 2015. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Shanks Group plc, comprise:

- the Consolidated Interim Balance Sheet as at 30 September 2015;
- the Consolidated Interim Income Statement and Consolidated Interim Statement of Comprehensive Income for the period then ended;
- the Consolidated Interim Statement of Changes in Equity for the period then ended;
- the Consolidated Interim Statement of Cash Flows for the period then ended; and
- the Notes to the Consolidated Interim Financial Statements.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of Shanks Group plc is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the interim financial report have been prepared in accordance with the International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the directors

The interim financial report, including the condensed consolidated interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial statements in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
5 November 2015

Notes:

(i) The maintenance and integrity of the Shanks Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial report since they were initially presented on the website.
(ii) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.