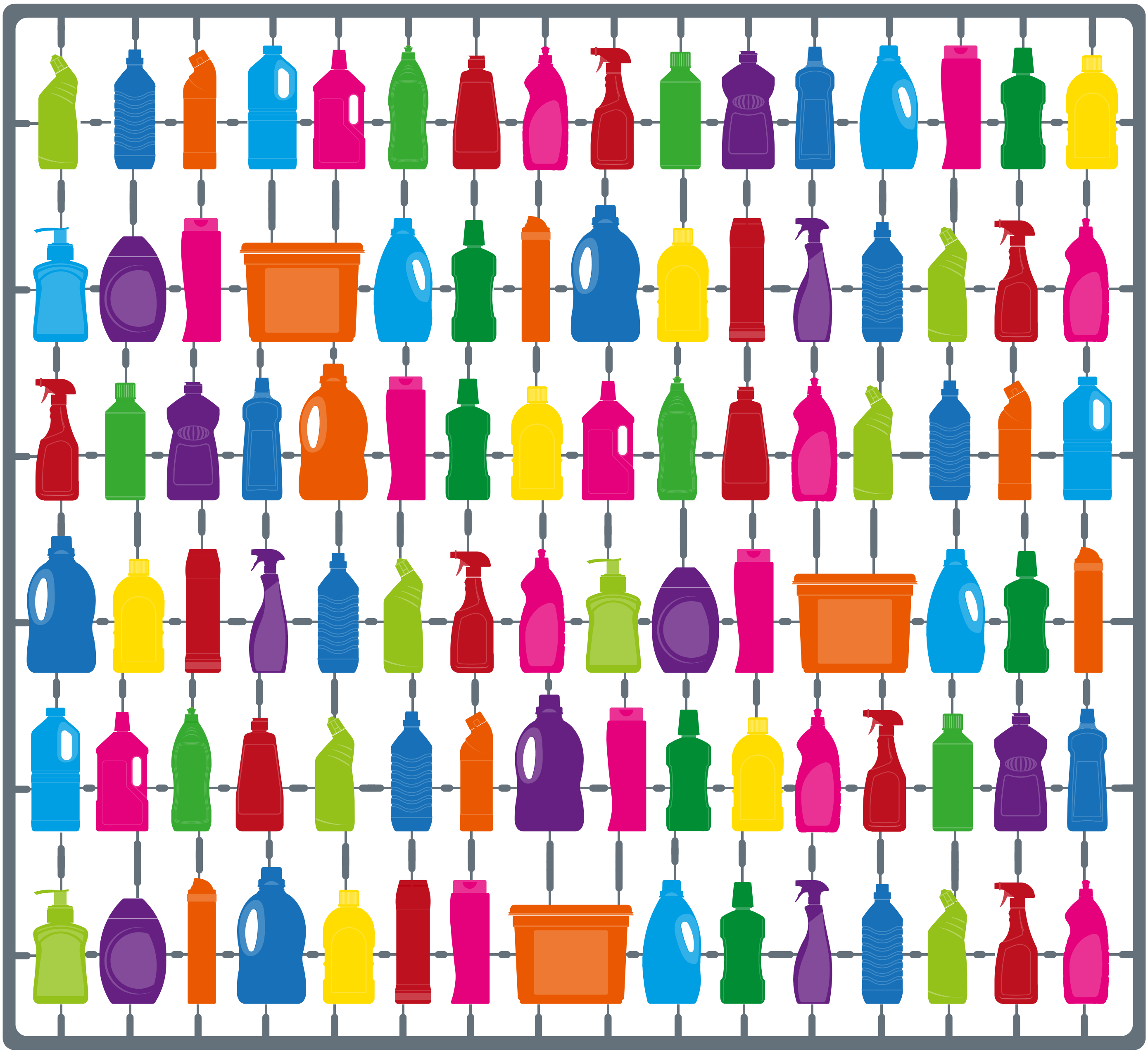

Manufacturing our future

McBride plc Annual Report and Accounts 2015

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Cautionary statement

This Annual Report has been prepared for the shareholders of McBride plc, as a body, and no other persons. Its purpose is to assist shareholders of the Company to assess the strategies adopted by the Group, the potential for those strategies to succeed and for no other purpose. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed.

This Annual Report contains certain forward-looking statements that are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries, sectors and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated.

No assurances can be given that the forward-looking statements in this Strategic report will be realised. The forward-looking statements reflect the knowledge and information available at the date of preparation of this Strategic report and the Company undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report should be constituted as a profit forecast.

Strategic and Directors' reports

The Strategic report and the Corporate governance and Financial statements form a Directors' report. Both the Directors' report and Strategic report have been drawn up and presented in accordance with English company law and the liabilities of the Directors in connection with those reports shall be subject to the limitations and restrictions provided by such law. In particular, the Directors would be liable to the Company (but not to any third party) if the Strategic report and/or Directors' report contain errors as a result of recklessness or knowing misstatement or dishonest concealment of a material fact, but would not otherwise be liable.

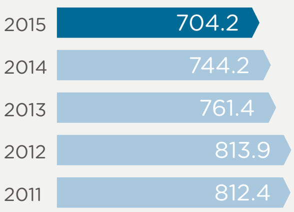
The Strategic report forms part of the Annual Report, full copies of which can be obtained free of charge from the Group's website at www.mcbride.co.uk or from the Company's registered office.

Welcome to the McBride plc Annual Report and Accounts

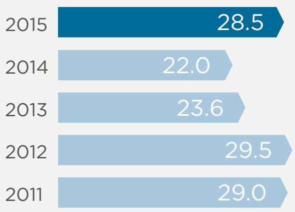
McBride plc is Europe's leading provider of Private Label Household and Personal Care products, developing, producing and supplying our products to major retailers throughout Europe and beyond.

Our mission is to return to and then maintain McBride on a sustainable growth path focusing on selected markets and customers achieving high customer satisfaction through operational excellence and cost leadership.

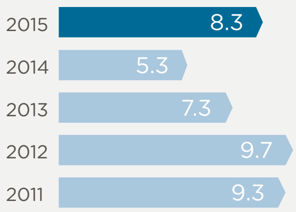
Revenue (£m)



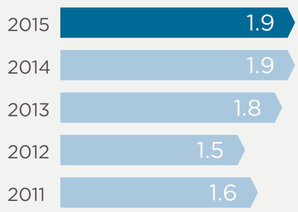
Adjusted operating profit (£m)



Adjusted diluted EPS (pence)



Debt/ EBITDA



Highlights

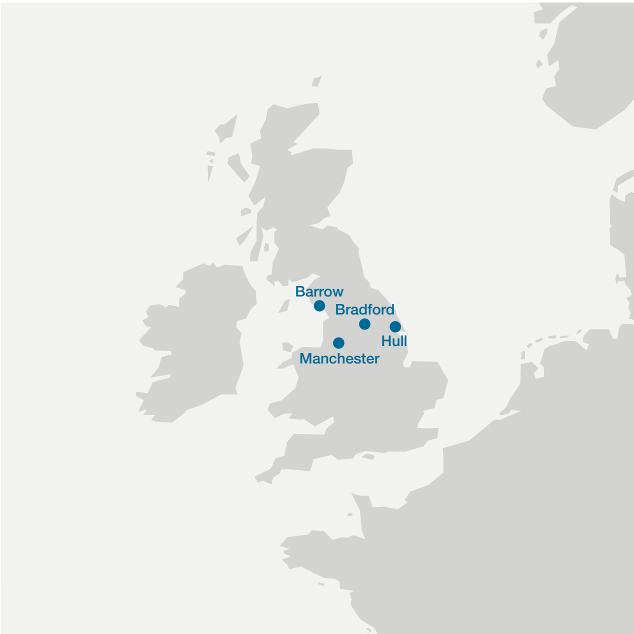
- Revenues at £704.2 million (2014: £744.2m) were 0.3% higher than prior year at constant currency. On a reported basis revenues 5.4% lower due to the impact of a weaker Euro on translated results.
- Adjusted operating profits up to £28.5 million (2014: £22.0m) with operating margin rising to 4.0% (2014: 3.0%).
- UK restructuring project delivers in year savings of £4.9 million and remains on track to deliver targeted annual savings of £12.0 million by June 2016.
- Successful implementation of new Classification, Labelling and Packaging (CLP) regulations by May 2015.
- Adjusted diluted earnings per share up to 8.3 pence from 5.3 pence in the prior year.
- Exceptional items of £17.8 million (2014: £34.5m) include £9.8 million of non-cash asset impairment and £8.0 million cash cost associated with CLP and reorganisation.
- Net debt ended the year at £92.4 million (2014: 84.7m) with committed headroom of £94.6 million (2014: £96.4m).
- Strategy review completed during the second half of the 2015 financial year; outcome is a transformation plan with a three phase approach to be known as "Repair, Prepare, Grow".
- Ambition is for McBride to become the leading European manufacturer and supplier of Co-manufactured and Private Label products for the Household and Personal Care market through selected channels and markets.
- Plan focuses on maximising the benefits of McBride's scale through internal efficiency with significant investment to be undertaken in reducing complexity and upgrading of assets to focus on core strength of manufacturing excellence.
- Three to five-year ambition is for adjusted operating profit margin (EBITA %) to grow to 7.5% with return on capital employed targeted at 25%-30%.
- Repair phase commenced with £3 million of further annual overhead savings already actioned.
- Dividend policy reset reflecting prudent and sustainable funding approach ahead of transformation plan, with current full-year payment to shareholders of 3.6 pence (2014: 5.0p).

At a glance

McBride is a major manufacturer of Household and Personal Care products, developing, producing and supplying its products to a wide range of customers including most major European retailers for their Private Label offer as well as to a number of brand owners.

United Kingdom

UK and Ireland



Western Europe

France, Iberia, Benelux, Italy and Germany

- manufacturing
- sales offices

Who we are

McBride was established in 1927. From its historic UK base, the Company has grown both organically and by acquisition, expanding its range of products and its manufacturing base into key continental European markets and Asia Pacific. The Company listed on the London Stock Exchange in 1995.

Rest of the World

Poland, Czech Republic and Asia Pacific

17 manufacturing sites

operating from 12 countries

4,750 employees around the world

over 1bn units produced per year

49/50 leading European retailers

4m units produced per day

Chairman's statement

Following the change of executive representation on the Board during the year, we have taken the opportunity to review the strategic direction for the Group and this is outlined on pages 16 to 21.

Dear Shareholder

You will notice in this 2015 Annual Report a fresh feel and look for McBride and I am pleased to write this statement introducing the new team and the new direction alongside our report on the 2015 financial performance.

The strategic review, undertaken in the second half of the year was a key activity for the Board and the new executive team, and the outcome of this review is shown on pages 16 to 21.

The Corporate governance section explains our approach to risk management, Board performance evaluation, succession planning and gender diversity. It includes commentary on our markets and environment, it sets out our business model and our new strategic direction and it describes our stance on corporate responsibility.

As a Board, we continue to seek to improve the governance of the Group for the benefit of all our stakeholders. My introduction to the Corporate governance report on page 31 sets out how the Board has complied with the UK Corporate Governance Code 2012 ('the Code') principles which applied throughout the financial year ended 30 June 2015. Other key matters which we, as a Board, have considered during the year are referred to below.

Board changes

During the year we have appointed two new executive officers to the Board. Chris Smith was appointed on 7 January 2015 as Chief Finance Officer replacing Richard Armitage who left the Company last year to pursue an alternative career. On 2 February 2015, Rik De Vos was appointed as the new Chief Executive Officer replacing Chris Bull who left the Board in December 2014.

Refer to the Remuneration report for full details of the Remuneration Policy and how it has been implemented for both the departing Directors and for the new appointees. See pages 46 to 59.

I am delighted to welcome both Rik and Chris to the Board and look forward to working with them as we strive to develop and implement our strategy.

Results

On a constant currency basis, revenues increased 0.3%. However, primarily as a result of the weaker Euro, reported revenues decreased by £40.0 million to £704.2 million (2014: £744.2m).

As a result of the work undertaken during the year to reorganise the UK business, we have started to deliver the projected benefits and enabled the Group to improve profitability.

Adjusted profit after tax attributable to shareholders grew by 56.7% to £15.2 million (2014: £9.7m). Loss after tax attributable to shareholders was £0.7 million (2014: £19.1m loss). Adjusted diluted earnings per share was 8.3 pence (2014: 5.3p).

Refer to the Executive review for further details on our financial highlights and performance. See pages 6 to 10.

Payments to shareholders

The Board will recommend a full year payment of 3.6 pence/share (2014: 5.0p/share), to be paid by way of B Shares. The reduction this year is a result of the Board's new policy on payments to shareholders which is described on page 9.

Our people

I would like to thank all McBride employees who have continued to give the highest level of commitment during the course of a challenging year for the Group. This dedication and hard work has helped deliver the results reported within this Annual Report.

Current trading and outlook

The Group has made a satisfactory start to the new financial year with the benefits of cost reduction programmes evident. We have commenced our transformation plan and the McBride team is now embarking on a period of change to reposition McBride for a more sustainable future.

The Board is pleased and encouraged by the way the new Executive team have effectively recommended and concluded on the Group's new strategic direction. Together with the new Executive Leadership team, the Board is confident on the delivery of the new strategy.

Iain Napier
Chairman

Our governance principles

Leadership

To ensure that high quality decisions are made, the Board has spent time challenging the future strategic direction of the Group as well as assessing the performance, responsibility, availability and contribution made by each Board member to ensure and secure a sustainable growth plan.

See pages 35-36

Effectiveness

The Board assesses its own performance on an annual basis together with an evaluation of the collective and individual contributions of Board members. This includes an assessment of the composition of the Board to ensure all members discharge their duties and responsibilities effectively.

See pages 36-39

Risk management/accountability

As a Board we place emphasis on identifying the nature and potential implications of the principal risks facing the Group and on ensuring that appropriate mitigating actions are in place.

See pages 24-26

Remuneration

The Board recognises the importance of ensuring that Executive Directors' remuneration is competitive and designed to align with the interests of the Group's stakeholders. Our Remuneration Policy has been designed with a view to being transparent and in line with best practice.

See pages 46-59

Engagement

We value the opportunity to engage with all stakeholders of the business and in particular to ensure that appropriate dialogue takes place with our shareholders with whom we aim to maintain regular and open dialogue.

See page 40

Executive review

We have embarked on a journey to transform and simplify the business and to return it to a sustainable growth path.

Group operating results

Despite challenging conditions in the Group's main developed markets, full year constant currency revenues were marginally ahead (+0.3%) of the prior year with Private Label sales 0.5% higher. Reported revenues declined by 5.4% primarily as a result of the weaker Euro.

Strong growth in Germany of over 30% was offset by weak sales activity in France, Italy, Spain and Poland and UK revenues which were lower by 4.8%.

Group operating results now reflect the benefits of the UK restructuring project that was announced in June 2014. The project remains on track to deliver the annualised benefits of £12.0 million by 30 June 2016 with savings for the full year of £4.9 million, ahead of the £3.0m initial target as a result of actions to accelerate the delivery of benefits.

<< **Rik De Vos**
Chief Executive Officer

< **Chris Smith**
Chief Finance Officer

Margins have improved during the year from a combination of factors including operational efficiency in production, product reformulation and innovation, improved product sales mix and the net in year effect, after customer price concessions, of softer raw material prices.

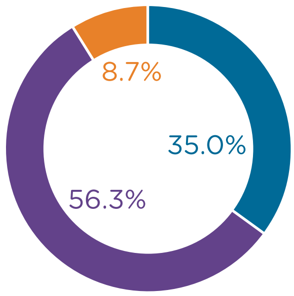
On a constant currency basis, total operating costs before adjusting items and the impact of profit based incentives and one off severance costs decreased by £3.3 million. The UK restructuring project and lower depreciation contributed £5.6 million, offset by increased commercial and labour costs.

Adjusted operating profit for the year was £28.5 million (2014: £22.0m) with adjusted operating profit margin increasing to 4.0% (2014: 3.0%) and return on capital employed improving to 18.8% (2014: 12.7%). As a result of a weaker Euro, adjusted operating profit for the year includes a negative foreign exchange translation impact of £2.5 million.

Cash generated from operations before exceptional items was £44.2 million (2014: £40.6m), with a net working capital outflow of £1.3 million. Capital expenditure cash flow increased to £21.9 million (2014: £18.8m), mainly as a result of the investments made to support the UK restructuring announced in 2014. The increase in cash outflow for exceptional items of £10.7 million (2014: £4.2m) reflects primarily the impact of the charge taken at June 2014 for the UK restructuring project. Net cash flow before distributions was £2.3 million (2014: £5.5m). Cash payments made to shareholders during the year amounted to £8.7 million (2014: £8.9m). Consequently, year-end net debt increased to £92.4 million (2014: £84.7m).

The Group's balance sheet remains robust with net assets of £57.5 million (2014: £68.6m) and gearing at 61% (2014: 49%). The Group maintains significant borrowing headroom of £94.6 million (2014: £96.4m) on committed debt facilities. The Group traded throughout the period with ample headroom on its associated covenants.

Segmental performance

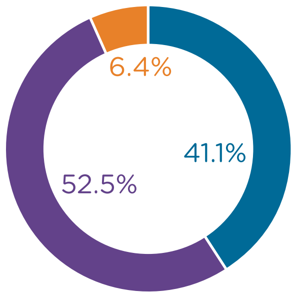


Revenue by segment

UK
£246.5m

Western Europe
£396.2m

Rest of the World
£61.5m



Adjusted operating profit by segment

UK
£14.0m

Western Europe
£17.9m

Rest of the World
£2.2m

UK

In an intensely competitive retail environment and with McBride's key customers all reporting weak trading, McBride's sales levels fell year-on-year.

Reported revenue decreased by 4.8% to £246.5 million (2014: £259.0m). The decline in revenues was a result of price reductions, lower Private Label volumes and a fall in contract manufacturing volume. Market data shows UK Household Private Label market share was broadly flat year-on-year, but total volumes of all products were approximately 2% lower. In Personal Care, the market was also influenced by promotional activity with Private Label volume share in our selected Personal Care segments declining to 7.7%.

Trading profits improved from £4.2 million in the prior year to £14.0 million as a result of a net benefit from lower input costs offset by price concessions to customers, foreign exchange benefits from the weaker Euro, lower depreciation (£1.8 million) and the benefits of the UK restructuring project (£4.9 million).

Executive review continued

Western Europe

On a constant currency basis, revenues for this region rose by 3.5%, with reported revenues lower by 5.6% at £396.2 million (2014: £419.5m) as a result of the weaker Euro in 2015 compared to the prior year. Private Label revenue at constant currency grew by 3.2%.

The key driver behind the region's growth was increased sales in Germany derived from key business wins in both the prior and current year, delivering a year-on-year growth for the market of 30.6%. Across the other key countries of the region, namely France, Italy and Spain, revenues were lower by between 4% and 9%. The decline in France was due to the effects of increased branded promotional activity and weaker performance in Italy was attributable to generally subdued economic conditions. In Spain, revenues fell as a result of reduced trading at a number of our key customers.

In France, the overall market for Household products grew by 1.6% in volume terms. However, Private Label volumes declined in the year by 0.4%, resulting in lower Private Label market share as branded goods promotions saw a steady rise in prominence. A number of McBride's key accounts in France reported weak trading in the past twelve months and with price pressure from discounters as well as branded goods, McBride experienced both volume and price reductions.

In Germany, the largest Private Label market in Europe, Private Label sales were up 0.7%, whilst the overall sector grew 3.0%, resulting in a reduction in Private Label volume share of 1.0%. A major contract win, secured in 2014 delivered substantial sales growth for the region, with some of this new volume falling into the first few months of the new financial year.

The Italian market is still characterised by weak consumer demand, with the overall Household market down 0.2% in volume terms and Private Label volumes down 1.0% in the year. The fragmented nature of the retail environment and the prevalence of niche suppliers means that there are many retailer/supplier relationships and as a result McBride's sales have been impacted by the fortunes of our key customers.

In Spain, the demand for Household products now appears to be returning to growth with the overall market for Household products growing by 0.8% in volume terms and Private Label volumes increasing by 2.5%. As a small player in this market, McBride's revenues declined despite the rising market. However, the exit rate on revenues in the final quarter showed encouraging growth.

Trading profits for the region at constant currency declined by 1.1% to £17.9 million due to sales mix and overhead cost increases.

Rest of the World

Reported revenues decreased by 6.4% to £61.5 million (2014: £65.7m) however, on a constant currency basis, revenues for this region rose 1.7%. Our key market in this segment, Poland, disappointingly reported a decline of 1.5% in its growing domestic market due to price deflation. The overall market for Household products grew by 0.4% in volume terms, while demand for Private Label products in Poland demonstrated robust growth with volumes up 9.2%. In Asia Pacific, continued growth in Australia was offset by flat sales performance in the rest of the region.

Other financial information

Exceptional items

Exceptional items of £17.8 million (2014: £34.5m) mostly comprise of the following four components.

Following the strategic review of our UK operations in 2014, follow-on redundancy and consultancy costs have been recognised in the year in respect to this project of £0.8 million.

As outlined at the time of our 2014 full year results, the past financial year has seen substantial levels of engagement of the Group's technical, operations and commercial teams in the significant change process related to CLP regulations that came into effect on 1 June 2015.

Costs of £3.7 million in the year ended 30 June 2015, comprising temporary labour and inventory disposal costs associated with this programme have been classified as exceptional costs.

Following the change in the Executive team, the Board has performed a detailed review of the Group's strategic priorities and direction. As a result, we are today announcing our strategy to transform and simplify the business and to return it to a sustainable growth path. As part of this transformation plan, action has already taken place and reorganisation costs of £3.1 million primarily for redundancy have been recognised in relation to this initial phase of the plan. Overhead savings of £3 million are expected to be delivered during the next financial year as a result of this early action.

In addition, the Group has recognised goodwill and asset impairments amounting to a total of £9.8 million with regard to the Italian Household liquid businesses and the French and Chinese Aircare businesses.

As we transform the business in line with the new strategic direction, shareholders should expect exceptional restructuring costs in the coming two years of approximately £15 million and additional capital investment above recent run rate of 25% over the transformation period, to be funded from operating cash flow and existing facilities.

Net finance costs

Net finance costs which amounted to £7.1 million (2014: £7.4m) included the first full year borrowing costs of the long term US Private Placements with these increased costs offset by foreign exchange gains on financing activities. The comparative 2014 costs included an additional £0.4m of pre-paid facility fees associated with the previous debt facilities renegotiated during 2014.

Profit before tax and tax rate

Reported profit before tax was £2.6 million (2014: £21.3m loss) with adjusted profit before tax totalling £21.7 million (2014: £14.8m). The tax charge on adjusted profit before tax for year of £6.5 million (2014: £5.1m) represents a 30% effective tax rate. This compares to the 34% effective tax rate for the year ended 30 June 2014, the decrease being due to a change in the jurisdictions in which Group profits arise, derived mainly from an improvement in UK profitability.

Earnings per share

On an adjusted basis, diluted earnings per share (EPS) increased by 57% to 8.3 pence (2014: 5.3p) with basic EPS at (0.4) pence (2014: (10.5p)).

Payments to shareholders

The Board's policy on payments to shareholders has been reset following the review of strategy and a prudent view of ongoing funding requirements associated with the new strategy. As a result, the Group expects to distribute adjusted earnings to shareholders based on a dividend cover range of 2x-3x. The Board will look to increase these payments as the earnings of the Group improve ensuring that payments are progressive with earnings growth, taking into account funding availability.

This policy reset will result in a full year payment to shareholders of 3.6 pence (2014: 5.0p) which reflects a dividend cover of 2.3x (2014: 0.9x). Following the interim payment of 1.7 pence declared in February 2015 (2014: 1.7p), the Board recommends a final payment to shareholders in October 2015 of 1.9 pence (2014: 3.3p) and it is intended this will be issued using the Company's B Share scheme. Going forward we expect the interim payment to be approximately one third of the full year payment.

Following final publication of the Finance Bill 2015, the Group can confirm that the provisions of the new legislation do not impact the operation of our B Share scheme.

Covenants

The Group's funding arrangements are subject to covenants, representations and warranties that are customary for unsecured borrowing facilities, including two financial covenants: Debt Cover (the ratio of net debt to EBITDA) may not exceed 3:1 and Interest Cover (the ratio of EBITDA to net interest) may not be less than 4:1. For the purpose of these calculations, net debt excludes amounts drawn under the invoice discounting facilities. The Group remains comfortably within these covenants.

Pensions

The Group operates a defined benefit pension plan in the UK. At 30 June 2015, the Group recognised a deficit on its UK plan of £29.8 million (2014: £28.4m); the increase during the period is principally due to a fall in the applied discount rate slightly offset by a reduction in expectations of long-term inflation.

Going concern

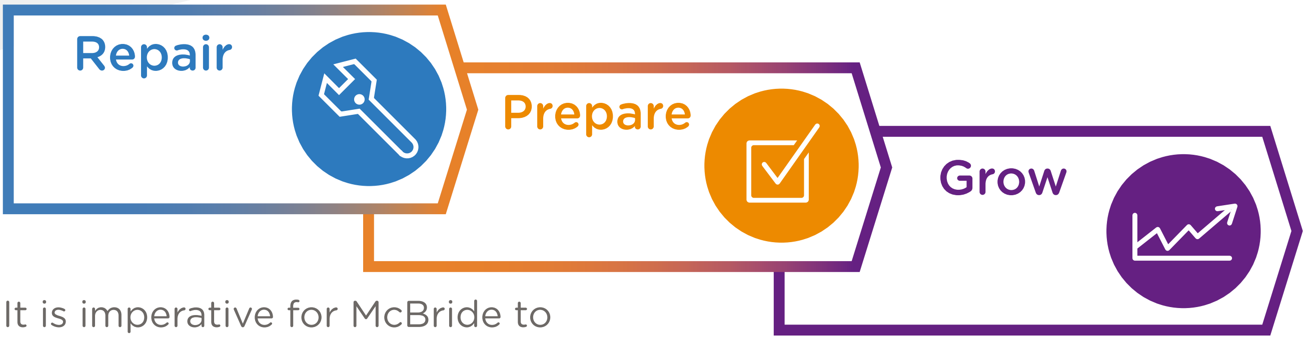
The Group meets its funding requirements through internal cash generation and bank credit facilities, most of which are committed until April 2019.

At 30 June 2015, committed undrawn facilities amounted to £94.6 million. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate comfortably within its current bank facilities.

The Group has a relatively conservative level of debt to earnings. As a result, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the financial statements.

Executive review continued

Our strategy



It is imperative for McBride to restore its operational performance and improve its structural cost competitiveness to become the industry and cost leader.

Strategy

Profitable growth is essential to the future of McBride. In the past, the Company has invested significant resources into growth supporting initiatives including know-how development, new assets, geographic expansion often via acquisition, and product innovation. However, the Company has not seen the returns for these investments. We have to recognise that markets, customers and competition have moved on and adapted in a fast changing environment. McBride needs to adapt as well.

Whilst we are a supplier to the retail industry, in essence, we manage an industrial manufacturing platform and we need to excel in the management of our assets. This is the core of McBride; we need to buy well, sell well, but especially, make well. For McBride to prevail in the future, this aspect of our activities needs to be world-class. Therefore, we have launched our new Company slogan as “Manufacturing our future”. We are still passionate about Private Label but a key focus will be to build a future around our core strength: our manufacturing excellence.

See page 16-21

Translating this manufacturing excellence into cost leadership is only possible through making choices in what we make and where we sell. Over the past years McBride has built a level of complexity in its business which prevents the Company from translating its scale into sustainable competitive advantage. We will make these choices and drive our business decisions and actions with the single aim of restoring our operational performance and improving our cost competitiveness. To deliver the new strategy, it is imperative for McBride to become the industry and cost leader, maximising our scale advantage.

The totality of actions and initiatives we will undertake to deliver this strategy will be known as “Repair, Prepare, Grow” and the following pages summarise how this programme will develop over the coming two to three years and the milestones and financial targets we are working towards. The newly established leadership team has the right focus and determination to deliver these objectives.

On behalf of the Board

Rik De Vos
Chief Executive Officer

Chris Smith
Chief Finance Officer

8 September 2015

Investment case

Today, McBride is the leading European provider of Private Label Household products to major retailers. Our ambition is for McBride to become the leading European manufacturer and supplier of Co-manufactured and Private Label products for the Household and Personal Care market through selected channels and markets.

Transformation opportunity

After a number of years of disappointing returns, the Group has entered into a transformation phase under a new management team driving a new strategic direction. This transformation aims to optimise McBride activities maximising the leverage of its scale to deliver our growth ambition and value creation.

Market dynamics supporting McBride's growth opportunity

A number of developments in McBride's markets will mean McBride's scale and geographic spread will be ever more a key part of market supply and growth. These include consolidation of retailers in many parts of Europe, the emergence of the discounter retailers with their Private Label offer, the drive by many established retailers to simplify their product ranges and supplier base and, additionally, increased outsourcing activity by the brand owners. Our scale will allow us to maximise our growth.

Balanced customer and product base as a fundamental requirement to serve customers effectively

McBride supplies its products to a very wide range of customers including virtually all of Europe's leading retailers. In order to be more effective in serving our customers and markets we will need to be selective to ensure high customer satisfaction, while intensifying our co-operation through appropriate value propositions, aligned with the specific channel and customer requirements. This will require clear prioritisation in our markets, customers and product offering.

World-class manufacturing assets are key to our cost competitiveness and operational excellence

McBride's extensive network of manufacturing locations and assets offers unrivalled capacity and capability to both retailers for Private Label and branders for outsourced manufacturing. The market dynamics offer further opportunities which will require targeted investments into our key sites. These investments, aligned with our selective market and product offer, will allow for a substantial improvement in our cost competitiveness and operational excellence.

Geographic spread combining regional commercial focus with global production and R&D synergies

The Group has well established market positions in all of Europe's major economies – Germany, UK, France, Italy and Spain, as well as the Benelux and Poland. The Group has manufacturing and product development facilities across Europe. The alignment of our commercial activity to the specific regional market requirements allows for customer focus while we continue to maximise synergies between the manufacturing assets.

Market opportunity

In spite of limited overall market growth, McBride can exploit growth opportunities by fully utilising our scale, operational excellence and driving a lower cost base.

Market and customer dynamics

By working with Private Label manufacturers, supermarket retailers have developed their own "brands" to attract and retain customers. Furthermore, retailers have been "tiering" their Private Label offering, either with store wide banners, such as "Finest" or with labels such as "Value". Private Label manufacturers can help retailers with this tiering by enabling a store brand to have an image of its own that shoppers can identify with. Private Label products are typically low priced and value for money and are associated with a quality product for an affordable price. Scale producers of Private Label products, such as McBride, are well positioned to develop this quality and price dynamic for the retailers to differentiate themselves from their competition.

Product and service differentiation

For supermarket retailers, a Private Label manufacturer is essentially a contract manufacturer offering a cost effective means to outsource production of a specified product to bear the retailers' store banner or other exclusive store brand. Private Label manufacturers of an appropriate scale can engage with customers in a deeper R&D and supply chain integration for the benefit of both parties.

Channel development alignment

A key dynamic in McBride's markets is the evolving nature of the channels McBride sell into. The retail markets in many of the countries we operate in are highly concentrated, with a limited number of supermarket retailers and, as a result there is fierce competition. Private Label is a key part of that value chain, so supermarket retailers need large, sophisticated Private Label manufacturers able to provide them with a competitive advantage. Discounters have experienced a steady increase in sales across Europe, which has been fuelled by the economic downturn. Discounters' combined market share of the EU grocery market in 1999 was 8.4%, grew to 15.2% by 2014 and is forecast to show a compound annual growth approaching 5% per annum to 2020 with total growth of c. €60bn. The discount format successfully competes on price, quality, consistency and simplicity rather than offering a wide choice, access to manufacturer brands or an unnecessary level of service. Because of the focus on price and quality, most products offered by discounters are either Private Label or other exclusive store brands developed by Private Label manufacturers.

Other supermarket retailers are responding to the challenge from discounters in their national markets by reducing complexity in their on-shelf ranges, including both manufacturer brands and Private Label ranges, in order to drive economies of scale in their buying and distribution. This process favours Private Label manufacturers with the scale to supply large volumes of these new Private Label products.

Co-manufacturing production for brand owners

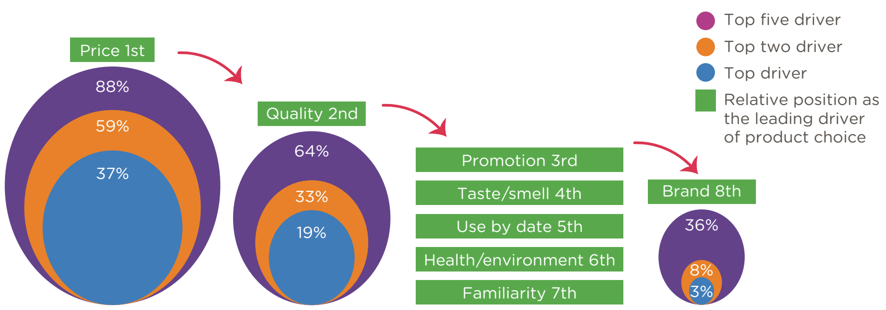
Private Label manufacturers often use their asset capacity to Co-manufacture for brand owners. While this is not a new phenomenon, there is a noticeable increase in the demand for such arrangements. These types of agreements also show a trend of becoming more structural in nature, both in size and duration. For McBride, the requirements, apart from scale, to serve this opportunity are not different from direct supply to major retail customers, while assisting in maximisation of asset utilisation.

Regulation

As seen in McBride in the past few years, the burden on businesses from global, regional and national regulations continues with little sign of slowdown. The Consumer Labelling of Products regulations, which came into effect in June 2015, required extensive technical and commercial efforts for both McBride and our customers. More legislation and regulation is already planned in the coming three years. Retailers will need to manage the cost implications of these processes and will increasingly rely on their suppliers to ensure their products comply, which will favour the larger and better resourced Private Label manufacturers, such as McBride.

Drivers of product choice

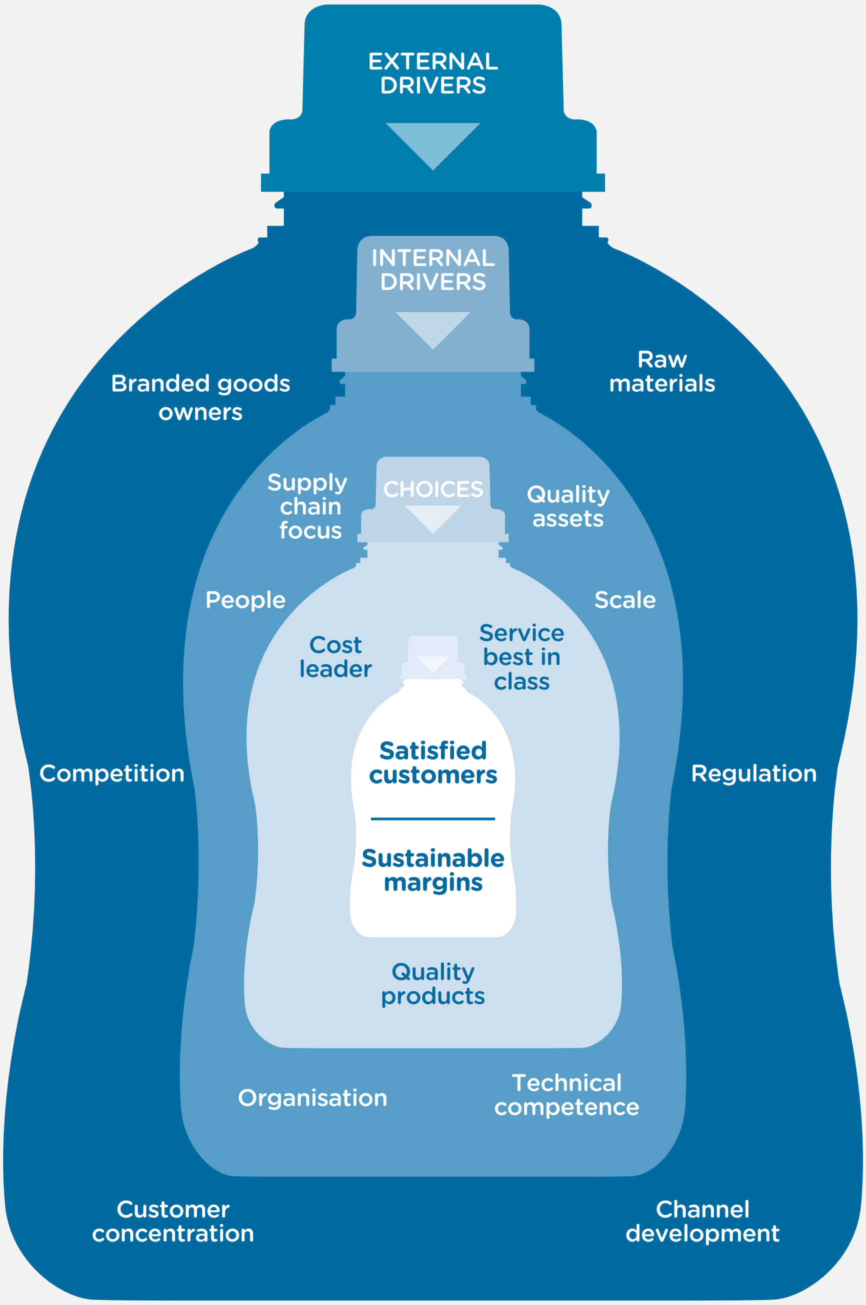
- Price is the most important driver of buying choice for 37% of consumers; the most important single characteristic
- Only 3% of shoppers are most concerned with brand when choosing products; eighth on the same list



Source: IGD UK shopper survey on product choice, March 2015

Business model

McBride will deliver sustainable profit streams to permit appropriate investment in assets to maintain the leading position in the industry. We will achieve this by offering tailored services aligned with specific customer and channel requirements. We will cement these relationships through a complete focus on improving operational excellence and driving our cost competitiveness, with the aim to fully lever our scale.



Business model continued

External and market drivers

The markets in which McBride is active are being challenged through a number of drivers impacting the overall market quality and opportunity.

- The European macroeconomic climate will not deliver substantial growth in our key territories in the foreseeable future. In fact, market research indicates that Household and Personal Care markets will not grow in the coming years, with Private Label recently losing market share to the brands.
- Raw material input costs are a major part of our product cost. Raw material costs have been volatile over many years and whilst oil prices have recently been lower, the disconnect between the oil price and the derived material costing, such as plastics materials, PE and PP, has grown and has not assisted with stable cost structures for our activities.
- The regulatory environment continues to develop with more stringent regulations concerning the production, use and application of our type of products. While McBride welcomes initiatives to improve safety for the consumer, this also creates a substantial cost increase in the development, production, distribution and use of our products.

Converging forces

- Our end market, the European consumer, is becoming more dynamic and more mobile in their shopping habits. As value and convenience are growing aspects of their shopping behaviour, the response from the different channel players is diverse. This array of responses puts additional demands on McBride's ability to meet these dynamic trends from an innovation, manufacturing, supply and hence overall cost positioning.
- Our supermarket customers are challenged on their ability to deal with these consumer dynamics. This has an indirect impact on McBride as our customer is looking for innovation, while, at the same time, cost efficiency and simplification measures are more and more key in their evolving models.
- Our competition, like McBride, is actively developing answers to all these challenges. Some of them, through appropriate choices, offer a selective value proposition to our channels and markets. McBride needs to provide such a proposition as well.

Our strategic positioning

Our ambition is for McBride to become the leading European manufacturer and supplier of Co-manufactured, Private Label products for the Household and Personal Care Markets through selected channels and markets.

We will offer tailored services aligned with specific customer and channel requirements, and will cement these relationships through a complete focus on improving our operational excellence and driving our cost competitiveness with the aim to fully lever our scale.

Creating value through our business model

The dynamics as described above will favour market or industry leaders as they can fully utilise their scale in purchasing, innovation, manufacturing excellence, legal know-how and customer relationship management. Today McBride is active in a wide array of products, markets and customers. The complexity inherent in this range of activities has negative consequences. It has slowed down decision making, our service, quality and responsiveness to customers, while the resource required to support the broad activities affects our manufacturing and overhead cost structures negatively.

Therefore, before McBride can deliver further growth ambitions by building upon market dynamics which should play to our advantage, the Group needs to substantially simplify its activities. These include a review of our product range, our processes and procedures, our organisational set-up and our overall cost basis. McBride can then focus on the preparation of our new organisation, focused asset development and investment programmes, and identify our key growth platforms.

This simplification will allow for a substantially lower cost base, more effective manufacturing and distribution, and clear priorities for our New Product Development (NPD) programmes and sales teams on where to drive sales and value growth.

Our three to five year ambition for adjusted operating profit margin (EBITA %) is 7.5% with ROCE targeted at 25%-30%. Our growth ambition and value creation is based upon four building blocks.

1

Customer oriented service agreements aligned with channel requirements

We will have a tailored offering aligned with the respective channel characteristics and the supporting customer service levels and agreements clear on content and commitment.

2

Manufacturing excellence with customer integrated supply chain networks

An investment programme targeted at an optimised asset configuration supporting our market and growth ambitions. Continued investment in existing assets will further improve our operational cost and will be extended to additional investments, upgrading our five key assets, Middleton, Ieper, Estaimpuis, Foetz and Strzelce to world-class manufacturing sites. This will give us a combined cost and efficiency leadership. Through simplification, our supply and distribution capability will be further strengthened.

3

Maximising our manufacturing efficiencies through structural supply agreements

Our strong asset base creates the opportunity to further develop manufacturing agreements with other industry players, as we have done in the past. There is a clear visible trend that demand for such agreements is increasing. By developing contracts of a longer and more structured nature, McBride will be able to generate further structural value by more effectively utilising our asset base.

4

Focus on the development of our people, organisational capabilities and skills

Whatever we do, whatever organisation we build, we will not deliver upon our ambition and promise if our people are not engaged, developed and positively challenged. McBride has launched a series of structural initiatives further supporting the development of our people through a reinforced HR team and its activities.

Value improvement

Effective implementation of this new model and the transformation of the Company to the new way of working is set to deliver sustainable returns, permitting reinvestment to continue our market leadership, as well as provide shareholders with earnings growth.

Our customer base has a wide range of requirements and expectations depending on which channel or, in which region, or category they are active. We will, through the simplification of our activities, be more effective in addressing those different needs in an appropriate and affordable manner.

Strategic priorities
1 | Repair

In order to further improve our operational performance and overall cost competitiveness, it is key to reduce complexity and hence make clear choices on where to invest and sell our products.

See page 20

It is clear that as a result of the growth investments over the past years, the Company has developed an internal complexity which is very cumbersome to manage, slows down decision making and induces a cost structure which means McBride is often uncompetitive compared to direct competitors. In order to return the Company to an appropriate cost structure, we will need to "Repair" aspects of the Company. A dramatic simplification of everything we do will result in proportionally less resource required to manage a simpler business. This will result in a lower organisational cost structure. This simplification will involve products, geographies, categories, assets and customers. In addition, this "Repair" initiative will free up resource to drive raw material sourcing simplification and provide a major opportunity to improve our purchasing power from lower complexity.

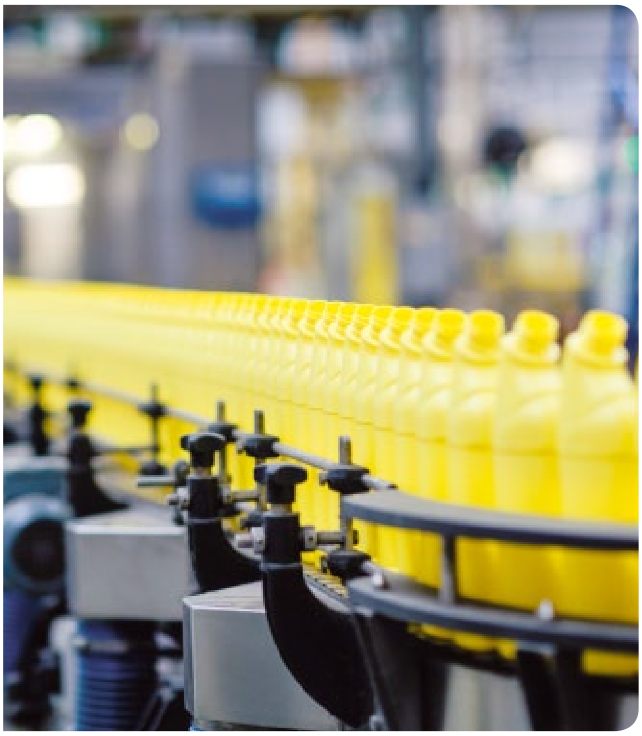
Labour cost/revenue (%)

2015	19.7
2014	19.8
2013	19.0
2012	19.0
2011	19.5

Customer service level (%)

2015	95
2014	98
2013	96
2012	96
2011	97

Strategic priorities
2 | Prepare



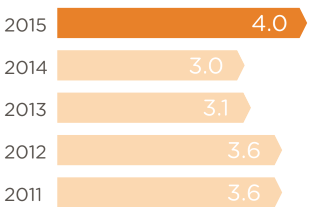
It is essential to upgrade our assets to industry leading capability, both in terms of efficiencies and technical features. The simplification of our business activities will promote sharper decision making on where and how to invest into our assets.

See page 20

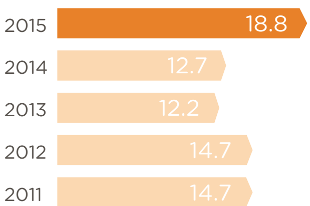
The cost repositioning that results from the "Repair" phase will allow us then to "Prepare" the Company to have the right and effective platform for growth development. An element of this will be to exit aspects of the existing business. Today, we are active in areas where it is difficult to define a roadmap, with acceptable investment levels, which will structurally contribute to McBride's future. We need to analyse all our business activities and decide how to accelerate what is going well, correct what can be improved, and discontinue what does not fit in our future business any longer. Hence, McBride will initially need to serve fewer customers and make fewer products as we set in place the platform to be able to grow effectively and profitably.

The plan will focus on three key areas: our organisational set-up; our asset configuration; and our market proposition. We need to define clearly where we will invest or disinvest in our assets and ensure we target investment, initially in our key strategic sites, appropriate to the dynamics of our chosen customers and markets. We need to clarify in which segments, markets and products we will target growth and, most importantly, we will need to build our new way of working into the DNA of our organisation. This new way of working will affect every aspect of the McBride activity cycle: Purchasing, R&D, Manufacturing, Distribution and Selling.

Adjusted operating margin (%)



Return on capital employed (ROCE)



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Strategic priorities
3 | Grow

The markets in which McBride is active are projected to show little to no growth in the coming years. Profitable growth is only possible if we can offer the most attractive cost and quality proposition, seamless supply chain efficiency and a clear service model aligned to a selective number of markets.

See page 20

As a result of the "Repair" and "Prepare" phases our "Grow" ambition will be focused on those products, customers and geographies where we really offer a sustainable competitive differentiator. The new organisation and culture will provide the right-sized engine to deliver upon this growth ambition. Organising our commercial and service value proposition to meet the needs of the emerging discount and on-line channels, as well as the traditional retailers, will align our activity to the value chain offered by these different channels. Alongside growth deriving from our more focused approach on fewer segments and customers, we may consider accelerating growth through targeted acquisitions, however this is not a near term priority. Additionally, the market shift towards more structural, longer term and more sizeable opportunities for contract manufacturing will provide sustainable value generation to McBride, optimising our asset utilisation further.

Adjusted operating profit (£m)

2015	28.5
2014	22.0
2013	23.6
2012	29.5
2011	29.0

Debt/EBITDA

2015	1.9
2014	1.9
2013	1.8
2012	1.5
2011	1.6

World-class manufacturing

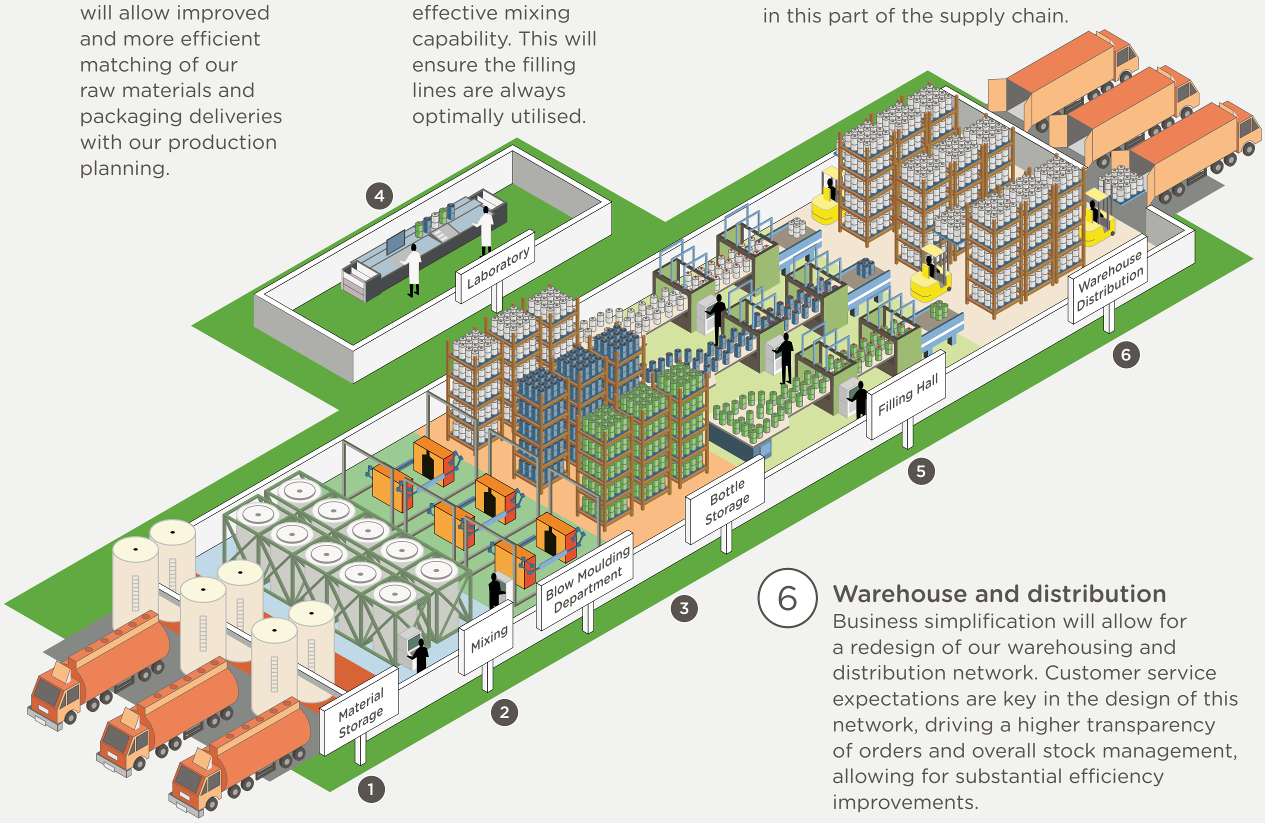
McBride needs to focus on its core strength, which is world-class manufacturing.

The business simplification programme that we have started will enhance operational excellence through targeted investments. This will allow for substantial efficiency improvement, waste reduction and specific capacity increase in support of our growth initiatives. Additional working capital benefits can be realised from better inventory management.

1 Materials input
Our drive towards a more balanced product portfolio, combined with a more focused purchasing model, will allow improved and more efficient matching of our raw materials and packaging deliveries with our production planning.

2 Mixing
Raw material simplification and formulation optimisation drives the batch size planning to a more effective mixing capability. This will ensure the filling lines are always optimally utilised.

3 Blow moulding and bottle storage
While McBride is one of the largest independent plastic bottle manufacturers in Europe, the combination of our range simplification with efficiency investments in our key facilities will greatly improve our efficiency and cost position in this part of the supply chain.



6 Warehouse and distribution
Business simplification will allow for a redesign of our warehousing and distribution network. Customer service expectations are key in the design of this network, driving a higher transparency of orders and overall stock management, allowing for substantial efficiency improvements.

4 Research and development
We will maintain our R&D capability and re-align its set-up ensuring fast follow-up on market trends through a close co-operation between customers, and our commercial and product development teams.

5 Filling
We will invest to improve filling efficiency through scale or flexibility enhancing projects depending on the specific customer or channel requirements. Backwards integration of filling lines into automated bottle production and feeding lines is a crucial element in this design. Speed of reaction with minimum downtime, combined with optimised stock management, will allow us to meet deadlines.

Our strategy

Repair

Strategic priorities

McBride will substantially simplify its activities, covering customers, products, processes and organisation. We will launch a broad range of purchasing driven saving initiatives, in further support of the simplification and right-size the overhead base to reflect better the new way of working.

See page 16

During the year

- Actioned overhead cost reduction opportunities of £3m
- Defined targets resulting in a 30% reduction in SKUs and a focus on the top 20% of our customers
- Set targets for overhead reductions
- Commenced reviews of under-performing segments of the Group, implementing the closure of the loss making Chinese activities
- Accelerated purchasing cost initiatives

Future plans

- Define priorities on future engagement with customers and markets
- Institutionalise purchasing initiatives as a key value generator through capability development
- Drive initiatives reducing the overall financing cost of our activities

Prepare

Strategic priorities

McBride will invest into its manufacturing assets and optimise its warehousing and distribution network. We will align the new organisational set-up aiming to institutionalise our new way of working with our people. We will provide a clear way forward for identified sub-optimal customers/categories and products.

See page 17

During the year

- Completed the installation and commissioning of the high speed line in the UK
- Reinforced the local sales and marketing organisation, supported by an aligned R&D structure
- Investigated with customers opportunities for structural Co-manufacturing co-operation
- Authorised further investment in Strzelce, Poland, with design work in progress to complete this investment in line with the new business model

Future plans

- Focus on manufacturing efficiency based projects at major sites
- Deliver further cost savings initiatives across the business
- Implement business plans for underperforming businesses
- Fully resource the new Project Management Office

Grow

Strategic priorities

McBride will drive a sustainable and profitable growth path based upon a greatly improved cost position and more efficient manufacturing and distribution. This will focus on fewer markets, categories and customers. McBride will develop customer specific value propositions depending on their individual requirements and the channel in which they are active.

See page 18

During the year

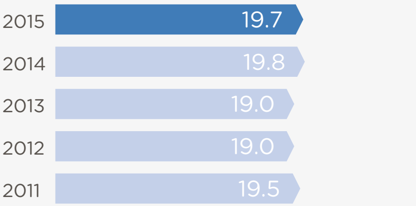
- Appropriate customer and market intelligence developed to support targeted growth
- Developed improved marketing and sales skills blueprints to suit the new way of working
- Reviewed relationships with structural partners for extended manufacturing and supply agreements

Future plans

- Define clear value propositions to our selected and aligned customer groups
- Optimise value growth ensuring returns allowing for re-investment into our asset and capability basis
- Opportunities to grow through acquisitions are likely only to materialise as we conclude our repair/prepare/grow strategy

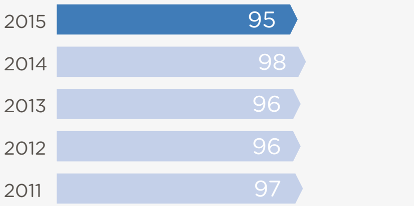
Performance

Labour cost/revenue (%)



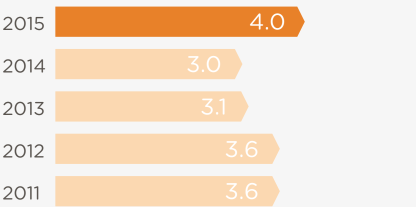
Labour cost as a % of revenue

Customer service level (%)



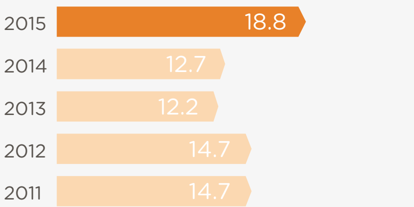
Volume of products delivered in the correct volumes and within agreed timescales as a percentage of total volumes ordered by customers

Adjusted operating margin (%)



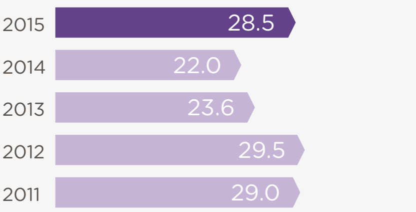
Adjusted operating profit as a percentage of revenue

Return on capital employed (ROCE)



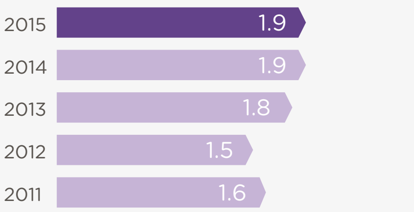
Adjusted operating profit as a percentage of average year end net assets excluding net debt

Adjusted operating profit (£m)



Operating profit before adjusting items

Debt/EBITDA



Net debt divided by EBITDA

Risks

- The customer and product simplification initiative is the first and most critical step of the transformation process. The overall design, choice and implementation of the objective needs to recognise reputation and inventory risks
- The depth and speed of the purchasing initiatives is expected to deliver substantial cost benefits, therefore the organisation will be reinforced to ensure delivery

- Effective execution of investment plans and other key projects with right-sized project resource
- Speed of delivery of the benefits expected will require effective monitoring and supervision
- To deliver the organisational redesign and right-sizing will need determined but respectful actions

- Volatile raw material pricing and difficulty in immediate pass through to customers could impact margin growth
- Increasing legislative environment could add a cost and development challenge

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Q&A
with Rik De Vos

The fundamentals at McBride are right, how we assemble all the elements and people together to create the momentum where business performance starts to accelerate is the combined challenge and opportunity.

Q: Why did you decide to join McBride?

A: When I was contacted about this opportunity, honestly, I had never heard about McBride. So, I started to investigate the Company both through publicly available data and by contacting people in my network, who had been working together with McBride. What I found was a really surprising mixture of positive elements on market position, customer relationships, technology pipeline and capability, and especially around the people in McBride, combined with a performance over the past years, which was by no means a reflection of the strong points McBride clearly had. Apparently, the Company had not been successful enough to bridge its internal strengths with the external market dynamics and reality. This was quite intriguing to me and already a big part of what I felt to be a great opportunity and challenge to help the Company find that new direction and way forward that would allow it to "connect the dots". I think that for me, the decision to join was then only reinforced further by the people I met during the interviews and made me understand better, and basically confirm, the diagnostic I had made on what the job would be about, namely, drive an organisation to a better performance and future.

Q: How did you deal with the first 90 days when you took on the role?

A: Listening, observing, learning and asking lots of questions. I think that the latter has maybe frustrated some people. When you start a new job like this one, speed in understanding is essential as you get pulled into the tactics of the new job very quickly. Hence my focus was on talking to people, visiting sites and trying to attend as many meetings as possible where I could increase my learning and understanding of the business and its issues and challenges. However, I also felt it was important, from the beginning, to clarify to all the colleagues how I am working, what my value principles are and where I was going to aim to be after the 90 days from a management model perspective. Therefore, I wanted to make sure I would be ready to announce my leadership team at the end of the 90 days to start working on the key challenges in McBride. So, in parallel with building my learning, I spent a lot of time talking to all senior leaders in the Company, identifying those which were, are and will be key in the future for this Company, and from them select my leadership team.

Q: What will you bring to McBride?

A: In essence two things: clarity of direction and focus on execution.

My first function here is a compass. I provide direction, while the people in the teams provide a GPS, a more detailed roadmap on how to translate the direction into the concrete action plans and objectives.

Secondly and probably most importantly, I bring experience in leading transformational change and delivery of the set objectives. This is a combination of indeed creating clarity in direction and alignment of the people, but also providing the organisational clarity, responsibility and sense for accountability to deliver upon the expectations. And the latter is key to any success in any transformation. This requires a constant focus on execution, follow up and driving the organisation to the correct priority setting as much as engaging into those priorities. This is not the first time I am doing this, and I believe this is my core strength where I can help McBride to return to its rightful place in this industry.

Q: What do you think will be the major challenges and opportunities that you will face?

A: I am convinced that for McBride the opportunities are the challenges and vice versa. This Company can do much better if we are all aligned even more in the same direction and the focus and engagement on delivery further improved. The fundamentals at McBride are right, how we assemble all the elements and people together to create the momentum where business performance starts to accelerate is the combined challenge and opportunity. The Company performance over the last years has for sure had an impact on the confidence people had in the business, the Company and its leaders, and the feedback in the first 90 days only confirmed this. Getting this right is probably more a people challenge than it is a business challenge, but you also need to provide a credible future to people in order to engage them into a different way of working. So getting the people dimension right, in combination with the hope and a vision for a better future, and balancing those two elements is what I would call my major opportunity. It is clear that this Company is suffering from a lot of other elements which are not ideal. But these can be tackled by the talent we have in the organisation. I need to provide the broad scheme on why we need to do these actions and how we can do these most effectively. And this is about coaching, learning and mentoring, and patience sometimes.

Q: Will McBride's strategy and business model change?

A: It is clear to everybody that after the performance of the Company over the past years, realignment needs to happen from a strategic perspective. Markets, customers and competitors have moved on, and McBride has not been able to fully adapt itself to those dynamics. The Company needs to prioritise and focus on its core strength, which is the manufacturing of products for the Household and Personal Care markets. This is the core of our existence and we need to be world-class at it. And this is all what "Manufacturing our future" is about. When I look around me after six months in the job, and notice the dynamics and the response of people to what has been started, I am fully confident that, with the talent in this Company, we can deliver upon our new ambition.

Rik De Vos
Chief Executive Officer

Principal risks and uncertainties

McBride's operations are exposed to risks which could potentially have an adverse impact on the Group's results, strategy and reputation, and therefore, affect shareholder returns.

As part of our annual risk exercise, the Group has identified those risks which are deemed 'principal' to its business due to their potential severity and link to the Group's strategy, markets and operations.

The current principal risks and uncertainties are shown in the tables on pages 25 and 26, which also detail how the Group uses a range of risk mitigation strategies to manage any potential impact.

This is not intended to be an exhaustive list, with additional risks not presently known to management, or currently deemed to be less material, also having potential to cause an adverse impact on our business.

Details of our risk management systems can be found on pages 39 and 40.

The Group's strategy is translated into key objectives to be achieved, each having risks and uncertainties connected to its potential success.

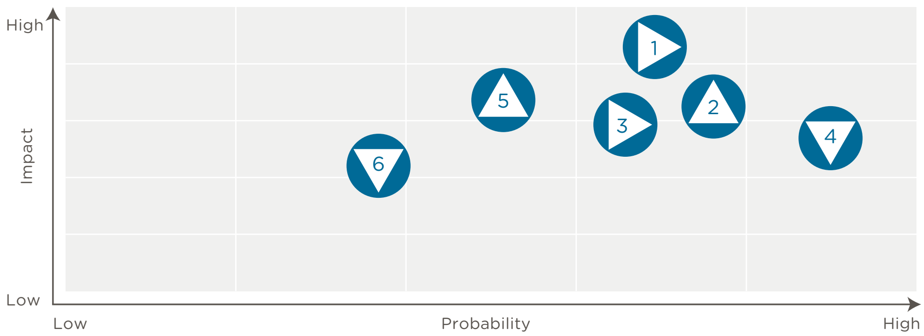
In order to help profile and analyse the combination of key strategic functional and operational risks, we continue to apply our Business Risk Identification and Management process (BRIM) which is described on page 40.

The ELT provides leadership and direction to the Group's overall risk management framework. The Audit Committee, and ultimately the Board, challenge the outputs and assessments from the exercise and ensure action plans to mitigate identified risks are in place, with appropriate ownership and timescales to ensure the Group's strategy can be delivered within the context of a risk managed framework.

Risk management structure and process

BRIM process →	Executive Leadership Team →	Audit Committee →	Board
Annual Group-wide risk identification and analysis exercise	Review risk register and agree actions to mitigate key risks	Monitor and review financial and key non-financial risks and internal controls, external audit process and reports	Overall responsibility for risk management and internal controls

Heatmap of principal risks and uncertainties 2015



1: Market competitiveness
2: Change agenda
3: Input costs
4: Legislative compliance
5: Asset utilisation
6: Financial risk

Risk 1: Market competitiveness

Loss of key growth categories and/or customers which drive the Group's strategy and profitability

Impact

- Principal competition comprises renowned international groups that have the ability to change markets through innovation and pricing structures such as promotional activity
- Strength of major retailers' leverage over suppliers on pricing and specification

Mitigation

- Strengthening of business model and operational efficiency through selective investment, improving cost base, simplification and adopting standardised best practice across the Group
- Drive New Product Development (NPD) and develop sustainable joint business plans with customers

Change

↔

Link to strategy

- Repair
- Prepare
- Grow

Key developments

- UK restructure, announced in 2014 to achieve a step change improvement in profitability, is progressing well and on track to deliver planned savings
- Closure of Chinese operations
- Central overhead savings launched June 2015

Risk 2: Change agenda

Continual adaptation required to remain competitive in a fast-moving and dynamic market environment

Impact

- Failure to deliver targeted improvements/projects and/or underperforming capital expenditure projects could lead to reduced customer satisfaction and increased costs
- Loss of key personnel and experience in fast-moving consumer goods

Mitigation

- The Group's new strategy will provide strengthened economies of scale and cost competitiveness
- Strong package of HR management policies and tools
- Employee contracts contain strict confidentiality clauses

Change

↑

Link to strategy

- Repair
- Prepare
- Grow

Key developments

- Establishment of dedicated Project Management Office to ensure key Group-wide projects prioritised and have resources available to support management to drive projects to successful conclusion

Risk 3: Input costs

Majority of product costs associated with raw materials, therefore significant risks associated with commodity markets

Impact

- Fluctuations in commodity prices resulting in a time lag between raw material price increases and recovery through pricing initiatives, with potential negative impact on profits

Mitigation

- A well resourced purchasing function with a developed forecasting capability
- Strong internal processes to cement raw material price increases quickly into recovery plans
- Innovation to enable low cost competition to be resisted

Change

↔

Link to strategy

- Prepare
- Grow

Key developments

- Majority of purchasing spend now under formalised contracts
- We continued to explore and introduce hedging on targeted raw materials

Principal risks and uncertainties continued

Risk 4: Legislative compliance

Increasing level of significant legislative requirements, with greater impact on businesses with complex/diverse product ranges

Impact	Mitigation	Change	Key developments
• Resource pressure on key Group functions and in some cases reliance on obtaining critical data from customers • Reduction in revenue and profitability from obsolete stock write downs and difficulty in recovering additional costs incurred	• Strengthened planning process to identify and evaluate impact of legislation at early stages • Experienced cross-functional project teams, with dedicated resource, to ensure implementation within deadlines • Active participation in relevant industry bodies	↓ **Link to strategy** Prepare Grow	• Compliance with CLP legislation was achieved during the year at minimal disruption to our customers

Risk 5: Asset utilisation

Failure to maximise cost competitiveness achieved through improved exploitation of Group's assets

Impact	Mitigation	Change	Key developments
• Failure to deliver targeted asset improvement/exploitation projects leading to uncontrolled costs • Loss of key strategic site with immediate and potential longer term impact on ability to deliver to customers	• Key projects prioritised and given resources required to support management • Well established and ongoing operational excellence programme across the Group • Robust property risk management and business continuity planning processes in place	↑ **Link to strategy** Prepare Grow	• Internal business resilience audit undertaken during the year, which will be further developed with an insurer partnered exercise during 2015/16

Risk 6: Financial risks

Multinational operations expose business to a variety of financial risks

Impact	Mitigation	Change	Key developments
• Risks associated with foreign currency exchange rates, interest rates, commodity prices, credit risks and taxation could impact profitability and cash flows • Failure to operate within financial framework could lead to inability to support long-term investment and/or raise capital to fund growth	• Strong and established financial framework monitoring and maintaining appropriate levels of liquidity and covenant commitments • Foreign exchange risk managed by hedging	↓ **Link to strategy** Prepare Grow	• Group banking facilities committed until April 2019

Corporate responsibility

12th
annual sustainability report available on our website

mcbride.co.uk

5
sustainability core themes roadmap

Consumer | Design | Operations | People | Community

86%
A.I.S.E. audit score achieved in 2014 – our best ever!

An A.I.S.E. voluntary sustainability initiative – www.cleanright.eu

90%
of waste generated recycled, reused and recovered sustainable waste
(2014: 89%)

Good progress during 2015 to align and embed our corporate responsibility and sustainability agenda throughout the Group, assisting the achievement of our overall strategy and objectives.

533
recorded coaching hours with accredited coaches in 2014

Certified Sustainable Palm Oil RSPO

Member of RSPO, with three sites certified for mass balance

87%
employee response rate to 2014 employee opinion survey

LTIs down
Lost Time Incidents down 15% during the year

Gender split 2015

Female Directors	1/6	17%
Female senior management	9/40	23%
Female total workforce	1,827/4,485	41%

Diversity

We recognise and value all forms diversity in our employees and endeavour to promote diversity in our workplace to enhance the success of our business

£0.5m
total value of donations that UK charities have benefited from under InKind Direct initiative to date

FTSE4Good

We are proud to continue to be a constituent member of the FTSE4Good Index

Corporate responsibility continued

Sustainability roadmap

Progress during 2015

Notable achievements

Customer and consumer

Objective
Identify customer specific and good practice consumer sustainability initiatives and targets, and work to integrate these into category and key account plans

Progress during 2015

Our sustainability roadmap continues to be presented to our key customers across Europe, starting with the UK, to confirm our commitment to corporate responsibility and sustainable matters, and foster ever closer ties to our customers' vision in this area.

We are continuously monitored and audited by our customers on a number of key areas, including corporate, ethical and social matters.

Notable achievements

Work undertaken to date has shown that many of our customers' aspirations and objectives complement our own, as evidenced by the number of successful customer and other external audits in this area.

Product and design

Objective
Design, create and supply value Household cleaning and Personal Care products, which are safe to use, whilst minimising environmental impact

Progress during 2015

The quality and safety of our products is paramount. We take our responsibilities seriously and are committed to ensuring that all our products are suitable and safe for their intended use.

During the year, we have completed the classification reassignment of products and raw materials as required under the CLP European regulations. We have and continue to align these new classifications with our sustainability agenda.

Notable achievements

We have taken steps to have reduced dosage in our laundry categories and are reducing phosphate usage in our autodishwashing category. Compressed aerosols are also reducing packaging weight and to date we have over 50 accredited Ecolabel products on the market.

EU Ecolabel
www.ecolabel.eu

Production and operations

Objective
Maximise operational efficiency and value through the pursuit of operational excellence to minimise our environmental impact and reduce emissions

Progress during 2015

Whilst our total energy consumption increased slightly during the year by 0.4%, our overall energy efficiency improved by 4.3%. Breaking this down, consumption of electricity increased by 3.7%, but was offset by significant reductions in usage of gas (decrease of 10%) and oil (decrease of 24%).

Further details of our greenhouse gas emissions can be seen in the chart on page 29.

Notable achievements

We have continued to make good progress on our sustainable waste and recycling targets as the Group continues to drive its operational efficiency.

Waste generated decreased by 16.7% (2014: increase of 1.5%), and recycled, reused and recovered sustainable waste now accounts for 90% of all waste generated (2014: 89%), with waste to landfill also lower by 2.2%.

Our people

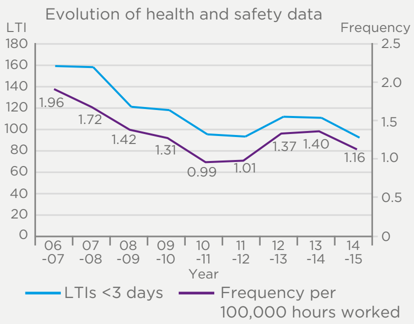
Objective
Create a working environment where people want to work and are able to give their best

Progress during 2015

Our goal with regard to our people's wellbeing continues to be to create a safe working environment for all ensuring our business activities are carried out responsibly and in accordance with local legislation.

As the chart opposite shows, we continue to make positive improvements in accidents involving more than three days lost time, as well as accident frequency per 100,000 hours worked, which was down 17% on the prior year to 1.2 (2014: 1.4).

Notable achievements



Community and society

Objective
Work to ensure that McBride's products and operations benefit the local communities in which we operate and the wider society as a whole

Progress during 2015

Each of our sites is proud to support local communities and charities, with many projects having taken place throughout the last year. Our ethos continues to be one of making a positive local contribution; being a good neighbour, as well as a key employer in our locations.

Examples of our local community work includes our sponsorship of the local half marathon between Ieper and Poperinge, now in its 12th year.

Notable achievements

One local project typical of our involvement was the significant participation in a regional health project in Italy, where colleagues joined and encouraged other smaller local companies to participate.

A large number of our community links have been in place for many years. One such example is "InKind Direct" in the UK, which distributes obsolete product for charitable use. To date this has benefited over 1,000 charities with a total value to them of c. £0.5m.

Carrefour Gold Medal

During the year Carrefour awarded McBride their gold medal following a full assessment of our sustainability practices, including governance, human rights, environmental impact, ethics, consumer protection and local community interface. This is a great achievement, and an improvement on our silver medal presented in the prior year.

Ecolabel is a voluntary scheme run by the European Commission, with product environmental dossiers (including details of raw materials, formulations and life cycle assessments) submitted and assessed by a government's relevant body.

In line with customer and consumer concerns, we have sought to source sustainable palm oil for our products. During the year we became a member of the Roundtable on Sustainable Palm Oil (RSPO) and have achieved certification for mass balance at three sites to date.

We gained our first ISO 50001 accreditation for the Group at our Moyaux site in France during the year, which adds to our record of all sites achieving relevant certifications.

ISO 50001
ENERGY MANAGEMENT

Product safety evaluations continue to be made without testing on animals.

Our employee engagement survey was undertaken again during 2015 and covered all locations within the Group. The results showed the commitment and passion of our people, with senior management looking to build upon the output to ensure all colleagues are fully engaged with the Group's strategy.

Specifically in relation to sustainability, 71% of colleagues who responded to the survey agreed the Group was doing all it could for the environment.

Link to strategy

- **Prepare** Embed use of profiling templates in all NPD undertaken
- **Grow** Develop market leading capabilities which can fully adapt to customer and consumer sustainability requirements

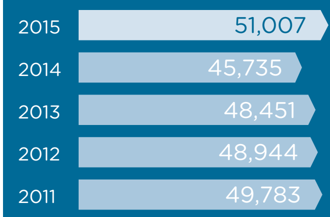
- **Prepare** Enhanced product performance targeted at energy and water conservation
- **Grow** Sustainability capabilities become integral to product development and offer to customer

- **Prepare** Extend our standard ISO accreditations across the business
- **Grow** Further focus on improvement in managing water wastage in manufacturing process

- **Prepare** Further linkage of sustainability to job roles and encourage proactive ethical auditing
- **Grow** Greater daily engagement with sustainable activities across entire workforce

- **Prepare** Expand and develop new and existing local connections around our site locations
- **Grow** Measure and promote the positive McBride impact on society

Net Scope 1 and 2 CO_2e emissions tonnes CO_2e



Greenhouse gas

We have been calculating our Scope 1 and 2 GHG emissions since 2008 in accordance with the relevant GHG Protocol Corporate Accounting and Reporting Standards and latest emissions factors from recognised public sources.

The overall impact of our operations for Scope 1 and Scope 2 emissions was 58,242 tonnes of CO_2e emissions (2014: 54,816 tCO_2e). Green energy used at our Belgium sites accounted for 21% of the Group's total demand, therefore giving a net CO_2e impact of 51,007 tCO_2e.

In terms of eco-efficiency, energy usage was slightly up from the prior year to 1,635 kg per Gjoule (2014: 1,602 kg/Gj), with CO_2e efficiency marginally worse at 17,254 kg product/tCO_2e (2014: 18,017 kg product tCO_2e).

Human rights

We take the issue of human rights seriously and continue to strengthen our policies and management systems in this area. Our employee policies are set locally to comply with local law within the overall Group framework and we monitor the employment practices of our supply chain.

We carry out third party ethical audits which are run under the Sedex System wherever possible or, alternatively, under a specific retailer's own system. All conform with the Ethical Trading Initiative (ETI) and our sites are independently audited at a frequency determined by risk. We maintain full data disclosure under the Sedex System for all sites regardless of audit frequency.

Strategic report
Corporate governance
Financial statements
Additional information

Welcome to Corporate governance

Corporate governance

Compliance statement

The Company complied with the provisions of the UK Corporate Governance Code published in September 2012, which applied throughout the financial year ended 30 June 2015.

Chairman's introduction

Iain Napier
Chairman

We are committed to embedding corporate governance as a discipline across the Group to complement our aim to deliver long-term success on behalf of our shareholders.

Dear Shareholder

The Board acknowledges that it is responsible collectively for the success of the Group by demonstrating strong leadership and setting the Group's strategy and business model, effectively reviewing management performance and ensuring the necessary financial and people resources are in place to achieve them.

To support this, the Group has a robust governance framework, including an effective Board and sub-committee structure, underpinned by the Group's operating principles, policies and controls. The following Corporate Governance section, including sub-committee reports set out how these high levels of governance are achieved.

Code compliance

As a Board, we remain committed to maintaining high standards of corporate governance and endorse the provisions set out in the UK Corporate Governance Code 2012 ('the Code'). During the year, we have assessed our level of compliance with the Code and disclosures in this year's Corporate governance report describe how the main principles have been applied. The Board confirms that throughout the year the Company has complied with all of the Code's provisions, in so far as they apply to a FTSE Smallcap Company.

New executive and strategic direction

The financial year ended 30 June 2015 has once again been challenging. Following the appointment of the new Executive Directors, a new Executive Leadership Team (ELT) has been formed and this group of executives has been actively involved in developing the future strategy for the Group to ensure that sustainable value growth can be delivered to all stakeholders. Both I and the Non-Executive Directors are fully supportive of the strategic direction now being formulated by the executive team. The future direction is reported in our Strategic report on pages 16 to 21 and more information about our activities in general is shown on page 38 of this Corporate governance section.

Sub-committees

In light of the Executive Director changes, both the Nomination and Remuneration sub-committees of the Board have been particularly active during the course of the year. The Audit Committee has continued to exercise its duties in compliance with all relevant legislation, regulation and guidance. All sub-committees of the Board continue to be supported by both internal and, where relevant, external advisers to ensure their duties are satisfactorily and professionally fulfilled. Further information on their activities is reported on pages 42 and 60.

Board evaluation

The decision was taken during the year to undertake a further internally-facilitated Board performance evaluation exercise as it was deemed too early for the inter-relationships with and performance of the new executives to be evaluated properly. A report on the exercise is set out on page 39. In summary, and although the new Executive Directors have only been in post for a short period of time, early signs are that the Board is working, and will continue to work, in an effective and beneficial way with all Directors engaged in open and challenging discussions.

Diversity

Our policy on diversity is available on our website at **www.mcbride.co.uk** and our statement on how we approach diversity is reported on pages 36 and 37.

Shareholder engagement

The Board remain committed to ensuring ongoing, effective and appropriate communication with shareholders. Since their appointment, the new Executive Directors have been involved in a programme of engaging pro-actively with investors and remain committed to doing so. I, Steve Hannam as our Senior Independent Director, and the other Non-Executive Directors remain available to discuss matters with key shareholders as and when required.

Iain Napier
Chairman

Board of Directors

Iain Napier
Chairman

Appointed: July 2007

Skills and experience: Iain's inclusive leadership style and support for robust and accountable governance promotes an effective Board culture of openness and constructive challenge. Iain also offers a wide range of experience to the Group from his extensive career both in the UK and internationally, specifically from an FMCG supplier perspective.

He was Chairman of Imperial Tobacco Group plc from 2007 to 2014 (having been a Non-Executive Director from 2000). Iain was Chief Executive of Bass Leisure, then of Bass Brewers and Bass International Brewers. Following the sale of the Bass beer business in 2000, he then took the role of Vice President UK and Ireland for Interbrew SA until August 2001. He was then Group Chief Executive of Taylor Woodrow plc from 2002 to 2006.

Other roles: Chairman of John Menzies plc, and a Non-Executive Director of William Grant & Sons Holdings Limited and Molson Coors Brewing Company (a US quoted company).

Committees: Nomination (Chair), Remuneration

Rik De Vos
Chief Executive Officer

Appointed: February 2015

Skills and experience: Rik has over 27 years' experience working within the chemical and manufacturing sectors, providing technical products to a wide variety of international markets, customers and consumers. He also brings extensive general management experience internationally as well as having proven success in completing several strategic turnaround projects where businesses have been restored to profitable growth.

Rik was previously Global General Manager for the Flexible Foam division of Recticel, the quoted Belgian company. Prior to this, his career has included roles with ICI, Huntsman, Rohm & Haas and BorsodChem.

Committees: Nomination

Chris Smith
Chief Finance Officer

Appointed: January 2015

Skills and experience: Chris is a chartered accountant and has more than 20 years' experience working in manufacturing businesses in highly competitive industries across the UK, Europe and the Far East.

From 2008 to 2014, Chris was Group Finance Director at API Group plc, the AIM-listed specialty metallic film, foil and laminates producer. Other previous roles have included Scapa plc, where he was Finance and IT Director for Europe & Asia and also a number of senior finance roles at Courtaulds plc, where he gained extensive international experience, including overseas positions based in Germany and Hong Kong.

Carole Barnet
Company Secretary

Appointed: October 2010

Skills and experience: Carole joined McBride in 1981. She has held the role of Company Secretary of the UK subsidiary companies since 1988 and became Company Secretary of Robert McBride Ltd in 1996. She was appointed Company Secretary of McBride plc in 2010, having held the position of Deputy Company Secretary since 2002. Carole has a degree in German and is a Fellow of the Institute of Chartered Secretaries and Administrators.

Steve Hannam
Senior Independent Non-Executive Director

Appointed: February 2013

Skills and experience: Steve brings extensive experience of independent Board level scrutiny, having held a number of positions as chairman and Non-Executive Director in listed companies during his career, as well as senior executive positions both internationally and in the UK. Steve brings diversity of style, skill and experience and makes him ideally suited for the role of Senior Independent Director, ensuring a challenging mindset when setting and monitoring implementation of the Group's strategy.

Steve's previous positions have included Chairman of Aviagen International Inc, Non-Executive Director of Clariant AG and AZ Electronic Materials Services Limited, Group Chief Executive of BTP Chemicals plc and, most recently, Chairman of Devro plc.

Other roles: Senior Independent Director and Remuneration Committee Chair of Low & Bonar plc.

Committees: Audit, Nomination, Remuneration

Sandra Turner
Independent Non-Executive Director

Appointed: August 2011

Skills and experience: Sandra brings extensive consumer business insight and experience, from both a retailer and supplier perspective. She was a member of the senior management team of Tesco, one of the Group's major customers, for over 20 years, holding executive, commercial and operational roles in the UK and Ireland, latterly as Commercial Director of Tesco Ireland between 2003 and 2009.

Since that time Sandra has been appointed a Non-Executive Director to a number of listed companies supplying into the FMCG sector, including previously Northern Foods plc. Also, as Remuneration Committee Chair of three listed companies, Sandra brings a broad knowledge, understanding and awareness of this continuously changing field and the importance of linking the Company's strategy and performance to executive remuneration.

Other roles: Non-Executive Director of Huhtamäki Oyj, Non-Executive Director and Chair of Remuneration Committee of Carpetright plc, Senior Independent Director and Remuneration Committee Chair of Greggs plc. Also, the Vice-Chair of a large independent school.

Committees: Audit, Nomination, Remuneration (Chair)

Neil Harrington
Independent Non-Executive Director

Appointed: January 2012

Skills and experience: Neil, a chartered accountant, brings a strong financial background as a highly experienced Executive Finance Director. In particular his wealth of knowledge, understanding and awareness of investment and banking facilities is invaluable. Neil has held senior finance roles in a number of UK-listed companies, including Barclays Bank plc, French Connection Group plc and, more recently, Group Finance Director at Mothercare Plc.

Neil's financial background and expertise leave him eminently suitable to hold the role of Audit Committee Chair.

Other roles: Chief Finance Officer of Cath Kidston Limited.

Committees: Audit (Chair), Nomination, Remuneration

Corporate governance report

Board composition

At 30 June 2015, the Board comprised six members: two Executive Directors, the Chairman and three Non-Executive Directors.

Rik De Vos was appointed as Chief Executive Officer with effect from 2 February 2015, replacing Chris Bull who resigned from the Board with effect from 18 December 2014.

Chris Smith was appointed Chief Finance Officer with effect from 7 January 2015, replacing Richard Armitage who resigned from the Board with effect from 31 July 2014.

Director election and re-elections

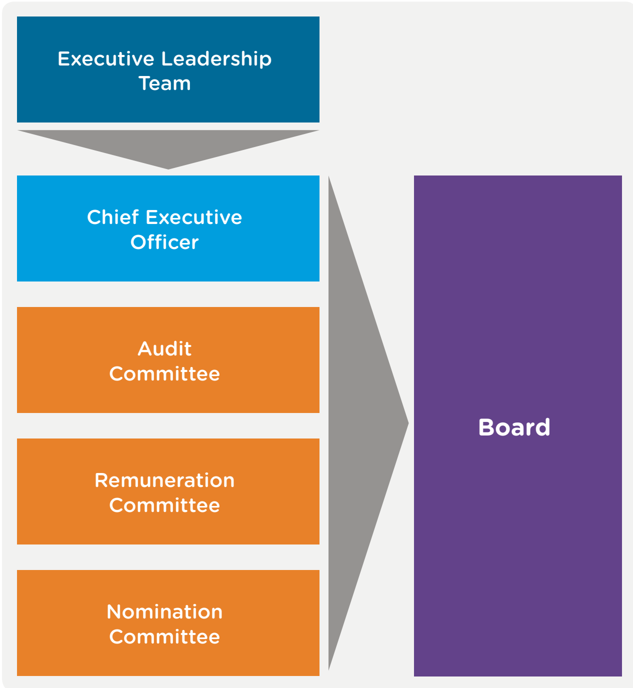
We are satisfied that all the Directors standing for election or re-election continue to perform effectively and demonstrate commitment to their roles, including attendance at Board and sub-committee meetings as well as any other duties which may be undertaken by them from time to time. This has been demonstrated during the year by the willingness of all the Directors to attend additional informal meetings and discussions and also through the support they have given to the executive management of the Group. Any changes to the commitments of any Director are always considered in advance by the Board to ensure they are still able to fulfil their duties satisfactorily.

Although the articles of association ('Articles') require the Directors to submit themselves for re-election at every third Annual General Meeting (AGM), all eligible Directors have agreed to submit themselves for annual re-election. Accordingly, Iain Napier, Steve Hannam, Neil Harrington and Sandra Turner will retire at the 2015 AGM and offer themselves for re-election.

Rik De Vos and Chris Smith, having been appointed by the Board during the year, offer themselves for election at the 2015 AGM.

The biographies for each Director, set out on pages 32 and 33, illustrate the range of skills and experience they offer to the Company. Voting at the 2014 AGM demonstrated continued support for all Directors who held office at that time.

Board and sub-committee structure



Board meetings

Number of meetings held	6	Date appointed	AGM
Number of meetings attended			
Iain Napier Chairman	6	1 July 2007	1
Chris Bull† Chief Executive Officer	3	4 May 2010	1
Richard Armitage† Chief Finance Officer	0	1 November 2009	N/A
Steve Hannam Senior Independent Non-Executive Director	6	4 February 2013	1
Neil Harrington Independent Non-Executive Director	6	3 January 2012	1
Sandra Turner Independent Non-Executive Director	6	1 August 2011	1
Chris Smith* Chief Finance Officer	3	7 January 2015	N/A
Rik De Vos* Chief Executive Officer	3	2 February 2015	N/A

† To date of leaving
* From respective dates of appointment.

Leadership and responsibilities

We recognise the importance of establishing the right culture and communicating this message throughout the organisation. It is important that we provide strong and effective leadership, constructive challenge and, along with the ELT, accept collective accountability for the performance of the Group. In so doing, we can drive and deliver our strategy in the best interests of all our stakeholders.

In carrying out our work, the Board focuses on key tasks which include active reviews of the Group's long-term strategy, monitoring the decisions and actions of the Chief Executive Officer and the ELT, and reviewing the Group's trading performance and critical business risks. Further information on the matters we have considered during the year is set out on page 38.

Chairman and Chief Executive Officer roles

There continues to be a clear division of the roles and responsibilities between the Chairman and the Chief Executive Officer.

Iain Napier, as Chairman, is primarily responsible for:

- overall leadership and governance of the Board, ensuring it operates effectively in terms of agenda setting, information management, induction, development and performance evaluation;
- promoting a healthy culture of challenge and debate at Board and sub-committee meetings;
- fostering effective relationships and open communication between the Executive and Non-Executive Directors;
- ensuring both Board and shareholder meetings are properly conducted; and
- promoting effective decision-making.

Rik De Vos, as Chief Executive Officer, is primarily responsible for:

- effective Leadership and strong focused management and development of the executive management and operational running of the Group;
- supported by the ELT and through committed Teamwork, developing and implementing the Group's business model and strategy;
- effectively Communicating the Group's strategy and performance; and
- building positive relationships by Engaging appropriately with all internal and external stakeholders.

Non-Executive Directors

All the Non-Executive Directors have been appointed for their specific areas of knowledge and expertise, are independent of management and exercise their duties in good faith based on judgements informed by their professional and personal experience. This ensures we can debate matters constructively in relation to both the development of strategy and assessment of performance against the objectives set by the Board.

The key responsibilities of the Non-Executive Directors are:

- developing and agreeing the Group's business model and strategy with the Executive Directors;
- scrutinising the performance of the Company and the Executive Directors;
- providing challenge and advice to the Executive Directors;
- having an oversight of the Company's risks and internal controls;
- approving remuneration and succession planning for Board Directors and other senior executives; and
- monitoring and enhancing the Company's corporate governance and compliance activities.

During the year, each Director confirmed that they had no relationship or circumstance that could affect their judgement and the Board has satisfied itself that there is no compromise to the independence of those Directors who have appointments with external entities. We believe that the balance between non-executive and executive representation encourages healthy independent challenge to the Executive Directors and to senior management.

Items reserved for the Board

The schedule of matters specifically reserved for decision by the Board is displayed on the Group's website at **www.mcbride.co.uk**.

Board sub-committees

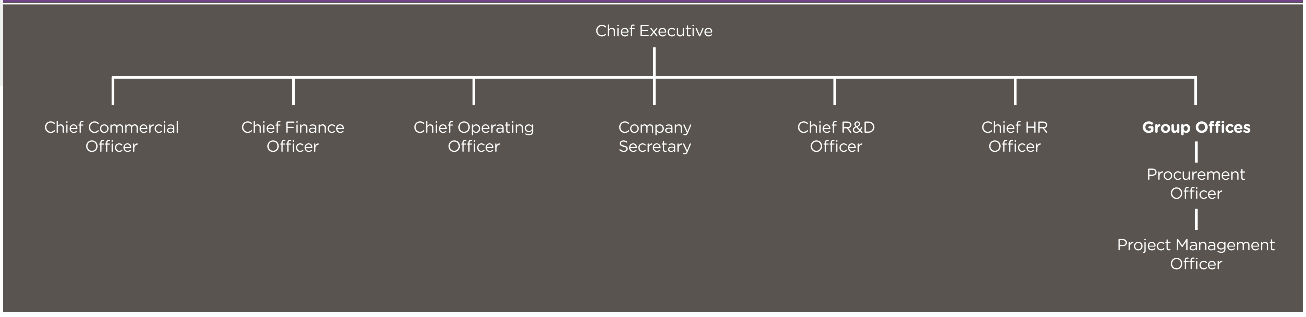
Certain activities of the Board are delegated to various sub-committees (Audit, Remuneration and Nomination). Each sub-committee is chaired by a member of the Board which, in turn, enables the Non-Executive Directors to take active roles in influencing and challenging the work, performance and recommendations of the Chief Executive Officer, the ELT and other senior management.

Each sub-committee has been established under its own Charter which sets out its terms of reference, authority, composition, activities and duties. The Charters are reviewed and updated as necessary to ensure ongoing compliance with the provisions of the Code and other best practice guidelines. They were last reviewed in June 2015.

Reports for each of the sub-committees are incorporated within this Corporate governance report and detail their membership, roles and activities.

Corporate governance report continued

Executive Leadership Team (ELT)



Operational management of the Group

The management of the Group's business activities is delegated to the Chief Executive Officer, who is ultimately responsible for establishing objectives and monitoring executive actions and performance through the ELT.

Since his appointment as Chief Executive Officer, Rik De Vos has reviewed the composition of his direct reporting team and has established a new ELT.

The Chief Executive Officer chairs monthly meetings of the ELT, and since their respective appointment he, together with Chris Smith as Chief Finance Officer, have actively engaged in visiting business locations to provide the opportunity for site-based colleagues to interact with them, to ask questions and to express their views on the strategic opportunities for the Company.

The key responsibilities of the ELT, led by the Chief Executive Officer, are to:

- rigorously assess the Group's trading performance;
- identify and develop to a successful conclusion, those large-scale cross-Group projects which are critical to delivering the Group's strategy;
- facilitate the interface between the Group's functions to ensure decisions are taken in a manner that both optimises delivery of the strategy and maximises shareholder value; and
- provide a cross-functional forum for the discussion of opportunities and risks arising from business activities, as well as to communicate business performance.

The Chief Executive Officer is responsible for the day-to-day management of the business. In turn, these responsibilities are delegated via the various ELT members to senior management on a structured functional basis. Specifically, health, safety and environmental and quality matters are delegated to the Chief Operating Officer and social and community matters are delegated to the Chief HR Officer.

Whilst the Board takes overall responsibility for approving Group policies, including those relating to social responsibility, business ethics, health, safety, sustainability, environmental matters and anti-bribery and corruption, the implementation of these policies is delegated to the Chief Executive Officer and then cascaded throughout the organisation via the ELT and the various functional teams. (Copies of our policies are available on the Group's website at **www.mcbride.co.uk**).

Effectiveness

Board style

A strong feature of the Board's effectiveness in delivering the strategy is our inclusive and open style of management and a free flow of information between the Executive and Non-Executive Directors. The size of our Board encourages individuals to discuss matters openly and freely and to make a personal contribution through the exercise of their personal skills and experience. No single Director is dominant in the decision-making process.

All Directors communicate with each other on a regular basis and contact with senior executives within the Group is sought and encouraged.

Diversity

We recognise the recommendations of the Financial Reporting Council to review targets for female Board positions and acknowledge that gender diversity is a key element to broaden the contribution made to Board deliberations. However, as the Board is small, comprising only six members, we do not believe that quotas are appropriate and we must accept that there are many different aspects to diversity, including professional and industry-specific experience, understanding of geographical markets, different cultures and gender, all of which can be an aid to the Board's effectiveness. Board appointments will ultimately continue to be made based on merit and calibre.

We have a good record of appointing women to Board positions, having had at least one female Non-Executive Director since 2003 and we continue to ensure that potential female candidates are included in the search for new Board appointments. During this year's search for a new executive team, the chosen executive search firms were tasked with ensuring female candidates were included on the shortlist. Furthermore, three members of the newly formed ELT are females. The team also includes two of Belgian nationality and one German.

Looking to our wider workforce, the Board recognises the importance of developing internal talent of all diversities across its global workforce. To support this, we are committed to ensuring that women have an equal chance with men of developing their careers within our business. We have policies and processes in place which are designed to encourage and support gender diversity in employee recruitment, as well as providing opportunities for development and promotion.

Succession planning

The Group has an embedded formal appraisal and talent management process, which is reviewed by the ELT. The Board has recognised the benefit of further improving its succession planning which will be addressed by the newly appointed Chief Executive Officer and Chief HR Officer.

Induction, development and support

On appointment, all new Directors undergo formal and in-depth induction programmes to provide them with an appropriate understanding of the business. This involves site visits, face-to-face meetings with senior executives and the issue of an induction manual containing key documents relating to the new appointee's role on the Board. Independent external training is also provided by the Group's legal advisers, Addleshaw Goddard LLP, who have no other connection with the Company.

We recognise the importance of ongoing training and development to ensure Directors have the skills and knowledge to discharge their duties effectively. This can take the form of briefing papers and/or presentations on regulatory/legislative developments and other topics of specific relevance to either the business or the markets in which we operate. Additionally, all Directors are entitled to undertake external training relevant to their particular duties. During the year, Sandra Turner has attended various forums which have benefited her in the role as Chair of the Remuneration Committee. Neil Harrington has continued to maintain his professional status as a Chartered Accountant and the Executive Directors have attended industry briefings relevant to their roles to ensure they are up-to-date on developing themes. Strategic and other reviews undertaken during the year have also served to ensure that the Directors continually update their skills, knowledge and familiarity with the Group's business, as well as their awareness of industry, risk, legal, regulatory, financial and other developments to enable them to fulfil their roles on the Board and sub-committees.

All Directors have access to the Company Secretary, who is responsible for ensuring that Board procedures are followed and that the Company complies with all applicable rules, regulations and obligations governing its operations.

Conflicts of interest

In line with the Company's Articles, we have strict procedures in place to capture the disclosure and subsequent consideration and potential authorisation of any Director interest which may conflict with those of the Group. Any such disclosures are recorded and compliance is reviewed at each Board meeting. Our procedures allow for the imposition of limits or conditions by the Board when authorising any conflict, if it is thought appropriate.

Operation of the Board

Board papers are prepared and issued one week prior to each Board meeting to enable Directors to give due consideration to all matters in advance of the meeting. Directors are able to take independent professional advice, if necessary, at the Company's expense.

The Board holds at least six meetings a year at approximately two-monthly intervals. Additional meetings are held as necessary to consider specific matters where a decision is required before the next meeting. During the year, six formal Board meetings were held. From time to time, the Board authorises the establishment of a sub-committee to consider and, if thought fit, to approve certain items of business. On such occasions input is sought from all Board members before the business is considered. In addition, a number of informal meetings and Board discussions took place.

At least one formal and several informal Non-Executive Director meetings have also been held during the year without the Executive Directors being present, and the Senior Independent Director and the Non-Executive Directors have met without the presence of the Chairman as part of the Board performance evaluation exercise.

Corporate governance report continued

Board activity year ended 30 June 2015

The graphic below illustrates those matters which formed the key areas of challenge and discussion by the Board during the year.

The Board

Iain Napier	Rik De Vos	Chris Smith	Steve Hannam	Sandra Turner	Neil Harrington
Chairman	Chief Executive Officer	Chief Finance Officer	Senior Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director

Market and economic environment

Matters considered

- Market and customer development updates
- Customer contracts updates
- Competitor and brander activity analysis

Strategic development opportunities

Matters considered

- Strategic direction and development opportunity discussions
- Key project status reviews
- Consideration of major capital investment projects
- Purchasing performance
- Product legislation project compliance reviews

Trading, financial and operational performance

Matters considered

- Trading performance updates
- Treasury strategy, activity and policy reviews
- Cash flow and net debt monitoring
- Approval of full year, half year and IMS announcements
- Annual Report and Accounts reviews and approval
- Customer service and operational reports
- Operational strategy and performance reviews
- Analyst expectations
- Investor presentations
- Payments to shareholders, policy and proposals

Governance and risk

Matters considered

- BRIM exercise
- Insurance programme renewal
- Share register analysis reports
- Stakeholder feedback
- Board self-evaluation exercise
- Code and legislation compliance reviews
- Corporate policies reviews and approval
- Sub-committee and reserved Board matter terms of reference updates
- Health and safety updates
- Talent and succession planning reviews

Board evaluation

We acknowledge that best governance practice recommends the commissioning every three years of an externally facilitated evaluation of the performance of the Board, its members and its sub-committees. The last external exercise took place in the 2011/12 financial year with internal exercises taking place since then. As the Board comprises a completely new executive team which had only been in place for a matter of months, it was deemed inappropriate to incur expense on an external evaluation for this year and, accordingly, a further internal evaluation exercise has been undertaken for the 2014/15 financial year.

As in previous years, the exercise was designed and led by the Company Secretary, working closely with the Chairman of the Board. Focus this year continued to evaluate the effectiveness, leadership qualities and skill sets of the Board as a whole and of the individual Directors as well as the support provided by the Company Secretary. Matters of shareholder engagement and risk monitoring were also assessed and specific questions were incorporated to develop areas identified for improvement from previous years. These included consideration of progress in terms of succession planning and gender diversity. A top line evaluation of the operation of each of the sub-committees of the Board was also covered.

The key findings identified that:

- although it was too early to judge the performance of the new Executive Directors and to assess how the new regime relates to and works with the Non-Executive Directors, early signs are positive in the constructive approach being taken;
- Board effectiveness, leadership under the Chairman and the support provided by the Company Secretary remain strong; and
- the sub-committees are well established, organised, chaired and comply with best practice.

Possible areas for improvement or perceived weakness included:

- the need to develop succession planning further. Although it continues to be recognised that, as a small company, the pool of talent will inevitably be limited, further emphasis is being given to developing potential talent within the business and this will be addressed by the new Chief Executive Officer with support from the newly appointed Chief HR Officer;
- a desire for more interaction with people below Board and ELT level. This will be addressed by the new executive team during the course of the new 2015/16 financial year; and
- greater emphasis on people management and continued focus on health and safety monitoring. This will be achieved through the redesign of the senior executive structures with regular reporting of Group-wide activities to both Board and ELT meetings.

Following completion of the exercise, the Chairman met with individual respondents to discuss the findings and to provide feedback. The Non-Executive Directors, led by the Senior Independent Director and in the absence of the Chairman, convened separate meetings to discuss the performance of the Chairman.

The exercise identified a well organised Board with strong leadership and with the sub-committees operating well and supported, as necessary, by both internal and external advisers.

Accountability

Business risk

The Board considers that the Group operates a risk-aware culture with an open style of communication. This facilitates the early identification of problems and issues, so that appropriate action is taken quickly to minimise the impact on the business.

The Group's internal control and risk management activities are managed through various measures including business risk reviews, specific functional and strategic risk workshops, focused Internal Audit reviews, year-end control self assessment questionnaires supporting internal control procedures, a quarterly follow-up process to review outstanding control actions and site audits by various internal stakeholders, including other assurance providers (such as Quality and HSE).

The Internal Audit function serves to provide assurances to the Audit Committee that relevant controls and actions are in place and its work is guided by the Group's risk assessment process and agreed with the Audit Committee at the start of each year, although it remains flexible during the course of the year and tailors its work to address new and emerging risks. Further information on our Internal Audit function and process can be found in the Audit Committee report on page 44.

Whistleblowing procedures are in place for individuals to report suspected breaches of law or regulations or other serious malpractices. The Group has an Anti-Bribery and Corruption Policy which extends to all business dealings and transactions in all countries in which it, or its subsidiaries, operate.

Corporate governance report continued

Group business risk management process

We have continued to apply our Business Risk Identification and Management process (BRIM) across the Group. The outputs from the process are owned by the individual functional leadership teams, reviewed and assessed by the ELT and considered and challenged by the Audit Committee. Further risk mitigating actions are considered as part of this process for any significant risks faced by the Group, thereby reflecting the ongoing commitment towards managing and addressing key risks in a responsive and proactive way. The exercise is used to derive the principal risks and uncertainties faced by the Group, as reported on pages 24 to 26.

Internal control systems and risk management procedures

The Board recognises its responsibility for reviewing the effectiveness of the Group's systems of internal control and risk management procedures during the year. This responsibility is delegated to members of the ELT to consider and reassess the effectiveness of the existing controls and to identify whether any new risks have arisen as a result of any control weaknesses. Further information about these processes and procedures and how their effectiveness has been assessed as reported on page 44.

Such systems are designed to manage, rather than eliminate, the risk of failure to achieve the business objectives and can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is satisfied that there is an ongoing process for identifying, evaluating and managing risks faced by the Group. This process has been in place for the year under review and also up to the date of approval of this Annual Report. The table on page 41 summarises the key control procedures undertaken by the Group and links these to the business model, strategy and principal risks and uncertainties detailed in the Strategic report.

Investor relations

Relations with shareholders

We place considerable importance on maintaining effective, balanced communications with all shareholders.

Since their appointments, the new Executive Directors have embarked on a specific programme to engage with both existing and potential new shareholders with the purpose of understanding their appetite to invest in the Company.

In addition, formal presentations of full year and half-year results are made by the Chief Executive Officer and Chief Finance Officer. These presentations include regular face-to-face meetings with analysts, brokers and fund managers and provide the opportunity for shareholders to assess the Group's performance and promote a better understanding of the business and its strategic development, as well as to explore the Group's approach to corporate governance matters.

The Board is kept informed of investors' views through the distribution and regular discussion of analysts' and brokers' briefings and through summaries of investor opinion feedback. The Board also receives reports on the output from surveys carried out by various investor research bodies. The Chairman, Senior Independent Director and Chair of the Remuneration Committee are available to discuss governance, strategy and overall remuneration policies and plans with major shareholders and are prepared to contact individual shareholders should any specific areas of concern or enquiry be raised. Where applicable, the views of major shareholders are sought on certain issues

The principal communication with private investors is via our website at **www.mcbride.co.uk/investors**, which has a section dedicated to shareholders. All the Directors attend the AGM and shareholders have an opportunity to raise questions, both formally during the meeting and informally after the meeting has closed. A summary presentation of the Group's trading position is given at the AGM before the Chairman deals with the formal business of the meeting. The proxy votes cast in relation to all resolutions, including details of votes withheld, are disclosed during the meeting and the results are published on our website and announced via the Regulatory News Service.

Information on share capital

Information about share capital can be found in the Other statutory information section on page 63.

Control procedure	Link to business model, strategy and principal risks
Management responsibility and accountability	• Clearly defined management responsibility and reporting lines. • Chief Executive Officer and Chief Finance Officer meet regularly with ELT to review progress on financial, commercial, supply chain, HR, safety and environmental issues and regulatory/legal compliance matters.
Strategic planning process	• Strategy developed and approved by the Board. • Strengths, weaknesses, risks and opportunities highlighted on a functional as well as Group level. • Focus on the market environment, objectives, actions to achieve them. • Implementation of the plans monitored by ELT reporting system which provides early warning of any failure to meet targets.
Budgeting and financial reporting	• Comprehensive annual budgeting process ultimately approved by the Board. • Detailed consolidated management accounts prepared each month and reviewed by ELT. • Financial performance against budget monitored and challenged centrally, with full year forecasts updated each quarter. • Board regularly updated on the Group's financial performance and position against targets. • Finance function encouraged to act independently of management in the course of its preparation of monthly accounts and exercising of control procedures.
Key performance indicators (KPIs)	• Comprehensive set of commercial, operational, financial and non-financial (including environmental and employee related) KPIs reported at monthly trading meetings. • Performance against targets and sharing of best practice discussed regularly at both functional and Group levels. • Adequacy and suitability of current KPIs reviewed regularly.
Expenditure approval	• Authorisation and control procedures in place for capital expenditure and other major projects. • Process to review capital expenditure projects post-completion to highlight issues, motivate management to achieve forecast benefits and improve future projects performance and delivery.
Documented policies	• Formalised and documented policies for a range of areas including HR matters, expenditure, treasury and financial reporting. • Group finance manual incorporates accounting, tax and treasury policies, as well as reporting responsibilities and capital expenditure approval procedures. • Group authority levels in place detailing matters reserved for the Board, its sub-committees, members of the ELT and other senior management across the Group. • Detailed Internal Control Questionnaire (ICQ) completed and signed by relevant executives to confirm their compliance with core control procedures in operation across the Group.
Site property surveys	• Meetings held with insurance and risk advisers covering the Group. • Risk assessments, safety audits and reviews of progress against objectives established by each site regularly carried out.
Internal audit	• Individual businesses, functions and significant strategic and operational projects, processes and procedures periodically reviewed by Internal Audit function, and recommendations made to improve controls (further information to be found in the Audit Committee report).
Cash	• Cash and debt position monitored daily and variances from forecast levels investigated. • Working capital balances reviewed on a monthly basis at Group level and significant variances analysed and investigated.
External auditors	• The audit includes the review and test of the system of internal financial control and the data contained in the financial statements to the extent necessary for expressing an audit opinion on the truth and fairness of the financial statements (further information to be found in the Audit Committee report).

Audit Committee report

Neil Harrington
Chairman of the Audit Committee

Attendance at meetings year ended 30 June 2015

Members of Committee			Date appointed to Committee
	The Board are satisfied all members are independent Non-Executive Directors.		
	Number of meetings held (minimum three per year)	4	
	Number of meetings attended		
	Neil Harrington (Chairman) Independent Non-Executive Director	4	3 January 2012
	Steve Hannam Senior Independent Non-Executive Director	4	4 February 2013
	Sandra Turner Independent Non-Executive Director	4	1 August 2011
	Subsequent to the year end, one further meeting of the Committee took place in September 2015		

Committee membership and meetings

The members of the Committee and their attendance at meetings during the year are shown in the table above. A quorum of the Committee is two members.

The Board is satisfied that Committee members are sufficiently competent in financial matters, in addition to having a wide range of business experience as evidenced in their biographies on page 32 and 33.

Neil Harrington has particular relevant financial experience and up-to-date knowledge of financial matters, being a member of the Institute of Chartered Accountants and the current Chief Finance Officer of Cath Kidston Limited. He was previously Group Finance Director at Mothercare plc for seven years.

The Committee meets as frequently as needed, but at least three times a year. In the financial year ended 30 June 2015 the Committee met four times, in September and December 2014 and February and June 2015. Subsequent to the year end, one further meeting of the Committee took place in September 2015. Meetings may be attended by the Board Chairman, Chief Executive Officer, Chief Finance Officer and Head of Internal Audit by invitation. Support is provided by the Company Secretary who serves as Secretary to the Committee. The Company's external auditors, PricewaterhouseCoopers LLP (PwC), also attend meetings by invitation. During the year, PwC attended three meetings.

Independent meetings were held regularly between the Committee members and the external auditors in the absence of the Executive Directors and between the Chairman of the Committee and the external auditors. There were also regular meetings between the Committee Chairman and the Head of Internal Audit.

Purpose

The purpose of the Audit Committee is to make recommendations on the reporting, control, risk management and compliance functions and responsibilities of the Group and to provide independent oversight, assessment and challenge to the senior management team in these areas.

Main duties

- To monitor the integrity of the financial and regulatory reporting process of the Group.
- To review the Group's accounting policies, financial reporting standards and disclosure practices.
- To review and recommend the Board to approve all financial statements and announcements.
- To review the effectiveness of the Group's internal controls and risk management systems.
- To oversee relations with the external auditors, actively considering the objectivity and effectiveness of the external audit process and making recommendations to the Board in relation to the appointment and remuneration of the external auditors.
- To monitor the performance and independence of the external auditors.
- To monitor the effectiveness of the Group's Internal Audit function.
- To monitor compliance with legal and regulatory requirements.
- To develop and oversee the Group's policy on the supply of non-audit services.

The Committee reviews its own performance annually and considers whether improvements can be made. This year's exercise indicated that the Committee continues to work very effectively, with appropriate processes in place to ensure the Committee carries out its duties satisfactorily. The Committee Chairman demonstrates good leadership and all Committee members have excellent knowledge of all relevant financial matters. All Committee members contribute actively to quality discussions and are prepared to challenge both the executive and the external auditors on matters of significance to the Group.

Terms of Reference

The Committee's Terms of Reference are reviewed annually to ensure continuing compliance with evolving best practice guidelines. This year's review has incorporated amendments to take account of latest guidance, including additional wording to cover the duties and reporting obligations under the CMA Statutory Audit Services Order 2014 (relating to external audit tender), which comes into effect in July 2015; and additional wording to reflect the new UK Corporate Governance Code provisions relating to review of the going concern statement, assessment of business viability, and continuous monitoring of internal control and risk management systems. A copy of the latest Terms of Reference is available from the Group's website at **www.mcbride.co.uk**.

Accounting and reporting issues

The Committee received regular reports on the Group's trading performance and on both the interim and full year financial statements. Papers on critical reporting issues were tabled for discussion and the Committee actively considered relevant matters including monitoring of potential asset impairment issues, exceptional items associated with various projects, international financial reporting standard disclosures and other accounting developments that could affect the Group.

Significant matters considered

The Committee considered the following key accounting judgements in relation to the financial statements which it deemed to be significant in the context of the Group's performance and recognising the need to adapt to the changing trading and economic environment. The table below indicates how these matters were discussed and addressed:

Matters considered	Actions
Impairment reviews	Management's judgement on the need (or otherwise) to take impairment charges for goodwill or fixed assets at certain sites was reviewed, taking into account the trading performance of and the prospects for each location. Recommendations were discussed and agreed with the external auditors. Refer to note 5 to the financial statements.
Revenue recognition	Specific focus was applied by the Committee to the application of appropriate controls relating to revenue cut off and the accounting for rebates to customers. The Committee satisfied itself on the control environment surrounding the risk of material misstatement arising from revenue recognition accounting. See note 1 to the financial statements.
Tax matters	The Committee considered and approved the Group's tax policies and reviewed opportunities to improve the Group legal structure to ensure efficient access to subsidiary distributable reserves.
Treasury matters	In accordance with the terms of the Group's debt facilities, the Committee continued to monitor compliance with all relevant covenants to ensure the Group could continue to have available sufficient headroom to deliver its strategy and to enable the business to focus on other critical priorities. Full details are provided on page 9 of the Executive review. The Committee also reviewed the policies on currency and interest rate hedging transactions and concluded that the approach adopted was appropriately prudent.
Going concern status	In depth reviews of the Group's going concern status were carried out by the Committee both at the half and full year period ends. Detailed papers setting out all the relevant considerations were tabled by management and discussed by the Committee together with the external auditors who confirmed that their independent tests continued to support the position that adequate facilities were in place for the period to September 2016 to enable the Group to continue as a going concern (Refer to page 9 of the Executive review).

Audit Committee report continued

External auditor reports

The Committee also received, considered and debated reports received from PwC arising from their independent risk assessment of the Group's financial controls. This included consideration of measures to improve transparency between legal entity and functional reporting; consideration of systems access controls; impairment reviews; exceptional items; testing to support the integrity of various customer rebates; considerations relating to segmental reporting; and inventory. Supported by the external auditors, the Committee concluded that there were no major concerns, that there was no evidence of systematic control weaknesses and that the overall control environment was acceptable for a group of McBride's size and nature. It was recognised that management had taken the opportunity to improve various transactional processes and procedures and to continue to strengthen enhanced cross-functional alignment across the Group.

Internal audit

The Internal Audit function provides independent assurance to the ELT and the Board on the strength and effectiveness of the Group's risk management framework and approach and is responsible for overseeing internal controls and risk management processes for the Group.

Internal controls

The Internal Audit function was actively engaged to understand and consider the extent to which the internal control environment could be improved. The Committee received specific audit reports, and detailed papers on the annual Internal Control Questionnaire (ICQ) and on the UK taxation control effectiveness questionnaire to comply with the Senior Accounting Officer (SAO) requirements, and concluded that the overall approach to control and risk management continues to be effective. More information is reported on pages 40 to 41.

During the year, 15 new audits were undertaken by Internal Audit in conjunction with a quarterly process of monitoring outstanding actions using our automated follow-up software tool. The Committee noted that the Internal Audit reviews had helped to effect significant improvements in the Group's internal control processes since last year. The conclusion was that a generally robust and effective control environment exists and that no fundamental breakdown in controls had been identified. High completion rates against identified audit actions had been reported with clear evidence of management commitment to improving any potential weaknesses.

Risk management

The Internal Audit function also continued to facilitate the roll-out of the Group's risk management process known as BRIM, which seeks to encourage a robust assessment of potential threats to the business, its performance and its stability both at a holistic as well as at a fundamental level. BRIM provides a monitoring process for the Group's key business risks and controls, as well as driving a more risk accountable culture across the business. The Committee was provided with regular reports on the progress and key results from this process. On behalf of the Board, the Committee considered specifically those risks and uncertainties facing the business which should be classified as significant and sought comfort from the executive about relevant and necessary mitigating factors. See the principal risks and uncertainties section on pages 24 to 26 for further details.

The Internal Audit function was actively engaged to understand and consider the extent to which the internal control environment could be improved.

The Committee reviewed and agreed the Annual Internal Audit Plan confirming its alignment with the output from the BRIM exercise.

Overall, the Committee continues to be satisfied that the Internal Audit function has sufficient resource and provides an important and effective role in the management of the Group's internal controls framework and in the facilitation of the BRIM process.

Financing strategies

The Committee received regular reports on audit related, treasury and taxation matters, including consideration of the Group's funding strategy, transfer pricing, its foreign currency management policy and banking facilities. The taxation compliance process and controls were tested during the year and confirmed as operating adequately and effectively.

Accounting policies

The Committee received regular updates on technical reporting issues and on critical accounting policies.

Corporate policies

The Committee reviewed updated corporate policies on anti-bribery and corruption and whistleblowing. The Committee believes that appropriate key policies are in place to ensure reasonable steps have been taken to prevent fraud and to allow any improprieties to be reported. Copies of the policies are available from the Group's website at **www.mcbride.co.uk**.

Non-audit fees

We have in place a detailed policy on the engagement of external auditors for non-audit services. This has been designed to preserve the independence of the incumbent auditors in performing the statutory audit and it aims to avoid any conflict of interest by specifying the type of non-audit work:

- for which the auditors can be engaged without referral to the Audit Committee;
- for which a case-by-case decision is necessary; and
- from which the auditors are excluded.

In accordance with this Policy, other providers are considered for non-audit work and such work is awarded on the basis of service and cost. This Policy is regularly reviewed and a copy is available from the Group's website at **www.mcbride.co.uk**.

External auditors – effectiveness, independence and objectivity

The Audit Committee has primary responsibility for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors as submitted to shareholders for their approval at the Company's AGM.

During the year, the Committee has monitored the scope, results and cost effectiveness of the audit and overall independence and objectivity of the external auditors both through the receipt and assessment of papers as well as in discussion with both management and the auditors.

This has included receiving proposals on the audit strategy for the year, reviewing the scope and outcome of the interim and year-end audits and on control and accounting developments.

The Committee has also sought assurance from the external auditors of their compliance with applicable ethical guidance and, in addition, has taken account of the appropriate independence and objectivity guidelines. The Committee considers the risk of PwC withdrawing from the market as remote since they are one of the top four accounting firms in the UK.

The Committee has considered and approved the terms of engagement and fees of the external auditors for the year ended 30 June 2015. Fees payable by the Group to PwC totalled £0.4 million (2014: £0.4m) in respect of audit services and £10k (2014: £28k) in respect of non-audit services. There were no contingent fee arrangements with PwC.

External audit tender

A full tender for the appointment of the external audit firm took place in 2011, as a result of which PwC were appointed as external auditors with effect from November 2011. The Committee remains satisfied with the level of independence, objectivity, expertise, fees, resources and general effectiveness of PwC and, accordingly, the Committee recommends (and the Board agrees) that a resolution for the re-appointment of PwC as external auditors for the Company should be proposed at the forthcoming AGM in October 2015.

In 2014, fees have been benchmarked and fees for 2015 are considered to be consistent with comparable companies.

Overview

As a result of its work during the year, the Committee has concluded that it has acted in accordance with its Terms of Reference and has ensured the independence and objectivity of its external auditors.

Having given due and full consideration to all the matters referred to above, the Committee satisfied itself that the financial statements give a fair, balanced and understandable view of the profits, assets, liabilities and financial position of the Group, and undertook to report accordingly to the Board.

Neil Harrington
Chairman of the Audit Committee

Remuneration report

Sandra Turner
Chair of the Remuneration Committee

Attendance at meetings year ended 30 June 2015

Members of Committee

The Board are satisfied all members are independent Non-Executive Directors, with the exception of Iain Napier who satisfied the independence condition on his appointment as Non-Executive Chairman in 2007.		Date appointed to committee
Number of meetings held (minimum two per year)	6	
Number of meetings attended (quorum is two members)		
Sandra Turner (Chair) Independent Non-Executive Director	6	1 August 2011
Steve Hannam Senior Independent Director	6	4 February 2013
Neil Harrington Independent Non-Executive Director	6	3 January 2012
Iain Napier Chairman	6	19 July 2007
Subsequent to the year end, one further meeting of the Committee took place in September 2015.		

Remuneration Committee purpose:

The Committee is responsible for determining the remuneration policy for the Executive Directors, Non-Executive Directors and, in conjunction with the Chief Executive Officer, remuneration packages for the Executive Leadership Team (ELT).

Main duties:

- to review the ongoing appropriateness and relevance of the Remuneration Policy for the Executive and Non-Executive Directors;
- to apply formal and transparent procedures regarding executive remuneration packages;
- to consider and make recommendations to the Board on remuneration issues for the Executive Directors and other senior executives, taking into account the interests of relevant stakeholders; and
- to review the implementation and operation of any Company share option schemes, bonus schemes and long term incentive plans (LTIP).

The Committee is authorised by the Board to investigate any matters within its Terms of Reference. The Committee's Terms of Reference are reviewed regularly to ensure continuing compliance with evolving best practice guidelines and is available from the Group's website at **www.mcbride.co.uk**.

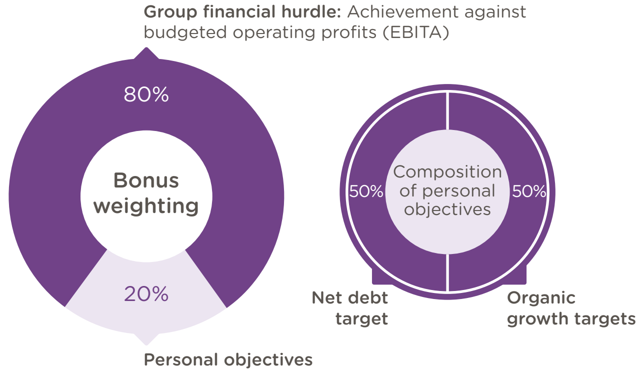
Executive Directors' remuneration at a glance

Total remuneration 2014/15

Notes to these figures can be found on page 55.

	Base salary £000	Benefits £000	Pension £000	Annual bonus £000	LTIP £000	Total £000
Rik De Vos (appointed 2 Feb 2015)	167	7	35	148	—	357
Chris Smith (appointed 7 Jan 2015)	121	6	24	107	—	258
Chris Bull (resigned 18 Dec 2014)	197	6	50	—	—	253
Richard Armitage (resigned 31 Jul 2014)	23	6	5	—	—	34

2014/15 annual bonus structure



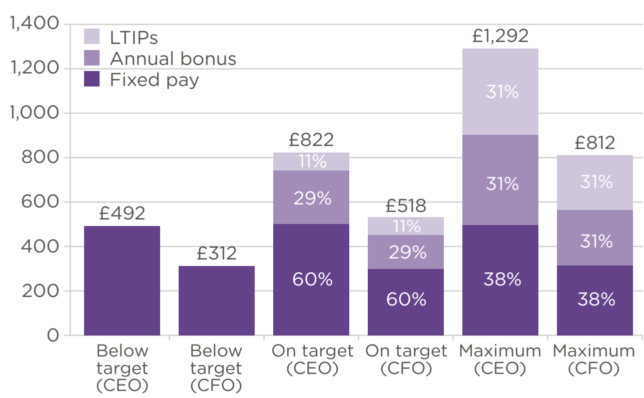
More details on the 2014/15 annual bonus can be found on page 56.

Remuneration performance scenarios

The chart below illustrates how the composition of the Chief Executive Officer's and Chief Finance Officer's remuneration packages could vary at different levels of performance under the Company's Remuneration Policy as a total value opportunity.

Total remuneration opportunity

£(000s)



Below target represents fixed pay only (consisting of base salary, benefits and pension). On-target performance assumes a bonus award of 60% of salary and 22.5% vesting under the LTIP.

Maximum performance assumes a bonus award of 100% of salary (cash and deferred shares) and full vesting under the LTIP. No assumptions are made as to likely share price growth for the DBP or LTIP.

Dear Shareholder

On behalf of the Remuneration Committee, I am pleased to present the Remuneration report for the year ended 30 June 2015.

Reporting disclosure and recommendation

The Committee continues to welcome and embrace best practice in the area of remuneration reporting and aims to provide shareholders with a transparent and clear view on how the Committee ensures a strong link exists between the successful achievement of the Company's strategy and performance and its Executive Director remuneration structure. When appropriate, I am happy to consult with key shareholders to discuss and take views on our Remuneration Policy.

This Remuneration report has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and is split into the following sections:

- this annual statement which summarises and explains the key actions and decisions undertaken by the Committee during the year;
- a Remuneration Policy report, which sets out our policy on the remuneration for the Executive and Non-Executive Directors as approved and adopted by shareholders at the AGM in 2014. The Remuneration Policy has been reproduced in this year's Remuneration report to ensure shareholders have ready access to all information available on Executive Remuneration; and
- an Annual Report on Remuneration, which discloses how the Remuneration Policy was implemented during the 2014/15 financial year and how it will be applied for the 2015/16 financial year.

At this year's AGM in October 2015, there will be an advisory vote on the Annual Report on Remuneration. The Remuneration Policy is subject to a binding vote every three years, or sooner if changes are proposed to it. The Committee is not proposing any changes at this time.

The positive votes received by shareholders for the Remuneration report at the 2014 AGM provide a strong endorsement for our remuneration strategy and the Committee hopes to continue to receive this support at our AGM in October 2015.

Strategy and payment for performance

When determining the structure and remuneration levels offered to Executive Directors, the Committee ensures that the overall design of the packages remains within the Remuneration Policy approved by shareholders at the 2014 AGM. Payment levels are required to remain competitive, but also have a clear alignment to successful delivery of the Company's strategy.

Accordingly, fixed elements of remuneration have remained relatively static, with emphasis being placed on the opportunity to increase remuneration through variable elements of reward, including both short-term and long-term incentive plans. This ensures rewards are reflective only of success and subject to achieving performance targets.

Key actions and decisions taken

The Committee has considered:

- the remuneration packages offered to both Rik De Vos, Chief Executive Officer appointed in February 2015, and Chris Smith, Chief Finance Officer appointed in January 2015. These were in line with the Company's Remuneration Policy and offered on the same general basis as the previous Executive Directors. No form of buy-out, or other exceptional payments, were offered. Both participate in the Annual Bonus Plan and LTIP scheme, as detailed on pages 49 and 50;
- on 19 February 2015 the Committee agreed to the granting of pro-rated LTIP awards for the year 2014/15 to Rik De Vos and Chris Smith. Details of these awards can be found on page 56;
- in relation to Executive Director pay, as both Executive Directors joined part way through the financial year, it was agreed their base salaries would remain at their appointment levels, with a review taking place at the end of the 2015/16 financial year;
- for the 2014/15 Annual Bonus the Committee determined the Group financial hurdle element had been met in full. Personal objectives for both Executive Directors had been partially achieved, giving a total 89% payout of the maximum annual bonus available to both Executive Directors. Further details can be found on page 56;
- the Committee reviewed performance targets and objectives in relation to the Executive Director 2015/16 Annual Bonus and LTIP awards and determined they would continue to be linked to similar measures used in the previous year. Further details can be found on page 54;
- the performance conditions attached to the LTIP awards granted in September 2012 were reviewed. The Committee determined that performance for these awards was below the threshold levels. The awards therefore lapsed; and
- Chris Bull, the outgoing Chief Executive Officer, was treated as a normal leaver by the Committee under all applicable policies and rules. As such, he was not entitled to receive any form of bonus for the financial year 2014/15 and all LTIP awards lapsed upon his cessation of employment on 18 December 2014.

Sandra Turner
Chair of the Remuneration Committee

Remuneration report continued

Remuneration Policy report

This report provides details of the Remuneration Policy for the Executive and Non-Executive Directors as adopted by the Company following approval by shareholders at the 2014 AGM.

Remuneration Policy principles

The Group's approach for all employees, including executives, is to set remuneration that takes account of market practice, economic conditions, the performance of the Group and of teams or individuals, recognising any collective agreements that may apply as well as any legal or regulatory requirements in jurisdictions where it operates. Our Policy aims to attract, motivate and retain suitably able employees.

The basic principles that guide our Remuneration Policy for executives, including the Executive Directors, are as follows:

Remuneration principle	Component
Remuneration links to business strategy and long-term investor interests	• Both short and long-term rewards are linked to performance and Company strategy to maximise long-term shareholder value. • The Policy provides an appropriate balance between fixed remuneration, short-term bonus and long-term incentives. • Executives are encouraged to build and maintain a targeted shareholding as this represents the best way to align their interests with those of shareholders.
Fair reward to individuals for successful contribution made to the business	• The annual bonus targets are split between Company financial performance and personal objectives which align with key strategic actions in a given year. • Long-term incentives are targeted against metrics which align with shareholder interests. • Environmental, safety, sustainability, social and governance issues are taken into account.
Performance targets are appropriate and sufficiently demanding	• Performance conditions for the variable elements of executive pay are set independently by the Committee at the outset of each year and assessed by the Committee, both quantitatively and qualitatively, at the end of each performance period. • The personal objectives for senior executives are specific and are reviewed by the Committee to ensure they adequately reflect the strategic aims of the Group and are only paid on measurable success.
In line with best practice where appropriate	• General pay and employment conditions across the Group are taken into account when setting executive remuneration. The Committee is kept informed of such matters via regular interaction with the Group's HR function. • The Committee consults with the Chief Executive Officer and pays due regard to his recommendations for other senior executives. Individual Directors are not involved in decisions concerning their own remuneration. • The Committee is committed to keeping its Policy under regular review, taking into account changes in the competitive environment, remuneration practices and guidelines set by the key institutional shareholder bodies.

Consideration of conditions elsewhere In the Group

The Committee does not consult with employees specifically on the policy for Executive Director remuneration, but takes into account salary increases and benefits applying across the Group as a whole when considering the salaries and other elements of Executive Director remuneration packages.

Consideration of shareholder views

The Committee will continue to take into account the views of our major shareholders to ensure the Remuneration Policy reflects as far as practicable latest trends in evolving good practice in the UK. The Committee considers any feedback received from shareholders (either at the AGM or at other times during the year) when making decisions on the Remuneration Policy.

Future policy table

The following table summarises the main elements of our Remuneration Policy for Directors.

Element: Executive Director base salary	
Purpose and link to strategy	• To ensure the Group is able to recruit and retain high calibre executives.
Operation	• Salaries are set by the Committee taking into account individual experience, performance, skills and responsibilities, prevailing market conditions (by reference to companies of a similar size and complexity and other companies in the same industry) and internal relativities. • Salaries are paid monthly in arrears by bank transfer and are normally reviewed annually with any changes effective from 1 August.
Maximum	• Details of current salaries of the Executive Directors are detailed on page 55. • Salaries are reviewed annually and may be increased each year. Increases will generally be in line with those awarded to the UK-based workforce, as well as reflective of the overall financial performance of the Group. • Increases beyond this (in percentage of salary terms) may be awarded in limited circumstances, such as where there is a change in responsibility, experience or a significant change in the scale of the role and/or size, value and/or complexity of the Group.
Performance measures	–

Element: benefits	
Purpose and link to strategy	• To provide market competitive benefits, and be in line with those provided to other Group employees.
Operation	• Benefits include private medical insurance, sick pay, a fully expensed car or equivalent cash allowance, disability and life assurance cover.
Maximum	• The benefit provision is reviewed periodically. No maximum level is set on the value or cost of benefits provided.
Performance measures	–

Element: pension	
Purpose and link to strategy	• Retirement benefits are regarded as an imported element of the Group's basic benefits package to attract and retain talent.
Operation	• Membership of the Company's defined contribution, or similar pension scheme, or in agreed circumstances, a cash allowance in lieu of pension.
Maximum	• Up to 25% of base salary.
Performance measures	–

Element: annual bonus	
Purpose and link to strategy	• The purpose of the annual bonus is to incentivise delivery of the Group's objectives (both financial and non-financial) and to ensure that Executive Directors and senior executives are fairly rewarded for their contribution to the success of the Group.
Operation	• Performance conditions are set independently by the Committee at the start of each year. • Performance criteria include the financial targets of the Group as agreed by the Board and specific annual targets based on clear and measurable objectives that underpin, and are key to achievement of the Group's strategy. • Personal objectives are reviewed by the Committee to ensure they adequately reflect the strategic aims of the Group. • To further align the interests of Directors with shareholders, a portion of the bonus is paid in deferred shares. Shares awarded under the Deferred Annual Bonus Plan (DBP) vest after three years and are normally only payable if the Director remains employed by the Group at the end of that period. The deferred shares awarded are held by an Employee Benefit Trust until vesting. • Both the cash and deferred share elements of the annual bonus are subject to clawback in the event of a material misstatement of the financial results, serious misconduct by a participant or other defined reasons.

Remuneration report continued

Element: annual bonus continued	
Maximum	• 100% of base salary
Performance measures	• A bonus of 80% of salary is based against a sliding scale of challenging and stretching financial performance targets, of which the first 50% of salary is payable in cash and the remaining 30% of salary in deferred shares under the DBP. A bonus of up to 20% of salary, which is payable in cash, is based on the achievement of specific and measurable personal targets. Irrespective of achievement against the personal targets, no bonus is payable unless a minimum level of financial performance is achieved. • The Committee retains the ability in exceptional circumstances to adjust the targets and/or set different measures and alter weightings for the annual bonus if events occur (such as a material divestment of a Group business) which cause it to determine they are no longer appropriate and a change is required to ensure that they achieve their original purpose and are not materially less difficult to satisfy.
Element: LTIP	
Purpose and link to strategy	• The objectives of the LTIP are to align the long-term interests of shareholders and management and reward achievement of long-term, stretching targets. • Awards are made to Executive Directors and to senior executives who have a significant influence over the Group's ability to meet its strategic objectives. Whilst it is not a requirement of the LTIP, senior executives are encouraged to use the scheme to increase their share ownership in the Company.
Operation	• Annual awards are granted, subject to individual performance and Committee discretion. The awards vest after three years, subject to continued employment and the satisfaction of challenging performance conditions. • LTIP awards are subject to clawback in the event of a material misstatement of the financial results, serious misconduct by a participant or other defined reasons. • A 'dividend equivalent' provision is also available at the discretion of the Committee enabling dividend or dividend equivalent payments to be paid (in cash or shares) on any shares that vest under the LTIP. • The Committee will operate the LTIP according to its respective rules and in accordance with the Listing Rules and HMRC rules, where relevant. The Committee retains discretion, consistent with market practice, in regard to the operation and administration of the LTIP, including the option to provide different types of awards; settling any vesting awards in cash; when dealing with a change of control (e.g. the timing of testing performance conditions) or restructuring of the Group; determination of a good/bad leaver based on the rules of each plan and the appropriate treatment chosen; and adjustments in certain circumstances (e.g. rights issues, corporate restructuring, events and special dividends).
Maximum	• Typically 100% of salary for Executive Directors, but with the flexibility to increase to 150% of salary in relevant circumstances.
Performance measures	• 50% of the awards are subject to an EPS performance condition and 50% of the awards are subject to a relative TSR performance condition. • EPS is a measure of the Company's overall financial success and TSR provides an external assessment of the Company's performance against its competitors. It also aligns the rewards received by executives with the returns received by shareholders. • Targets are set by the Committee for each award on a sliding-scale basis. The Committee may set different EPS target ranges for each award providing they are equivalently challenging in the circumstances. No more than 25% of awards will vest for threshold performance, with full vesting taking place for equalling or exceeding maximum performance conditions. • Details of the performance conditions applied to awards granted in the year under review and for the awards to be granted in the forthcoming year are set out on pages 54 and 57 respectively. • Different performance measures and/or weightings may be used for future awards to help drive the strategy of the business. • The Committee retains the ability in exceptional circumstances to adjust the targets and/or set different measures and alter weightings for the LTIP if events occur (such as a material divestment of a Group business) which cause it to determine they are no longer appropriate and a change is required to ensure that they achieve their original purpose and are not materially less difficult to satisfy.

Element: Non-Executive Director fees	
Purpose and link to strategy	• To ensure the Group is able to attract and retain experienced and skilled Non-Executive Directors able to advise and assist with establishing and monitoring the strategic objectives of the Company.
Operation	• The remuneration of the Chairman and the Non-Executive Directors is payable in cash fees. They are not eligible to participate in bonus or share incentive schemes. Their services do not qualify for pension or other benefits. Fees are paid monthly and reasonable expenses are reimbursed where appropriate. • Fee levels are determined by the full Board with reference to those paid by other companies of similar size and complexity, and to reflect the amount of time they are expected to devote to the Group's activities during the year. A supplementary fee is also paid to Committee chairs and to the Senior Independent Director to reflect their additional responsibilities.
Maximum	• Details of the current fees for the Chairman and Non-Executive Directors are set out on page 54. Under the Company's current Articles of Association the aggregate annual sum for Non-Executive Director fees cannot exceed £400,000 p.a. The Company does not intend to seek shareholder approval for any increase to this maximum in the short to medium term.
Performance measures	• No element of the Chairman's or Non-Executive Directors' fees is performance related.

Element: share ownership guidelines	
Purpose and link to strategy	• Both the Executive and Non-Executive Directors and other senior executives are encouraged to build and maintain a shareholding in the Company as this represents the best way to align their interests with those of shareholders. Levels are set in relation to earnings and according to the post held in the Company.
Operation	• The expectation is that executives will build up to these levels over a period of time, through retaining shares received (net of tax) under the Company's incentive arrangements and/or purchased in their own right
Maximum	• There is no maximum; however target levels are set at 150% of salary for Executive Directors, 33% of annual fees for Non-Executive Directors and 50% of salary for other senior executives.
Performance measures	–

Element: recruitment remuneration	
Purpose and link to strategy	• To ensure the Group is able to recruit and retain high calibre Executive and Non-Executive Directors.
Operation	• New Director remuneration arrangements will be based upon and within the limits of the various elements as set out on pages 49 to 51. In addition: • Executive Director buy-out payments may be made in exceptional circumstances; typically when these are considered to be in the best interests of the Company (and therefore shareholders) to facilitate the buy-out of value forfeited on joining the Company. These payments would typically be in the form of an enhanced LTIP award (and therefore under the rules and maximums permitted under the Company's LTIP rules in place at that time and, in any event, would not be in excess of 200%) and would take account of remuneration being relinquished, including the nature and time horizons attached to such remuneration and the impact of any performance conditions. In exceptional circumstances, payments could be made in the form of a cash payment or Restricted Share Award. When in the form of a cash payment, this would normally be subject to clawback in certain situations (in line with other elements under the Company's Remuneration Policy). • Relocation packages (generally consisting of out-of-pocket expenses, together with any additional costs solely attributable/linked to the relocation and, in some cases, professional support to ensure a quick process) may be offered in situations deemed essential in order to carry out the relevant role successfully. Any package will be designed to ensure the new recruit becomes effective in their role as soon as possible, with minimal distractions from any relocation. • In respect of internal promotions, any remuneration commitments made before such promotion (whether or not they would fall within the principles of the Company's current Remuneration Policy) may form part of that Director's remuneration package, with the expectation that any such commitments would be phased out over time.
Maximum	• It is intended that the value of any element of recruitment remuneration will generally be on the same basis as the existing Directors (pro-rated where appropriate dependent on time of joining the Company) and elements such as buy-out payments being no higher than the expected value of the forfeited arrangements.

Remuneration report continued

External appointments

Executive Directors are permitted, where appropriate and with Board approval, to assume non-executive directorships of other organisations. Where the Company releases Executive Directors to carry out non-executive duties, they will be required to disclose the fact that they retain any earnings and the amount of such remuneration. Neither of the Executive Directors held any external directorships during the year ended 30 June 2015.

Executive Directors' service contracts and compensation for loss of office

Service contracts stipulate that the Executive Directors will provide services to the Company on a full time basis. The contracts contain, in addition to remuneration terms, details of holiday and sick pay entitlement, restrictions and disciplinary matters. The contract for the Chief Executive Officer was entered into on 17 December 2014 and for the Chief Finance Officer on 15 July 2014.

The contracts contain restrictive covenants for periods of up to six months post employment relating to non-competition and non-solicitation of the Group's customers, suppliers and employees and indefinitely with respect to confidential information. In addition, they provide for the Group to own any intellectual property rights created by the Directors in the course of their employment.

The contracts for both the Chief Executive Officer and the Chief Finance Officer stipulate six months' notice by both the Company and the Director (although, in exceptional circumstances, notice periods for up to a maximum of twelve months may be offered to newly recruited Directors). All Directors' contracts are available for inspection at the AGM. The Committee recognises the provisions of the Code for compensation commitments to be stipulated in Directors' service contracts with regard to early termination. Further information on the Committee's Executive Director compensation approach can be found in the table below.

Element: Executive Director compensation on loss of office			
Purpose and link to strategy	• On termination of an Executive Director's service contract, the Committee will seek to provide the minimum compensation applicable to the individual's employment contract.		
Operation	• Executive Director service contracts will stipulate the Company's compensation commitments to be honoured in an early termination event. Any commitments will be within the principles of the Company's Remuneration Policy, together with any specific contractual provisions agreed prior to 27 June 2012 where they do not fall within the principles, where applicable. • Directors' service contracts confirm that the Company has the option to pay notice month by month that would reduce or cease if the departing Director obtained other employment. • There are no agreements between the Company and its Directors or employees providing for additional compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that may occur in the event of a takeover bid. It is also the Company's policy not to include liquidated damages clauses in service contracts, unless there is a clear explainable benefit for the Company in doing so. None of the Executive Director service contracts contain any such liquidated damages provision.		
Maximum	• Any compensation arrangements will not be beyond those stipulated in the Directors' service contracts and will normally be limited to base salary, benefit and pension elements. Dependent upon the circumstances (and subject to the Committee's discretion) as shown below, a Director's performance related remuneration elements may also be included.		
	Normal exit (termination for reasons of resignation or dismissal).	**Good leaver** (termination for reasons of death, ill health, retirement, redundancy, or at the discretion of the Committee).	**Change of control** (excludes a reorganisation or reconstruction where ownership does not materially change).
Annual bonus	No entitlement for year of exit. Payments in earlier years may be subject to clawback in certain circumstances.	Pro-rated (based upon timing and performance) for year of exit. Any DBP awards (at Committee discretion) vest at either normal vesting date or on cessation of employment.	Extent to which performance requirements are satisfied in year determines level of annual bonus. Any unvested DBP awards will vest on date of the relevant event.
LTIP	Unvested awards lapse. Vested awards may be subject to clawback in certain circumstances.	Unvested awards pro-rated based upon rules of LTIP plan (at Committee discretion) and vest on either normal vesting date or cessation of employment.	Unvested awards are pro-rated based upon rules of LTIP plan (at Committee discretion) and vest on the date of the relevant event.

Non-Executive Directors' letters of appointment

Set out below is information regarding the dates of the letters of appointment and notice periods for the Chairman and the Non-Executive Directors.

Director	Date first appointed to the Board	Date of last election at AGM	Notice period	Compensation upon early termination	Latest letter of appointment
Iain Napier	1 Jul 2007	2014	3 months	None	1 July 2015
Steve Hannam	4 Feb 2013	2014	3 months	None	1 July 2015
Neil Harrington	3 Jan 2012	2014	3 months	None	1 July 2015
Sandra Turner	1 Aug 2011	2014	3 months	None	1 July 2015

The Non-Executive Directors and Chairman serve on the basis of renewable letters of appointment (last updated and issued on 1 July 2015) which are terminable at the discretion of either party (generally on three months' notice). In accordance with the principles of the Code, the Chairman, the Non-Executive Directors and the Executive Directors are subject to voluntary re-election by shareholders on an annual basis. Their appointments may be terminated without compensation in the event of them not being re-elected by shareholders or otherwise in accordance with the Articles.

Any appointment for more than nine years in total will be subject to annual review by the full Board, as well as shareholder approval. Consideration will be given to the importance of refreshing the membership of the Board and avoiding any undue reliance on any particular individual, whilst assessing the contribution made by that individual, together with the ongoing commitment required to the role and the benefit gained from any continuity of handover with newer members of the Board.

Remuneration report continued

Annual Report on Remuneration

Application of the Remuneration Policy for the 2015/16 financial year

The table below sets out how the Remuneration Policy will be applied for the forthcoming financial year.

Element	Application of policy for 2015/16	Explanation
Executive Director base salary	The annual base salary (effective from 1 August 2015) for Rik De Vos, Chief Executive Officer, is £400,000. The base salary (effective from 1 August 2015) for Chris Smith, Chief Finance Officer is £250,000.	Due to joining in the early part of 2015, both Executive Directors' base salaries will remain at their appointment values and will be reviewed at the end of the 2015/16 financial year.
Benefits and pension	Both the Executive Directors will continue to receive the Company's standard benefits package. Rik De Vos receives a pension contribution by the Company equivalent to 20% of annual base salary. 50% of this contribution is provided into an appropriate defined contribution pension scheme, with the other 50% received as a cash sum in lieu of pension. Chris Smith receives a cash sum in lieu of a pension contribution at 20% of annual base salary.	The current benefits are considered to be appropriate.
Annual bonus	The structure and operation of the annual bonus scheme will continue in line with the previous financial year. The maximum bonus opportunity for the Executive Directors continues to be 100% of salary: 80% of the award will be subject to a sliding scale of challenging EBITA targets based on budgeted exchange rates and 20% will be subject to personal targets.	The Committee considers that the forward-looking targets are commercially sensitive and has, therefore, chosen not to disclose them in advance. Details of the targets will be set out retrospectively in next year's Remuneration report. However, the targets are considered to be demanding in the context of the Company's circumstances.
LTIP	The LTIP awards to be granted in 2015/16 will continue to be subject to EPS and relative TSR performance conditions. The intended Executive Director grant level for the LTIP is 100% of salary. The TSR schedule and comparator group is based upon the FTSE Smallcap Ex. Investment Companies Index with 25% of this element of the award (12.5% of the total award) vesting for median performance; with full vesting for upper quartile performance. EPS targets continue to align to the Company's three-year business targets and our plans for EPS growth. Awards subject to the EPS condition will lapse unless the Company's EPS Compound Annual Growth Rate (CAGR) (adjusted to exclude the effects of amortisation of intangible assets and exceptional items) is at least 13%, at which level 20% of this element will vest (10% of the total award). For performance above this level, awards will vest on a rising scale, with full vesting only if EPS CAGR reaches 19%.	TSR provides an external assessment of the Company's performance against its competitors. It also aligns the rewards received by executives with the returns received by shareholders. The EPS performance measure has been selected as it is one of the KPIs used in the business and is a measure well understood by the senior executives. It is also something which they can influence directly.
Non-Executive fees	The fee policy for the Chairman and Non-Executives is as follows: Base Non-Executive Director fee: £40,000 Chair of the Audit and Remuneration Committees: £4,000 (additional fee) Senior Independent Director: £4,000 (additional fee) Chairman: £150,000	Non-Executive Director fees were last reviewed in July 2009 and will be kept under review during the course of the year.

Application of the Remuneration Policy for 2014/15

The following information has been audited by the Company's auditors:

- single total remuneration figure for the Executive and Non-Executive Directors;
- Executive Director pension benefits and interests in the LTIP and DBP schemes;
- Director shareholdings; and
- exit payments, payments to past Directors and payments to third parties.

Single total remuneration figure for the Executive Directors

The table below sets out a single total remuneration figure for the position of Chief Executive Officer and Chief Finance Officer for the 2014/15 financial year:

	Fixed remuneration				Performance related			Total remuneration
	Base salary(1) £000	Benefits(2) £000	Pension(3) £000	**Sub total £000**	Annual bonus(4) £000	LTIPs(5) £000	**Sub total £000**	**£000**
Rik De Vos(6)								
2014/15	167	7	35	**209**	148	—	**148**	**357**
Chris Smith(7)								
2014/15	121	6	24	**151**	107	—	**107**	**258**
Chris Bull(8)								
2014/15	197	6	50	**253**	—	—	**—**	**253**
2013/14	400	12	100	**512**	—	—	**—**	**512**
Richard Armitage(9)								
2014/15	23	6	5	**34**	—	—	**—**	**34**
2013/14	273	14	54	**341**	—	—	**—**	**341**

(1) Full base salary paid during the year.
(2) Benefits consist of the provision of a company car and fuel (or cash equivalent), private healthcare, disability insurance and life cover.
(3) The pension figure represents the cash value of the pension contributions received by the Executive Directors. This includes either Company pension contributions or payment in lieu of pension contribution.
(4) The annual bonus is the cash value of the bonus in respect of the year ended 30 June 2015 (including any deferred shares which must be held for a minimum three-year period).
(5) This relates to any LTIP award earned in respect of the performance period commencing 1 July 2012 to 30 June 2015.
(6) Rik De Vos was appointed as Chief Executive Officer with effect from 2 February 2015.
(7) Chris Smith was appointed as Chief Finance Officer with effect from 7 January 2015.
(8) Chris Bull resigned as Chief Executive Officer with effect from 18 December 2014.
(9) Richard Armitage resigned as Chief Finance Officer with effect from 31 July 2014.

Base salary

In relation to the 2014/15 financial year:

- the annual base salary for Rik De Vos, newly appointed Chief Executive Officer, was £400,000 (pro-rated from date of joining);
- the annual base salary for Chris Smith, newly appointed Chief Finance Officer, was £250,000 (pro-rated from date of joining);
- between 1 July 2014 and his date of leaving (18 December 2014), the annual base salary of Chris Bull remained at £400,000; and
- between 1 July 2014 and his date of leaving (31 July 2014), the annual base salary of Richard Armitage remained at £275,000.

Remuneration report continued

Annual bonus

For the 2014/15 financial year, the maximum bonus opportunity for Rik De Vos, Chief Executive Officer, and Chris Smith, Chief Finance Officer, was 100% of annual salary, pro-rated from date of joining the Company. The bonus opportunity comprised of two elements:

i. maximum 80% award based on performance compared to adjusted operating profits (EBITA). For adjusted operating profits between £25.2m and £26.8m, the bonus award, payable in cash, started at 20% and on a sliding scale basis rising to a maximum award of 50% on this element. Up to a further 30% could be awarded on achievement of profits of £28.6m. Profits are calculated using budgeted exchange rates. A bonus between 50% and 80% of salary would be payable in shares to be retained by the Company for three years and only payable if the Executive Director remained employed by the Group at the end of that period; and

ii. a further 20% of salary could be earned for performance against demanding specific, measurable personal targets. For both the Chief Executive Officer and Chief Finance Officer, these included targets in relation to i) the achievement of organic growth targets for the business, and ii) achievement of an agreed 2014/15 full year net debt target based on budgeted exchange rates. Both these elements of the bonus would be payable in cash.

The Group's profit for the year (based on budgeted exchange rates) was £31.2m and the Committee therefore determined the necessary financial hurdles had been met for a maximum payment under the EBITA element (80%). In relation to personal objectives, whilst organic growth targets had not been achieved, the net debt target range had been met with year end net debt standing at £95.7m. Both Rik De Vos and Chris Smith therefore achieved personal targets equivalent to 9% of that element. The total annual bonus payment equated to 89% of annual base salary (pro-rated from date of joining the Company), Rik De Vos: £148,333 and Chris Smith £106,971, with 30% of each payment in the form of shares retained by the Company for three years.

No annual bonus was paid to either Chris Bull or Richard Armitage during the year.

LTIP

In the year under review, all LTIP awards under the McBride plc 2005 LTIP lapsed due to both participants leaving the Company. Pro-rated LTIP awards were granted to the newly appointed Chief Executive Officer and Chief Finance Officer in February 2015 under the McBride plc 2014 LTIP.

Detailed assumptions used in calculating the fair value of the awards are outlined in note 24 to the consolidated financial statements on pages 105 and 106.

Interests of Directors under the McBride plc 2005 LTIP at 1 July 2014 and 30 June 2015

Director	Date of award	Number of awards at 1 July 2014	Allocated in year	Awards vested in year	Allocations lapsed in year	Number of awards at 30 June 2015	Market price at date of award (£)	Vesting date
Chris Bull(1)	20 Sep 2011	338,267	—	—	338,267	—	1.1825	21 Sep 2014
	18 Sep 2012	322,763	—	—	322,763	—	1.2393	19 Sep 2015
	17 Sep 2013	323,887		—	323,887	—	1.235	18 Sep 2016
	19 Sep 2014	—	455,840(3)	—	455,840	—	0.8775	20 Sep 2017
Richard Armitage(2)	20 Sep 2011	219,874	—	—	219,874	—	1.1825	21 Sep 2014
	18 Sep 2012	209,796	—	—	209,796	—	1.2393	19 Sep 2015
	17 Sep 2013	222,672		—	222,672	—	1.235	18 Sep 2016

(1) Chris Bull resigned as a Director with effect from 18 December 2014 at which point all his interests under the McBride plc 2005 LTIP lapsed.

(2) Richard Armitage resigned as a Director with effect from 31 July 2014 at which point all his interests under the McBride plc 2005 LTIP lapsed.

(3) Awards were granted on the basis of 100% of salary. The face value of the awards to Chris Bull: £400,000. Threshold vesting under the TSR condition would be 25% of that part of the award (12.5% of the total award). Threshold vesting under the EPS condition would be 20% of that part of the award (10% of the total award).

Interests of Directors under the McBride plc 2014 LTIP at 1 July 2014 and 30 June 2015

Director	Date of award	Number of awards at 1 July 2014	Allocated in year	Awards vested in year	Allocations lapsed in year	Number of awards at 30 June 2015	Market price at date of award (£)	Vesting date
Rik De Vos	19 Feb 2015	—	192,123(1)	—	—	192,123	0.8675	20 Feb 2018
Chris Smith	19 Feb 2015	—	144,092(1)	—	—	144,092	0.8675	20 Feb 2018

(1) Awards were granted on the basis of 100% of salary, pro-rated to date of appointment. The face value of the awards are Rik De Vos: £166,667 and Chris Smith: £125,000. Threshold vesting under the TSR condition would be 25% of that part of the award (12.5% of the total award). Threshold vesting under the EPS condition would be 20% of that part of the award (10% of the total award).

The performance conditions attaching to awards under the February 2015 LTIP grant are:

a. 50% of the awards are subject to a TSR performance condition measured against the FTSE Smallcap Ex. Investment Companies Index as the comparator group. If the Company's TSR performance is lower than the median of the comparator group, awards subject to the TSR condition will lapse. The awards start to vest on a sliding scale if TSR performance is at or above the median (25% of the TSR element at median) of the comparator group, with full vesting only if the Company's TSR performance is in the upper quartile of the comparator group. The TSR measure is based upon the average of three months' share prices immediately preceding the relevant performance date and is independently calculated for the Committee.

TSR performance of the Company relative to the comparator group	% of total award vesting (max 50%)
Below the median	0%
Equal to the median	12.5%
Upper quartile	50%
Intermediate performance	Straight-line vesting

b. 50% of the award is subject to an EPS performance condition.

   i. Awards subject to the EPS condition will lapse unless the Company's growth in EPS (adjusted to exclude the effects of amortisation of intangible assets and exceptional items) is at least 24% p.a. For performance above this level, awards will vest on a rising scale, with full vesting only if growth in EPS exceeds 29% p.a.

EPS growth	% of total award vesting (max 50%)
Less than 24% p.a.	0%
24% p.a.	10%
29% p.a.	50%
Intermediate performance	Straight-line vesting

TSR and EPS performance are measured over the period of three consecutive financial years of the Company beginning with the year of grant of the award. There will be no resetting or retesting of the performance conditions, other than in exceptional circumstances as set out on page 50.

Deferred Annual Bonus Plan (DBP)

There were no interests of Directors under the McBride plc 2012 Deferred Annual Bonus Plan between 1 July 2014 and 30 June 2015.

Rik De Vos and Chris Smith will be granted an award of shares under the DBP, reflecting entitlement to a proportion of their 2014/15 Annual Bonus payment as set out on page 56. There is no exercise price applicable to these awards. The awards are subject to a restricted period of three years from the date of grant. Awards granted under the DBP are eligible for B Shares or B Share equivalent.

Pension

The Company has agreed with Rik De Vos to pay his contractual pension entitlement (equivalent to 20% of annual base salary) 50% as a contribution to a defined contribution pension scheme and 50% as a cash sum in lieu of a pension contribution. For the latter cash contribution, Rik De Vos has confirmed in writing that this payment relieves the Company of any liability for pension provision for this proportion on his behalf. In 2014/15 Rik De Vos received £17,066 Company contributions into a defined contribution pension scheme as well as £18,227 cash sum in lieu of pension contribution.

In accordance with his service contract, the Company paid Chris Smith a cash sum in lieu of a pension contribution at 20% of annual base salary (pro-rated from date of joining the Company), £24,308. Chris Smith has a contracted agreement that this payment relieves the Company of any liability for pension provision on his behalf.

The Company paid Chris Bull a cash sum in lieu of a pension contribution at 25% of annual base salary (pro-rated to the date of leaving the Company), £50,000 (2013/14: £100,000). Company contributions to Richard Armitage's defined contribution pension scheme totalled 20% of base salary (pro-rated to the date of leaving the Company), £4,583 (2013/14: £53,794).

Remuneration report continued

Single total remuneration figure for the Non-Executive Directors

	2014/15			2013/14		
	Base fee £000	Committee Chair /SID fee £000	Total £000	Base fee £000	Committee Chair /SID fee £000	Total £000
Iain Napier	150	—	150	150	—	150
Steve Hannam(1)	40	4	44	40	3	43
Neil Harrington	40	4	44	40	4	44
Sandra Turner(2)	40	4	44	40	3	43

(1) Steve Hannam was appointed as Senior Independent Director with effect from 14 October 2013.

(2) Sandra Turner was appointed Chair of the Remuneration Committee with effect from 14 October 2013.

Directors' interests

The beneficial interests of the Directors in the ordinary shares of the Company at 1 July 2014 and 30 June 2015 are set out below (there have been no changes from those detailed below between 30 June 2015 and the date of this Report):

	At 30 June 2015		At 1 July 2014	
	Total shares	Conditional share awards(5)	Total Shares	Conditional share awards(6)
Iain Napier	74,807	—	74,807	—
Rik De Vos(1)	20,000	192,123	—	—
Chris Smith(2)	25,657	144,092	—	—
Steve Hannam	12,000	—	12,000	—
Neil Harrington	20,000	—	20,000	—
Sandra Turner	10,000	—	10,000	—
Chris Bull(3)	—	—	340,000	984,917
Richard Armitage(4)	—	—	66,831	652,342

(1) Rik De Vos was appointed to the Board with effect from 2 February 2015.

(2) Chris Smith was appointed with effect from 7 January 2015.

(3) Chris Bull resigned as a Director with effect from 18 December 2014 at which point all his interests under the LTIP lapsed.

(4) Richard Armitage resigned as a Director with effect from 31 July 2014 at which point all his interests under the LTIP lapsed.

(5) The conditional share awards have been made under the McBride plc 2014 LTIP.

(6) The conditional share awards have been made under the McBride plc 2005 LTIP.

As detailed on page 51, Executive Directors are expected to build and maintain personal shareholdings in the Company equivalent to 150% of salary over a period of time both through retaining shares received (net of tax) under the Company's incentive arrangements, or purchasing shares on the open market in their own right. As at 30 June 2015, and having both joined the Company in early 2015, the value of the Executive Directors' shareholdings were: Rik De Vos £20,400 (representing 5.10% of annual base salary) and Chris Smith £26,170 (representing 10.46% of annual base salary).

None of the Directors had any interest in the shares of any subsidiary company.

Exit payments

On termination of an Executive Director's service contract, the Committee seek to provide the minimum compensation applicable to the individual's employment contract. This will normally be limited to base salary, benefit and pension elements. Dependent upon the termination circumstances, and subject to the Committee's discretion, a Director's performance related remuneration element may also be included (subject to achievement of the relevant performance condition and time pro-rating).

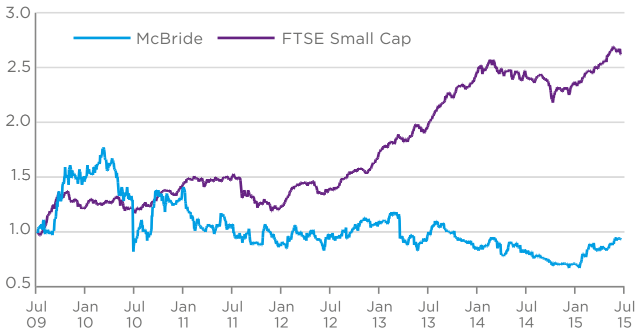
During the year, Chris Bull left the Company and received a total payment of £255,400 under a notice clause in his contract and a settlement agreement. The Committee determined that it should not exercise any discretion in relation to any bonus or LTIP awards and, accordingly, any entitlements lapsed on his departure on 18 December 2015.

Payments to third parties

No payments were made to third parties for making available the services of any of the Directors during 2014/15.

Review of past performance

The graph below charts the TSR (share value movement plus reinvested dividends), over the six years to 30 June 2015, of shares in McBride plc compared with that of a hypothetical holding in the FTSE Smallcap Ex. Investment Companies Index. The Directors consider this index to be an appropriate comparator group for assessing the Company's TSR as it provides a well defined, understood and accessible benchmark.



The following table shows the historic Chief Executive Officers' levels of total remuneration (single figure of total remuneration), together with annual bonus and LTIP awards as a percentage of the maximum available.

CEO/ Financial Year	Total remuneration £'000	Annual bonus % of maximum	LTIP % of maximum
Rik De Vos			
2014/15(1)	357	89	—
Chris Bull			
2014/15(1)	253	—	—
2013/14	512	—	—
2012/13	512	—	—
2011/12	704	48	—
2010/11	531	5	—
2009/10(2)	83	—	—
Miles Roberts			
2009/10(2)	519	—	—

(1) Chris Bull left the business on 18 December 2014, with Rik De Vos appointed with effect from 2 February 2015.

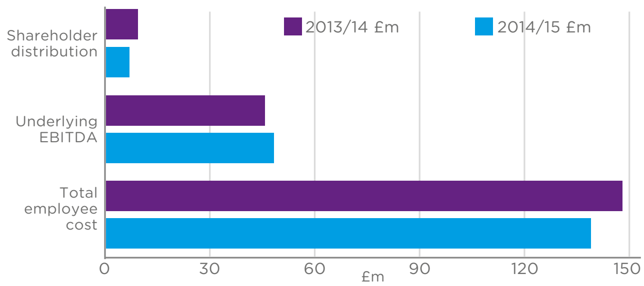
(2) Miles Roberts left the business on 30 April 2010, with Chris Bull appointed with effect from 4 May 2010.

Percentage change in Chief Executive Officer's remuneration

The table below shows the percentage change in Chief Executive Officer annual remuneration from the prior year compared to the average percentage in remuneration for all UK employees (1,555 employees). Although the Company has an international workforce, this group has been chosen as it continues to represent the most meaningful comparator group to the UK-based Chief Executive Officer.

	% change 2014/15		
	Base salary	Taxable benefits	Annual bonus
Chief Executive Officer	—	—	89
Comparator group	2	—	89

Relative importance of spend on pay



Remuneration Committee support

Meetings may be attended by the Chief Executive Officer on all matters except those relating to his own remuneration. Support is provided by the Chief HR Officer and the Company Secretary, who serves as Secretary to the Committee. No Director participates in any discussion relating to his or her own remuneration. The Company's independent remuneration consultants also attend meetings by invitation.

Remuneration Committee advisers

During the year, the Committee continued to engage the services of the independent consultants, Aon Hewitt Limited (operating through the brand New Bridge Street (NBS)), for the purposes of providing professional advice to guide the Committee in its decision-making. NBS received £20,500 in respect of the services provided for the 2014/15 financial year (2013/14: £26,435). Neither NBS, nor any other part of the Aon Corporation Group, provided any other services to the Company during the year. NBS is a signatory to the Remuneration Consultant Group's Code of Conduct.

Statement of shareholder voting

The table below shows the voting outcome at the October 2014 AGM for the approval of the Company's Remuneration Policy and 2013/14 Remuneration report:

Resolution	Votes for	%	Votes against	%	Votes withheld
Approval of Remuneration report	131,880,238	90.08	14,531,237	9.92	28,690
Approval of Remuneration Policy	136,835,426	93.46	9,573,519	6.54	31,220
Approval of 2014 LTIP	133,638,390	91.28	12,770,989	8.72	30,786

The Remuneration Committee strongly welcome this continued shareholder support for the Company's Remuneration Policy.

The Remuneration report was approved by the Board on 8 September 2015.

On behalf of the Board

Sandra Turner
Chair of the Remuneration Committee

Nomination Committee report

Iain Napier
Chairman of the Nomination Committee

Attendance at meetings year ended 30 June 2015

Members of Committee

The Board are satisfied all members are independent Non-Executive Directors, with the exception of Iain Napier who satisfied the independence condition on his appointment as Non-Executive Director in 2007.		Date appointed to committee
Number of meetings held (minimum two per year)	5	
Number of meetings attended (quorum is three members)		
Iain Napier (Chairman) Chairman	5	19 July 2007
Chris Bull* Chief Executive Officer	1	4 May 2010
Steve Hannam Senior Independent Director	5	4 February 2013
Neil Harrington** Independent Non-Executive Director	4	3 January 2013
Sandra Turner Independent Non-Executive Director	5	1 August 2011
Rik De Vos† Chief Executive Officer	1	2 February 2015

* To date of leaving Company.
† From date of joining Company.
** Apologies tendered but matters for consideration shared prior to meeting.

Key objective
To ensure the Board comprises individuals with the requisite skills, knowledge and experience to ensure the Board is effective in discharging its responsibilities

Main duties
- Review the structure, size and composition of the Board, including diversity considerations
- Consider and recommend the nomination of candidates for appointment as Directors
- Consider the roles and capabilities required for each new appointment taking into account the skills and experience with the existing Directors
- Ensure that new appointees are provided with detailed and appropriate induction training

Terms of Reference
These are governed by a Charter which was reviewed during the year. No substantive changes were recommended this year. A copy of the Terms of Reference is available on the Group's website at **www.mcbride.co.uk**.

Principal activities of the Committee during the year
The Committee met formally five times during the year for the purposes of:
- discussing the appropriate role specification and skills required for the appointment of both the new Chief Finance Officer and Chief Executive Officer;
- considering and accepting the appointment of new Chief Finance Officer following the resignation of the previous Chief Finance Officer in July 2014;
- considering the replacement of the Chief Executive Officer;
- overseeing the search and recruitment process for the appointment of a new Chief Executive Officer;
- considering the exit agreement for the former Chief Executive Officer, and finalising the Service Agreement for the new appointee;
- ensuring the provision of tailored induction plans for both the new Chief Finance Officer and Chief Executive Officer;
- considering the contributions made by the individual Directors prior to recommending their re-election at the AGM, taking account of the outputs from internal Board Performance Evaluation exercise carried out during the year;
- considering the re-appointment of the Senior Independent Director and proposed re-election of the Chairman; and
- reviewing the composition and chairmanship of the Board sub-committees.

No Committee member participated in any discussion relating to their personal position.

New appointments
In considering the new Executive Directors appointments, the Committee assessed the range and balance of skills, experience and knowledge required. The proposed recruitments were also considered in the context of the Company's trading performance and the need to develop its strategic direction, plans and objectives. The personality of the new appointees was also taken into account to ensure that a cohesive balance on the Board would be maintained whilst also ensuring that the appropriate direction could be provided to the business. Active consideration was given to female appointees, with at least one candidate included on the final short lists as part of the appointment process.

Appointments were ultimately made on merit against the agreed selection criteria.

The Committee used external consultants to assist in the appointments during the year. Russell Reynolds and Korn Ferry were both utilised to identify candidates for the Chief Finance Officer and Chief Executive Officer respectively. Both Russell Reynolds and Korn Ferry are independent and have no other connection with the Company.

Iain Napier
Chairman of the Nomination Committee

Other statutory information

Reporting requirements

The Group is required to produce a Strategic report complying with the requirements of section 414A of the Companies Act 2006 ('the Act'). The Group has complied with this requirement and incorporates a detailed review of the Group's activities, its business performance and developments during the year and an indication of likely future developments on pages 1 to 27.

The corporate governance statement, as required by Rule 7.2.1 of the Financial Conduct Authority (FCA) Disclosure and Transparency Rules, is set out on pages 34 to 65 of the Corporate governance report and forms part of the Directors' report.

For the purposes of DTR 4.1.5R(2) and DTR 4.1.8R the Directors' report is the management report.

For the purposes of LR 9.8.4CR, the information required to be disclosed can be found in the following locations:

Section	Topic	Location
(1)	Interest capitalised	Not applicable
(2)	Publication of unaudited financial information	Not applicable
(4)	Details of long term incentive schemes	Remuneration report, pages 46 and 59
(5)	Waiver of emoluments by a director	Not applicable
(6)	Waiver of future emoluments by a director	Not applicable
(7)	Non pre-emptive issues of equity for cash	Not applicable
(8)	Item (7) in relation to major subsidiary undertakings	Not applicable
(9)	Parent participation in a placing by a listed subsidiary	Not applicable
(10)	Contracts of significance	Other statutory information section page 64
(11)	Provision of services by a controlling shareholder	Not applicable
(12)	Shareholder waivers of dividends	Not applicable
(13)	Shareholder waivers of future dividends	Not applicable
(14)	Agreements with controlling shareholders	Not applicable

Group results

The results for the year are set out in the consolidated income statement on page 72 and a discussion of the Group's financial performance and progress are set out in the Strategic report.

Payments to shareholders

The Company intends that, for the foreseeable future, all payments to shareholders will be made by the issue of non-cumulative redeemable preference shares ('B Shares').

Subject to shareholder approval to renew the B Share scheme at the AGM, the Board is recommending the allotment of 19 B Shares (equivalent to 1.9 pence) per ordinary share held (2014: 3.3p), giving a total allotment for the year of 36 B Shares (equivalent to 3.6 pence) per ordinary share (2014: 5.0p). Further details of payments to shareholders are shown in note 12 to the consolidated financial statements on pages 90 and 91.

Directors

The Directors who held office during the year were:

Directors	Role
Iain J G Napier	Chairman
Rik J P D A De Vos	Chief Executive Officer (appointed 2 February 2015)
Chris I C Smith	Chief Finance Officer (appointed 7 January 2015)
Steve J Hannam	Senior Independent Non-Executive Director
Neil S Harrington	Independent Non-Executive Director
Sandra Turner	Independent Non-Executive Director
Chris D Bull	(resigned 18 December 2014)
Richard J Armitage	(resigned 31 July 2014)

Biographical details of the Directors appear on pages 32 and 33. Information on the Directors' remuneration and service contracts is given in the Remuneration report on pages 46 to 59.

Directors and their interests

The beneficial interests of the Directors in the share capital of the Company are shown in the Remuneration report on page 58.

Related party transactions

Except for Directors' service contracts, the Company did not have any material transactions or transactions of an unusual nature with, and did not make loans to, related parties in the periods in which any Director is or was materially interested.

Other statutory information continued

Indemnification of Directors

In accordance with the Articles, the Company has the power (at its discretion) to grant an indemnity to the Directors in respect of liabilities incurred as a result of their office. In respect of those liabilities for which Directors may not be indemnified, the Company maintained a directors' and officers' liability insurance policy throughout the period.

Although their defence costs may be met, neither the Company's indemnity nor the insurance policy provides cover in the event that the Director is proved to have acted fraudulently or dishonestly. The Company is also permitted to advance costs to Directors for their defence in investigations or legal actions.

There have been no qualifying indemnity provisions or qualifying pension scheme indemnity provisions in force either during the year or up to the date of approval of the Directors' report.

Employment policies/employees

The Group employed an average of 4,747 people during the year ended 30 June 2015.

Involvement of employees

Employees are key to the Company's success and we rely on a committed workforce to help us achieve our business objectives.

Employees are encouraged to operate in an open environment, embracing teamwork and aligning personal development with the strategy of the business. We are keen to engage our employees by providing an environment where they can contribute their own ideas and challenge those of others. This is supported by an Employee Opinion Survey exercise which is conducted at all locations across the Group at regular intervals, and serves to provide colleagues with an opportunity to air their concerns and to contribute to the development of any necessary corrective action plans. We are committed to involving employees and we consider that good communication helps to achieve this.

All sites have regular briefings, partnership councils, listening groups and newsletters which are designed to keep colleagues informed of, amongst other things, the financial and economic factors that affect the Company's performance. Members of the ELT regularly visit sites and attend our Management Development Programmes for open questioning from employees and to encourage two-way dialogue. We recognise the importance of communication at, and across, all levels of the business and regular announcements from the Chief Executive Officer are published which updates employees on business performance Group-wide and reports progress against key priorities and projects.

Most sites are actively engaged in involvement initiatives to allow all employees to understand and relate to our business goals. Many sites also hold open days to allow employees' families to see the environment in which their family members work.

More information relating to employee engagement can be found in the Corporate responsibility section on pages 27 to 29.

Reward and recognition

Eligible employees participate in performance-related bonus schemes and some senior management participate in an LTIP. We respect the right of employees to join trade unions and appropriate representative bodies where they choose to do so. We have in place formal arrangements with recognised national unions where this is deemed appropriate and Partnerships or Works Councils (joint management/employee consultation groups) operate at all UK and other facilities in Europe. Where these arrangements include nomination of employee representatives, they are not discriminated against and they are allowed reasonable time and facilities to carry out their representative duties.

Employment of disabled persons

We aim to provide a supportive working environment and to offer terms and conditions of service which allow disabled people with the necessary skills and qualifications to obtain employment with the Group. If employees become disabled during the course of their employment, they will continue to be employed, wherever practicable in the same job. If this is not practicable, every effort is made to find and provide appropriate retraining and redeployment. Disabled people are afforded equal opportunities in recruitment and promotion and full and fair consideration is given to providing opportunities for training and development of people with disabilities according to their skills and capabilities.

Equal opportunities

It is our policy to ensure equal opportunity in recruitment, selection, promotion, employee development, training and reward policies and we have an equal opportunities and diversity policy in place which is monitored through the HR function. It is a key objective to ensure that successful candidates for appointment and promotion are selected taking account of individual ability, skills and competencies without regard to age, gender, race, religion, disability or sexual orientation. We place great emphasis on establishing and maintaining a safe working environment for our employees. If an employee is injured during the course of his employment, the incident is thoroughly investigated and, where appropriate, rehabilitation support is provided to help the employee to return to work as soon as possible Wherever a restructuring programme is undertaken, great care is taken to ensure that all relevant communications, consultations, support and guidance are provided and every effort is made to ensure that compulsory redundancies are minimised.

Political donations

It is the Group's policy not to make political donations and no such donations were made during the year (2014: nil).

Environment and greenhouse gas emissions reporting

The Group recognises the importance of responsible environmental management and its obligations to protect the environment. The Group, therefore, gives high priority to all environmental matters relevant to its business. Further information appears in the Corporate responsibility section on pages 27 to 29 and in the separate Sustainability Report available from the Group's website at **www.mcbride.co.uk**.

The Group is required to state the annual quantity of emissions in tonnes of carbon dioxide equivalent from activities for which the Group is responsible, including the combustion of fuel and the operation of any facility. Details of our emissions during the year ended 30 June 2015 are set out in our in the Corporate responsibility section.

Research and development

The Group recognises the importance of investing in research and development which brings new product development support for its customers, research into new products and materials and further development of existing products. Research and development expenditure in the year was £6.5 million (2014: £9.3m).

Financial instruments

Information on the Group's financial risk management objectives, policies and activities and on the exposure of the Group to relevant risks in respect of financial instruments is set out in note 21 to the consolidated financial statements on pages 96 to 101.

Share capital

Details of the Company's share capital are shown in note 26 to the consolidated financial statements on page 107.

The ordinary shares of the Company carry equal rights to dividends, voting and return of capital on the winding up of the Company. There are no restrictions on the transfer of securities in the Company (other than following service of a notice under section 793 of the Act) and there are no restrictions on any voting rights or deadlines, other than those prescribed by law, nor is the Company aware of any arrangements between holders of its shares which may result in restrictions on the transfer of securities or on voting rights. Participants in employee share schemes have no voting or other rights in respect of the shares subject to those awards until the allocations are exercised, at which time the shares rank pari passu in all respects with shares already in issue. No such schemes have any rights with regard to control of the Company.

The holders of B Shares have equal rights to a preferential dividend and return of capital on the winding up of the Company, and are entitled to redeem such B Shares if the Directors believe it is appropriate. They are not entitled to attend, speak or vote at general meetings, except on a resolution relating to the winding up of the Company. The B Shares are not admitted to the Official List nor are they traded on the London Stock Exchange or any other recognised trading exchange.

Other statutory information continued

Share repurchases

At the 2014 AGM, shareholder approval was granted to allow the Company to repurchase up to 18,221,000 ordinary shares. The existing authority will expire on the date of the 2015 AGM, when the Directors will be seeking authority from shareholders to buy back shares which will be cancelled or may be held as treasury shares for the purpose of meeting obligations under LTIP and employee share schemes.

At the beginning of the financial year, the Company held 630,992 ordinary shares as treasury shares and during the financial year no ordinary shares were repurchased. At the end of the year, 630,992 shares were held as treasury shares.

Substantial shareholdings

The Company had been notified of the following interests amounting to 3% or more of its issued share capital as at the end of the financial year and at 28 August 2015 (being the last practical date prior to the date of this report).

	As at 28 August 2015		As at 30 June 2015	
Shareholder	Number of shares	%	Number of shares	%
Delta Lloyd Asset Management	25,185,776	13.82	28,204,665	15.43
Brandes Investment Partners	22,130,483	12.10	22,191,353	12.14
Neptune Investment Management	14,707,338	8.04	16,788,675	9.18
Henderson Global Investors	14,477,643	7.92	12,723,877	6.96
River & Mercantile Asset Management	9,972,624	5.45	9,972,624	5.45
Fidelity Worldwide Investment	9,277,129	5.07	9,326,856	5.10
Jupiter Asset Management	8,067,275	4.41	8,067,275	4.41
Miton Asset Management Limited	6,341,928	3.47	6,341,928	3.47
NBIM	5,826,251	3.19	6,023,286	3.29

All the above are institutional holders.

Significant agreements/takeovers directive

There are a number of agreements that take effect, alter or terminate upon a change of control of the Group such as commercial contracts, bank loan agreements and employee share schemes. Other than bank loan agreements, none of these are deemed to be significant in terms of their potential impact on the business of the Group as a whole in the event of a change of control.

Articles of Association

The Articles give power to the Board to appoint Directors, but also require Directors to retire and submit themselves for election at the first AGM following their appointment. Specific information regarding the re-election of Directors is contained in the Corporate governance section on page 34.

The Articles place a general prohibition on a Director voting in respect of any contract or arrangement in which they have a material interest other than by virtue of their interest in shares in the Company.

In addition, the Act requires a director of a company who is in any way interested in a contract or proposed contract with the Company to declare the nature of their interest at a meeting of the Directors of the Company. The definition of 'interest' includes the interests of spouses, children, companies and trusts. The Act also requires that a director must avoid a situation where a director has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The Act allows directors of public companies to authorise such conflicts, where appropriate, if a company's articles of association so permit; the Company's Articles do permit such authorisation.

The Board may exercise all the powers of the Company subject to the provisions of relevant statutes and the Articles. The Articles, for instance, contain specific provisions and restrictions regarding the Company's power to borrow money and to the issuing of shares. A copy of the Articles is available from the Group's website at **www.mcbride.co.uk**.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Executive review on page 9. In addition, note 21 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit and liquidity risks.

The Group meets its funding requirements through internal cash generation and bank credit facilities, most of which are committed until April 2019 as described in note 21 to the financial statements. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate comfortably within its current bank facilities. In addition, during the prior year the Group successfully secured further debt facilities of $90 million from two US Private Placements.

The Group has a relatively conservative level of debt to earnings. As a result, the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors' statement regarding disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps he or she ought to have taken as a director to make himself or herself aware of any relevant audit information (that is, information needed by the auditors in connection with preparing their report) and to establish that the Company's auditors are aware of that information.

Annual General Meeting

The notice convening the Company's 2015 AGM at its Shared Service Centre, Central Park, Northampton Road, Manchester M40 5BP on 20 October 2015 at 2.30pm is set out in a separate document issued to shareholders.

The Annual Report and Accounts for the year ended 30 June 2015 is available from the Group's website at **www.mcbride.co.uk** or can be obtained free of charge from the Company's registered office.

Independent auditors

On the recommendation of the Audit Committee, in accordance with section 489 of the Act, resolutions are to be proposed at the AGM for the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company and to authorise the Board to fix their remuneration. The remuneration of the auditors for the year ended 30 June 2015 is fully disclosed in note 7 to the consolidated financial statements on page 87.

Signed by order of the Board

Carole Barnet
Company Secretary
8 September 2015

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Remuneration report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the parent Company and of the profit or loss of the Group and parent Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Other statutory information section of the Annual Report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic report on pages 1 to 27 includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Welcome to our financial statements

Independent auditors' report

to the members of McBride plc

Report on the Group financial statements

Our opinion

In our opinion, McBride plc's Group financial statements ('the financial statements'):

- give a true and fair view of the state of the Group's affairs as at 30 June 2015 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

What we have audited

McBride plc's financial statements comprise:

- the consolidated balance sheet as at 30 June 2015;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report and Accounts ('the Annual Report'), rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRS as adopted by the European Union.

Our audit approach

Overview

- Overall Group materiality: £3 million which equates to 0.4% of total revenues as disclosed within the consolidated income statement.
- We conducted our audit work in three key locations: UK, Belgium and Poland covering components in the UK, France, Belgium, Poland and Germany, whereby audit work over France and Germany was performed in the UK and Belgium.
- We performed specific audit work over accounts receivable in Italy.
- The territories where we conducted audit work, together with audit work performed at shared service centres and Group level, accounted for approximately 86% of the Group's revenue.

Areas of focus comprise:

- risk of impairment of goodwill and property, plant and equipment;
- fraud in revenue recognition (including trade allowances and discounts); and
- risk of material misstatement in inventory provisions.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)').

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Area of focus	How our audit addressed the area of focus
Risk of impairment of goodwill and property, plant and equipment Goodwill of £17.7 million primarily relates to the UK sites (2014: £16.3m). This was a focus area given the UK restructuring in the prior year. The trigger for an impairment assessment in the period was the decision by the Board to undertake a strategic review across the Group. We focused on this area because the determination of whether or not an impairment is necessary involves significant judgement. This judgement includes estimation about future results of the business and assessment of future plans for the Group. This is particularly judgemental at the current time, as the business is currently undergoing a strategic review. This introduces further uncertainty and unpredictability into future forecasts which could impact the impairment assessment. The impairment assessment was performed at the Cash Generating Unit level, which was defined as an individual site.	We evaluated management's impairment calculations for all sites, assessing future cash flow forecasts used in the models, and the process by which they were drawn up, including comparing them to the latest budgets, and testing the underlying calculations. We noted that management's assessments were generally prudent. We challenged: • long-term growth rates in the forecasts by comparing them to historical results, future plans for the business and economic and industry forecasts; • forecast revenue, costs and margins estimated for the short term cash flows; • the discount rate by assessing the cost of capital for the Company and comparable organisations; and • other assumptions underpinning the forecasts, such as working capital movements, headcount and tax rates. We found the long-term growth rates in the forecasts to be prudent, and that forecasted revenue, costs and margins were appropriate based on historical trends, current market information, the strategic review and future plans for the business. We noted no significant issues in the discount rate applied or the other assumptions. We also performed sensitivity analysis around the key assumptions in the cash flow forecasts, including revenue growth and expected changes in margins. Having ascertained the extent of change in those assumptions that either individually or collectively would be required for the goodwill and property, plant and equipment to be impaired, we considered the likelihood of such a movement in those key assumptions arising and determined that it was unlikely.
Fraud in revenue recognition (including trade allowances and discounts) ISAs (UK & Ireland) presume there is a risk of fraud in revenue recognition because of the pressure management may feel to achieve the planned results. In the consumer products industry, rebate agreements with customers (typically retailers) are common. We identified this as an area where possible fraud in revenue recognition could occur, particularly in relation to the accruals at the year end which had not been settled in cash. Whilst rebates are relatively small in the context of McBride's revenue, they are inherently complex, non-standardised and require management judgement to interpret contractual arrangements.	We agreed rebates recognised to supporting evidence and underlying data to check they were appropriately calculated and accounted for. We focused on the period in which the rebate was recorded and in particular the appropriateness of the accrual at the year end. We noted no significant issues in our audit work. Furthermore we used computer assisted auditing techniques in order to test revenue and tested a selection of journals which impacted revenue. No significant issues were identified from this audit work.
Risk of material misstatement in inventory provisions The Group held £66.8 million of inventory at the year end. Due to the strategic review and legislative changes applicable in the year, inventory lines maybe discontinued or impaired and hence require a provision. This was an area of focus due to the majority of the provision being based on future forecasts of sales for inventory items and these forecasts being open to management judgement.	We evaluated the impact of the future forecasts of sales on the inventory provision by assessing the provision in light of the following: • write offs of inventory in the prior year and current year; • evaluation of the impact of legislative changes on inventory held at year end; • loss making contracts or negative margin sales; • discontinued contracts; • testing of net realisable value, by comparing to post year end sales; and • the rate of inventory turn. No significant issues were noted from the testing performed.

Strategic report
Corporate governance
Financial statements
Additional information

Independent auditors' report continued

to the members of McBride plc

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group is a European provider of Private Label Household and Personal Care products with a growing position in Central and Eastern Europe and South East Asia. It has production capability in eleven countries plus a sourcing office in Hong Kong and sales office in Australia. It has also extended geographic reach with Personal Care production capabilities in Malaysia and Vietnam and a Skincare business in Brno, Czech Republic.

The Group is structured in three segments (UK, Western Europe and Rest of the World). The Group financial statements are a consolidation of all reporting units within these segments comprising the Group's operating businesses and centralised functions.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the reporting units by us, as the Group engagement team, or component auditors operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole. We conducted our audit work in three key locations: UK, Belgium and Poland covering components in the UK, France, Belgium, Poland and Germany, whereby audit work over France, Belgium and Germany was performed in the UK and Belgium. We performed specific audit work over accounts receivable in Italy.

The territories where we conducted audit work, together with audit work performed at shared service centres and Group level, accounted for approximately 86%.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality £3 million (2014: £3m).

How we determined it Approximately 0.4% of total revenues.

Rationale for benchmark applied Consistent with last year, we applied this benchmark as we believe that revenue is the most relevant measure of recurring performance.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.15 million (2014: £0.15m) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules we are required to review the Directors' statement, set out on page 65, in relation to going concern. We have nothing to report having performed our review.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the financial statements using the going concern basis of accounting. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- information in the Annual Report is:
  - materially inconsistent with the information in the audited financial statements; or
  - apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
  - otherwise misleading.

We have no exceptions to report arising from this responsibility.

ISAs (UK & Ireland) reporting	
• the statement given by the Directors on page 66, in accordance with provision C.1.1 of the UK Corporate Governance Code ('the Code'), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
• the section of the Annual Report on page 11, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from these responsibilities.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate governance statement relating to the parent Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 66, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

We have reported separately on the parent Company financial statements of McBride plc for the year ended 30 June 2015 and on the information in the Remuneration report that is described as having been audited.

David Beer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

8 September 2015

Consolidated income statement

for the year ended 30 June 2015

	Note	2015 Adjusted £m	2015 Adjusting items (see note 11) £m	2015 Total £m	2014 Adjusted £m	2014 Adjusting items (see note 11) £m	2014 Total £m
Revenue	4	704.2	—	704.2	744.2	—	744.2
Cost of sales		(460.5)	—	(460.5)	(499.6)	—	(499.6)
Gross profit		243.7	—	243.7	244.6	—	244.6
Distribution costs		(48.0)	—	(48.0)	(49.0)	—	(49.0)
Administrative costs		(167.2)	(18.8)	(186.0)	(173.6)	(35.9)	(209.5)
Operating profit/(loss)	8	28.5	(18.8)	9.7	22.0	(35.9)	(13.9)
Finance costs	9	(6.8)	(0.3)	(7.1)	(7.2)	(0.2)	(7.4)
Profit/(loss) before taxation		21.7	(19.1)	2.6	14.8	(36.1)	(21.3)
Taxation	10	(6.5)	3.2	(3.3)	(5.1)	7.3	2.2
Loss for the year attributable to the owners of the Company		15.2	(15.9)	(0.7)	9.7	(28.8)	(19.1)
Earnings per ordinary share	11						
Basic				(0.4p)			(10.5p)
Diluted				(0.4p)			(10.5p)

	Note	2015 £m	2014 £m
Operating profit/(loss)		9.7	(13.9)
Adjusted for:			
Amortisation of intangible assets	14	1.0	1.4
Exceptional items	5	17.8	34.5
Adjusted operating profit	4	28.5	22.0

Consolidated statement of comprehensive income

for the year ended 30 June 2015

	Note	2015 £m	2014 £m
Loss for the year attributable to owners of the Company		(0.7)	(19.1)
Other comprehensive (expense)/income			
Items that may be reclassified to profit or loss:			
Currency translation differences on foreign subsidiaries		(17.6)	(10.7)
Gain on net investment hedges		16.4	10.3
Gain/(loss) on cash flow hedges in the year		11.2	(4.6)
Loss on cash flow hedges transferred to profit or loss		(6.7)	(0.3)
Taxation relating to items above	10	(3.0)	0.5
		0.3	(4.8)
Items that will not be reclassified to profit or loss:			
Net actuarial loss on post-employment benefits	23	(2.1)	(5.2)
Taxation relating to item above	10	0.4	0.1
		(1.7)	(5.1)
Total other comprehensive expense		(1.4)	(9.9)
Total comprehensive expense		(2.1)	(29.0)

Consolidated balance sheet

at 30 June 2015

	Note	2015 £m	2014 £m
Non-current assets			
Goodwill	13	17.7	23.9
Other intangible assets	14	2.0	2.4
Property, plant and equipment	15	129.8	143.4
Derivative financial instruments	21	9.9	—
Deferred tax assets	10	11.1	14.1
Other non-current assets		0.5	0.5
		171.0	184.3
Current assets			
Inventories	16	66.8	66.6
Trade and other receivables	17	132.5	142.5
Derivative financial instruments	21	1.7	0.2
Cash and cash equivalents		23.3	35.3
Assets classified as held for sale	18	1.1	1.2
		225.4	245.8
Total assets		396.4	430.1
Current liabilities			
Trade and other payables	19	172.6	180.6
Borrowings	20	35.1	33.1
Derivative financial instruments	21	1.8	0.8
Current tax liabilities		3.7	6.4
Provisions	25	4.8	8.9
		218.0	229.8
Non-current liabilities			
Trade and other payables	19	0.4	0.4
Borrowings	20	80.6	86.9
Derivative financial instruments	21	0.1	3.9
Pensions and other post-employment benefits	23	31.4	30.4
Provisions	25	3.2	2.5
Deferred tax liabilities	10	5.2	7.6
		120.9	131.7
Total liabilities		338.9	361.5
Net assets		57.5	68.6
Equity			
Issued share capital	26	18.3	18.3
Share premium account	26	102.4	111.5
Other reserves	26	35.5	26.5
Accumulated loss		(99.3)	(88.3)
Equity attributable to owners of the Company		56.9	68.0
Non-controlling interests	26	0.6	0.6
Total equity		57.5	68.6

The financial statements on pages 72 to 108 were approved by the Board of Directors on 8 September 2015 and were signed on its behalf by:

Rik De Vos
Director

Chris Smith
Director

Consolidated cash flow statement

for the year ended 30 June 2015

	Note	2015 £m	2014 £m
Operating activities			
Profit/(loss) before tax		2.6	(21.3)
Net finance costs	9	7.1	7.4
Exceptional items	5	17.8	34.5
Depreciation of property, plant and equipment	15	19.6	23.5
Amortisation of intangible assets	14	1.0	1.4
Operating cash flow before changes in working capital		48.1	45.5
Increase in receivables		(3.6)	(3.2)
(Increase)/decrease in inventories		(5.5)	15.3
Increase/(decrease) in payables		7.8	(14.5)
Operating cash flow after changes in working capital		46.8	43.1
Additional cash funding of pension schemes		(2.6)	(2.5)
Cash generated from operations before exceptional items		44.2	40.6
Cash outflow in respect of exceptional items		(10.7)	(4.2)
Cash generated from operations		33.5	36.4
Interest paid		(5.7)	(5.6)
Taxation paid		(6.9)	(8.3)
Net cash from operating activities		20.9	22.5
Investing activities			
Proceeds from sale of non-current assets		0.2	0.5
Purchase of property, plant and equipment		(21.2)	(18.2)
Purchase of intangible assets	14	(0.7)	(0.6)
Settlement of derivatives used in net investment hedges		3.1	1.3
Net cash used in investing activities		(18.6)	(17.0)
Financing activities			
Redemption of B Shares	12	(8.7)	(8.9)
Drawdown of borrowings		103.4	134.7
Repayment of borrowings		(107.7)	(95.5)
Capital element of finance lease rentals		(0.1)	–
Net cash generated from financing activities		(13.1)	30.3
(Decrease)/increase in net cash and cash equivalents		(10.8)	35.8
Net cash and cash equivalents at the start of the year		35.3	–
Currency translation differences		(1.2)	(0.5)
Net cash and cash equivalents at the end of the year		23.3	35.3

Reconciliation of net cash flow to movement in net debt
for the year ended 30 June 2015

	Note	2015 £m	2014 £m
(Decrease)/increase in net cash and cash equivalents		(10.8)	35.8
Net repayment/(drawndown) of bank loans		4.3	(39.2)
Capital element of finance lease rentals		0.1	—
Change in net debt resulting from cash flows		(6.4)	(3.4)
Inception of finance lease rentals		(0.4)	—
Currency translation differences		(0.9)	5.5
Movement in net debt in the year		(7.7)	2.1
Net debt at the beginning of the year		(84.7)	(86.8)
Net debt at the end of the year	22	(92.4)	(84.7)

Consolidated statement of changes in equity

for the year ended 30 June 2015

			Other reserves						
	Issued share capital £m	Share premium account £m	Cash flow hedge reserve £m	Currency translation reserve £m	Capital redemption reserve £m	Accumulated loss £m	Equity attributable to owners of the Company £m	Non-controlling interests £m	Total equity £m
At 30 June 2013	18.3	120.6	(1.4)	(0.7)	24.5	(55.2)	106.1	0.6	106.7
Year ended 30 June 2014									
Loss for the year	–	–	–	–	–	(19.1)	(19.1)	–	(19.1)
Other comprehensive (expense)/income									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries	–	–	–	(10.7)	–	–	(10.7)	–	(10.7)
Gain on net investment hedges	–	–	–	10.3	–	–	10.3	–	10.3
Loss on cash flow hedges in the year	–	–	(4.6)	–	–	–	(4.6)	–	(4.6)
Loss on cash flow hedges transferred to profit or loss	–	–	(0.3)	–	–	–	(0.3)	–	(0.3)
Taxation relating to items above	–	–	0.5	–	–	–	0.5	–	0.5
	–	–	(4.4)	(0.4)	–	–	(4.8)	–	(4.8)
Items that will not be reclassified to profit or loss:									
Net actuarial loss on post-employment benefits	–	–	–	–	–	(5.2)	(5.2)	–	(5.2)
Taxation relating to item above	–	–	–	–	–	0.1	0.1	–	0.1
	–	–	–	–	–	(5.1)	(5.1)	–	(5.1)
Total other comprehensive expense	–	–	(4.4)	(0.4)	–	(5.1)	(9.9)	–	(9.9)
Total comprehensive expense	–	–	(4.4)	(0.4)	–	(24.2)	(29.0)	–	(29.0)
Transactions with owners of the Company									
Issue of B Shares	–	(9.1)	–	–	–	–	(9.1)	–	(9.1)
Redemption of B Shares	–	–	–	–	8.9	(8.9)	–	–	–
At 30 June 2014	18.3	111.5	(5.8)	(1.1)	33.4	(88.3)	68.0	0.6	68.6
Year ended 30 June 2015									
Loss for the year	–	–	–	–	–	(0.7)	(0.7)	–	(0.7)
Other comprehensive (expense)/income									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries	–	–	–	(17.6)	–	–	(17.6)	–	(17.6)
Gain on net investment hedges	–	–	–	16.4	–	–	16.4	–	16.4
Gain on cash flow hedges in the year	–	–	11.2	–	–	–	11.2	–	11.2
Loss on cash flow hedges transferred to profit or loss	–	–	(6.7)	–	–	–	(6.7)	–	(6.7)
Taxation relating to items above	–	–	(0.7)	(2.3)	–	–	(3.0)	–	(3.0)
	–	–	3.8	(3.5)	–	–	0.3	–	0.3
Items that will not be reclassified to profit or loss:									
Net actuarial loss on post-employment benefits	–	–	–	–	–	(2.1)	(2.1)	–	(2.1)
Taxation relating to item above	–	–	–	–	–	0.4	0.4	–	0.4
	–	–	–	–	–	(1.7)	(1.7)	–	(1.7)
Total other comprehensive expense	–	–	3.8	(3.5)	–	(1.7)	(1.4)	–	(1.4)
Total comprehensive expense	–	–	3.8	(3.5)	–	(2.4)	(2.1)	–	(2.1)
Transactions with owners of the Company									
Issue of B Shares	–	(9.1)	–	–	–	–	(9.1)	–	(9.1)
Redemption of B Shares	–	–	–	–	8.7	(8.7)	–	–	–
Share-based payments	–	–	–	–	–	0.1	0.1	–	0.1
At 30 June 2015	18.3	102.4	(2.0)	(4.6)	42.1	(99.3)	56.9	0.6	57.5

At 30 June 2015, the accumulated loss included a deduction of £0.8 million (2014: £0.8m) for the cost of own shares held in relation to employee share schemes. Further information on own shares is presented in note 26.

Notes to the consolidated financial statements

for the year ended 30 June 2015

1. Basis of preparation

Description of business

McBride plc ('the Company') is a company incorporated and domiciled in the United Kingdom. The Company's ordinary shares are listed on the London Stock Exchange. The registered office of the Company is Middleton Way, Middleton, Manchester, M24 4DP.

The Company and its subsidiaries (together, 'the Group') is Europe's leading provider of Private Label Household and Personal Care products, developing, producing and supplying our products to major retailers throughout Europe and beyond.

Segmental reporting

The Group continues to be managed on a functional basis (Commercial, Supply Chain and R&D). Financial information is presented to the Board on a geographical basis for the purposes of monitoring financial performance and allocating resources to the Group's businesses. Accordingly, the Group's operating segments continue to be determined on a geographical basis.

The new executive team is currently reviewing the strategic direction of the Group and is considering the impact of this review on the future information provided to the Chief Operating Decision Maker.

Segment information is presented in note 4.

Accounting period

The Group's annual financial statements are drawn up to 30 June. These financial statements cover the year ended 30 June 2015 ('2015') with comparative amounts for the year ended 30 June 2014 ('2014').

Basis of accounting

The consolidated financial statements on pages 72 to 108 have been prepared on the going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union, IFRS Interpretations Committee and those parts of the Companies Act 2006 ('the Act') applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, modified in respect of the revaluation to fair value of contingent consideration, financial assets and liabilities (derivative financial instruments) at fair value through profit or loss and assets held for sale.

The Group's principal accounting policies are set out in note 2.

Going concern

For the reasons set out on page 65, the Directors have adopted the going concern basis in preparing the Company's and the Group's financial statements.

Critical accounting judgements and estimates

(i) Background

In applying the Group's accounting policies, the Directors are required to make estimates and assumptions that affect the reported amounts of its assets, liabilities, income and expenses. Actual outcomes could differ from those estimates and affect the Group's results in future years. The Directors consider the following to be the key accounting judgements and estimates made in preparing these financial statements that, if not borne out in practice, may affect the Group's results during the next financial year.

(ii) Revenue

Revenue is stated after deduction of rebates and discounts given or expected to be given, which vary according to contractual arrangements with individual customers. Accrual is made at the time of sale for the estimated rebates or discounts payable, based on, amongst other things, expected sales to the customer during the period to which the rebate or discount relates, historical experience and market information.

The type of rebates and discounts given by the Group include:

- volume-related rebates for achieving sales targets within a set period; and
- promotional, marketing and other allowances to support specific promotional pricing discounts, in-store displays and cost reimbursement.

At 30 June 2015, the carrying amount of accruals relating to rebates and discounts amounted to £4.5 million (2014: £5.0m). Rebates equate to less than 3% of revenue. There is an element of judgement applied to the level of achieved sales within volume-related rebates.

(iii) Impairment of long-lived assets

Impairment testing requires management to estimate the recoverable amount of an asset or group of assets. Recoverable amount represents the higher of value in use and fair value less costs to sell.

Value in use represents the net present value of the cash flows expected to arise from an asset or group of assets and its calculation requires management to estimate those cash flows and to apply a suitable discount rate to them.

Cash flows are estimated by applying assumptions to budget sales, production costs and overheads over a five-year forecast period and by applying a perpetuity growth rate to the forecast cash flow in the fifth year.

Cash flows are discounted using a discount rate based on the Group's weighted average cost of capital adjusted for risks specific to the asset or group of assets. The weighted average cost of capital is affected by estimates of interest rates, equity returns and market and country-related risks.

At 30 June 2015, the carrying amount of long-lived assets was £19.7 million (2014: £26.3m). If cash flow or discount rate assumptions were to change, further impairment losses may be recognised in the next financial year.

The sensitivity of the carrying amount of goodwill in relation to business is presented in note 13.

Notes to the consolidated financial statements continued

for the year ended 30 June 2015

1. Basis of preparation continued

Critical accounting judgements and estimates continued

(iv) Contingent consideration

Contingent consideration payable in a business combination is generally remeasured at each balance sheet date and the change in its carrying amount recognised in profit or loss. Contingent consideration payable is typically dependent on performance conditions related to the future revenue or profitability of the acquired business. Considerable judgement is required in assessing the likely future performance of the acquired business against such performance conditions.

At 30 June 2015, the Group recognised contingent consideration payable of £0.4 million (2014: £0.4m) as described in note 3.

(v) Pensions and other post-employment benefits

Under IAS 19 'Employee Benefits', the cost of defined benefit schemes is determined based on actuarial valuations that are carried out annually at the balance sheet date. Actuarial valuations are dependent on assumptions about the future that are made by the Directors on the advice of independent qualified actuaries. If actual experience differs from these assumptions, there could be a material change in the amounts recognised by the Group in respect of defined benefit schemes in the next financial year.

At 30 June 2015, the present value of defined benefit obligations was £137.1 million (2014: £123.0m). It was calculated using a number of assumptions, including future salary increases, increases to pension benefits and mortality rates. The present value of the benefit obligation is calculated by discounting the benefit obligation using market yields on high-quality corporate bonds at the balance sheet date.

At 30 June 2015, the fair value of the scheme assets was £105.7 million (2014: £92.6m). The scheme assets consist largely of securities and managed funds whose values are subject to fluctuation in response to changes in market conditions.

Changes in the actuarial assumptions underlying the benefit obligation, changes in the discount rate applicable to the benefit obligation and effects of differences between the expected and actual return on the scheme's assets are classified as actuarial gains and losses and are recognised in other comprehensive income. During 2015, the Group recognised a net actuarial loss of £2.1 million (2014: £5.2m).

An analysis of the assumptions that will be used by the Directors to determine the cost of the defined benefit scheme that will be recognised in profit or loss in the next financial year and the sensitivity of the benefit obligation to key assumptions is presented in note 23.

(vi) Provisions

Provision is made for liabilities of uncertain timing or amount where management considers that the Group has a present obligation as a result of a past event, it is probable that payment will be made to settle the liability and the payment can be measured reliably.

At 30 June 2015, the Group held provisions amounting to £8.0 million (2014: £11.4m), which principally represented reorganisation and restructuring costs. Adjustment to the amounts recognised would arise if it becomes necessary to revise the assumptions and estimates on which the provisions are based, if circumstances change such that contingent liabilities must be recognised or if management becomes aware of obligations that are currently unknown.

(vii) Taxation

The Group operates in a number of tax jurisdictions. The Directors are required to exercise significant judgement in determining the Group's provision for income taxes.

Estimation is required of taxable profit in order to determine the Group's current tax liability and judgement is required in situations where the Group's tax position is uncertain and may be subject to review and challenge by the tax authorities.

Estimation is also required of temporary differences between the carrying amount of assets and liabilities and their tax base. Deferred tax liabilities are recognised for all taxable temporary differences but, where there exist deductible temporary differences, judgement is required as to whether a deferred tax asset should be recognised based on the availability of future taxable profits. At 30 June 2015, the Group recognised deferred tax assets of £11.1 million (2014: £14.1m), including £1.8 million (2014: £2.4m) in respect of tax losses and tax credits. Deferred tax assets amounting to £8.5 million (2014: £9.9m) were not recognised in respect of tax losses and tax credits carried forward. It is possible that the deferred tax assets actually recoverable may differ from the amounts recognised if actual taxable profits differ from estimates.

At 30 June 2015, deferred tax liabilities were not recognised on retained profits of foreign subsidiaries because the Group is able to control the remittance of those profits to the UK and it is probable that they will not be remitted in the foreseeable future. Income tax may be payable on those profits if circumstances change and their remittance to the UK can no longer be controlled by the Group or they are actually remitted to the UK.

Use of adjusted measures

Adjusted operating profit and adjusted earnings per share exclude specific items that are considered to hinder comparison of the trading performance of the Group's businesses either year-on-year or with other businesses and are used for internal performance analysis and in relation to employee incentive arrangements. The Directors present these measures in the financial statements in order to assist investors in their assessment of the trading performance of the Group.

During the periods under review, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of intangible assets and exceptional items.

Exceptional items are excluded from adjusted operating profit because they are not considered to be representative of the trading performance of the Group's businesses during the period.

Adjusted earnings per share is based on the Group's profit for the year adjusted for the items excluded from operating profit in arriving at adjusted operating profit, the unwinding of the discount on contingent consideration arising on business combinations, unwind of discount on provisions and the tax relating to those items.

'Adjusted operating profit' and 'adjusted earnings per share' are not defined under IFRS and, therefore, these measures as defined by the Group may not be comparable with similarly titled measures used by other companies. The Directors do not regard these measures as a substitute for, or superior to, the equivalent measures calculated and presented in accordance with IFRS.

2. Principal accounting policies

Accounting standards adopted during the year

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2014, except for:

- IFRS 10, 'Consolidated financial statements';
- IFRS 11, 'Joint arrangements';
- IFRS 12, 'Disclosures of interests in other entities';
- IAS 27 (revised 2011), 'Separate financial statements';
- IAS 28 (revised 2011), 'Associates and joint ventures';
- Amendments to IAS 32 on financial instruments asset and liability offsetting;
- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures;
- Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on novation of derivatives and hedge accounting; and
- Annual improvement projects 2012 and 2013.

All of the above changes to accounting policies had no financial effect on the consolidated financial statements for the year ended 30 June 2015. During the year, management have reclassified artwork, design and product testing costs from administrative expenses to cost of sales amounting to £6.1 million (2014: £4.9m).

Basis of consolidation

The consolidated financial statements include the results, cash flows and assets and liabilities of the Company and its subsidiaries. Details of the Company's subsidiaries at 30 June 2015 are set out on pages 116 to 117.

A subsidiary is an entity controlled, either directly or indirectly, by the Company where control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Control generally exists where the Group owns a shareholding that gives it more than one half of the voting rights in the entity.

A non-controlling interest in a subsidiary represents the share of the net assets of the subsidiary that are attributable to the equity interests in the subsidiary that are not owned by the Group. Non-controlling interests are presented in the balance sheet within equity, separately from equity attributable to owners of the Company.

In situations where the Group is contractually committed to purchase those equity shares in a subsidiary that it does not already own, a non-controlling interest in the subsidiary is recognised only to the extent that the risks and rewards of ownership are considered to remain with the minority shareholders.

The Group's results, cash flows and assets and liabilities include those of each of its subsidiaries from the date on which the Company obtains control until such time as the Company loses control. Intra-Group balances and transactions, and any unrealised gains and losses arising from intra-Group transactions, are eliminated on consolidation. Consistent accounting policies are adopted across the Group.

Business combinations

A business combination is a transaction or other event in which the Group obtains control of one or more businesses.

Business combinations are accounted for using the acquisition method.

Goodwill arising in a business combination represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquired business and, in a business combination achieved in stages, the fair value at the acquisition date of the Group's previously held equity interest, over the net total of the identifiable assets and liabilities of the acquired business at the acquisition date. If the identifiable assets and liabilities of the acquired business exceed the aggregate of the consideration transferred, the amount of any non-controlling interest in the business and the fair value at the acquisition date of any previously held equity interest, the excess is recognised as a gain in profit or loss.

Consideration transferred in a business combination represents the sum of the fair values at the acquisition date of the assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control over the acquired business.

Acquisition-related costs are charged to profit or loss in the period in which they are incurred.

Changes in the amount of contingent consideration payable that result from events after the acquisition date, such as meeting a revenue or profit target, are not measurement period adjustments and are, therefore, recognised in profit or loss.

Any non-controlling interest in the acquired business is measured either at fair value or at the non-controlling interest's proportionate share of the identifiable assets and liabilities of the business.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity.

If the Group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the subsidiary and measures any investment retained in the former subsidiary at its fair value at the date when control is lost. Any gain or loss on a loss of control is recognised in profit or loss.

Foreign currency translation

At entity level, transactions in foreign currencies are translated into the entity's functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Currency translation differences arising at entity level are recognised in profit or loss.

The Group's presentation and functional currency is Sterling.

On consolidation, the results of foreign operations are translated into Sterling at the average exchange rate for the period and their assets and liabilities are translated into Sterling at the exchange rate ruling at the balance sheet date. Currency translation differences arising on consolidation are recognised in other comprehensive income and taken to the currency translation reserve.

In the event that a foreign operation is sold, the gain or loss on disposal recognised in profit or loss is determined after taking into account the cumulative currency translation differences arising on consolidation of the operation subsequent to the adoption of IFRS.

In the cash flow statement, the cash flows of foreign operations are translated into Sterling at the average exchange rate for the period.

Notes to the consolidated financial statements continued

for the year ended 30 June 2015

2. Principal accounting policies continued

Revenue

Revenue from the sale of goods is measured at the invoiced amount, net of sales rebates, discounts, value added tax and other sales taxes.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods.

Revenue is recognised on the transfer of the risks and rewards of ownership, which generally coincides with the delivery of the goods to the customer.

Accruals for sales rebates and discounts are established at the time of sale based on management's best estimate of the amounts payable under the contractual arrangements with the customer.

Interest income is accrued using the effective interest method.

Exceptional items

Exceptional items are items that are material either individually or, if of a similar type, in aggregate and which, due to their nature or the infrequency of the events giving rise to them, are presented separately to assist users of the financial statements in assessing the trading performance of the Group's businesses either year-on-year or with other businesses.

Borrowing costs

Borrowing costs directly attributable to the construction of a manufacturing or distribution facility are capitalised as part of the cost of the facility if, at the outset of construction, the facility was expected to take a substantial period of time to get ready for its intended use.

Costs attributable to the arrangement of term borrowing facilities are amortised over the life of those facilities.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Goodwill

Goodwill arising in a business combination is recognised as an intangible asset and is allocated to the cash-generating unit (CGU) or group of CGUs that are expected to benefit from the synergies of the acquisition.

Goodwill is not amortised but is tested for impairment annually and whenever there are events or changes in circumstances that indicate that its carrying amount may not be recoverable.

Goodwill is carried at cost less any recognised impairment losses.

Other intangible assets

Other intangible assets are stated at cost less accumulated amortisation and any recognised impairment loss.

(i) Assets acquired in business combinations

An intangible resource acquired in a business combination is recognised as an intangible asset if it is separable from the acquired business or arises from contractual or legal rights. An acquired intangible asset with a definite useful life is amortised on a straight-line basis so as to charge its fair value at the date of acquisition to profit or loss over its expected useful life as follows:

Patents, brands and trade marks	— up to three years
Customer relationships	— up to five years

(ii) Product development costs

All research expenditure is charged to profit or loss in the period in which it is incurred.

Development expenditure is charged to profit or loss in the period in which it is incurred, unless it relates to the development of a new or significantly improved product or process whose technical and commercial feasibility is proven at the time of development.

(iii) Computer software

Computer software and software licences are recognised as intangible assets measured at cost and are amortised on a straight-line basis over their expected useful lives, which are in the range three to five years.

Directly attributable costs that are capitalised as part of the computer software product include the software development employee costs.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment losses.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Freehold land and assets under construction are not depreciated. Otherwise, property, plant and equipment is depreciated on a straight-line basis so as to charge its cost, less any residual value, to profit or loss over the expected useful life of the asset as follows:

Freehold buildings	— 50 years
Leasehold building	— length of the lease
Plant and equipment	— three to ten years

Property, plant and equipment acquired in a business combination is depreciated on a straight-line basis so as to charge its fair value at the date of acquisition, less any residual value, to profit or loss over the remaining expected useful life of the asset.

Leased assets

Leases that confer rights and obligations similar to those that attach to owned assets are classified as finance leases. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets within property, plant and equipment, initially measured at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments, and a corresponding liability is recognised. Subsequently, the assets are depreciated over the shorter of the expected useful life of the asset or term of the lease. At inception of the lease, the lease payments are apportioned between an interest element and a capital element so as to achieve a constant periodic rate of interest on the outstanding liability. Thereafter, the interest element is recognised as an expense in profit or loss while the capital element is applied to reduce the outstanding liability.

Operating lease payments, and any incentives receivable, are recognised in profit or loss on a straight-line basis over the term of the lease.

Impairment of non-financial assets

Goodwill, other intangible assets and property, plant and equipment are tested for impairment whenever events or circumstances indicate that their carrying amounts may not be recoverable. Additionally, goodwill is subject to an annual impairment test whether or not there are any indicators of impairment.

An asset is impaired to the extent that its carrying amount exceeds its recoverable amount, which represents the higher of the asset's value in use and its fair value less costs to sell. An asset's value in use represents the present value of the future cash flows expected to be derived from the continued use of the asset. Fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined for the CGU to which the asset belongs. An asset's CGU is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill does not generate cash flows independently of other assets and is, therefore, tested for impairment at the level of the CGU or group of CGUs to which it is allocated.

Value in use is based on estimates of pre-tax cash flows discounted at a pre-tax discount rate that reflects the risks specific to the CGU to which the asset belongs.

Where necessary, impairment of non-financial assets other than goodwill is recognised before goodwill is tested for impairment. When goodwill is tested for impairment and the carrying amount of the CGU or group of CGUs to which it is allocated exceeds its recoverable amount, the impairment is allocated first to reduce the carrying amount of the goodwill and then to the other non-financial assets belonging to the CGU or group of CGUs pro-rata on the basis of their respective carrying amounts.

Impairment losses are recognised in profit or loss. Impairment losses recognised in previous periods for assets other than goodwill are reversed if there has been a change in the estimates used to determine the asset's recoverable amount, but only to the extent that the carrying amount of the asset does not exceed its carrying amount had no impairment been recognised in previous periods. Impairment losses recognised in respect of goodwill cannot be reversed.

Assets held for sale

Non-current assets are classified as held for sale if it is expected that their carrying amount will be recovered by sale rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its current condition and the sale must be expected to be completed within twelve months. An extension of the period required to complete the sale does not preclude the asset from continuing to be classified as held for sale, provided the delay was for reasons beyond the Group's control and management remains committed to its plan to sell the asset.

An asset that is classified as held for sale is measured at the lower of its carrying amount when classified as held for sale and fair value less costs to sell.

Inventories

Inventories are stated at the lower of cost and net realisable value with due allowance for any excess, obsolete or slow-moving items. Cost represents the expenditure incurred in bringing each product to its present location and condition. The cost of raw materials is measured on a first-in, first-out (FIFO) basis. The cost of finished goods and work in progress comprises the cost of raw materials, direct labour and other direct costs, together with related production overheads based on normal operating capacity. Net realisable value is the estimated selling price less estimated costs of completion and estimated selling and distribution costs.

Financial instruments

(i) Trade receivables

Trade receivables represent the invoiced amount of sales of goods to customers for which payment has not been received (fair value), less an allowance for doubtful accounts that is estimated based on factors such as the period outstanding, the payment history of the customer, the current economic environment and other information.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits available on demand and other short-term, highly liquid investments with a maturity on acquisition of three months or less and bank overdrafts. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

For cash flow purposes, cash and cash equivalents include bank overdrafts where right of set off exists.

(iii) Trade payables

Trade payables are initially recognised at fair value and subsequently held at amortised cost.

(iv) Bank and other loans

Bank and other loans are initially recognised at fair value, net of directly attributable transaction costs, if any, and are subsequently measured at amortised cost using the effective interest rate method.

(v) Derivative financial instruments

The Group uses derivative financial instruments, principally forward currency contracts and interest rate swaps, to reduce its exposure to exchange rate and interest rate movements. The Group does not hold or issue derivatives for speculative purposes.

Derivative financial instruments are recognised as assets and liabilities measured at their fair values at the balance sheet date. Changes in their fair values are recognised in profit or loss. Derivative financial instruments are, therefore, likely to cause volatility in profit or loss in situations where the hedged item is not recognised in the financial statements or is recognised but its carrying amount is not adjusted to reflect fair value changes arising from the hedged risk, or is so adjusted but that adjustment is not recognised in profit or loss. Provided the conditions specified by IAS 39, 'Financial Instruments: Recognition and Measurement' are met, hedge accounting may be used to mitigate this volatility in profit or loss.

Derivative financial instruments are classified as current assets or liabilities unless they are in a designated hedging relationship and the hedge item is classified as a non-current asset or liability.

Derivative financial instruments that are not in a designated hedging relationship are classified as held for trading.

Notes to the consolidated financial statements continued

for the year ended 30 June 2015

2. Principal accounting policies continued

Financial instruments continued

(vi) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Hedge accounting

For a hedging relationship to qualify for hedge accounting, it must be documented on inception together with the Group's risk management objective and strategy for initiating the hedge, and it must both be expected to be highly effective in offsetting the changes in cash flows or fair value attributed to the hedged risk and actually be highly effective in doing so.

When hedge accounting is used, the hedging relationship is classified as a cash flow hedge, a net investment hedge or a fair value hedge.

(i) Cash flow hedge

Hedging relationships are classified as cash flow hedges where the hedging instrument hedges exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability (such as interest payments on variable rate debt), a highly probable forecast transaction (such as forecast revenue) or a firm commitment that could affect profit or loss.

Where a hedging relationship is classified as a cash flow hedge, to the extent that the hedge is effective, the change in the fair value of the hedging instrument is recognised in other comprehensive income rather than in profit or loss. When the hedged item affects profit or loss (for example, when a forecast sale that is hedged takes place), the cumulative gain or loss recognised in other comprehensive income is transferred to profit or loss. When a forecast transaction that has been hedged results in the recognition of a non-financial asset (for example, inventory), the cumulative gain or loss recognised in other comprehensive income is transferred from equity as an adjustment to the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(ii) Net investment hedge

A net investment hedge is the hedge of the currency exposure on the retranslation of the Group's net investment in a foreign operation.

Net investment hedges are accounted for similarly to cash flow hedges. Changes in the fair value of the hedging instrument are, to the extent that the hedge is effective, recognised in other comprehensive income.

In the event that the foreign operation is disposed of, the cumulative gain or loss recognised in other comprehensive income is transferred to profit or loss and included in the gain or loss on disposal of the foreign operation.

(iii) Fair value hedge

Hedging relationships are classified as fair value hedges where the hedging instrument hedges the exposure to changes in fair value of a recognised asset or liability that is attributable to a particular risk and could affect profit or loss.

Where the hedging relationship is classified as a fair value hedge, the carrying amount of the hedged asset or liability is adjusted by the change in its fair value attributable to the hedged risk and the resulting gain or loss is recognised in profit or loss where, to the extent that the hedge is effective, it offsets the change in the fair value of the hedging instrument.

Pensions and other post-employment benefits

Post-employment benefits principally comprise pension benefits provided to employees in the UK and Continental Europe. The Group operates both defined benefit and defined contribution pension schemes.

(i) Defined contribution schemes

Under a defined contribution pension scheme, the Group makes fixed contributions to a separate pension fund. The amount of pension that the employee will receive on retirement is dependent entirely on the investment performance of the fund and the Group has no obligation with regard to the future pension values received by employees.

Payments to defined contribution schemes are recognised in profit or loss in the period in which they fall due.

(ii) Defined benefit schemes

Under a defined benefit pension scheme, the amount of pension that an employee will receive on retirement is fixed based on factors such as pensionable salary, years of service and age on retirement. In most cases, the schemes are funded by contributions from the Group and the participating employees. The Group is obliged to make additional contributions if the fund has insufficient assets to meet its obligation to pay accrued pension benefits.

Actuarial valuations of the defined benefit schemes are carried out annually at the balance sheet date by independent qualified actuaries. Scheme assets are measured at their fair value at the balance sheet date. Benefit obligations are measured on an actuarial basis using the projected unit credit method and are discounted using the market yields on high quality corporate bonds at the balance sheet date. The defined benefit liability or asset recognised in the balance sheet comprises the difference between the present value of the benefit obligations and the fair value of the scheme assets. Where a scheme is in surplus, the asset recognised is limited to the present value of any amounts that the Group expects to recover by way of refunds or a reduction in future contributions.

Defined benefit schemes are recognised in profit or loss by way of the service cost and the net interest cost on the benefit obligation. The service cost represents the increase in the present value of the benefit obligation relating to additional years of service accrued during the period, less employee contributions.

Gains or losses on curtailments or settlements are recognised in profit or loss in the period in which the curtailment or settlement occurs.

Actuarial gains and losses are recognised in other comprehensive income in the period in which they occur.

Share-based payments

The Group operates share schemes under which it grants equity-settled and cash-settled awards over ordinary shares in the Company to certain of its employees. The Group recognises a compensation expense that is based on the fair value of the awards measured using the Black-Scholes option pricing formula or the Monte Carlo valuation model.

For equity-settled awards, the fair value reflects market performance conditions and all non-vesting conditions. Fair value is determined at the grant date and is not subsequently remeasured unless the relevant conditions are modified. Adjustments are made to the compensation expense to reflect actual and expected forfeitures due to failure to satisfy service conditions or non-market performance conditions. For cash-settled awards, the fair value reflects all the conditions on which the award is made and is remeasured at each reporting date and at the settlement date.

Generally, the compensation expense is recognised on a straight-line basis over the vesting period. For equity-settled awards a corresponding credit is recognised in equity while for cash-settled awards a corresponding liability to settle is recognised in the balance sheet.

In the event of the cancellation of an equity-settled award, whether by the Group or by a participating employee, the compensation expense that would have been recognised over the remainder of the vesting period is recognised immediately in profit or loss.

Provisions

A provision is a liability of uncertain timing or amount and is generally recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that a payment will be required to settle the obligation and the payment can be estimated reliably.

Provision is made for restructuring costs when a detailed formal plan for the restructuring has been determined and the plan has been communicated to the parties that may be affected by it. Gains from the expected disposal of assets are not taken into account in measuring restructuring provisions and provision is not made for future operating losses.

Provisions are discounted where the effect of the time value of money is material.

Taxation

Current tax is the amount of tax payable or recoverable in respect of the taxable profit or loss for the period. Taxable profit differs from accounting profit because it excludes income or expenses that are recognised in the period for accounting purposes but are either not taxable or not deductible for tax purposes or are taxable or deductible in earlier or subsequent periods. Current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is tax expected to be payable or recoverable on differences between the carrying amount of an asset or liability and its tax base used in calculating taxable profit. Deferred tax is accounted for using the liability method, whereby deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in the foreseeable future against which the deductible temporary differences may be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction other than a business combination that affects neither accounting profit nor taxable profit.

Deferred tax is provided on temporary differences arising on investments in foreign subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is calculated using the enacted or substantively enacted tax rates that are expected to apply when the asset is recovered or the liability is settled.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the amounts and management intends to settle on a net basis. Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Current tax and deferred tax is recognised in profit or loss unless it relates to an item that is recognised in the same or a different period outside profit or loss, in which case it too is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Payments to shareholders

Subject to shareholder approval at each annual general meeting (AGM), it is the Company's intention that, for the foreseeable future, all payments to shareholders will be made by the issue of non-cumulative redeemable preference shares (B Shares). B Shares issued but not redeemed are classified as current liabilities.

Own shares

Own shares represent the Company's ordinary shares that are held by the Company in treasury or by a sponsored ESOP trust in relation to the Group's employee share schemes. When own shares are acquired, the cost of purchase in the market is deducted from equity. Gains or losses on the subsequent transfer or sale of own shares are also recognised in equity.

Accounting standards issued but not yet adopted

Recently issued accounting standards that are relevant to the Group but have not yet been adopted are outlined below:

- Amendments to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' on depreciation and amortisation;
- Amendments to IAS 27, 'Separate financial statements' on the equity method;
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures';
- Annual improvements 2014;
- Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative;
- IFRS 15, 'Revenue from contracts with customers'; and
- IFRS 9, 'Financial Instruments'.

Notes to the consolidated financial statements continued

for the year ended 30 June 2015

3. Acquisitions

Acquisitions in prior years

Contingent consideration is payable by the Group in relation to a prior year acquisition.

At each reporting date, the Directors estimate the contingent consideration payable in relation to the 70% interest acquired and the liability to acquire the remaining 30% interest.

Movements in the contingent consideration liability which is payable between two and five years were as follows:

	2015 £m	2014 £m
At 1 July	0.4	5.6
Charged to profit or loss:		
Change in estimate (see note 5)	—	(4.7)
Unwind of discount (see note 9)	0.1	0.2
Currency translation differences	(0.1)	(0.7)
At 30 June	**0.4**	0.4

4. Segment information

Background

Financial information is presented to the Board on a geographical basis for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. Accordingly, the Group's operating segments are determined on a geographical basis.

The Board uses adjusted operating profit to measure the profitability of the Group's businesses. Adjusted operating profit is, therefore, the measure of segment profit presented in the Group's segment disclosures. Adjusted operating profit represents operating profit before specific items that are considered to hinder comparison of the trading performance of the Group's businesses either year-on-year or with other businesses. During the periods under review, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of intangible assets and exceptional items.

Analysis by reportable segment

2015	UK £m	Western Europe £m	Rest of the World £m	Total segments £m	Corporate £m	Total Group £m
Segment revenue	246.5	396.2	61.5	704.2	—	704.2
Adjusted operating profit	14.0	17.9	2.2	34.1	(5.6)	28.5
Amortisation of intangible assets	(0.8)	—	(0.2)	(1.0)	—	(1.0)
Exceptional items (see note 5)	(2.1)	(13.4)	(0.2)	(15.7)	(2.1)	(17.8)
Operating profit/(loss)	11.1	4.5	1.8	17.4	(7.7)	9.7
Net finance costs						(7.1)
Profit before taxation						2.6
Segment assets	156.7	195.7	35.0	387.4	9.0	396.4
Segment liabilities[1]	(115.2)	(131.0)	(16.7)	(262.9)	(76.0)	(338.9)
Assets held for sale	—	1.1	—	1.1	—	1.1
Capital expenditure[2]	11.1	7.0	3.0	21.1	—	21.1
Amortisation and depreciation	8.0	10.9	1.7	20.6	—	20.6

(1) Corporate liabilities include external debt and tax liabilities.
(2) Capital expenditure includes property, plant and equipment and intangible assets.

2014	UK £m	Western Europe £m	Rest of the World £m	Total segments £m	Corporate £m	Total Group £m
Segment revenue	259.0	419.5	65.7	744.2	—	744.2
Adjusted operating profit	4.2	19.8	4.2	28.2	(6.2)	22.0
Amortisation of intangible assets	(1.2)	—	(0.2)	(1.4)	—	(1.4)
Exceptional items (see note 5)	(27.6)	(3.8)	(0.6)	(32.0)	(2.5)	(34.5)
Operating (loss)/profit	(24.6)	16.0	3.4	(5.2)	(8.7)	(13.9)
Net finance costs						(7.4)
Loss before taxation						(21.3)
Segment assets	162.1	229.4	35.7	427.2	2.9	430.1
Segment liabilities(1)	(120.1)	(145.4)	(14.2)	(279.7)	(81.8)	(361.5)
Assets held for sale	—	1.2	—	1.2	—	1.2
Capital expenditure(2)	6.7	6.8	6.0	19.5	—	19.5
Amortisation and depreciation	9.6	13.6	1.7	24.9	—	24.9

(1) Corporate liabilities include external debt and tax liabilities.
(2) Capital expenditure includes property, plant and equipment and intangible assets.

Geographical information

Revenue from external customers by country of destination was as follows:

	2015 £m	2014 £m
UK	**244.7**	239.2
Western Europe	**396.1**	420.1
Rest of the World	**63.4**	84.9
Total revenue	**704.2**	744.2

Non-current assets (excluding deferred tax assets) by geographical location were as follows:

	2015 £m	2014 £m
UK	**82.3**	64.5
Western Europe	**64.0**	90.7
Rest of the World	**13.6**	15.0
Total non-current assets	**159.9**	170.2

Revenue by major customer

In 2015 and 2014, no individual customer provided more than 10% of the Group's revenue.

Notes to the consolidated financial statements continued
for the year ended 30 June 2015

5. Exceptional items
Analysis of exceptional items

	2015 £m	2014 £m
Reorganisation and restructuring costs:		
– Functional reorganisation	0.4	2.6
– UK restructuring	0.8	7.9
– Group reorganisation	3.1	—
	4.3	10.5
Impairment of long-lived assets, property, plant and equipment and inventory:		
– Brno, Czech Republic	—	4.9
– Head office	—	0.4
– UK restructuring	—	20.7
– Western Europe	9.7	—
– Rest of the World	0.1	—
	9.8	26.0
Environmental remediation	—	2.5
Classification, Labelling and Packaging (CLP)	3.7	0.2
Change in contingent consideration (note 3)	—	(4.7)
Total charged to operating profit	17.8	34.5

During 2015, the Group recognised further functional reorganisation and UK restructuring exceptional costs of £0.4 million (2014: £2.6m) and £0.8 million (2014: £7.9m) respectively in relation to redundancies and consultancy costs.

Also during the year, the Group recognised costs with regards to a Group reorganisation of £3.1 million in relation to redundancies and consultancy costs.

Following a detailed review by new management, the Group has recognised impairments as follows:

- goodwill of £5.6 million allocated to its Italian Household liquids business (note 13); and
- fixed assets of £4.2 million in relation to its French and Chinese Aircare businesses (note 15).

Further exceptional costs were incurred with regards to CLP of £3.7 million (2014: £0.2m) in relation to incremental staff, artwork and packaging costs.

In the prior year, the following costs were charged:

- £21.1 million in relation to Impairment of long-lived assets, property, plant and equipment and inventory within the UK and Head office;
- £2.5 million in relation to a long-term environmental remediation plan at a site in Belgium; and
- £4.9 million impairment charge on property, plant and equipment in relation to its Skincare business at Brno, Czech Republic, which was materially offset by the change in contingent consideration payable on the Dermacol acquisition of £4.7 million.

6. Employee information
The monthly average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	2015 Number	2014 Number
Manufacturing	4,078	4,113
Sales, general and administration	669	713
Total	4,747	4,826

Aggregate payroll costs were as follows:

	2015 £m	2014 £m
Wages and salaries	112.0	119.0
Social security costs	23.5	25.2
Other pension costs	3.3	3.5
Total	138.8	147.7

Pension costs comprise the current service cost for defined benefit schemes and payments made by the Group to defined contribution schemes (see note 23).

7. Auditors' remuneration

Fees payable by the Group to the Company's auditors, PricewaterhouseCoopers LLP (PwC), and its associates, were as follows:

	2015 £m	2014 £m
Audit fees:		
Audit of the Company's accounts	0.1	0.1
Other services:		
Audit of the accounts of the Company's subsidiaries	0.3	0.3
Total fees	**0.4**	0.4

Fees for the audit of the Company's accounts represent fees payable to PwC in respect of the audit of the Company's individual financial statements and the Group's consolidated financial statements. Non-audit fees payable to PwC in relation to other advisory services amounted to £10k (2014: £28k).

8. Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2015 £m	2014 £m
Cost of inventories (included in cost of sales)	415.5	485.3
Employee costs (see note 6)	138.8	147.7
Amortisation of intangible assets (see note 14)	1.0	1.4
Depreciation of property, plant and equipment (see note 15)	19.6	23.5
Impairment:		
Goodwill (see note 13)	5.6	6.4
Property, plant and equipment (see note 15)	4.2	17.8
Inventories (see note 16)	1.5	1.8
Trade receivables (see note 17)	0.5	1.4
Rentals payable under operating leases	4.4	5.0
Research and development costs not capitalised	6.5	9.3
Net foreign exchange losses/(gains)	0.8	(0.3)

9. Finance costs

	2015 £m	2014 £m
Finance costs		
Interest on bank loans and overdrafts	3.8	3.6
Loss on interest rate swaps transferred to profit or loss	0.7	0.4
Interest differentials on net investment hedges	0.3	0.3
Unwind of discount on contingent consideration (see note 3)	0.1	0.2
Unwind of discount on provisions (see note 25)	0.2	–
Net foreign exchange gains	(0.6)	–
Amortisation of facility fees	0.3	0.7
Non-utilisation fees	0.4	0.6
Finance lease interest	0.1	0.1
Premium on average rate options	0.5	0.4
	5.8	6.3
Post-employment benefits:		
Net interest cost on defined benefit obligation (see note 23)	1.3	1.1
Total finance costs	**7.1**	7.4

Interest rate swaps are used to manage the interest rate profile of the Group's borrowings. Accordingly, net interest payable or receivable on interest rate swaps is included in finance costs.

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for the year ended 30 June 2015

10. Taxation
Income tax expense

	2015			2014		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Current tax expense:						
Current year	—	4.9	4.9	—	6.4	6.4
Adjustment for prior years	—	(0.2)	(0.2)	—	0.1	0.1
	—	4.7	4.7	—	6.5	6.5
Deferred tax expense:						
Origination and reversal of temporary differences	0.7	(2.7)	(2.0)	(8.0)	(0.2)	(8.2)
Adjustment for prior years	0.7	(0.3)	0.4	(0.5)	0.2	(0.3)
Impact of change in tax rate	—	0.2	0.2	—	(0.2)	(0.2)
	1.4	(2.8)	(1.4)	(8.5)	(0.2)	(8.7)
Income tax expense/(credit)	1.4	1.9	3.3	(8.5)	6.3	(2.2)

Reconciliation to UK statutory tax rate
The total tax charge/(credit) on the Group's profit/(loss) before tax for the year differs from the theoretical amount that would be charged at the UK standard rate of corporation tax for the following reasons:

	2015 £m	2014 £m
Profit/(loss) before tax	2.6	(21.3)
Profit/(loss) before tax multiplied by the UK corporation tax rate of 20.75% (2014: 22.5%)	0.5	(4.8)
Effect of tax rates in foreign jurisdictions	0.6	1.6
Non-deductible expenses	1.9	0.5
Tax incentives/non-taxable income	(0.8)	(1.0)
Tax losses for which no deferred tax recognised	0.1	1.2
Change in tax rate	0.2	(0.2)
Other differences	0.6	0.8
Adjustment for prior years	0.2	(0.3)
Total tax expense/(credit) in profit or loss	3.3	(2.2)

Taxation is provided at current rates on the profits earned for the year.

To the extent that dividends remitted from overseas affiliates are expected to result in additional taxes, these amounts have been provided for. No deferred tax has been recognised in respect of timing differences associated with the unremitted earnings of overseas subsidiaries as these are considered permanently employed in the business of these companies. Unremitted earnings may be liable to overseas taxes and/or UK taxation (after allowing for double tax relief) if distributed as dividends. The aggregate amount of temporary differences associated with investments in subsidiaries and associates for which deferred tax liabilities have not been recognised totalled approximately £4.1 million at 30 June 2015 (2014: £4.1m).

The main rate of UK corporation tax was reduced from 23% to 21% with effect from 1 April 2014 and to 20% from 1 April 2015. The Group's effective UK corporation tax rate for the year was, therefore, 20.75% (2014: 22.5%).

Factors affecting future tax charges
The Finance Bill 2015 which was published on 14 July 2015 includes legislation reducing the main rate of UK corporation tax from 20% to 19% with effect from 1 April 2017, with a further reduction to 18% with effect from 1 April 2020. As these reductions have not been substantially enacted at the balance sheet date, they are not reflected in the deferred tax recognised on the balance sheet.

Tax on items recognised in other comprehensive income

	2015 £m	2014 £m
Items that may be reclassified to profit or loss:		
Gain/(loss) on cash flow hedges in the year	0.7	(0.5)
Gain on net investment hedges	2.3	—
	3.0	(0.5)
Items that will not be transferred to profit or loss:		
Net actuarial loss on post-employment benefits:		
Deferred tax	(0.4)	(0.1)
Total tax charge/(credit) in other comprehensive income	**2.6**	(0.6)

Deferred tax

The movement in the net deferred tax balances during the year was:

	Accelerated tax depreciation £m	Intangible assets £m	Share-based payments £m	Tax losses £m	Retirement benefit obligations £m	Surplus ACT £m	Other £m	Total £m
At 30 June 2013	(13.0)	(3.5)	—	2.2	5.6	4.1	1.3	(3.3)
Credit/(charge) to profit or loss	5.3	1.4	—	0.4	(0.2)	—	1.6	8.5
Credit/(charge) to other comprehensive income	—	—	—	—	0.1	—	0.5	0.6
Charge to equity	—	—	—	—	—	—	—	—
Effect of the change in tax rate	(0.2)	0.4	—	—	0.3	—	(0.3)	0.2
Exchange movements	0.8	(0.1)	—	(0.2)	—	—	—	0.5
At 30 June 2014	(7.1)	(1.8)	—	2.4	5.8	4.1	3.1	6.5
Credit/(charge) to profit or loss	2.0	(0.2)	—	(0.3)	(0.2)	—	0.3	1.6
Charge to other comprehensive income	—	—	—	—	0.4	—	(3.0)	(2.6)
Charge to equity	—	—	—	—	—	—	—	—
Effect of the change in tax rate	(0.1)	—	—	(0.1)	—	—	—	(0.2)
Exchange movements	1.0	(0.1)	—	(0.2)	—	—	(0.1)	0.6
At 30 June 2015	**(4.2)**	**(2.1)**	**—**	**1.8**	**6.0**	**4.1**	**0.3**	**5.9**

Deferred tax assets and liabilities are presented in the Group's balance sheet as follows:

	2015 £m	2014 £m
Deferred tax assets	11.1	14.1
Deferred tax liabilities	(5.2)	(7.6)
Total	**5.9**	6.5

Unrecognised deferred tax assets

At 30 June 2015, the Group had unused tax losses of £14.7 million (2014: £17.9m) available for offset against future profits. No deferred tax asset has been recognised in respect of £8.5 million (2014: £9.9m) of these losses due to the unpredictability of future profit streams. The majority of these tax losses arise in tax jurisdictions where they do not expire. However, tax losses of £1.7 million expire between now and 2019.

No deferred tax asset has been recognised in relation to the remaining surplus ACT of £2.9 million (2014: £2.9m) due to uncertainty as to future ACT capacity.

Notes to the consolidated financial statements continued

for the year ended 30 June 2015

11. Earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of the Company's ordinary shares in issue during the financial year. The weighted average number of the Company's ordinary shares in issue excludes 0.6 million shares (2014: 0.6 million shares), being the weighted average number of own shares held during the year in relation to employee share schemes.

	Reference	2015	2014
Weighted average number of ordinary shares in issue (million)	a	**182.2**	182.2
Effect of dilutive LTIP awards (million)		**0.2**	–
Weighted average number of ordinary shares for calculating diluted earnings per share (million)	b	**182.4**	182.2

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue assuming the conversion of all potentially dilutive ordinary shares.

During the year, the Company had equity-settled LTIP awards with a nil exercise price that are potentially dilutive ordinary shares.

Adjusted earnings per share measures are calculated based on profit for the year attributable to owners of the Company before adjusting items as follows:

	Reference	2015 £m	2014 £m
Earnings for calculating basic and diluted earnings per share	c	**(0.7)**	(19.1)
Adjusted for:			
Amortisation of intangible assets (see note 14)		**1.0**	1.4
Exceptional items (see note 5)		**17.8**	34.5
Unwind of discount on contingent consideration (see note 3)		**0.1**	0.2
Unwind of discount on provisions (see note 25)		**0.2**	–
Taxation relating to the above items		**(3.2)**	(7.3)
Earnings for calculating adjusted earnings per share	d	**15.2**	9.7

		2015 pence	2014 pence
Basic earnings per share	c/a	**(0.4)**	(10.5)
Diluted earnings per share	c/b	**(0.4)**	(10.5)
Adjusted basic earnings per share	d/a	**8.3**	5.3
Adjusted diluted earnings per share	d/b	**8.3**	5.3

12. Payments to shareholders

Payments to ordinary shareholders are made by way of the issue of B Shares in place of income distributions. Ordinary shareholders are able to redeem any number of the B Shares issued to them for cash. Any B Shares that they retain attract a dividend of 75% of LIBOR on the 0.1 pence nominal value of each share, paid on a twice-yearly basis.

Payments to ordinary shareholders made or proposed in respect of the year were as follows:

	2015		2014	
	Pence per share	£m	Pence per share	£m
Interim	**1.7**	**3.1**	1.7	3.1
Final	**1.9**	**3.5**	3.3	6.0
Total for the year	**3.6**	**6.6**	5.0	9.1

The proposed final payment in respect of 2015 of 1.9 pence per ordinary share is subject to approval by shareholders at the Company's 2015 AGM and has therefore not been recognised in these financial statements.

Movements in the number of B Shares outstanding were as follows:

	2015		2014	
	Number	Nominal value £m	Number	Nominal value £m
Issued and fully paid				
At 1 July	**578,450,919**	**0.6**	394,892,632	0.4
Issued	**9,110,465,450**	**9.1**	9,110,465,450	9.1
Redeemed	**(8,719,909,174)**	**(8.7)**	(8,926,907,163)	(8.9)
At 30 June	**969,007,195**	**1.0**	578,450,919	0.6

B Shares carry no rights to attend, speak or vote at Company meetings, except on a resolution relating to the winding up of the Company.

13. Goodwill

	2015 £m	2014 £m
Carrying amount		
At 1 July	**23.9**	30.8
Impairment recognised in the year	**(5.6)**	(6.4)
Currency translation differences	**(0.6)**	(0.5)
At 30 June	**17.7**	23.9

Goodwill is allocated to CGUs as follows:

	2015 £m	2014 £m
UK		
Household liquids	**14.8**	14.8
Powders	**1.2**	1.2
	16.0	16.0
Western Europe		
Italy	**–**	6.3
Rest of the World	**1.7**	1.6
At 30 June	**17.7**	23.9

Impairment tests carried out during the year

Goodwill is tested for impairment annually at the level of the CGUs to which it is allocated. In each of the tests carried out during 2015, the recoverable amount of the CGUs concerned was measured on a value in use basis.

Value in use represents the present value of the future cash flows that are expected to be generated by the CGU to which the goodwill is allocated. Management based its cash flow estimates on the Group's budget for the 2016 financial year. Cash flows in the following four years were forecast by applying assumptions to budget sales, production costs and overheads. Aggregate cash flows beyond the fifth year were estimated by applying a perpetuity growth rate to the forecast cash flow in the fifth year that was based on long-term growth rates for the CGU's products in its end markets.

Management estimates sales growth for each CGU based on forecasts of the future volume of the end markets for the CGU's products. CGUs to which significant goodwill is allocated supply the Powder market in the UK and the Household liquids markets in the UK and Italy. The UK Household liquids market is forecast to be flat. Overall in Italy, the market is forecast to be in decline by 6%.

Management estimates the cost of material inputs and other direct and indirect costs based on current prices and market expectations of future price changes. Beyond the budget period, unless there are reasons to suggest otherwise, management assumes that future changes in material input prices are reflected in the price of the Group's products. General cost inflation is based on market expectations of future inflation rates.

Discount rates applied to the cash flow projections were determined using a capital asset pricing model and reflected current market interest rates, relevant equity and size risk premiums and the risks specific to the CGU concerned. Pre-tax discount rates used in calculating the value in use of those CGUs to which significant amounts of goodwill are allocated were as follows: UK Household liquids 11% (2014: 10%); UK Powders 11% (2014: 10%); and the Italian business 13.1% (2014: 13.2%).

Notes to the consolidated financial statements continued
for the year ended 30 June 2015

13. Goodwill continued

Impairment recognised in the year

During the year, an impairment of £5.6 million was recognised in relation to the Italian Household liquid business.

During 2014, an impairment of £6.4 million was recognised which represented the entire goodwill allocated to the UK Aircare business.

Possibility of impairment in the near future

No material impairments were noted by management from sensitivity analysis performed.

14. Other intangible assets

	Patents, brands and trade marks £m	Computer software £m	Customer relationships £m	Other £m	Total £m
Cost					
At 30 June 2013	2.0	3.3	8.6	0.5	14.4
Additions	—	0.6	—	—	0.6
Currency translation differences	—	—	(0.1)	—	(0.1)
At 30 June 2014	2.0	3.9	8.5	0.5	14.9
Additions	—	0.7	—	—	0.7
Currency translation differences	—	(0.1)	—	—	(0.1)
At 30 June 2015	**2.0**	**4.5**	**8.5**	**0.5**	**15.5**
Accumulated amortisation and impairment					
At 30 June 2013	(1.5)	(1.2)	(8.2)	(0.2)	(11.1)
Charge for the year	(0.4)	(0.6)	(0.2)	(0.2)	(1.4)
At 30 June 2014	(1.9)	(1.8)	(8.4)	(0.4)	(12.5)
Charge for the year	(0.1)	(0.7)	(0.1)	(0.1)	(1.0)
At 30 June 2015	**(2.0)**	**(2.5)**	**(8.5)**	**(0.5)**	**(13.5)**
Net book value					
At 30 June 2015	**—**	**2.0**	**—**	**—**	**2.0**
At 30 June 2014	0.1	2.1	0.1	0.1	2.4

15. Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Payments on account and assets in the course of construction £m	Total £m
Cost				
At 30 June 2013	105.9	408.7	4.4	519.0
Additions	0.5	11.3	7.1	18.9
Disposals	(0.4)	(0.7)	(0.4)	(1.5)
Transfers	—	8.4	(8.4)	—
Currency translation differences	(5.1)	(13.8)	—	(18.9)
At 30 June 2014	100.9	413.9	2.7	517.5
Additions	**0.5**	**8.4**	**11.5**	**20.4**
Disposals	**(0.3)**	**(1.8)**	**—**	**(2.1)**
Transfers	**—**	**11.6**	**(11.6)**	**—**
Currency translation differences	**(8.5)**	**(23.6)**	**(0.1)**	**(32.2)**
At 30 June 2015	**92.6**	**408.5**	**2.5**	**503.6**
Accumulated depreciation and impairment				
At 30 June 2013	(35.3)	(310.1)	—	(345.4)
Charge for the year	(2.3)	(21.2)	—	(23.5)
Impairment recognised in the year	(4.9)	(12.9)	—	(17.8)
Disposals	0.3	0.7	—	1.0
Currency translation differences	1.5	10.1	—	11.6
At 30 June 2014	(40.7)	(333.4)	—	(374.1)
Charge for the year	**(2.1)**	**(17.5)**	**—**	**(19.6)**
Impairment recognised in the year	**(2.5)**	**(1.7)**	**—**	**(4.2)**
Disposals	**0.2**	**1.9**	**—**	**2.1**
Currency translation differences	**2.6**	**19.4**	**—**	**22.0**
At 30 June 2015	**(42.5)**	**(331.3)**	**—**	**(373.8)**
Net book value				
At 30 June 2015	**50.1**	**77.2**	**2.5**	**129.8**
At 30 June 2014	60.2	80.5	2.7	143.4

At 30 June 2015, land and buildings with a carrying amount of £2.6 million (2014: £2.4m) were secured in relation to bank and other loans.

Net book value of assets held under finance leases amounted to £2.4 million (2014: £3.4m).

16. Inventories

	2015 £m	2014 £m
Raw materials, packaging and consumables	**37.2**	37.3
Finished goods and goods for resale	**29.6**	29.3
Total	**66.8**	66.6

Inventories are stated net of an allowance of £4.7 million (2014: £4.3m) in respect of excess, obsolete or slow-moving items. Movements in the allowance were as follows:

	£m	£m
At 1 July	**(4.3)**	(5.2)
Utilisation	**0.8**	2.9
Charged to profit or loss	**(1.5)**	(1.8)
Currency translation differences	**0.3**	(0.2)
At 30 June	**(4.7)**	(4.3)

Notes to the consolidated financial statements continued

for the year ended 30 June 2015

17. Trade and other receivables

	2015 £m	2014 £m
Trade receivables	121.9	133.8
Other receivables	4.0	4.4
Prepayments and accrued income	6.6	4.3
Total	**132.5**	142.5

Trade receivables amounting to £30.0 million (2014: £32.3m) are secured under the invoice discounting facilities described in note 21.

Trade receivables are regularly reviewed for bad and doubtful debts. Bad debts are written off and an allowance is established for specific doubtful debts.

Trade receivables may be analysed as follows:

	2015 £m	2014 £m
Amounts neither past due nor impaired	117.0	130.6
Amounts past due but not impaired:		
Less than one month	4.0	0.9
Between one and three months	0.5	1.2
Between three and six months	0.2	0.3
Over six months	0.2	0.8
	4.9	3.2
Amounts impaired:		
Total amounts that have been impaired	1.2	1.8
Allowance for doubtful debts	(1.2)	(1.8)
	—	—
Total trade receivables	**121.9**	133.8

Movements in the allowance for doubtful debts were as follows:

	2015 £m	2014 £m
At 1 July	1.8	1.7
Charged to profit or loss	0.5	1.4
Utilisation	(0.9)	(1.2)
Currency translation differences	(0.2)	(0.1)
At 30 June	**1.2**	1.8

Trade receivables are generally not interest-bearing.

18. Assets held for sale

At 30 June 2015, assets held for sale amounting to £1.1 million (2014: £1.2m) comprised freehold land and buildings at the Group's former manufacturing site in Italy.

19. Trade and other payables

	2015 £m	2014 £m
Current liabilities		
Trade payables	129.2	136.0
Taxation and social security	11.4	16.9
Other payables	12.0	12.5
Accrued expenses	17.8	12.0
Deferred income	1.2	2.2
B Shares (see note 12)	1.0	0.6
	172.6	180.2
Non-current liabilities		
Contingent consideration (see note 3)	0.4	0.4
Total	173.0	180.6

Trade payables are generally not interest-bearing.

20. Borrowings

Borrowings may be analysed as follows:

	2015			2014		
	Current liabilities £m	Non-current liabilities £m	Total liabilities £m	Current liabilities £m	Non-current liabilities £m	Total liabilities £m
Overdrafts	4.7	–	4.7	0.4	–	0.4
Bank and other loans:						
Unsecured loans(1)	–	78.5	78.5	–	84.9	84.9
Secured loans	0.2	1.7	1.9	0.2	1.9	2.1
Invoice discounting facilities (see note 21)	30.0	–	30.0	32.3	–	32.3
	30.2	80.2	110.4	32.5	86.8	119.3
Finance lease liabilities	0.2	0.4	0.6	0.2	0.1	0.3
Total	35.1	80.6	115.7	33.1	86.9	120.0

(1) Includes two US Private Placements amounting to £57.2 million (2014: £52.8m).

Bank and other loans are repayable as follows:

	2015 £m	2014 £m
Within one year	30.2	32.5
Between one and two years	0.2	0.3
Between two and five years	22.1	32.9
More than five years	57.9	53.6
Total	110.4	119.3

Details of the Group's bank facilities are presented in note 21. Amounts payable under finance leases are as follows:

Present value	2015 £m	2014 £m
Within one year	0.2	0.2
Between one and five years	0.4	0.1
Total	0.6	0.3

Notes to the consolidated financial statements continued

for the year ended 30 June 2015

21. Financial risk management

Risk management policies

The Group's central treasury function is responsible for procuring the Group's capital resources and maintaining an efficient capital structure, together with managing the Group's liquidity, foreign exchange and interest rate exposures.

All treasury operations are conducted within strict policies and guidelines that are approved by the Board. Compliance with those policies and guidelines is monitored by the regular reporting of treasury activities to the Board following regular treasury committee meetings.

Financial assets and financial liabilities

			Fair value through profit or loss			
	Loans and receivables £m	Liabilities at amortised cost £m	Designated hedging relationships £m	Other £m	Total carrying amount £m	Fair value £m
At 30 June 2015						
Financial assets						
Trade receivables	121.9	–	–	–	121.9	121.9
Other receivables	4.0	–	–	–	4.0	4.0
Cash and cash equivalents	23.3	–	–	–	23.3	23.3
	149.2	–	–	–	149.2	149.2
Financial assets held at fair value						
Derivative financial instruments (Level 2)						
– Forward currency contracts	–	–	1.3	–	1.3	1.3
– Interest rate caps	–	–	–	–	–	–
– Interest rate swaps	–	–	9.9	–	9.9	9.9
– Contract for Difference (HDPE)	–	–	0.4	–	0.4	0.4
	–	–	11.6	–	11.6	11.6
Total financial assets	149.2	–	11.6	–	160.8	160.8
Financial liabilities						
Trade payables	–	(129.2)	–	–	(129.2)	(129.2)
Other payables	–	(12.0)	–	–	(12.0)	(12.0)
Accrued expenses	–	(17.8)	–	–	(17.8)	(17.8)
Unredeemed B Shares	–	(1.0)	–	–	(1.0)	(1.0)
Bank overdrafts	–	(4.7)	–	–	(4.7)	(4.7)
Bank and other loans	–	(110.4)	–	–	(110.4)	(110.4)
Obligations under finance leases	–	(0.6)	–	–	(0.6)	(0.6)
	–	(275.7)	–	–	(275.7)	(275.7)
Financial liabilities held at fair value						
Derivative financial instruments (Level 2)						
– Forward currency contracts	–	–	(1.5)	–	(1.5)	(1.5)
– Interest rate swaps	–	–	(0.4)	–	(0.4)	(0.4)
	–	–	(1.9)	–	(1.9)	(1.9)
Contingent consideration (Level 3)	–	–	–	(0.4)	(0.4)	(0.4)
	–	–	(1.9)	(0.4)	(2.3)	(2.3)
Total financial liabilities	–	(275.7)	(1.9)	(0.4)	(278.0)	(278.0)
Total	149.2	(275.7)	9.7	(0.4)	(117.2)	(117.2)

	Loans and receivables £m	Liabilities at amortised cost £m	Fair value through profit or loss: Designated hedging relationships £m	Fair value through profit or loss: Other £m	Total carrying amount £m	Fair value £m
At 30 June 2014						
Financial assets						
Trade receivables	133.8	–	–	–	133.8	133.8
Other receivables	4.4	–	–	–	4.4	4.4
Cash and cash equivalents	35.3	–	–	–	35.3	35.3
	173.5	–	–	–	173.5	173.5
Financial assets held at fair value						
Derivative financial instruments (Level 2)						
– Forward currency contracts	–	–	0.2	–	0.2	0.2
– Interest rate caps	–	–	–	–	–	–
	–	–	0.2	–	0.2	0.2
Total financial assets	173.5	–	0.2	–	173.7	173.7
Financial liabilities						
Trade payables	–	(136.0)	–	–	(136.0)	(136.0)
Other payables	–	(12.5)	–	–	(12.5)	(12.5)
Accrued expenses	–	(12.0)	–	–	(12.0)	(12.0)
Unredeemed B Shares	–	(0.6)	–	–	(0.6)	(0.6)
Bank overdrafts	–	(0.4)	–	–	(0.4)	(0.4)
Bank and other loans	–	(119.3)	–	–	(119.3)	(119.3)
Obligations under finance leases	–	(0.3)	–	–	(0.3)	(0.3)
	–	(281.1)	–	–	(281.1)	(281.1)
Financial liabilities held at fair value						
Derivative financial instruments (Level 2)						
– Forward currency contracts	–	–	(3.5)	–	(3.5)	(3.5)
– Interest rate swaps	–	–	(1.2)	–	(1.2)	(1.2)
	–	–	(4.7)	–	(4.7)	(4.7)
Contingent consideration (Level 3)	–	–	–	(0.4)	(0.4)	(0.4)
	–	–	(4.7)	(0.4)	(5.1)	(5.1)
Total financial liabilities	–	(281.1)	(4.7)	(0.4)	(286.2)	(286.2)
Total	173.5	(281.1)	(4.5)	(0.4)	(112.5)	(112.5)

In the above tables, the financial assets and financial liabilities held by the Group are categorised according to the basis on which they are measured. Financial assets and liabilities that are held at fair value are further categorised according to the degree to which the principal inputs used in determining their fair value represent observable market data as follows:

Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 — Inputs other than Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and

Level 3 — Inputs that are not based on observable market data (unobservable inputs).

Derivative financial instruments comprise the foreign currency derivatives, non-deliverable commodity derivatives and interest rate derivatives that are held by the Group in designated hedging relationships. Foreign currency forward contracts are measured by reference to prevailing forward exchange rates. Commodity forward contracts are measured by difference to prevailing market prices. Foreign currency options are measured using a variant of the Monte Carlo valuation model. Interest rate swaps and caps are measured by discounting the related cash flows using yield curves derived from prevailing market interest rates.

Contingent consideration is measured at fair value based upon management's estimates of the future sales and profitability of the acquired business. Details are presented in note 3.

Cash and cash equivalents and bank and other loans largely attract floating interest rates. Accordingly, management considers that their carrying amount approximates to fair value.

Finance lease obligations attract fixed interest rates that are implicit in the lease rentals and their fair value has been assessed relative to prevailing market interest rates.

There were no transfers between levels during the period end and no changes in valuation techniques.

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21. Financial risk management continued

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group's cash balances are managed such that there is no significant concentration of credit risk in any one bank or other financial institution. Management monitors closely the credit quality of the institutions with which it holds deposits. Similar considerations are given to the Group's portfolio of derivative financial instruments.

Before accepting a new customer, management assesses the customer's credit quality and establishes a credit limit. Credit quality is assessed using data maintained by reputable credit rating agencies, by the checking of references included in credit applications and, where they are available, by reviewing the customer's recent financial statements. Credit limits are subject to multiple levels of authorisation and are reviewed on a regular basis. Credit insurance is employed where it is considered to be cost effective. At 30 June 2015, the majority of trade receivables were due from major retailers in the UK and Western Europe.

At 30 June 2015, the Group's maximum exposure to credit risk was as follows (there was no significant concentration of credit risk):

	2015 £m	2014 £m
Trade and other receivables:		
– Trade receivables	121.9	133.8
– Other receivables	4.0	4.4
– Derivative financial instruments	11.6	0.2
	137.5	138.4
Cash and cash equivalents	23.3	35.3
Total	**160.8**	173.7

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities.

The Group's borrowing facilities are monitored against forecast requirements and timely action is taken to put in place, renew or replace credit lines. Management's policy is to reduce liquidity risk by diversifying the Group's funding sources and staggering the maturity of its borrowings.

The Group has an unsecured €140 million revolving credit facility that is committed until April 2019. At 30 June 2015, the amount undrawn on the facility was €110 million (2014: €100.0m). The Group is subject to covenants, representations and warranties which are typical for unsecured borrowing facilities, including two financial covenants. Debt Cover (the ratio of net debt to EBITDA) may not exceed 3:1 and Interest Cover (the ratio of EBITDA to net interest) may not be less than 4:1.

For the purpose of these calculations, net debt excludes amounts drawn under the invoice discounting facilities and net interest comprises interest payments and receipts on net debt. The Group remains comfortably within these covenants. Any future non-compliance with the covenants could, if not waived, constitute an event of default and may, in certain circumstances, lead to an acceleration of the maturity of borrowings drawn down and an inability to access committed facilities.

The Group has two US Private Placements (USPP) with major US financial institutions. These loans are denominated in US Dollars, each repayable in a single instalment at maturity and carrying a fixed rate of interest. The first USPP, for $50 million, matures in November 2020, the second, for $40 million, matures in April 2022. Both loan obligations have been swapped into Euro fixed rate liabilities in order to hedge the Group's Euro assets.

The Group has a number of facilities whereby it can borrow against certain of its trade receivables. In the UK, the Group has a £25 million facility that was renewed in August 2014 and is committed until August 2016. In France and Belgium, the Group has an aggregate €30 million facility, which has a rolling notice period of six months for the French part and three months for the Belgian part. Under these arrangements, the Group transfers trade receivables to the providers of the facilities at a discount to the face value of the underlying invoices. The Group can borrow from the provider of the relevant facility up to the lower of the facility limit and the discounted value of the receivables transferred. The Group does not derecognise the receivables transferred because it continues to be exposed to the credit risk associated with them.

At 30 June 2015, the carrying amount of trade receivables eligible for transfer and the amounts borrowed under the facility were as follows:

	2015 £m	2014 £m
Trade receivables available	46.3	49.0
Amount borrowed	(30.0)	(32.3)
Amount undrawn	**16.3**	16.7

The Group also has access to uncommitted working capital facilities amounting to £46.9 million (2014: £46.6m). At 30 June 2015, £4.7 million (2014: £0.4m) was drawn against these facilities in the form of overdrafts.

In the following tables, estimated future contractual cash flows in respect of the Group's financial liabilities are analysed according to the earliest date on which the Group could be required to settle the liability. Floating rate interest payments are estimated based on market interest rates prevailing at the balance sheet date. Payments and receipts in relation to derivative financial instruments are shown net if they will be settled on a net basis.

	Within 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	After 5 years £m	Total £m
At 30 June 2015							
Bank overdrafts	(4.7)	—	—	—	—	—	(4.7)
Bank and other loans:							
– Principal	(30.2)	(0.2)	(0.2)	(21.6)	(0.3)	(57.9)	(110.4)
– Interest payments	(3.5)	(3.5)	(3.5)	(3.5)	(3.5)	(4.2)	(21.7)
Finance lease obligations	(0.2)	(0.2)	(0.2)	—	—	—	(0.6)
Other liabilities	(160.0)	—	—	—	—	—	(160.0)
Cash flows on non-derivative liabilities	(198.6)	(3.9)	(3.9)	(25.1)	(3.8)	(62.1)	(297.4)
Cash flows on derivative liabilities							
– Payments	(53.8)	(2.6)	(2.6)	(2.6)	(2.6)	(3.0)	(67.2)
Cash flows on financial liabilities	(252.4)	(6.5)	(6.5)	(27.7)	(6.4)	(65.1)	(364.6)
Cash flows on related derivative assets							
– Receipts	54.7	3.5	3.5	3.5	3.5	4.2	72.9
	(197.7)	(3.0)	(3.0)	(24.2)	(2.9)	(60.9)	(291.7)

	Within 1 year £m	Between 1 and 2 years £m	Between 2 and 3 years £m	Between 3 and 4 years £m	Between 4 and 5 years £m	After 5 years £m	Total £m
At 30 June 2014							
Bank overdrafts	(0.4)	—	—	—	—	—	(0.4)
Bank and other loans:							
– Principal	(32.5)	(0.3)	(0.3)	(0.3)	(32.3)	(53.6)	(119.3)
– Interest payments	(3.3)	(3.3)	(3.3)	(3.3)	(3.3)	(7.2)	(23.7)
Finance lease obligations	(0.2)	(0.1)	—	—	—	—	(0.3)
Other liabilities	(161.1)	—	—	—	—	—	(161.1)
Cash flows on non-derivative liabilities	(197.5)	(3.7)	(3.6)	(3.6)	(35.6)	(60.8)	(304.8)
Cash flows on derivative liabilities							
– Payments	(34.1)	(7.2)	(2.9)	(2.9)	(2.9)	(6.3)	(56.3)
Cash flows on financial liabilities	(231.6)	(10.9)	(6.5)	(6.5)	(38.5)	(67.1)	(361.1)
Cash flows on derivative assets							
– Receipts	32.3	3.3	3.2	3.2	3.2	7.1	52.3
	(199.3)	(7.6)	(3.3)	(3.3)	(35.3)	(60.0)	(308.8)

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21. Financial risk management continued

Interest rate risk

Interest rate risk is the risk that the fair value of, or future cash flows associated with, a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk on its floating rate borrowings, which it has mitigated using interest rate swaps. After taking into account the Group's currency and interest rate hedging activities, the currency and interest rate profile of the Group's interest-bearing financial assets and financial liabilities was as follows:

	2015				2014			
	Euro £m	Sterling £m	Other currencies £m	Total £m	Euro £m	Sterling £m	Other currencies £m	Total £m
Floating rate								
Bank overdrafts	(2.7)	(0.2)	(1.8)	(4.7)	(0.3)	–	(0.1)	(0.4)
Bank and other loans	(8.0)	(22.0)	–	(30.0)	(13.7)	(20.7)	–	(34.4)
Cash and cash equivalents	9.4	11.7	2.2	23.3	11.8	21.6	1.9	35.3
	(1.3)	(10.5)	0.4	(11.4)	(2.2)	0.9	1.8	0.5
Fixed rate								
Bank and other loans	(80.4)	–	–	(80.4)	(84.9)	–	–	(84.9)
Finance lease obligations	(0.4)	–	(0.2)	(0.6)	–	–	(0.3)	(0.3)
	(80.8)	–	(0.2)	(81.0)	(84.9)	–	(0.3)	(85.2)
Total	(82.1)	(10.5)	0.2	(92.4)	(87.1)	0.9	1.5	(84.7)

Interest payable on bank overdrafts and floating rate loans is based on base rates and short-term interbank rates (predominantly LIBOR, EURIBOR and some EONIA). At 30 June 2015, the weighted average interest rate payable on bank and other loans was 3.9% (2014: 4.5%). At 30 June 2015, the weighted average interest rate receivable on cash and cash equivalents was 0.1% (2014: 0.1%).

At 30 June 2015, the Group held interest rate swaps that had the effect of fixing the interest payable on £21.3 million (2014: £32.1m) of its Euro-denominated borrowings at a weighted average rate of 3.18% (2014: 2.84%). As shown in the following table, interest rate swaps with a notional principal amount of €30 million will remain in place for part of the next financial year, together with interest rate caps with a notional principal amount of €30 million, which cap the maximum rate payable but allows the rate to float below this maximum.

The USPP loans are fixed at an average rate of 5.45% payable in Euros.

Interest rate derivatives held by the Group at 30 June 2015 were as follows:

Maturity	Nature of contract	Notional principal amount € million	Fixed rate payable or rate %	Variable rate receivable %
December 2015	Swap	10	3.355	(0.014)
December 2015	Swap	10	3.300	(0.014)
January 2016	Swap	10	2.880	(0.004)
February 2017	Cap	10	1.700	n/a
March 2017 (commences December 2015)	Cap	10	1.690	n/a
June 2018 (commences December 2015)	Cap	10	1.600	n/a
November 2020	Xccy/swap	36.2	5.509	n/a
April 2022	Xccy/swap	29.2	5.376	n/a

All interest rate derivatives held by the Group are indexed to three-month EURIBOR.

Fixed or capped interest rates shown in the above table do not include the margin over market interest rates payable on the Group's borrowings.

For accounting purposes, the Group has designated the interest rate swaps and a part of its cross currency interest rate swaps as cash flow hedges. At 30 June 2015, the fair value of the interest rate swaps was £(0.4) million (2014: £(1.2)m), the fair value of the interest rate caps was nil (2014: nil) and the fair value of the cross currency interest rate swaps was £9.9 million (2014: £(2.7)m). During 2015, a gain of £7.8 million (2014: £3.6m) was recognised in other comprehensive income in respect of these derivatives.

On the assumption that a change in market interest rates would be applied to the interest rate exposures that were in existence at the balance sheet date and that designated cash flow hedges are 100% effective, an increase/decrease of 100 basis points in market interest rates would have decreased/increased the Group's profit before tax by nil (2014: nil).

Foreign currency risk

(i) Transaction risk

Foreign currency transaction risk arises on sales and purchases denominated in currencies other than the functional currency of the entity that enters into the transaction. While the magnitude of these exposures is relatively low, the Group's policy is to hedge committed transactions in full and to hedge a proportion of highly probable forecast transactions on a twelve-month rolling basis. Foreign currency transaction risk also arises on financial assets and liabilities denominated in foreign currencies and Group policy also allows for these exposures to be hedged using forward currency contracts.

At 30 June 2015, the notional principal amount of outstanding foreign currency contracts (net purchases) that are held to hedge the Group's transaction exposures was £38.4 million (2014: £29.6m). For accounting purposes, the Group has designated the foreign currency contracts as cash flow hedges. At 30 June 2015, the fair value of the contracts was £(1.3) million (2014: £(0.8)m). During 2015, a loss of £0.6 million (2014: £1.4m) was recognised in other comprehensive income and a loss of £2.3 million (2014: £1.0m) was transferred from the cash flow reserve to the income statement in respect of these contracts.

After taking into account its hedging activities, the Group has no significant exposure to gains and losses arising from foreign currency transaction risk in the event of reasonably possible changes in currency exchange rates.

(ii) Translation risk

Foreign currency translation risk arises on consolidation in relation to the translation into Sterling of the results and net assets of the Group's foreign subsidiaries. The Group's policy is to hedge a substantial proportion of overseas net assets using a combination of foreign currency borrowings and foreign currency swaps. The Group hedges part of the currency exposure on translating the results of its foreign subsidiaries into Sterling using average rate options and a part of its cross currency interest rate swaps. This exposure is also mitigated by the natural hedge provided by the interest payable on the Group's foreign currency borrowings. At 30 June 2015, the fair value of the average rate options was £1.3 million (2014: £0.2m).

At 30 June 2015, the Group had designated as net investment hedges £46.5 million (2014: £52.4m) of its Euro-denominated borrowings and three-month rolling foreign currency forward contracts with a notional principal amount of £29.4 million (2014: £18.4m). During 2015, a gain of £16.4 million (2014: £10.3m) was recognised in other comprehensive income in relation to the net investment hedges.

The currency profile of the Group's net assets (excluding non-controlling interests) before and after hedging currency translation exposures was as follows:

	2015			2014		
	Net assets before hedging £m	Currency forward contracts[1] £m	Net assets after hedging £m	Net assets before hedging £m	Currency forward contracts £m	Net assets after hedging £m
Sterling	36.7	27.2	63.9	42.8	18.0	60.8
Euro	(0.8)	(10.5)	(11.3)	1.1	0.9	2.0
Polish Zloty	15.1	(13.2)	1.9	15.1	(12.5)	2.6
Czech Koruna	1.4	(1.0)	0.4	1.3	(1.5)	(0.2)
Malaysian Ringgit	2.5	(2.5)	—	7.1	(4.9)	2.2
Other	2.0	—	2.0	0.6	—	0.6
Total	56.9	—	56.9	68.0	—	68.0

(1) Based on the Group's position before the impairment of long-lived assets and property, plant and equipment.

22. Capital and net debt

The Group's capital comprises total equity and net debt.

The Directors manage the Group's capital to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Directors aim to maintain an efficient capital structure with a relatively conservative level of debt-to-equity gearing so as to ensure continued access to a broad range of financing sources in order to provide sufficient flexibility to pursue commercial opportunities as they arise.

The Group's capital was as follows:

	2015 £m	2014 £m	2013 £m
Total equity	57.5	68.6	106.7
Net debt	92.4	84.7	86.8
Capital	149.9	153.3	193.5

	2015 %	2014 %
Gearing[1]	61	49

(1) Gearing represents net debt/average year end capital.

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for the year ended 30 June 2015

22. Capital and net debt continued

Movements in net debt were as follows:

	At 30 June 2014 £m	Cash flows £m	Other non-cash movements £m	Currency translation differences £m	At 30 June 2015 £m
Cash and cash equivalents	35.3	(10.8)	–	(1.2)	**23.3**
Overdrafts	(0.4)	(4.5)	–	0.2	**(4.7)**
Bank and other loans	(119.3)	8.8	–	0.1	**(110.4)**
Finance lease liabilities	(0.3)	0.1	(0.4)	–	**(0.6)**
Net debt	(84.7)	(6.4)	(0.4)	(0.9)	**(92.4)**

	At 30 June 2013 £m	Cash flows £m	Currency translation differences £m	At 30 June 2014 £m
Cash and cash equivalents	–	35.8	(0.5)	35.3
Overdrafts	(8.3)	7.9	–	(0.4)
Bank and other loans	(78.2)	(47.1)	6.0	(119.3)
Finance lease liabilities	(0.3)	–	–	(0.3)
Net debt	(86.8)	(3.4)	5.5	(84.7)

23. Pensions and other post-employment benefits

Overview

The Group provides a number of post-employment benefit arrangements. In the UK, the Group operates a defined benefit pension scheme and defined contribution pension schemes. Elsewhere in Europe, the Group has a number of smaller unfunded post-employment benefit arrangements that are structured to accord with local conditions and practices in the countries concerned. At 30 June 2015, the Group's post-employment benefit obligations outside the UK amounted to £1.6 million (2014: £2.0m).

Post-employment benefits had the following effect on the Group's results and financial position:

	2015 £m	2014 £m
Profit or loss		
Operating profit/(loss)		
Defined contribution schemes		
Contributions payable	**(1.6)**	(1.8)
Defined benefit schemes		
Service cost (net of employee contributions)	**(1.7)**	(1.7)
Net charge to operating profit/(loss)	**(3.3)**	(3.5)
Finance costs		
Net interest cost on defined benefit obligation	**(1.3)**	(1.1)
Net charge to profit/(loss) before taxation	**(4.6)**	(4.6)
Other comprehensive income		
Defined benefit schemes		
Net actuarial loss	**(2.1)**	(5.2)
Balance sheet		
Defined benefit obligations		
UK – funded	**(135.5)**	(121.0)
Other – unfunded	**(1.6)**	(2.0)
	(137.1)	(123.0)
Fair value of scheme assets	**105.7**	92.6
Deficit on the schemes	**(31.4)**	(30.4)
Related deferred tax asset	**6.0**	5.8

UK Defined Benefit Pension Scheme

(i) Background

In the UK, the Robert McBride Pension Fund ('the Fund') provides pension benefits based on the final pensionable salary and period of qualifying service of the participating employees. The Fund was closed to new entrants in 2002. The Group offers defined contribution schemes for UK employees who are not participating in the Fund.

The Fund is administered and managed by Robert McBride Pension Fund Trustees Limited ('the Trustee'), in accordance with the terms of a governing Trust Deed and relevant legislation. Regular assessments of the Fund's benefit obligations are carried out by an independent actuary on behalf of the Trustee and long-term contribution rates are agreed between the Trustee and the Company on the basis of the actuary's recommendations. The last triennial actuarial valuation of the Fund was at 31 March 2012 with the valuation indicating a deficit in the Fund of £32.7 million. The Company's agreement with the Trustee was an aim to eliminate the deficit in the Fund by 2026. The next actuarial valuation date is 31 March 2015 and subject to the outcome of this valuation, the Group expects to contribute £2.6 million to the Fund during 2016.

(ii) Assumptions and sensitivities

For accounting purposes, the Fund's benefit obligation has been calculated based on data gathered for the 2013 triennial actuarial valuation and by applying assumptions made by the Company on the advice of an independent actuary in accordance with IAS 19, 'Employee Benefits', which differ in certain respects from the assumptions made by the Trustee for the purpose of the actuarial valuation.

The principal assumptions used in calculating the benefit obligation at the end of the year were as follows:

	2015	2014
Discount rate	3.85%	4.45%
Inflation rate:		
Retail Prices Index (RPI)	3.25%	3.30%
Consumer Prices Index (CPI)	2.25%	2.30%
Future salary increases	2.00%	2.00%
Revaluation of deferred pensions (in excess of GMP)		
Accrued before 6 April 2009	2.25%	2.30%
Accrued on or after 6 April 2009	2.25%	2.30%
Increase in pensions in payment (in excess of GMP):		
Accrued before 1 April 2011	3.11%	3.30%
Accrued on or after 1 April 2011	2.12%	2.35%

From 1 April 2011, future increases to pensionable salaries were limited to the lower of 2% per annum or the rate of growth in the RPI, although a deferred benefit underpin was put into place with the effect that benefits accrued in respect of service before 1 April 2011 will be unaffected by these changes. Also with effect from 1 April 2011, changes were made to the basis of determining increases in pensions in payment.

Assumptions regarding future mortality rates are made based on published statistics and taking into account the profile of the Fund's members. Mortality rates are based on the PCMA 00 (male) and PCFA 00 (female) mortality tables adjusted for both males and females to assume 8% more deaths than average in any one year. Life expectancies are assumed to increase in future in line with the CMI standard projection model, with a minimum long-term rate of improvement of 0.5% per annum. On this basis, the average life expectancies assumed for members of the Fund after retirement at age 65 are as follows:

	2015	2014
Member retiring in the next year:		
Male	22.0	22.0
Female	23.9	23.9
Member retiring 20 years from now:		
Male	22.5	22.5
Female	24.6	24.6

At 30 June 2015, the sensitivity of the benefit obligation to changes in the principal assumptions was as follows (assuming in each case that the other assumptions are unchanged):

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/– 0.1%	Decrease by £2.3m	Increase by £2.3m
Inflation rate	+/– 0.1%	Increase by £2.0m	Decrease by £1.9m
Life expectancy	+/– 1 year	Increase by £3.4m	Decrease by £3.4m

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23. Pensions and other post-employment benefits continued

UK Defined Benefit Pension Scheme continued

(iii) Fund's assets

The Fund's assets are held separately from those of the Group and are managed by professional investment managers on behalf of the Trustee. During 2013, the Trustee conducted an investment strategy review and decided to increase the proportion of the Fund's assets held in low risk investments that match as closely as practicable the profile of its liabilities. Due to the favourable matching properties exhibited, the Trustee invested in synthetic gilt instruments that will provide returns in line with the yields on UK government bonds. The Trustee maintains a significant portfolio of return-seeking assets that are expected to produce returns in excess of the yield on UK government bonds. The Fund's return-seeking assets continue to be predominantly held within managed funds that are designed to achieve equity-like returns over the long term but with significantly less volatility than would be experienced if the Fund had invested directly in equities.

The Fund holds no investment in securities issued by, nor any property used by, McBride plc or any of its subsidiaries.

The fair value and expected return on the Fund's assets at the end of the year was as follows:

	2015 Fair value £m	2014 Fair value £m	2013 Fair value £m
Return-seeking assets:			
Equities	54.6	40.2	32.9
Property	—	3.1	0.1
Other	28.1	30.6	27.6
	82.7	73.9	60.6
Matching assets:			
Bonds	9.8	7.1	18.1
Other	11.2	9.1	5.7
	21.0	16.2	23.8
Cash	2.0	2.5	0.1
Total	105.7	92.6	84.5

Other return-seeking assets are predominantly those held within the Standard Life GARS fund. Other matching assets are predominantly those held within the Schroders LDI fund.

All of the Fund's assets are held in pooled funds. They are classified as Level 2 instruments, as they are not quoted on any stock exchange, although their value is directly related to the value of the underlying holdings.

The expected return on the Fund's assets must be set to be in line with the discount rate used to value the Fund's liabilities. This equates to an expected return over the year of £4.1 million (2014: £4.1m).

The actual return on the Fund's assets during the year was £12.9 million (2014: £6.9m).

(iv) Movements in the Fund's assets and liabilities

Movements in the fair value of the Fund's assets during the year were as follows:

	2015 £m	2014 £m
At 1 July	92.6	84.5
Expected return on plan assets	4.1	4.1
Actuarial gain	8.8	2.8
Employer's contributions	3.7	3.7
Employees' contributions	0.4	0.5
Benefits paid	(3.6)	(2.6)
Administration expenses	(0.3)	(0.4)
At 30 June	105.7	92.6

Movements in the benefit obligation during the year were as follows:

	2015 £m	2014 £m
At 1 July	(121.0)	(108.7)
Service cost	(1.4)	(1.2)
Interest cost	(5.4)	(5.2)
Actuarial loss	(10.9)	(8.0)
Employees' contributions	(0.4)	(0.5)
Benefits paid	3.6	2.6
At 30 June	**(135.5)**	(121.0)

(v) Experience gains and losses

Actuarial gains and losses recognised in other comprehensive income represent the effect of the differences between the actuary's assumptions and actual outcomes.

The history of actuarial gains and losses in relation to the Fund is as follows:

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Present value of the Fund's benefit obligation	(135.5)	(121.0)	(108.7)	(95.9)	(89.8)
Fair value of the Fund's assets	105.7	92.6	84.5	78.0	75.6
Deficit in the Fund	**(29.8)**	(28.4)	(24.2)	(17.9)	(14.2)
Actuarial gains and losses:					
Experience adjustments on the Fund's benefit obligations	(10.9)	(8.0)	(10.5)	(2.2)	3.7
Experience adjustments on the Fund's assets	8.8	2.8	3.3	(3.6)	0.8
Total recognised in other comprehensive income	**(2.1)**	(5.2)	(7.2)	(5.8)	4.5

At 30 June 2015, the cumulative net actuarial loss in relation to the Fund that has been recognised in other comprehensive income amounted to £29.7 million (2014: £27.6m).

24. Employee share schemes

Share awards

The Group operates a performance-based Long Term Incentive Plan (LTIP) for the Executive Directors and certain other senior executives. Awards made under the LTIP vest provided the participant remains in the Group's employment during the three-year vesting period and the Group achieves relative total shareholder return (TSR) and earnings per share (EPS) targets. Up to 50% of each award vests dependent on the TSR of the Company's ordinary shares compared with the TSR of the FTSE Smallcap Ex. Investment Companies Index (a market condition). Up to 50% of each award vests dependent on the growth in the Group's EPS compared with the change in the UK Retail Prices Index (a vesting condition).

Vested awards are settled either in the form of the Company's ordinary shares (equity-settled) or by the payment of cash equivalent to the market value of the Company's ordinary shares on the vesting date (cash-settled).

Further information on the LTIP is set out in the Remuneration report.

Movements in LTIP awards outstanding were as follows:

	2015		2014	
	Equity-settled Number	Cash-settled Number	Equity-settled Number	Cash-settled Number
Outstanding at 1 July	1,637,260	3,291,472	1,371,354	2,701,260
Granted	1,354,514	1,420,328	546,560	1,278,728
Forfeited	(1,880,258)	(550,883)	—	—
Lapsed	(558,141)	(930,896)	(280,654)	(688,516)
Outstanding at 30 June	**553,375**	**3,230,021**	1,637,260	3,291,472
Unvested at 30 June	**553,375**	**3,230,021**	1,637,260	3,291,472

Awards made under the LTIP have a nil exercise price.

During 2015 and 2014, no equity-settled or cash-settled LTIP awards vested.

Notes to the consolidated financial statements continued

for the year ended 30 June 2015

24. Employee share schemes continued

Share awards continued

At 30 June 2015, the liability recognised in relation to cash-settled awards was £0.3 million.

At the grant date, the weighted average fair value of LTIP awards granted during the year was 87.7 pence (2014: 123.5p). Fair value was measured using a variant of the Monte Carlo valuation model based on the following assumptions:

	February 2015 issue	October 2014 issue	October 2013 issue
Risk-free interest rate	0.8%	1.4%	0.7%
Share price on grant date	86.8p	87.8p	123.5p
Dividend yield on the Company's shares	5.6%	5.7%	4.1%
Volatility of the Company's shares	28.5%	29.0%	34.0%
Expected life of LTIP awards	3 years	3 years	3 years

Expected volatility was determined based on weekly observations of the Company's share price and the FTSE Smallcap Ex. Investment Companies Index (2015 and 2014 issues) and FTSE 250 Ex. Investment Companies Index (2013 issue) over the three-year period immediately preceding the grant date.

Compensation expense recognised in profit or loss in relation to employee share schemes was as follows:

	2015 £m	2014 £m
LTIP:		
Equity-settled awards	0.1	–
Cash-settled awards	(0.1)	–
Total expense	–	–

25. Provisions

	Reorganisation and restructuring £m	Leasehold dilapidations £m	Environmental remediation £m	Other £m	Total £m
At 30 June 2013	1.9	0.3	–	0.6	2.8
Charged to profit or loss	10.1	0.2	2.5	–	12.8
Utilisation	(3.5)	(0.5)	–	(0.1)	(4.1)
Currency translation differences	(0.1)	–	–	–	(0.1)
At 30 June 2014	8.4	–	2.5	0.5	11.4
Charged to profit or loss	3.0	0.7	–	0.2	3.9
Unwind of discount	–	–	0.2	–	0.2
Utilisation	(6.9)	–	(0.2)	–	(7.1)
Currency translation differences	–	–	(0.3)	(0.1)	(0.4)
At 30 June 2015	4.5	0.7	2.2	0.6	8.0

Analysis of provisions:

	2015 £m	2014 £m
Current	4.8	8.9
Non-current	3.2	2.5
Total	8.0	11.4

Reorganisation and restructuring provisions as at 30 June 2015 principally comprise of redundancies in relation to the Group reorganisation and UK restructuring.

Environmental remediation provision relates to historical environmental contamination at a site in Belgium.

Other provisions are mainly in respect of training costs in France.

26. Share capital and reserves

(i) Share capital

	Allotted and fully paid	
	Number	£m
Ordinary shares of 10 pence each		
At 1 July 2013, 30 June 2014 and at 30 June 2015	**182,840,301**	**18.3**

Ordinary shares carry full voting rights and ordinary shareholders are entitled to attend Company meetings and to receive payments to shareholders.

(ii) Reserves

Share premium account

The share premium account records the difference between the nominal amount of shares issued and the fair value of the consideration received. The share premium account may be used for certain purposes specified by UK law, including to write-off expenses incurred on any issue of shares or debentures and to pay up fully paid bonus shares. The share premium account is not distributable but may be reduced by special resolution of the Company's ordinary shareholders and with court approval.

Cash flow hedge reserve

The cash flow hedge reserve comprises the cumulative net change in the fair value of hedging instruments in designated cash flow hedging relationships recognised in other comprehensive income.

Currency translation reserve

The currency translation reserve comprises cumulative currency translation differences on the translation of the Group's net investment in foreign operations into Sterling together with the cumulative net change in the fair value of hedging instruments in designated net investment hedging relationships recognised in other comprehensive income.

Capital redemption reserve

The capital redemption reserve records the cost of shares purchased by the Company for cancellation or redeemed in excess of the proceeds of any fresh issue of shares made specifically to fund the purchase or redemption. The capital redemption reserve is not distributable but may be reduced by special resolution of the Company's ordinary shareholders and with court approval.

(iii) Own shares

	2015		2014	
Held in treasury	**Number**	**£m**	Number	£m
At cost				
At 1 July	**630,992**	**0.8**	663,043	0.8
Shares transferred to employees	**—**	**—**	(32,051)	—
At 30 June	**630,992**	**0.8**	630,992	0.8

Own shares represent the Company's ordinary shares that are acquired to meet the Group's expected obligations under employee share schemes.

At 30 June 2015, the market value of own shares held was £0.6 million (2014: £0.6m).

(iv) Non-controlling interests

Non-controlling interests relates to Fortune Organics (F.E.) Sdn Bhd, Malaysia.

Notes to the consolidated financial statements continued
for the year ended 30 June 2015

27. Commitments
Operating leases
Future minimum lease payments under non-cancellable operating leases are as follows:

	2015 £m	2014 £m
Rentals payable:		
Within one year	3.7	3.8
In the second to fifth years inclusive	7.6	7.3
After more than five years	2.6	3.4
Total	13.9	14.5

Capital expenditure on property, plant and equipment

	2015 £m	2014 £m
Contracted but not provided	1.0	2.9

28. Related party transactions
Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and, therefore, are not required to be disclosed in these financial statements. Details of transactions between the Group and other related parties are disclosed below.

(i) Post-employment benefit plans
As shown in note 23, contributions amounting to £5.3 million (2014: £5.5m) were payable by the Group to pension schemes established for the benefit of its employees. At 30 June 2015, £0.2 million (2014: £0.2m) in respect of contributions due was included in other payables.

(ii) Compensation of key management personnel
For the purposes of these disclosures, the Group regards its key management personnel as the Directors and certain members of the senior executive team.

Compensation payable to key management personnel in respect of their services to the Group was as follows:

	2015 £m	2014 £m
Short-term employee benefit:	1.9	2.0
Compensation for loss of office	0.7	—
Post employment benefits	0.3	0.3
Share-based payments	0.1	—
Total	3.0	2.3

29. Exchange rates
The principal exchange rates used to translate the results, assets and liabilities and cash flows of the Group's foreign operations into Sterling were as follows:

	Average rate		Closing rate	
	2015 £m	2014 £m	2015 £m	2014 £m
Euro	1.31	1.20	1.41	1.25
US Dollar	1.58	1.63	1.57	1.70
Polish Zloty	5.48	5.03	5.89	5.19
Czech Koruna	36.24	32.22	38.31	34.25
Hungarian Forint	406.07	362.67	442.69	385.90
Malaysian Ringgit	5.44	5.28	5.93	5.47
Australian Dollar	1.89	1.77	2.05	1.81
Chinese Yuan	9.75	9.99	9.75	10.57

Independent auditors' report

to the members of McBride plc

Report on the parent Company financial statements

Our opinion

In our opinion, McBride plc's parent Company financial statements ('the financial statements'):

- give a true and fair view of the state of the parent Company's affairs as at 30 June 2015;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements comprise:

- the Company balance sheet as at 30 June 2015; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report continued

to the members of McBride plc

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 66, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

David Beer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

8 September 2015

Company balance sheet

at 30 June 2015

	Note	2015 £m	2014 £m
Fixed assets			
Tangible assets	3	–	–
Investments in subsidiary undertakings	4	158.2	158.2
		158.2	158.2
Debtors	5	178.6	151.7
Cash at bank and in hand		0.8	2.9
Creditors: amounts falling due within one year	6	(77.9)	(54.4)
Net current assets		101.5	100.2
Total assets less current liabilities		259.7	258.4
Creditors: amounts falling due after more than one year	7	(78.6)	(84.9)
Provisions for liabilities	10	(2.0)	(0.8)
Net assets		179.1	172.7
Capital and reserves			
Called up share capital	11	18.3	18.3
Share premium account	12	102.4	111.5
Capital redemption reserve	12	42.1	33.4
Profit and loss account	12	16.3	9.5
Total shareholders' funds		179.1	172.7

The financial statements on pages 111 to 117 were approved by the Board of Directors on 8 September 2015 and were signed on its behalf by:

Rik De Vos
Director

Chris Smith
Director

McBride plc
Registered number: 2798634

Notes to the Company financial statements

1. Principal accounting policies

Description of business

McBride plc ('the Company') is the ultimate parent Company of a group of companies that together is Europe's leading provider of Private Label Household and Personal Care products, developing, producing and supplying our products to major retailers throughout Europe and beyond.

Basis of preparation

The Company's financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 ('the Act') and United Kingdom accounting standards ('UK GAAP') and, except as described under the heading 'Financial instruments', under the historical cost convention.

The Company's principal accounting policies are unchanged compared with the year ended 30 June 2014.

Investments in subsidiary undertakings

A subsidiary is an entity controlled, either directly or indirectly, by the Company, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. Investments in subsidiaries represent interests in subsidiaries that are directly owned by the Company and are stated at cost less any provision for permanent diminution in value.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for permanent diminution in value. Tangible fixed assets are depreciated on a straight-line basis over their expected useful lives, which are as follows:

Computer equipment	— three to five years
Furniture and fittings	— eight to ten years

Financial instruments

(i) Bank and other loans

Bank and other loans are initially measured at fair value, net of any directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method.

(ii) Derivative financial instruments

The Company uses derivative financial instruments to manage its exposure to exchange rate and interest rate movements. The Company does not hold or issue derivatives for speculative purposes.

Derivative financial instruments are recognised as assets and liabilities measured at their fair value at the balance sheet date. Changes in their fair value are recognised immediately in the profit and loss account. The Company has not designated any derivatives as hedging instruments for the purposes of hedge accounting.

(iii) Disclosures

The Company is exempt from applying FRS 29, (IFRS 7) 'Financial Instruments: Disclosures' because the required disclosures are presented in the consolidated financial statements of the Company and its subsidiaries.

Foreign currency translation

Transactions denominated in foreign currencies are translated into Sterling at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate ruling on the balance sheet date. Currency translation differences are recognised in the profit and loss account.

Leases

Leases that confer rights and obligations similar to those that attach to owned assets are classified as finance leases. All other leases are classified as operating leases.

Operating lease payments are charged to the profit and loss account on a straight-line basis over the lease term. Lease incentives are credited to the profit and loss account on a straight-line basis over the lease term or, if the initial rent is above the prevailing market rent, over the shorter of the lease term and the period to the first rent review from which it is expected that the prevailing market rent will be payable.

Share-based payments

The Company operates incentive share schemes under which it grants equity-settled and cash-settled awards over its own ordinary shares to certain employees of its subsidiaries. The Company recognises a capital contribution to the subsidiaries concerned that is based on the fair value of the awards measured using the Black-Scholes option pricing formula or the Monte Carlo valuation model.

For equity-settled awards, the fair value reflects market performance conditions and all non-vesting conditions. Fair value is determined at the grant date and is not subsequently remeasured unless the relevant conditions are modified. Adjustments are made to the compensation expense to reflect actual and expected forfeitures due to failure to satisfy service conditions or non-market performance conditions. For cash-settled awards, the fair value reflects all the conditions on which the award is made and is remeasured at each reporting date and at the settlement date.

Generally, the capital contribution is recognised on a straight-line basis over the vesting period. For equity-settled awards a corresponding credit is recognised directly in reserves while for cash-settled awards a corresponding liability to settle is recognised in the balance sheet.

Taxation

Current tax is the amount of tax payable in respect of the taxable profit or loss for the period. Taxable profit differs from accounting profit because it excludes income or expenses that are recognised in the period for accounting purposes but are either not taxable or not deductible for tax purposes or are taxable or not deductible in earlier or subsequent periods.

Deferred tax is recognised on timing differences between the recognition of items of income or expenses for accounting purposes and their recognition for tax purposes. A deferred tax asset in respect of a deductible timing difference or a carried forward tax loss is recognised only to the extent that it is considered more likely than not that sufficient taxable profits will be available against which the reversing timing difference or the tax loss can be deducted. Deferred tax assets and liabilities are not discounted.

Current and deferred tax is measured using tax rates that have been enacted or substantively enacted at the balance sheet date.

Provisions

A provision is a liability of uncertain timing or amount and is recognised when the Company has a present obligation as a result of a past event, it is probable that payment will be made to settle the obligation and the payment can be estimated reliably.

Provision is made for restructuring costs when a detailed formal plan for the restructuring has been determined and that plan has started to be implemented or has been announced to the parties that may be affected by it.

Provisions are discounted where the effect of the time value of money is material.

Guarantees

From time to time, the Company provides guarantees to third parties in respect of the indebtedness of its subsidiaries. The Directors consider these guarantees to be insurance arrangements and, therefore, the Company recognises a liability in respect of such guarantees only in the event that it becomes probable that the guarantee will be called upon and the Company will be required to make a payment to the third party.

Payments to shareholders

Subject to shareholder approval at each annual general meeting, it is the Company's intention that, for the foreseeable future, all payments to shareholders will be made by the issue of non-cumulative redeemable preference shares ('B Shares'). B Shares issued but not redeemed are classified as current liabilities.

Own shares

Own shares represent the Company's ordinary shares that are held by the Company in treasury or by an employee benefit trust to employee share schemes. When own shares are acquired, the cost of purchase in the market is deducted from the profit and loss account reserve. Gains and losses on the subsequent transfer or sale of own shares are recognised directly in the profit and loss account.

Cash flow statement

A cash flow statement is not presented in these financial statements on the grounds that the Company's cash flows are included in the consolidated financial statements of the Company and its subsidiaries.

2. Profit for the year

As permitted by section 408(3) of the Act, the Company's profit and loss account and statement of total recognised gains and losses are not presented in these financial statements.

The Company has no employees.

Fees payable to the Company's auditors, PricewaterhouseCoopers LLP, in respect of the audit of the Company's accounts were £0.1 million (2014: £0.1m).

The Company's profit for the financial year was £15.5 million (2014: £5.9m loss).

3. Tangible assets

	Furniture and fittings £m
Cost	
At 1 July 2014 and 30 June 2015	0.4
Accumulated depreciation and impairment	
At 1 July 2014 and 30 June 2015	**0.4**
At 30 June 2014 and 30 June 2015	**–**

4. Investments in subsidiary undertakings

	£m
At 1 July 2014 and at 30 June 2015	**158.2**

The Directors have reviewed the recoverability of the carrying amount of the Company's investments and have concluded that there is no permanent diminution in their value.

Details of the Company's subsidiaries at 30 June 2015 are set out on pages 116 and 117.

Details of the share-based payments provided by the Company to employees of its subsidiaries are presented in note 24 to the consolidated financial statements.

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Notes to the Company financial statements continued

5. Debtors

	2015 £m	2014 £m
Amounts owed by subsidiary undertakings	164.3	148.3
Derivative financial instruments	11.2	—
Deferred tax assets (note 9)	—	0.9
Other debtors	0.1	0.1
Prepayments and accrued income	3.0	2.4
Total	178.6	151.7

6. Creditors: amounts falling due within one year

	2015 £m	2014 £m
Amounts owed to subsidiary undertakings	73.1	48.7
Derivative financial instruments	0.6	3.7
Deferred tax liabilities (note 9)	1.8	—
B Shares (note 8)	1.0	0.6
Other creditors	0.6	0.7
Accruals and deferred income	0.8	0.7
Total	77.9	54.4

7. Creditors: amounts falling due after more than one year

	2015 £m	2014 £m
Bank and other loans	78.6	84.9

Bank and other loans represent amounts drawn down under a €140 million revolving credit facility, which is committed until April 2019 and two US Private Placements for $50 million (maturing in November 2020) and $40 million (maturing April 2022).

8. Payments to shareholders

Payments to ordinary shareholders are made by way of the issue of B Shares in place of income distributions. Ordinary shareholders are able to redeem any number of the B Shares issued to them for cash. Any B Shares that they retain attract a dividend of 75% of LIBOR on the 0.1 pence nominal value of each share, paid on a twice-yearly basis.

Payments to ordinary shareholders made or proposed in respect of the year were as follows:

	2015		2014	
	Pence per share	£m	Pence per share	£m
Interim	1.7	3.1	1.7	3.1
Final	1.9	3.5	3.3	6.0
Total for the year	3.6	6.6	5.0	9.1

The proposed final payment in respect of 2015 of 1.9 pence per ordinary share is subject to approval by shareholders at the Company's AGM and has therefore not been recognised in these financial statements.

Movements in the number of B Shares outstanding were as follows:

	2015		2014	
	Number	Nominal value £m	Number	Nominal value £m
At 1 July	578,450,919	0.6	394,892,632	0.4
Issued	9,110,465,450	9.1	9,110,465,450	9.1
Redeemed	(8,719,909,174)	(8.7)	(8,926,907,163)	(8.9)
At 30 June	969,007,195	1.0	578,450,919	0.6

B Shares carry no rights to attend, speak or vote at Company meetings, except on a resolution relating to the winding up of the Company.

9. Deferred tax assets/(liabilities)

	£m
At 1 July 2014	0.9
Charge to the profit and loss account	(2.7)
At 30 June 2015	**(1.8)**

10. Provisions for liabilities

	£m
At 1 July 2014	0.8
Charge to the profit and loss account	2.0
Utilisation	(0.8)
At 30 June 2015	**2.0**

Provisions represent consultancy costs relating to the Group's reorganisation and are expected to be utilised during 2015.

11. Called up share capital

	Allotted and fully paid	
	Number	£m
Ordinary shares of 10 pence each		
At 30 June 2014 and at 30 June 2015	**182,840,301**	**18.3**

Ordinary shares carry full voting rights and ordinary shareholders are entitled to attend Company meetings and to receive payments to shareholders.

At 30 June 2015, awards were outstanding over 553,375 ordinary shares (2014: 1,637,260 ordinary shares) in relation to the equity-settled employee share schemes that are operated by the Company. Further information on the employee share schemes is presented in note 24 to the consolidated financial statements.

12. Movement on reserves

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Profit and loss account £m	Total £m
At 1 July 2014	18.3	111.5	33.4	9.5	172.7
Profit for the financial year	—	—	—	15.5	15.5
Issue of B Shares	—	(9.1)	—	—	(9.1)
Redemption of B Shares	—	—	8.7	(8.7)	—
At 30 June 2015	**18.3**	**102.4**	**42.1**	**16.3**	**179.1**

At 30 June 2015, the profit and loss account reserve was stated net of a deduction of £0.8 million (2014: £0.8m) for the cost of own shares held in relation to the employee share schemes. Further information on own shares is presented in note 26 to the consolidated financial statements.

13. Guarantees

The Company has guaranteed the indebtedness of certain of its subsidiaries up to an aggregate amount of £4.4 million (2014: £3.7m).

14. Related party transactions

As permitted by FRS 8, 'Related Party Disclosures', transactions between the Company and its wholly-owned subsidiaries are not disclosed in these financial statements.

Subsidiaries

Details of the Company's subsidiaries at 30 June 2015 are as follows. In each case, the Company's equity interest is in the form of ordinary shares which, unless stated otherwise, are indirectly owned. Full information of all interests are given in the Company's annual return.

The business activity of each of the Company's trading subsidiaries is the manufacture, distribution and sale of Household and Personal Care products.

Subsidiaries	Equity interest	Country of incorporation and operation
Trading subsidiaries		
Robert McBride Ltd[1]	100%	England
McBride S.A.	100%	Belgium
McBride S.A.S.	100%	France
McBride S.p.A.	100%	Italy
Problanc S.A.S.	99%	France
Vitherm France S.A.S.	100%	France
McBride B.V.	100%	Netherlands
Chemolux Germany GmbH	100%	Germany
Chemolux S.a.r.l.	100%	Luxembourg
Intersilesia McBride Polska Sp. z o.o	100%	Poland
McBride S.A.U.	100%	Spain
McBride a.s.[2]	70%	Czech Republic
McBride spol. s r.o.	100%	Czech Republic
McBride Hungary Kft.	100%	Hungary
McBride Australia Pty Ltd	100%	Australia
McBride Zhongshan Ltd	100%	China
McBride Hong Kong Limited	100%	Hong Kong
Fortune Laboratories Sdn Bhd	100%	Malaysia
Newlane Cosmetics Company Limited	100%	Vietnam
Holding companies		
McBride Holdings Limited	100%	England
McBride CE Holdings Limited	100%	England
McBride Asia Holdings Limited	100%	Hong Kong
McBride Hong Kong Holdings Limited	100%	Hong Kong
Fortlab Holdings Sdn Bhd	100%	Malaysia
CNL Holdings Sdn Bhd	100%	Malaysia
Fortune Organics (F.E.) Sdn Bhd	55%	Malaysia

Subsidiaries continued	Equity interest	Country of incorporation and operation
Dormant		
CM Nouvelle Holdings Pte. Ltd.	100%	Singapore
Breckland Mouldings Limited	100%	England
Camille Simon Holdings Limited	100%	England
Camille Simon Limited	100%	England
Culmstock Limited	100%	England
Darcy Bolton Limited	100%	England
Darcy Bolton Property Limited	100%	England
Darcy Limited	100%	England
Detergent Information Limited	100%	England
G.Garnett & Sons, Limited	100%	England
G.Garnett Estates Limited	100%	England
Globol Properties (UK) Limited	100%	England
H.H. Limited	100%	England
HomePride Limited	100%	England
Hugo Personal Care Limited	100%	England
International Consumer Products Limited	100%	England
Longthorne Laboratories Limited	100%	England
McBride Aircare Limited	100%	England
McBride Business Services Limited	100%	England
McBride UK Limited	100%	England
McBrides Limited	100%	England
Milstock Limited	100%	England
RMG (Droylsden) Limited	100%	England
Robert McBride (Aerosols) Limited	100%	England
Robert McBride (Bradford) Limited	100%	England
Robert McBride (Properties) Limited	100%	England
Robert McBride Homecare Limited	100%	England
Robert McBride Household Limited	100%	England
Savident Limited	100%	England
McBride Holdings S.L.	100%	Spain
Other		
Robert McBride Pension Fund Trustees Limited	100%	England

(1) McBride plc directly owns 100% of McBride Holdings Limited and 57.7% of Robert McBride Ltd.

(2) McBride Holdings Limited is committed to purchase the 30% equity interest in McBride a.s. that it does not already own on terms which are such that the Group does not recognised any non-controlling interest in McBride a.s.

Group five-year summary

	Year ended 30 June				
	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Revenue	**704.2**	744.2	761.4	813.9	812.4
Adjusted operating profit	**28.5**	22.0	23.6	29.5	29.0
Amortisation of intangible assets	**(1.0)**	(1.4)	(1.1)	(1.7)	(2.9)
Exceptional items	**(17.8)**	(34.5)	(7.5)	(9.7)	(12.3)
Operating profit/(loss)	**9.7**	(13.9)	15.0	18.1	13.8
Net finance costs	**(7.1)**	(7.4)	(6.0)	(6.0)	(6.7)
Profit/(loss) before tax	**2.6**	(21.3)	9.0	12.1	7.1
Taxation	**(3.3)**	2.2	(3.5)	(3.0)	(1.8)
(Loss)/profit after tax	**(0.7)**	(19.1)	5.5	9.1	5.3
Earnings per share					
Diluted	**(0.4p)**	(10.5p)	3.0p	5.0p	2.9p
Adjusted diluted	**8.3p**	5.3p	7.3p	9.7p	9.3p
Payments to shareholders (per ordinary share)	**3.6p**	5.0p	5.0p	5.0p	6.8p

	At 30 June				
	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Non-current assets					
Property, plant and equipment	**129.8**	143.4	173.6	175.6	190.9
Intangible assets	**19.7**	26.3	34.1	35.7	38.6
Other assets	**21.5**	14.6	6.2	2.9	3.1
	171.0	184.3	213.9	214.2	232.6
Current assets	**225.4**	245.8	231.9	229.8	252.1
Current liabilities	**(218.0)**	(229.8)	(246.9)	(252.9)	(278.9)
Non-current liabilities	**(120.9)**	(131.7)	(92.2)	(78.7)	(80.4)
Net assets	**57.5**	68.6	106.7	112.4	125.4
Net debt	**92.4**	84.7	86.8	81.2	83.7

Useful information for shareholders

Financial calendar

Next key dates for shareholders in 2015 and 2016:

Annual General Meeting	20 October 2015
2014/15 Q1 interim management statement	20 October 2015
Record date for entitlement to B Shares	23 October 2015
Record date for entitlement to B Share allotments payable on B Shares issued and not previously redeemed	23 October 2015
Ex-entitlement to B Shares date	26 October 2015
Credit CREST accounts with B Share entitlements	26 October 2015
Latest date for receipt by Registrar of completed election forms and submitting CREST elections	13 November 2015
Despatch of cheques in respect of B Shares which have been redeemed	27 November 2015
Payment into bank accounts in respect of B Shares which have been redeemed by certificated shareholders who have valid mandate instructions in place	27 November 2015
Despatch of share certificates for B Shares not being redeemed	27 November 2015
Payments on redeemed B Shares issued in CREST	27 November 2015
Payments of B Share allotments payable on B Shares issued and not previously redeemed	27 November 2015
2015/16 Half year end	31 December 2015
2015/16 Half year trading statement	January 2016
Interim results announced	February 2016
2015/16 Q3 interim management statement	April 2016
2015/16 Year end	30 June 2016
2015/16 Year end trading statement	July 2016
Full year preliminary statement	September 2016

These dates are provisional and may be subject to change.

Payments to shareholders

On 24 March 2011 shareholders approved a proposal for the implementation of a B Share scheme as a mechanism for making payments to shareholders. This involves the issue of non-cumulative redeemable preference shares (B Shares) in place of income distributions. Shareholders are able to redeem any number of their B Shares for cash. B Shares that are retained attract a dividend of 75% of LIBOR on the 0.1 pence nominal value of each share, paid on a twice-yearly basis.

Shareholders may choose to have payments made directly into their bank or building society account. This benefits shareholders as the payments are paid into their account, as cleared funds, on the date the payment is due. Confirmation of payment is contained in a payment advice which is posted to shareholders' registered addresses at the time of payment. This payment advice should be kept safely for future reference.

Shareholders who wish to benefit from this service should complete the relevant section of the election form accompanying the Notice of Annual General Meeting. Alternatively, the required documentation can be obtained by contacting the Company's registrar using one of the methods outlined below.

Shareholder queries

Shareholders who change address, lose their share certificates, wish to amalgamate multiple shareholdings to avoid receiving duplicate documentation, want to have payments paid directly into their bank account or otherwise have a query or require information relating to their shareholding should contact the Company's registrar.

This can be done by writing to Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Alternatively, shareholders can contact Capita Asset Services on 0871 664 0300 (calls cost 10 pence per minute plus network extras; lines are open 9.00am to 5.30pm Monday to Friday), or on +44 20 8639 3399 if calling from overseas, or email their enquiry to shareholderenquiries@capita.co.uk, indicating they are a McBride shareholder.

Shareholders are also able to access and amend details of their shareholding (such as address and distribution payment instructions), via the registrar's website at www.capitashareportal.com. If you have not previously registered to use this facility you will need your investor code, which can be found on your proxy card, or on any share certificate issued by Capita Asset Services.

Electronic communications

Shareholders are able to register to receive communications from McBride electronically. This service enables shareholders to tailor their communication requirements to their needs. McBride is encouraging shareholders to use this service to elect to receive all communications electronically which enables more secure and prompt communication and allows shareholders to:

- receive electronic notification via email and the internet of the publication and availability of statutory documents such as financial results, including annual and interim reports;
- access details of their individual shareholding quickly and securely on-line;
- amend their details (such as address or bank details);
- choose the way payments are received; and
- submit proxy voting instructions for shareholder meetings including the AGM.

It also enables shareholders to contribute directly to reducing McBride's costs and environmental impact through saving paper, mailing and transportation and reducing unnecessary waste.

You can register directly by visiting www.capitashareportal.com and following the on-line instructions. Alternatively, you can access the service via the investor relations section of McBride's website at www.mcbride.co.uk.

Useful information for shareholders continued

On-line shareholder services

McBride provides a number of services on-line in the investor relations section of its website at www.mcbride.co.uk, where shareholders and other interested parties may:

- view and/or download annual and interim reports;
- check current or historic share prices (there is an historic share price download facility);
- check the amounts and dates of historic payments to shareholders;
- use interactive tools to calculate the value of shareholdings and chart McBride ordinary share price changes against indices; and
- register to receive email alerts regarding press releases, including regulatory news announcements, annual reports and Company presentations.

ShareGift

McBride supports ShareGift, the share donation charity (registered charity number 1052686). ShareGift was set up so that shareholders who have only a very small number of shares which might be considered uneconomic to sell are able to dispose of them by donating them for the benefit of UK charities. Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of UK charities. Donating shares to charity gives rise neither to a gain nor a loss for UK capital gains purposes and UK taxpayers may also be able to claim income tax relief on the value of the donation.

Further information about donating shares to ShareGift is available either from its website at www.sharegift.org, by writing to ShareGift at 17 Carlton House Terrace, London SW1Y 5AH or by contacting them on +44 (0)20 7930 3737.

Even if the share certificate has been lost or destroyed, the gift can be completed. The service is generally free, however, there may be an indemnity charge for a lost or destroyed share certificate where the value of the shares exceeds £100.

Share price history

The following table sets out, for the five financial years to 30 June 2015, the reported high, low, average and financial year end (30 June or immediately preceding business day) closing middle market quotations of McBride's ordinary shares on the London Stock Exchange.

	Share price (pence)			
	High	Low	Average	Financial year end
2011	192	124	155	138
2012	142	105	123	124
2013	147	101	127	111
2014	135	93	111	96
2015	**105**	**75**	**89**	**102**

Unsolicited mail

The Company is obliged by law to make its share register publicly available should a request be received. As a consequence, shareholders may receive unsolicited mail from organisations that use it as a mailing list. Shareholders wishing to limit the amount of such mail should either write to Mailing Preference Service, DMA House, 70 Margaret Street, London W1W 8SS, register on-line at www.mpsonline.org.uk or call the Mailing Preference Service (MPS) on 0845 703 4599. MPS is an independent organisation which offers a free service to the public.

Warning to shareholders – boiler room scams

Each year in the UK £1.2 billion is lost to investment fraud and the average investor loses around £20,000. What's more, it is estimated that only 10% of the people that become victims of investment fraud actually report.

Investment scams are becoming ever more sophisticated – designed to look like genuine investments, they are increasingly difficult to spot. They are targeted at those most at risk, typically people in retirement who are actively seeking an investment opportunity.

Protect yourself

1. Reject cold calls

If you have been cold called with an offer to buy or sell shares, chances are it is a high risk investment or scam. You should treat the call with extreme caution. The safest thing to do is hang up.

If you are offered unsolicited investment advice, discounted shares, a premium price for shares you own, or free company or research reports, you should get the name of the person and organisation contacting you and take these steps before handing over any money.

2. Check the firm on the FS register at www.fca.org.uk/register

The Financial Services Register is a public record of all the firms and individuals in the financial services industry that are regulated by the FCA.

Use the details on the Register to contact the firm.

3. Get impartial advice

Think about getting impartial financial advice before you hand over any money. Seek advice from someone unconnected to the firm that has approached you.

REMEMBER, if it sounds too good to be true, it probably is!

If you use an unauthorised firm to buy or sell shares or other investments, you will not have access to the Financial Ombudsman Service or Financial Services Compensation Scheme (FSCS) if things go wrong.

Report a scam

If you suspect you have been approached by fraudsters please tell the FCA using the share fraud reporting form at www.fca.org.uk/scams, where you can find out more about investment scams. You can also call the FCA Consumer Helpline on 0800 111 6768.

If you have lost money to investment fraud, you should report it to Action Fraud on 0300 123 2040 or on-line at www.actionfraud.police.uk

Find out more at www.fca.org.uk/scamsmart

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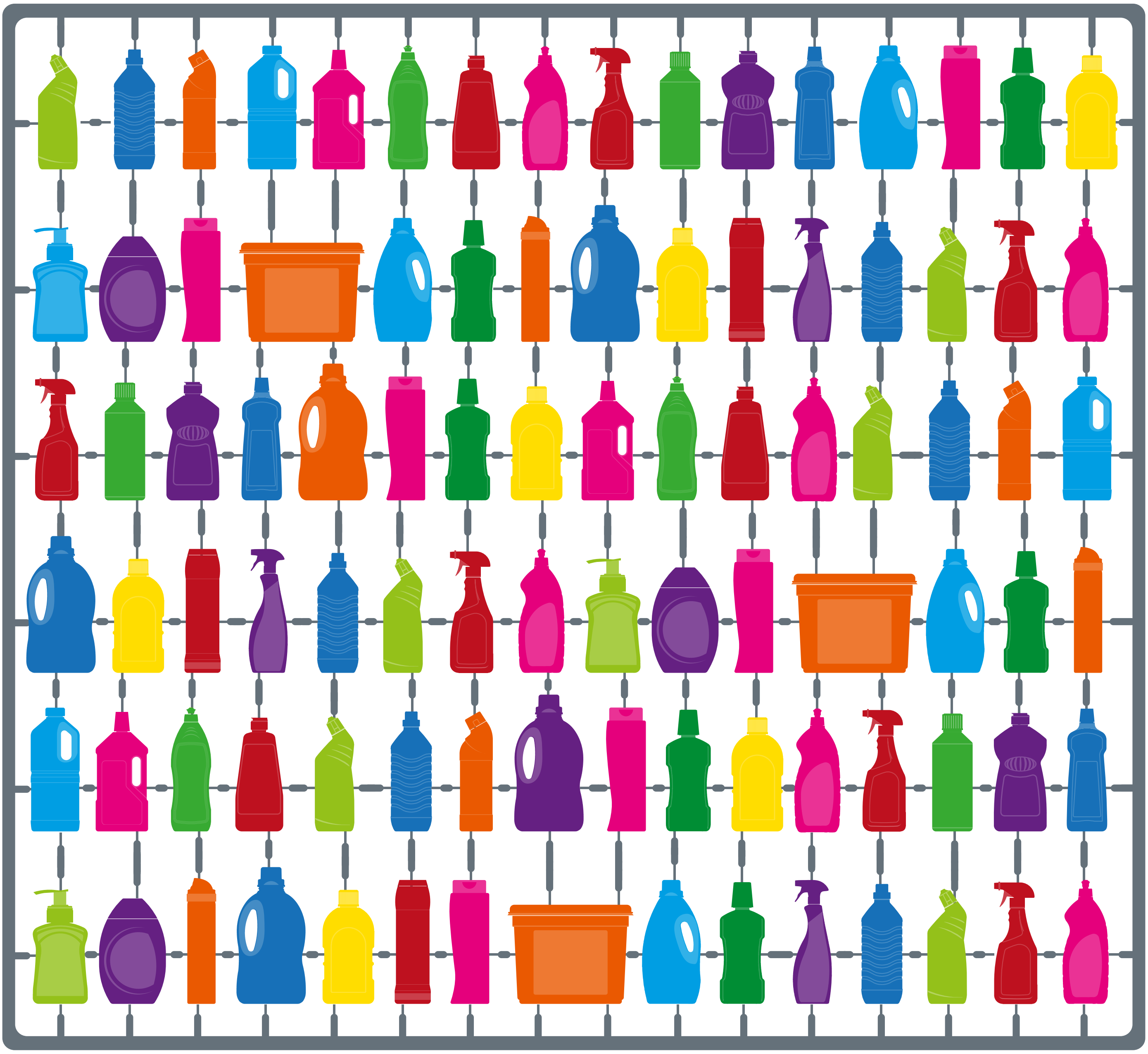

FTSE4Good

McBride has been accepted into the FTSE4Good Index Series of leading companies which meet globally recognised corporate responsibility standards.

An A.I.S.E. voluntary sustainability initiative - www.cleanright.eu -

McBride has been a leading contributor in the development of the A.I.S.E. Charter for sustainable cleaning and was the first Private Label company to achieve Charter status.

McBride plc Annual Report and Accounts 2015