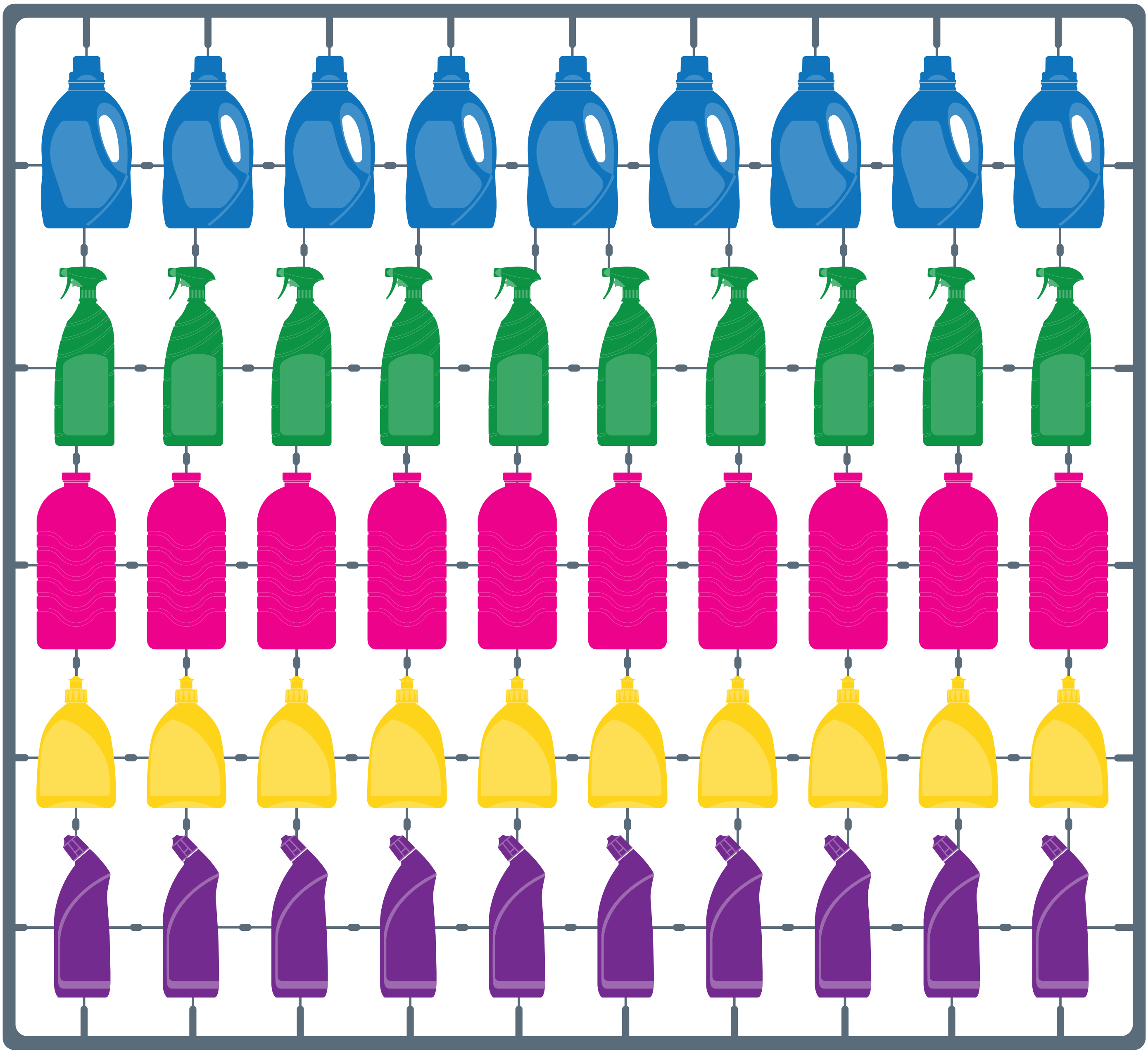
McBride
Manufacturing our future



Investing for growth

McBride plc Annual Report and Accounts 2017

Contents

Welcome to the McBride plc Annual Report and Accounts

McBride plc is Europe's leading supplier of Private Label Household and Personal Care products. The Company develops and manufactures products for the majority of retailers and major brand owners throughout the UK, Europe and Asia. Headquartered in Manchester, UK, McBride operates across 12 countries, with 17 manufacturing facilities producing over 1.1 billion units a year and employs 4,100 employees globally.

For more information visit **www.mcbride.co.uk**

Highlights

Strategic highlights

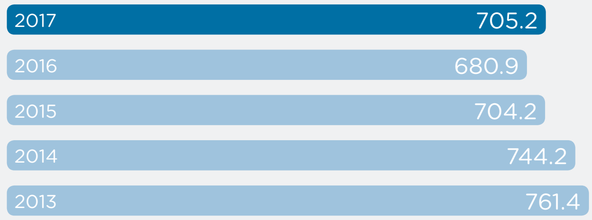
- 'Repair' phase of our strategy complete, business now executing 'Prepare' phase
- Group refinancing completed successfully in June 2017, the last key 'Repair' action
- Growth strategy and associated asset plans completed
- Capital expenditure accelerating, completion of a number of key projects as planned
- Continued progress in business turnaround in PCA Asia; conditions for PCA Europe remain challenging
- Aerosols business: sale negotiations terminated, activities to be retained in wider PCA organisation
- Proposed acquisition of Danlind a/s, Danish producer of auto dishwash and laundry products, recently announced

Financial highlights

- Operating profit up 21.0%, underlying adjusted operating profit, at constant currency, up 8.5%
- Further progress on key financial metrics, in line with strategy
  - Adjusted operating margin 5.9%(1) (2016: 5.3%)
  - ROCE(4) 27.7% (2016: 23.4%)
- Reduction in net debt to £75.7 million (2016: £90.9m) with net debt cover ratio improving to 1.2x (2016: 1.7x)
- Payments to shareholders up 19.4% to 4.3 pence (2016: 3.6p)

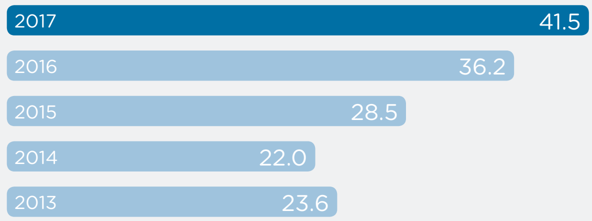
Revenue (£m)

▲£24.3m
▲3.6%



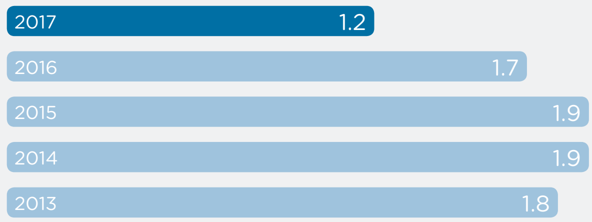
Adjusted operating profit(1) (£m)

▲£5.3m
▲14.6%



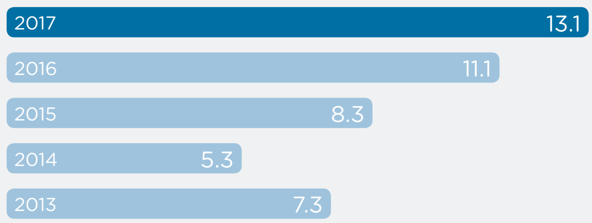
Debt/adjusted EBITDA(2)

▼(0.5x)
▼(29.4%)



Adjusted diluted EPS(3) (pence)

▲2.0p
▲18.0%



(1) Adjustments were made for the amortisation of intangible assets and exceptional items.
(2) Adjustments were made for the amortisation of intangible assets, exceptional items and depreciation.
(3) Adjustments were made for the amortisation of intangible assets, exceptional items, non-cash financing costs from unwind of discount on initial recognition of contingent consideration; unwind of discount on provisions and any related tax.
(4) Adjusted operating profit as a percentage of average year-end net assets excluding net debt.

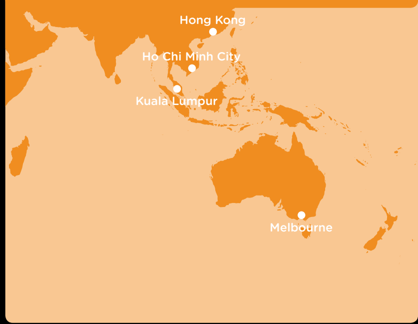
At a glance

Established in 1927, McBride boasts a strong heritage. We are the private label experts in our segments with the scale to offer our development and manufacturing capabilities to customers in the UK, Continental Europe and the Asia Pacific.

United Kingdom

Continental Europe

Asia Pacific



shipped to
73
different countries

1.1bn
units sold

purchased
400
thousand tonnes
of raw materials

As the leading provider of Private Label Household and Personal Care products, we manufacture and supply Europe's major retailers for their private label offering and our extensive manufacturing platform provides contract manufacturing capacity to brand owners.

purchased
3.6bn
items of componentry

4,100
employees globally

business activities outside the UK
70%

17
manufacturing facilities

sold
0.9m
tonnes of finished goods

our products are used over
1,000
times every second of each day

Chairman's statement

A business active in a change programme whilst delivering a progressively more sustainable financial position.

Dear Shareholder

Welcome to the 2017 Annual Report, which reviews the past twelve months – my first full year as your Chairman.

The business has delivered another strong year of progress towards our medium-term ambitions and progressed extensively in the first months of the 'Prepare' phase of the 'Repair, Prepare, Grow' strategy. This report demonstrates a business active in a change programme whilst delivering a progressively more sustainable financial position.

Strategic progress

We outlined at the interim stage that the Group was closing out the 'Repair' phase of the transformation strategy. The Group has been busy with 'Prepare' actions in the meantime. These include key activities in the development of the sales growth plan, covering both organic development and possible acquisition opportunities in markets and categories. Support actions for this growth have been developed, including in particular the capital expenditure required to ensure our manufacturing platform is to the capacity and standard required. The commercial plan and outline capital programme were reviewed by the Board during an engaging and challenging two-day session with the executive and senior managers. The key 'Prepare' action relating to improving organisation and people development is now under way and will continue to adapt as we progress into the 'Grow' phase.

Further detail on strategic progress is outlined throughout this Annual Report and is intended to be detailed to investors and analysts at investor briefings in October 2017.

Acquisition of Danlind a/s

On 4 September 2017, the Group announced the proposed acquisition of the entire share capital of Danlind a/s, a supplier of auto dishwash and laundry products, based in Denmark. Danlind provides McBride with access to accelerated growth in the key strategic category of auto dishwash tablets, through its well-invested capacity, technology platform and high quality product range. Danlind has a significant range of retail and contract customers along with a well-established position in the Nordic region and in the commercial laundry and dishwash markets. Danlind will enable McBride to gain entry into growth segments where it is currently under-represented. Additionally, Danlind's strong position in Ecolabel products can be developed further through McBride's extensive European reach.

Danlind operates from three manufacturing sites in Denmark, and has approximately 250 employees. For the year ended 31 December 2016, Danlind reported revenues of £58.4 million, EBITDA of £1.6 million, a loss before tax of £1.3 million, and had gross assets of £48.0 million as at 31 December 2016. For its financial year ending 31 December 2017, on a standalone basis, Danlind is currently expected to generate c.£2.5 million of EBITDA.

McBride expects to realise significant commercial, technical and operational improvement synergies from the acquisition. The acquisition is expected to be immediately earnings enhancing for the Group. Post-tax return on invested capital is expected to meet cost of capital in the third full year of ownership.

Consideration of £10.8 million will be payable to the shareholder of Danlind, Lind Holdings ApS, and c.£28 million of net debt in Danlind will be assumed by McBride at completion. The acquisition will be funded from McBride's existing banking facilities.

The acquisition, which is subject to customary regulatory and closing conditions, is expected to complete in early October 2017.

On completion, Danlind, the management team and its employees will form part of the Household products segment.

Results

The past year has demonstrated further progress in the quality of the Group's profits and a step closer to our medium-term profitability ambitions. Underlying revenues for the year were lower by 3.8% in constant currency terms, with a further 2.1% reduction a result of the deliberate action to simplify the customer portfolio. In spite of this revenue decline, adjusted profits before tax increased to £34.6 million (2016: £29.4m) with adjusted operating profit margins moving up to 5.9% (2016: 5.3%), a near doubling compared to the 3.0% in 2014. Reported operating profit increased by 21% on prior year with reported profits before tax decreasing to £19.2 million (2016: £25.8m) primarily due to exceptional costs incurred as part of the Group refinancing.

The loss of contribution from the targeted customer and product rationalisation programme started in the 2016 financial year has facilitated significant cost reduction from the ensuing simplification. With raw material pressures in the second half and market conditions meaning wholesale price increases are not feasible; the business has delivered savings from product engineering and further reductions across all cost categories. At the back end of the financial year, the Group reset its financing arrangements with the outstanding US$ Private Placement lending replaced by a new five-year credit facility, providing the Group with significantly lower borrowing costs going forward and five-year funding certainty in support of the 'Grow' phase.

Payments to shareholders

In September 2015, the Board reset its policy concerning payments to shareholders. During the period of the 'Repair' phase, the payment was held at 3.6 pence per share, now that we have exited this phase and in light of the improved financial performance of the Company, the Board will recommend to increase the payment to shareholders to 4.3 pence per share. This represents a 19% increase and brings the payment in line with our policy of a dividend cover range of 2x-3x, taking into account funding availability.

Brexit

McBride is a European business. Exit from the EU has potential implications in a number of areas of McBride's activities. These include chemical and other regulatory policies, tariffs, currency volatility and availability of staff. A number of colleagues at McBride have migrated to the UK from elsewhere in the EU for employment purposes and are valued members of the business. We urge Governments to quickly clarify the uncertainty over their right to remain in the UK and the timing of any changes to the current free market situation.

Governance

The Board remains focused on ensuring that the UK Corporate Governance Code's principles of leadership and board effectiveness are applied. My introduction to the Corporate governance report on page 35 sets out how the Board has complied with the principles of the UK Corporate Governance Code 2016 ('the Code') which applied throughout the financial year ended 30 June 2017.

Board

There have been no changes to the Board during the year. I would like to express my thanks to my fellow Board members for their valuable contribution over the past year.

Our people

Our employees are certainly our most important asset, and the opportunities for long-term growth within the Group will ensure that they find McBride a place where they will continue to enjoy rewarding careers. The Board would like to welcome all new colleagues who have joined the Group, thank everyone who has contributed to what has been yet another successful year and look forward to their continued contribution in achieving our strategy going forward.

Current trading and outlook

The Group has made a satisfactory start to the new financial year. Markets continue to demonstrate varied dynamics with stable core demand. Raw material pricing pressures continue as the Group remains determined to drive its cost base still lower. The capital programme is in full flow and the benefits of these programmes will position the Group well in its chosen categories, channels and territories. My Board colleagues and I are confident on the delivery of the new strategy.

John Coleman
Chairman

7 September 2017

Business model

McBride is the leading European manufacturer and supplier of Contract Manufactured and Private Label products for the Household and Personal Care markets. We offer tailored services aligned with specific customer and channel requirements, strengthening these relationships and leveraging our scale through a complete focus on improving our operational excellence and driving our cost competitiveness.

External drivers

Input costs

Chemicals and plastics are a major part of our product cost. Volatile pricing feeds into margins, with changes in customer pricing typically lagging.

Regulatory environment

McBride embraces initiatives to improve safety for the consumer. More stringent regulations concerning the production, use and application of our type of products can drive a cost increase in the development, production, distribution and use of products.

Discounters

Discounters have seen a steady increase in sales across Europe, with their combined market share of the EU grocery market rising from 8.4% in 1999 to 15.2% by 2014. Most products offered by discounters are usually private label, as they compete on price, quality and simplicity rather than offering a wider choice of brands.

Concentration

The retail markets in many of the countries in which we operate are highly concentrated with a limited number of supermarket retailers, resulting in fierce competition. Retailers will increasingly rely on sophisticated large private label manufacturers to assist them with competitive advantage.

Brand owners

Brand owners often use private label suppliers to co-manufacture their products, however, recently an increase in the demand for longer-term, more structural arrangements is emerging. For McBride, this is not different from direct supply to major retail customers, while assisting in maximisation of asset utilisation.

Consumers

Consumers are becoming more dynamic and mobile in their shopping habits. The desire for value and convenience are growing aspects of shopping behaviour. The response from the different channel players is diverse. With our staple products, overall demand patterns are steady and change only over extended time horizons.

Channels

Changing consumer habits and the battleground between discounters and retailers means that McBride must be present in many channels, including in emerging arenas of pound stores and online.

Growth

Market research indicates that the European macroeconomic climate will not deliver substantial growth in our key territories in the foreseeable future. Market share of private label versus brands is relatively stable, although some markets are starting to see retailers favour private label.

McBride positioning and differentiation

Manufacturing excellence

'Manufacturing excellence' is 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 'Anchor' sites, Middleton, Ieper, Estaimpuis, Foetz and Strzelce. Our strong asset base creates the opportunity to further develop manufacturing agreements with other industry players such as branders. This will give us a combined cost and efficiency leadership.

Customers

Our scale and reach across all key European markets enables McBride to provide customer oriented service propositions aligned with channel requirements. We intend to have a tailored offering aligned with respective channel characteristics, combined with supporting customer service levels and agreements clear on content and commitment. Public company reputation and standards reassures customers of long-term, sustainable supplier relationships.

Size to scale

McBride, as the largest player in the European market, can leverage its size by delivering scale benefits in purchasing, innovation, manufacturing excellence, legal know-how and customer relationship management.

People

We focus on the development of our people, organisational capabilities and skills. As a pan-European employer, McBride has access to a wide variety of talent so that whatever we do, whatever organisation we build, McBride can deliver upon its ambition and promises – with its people engaged, developed and positively challenged.

Innovation

With visibility across all of Europe, our presence in selected products and markets, well-resourced technical teams and colleagues hungry to offer new ideas, McBride can be at the forefront of customer innovation. Whether this is in product ideas, supply chain improvements, packaging ideas or customer contract arrangements, McBride stands out as a leader in our industry.

Strategic objectives and value delivery

Investment case

McBride is in the midst of a transformation programme with the ambition of setting the business on a growth path, delivering sustainable returns, turning McBride's size into scale for the benefit of all stakeholders.

Leading market position

In 2015, after a number of years of disappointing returns, the Group entered a transformation phase with a new management team driving a fresh strategic direction. This will optimise McBride's activities, maximising its market-leading position and size to deliver scale advantage for value creation and development of growth opportunities.

Market dynamics supporting McBride's growth ambition

A number of developments in McBride's markets means that our scale and geographic spread will be ever more a key part of market supply and growth. The consolidation of retailers in many parts of Europe, the emergence of discount retailers, increased outsourcing activity by brand owners and the drive by many established retailers to simplify their product ranges and supplier base all provide opportunities for McBride: and our scale will allow us to capitalise on these growth prospects.

Broad customer and product base provides diversification of opportunity and risk

The Group has well-established market positions in all of Europe's major economies and supplies its products to a very wide range of customers, including virtually all of Europe's leading retailers. Extensive product ranges for both Household and Personal Care permit our customers to source most key products from a reliable, reputable and long-standing supplier. The Group has manufacturing and product development facilities across Europe. Aligning our commercial activity to the specific regional market's requirements allows for customer focus whilst we continue to maximise synergies between our operating activities.

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 that will require targeted investments into our key sites. These investments, aligned with our selective market and product offering, will allow for a substantial improvement in our cost competitiveness and operational excellence.

Cash generative business, providing annual dividend and capital growth opportunities

As a well-invested manufacturing business, McBride has the capacity for significant cash generation as profits continue to improve. In spite of the ambition to outspend depreciation in the next four to five years, the business will generate good cash flows to provide the opportunity to return funds to shareholders, look for additional investment options and further reduce our borrowings.

Thoughts of the CEO

The past year has allowed us to close the 'Repair' phase, focusing our actions to prepare McBride for growth

Dear Shareholders

I am pleased to report that we continue to make good and steady progress.

The past year has allowed us to close the 'Repair' phase, and in February I launched the 'Prepare' phase, the second element of our strategy, focusing our actions to prepare McBride for growth.

As I reflect on the last twelve months, it becomes very evident to me how much we have progressed the 'Manufacturing our Future' strategy and the extent we have changed as a result of the 'Repair' phase execution.

The first of our three-phased approach of 'Repair', 'Prepare' and 'Grow' focused on transforming McBride to its core capability of manufacturing excellence. Following our customer simplification exercise, we have been able to re-establish top quality service levels to our customers, accelerate our innovation cycle and substantially improve on our quality performance. In addition, I have been pleased with the agility of our teams in adapting and adopting new ways of working in their day-to-day practices. All of this has led to an appreciation of the 'New McBride' with recognition in many ways – including numerous customer service awards and several recommendations as 'Best Buy' in consumer magazines across Europe, while also securing new business with a number of customers.

That said, the year has not been without its challenges. The consequences of the UK referendum have been diverse and have had to be closely monitored and managed. European markets have shown slightly negative growth, particularly in the Household category, resulting in an intensification of competitive price and volume behaviours. We have experienced rising raw material costs in several of our product streams across our markets, many of which have had to be absorbed by the business.

In addition, rising inflation, especially in the UK, has created a reduction in household disposable income resulting in more conservative spending on non-essential household items.

In line with the average market trends and as projected, we reported a 5.9% drop in sales at constant currency. In spite of these challenges, due to the continued diligence of our teams to control cost and execute efficiency improvements we have delivered on our projected profitability and continue to strengthen our balance sheet. This clearly demonstrates that our strategy is strengthening our ability to deal with the volatility of our markets.

In June, our announcement regarding the successful refinancing of the Company closed the final key action that we had set ourselves during our 'Repair' phase. This was a significant key milestone that completed all of the diligent transformation work that has been implemented in the past 18 months.

Now, the 'Prepare' phase is a period of bridging from where McBride was and to where we aspire to be – moving the Company from 'Repair' to 'Grow.' It comprises four objectives that will enable us to build the foundations to sustain our ambitions: first, our fundamental commercial growth aspirations, second, the supporting asset base and related investment plans, third, the organisational structure and skills to deliver this overall ambition, and finally, the resolution of our underperforming business. All of the projects supporting these four objectives have been launched.

In May, I reviewed progress on the key elements of the 'Prepare' phase with the wider management group within the business. They have an ongoing communication objective that is two-fold: first, to ensure that they and their teams clearly understand the key elements of our 'Prepare' phase and second, that their teams are clear on what their role is in support of executing this phase. We still have a lot to do, but the foundations we have built are very solid, and the progress we are making is very encouraging. Our teams are energised and focused – moving forward with confidence and trust in the future of McBride.

I sincerely hope that you too share our trust.

With best regards,

Rik De Vos
Chief Executive Officer

Strategic progress

Investing for growth

The ‘Prepare’ phase is a period of bridging from where McBride was and to where we aspire to be – moving the Company from ‘Repair’ to ‘Grow.’

Prepare

Earlier this year we confirmed that the bulk of our first ‘Repair’ phase of the ‘Manufacturing our Future’ strategy had concluded, and in June we completed the final two actions, namely the implementation of a tax strategy review and the successful refinancing of the Group.

Our ‘Prepare’ phase encompasses four objectives:

1. **The Commercial Strategy**
To create clarity on the segments, the markets and the products we want to sell and through which channels we want to sell

2. **The Asset Strategy**
To develop the asset blueprint to support our existing cost and technology leadership, investing appropriately to strengthen or develop this leadership further

This signalled our transition to the second phase – the ‘Prepare’ phase of our strategy and to launch the significant projects that are crucial to delivering this phase, and preparing us for growth.

3. **The Organisational Strategy**
To build and develop the organisational structure and skills to deliver the building blocks of the ‘Prepare’ phase and as a result the capability to implement the strategic elements of our ‘Grow’ phase

4. **Addressing Underperforming Businesses**
To develop and implement the value improvement plans for our underperforming businesses, more specifically our Personal Care and Aerosols activities

Strategic progress
continued

Our strategy

1. The Commercial Strategy

An in-depth market analysis has been undertaken and tested against our product and technology platforms. This has allowed us to identify and prioritise areas of growth, either as a result of their specific market dynamics, or due to our existing or future technology and/or cost leadership.

Three sources of growth have been identified:

Organic market share – we have defined those product categories where we can outgrow the market providing we offer the technology, cost position and capacity required to supply varying channels and geographic markets:

- we have a strong position in certain categories such as auto dishwash and laundry capsules, which are showing growth above market average and where our cost, technology and capacity leadership allows us to accelerate our growth even further;
- categories where growth is in line with market averages but our existing or future cost position will allow us to outgrow the market. These include areas such as wash up liquids and fabric conditioner; and
- we manufacture in certain categories, such as bleach or scouring creams, which provide no market growth potential as these are fully commoditised, but our strong product position and market presence allow us to gain market share through focused market actions.

Channel development – our market approach will be to develop further the different channels to market. We distinguish these as Traditional Retail, Limited Assortment Discounters and Contract Manufacturing, with online platforms starting to develop and gain momentum. Although we observe some convergence between the different supply models, we still need to optimise our product offering and supply chain capabilities to serve these different channels.

Acquisitions – the third element in our growth strategy is acquisition opportunities. Since we have now moved out of the 'Repair' phase and established clarity around our growth platforms, we have identified the key requirements which will drive any acquisition consideration and decision. We are now actively considering a number of potential opportunities.

2. The Asset Strategy

To deliver our 'Grow' ambitions, it is crucial that we align our asset footprint and production capabilities to the commercial ambition in two key areas:

- an alignment of our future technology needs and the associated capacity required to meet the identified market opportunities; and
- the optimisation of our asset configuration based on expected geographical needs and developments.

This work has been completed with related investment planning and supporting work programmes now established. To date, the results of which have led to the optimisation and finalisation of the first phase investments in Middleton and Estaimpuis **see case study on page 15**, together with a full upgrade of our facilities in Strelzce **see case study on page 16.**

The investments in all three sites are intentionally aligned to identified market opportunities, namely liquids in Middleton, capsules in Estaimpuis and servicing the discounter opportunities in Germany and Eastern Europe. Additionally a workstream to further optimise our warehousing and distribution network is also under way.

During the past financial year, the Group approved capital projects totalling approximately £30 million, on track with our plans to invest £100 million over a four-year period, indicating our investment plans are now in full flow.

Additionally, we have made investments to strengthen our R&D capability, specifically within packaging, to support our underlying intention to establish leading packaging development and design **see case study on page 17.**

3. The Organisational Strategy

Integral to our success will be the organisation's ability to manage and deliver upon the different programmes of work. In the past year, McBride has invested substantially in the strengthening of the organisation together with the HR processes to ensure the long-term sustainability of our organisational capabilities.

The HR function has been strengthened with the necessary talent and experience to lead mid to long-term strategic recruitment, people development plans, and talent and leadership development programmes.

These programmes will support all functional areas of the business, however, given the importance of project management skills and leadership to deliver the 'Prepare' phase programmes, the Commercial, Operations and Finance areas of the business have been prioritised.

4. Addressing Underperforming Businesses

The prior poor financial results of our Asia business was addressed 18 months ago and we continue to see an improvement in the performance of this business. We reported strong growth last year and substantial improvements in profitability. The outlook shows promising positive developments as a result of strong continued growth **see case study on page 19.**

The improvement plans for our Personal Care and Aerosols business have now been finalised and we reported that the leadership team have started implementation. Actions in the year include the start of category and customer exits, a more standalone organisation and a focus on contract manufacturing opportunities. In a difficult business environment, the team has been able to defend its position but the challenge of strong competitive pressures and raw material developments means the business had a difficult year. Further actions have now been identified to address these challenges. In parallel, we reported a third-party offer to acquire our Aerosols business. Whilst this initiative is no longer active, disposal of some elements of these business activities may still be considered.

Strategic progress
continued

Grow

The overall market dynamics in our industry, specifically the trends in Household and Private Label, are driven primarily by a combination of factors, including uncertain growth prospects, price and raw material pressures and intensifying regulatory demands on some of our products. These trends are not new, but their effects are driving every factor in the retail value chain to rethink and redesign their key service offering to ensure continued business activity and success.

The fundamental outputs of our programmes in the 'Repair' and 'Prepare' phases have and will permit McBride to reposition itself to deliver to different customer expectations through its growing cost leadership, driving size into scale advantages and the right business model flexibility.

In the last 18 months, we have substantially upgraded our customer service levels, innovation cycle and overall quality of our products. The recognition of this by our customers has led us to gain new business.

This is especially visible in the retail and discount channels where we can combine our improved cost efficiency with the ability to integrate other cross-functional improvement initiatives for customers, taking the relationship beyond the purely transactional.

We notice however that there are regional differences in the speed of response towards our proposition, with progress in the UK the most advanced. In other regions we might expect that through short-term, tactical purchasing behaviours, some business might be threatened, ignoring the fundamental benefits we are able to offer.

We have made further progress in our Contract Manufacturing offering. The Contract Manufacturing organisation is now fully in place, and closer relationships with key customers are being established **see case study on page 18.**

It remains apparent that overall there is an increasing interest from brand owners to outsource manufacturing of their products. Time required to finalise such deals has proven to be longer than originally anticipated, due to the fact in a number of cases the transfer of production involves partial or complete closures of production entities.

The establishment of our organic growth opportunities has enabled us to decipher and articulate our requirements for growth from M&A activity. Appropriate strategic acquisitions, both as bolt-on opportunities to strengthen our platform and market position but also to rationalise uncompetitive capacity will be key drivers in our acquisition strategy.

Case study

Estaimpuis

Improving capacity, driving responsiveness

The growth of the laundry capsule market continues, and requires different formats of capsule – mono and dual, and different packaging options – tubs and doypack. In addition, the changing regulatory landscape makes the challenge of meeting customers' needs ever greater. McBride is meeting this challenge through a focused approach of reorganisation, investment and efficiency improvement.

Reorganisation

This year we decided to consolidate our liquid capsule manufacturing from two locations manufacturing sites to one, in Estaimpuis, Belgium. This has driven two key benefits:

First, in supply – previously capacity was split across two manufacturing locations, which restricted the flexibility of having capacity available of the required format in the right location. By combining factory machinery into one site we have improved our flexibility and responsiveness across different capsule formats.

Second, we have combined the manufacturing site with our research and development (R&D) expertise to create a Centre of Excellence for the category, serving the whole of McBride in the development of packaging and formulations.

Investment

McBride made a decision to invest significantly in this category to support strong market growth with additional capacity – either with brand new production lines or from increased automation of existing lines. In developing our products to be safer for children, McBride is a pioneer in developing packaging with Child Impeding Closures (CIC) which meet the criteria stipulated by industry bodies. McBride will continue to invest further to develop and manufacture new generations of capsules.

Efficiency improvement

The bespoke nature of assets involved in the manufacture of liquid capsules means that the decision to switch on new capacity cannot be done instantaneously. To complement the investment strategy, work has been undertaken to drive efficiencies to sustainably develop increased capacity for short-term customers' demands. Through a focused operational excellence team, driving initiatives the output of liquid capsules has increased by 30%. With growth in this category projected to remain strong, the work that the Estaimpuis team has undertaken is positive and the aspiration to achieve further efficiency gains continues.

By adopting a steadfast approach of reorganisation, investment and efficiency improvement, McBride has been able to deliver sustained capacity increases and flexibility to deliver the formats that the market demands now and is expected to require in the future.

Strategic progress
continued

Case study

Strzelce
A major turnaround

The Strzelce site in Poland was an under-invested, inadequately designed facility acquired some years ago. An inherited legacy of shared Household and Personal Care facilities, high product complexity, inefficient layout and relatively weak productivity meant the site was ill-prepared to meet both today's demands and the increasing expectations of our customers.

A major turnaround project was necessary to transform the site and enable it to play an effective role in the 'Prepare' and 'Grow' phases of McBride's future.

The challenge
To identify and deliver a plan to completely overhaul the site infrastructure, facilities and staff structures over a nine-month period, whilst all the time maintaining consistent output and customer service levels with minimal disruption.

This project was the biggest factory rehabilitation McBride identified in its 'Repair' strategy, requiring the creation of a focused project and technical team to support the existing site management in execution of the plans.

The solution
The creation of a clear strategic vision for the site, aligned to corporate strategy, incorporating best practice from both inside and outside the Group.

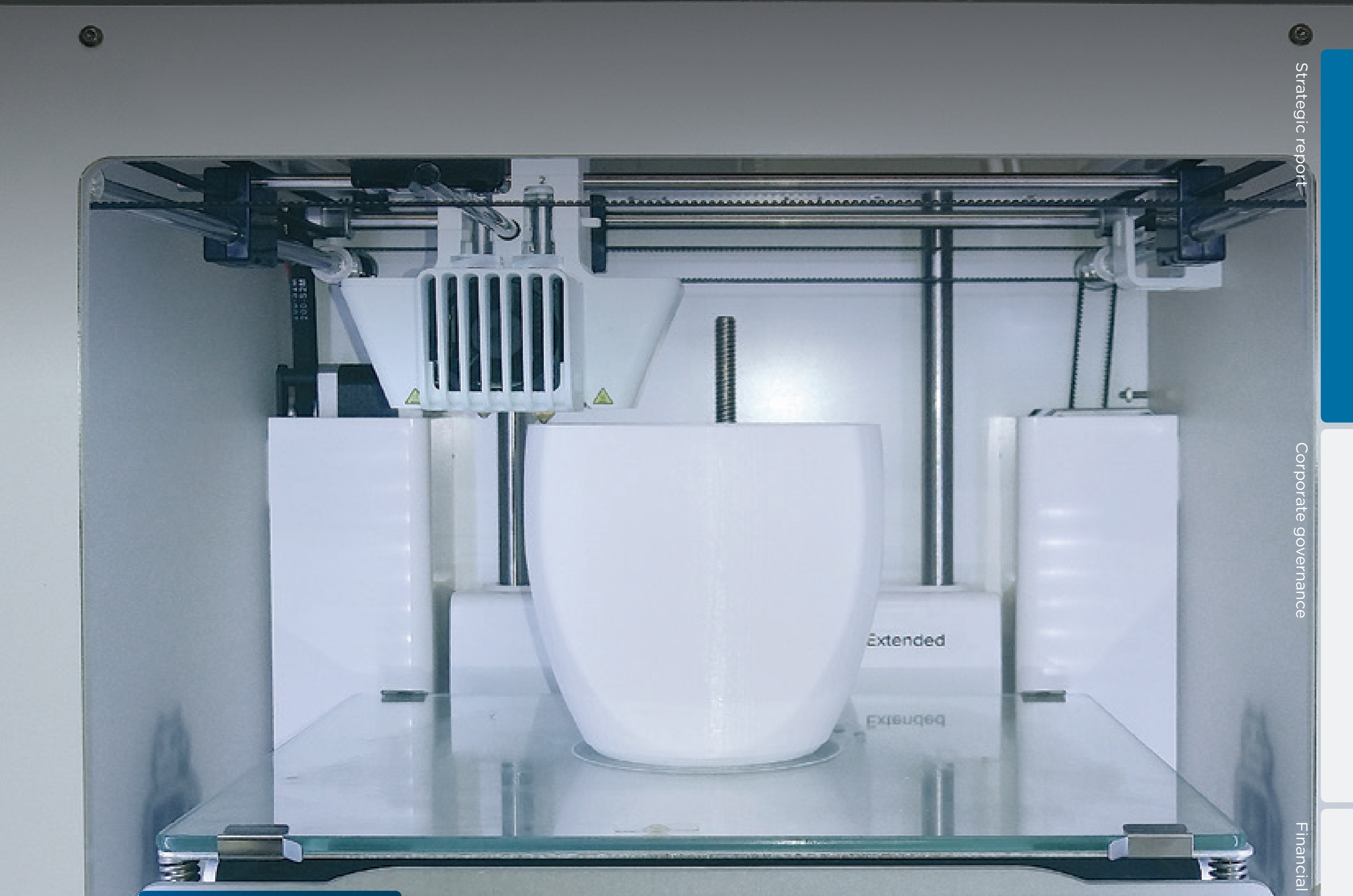
The project team focused on improving Strzelce's core competence; its Household Products area. It designed a new simplified and more efficient factory flow, allowing a step change to be achieved in productivity, quality and, most importantly, the safe working environment for staff. The solution also created extra space, which has granted greater on-site storage, reduced external warehousing and lower working capital needs.

The investment
An investment of £3.5 million in new blow mould facilities, IT systems and reconfiguring our filling lines and site access points. New management and staffing structures were introduced – accompanied by ongoing training and development plans.

The benefit
Future annual savings from this project, together with its contribution to our 'customer choices' simplification programme, exceed £3 million. We have realised a step change in efficiency, with 20% fewer staff delivering the same Household volumes as before.

Furthermore, we now have a sustainable base from which the key Central and Eastern European markets can be serviced by a high quality, cost effective and reliable supply facility.

The outcome
The realisation of a vision for a 'fit for the future' facility in Strzelce that can contribute fully to McBride's growth strategy.



Case study

R&D packaging and computer modelling laboratory

Applying a scientific approach

Packaging design has an ever-increasing impact and relevance for both the cost and the attractiveness of our products. Consumers often decide within the first few seconds as to whether the product on offer looks attractive, different and reliable through the bottle design and impression. For cost considerations, packaging design has an impact on the performance, weight, stability and time to market efficiency of finished products. Increasingly producers and customers prefer not to rely only on past experience – McBride can now offer a more scientific approach with performance modelling to maximise quality and performance.

Towards the end of 2016 our R&D packaging team engaged in a complete transformation by investing in a packaging laboratory fully equipped with computer modelling and simulation, 3D printing capability and advanced stability testing.

This has enabled a new way of working for our Packaging department. The 3D printing capability allows us to study a new bottle design offering differentiated options with our operational capabilities in mind, by simulating packaging performance and confirming decisions before any prototyping or testing on our main production lines takes place.

This new way of working reduces development time, and optimises aesthetics, costs and performance, ultimately adding real value to our customers.

Strategic progress
continued

Case study

Contract manufacturing

Major growth opportunity

McBride has been an active contract manufacturing supplier for many years, although the scale of this activity within the Company was limited through historical choices.

In recent years, brand owners have shown an increasing propensity to outsource some of their manufacturing requirements. While this phenomenon has a number of underlying reasons, the demand and search for increased manufacturing capability and capacity by brand owners has intensified. In this context, McBride has been identified as an increasingly important third-party contract manufacturer and in response has taken the decision to make strategic investments in support this growth opportunity. Several characteristics make us well placed to exploit this opportunity: the scale of our manufacturing capability, our geographic reach, and our manufacturing assets. These characteristics enable us to produce a substantial range of product categories and showcase our technological expertise. These attributes are augmented further by our financial strength that enables us to support additional expansion initiatives from contract manufacturing customers. McBride's strategic ambition is to be the preferred external supply solution partner to brand owners, supported by the right relationships and supply performance.

As an example, in the laundry capsule category, McBride is offering a leading brand owner access to its next generation innovation for these products. We are their exclusive external supply solution partner for this technology in Europe. There is a clear advantage for the brand owner in having priority access to capacity – giving them a speed to market advantage and the avoidance of significant capex investments in this capital-intensive technology. McBride, as a key leader in this technology brings scale, expertise and safe solutions ahead of legislation significantly reducing the risk for the brander. In return, McBride has been rewarded with a longer-term commitment with a minimum revenue stream providing visibility and stability within the wider McBride business.

In other categories, during the past year we have signed several, albeit small, contracts with brand owners, on the back of our value proposition, and see a very satisfactory relationship between both parties. These include business activities in Western Europe, Eastern Europe, South Europe and India.

It should be recognised, however, that the decision-making process by branders to transfer strategic parts of their manufacturing capability to third parties can take longer than decisions made by retailers and in many cases longer than we have previously seen. More recent discussions on contract manufacturing have been initiated on the back of the discontinuation or even closure of brand owner manufacturing capacity.

Case study

Australia

Global reach, industry-leading performance

The key to success in the development and launch of new, successful products is an intimate co-operation with the customers' product and marketing teams. Well-designed and desirable products bring enhanced sales for our customers, which benefits McBride's revenues and strengthens the relationships between the customer and McBride to further progress projects that provide mutual benefit. In cases where our customers aim to drive growth through geographical entry or expansion into more remote areas, McBride's extensive product development support is even more highly valued.

McBride worked in close partnership with the Category Buying Director of a major retailer in Australia, to develop an auto dishwash product brief for our global R&D team, based in Europe. The work focused on attaining industry-leading performance across all stain sets that were relevant to the Australian market. In addition, work was performed on designing the appropriate supply chain ensuring seamless supply of products over this distance.

As a starting point, McBride tested all existing auto dishwash products on the Australian market to determine the benchmark performance standards to be exceeded, and targets were determined under mutual agreement.

A new product was developed by our R&D with external tests proving that the overall performance of our new product was indeed market leading. With this product, we proceeded to work with the Category Buying Director to maximise the design and artwork to communicate the superb performance clearly to consumers. In addition, we collaboratively designed a new shelf-ready case for the products to be merchandised on store shelves. Subsequently, the new product was launched during 2016.

Outcome

The new market-leading formulation had an immediate positive impact, with the customer's sales in this category growing quickly to a level significantly higher than their overall market share in Australia. This result was recognition of the product's appeal, both in its industry-leading performance and in its value, being the lowest price per tablet in Australia.

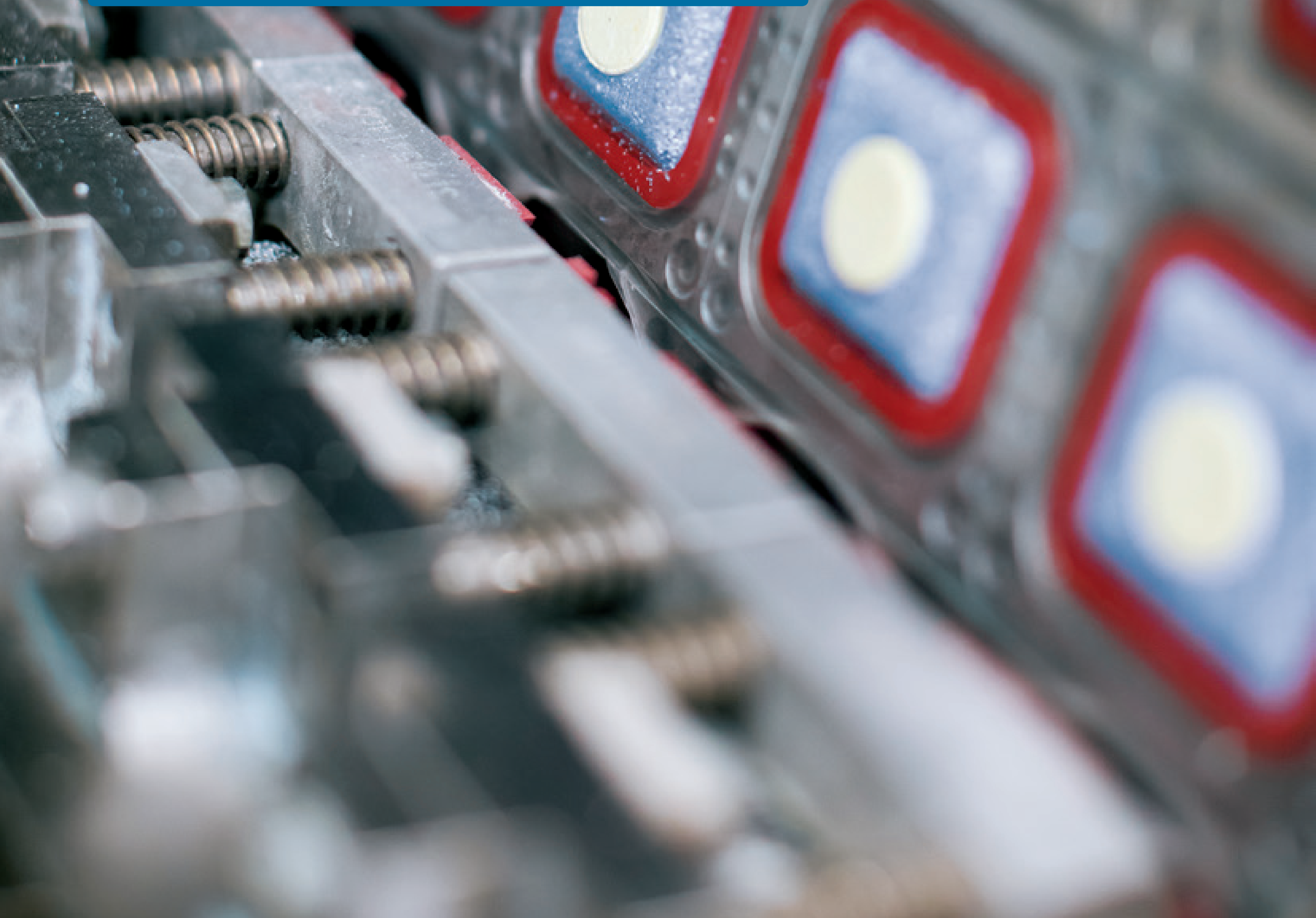
This success was further reinforced when the product won the Choice 'Product of the Year' Award for the Dishwasher Tablet category in Australia for two years running in 2016 and 2017.

Executive review

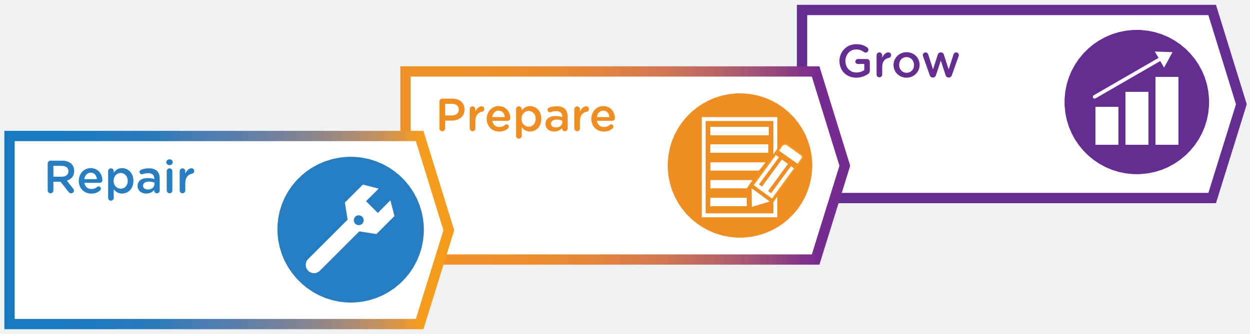
Supply chain and overhead efficiency initiatives enabled by the 'Manufacturing our Future' strategy underpinned our financial results.

Rik De Vos
Chief Executive Officer

Chris Smith
Chief Finance Officer



'Manufacturing our Future' strategy

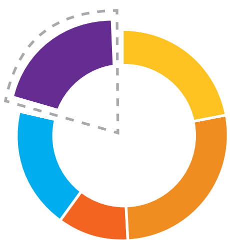


'Manufacturing our Future' defines a clear roadmap to restore McBride to its competence of manufacturing and operational excellence.

Group operating results

Full year Group revenues of £705.2 million were £24.3 million (3.6%) higher than the revenues reported for the prior year, aided by the translation effect of a strong Euro. On a constant currency basis, sales were lower by £44.5 million (5.9%), with Household sales lower by 5.8% and Personal Care & Aerosols (PCA) lower by 6.3%.

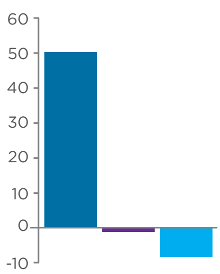
Revenue by segment



Household
–UK £155.4m
–North £192.8m
–South £76.4m
–East £131.1m

PCA
£149.5m

Adjusted operating profit



Household £50.3m
PCA £(0.7)m
Corporate £(8.1)m

This time last year, the Group reported it had completed the exercise to reduce the levels of complexity in our customer and product portfolio (our "customer choices" project), the impact of which would reduce revenues on an annualised basis by approximately £20.0 million. This initiative commenced in the second half year of the previous financial year such that in the twelve months to 30 June 2017, the project lowered revenues by £16 million, equating to approximately 2.1% of the year-on-year reduction in Group sales (at constant currency).

Excluding "customer choices", overall volumes were lower by a further 2.8% across the Group as some of our markets became increasingly competitive. The Group remained disciplined in its approach to margin management ensuring its sales mix provides a solid platform for future profitable growth. Price pressure remained a feature in the year with 0.7% of the year-on-year revenue decline a result of lower item prices.

Full year adjusted operating profit was £41.5 million (2016: £36.2m) with adjusted operating profit margin increasing to 5.9% (2016: 5.3%), showing good progress towards our 7.5% ambition. Based on full year adjusted operating profit return on capital employed ratio (ROCE) improved to 27.7% (2016: 23.4%) firmly within our 25%-30% ambition.

On a constant currency basis, adjusted operating profit improved by 0.2% or £0.1 million. When adjusting for the impact of various hedging activities underlying adjusted operating profit improved by £3.5 million or 8.5%.

In the year to June 2017, raw material prices increased by approximately 2.2%. Of this, 1.2% was driven by foreign exchange and the impact of weaker Sterling and a strong US Dollar. The Group was favourably hedged for approximately 65% of the foreign exchange impact through the year.

Executive review
continued

These cost increases, both pricing and currency, were more impactful in the second half year. Underlying raw material prices have steadied in recent months however the outlook is for some further increases, including the impact of weaker Sterling.

Supply chain and overhead efficiency initiatives enabled by our 'Manufacturing our Future' strategy underpinned our financial results and more than offset the loss of margin from reduced revenues and raw material price. Our focus on delivering scale advantage through manufacturing and cost leadership delivered supply chain saving initiatives of £10.9 million while overhead saving initiatives, some of which were announced in previous years, delivered a further £9.8 million in the year.

The usual lower second half sales run rate combined with the raw material cost and currency impact mentioned above, led to a weaker second half profit performance when compared to our first six months of the year.

Full year operating profit increased by £6.9 million to £39.8 million (2016: £32.9m). This includes an exceptional charge of £1.0 million (2016: £2.4m) primarily due to the restructuring of our Poland factory (£0.9m) and additional charges in relation to our ongoing Italian factory legal case (£0.2m).

Cash management in the year was strong with cash generated from operations before exceptional items of £63.3 million (2016: £52.5m). Capital expenditure cash flow increased during the year to £17.7 million (2016: £12.8m) as our capital plans gain momentum and we continue with our expected £100 million capital expenditure objective over four years.

Exceptional items amounted to £14.0 million (2016: £2.4m), the cash impact of which was £13.2 million (2016: £4.2m) primarily reflecting the debt refinancing of the Group and the restructuring of our Poland factory. The £13.0 million relating to refinancing was matched by a £11.3 million inflow in working capital from settlement of associated forward derivatives.

Net cash flow before payments to shareholders was £27.8 million (2016: £19.7m). Cash payments made to shareholders during the year amounted to £6.6 million (2016: £5.8m). Consequently, year end net debt decreased to £75.7 million (2016: £90.9m) comprising a strong net cash flow of £21.2 million reduced by £6.0 million of translation impact as a result of the weaker Sterling exchange rates on Euro and US Dollar denominated borrowings.

The Group's balance sheet remains robust with net assets of £64.2 million (2016: £69.1m). Gearing improved further to 50% (2016: 59%) and the debt cover ratio fell to 1.2x (2016: 1:7x).

Segmental performance

In line with prior year-end reporting, we continue to separately manage the Group's Household and PCA activities, and our segmental reporting reflects this.

Corporate costs, which include the costs associated with the Board and the Executive Leadership Team, governance and listed company costs and certain central functions (mostly associated with financial disciplines such as treasury), are reported separately to Household and PCA.

Household

The Household activities are managed by four regional teams, ensuring key organisational responsibility within our management structure. Whilst revenues for the four regions are split, trading profits are only measured and reported at the total segment level.

Reported revenues increased by 3.9% to £555.7 million (2016: £535.0m) but at constant currency revenues were lower by 5.8%. Of this sales decrease, £11.5 million related to the in-year effect of our "customer choices" project and £16.9 million due to a reduction in underlying volumes. Additionally, £4.7 million of the decline year-on-year was due to customer pricing.

In the UK, revenue of £155.4 million compared to revenue of £164.9 million in 2016, a decline of 5.8%. Approximately £4.6 million of this lost revenue resulted from our "customer choices" project. Additional decreases were seen as a number of UK retailers delisted some secondary brands as they reduced their SKU ranges offered to consumers. This secondary brand delisting now better places the UK business to take advantage of the resulting higher profile of our private label range in stores.

The UK business imports materials used for manufacturing from the EU, for which the Group has been hedged at rates consistent with prior year averages in the first half year of the 2017 financial year. In the second half, the UK business, along with our competitors, faced imported inflation.

In the North region, overall sales were impacted by a very competitive market, particularly in France. Volume decline of 3.8% during the year was in part due to the "customer choices" project of 0.8%, in addition to price deflation of 1.8% driven by an increasingly competitive environment.

Our South region reported underlying flat sales at constant currency. Our Iberia business continues to show significant improvement with volumes up 2.6% on prior year following new business wins at the end of last financial year. Within Italy, revenue is down primarily driven by the impact from our "customer choices" project.

The East region, covering Germany, Poland and other East European countries, saw volumes down on prior year by 5.6%, of which 2.1% was due to "customer choices". Germany has seen an increasingly competitive environment and in Poland, sales were weaker as key retailers shifted their business models towards higher proportions of branded SKUs in store.

Headline profits in Household increased 17.8% (6.6% at constant currency). In spite of lower revenues, further positive progress on margins and costs resulted in trading profit margins in this segment rising from 8.0% to 9.1%.


Personal Care & Aerosols (PCA)

The PCA division comprises the Personal Care liquids, Skincare and Aerosols businesses of McBride's European operations and also the activities of McBride in Asia.

On a reported basis, revenues for this division grew by 2.5% to £149.5 million (2016: £145.9m). At constant currency, revenues were lower by 6.3% of which £4.5 million of this decrease related to the effect of our "customer choices" project in the year. Within this segment revenues were significantly higher in Asia, up 12.7% at constant currency. Our European businesses saw volumes lower by 7.9% overall at constant currency with the main markets for these products, UK and France, continuing to see private label volumes under pressure from branders and high levels of in-store promotional activity.

Overall reported profitability for this segment reduced by £3.4 million to a loss of £0.7 million (2016: profit £2.7m). At constant currency, profitability reduced by £4.1 million reflecting the volume challenges during the year within our European business and increasing price pressures on raw materials.

In Asia, the local teams have successfully turned a break-even operation to one that now makes underlying profit margins close to the Group average.

In its half year results on 22 February 2017, the Group said it had received a number of approaches from external parties expressing interest in acquiring the Group's Aerosols business, which has production facilities in the UK and France. Following several months of discussions, negotiations regarding a potential sale of the business have been halted and at this time Aerosols is to be retained within the wider PCA business.

Group refinancing exercise

As previously announced in June 2017, the Group secured replacement banking facilities from a panel of international banks and using these increased facilities repaid its US Private Placement Notes (USPP). These actions will lower the cost of the Group's debt financing from the financial year starting on 1 July 2017 by approximately £2.0 million per year.

The €140 million multi-currency revolving credit facility (RCF) has been increased to a five-year €175 million facility with a maturity of June 2022.

Features of the replacement facilities include:

- a €175 million RCF of which €70 million is drawn at 30 June 2017, providing the Group with significant committed funding headroom;
- a 5bps reduction in both margin and non-utilisation fees;
- the addition of further borrowing entities and currencies, increasing flexibility going forward; and
- a €75 million uncommitted accordion feature will provide additional facilities for potential future acquisitions in support of the 'Grow' phase of our strategy.

The $50 million 5.51% 2020 USPP and $40 million 5.38% 2022 USPP were repaid in full by drawing on the increased RCF. Under the terms of the USPP arrangements, the Group paid a 'make-whole' payment to existing USPP note-holders of £9.5 million. At the same time the Group terminated the Euro/Dollar cross-currency interest rate swaps relating to the existing USPP notes which had a mark-to-market on close of £11.3 million in favour of the Group.

The Group's overall ongoing average cost of debt, after the repayment of the USPP, has reduced by approximately 310bps to 150bps. The total exceptional finance charge associated with this transaction was £13.0 million.

Executive review
continued

Other financial information

Exceptional items

Exceptional items of £14.0 million were recorded during the year (2016: £2.4m). The charge was made up primarily of the following items:

- exceptional finance charges of £13.0 million incurred as part of the refinancing of the Group;
- during the year the Group's Italian business lost a long-running legal case surrounding costs of reparation to a property vacated by the Group in 2011 for which an additional £0.2 million of costs has been accrued; and
- the business reorganised its Poland site with significant investment and upgrades to focus on Household activities. The non-capital costs of this now completed project in the year were £0.9 million.

Net finance costs

Net finance costs in the year were £20.6 million (2016: £7.1m) with the increase mainly due to exceptional costs incurred (£13.0m) as part of the debt refinancing of the Group. Underlying costs were £7.6 million, the rise due to the effect of weak Sterling on Euro denominated interest costs.

Profit before tax and tax rate

Reported profit before taxation was £19.2 million (2016: £25.8m) with adjusted profit before taxation totalling £34.6 million (2016: £29.4m). The tax charge on adjusted profit before taxation for the year of £10.7 million (2016: £9.2m) represents a 31% (2016: 31%) effective tax rate.

Earnings per share

On an adjusted basis, diluted earnings per share (EPS) increased by 18.0% to 13.1 pence (2016: 11.1p) with basic EPS at 4.9 pence (2016: 9.3p).

Payments to shareholders

In line with the policy on payments to shareholders implemented in September 2015, the Group expects to distribute adjusted earnings to shareholders based on a dividend cover range of 2x-3x, progressive with earnings of the Group, taking into account funding availability.

Following the interim payment of 1.4 pence declared in February 2017, the Board recommends a final payment of 2.9 pence (2016: 2.4p) to shareholders and it is intended this will be issued using the Company's 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.

These covenants remain unchanged under the new banking facilities completed in June 2017.

Pensions

During the year the Group commissioned a review of the IAS 19 assumptions used in determining the closing liability of the Robert McBride Pension Fund ('the Fund'), specifically focusing on demographic assumptions. A medically underwritten mortality study was carried to identify the current health of a sample group of Fund members, assessed via a written health questionnaire and a telephone interview with trained medical staff. This study was targeted towards members with the most significant liabilities in the Fund.

The output was interpreted by underwriters and then analysed alongside the results from the postcode analysis used in the prior year. This was translated into mortality assumptions for use in calculating the IAS 19 scheme liabilities.

The study reduced assumptions concerning average life expectancies of Fund Members and as such an actuarial gain of £3.1 million is recorded in the movement of defined benefit obligations for the year. Overall the pension deficit for the UK scheme increased in the year to £40.0 million from £31.1 million at the end of the previous year primarily due to the effects of an increase in the future inflation assumptions and a decrease in the discount rate.

The Group also has other unfunded post-employment benefit obligations outside the UK that amounted to £2.2 million (2016: £1.8m).

Current trading and outlook

Trading in the first few months of the new financial year has been satisfactory and in line with the Board's expectations for the full year. We are maintaining our focus on cost and efficiency initiatives to mitigate the impact of any current pressures on revenue. We anticipate financial performance weighted towards the second half of the year as increases in revenues from our 'Grow' strategy begin to benefit the business.

Rik De Vos
Chief Executive Officer

Chris Smith
Chief Finance Officer

7 September 2017

Our KPIs

Further progress on key performance indicators in line with our strategy.

Labour cost/revenue (%)

2017	19.0
2016	19.0
2015	19.7
2014	19.8
2013	19.0

Labour cost as a percentage of revenue.

Customer service level (%)

2017	98.3
2016	98.5
2015	95.1
2014	98.1
2013	96.2

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

Adjusted operating margin (%)

2017	5.9
2016	5.3
2015	4.0
2014	3.0
2013	3.1

Adjusted operating profit as a percentage of revenue.

Return on capital employed (ROCE) (%)

2017	27.7
2016	23.4
2015	18.8
2014	12.7
2013	12.2

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

Adjusted operating profit (£m)

2017	41.5
2016	36.2
2015	28.5
2014	22.0
2013	23.6

Operating profit before adjusting items.

Debt/EBITDA

2017	1.2
2016	1.7
2015	1.9
2014	1.9
2013	1.8

Net debt divided by EBITDA.

Principal risks and uncertainties

Through a refocused risk management approach the Group's capability to assess risks is continually improving, such that our strategic, significant and emerging risks are identified and managed effectively.

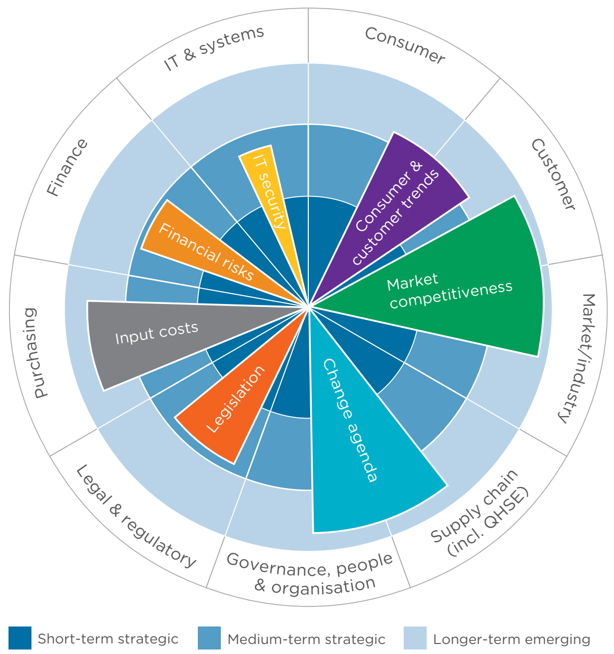
Identification, management and mitigation of risk and uncertainty across the Group is an essential part of the ability to deliver our strategy.

The Group's risk management process has been refreshed, with a cross-functional working group of senior managers, providing a focused understanding and view on the key risks which have a potential impact on delivering the Group's strategy. Further detail can be found within the Corporate governance section on pages 41 and 42.

The Board 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. There have been no material changes since 2016, but a decision was taken to separate consumer and customer trends into a standalone risk to reflect the Group's progression towards the growth phase of its strategy.

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

Risk radar of principal risks and uncertainties 2017



Consumer and customer trends

Loss of key category and customer positions through lack of insight and/or understanding of consumer and customer-driven trends

Change ⟷

Link to strategy: ● Prepare ● Grow

Impact

- No clear understanding and strategy related to customer and consumer trends, especially in growing areas of the market, could result in loss of customer confidence potentially leading to business loss due to supplying a non-relevant offer

Mitigation

- Integrated five-year business plan linking targeted customer/channel growth to asset investments
- Strategic long-term key account planning and channel strategies for discount and e-commerce
- Provision of appropriate macro trend insights on consumer, technology, environment and regulation, translating into medium and long-term development plans

Key developments

- Strategic five-year planning model covering existing core and new markets
- Differential investment in consumer insight in selected strategic product categories
- New "4D" innovation process (discover, design, develop, deliver)

Market competitiveness

Loss of key category and customer positions through inability to continue supply or uncompetitive cost position

Change ↑

Link to strategy: ● Prepare ● Grow

Impact

- Lack of investment to maintain cost leadership
- Growing international ambition and capability of key competitors
- Strength of major retailers' leverage over suppliers on pricing and specification
- Failure to deliver targeted strategic asset and distribution improvement projects leading to uncontrolled costs

Mitigation

- Strategic projects with ring-fenced resources deliver differentiated proposition at lower cost through scale application
- Key projects are prioritised and allocated the resources required to support management

Key developments

- Agreed investment programmes for Strategic categories will deliver scale and innovation benefits
- Continued focus on Centres of Excellence allows for more efficient customer segmentation and offer re-design

Change agenda

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

Change ↔

Link to strategy: ● Prepare ● Grow

Impact
- Inability to leverage efficiencies from research and development and asset base could adversely affect the Group's ability to move to a sustainable growth platform
- Failure to have right calibre of people at all levels of business required to deliver sustained strong results

Mitigation
- The Group's strategy strengthens economies of scale and ability to compete on cost
- The Group's geographic and functional matrix structure enables effective change management throughout the business
- Dedicated Project Management Office provides robust project governance support to key change initiatives

Key developments
- Capital expenditure projects to complement growth strategy identified and initiated
- Continue to evolve the Group's HR strategy based upon engagement and fostering talent, training and reward recognition

Input costs

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

Change ↔

Link to strategy: ● Prepare ● Grow

Impact
- Increased 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
- Significant proportion of UK raw materials sourced from EU markets; UK exit from the EU could lead to potential volatility in raw material costs in the medium term

Mitigation
- A well resourced purchasing function with specialist knowledge and understanding of key markets
- Strong internal processes to track trends and integrate into forecasting and price recovery plans
- The Group is not overly reliant on any one supplier and continual alternative supplier scenario planning takes place
- Our technical teams are able to cost engineer solutions

Key developments
- Continued cross-functional alignment and combined focus on raw material cost optimisation
- Financial benefits of decomplexing raw materials and packaging portfolios being delivered

Legislation

Continuing high level of significant legislative and regulatory requirements, with greater impact on businesses from complex/diverse product ranges

Change ↔

Link to strategy: ● Prepare ● Grow

Impact
- Failure to comply with laws and regulations could expose the Group to civil and/or criminal actions leading to damages, fines and criminal sanctions, with possible consequences for our corporate reputation
- Changes to laws and regulations could have a material impact on the costs of doing business

Mitigation
- Our regulatory and safety specialists are heavily involved in monitoring and reviewing our practices to provide assurance that we remain aware of and in line with all relevant laws and legal obligations
- Experienced cross-functional project teams, with dedicated resource, to ensure successful implementation whilst minimising cost and disruption to the Group and its customers

Key developments
- Upgrades to our software system now implemented allowing better access and tracking of data, as well as classification and safety data sheet authoring

Financial risks

Multinational operations expose business to a variety of financial risks

Change ↓

Link to strategy: ● Prepare ● Grow

Impact
- Risks associated with foreign currency exchange rates, interest rates, commodity prices, credit risks and taxation could impact profitability and cash flows
- Potential financial risks from the UK exiting the EU, given uncertainties about short-term and medium-term economic forecasts and their potential impact on the Company's liquidity, funding, creditworthiness and share price valuation

Mitigation
- Strong and established financial framework monitoring and maintaining appropriate levels of liquidity and covenant commitments
- Foreign exchange risk managed by hedging mitigating effects on UK import costs and translation of Euro profits
- Detailed functional analysis to ensure compliance with all international tax legislation, including new BEPS developments

Key developments
- Group banking facilities refinanced, including revised Revolving Credit Facility committed until 2022 used to repay US Private Placement. This increases both certainty and flexibility whilst reducing costs for the Group
- Cross-functional team monitors significant developments related to UK's exit from the EU, enabling effective planning for a range of scenarios

Principal risks and uncertainties
continued

Breach of IT security
System security breach could result in loss of sensitive data and/or business disruption

Change ↓ | **Link to strategy:** ● Prepare

Impact	Mitigation	Key developments
• Loss of key and sensitive business data as result of a security breach, external hacking and/or cyber threats • Loss of IT services and systems, resulting in significant business disruption	• Continual review of security policies, controls and technologies in place in the Group to protect commercial and sensitive data • Monitoring of developments in cyber security; engaging with third party specialists where appropriate	• Focused actions to strengthen the Group's IT systems to minimise/remove vulnerabilities • Continued Group-wide engagement exercise to raise awareness of cyber risk

In accordance with the UK Corporate Governance Code 2016, the Board has taken into consideration these principal risks and uncertainties when determining whether to adopt the going concern basis of accounting and when assessing the prospects of the Group when preparing its viability statement.

Going concern statement
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 pages 20 to 24. 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 June 2022. At 30 June 2017, committed undrawn facilities amounted to £105.7 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 preparing the financial statements.

Viability statement
In accordance with the requirements the UK Corporate Governance Code ('the Code'), the Directors have performed a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The Board has determined that a three-year period to 30 June 2020 constitutes an appropriate period over which to provide its viability statement.

In assessing the Group's viability the Directors have considered the current financial position of the Group and its principal risks and uncertainties as described on pages 26 to 28. The analysis considers severe but plausible downside scenarios incorporating the principal risks from a financial and operational perspective, with the resulting impact on key metrics, such as debt headroom and covenants considered. The alternative scenarios assume sensitivity around exchange rates and interest rates, along with significant reductions in revenue, margins and cash flow over the three-year period. In all cases the business model remained robust, funding capacity sufficient and covenants fully complied with. The Group's global footprint, product diversification and access to external financing all provide resilience against these factors and the other principal risks that the Group is exposed to.

After conducting their viability review, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment to 30 June 2020.

Corporate responsibility

The efficiency initiatives we are executing are contributing significantly to our sustainability progress in all aspects of our business – for our people, customers, suppliers and the environment.

compacted
products cut emissions and reduce packaging

LTIs > 3 days down by
38%

small plastic beads
eliminated
from our products since 2015

87%
of waste generated, recycled reused and recovered sustainable waste

water use down
9.7%

energy consumption
reduced
by 5.5%

active participation in A.I.S.E. initiatives

green energy
12.26%
of total energy

committed to the support of Sustainable Palm Oil

Environmental

Production and operations

Objective: reducing our environmental impact through efficient and effective process design and production.

Link to strategy

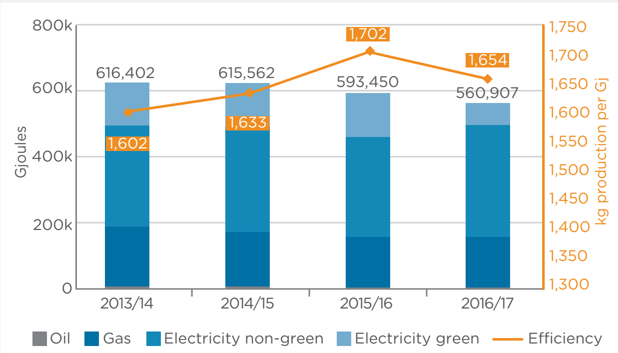
- **Grow** Further focus on improvement in managing wastage in manufacturing process

Working together to reduce waste

We train and motivate our colleagues to work in a sustainable manner and encourage the sharing of experience and practice across all locations to apply internal best practice across the Group. Examples during the year include:

- our Barrow site has undertaken a number of waste initiatives, including on-line recycling and grinder systems, which has led to the elimination of laundry tablets being sent to landfill; and
- at our Ieper plant, the simple idea of replacing staples with velcro on our boxes of blow moulded bottles not only reduced the safety risk, but also led to increased longevity of the boxes equivalent to a 95-tonne waste reduction in cardboard per year.

Total Group energy consumption



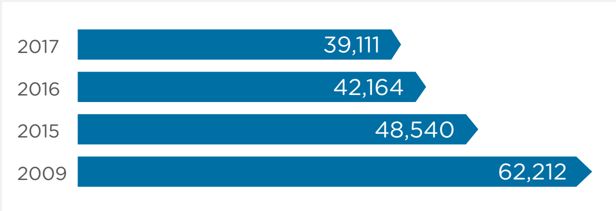
Total Group energy consumption reduced by 5.5% to 560,907 Gjoules (2016: 593,450 Gjoules) during the year. At the same time we achieved energy efficiency of 1,654kg production/Gjoule (2016: 1,702kg production/Gjoule), a 2.9% decrease from last year, but still a strong improvement from previous years and confirming the benefits of our continued operational excellence model.

Greenhouse gas

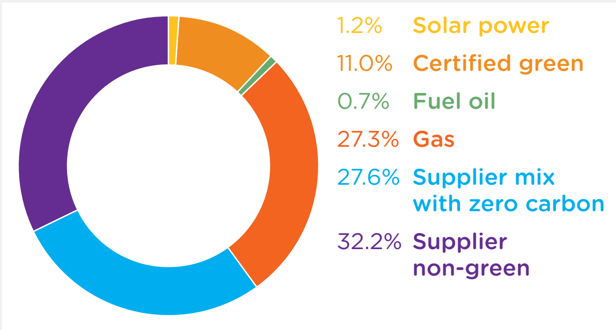
We have been calculating our Scope 1 and 2 GHG emissions since 2008 in accordance with the relevant GHG Protocol Corporate Accounting and Reporting Standards and latest emissions factors from recognised sources, based upon market values.

The overall impact on our operations for Scope 1 and Scope 2 emissions was 39,111 tonnes of CO_2e emissions (2016: 42,164 tCO_2e) with CO_2e efficiency also slightly down to 23,719kg product/tCO_2e (2016: 23,955kg product/tCO_2e).

Net Scope 1 and 2 CO_2e emissions tonnes CO_2e



Split of energy source index including green element of supplier grid mix 2016/17



"The Group is continually examining alternative options for further use of potential sources of green energy, with the overiding objective to reduce overall energy consumption and thereby improve our long-term energy efficiency."

Social

Our people

Objective: creating an environment where people want to work and are able to give their best.

Link to strategy

- **Prepare** Framework in place so that all colleagues have the opportunity to reach their potential

Employee support

A key principle to our business success is creating a culture whereby all colleagues across the Group are recognised as a valuable asset and supported to become fully engaged, aligned and achieve their full potential.

Our SMART Growth HR strategy recognises that each phase of our 'Manufacturing our Future' strategy requires different styles, skills and experiences. Our recruitment, talent management and training and development programmes ensure the Group maintains a large pool of talent to deliver its strategic objectives.

Diversity

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

Gender split 2017

Female Directors

1/6 17%

Female senior management

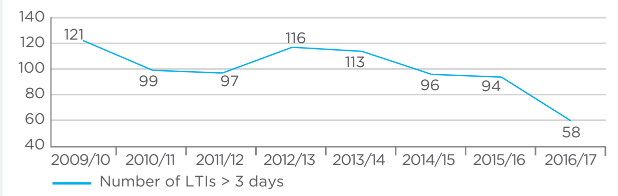
14/52 27%

Female total workforce

1,660/4,149 40%

Wellbeing

We strive to maintain a safe workplace at all locations we operate and all colleagues participate in the development, promotion and maintenance of a safe and healthy environment.



Our 'Safety is in Your Hands' campaign aimed at reinforcing safety culture across the Group. It has led to significant improvements, resulting in a 38% reduction in the number of lost time incidents more than three days.

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.

Our Anti-Slavery and Human Trafficking Statement (available on our website **www.mcbride.com**) enshrines our obligations under the Modern Slavery Act 2015. We are committed to ensuring there is transparency in both our own business and in our approach to tackling modern slavery in our supply chain.

Product and design

Objective: design, create and supply value products, which are safe to use, whilst minimising environmental impact.

Link to strategy

- **Grow** Sustainability capabilities become integral to product development and offer to customer

Our responsibilities

We are fully aware of our quality and safety responsibilities to our customers and to consumers who use our products. We also take environmental responsibilities seriously, and where possible, work with customers and accredited ecological bodies to reduce potential environmental impact.

Animal testing

Our animal testing policy ensures we do not test products on animals, nor request testing of products or ingredients by any supplier or third party.

Microplastics

Microplastics are small pieces of plastic material typically under 5mm in size and originate from a variety of different sources.

We used small plastic beads in some of our Personal Care products, however, acknowledging the environmental effects of these beads, particularly on marine life, we recognised that we could provide consumers with products that delivered a similar exfoliating performance without the need to use plastic. Since 2015 we have phased out all small plastic beads from all our Personal Care products using suitable alternatives ensuring an equivalent high-quality performance.

Community

Community and society

Objective: ensuring that McBride's products and operations benefit local communities and wider society.

Link to strategy

- **Grow** Measure and promote McBride's positive impact on society

While major successes against poverty are won globally, social divergence is growing in western economies. Governments are reducing support for local charities through several austerity measures. At McBride we have made the conscious decision to increase our contribution to charity through several means in order to help those who are in need in our society.

McBride Charitable Trust

Charitable Trust

Some years ago, McBride established a Charitable Trust with the underlying aim of providing financial support to colleague's children during their study. We have now extended both the financial reach and the support objectives of the trust through new statutes. The new statutes define the criteria for all initiatives to be subject to the Charitable Trust support and a new Trustees' Board has been established.

During 2017/18 the Charitable Trust will focus on three areas:

1. Education
2. Wellbeing
3. Poverty

1. Education

McBride is pleased to operate a further education grant scheme. Colleagues' children who undertake a university course or apprenticeship are offered an award to support their education.

In 2016/17, McBride awarded 122 grants in Continental Europe and 31 in the UK, amounting to £23,243 towards further education.

2. Wellbeing

McBride fully supports efforts of colleagues who participate in wellbeing activities related to our Company theme. Each year the trustees will decide on the theme that will be supported. For 2017/18, the theme is Cancer Research, together with further charity events the Company chooses to support through local initiatives.

McBride Belgium strives for improved wellbeing as a way to motivate its workforce to maintain their physical condition.

On 2 July 2017, twelve Estaimpuis colleagues accepted the challenge to undertake a 6 or 12km run in Zulte, Belgium and to raise money for Think Pink.

Think Pink raises breast cancer awareness and finances scientific research to help fight the most widespread cancer among women.

With ideal weather conditions to cope with this challenge, each colleague made it to the finish and contributed to the very first McBride donation to Think Pink.

And what's more… McBride won the prize for the most sporty company in the 'Dwars door Zulte' running race for the second time in a row!

3. Poverty

In 2017/18, we will focus our efforts on supporting children who are homeless, in nurseries or orphanages through In Kind Direct.

Donations in kind

McBride continues its ongoing support of In Kind Direct through providing donations of stock materials and through additional direct financial contributions. In Kind Direct redistributes surplus or obsolete stock to UK charities. The organisation reaches a wide range of charities and our products are of practical help to many organisations helping communities across the UK.

In the period July 2016 to June 2017 we made three stock donations which benefited 1,476 voluntary and community organisations. The stock donated amounted to 97 pallets of product, with a total estimated retail value of £116,000, in addition to a direct financial contribution of £25,000. McBride made its first donation of goods in 2010 and since then has donated a total of £640,000 in estimated retail value.

Here is just one example of where we have touched people's lives through our donations:

Community Gateway Association, Preston

Community Gateway Association (CGA) is a housing association with community at its core. It manages around 6,200 homes in Preston, Lancashire.

CGA delivers a wide range of support and activities for its tenants and works with a number of partners to meet the diverse range of needs faced by the community. Some of the services offered include job clubs, benefit and debt advice, and vocational training for young people.

In addition to these services, the team also helps tenants who are in crisis by giving them food and goods packages.

McBride donated a range of products, including items such as shower gel, washing up liquid and handwash, which the charity redistributed among service users.

"Many of our tenants struggle to find the funds for food, let alone for more expensive products such as toiletries, household cleaning items and clothing. With the help of In Kind Direct, we have been able to assist many tenants with these basic needs."

Julie Lee
Income and Financial Inclusion Manager

Welcome to Corporate governance

Corporate governance

Chairman's introduction

We have an effective Board and sub-committee structure, underpinned by solid operating principles, policies and controls and we continue to exercise our duties in compliance with all relevant legislation, regulation and guidance.

Dear Shareholder

I reported last year that work undertaken under the guidance of the Executive Directors on the business transformation strategy has started to deliver benefits for the Group, for our colleagues and for our shareholders. This year, I am pleased to report that the strategy continues to be developed as we move into the 'Prepare' and 'Grow' phases 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 being taken by the Group. This is reported in our Strategic report on pages 1 to 33 and more information about Board activities in general is shown on page 41 of this Corporate governance section.

Corporate governance

The following Corporate governance report serves to demonstrate that a robust governance framework is in place to support the Group's strategy. We explain our approach to the main governance principles of Leadership, Effectiveness, Accountability, proactive Engagement with shareholders and application of transparent Remuneration policies and share the work of our sub-committees.

Change of Company Secretary

Carole Barnet, who has been Group Company Secretary since 2010 and with the Group since 1981, has advised the Board of her intention to retire. On behalf of the Board I would like to express my appreciation for her service to the Group and to wish her a relaxing retirement. It is expected that Carole will stand down from the position during January 2018. An announcement concerning Carole's replacement will be made in due course.

Code compliance

As a Board, we remain committed to maintaining high standards of corporate governance and we endorse the provisions set out in the UK Corporate Governance Code 2016 ('the Code').

During the year, we have assessed our level of compliance with the Code and the Board confirms that throughout the year the Company has continued to comply with all of the Code's provisions, in so far as they apply to a FTSE SmallCap company.

We have an effective Board and sub-committee structure, underpinned by solid operating principles, policies and controls and we continue to exercise our duties in compliance with all relevant legislation, regulation and guidance.

Board responsibility and future strategic direction

The Board acknowledges its collective responsibility for overseeing the success of the Group by demonstrating strong leadership, setting the Group's strategy and business model, reviewing management performance and ensuring the necessary resources are in place. The output from this year's Board evaluation exercise evidenced that this has been successful during the year under review.

John Coleman
Chairman

7 September 2017

Board of Directors

John Coleman
Chairman

Appointed: July 2016

John brings considerable experience holding office as a Non-Executive Director in various companies across multiple market sectors, including retail and construction. He was Senior Independent Director whilst at Travis Perkins between 2005 and 2014 and was Chairman of Aga Rangemaster Group plc between 2008 and 2015.

John has also had significant executive experience in the retail sector, having been CEO of House of Fraser and CEO of Texas Homecare, a part of Ladbrokes plc. Prior to this he was a member of the senior management team at the Burton Group, holding managing director roles for a number of its fashion chains.

Other roles: Chairman of Bonmarché Holdings plc and private company Barchester Healthcare Ltd.

Committees:

N* R

Rik De Vos
Chief Executive Officer

Appointed: February 2015

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:

N

Chris Smith
Chief Finance Officer

Appointed: January 2015

Chris is a chartered accountant and has more than 25 years' experience working in manufacturing businesses in highly competitive industries across the UK, Europe and Asia Pacific.

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

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.

Carole will retire from the role during January 2018.

Steve Hannam
Senior Independent Non-Executive Director

Appointed: February 2013

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 and Senior Independent Director of Low & Bonar plc.

Committees:

A N R

Sandra Turner
Independent Non-Executive Director

Appointed: August 2011

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, Sandra is the Vice-Chair of a large independent school.

Committees:

A N R*

Neil Harrington
Independent Non-Executive Director

Appointed: January 2012

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 global listed companies, including ASDA/Walmart Stores Inc., 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 Financial Officer of Cath Kidston Limited.

Committees:

A* N R

A Audit Committee

N Nomination Committee

R Remuneration Committee

* Chair

Corporate governance report

Leadership and responsibilities

We recognise the importance of establishing the right culture and communicating this message throughout the organisation. It is important that we as the Board provide strong and effective leadership, constructive challenge and, along with the Executive Leadership Team (ELT), accept collective accountability for the long-term sustainable success of the Group. In so doing, we will continue to drive and deliver our strategy in the best interests of all our stakeholders.

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 management within the Group is sought and encouraged.

Board and sub-committee structure

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 Terms of Reference which set out its authority, composition, activities and duties. The Terms of Reference 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 2017.

Operation of the Board

Board papers are prepared and issued at least one week prior to each Board meeting to enable Directors to give due consideration to all matters. 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 bi-monthly intervals. Additional meetings are held as necessary. From time to time, the Board authorises the establishment of a sub-committee to consider and, if thought fit, approve certain items of business. On such occasions input is sought from all Directors before the business is considered.

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.

Attendance at meetings year ended 30 June 2017

Number of Board meetings held		8
Members	**Number of meetings attended**	**Member since**
John Coleman Chairman	8	22/04/2016
Rik De Vos Chief Executive Officer	8	02/02/2015
Chris Smith Chief Finance Officer	8	07/01/2015
Steve Hannam Senior Independent Non-Executive Director	8	04/02/2013
Neil Harrington Independent Non-Executive Director	8	03/01/2012
Sandra Turner Independent Non-Executive Director	8	01/08/2011

Responsibilities

The role of Chairman and Chief Executive Officer are separate and clearly differentiated. No one individual has unfettered powers of decision making.

John Coleman, 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 that the views of shareholders are communicated to the Board; and
- promoting effective decision making.

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

- effective leadership and development of the executive management and operational running of the Group;
- 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.

Steve Hannam, as Senior Independent Director, is primarily responsible for:

- providing a sounding board for the Chairman and acting as an intermediary between other Directors when necessary;
- evaluating the performance of the Chairman along with the Non-Executive Directors; and
- being an available communication channel for shareholders, where contact through the Chairman or Executive Directors is not appropriate.

The key responsibilities of the Non-Executive Directors are:

- developing and agreeing the Group's business model and strategy with the Executive Directors;
- scrutinising and challenging the performance of the Company and the Executive Directors;
- providing support and advice to the Executive Directors;
- overseeing 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.

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 that we can debate matters constructively in relation to both the development of strategy and assessment of performance against the objectives set by the Board.

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.

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 for the overall performance of the business. The day-to-day management of the business is delegated via the various ELT members to senior management on a structured functional basis. 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, environmental matters and anti-bribery and corruption, their implementation is delegated to the Chief Executive Officer and 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.**

Corporate governance report
continued

Effectiveness

Board composition
At 30 June 2017, the Board comprised six members: the Chairman, two Executive Directors and three Non-Executive Directors.

Director election and re-elections
We are satisfied that all the Directors standing for re-election perform effectively and demonstrate commitment to their roles. This has been demonstrated during the year by the willingness of the Directors to attend additional informal meetings including strategy conferences as well as from the general support they have given to the Executive Directors and other senior management of the Group. When applicable, any changes to the commitments of any Director are 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, John Coleman, Rik De Vos, Chris Smith, Steve Hannam, Neil Harrington and Sandra Turner will retire at the 2017 AGM and offer themselves for re-election.

The biographies for each Director, set out on pages 36 and 37, illustrate the range of skills and experience they offer to the Company. Voting at the 2016 AGM demonstrated continued support for all Directors who held office at that time.

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 provision of access to key documents relating to the new appointee's role. External training may also be provided by independent legal advisers.

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 strategic as well as on regulatory/legislative developments and other topics of specific relevance to ensure that the Directors continually update their skills, knowledge and familiarity with the Group's business and the markets in which we operate. Additionally, all Directors are entitled to undertake external training relevant to their particular duties.

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.

Succession planning
During the year the Group's succession planning approach has continued to evolve. This has included evaluation of the roles at ELT level and their direct reports to identify key talent and future leadership potential. A specific Leadership Programme has been developed for high potential employees and this will be rolled out over the course of the next financial year. The outputs and proposals are overseen by the Board.

Conflicts of Interest
Our procedure for capturing Directors' interests can be found in the Other statutory information section on page 63.

Board evaluation
As in previous years, the Board evaluation exercise was designed and led by the Company Secretary, working closely with the Chairman of the Board. A questionnaire was developed to evaluate the effectiveness and skill sets of the individual Directors, as well as the Board as a whole. A top-line evaluation of the operation of each of the sub-committees of the Board was also covered.

The Non-Executive Directors, led by the Senior Independent Director, undertook a review of the performance of the Chairman. This concluded that the Chairman has an open, facilitating leadership style; demonstrates independence and objectivity; and shows persistence in understanding the business.

The evaluation exercise identified a number of positive areas including greater exposure of the Board during the year to members of the ELT and other senior managers and more proactive involvement and interaction of the Board in the strategic development plans for the business. Although the Board and sub-committees are working well, areas highlighted for improvement included the need for even deeper focus on developing talent and succession planning and more frequent tabling of post investment reviews. These matters will continue to be addressed during the 2017/18 financial year.

Following completion of the exercise, the Chairman met with individual respondents to discuss the findings.

We last undertook an externally facilitated evaluation of the performance of the Board, its members and its sub-committees in the 2011/12 financial year. Since then, the composition of the Board has changed with the appointment of the new Executive Directors and a new Chairman. Furthermore, as a constituent of the FTSE SmallCap, the Board did not deem it necessary for an external evaluation to be undertaken this year. This will be considered further during the course of the 2017/18 financial year.

Board activity year ended 30 June 2017

Market and economic environment	Strategic development opportunities	Trading, financial and operational performance	Governance and risk
Matters considered	Matters considered	Matters considered	Matters considered
• Market and customer development updates • Competitor activity analysis • Sales and marketing activity reviews • Purchasing performance	• Strategic opportunity reports and project progress reviews • Key operational project progress reviews, including major capital expenditure investment proposals	• Approval of budget • Banking, Tax and Treasury strategy and policy reviews • Approval of full year and half-year announcements and other trading updates • Annual Report and Accounts review and approval • Analyst expectations • Payment to shareholders, policy and proposals	• Health and safety updates • Business risk analysis exercise • Insurance programme renewal • Board self-evaluation exercise • Code and legislation compliance reviews • Corporate policies reviews and approval • Talent and succession planning reviews

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**.

Accountability

Business risk

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 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 are reported in the Audit Committee report on page 45.

The Board considers that the Group operates a risk-aware culture which facilitates the early identification of problems and issues, so that appropriate action is taken in a timely and proactive way to minimise the impact on the business.

The Group's risks are managed through various activities including:

- business risk reviews;
- major project and investment reviews;
- specific functional and strategic risk mapping;
- year-end control self assessment questionnaires supporting internal control procedures, with 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 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. Such systems are designed to manage, rather than eliminate, the risk of failing to achieve business objectives and can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

Internal controls

Key control procedures undertaken by the Group during the year include:

- regular updates to the Board on the Group's financial performance and position against targets;
- monthly consolidated management accounts reviewed by the ELT;
- a comprehensive annual budgeting process ultimately approved by the Board;
- ongoing monitoring of the Group's cash and debt position with monthly reviews of working capital balances;
- authorisation and control procedures in place for capital expenditure and other major projects with post completion reviews to highlight issues and improve future performance and delivery;
- monthly reporting on commercial, operational, financial and non-financial KPIs with performance discussed at both functional and Group level; and
- regular meetings and site visits with insurance and risk advisers to discuss risk assessments, safety audits, and performance against agreed objectives.

Strategic report
Corporate governance
Financial statements
Additional information

Corporate governance report
continued

Risk management framework

Responsibility

The Board

- **Monitors and reviews the effectiveness of the Group's risk management and internal control systems**
- Approves the risk appetite of the Group
- Receives and reviews reports from the Audit Committee on risk management and internal controls
- Reviews the Principal Risks and Uncertainties taking them into consideration when determining the going concern basis of accounting and assessing the prospects of the Group when preparing the viability statement.

Audit Committee

- **Ensures actions to mitigate risks are put in place with ownership and timescales to ensure the Group's strategy can be delivered in the context of the risk management framework**
- Monitors and reviews financial and key non-financial risks and internal controls, external audit process and reports
- Is supported by the Internal Audit function

Executive Leadership Team

- **Reviews the Group's risk register and agrees actions to mitigate key risks**
- Provides a cross-functional forum for the discussion of risks and controls arising from business activities
- Ensures risk management is embedded across the business

Risk Council

- **Monitors the application of the risk management framework across the business**
- Identifies and evaluates strategic and emerging risks

Accountability

Group Risk Management

The Risk Council monitors the identification and assessment of risks and makes recommendations to the ELT for appropriate mitigation strategies in line with the Group's set risk appetite. More information is provided on page 46 in the Audit Committee report.

Reporting to the ELT, the Risk Council acts as a focal point for the evaluation of strategic, significant operational and emerging risks faced by the Group in pursuit of its objectives, and provides support for the embedding of the risk management framework through improved risk awareness and the consideration of risk in key decision making at all levels.

The Risk Council meets between three and four times a year and reports to the ELT. Its Terms of Reference have been ratified by the Audit Committee.

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 is responsible for overseeing internal control processes for the Group.

Further information about how our Internal Audit process is monitored can be found in the Audit Committee report on page 46.

Investor relations

Relations with shareholders

We place considerable importance on maintaining effective and balanced dialogue with all shareholders to discuss the Company's strategy and other associated objectives.

The Executive Directors continue to pro-actively engage with both existing and potential shareholders with the purpose of understanding their appetite to invest in the Company. In addition, they deliver formal presentations of full year and half-year results with face to face meetings with analysts, brokers and fund managers to promote a better understanding of the business and its strategic plans.

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 Chairman, Senior Independent Director and Chair of the Remuneration Committee are available to discuss governance and strategy with major shareholders and are prepared to contact individual shareholders should any specific areas of concern or enquiry be raised.

All the Directors attend the AGM and are available to answer questions. The proxy votes cast in relation to all resolutions, including details of votes withheld, are disclosed during the meeting and the results made available 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.

Audit Committee report

The Audit Committee is satisfied that the financial statements present a fair, balanced and understandable view of the Group's position.

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 and provide independent oversight and challenge to management;
- to review and recommend the Board to approve all financial statements and announcements;
- to review and monitor the effectiveness of the Group's internal controls and risk management systems as well as the Internal Audit function;
- to oversee relations with and actively consider the objectivity, independence and effectiveness of the external auditor; and
- oversee the Group's policy on the supply of non-audit services by the Group's auditor.

Attendance at meetings year ended 30 June 2017

The Board is satisfied all members are independent Non-Executive Directors.

Number of meetings held (minimum two per year):	4

Members	Number of meetings attended (quorum is two members)	Member since
Neil Harrington (Chair)	4	03/01/2012
Steve Hannam	4	04/02/2013
Sandra Turner	4	01/08/2011

The Committee is authorised by the Board to investigate any matters within its Terms of Reference. A copy of the Committee's Terms of Reference is available on the Group's website **www.mcbride.co.uk**.

On behalf of the Audit Committee, I am pleased to present the Audit Committee report for the year ended 30 June 2017.

Effectiveness of the Audit Committee

The Board is satisfied that Committee members are sufficiently competent in financial matters, in addition to having a wide range of business experience both within the sector and elsewhere. As Committee Chair, I have 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. I was previously Group Finance Director at Mothercare plc for seven years.

Committee 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. The Company's external auditor, PricewaterhouseCoopers LLP (PwC), also attend meetings by invitation. During the year, PwC attended four meetings.

Independent meetings were also held regularly between the Committee members and the external auditor, in the absence of the Executive Directors. The Chairman of the Committee also had regular meetings with the Head of Internal Audit.

Effectiveness of the external auditor

The Audit Committee has primary responsibility for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor 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 auditor:

The Committee and the Board remain satisfied with the level of independence, objectivity, expertise, fees, resources and general effectiveness of PwC and, accordingly, recommends that a resolution for the re-appointment of PwC as external auditor for the Company should be proposed at the forthcoming AGM in October 2017.

Auditor objectivity and independence

Committee review and auditor assurance	The Committee has undertaken its annual assessment of the external auditor. This included their own evaluation of the reports and services received, such as the scope, strategy and outcome of the interim and year end audits. The Committee has sought assurance from the external auditor 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 auditor for the year ended 30 June 2017. Fees payable by the Group to PwC totalled £0.5 million (2016: £0.4m) in respect of audit services. There were no contingent fee arrangements with PwC.
Audit tenure	The Committee considered its external audit services, taking into account the UK Corporate Governance Code 2016 and Statutory Audit Services Order 2014. A full tender for the appointment of the external audit firm took place in 2011, as a result of which PwC was appointed as external auditor with effect from November 2011. The Committee is of the current view that it is more effective to align the tender of the external auditor with rotation of the incumbent's lead partner.
Non-audit fees	The Company maintains a detailed policy on the engagement of external auditor for non-audit services, designed to preserve their independence when performing the statutory audit. To avoid any conflict of interest, types of non-audit work are categorised as those for which: • the auditor can be engaged without referral to the Committee; • for which a case-by-case decision is necessary; and • from which the external auditor is 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**. Fees payable by the Group to PwC totalled £277k (2016: £123k) in respect of non-audit services, equating to 55% of audit fees received by PwC during the same period (2016: 30%).

Accounting and reporting issues

The Committee received regular reports on the Group's trading performance, as well as progress on both the interim and full year financial statements. Papers and other regular updates from both management and the external auditor have also been provided to assist the Committee in assessing whether suitable accounting policies have been adopted and appropriate judgements made by management.

The significant areas of judgement undertaken during the 2016/17 financial year are set out below. The Committee is satisfied that the presentation of the financial statements is appropriate and in accordance with the Group's accounting policies.

Supported by the external auditor's reports and findings, 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.

Assurance and internal control environment

The Board recognises the delivery of the Group's strategic plans will only be achieved within an established system of risk management and internal controls framework, which will ensure that the transformational change and growth realised is supported by an embedded risk management culture.

The Committee is delegated the responsibility for reviewing the effectiveness of the Group's systems of internal control, including all material financial, operational and compliance controls, as well as risk management systems and key corporate policies.

The Committee receives regular reporting from management and the conclusion continues to be that a generally robust and effective control environment exists. No failings or weaknesses have been identified which had a material effect on the Company's financial performance.

Recommendations arising from the external auditor's internal controls report are reviewed and actions agreed to implement enhanced policies and processes.

Audit Committee report
continued

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 auditor. Refer to note 13 to the financial statements.
Tax and treasury 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 and compliance with global transfer pricing. 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 sufficient funding capacity to deliver its strategy. The Committee also reviewed the Group's refinancing and debt funding strategy and policies on currency and interest rate hedging transactions.
Recognition and measurement of customer rebate agreements and internal stock provisions	The Committee examined the procedures and controls in place to ensure the reporting, monitoring and accounting for both customer rebate and internal stock provision elements of the Group's accounting policies was effectively managed and recognised in the Group's financial statements.
Going concern status and longer-term viability statements	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 auditor. The Committee also considered the modelling and assessments undertaken by management relating to the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The content of both these statements can be found on page 28.

Internal controls

The Internal Audit function serves to provide assurances to the Committee that relevant controls and actions are in place. The Committee actively engages the Internal Audit function to understand and consider the extent to which the internal control environment can be improved. Information on specific key control procedures undertaken by the Group can be found on page 41.

At the start of each financial year, the Committee reviews and agrees the Internal Audit Plan, confirming its alignment with the Group's strategic priorities, risk management outputs and compliance control monitoring. The Audit Plan remains flexible to address new and emerging risks throughout the year.

The Committee continues to be satisfied that the Internal Audit function has sufficient resource and provides an important and effective role.

Risk management

During the year the Group Risk Management framework was refreshed and a cross-functional working group (Risk Council) was established to maintain and oversee its implementation across the business. The Committee has ratified the Risk Council's Terms of Reference and is provided with regular updates of matters the Risk Council has considered.

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 management on the mitigating factors being used. The current principal risks and uncertainties effecting the Group can be found on pages 26 to 28.

Cybersecurity

During the year PwC conducted a cybersecurity exercise and review to identify further opportunities for improvements to the Group's security and controls environment. All recommendations made as part of this review were agreed to be implemented and the Committee continues to monitor their implementation.

Corporate policies

The Committee undertook its annual review of corporate policies on anti-bribery and corruption and whistleblowing. The Committee continues to believe 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**.

Fair, balanced and understandable

Having given due and full consideration to all the matters referred to above, the Committee is satisfied that the financial statements present a fair, balanced and understandable view and provides shareholders with the necessary information to assess the Group's position and performance, strategy and business model, and has undertaken to report accordingly to the Board.

Neil Harrington
Chairman of the Audit Committee
7 September 2017

Nomination Committee report

Our key objective is 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:

- to review the structure, size and composition of the Board, including diversity considerations;
- to consider and recommend the nomination of candidates for appointment as Directors;
- to consider the roles and capabilities required for each new appointment taking into account the skills and experience with the existing Directors; and
- to ensure that new appointees are provided with detailed and appropriate induction training.

Attendance at meetings year ended 30 June 2017

The Board is satisfied that the majority of members are independent Non-Executive Directors.

Number of meetings held (minimum two per year):	2	
Members	**Number of meetings attended** (quorum is two members)	**Member since**
John Coleman (Chair)	2	22/04/2016
Steve Hannam	2	04/02/2013
Neil Harrington	2	03/01/2013
Sandra Turner	2	01/08/2011
Rik De Vos	2	02/02/2015

The Committee is authorised by the Board to investigate any matters within its Terms of Reference. A copy of the Committee's Terms of Reference is available on the Group's website **www.mcbride.co.uk**.

On behalf of the Nomination Committee I am pleased to present the Nomination Committee report for the year ended 30 June 2017.

Key actions and decisions taken during 2016/17:

- considering the contributions made by the individual Directors prior to recommending their re-election at the AGM, taking account of the outputs from the internal Board Performance Evaluation exercise carried out during the year; and
- considering the re-appointment of the Senior Independent Director.

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

Diversity

The Committee recognises the recommendations regarding Board diversity and acknowledges 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 continue to believe that quotas are not appropriate. We also accept that there are many other aspects to diversity, including professional and industry-specific experience, understanding of geographical markets and different cultures, all of which can also be an aid to the Board's effectiveness. Board appointments will ultimately continue to be made based on merit and calibre.

We have 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. Furthermore, three members of the ELT are females. This team also includes a number of nationalities: British, Belgian and French.

John Coleman
Chair of the Nomination Committee
7 September 2017

Remuneration report

We remain committed to implementing a Remuneration Policy which retains high calibre Executive Directors and senior managers by rewarding their successful contribution to delivering the Company's strategy and thus aligning with longer-term interests of shareholders.

Main duties:

- to review the ongoing appropriateness and relevance of the Remuneration Policy;
- 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).

Attendance at meetings year ended 30 June 2017

The Board is satisfied all members are independent Non-Executive Directors, with the exception of John Coleman who satisfied the independence condition on his appointment as Non-Executive Director in 2016.

Number of meetings held (minimum two per year):	5

Members	Number of meetings attended (quorum is two members)	Member since
Sandra Turner (Chair)	5	01/08/2011
John Coleman	5	22/04/2016
Steve Hannam	5	04/02/2013
Neil Harrington	5	03/01/2012

The Committee is authorised by the Board to consider all matters within its Terms of Reference. The Committee's Terms of Reference is available from the Group's website at **www.mcbride.co.uk**.

Dear Shareholder

On behalf of the Remuneration Committee, I am pleased to present the Remuneration report for the year ended 30 June 2017.

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 three sections: the annual statement; Remuneration Policy report; and Annual Report on Remuneration.

At this year's AGM in October 2017, there will be an advisory vote on the Annual Report on Remuneration, which details the application of the Company's current Remuneration Policy, approved by shareholders at the 2014 AGM. In line with the relevant regulations this current Remuneration Policy expires at the 2017 AGM.

Over the past twelve months, the Committee has undertaken an extensive review of the current Remuneration Policy taking close account of our business strategy as well as current and emerging market practice and expectations of institutional investors. In assessing the effectiveness and overall levels of remuneration, the Committee took account of a number of reference points, both internal and external. Independent advice has also been sought, as appropriate, from New Bridge Street (NBS), the Committee's independent advisers.

Remuneration Policy continuing alignment with shareholders

Following this review the Committee has concluded that the current Executive Director remuneration arrangements and structure works well and remains fit-for-purpose. It is simple and consistent, with pay outcomes dependent upon performance linked to our business strategy. It ensures a significant proportion of pay is delivered in shares to provide alignment with investors.

However, in the light of the strengthening of the business (the share price having moved from its recent lowest of 75 pence in December 2014 to 187 pence as at 30 June 2017 increasing the market capitalisation of the Group by approximately £204 million) and very strong performance of our Executive Directors, the Committee believes that the total target compensation of the Executive Directors has fallen considerably below the level that it should now be if they are to be appropriately rewarded and incentivised going forwards. The Committee is also mindful of the continuing evolution of executive remuneration best practice and believes that within this context the proposed revised approach and Remuneration Policy will strengthen the alignment between Executive Directors and shareholders and ensure that McBride is able to retain (and if necessary recruit) the talent needed as the business continues to perform successfully and grow.

As part of the policy review we consulted with major shareholders and had support on the proposals below from shareholders representing over 50% of share capital.

The main revisions to the Remuneration Policy, or the way it is implemented, are proposed as follows:

- Executive Director base salary increases equating to 15% for the Chief Executive Officer (new annual salary £460,000) and 17.6% for the Chief Finance Officer (new annual salary £294,000), with increases backdated to 1 January 2017. The Committee is mindful of increasing remuneration in the current political and economic environment. However, under their leadership the Company has performed extremely well, with neither Executive Director having had a salary increase since joining at the beginning of 2015. The Committee also believes that both Executive Directors are fundamental to the Company's continuing development and future growth and that the salary increases bring them to market competitive levels. It is not expected that there would be any further material increase to either Executive Directors' salary during the life of the proposed Remuneration Policy;
- the proposed increases to the LTIP annual grant limits (Chief Executive Officer 125% of salary and Chief Finance Officer 110% of salary), together with the introduction of a two year post-vesting holding period, reflects the Committee's belief that the revised award levels ensure that the Remuneration Policy is fit-for-purpose for the next policy cycle (being appropriate for a company the size and complexity of McBride) and ensures that both Executive Directors are appropriately incentivised to deliver success and drive the business forward and are appropriately rewarded for delivering long-term value;
- as part of the review the performance measures and target setting process of the annual bonus and LTIP were also reviewed. The Committee believes that the current measures (TSR and EPS) remain appropriate and no changes are proposed. However, the Committee will take into consideration the increased award level in setting targets for the year ahead and will ensure that the targets for both the annual bonus and LTIP will be even more stretching than in previous years; and
- changes to shareholding guidelines, increasing an expected Executive Director holding of 200% of salary, together with a twelve-month post-cessation of employment holding period for shares equating to 100% of salary, maintains the Company at the forefront of developing best practice in this area and reinforces alignment with shareholders over the longer term.

Key actions considered in 2016/17

As well as the Remuneration Policy review undertaken, other key actions and decisions taken during 2016/17 which the Committee has considered include:

- in September 2016 the Committee agreed to the granting of LTIP awards for the year 2016/17 to Rik De Vos and Chris Smith. Details of these awards can be found on page 59;
- for the 2016/17 annual bonus the Committee determined the Group financial target had been met. Personal objectives for both Executive Directors had been achieved in full, giving a total 70.77% payout of the maximum annual bonus available to both Executive Directors. Further details can be found on page 58;
- the LTIP awards granted in February 2015 were measured for the three-year period up to 30 June 2017 against the agreed EPS and TSR performance conditions. The Committee determined that all performance conditions had been achieved in full and therefore 100% of the awards would vest in February 2018. Further details can be found on page 59;
- subject to shareholder approval of the new Remuneration Policy, the Committee reviewed performance targets and objectives in relation to the Executive Director 2017/18 Annual bonus and LTIP awards and determined they would continue to be based on similar measures used in the previous year. Further details can be found on page 57; and
- the Committee determined that members of the ELT and other selected senior executives would become participants in the Group's LTIP scheme, subject to the same performance targets as the Executive Directors.

Recommendation

We remain committed to implementing a Remuneration Policy which retains high calibre Executive Directors and senior managers by rewarding their successful contribution to delivering the Company's strategy and thus aligning with longer-term interests of shareholders. We continue to value the support and feedback provided by shareholders, including the vote given for our Remuneration Policy and approach at our 2016 AGM of 92%. I trust I can count on your continued support.

Sandra Turner
Chair of the Remuneration Committee
7 September 2017

Remuneration Policy report

This report provides details of the proposed Remuneration Policy for the Executive and Non-Executive Directors, which is being put to shareholder vote at the October 2017 AGM. Changes from the previously approved Policy in 2014 are highlighted.

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 Remuneration Policy ('the 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 business objectives 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 reward in annual bonus plans for senior executives are specific and are reviewed by the Committee to ensure they adequately reflect the business objectives of the Group and are only paid on measurable success.	• Whilst the Committee does not consult with employees specifically on its policy for Executive Director remuneration, general pay and employment conditions across the Group (including salary increases and benefits) 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. The Committee has and will continue to take into account the views and feedback of its major shareholders to ensure the Remuneration Policy reflects as far as practicable prevailing sentiment.

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 January.
Maximum	• Details of current salaries of the Executive Directors are detailed on page 57. • Salaries are reviewed annually and may be increased each year. Increases will generally be in line with those awarded to the Group's workforce, as well as reflective of the overall financial performance of the Group. • Increases beyond this 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	–
Change from 2014 Remuneration Policy	• No change.

Element: benefits	
Purpose and link to strategy	• To provide market competitive benefits, 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. • The Company has the ability to reimburse the tax payable (grossed up) on any business expenses captured as taxable benefits.
Maximum	• The benefit provision is reviewed periodically. No maximum level is set on the value or cost of benefits provided.
Performance measures	–
Change from 2014 Remuneration Policy	• Clarification on reimbursing tax payable on business expenses.

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	–
Change from 2014 Remuneration Policy	• No change.

Remuneration Policy report
continued

Element: annual bonus

Purpose and link to strategy	• The purpose of the annual bonus is to incentivise delivery of the Group's financial and non-financial objectives 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 contribute to 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. • A 'dividend equivalent' provision is also available on the DBP shares at the discretion of the Committee enabling dividend or dividend equivalent payments to be paid, in cash or shares, on any shares that vest. • 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.
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.
Change from 2014 Remuneration Policy	• No change.

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. A two-year post-vesting holding period applies to all shares (less any required to be sold to cover withholding tax) that vest. • 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 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.

Element: LTIP continued

Operation continued	• 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, such as rights issues, corporate restructuring, events and special dividends.
Maximum	• 125% of salary for the Chief Executive Officer and 110% of salary for the Chief Finance Officer in any financial year. The Committee reviews the quantum of awards annually to ensure they are in line with market levels and appropriate given the performance of the individual and the Company. • Actual award levels to Executive Directors are set out in the Annual Report on Remuneration.

Performance measures	• Vesting of awards would normally be based on:
	  • the Company's Total Shareholder Return performance measured over no less than three years against a peer group of companies selected by the Committee as at the start of the performance period; and
	  • key financial measures of performance (such as but not limited to, Earnings Per Share) selected by the Committee over a period of no less than three financial years.
	• Targets are set by the Committee for each award on a sliding scale basis. No more than 25% of awards will vest for threshold performance, with full vesting taking place for equalling or exceeding maximum performance conditions.
	• Different performance measures and/or weightings may be used for future awards to help drive the strategy of the business.
	• EPS is a measure of the Company's overall financial success and TSR provides an external assessment of the Company's performance against comparable companies on the Stock Exchange. It also aligns the rewards received by executives with the returns received by shareholders.
	• 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 59 and 57 respectively.
	• 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.

Change from 2014 Remuneration Policy	• Maximum annual awards limit has increased from 100% of salary to 125% of salary for the CEO and 110% for the CFO. • The Committee's flexibility to increase the annual limit up to 150% of salary in relevant circumstances has been removed. • Introduction of a two-year holding period post vesting for awards granted from September 2017 onwards.

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. Tax may be reimbursed if these expenses are determined to be a taxable benefit. • 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 57. 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.
Change from 2014 Remuneration Policy	• Clarification on reimbursing tax payable on business expenses.

Remuneration Policy report
continued

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 under the Company's incentive arrangements and/or purchased in their own right. • The Executive Directors are also required to maintain a shareholding worth up to 100% of their salary for a minimum of twelve months after cessation of employment.
Maximum	• There is no maximum; however target levels are set at 200% of salary for Executive Directors, 33% of annual fees for Non-Executive Directors and 50% of salary for other senior executives.
Performance measures	–
Change from 2014 Remuneration Policy	• Executive Director shareholding target levels increased from 150% to 200% of salary. • Introduction of requirement of Executive Directors to maintain shareholding of 100% of salary for the twelve months post-cessation of employment.

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 51 and 53. 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 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 under the rules and maximums permitted under the Company's LTIP rules at that time or, if required, using Listing Rule 9.4.2. Such payment 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. Shareholders will be informed of any such payments at the time of appointment. • Relocation packages, generally consisting of out-of-pocket expenses, together with any additional costs solely attributable to the relocation 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 normal 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.
Change from 2014 Remuneration Policy	• Clarification as to how buy-out awards may be made.

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. • Directors' service contracts confirm that the Company may terminate the contract with immediate effect by making a payment equal to base salary for any unexpired period of notice. The Company also 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. • Statutory redundancy payments will be made as appropriate. • Costs attributable to outplacement and/or legal fees associated with the termination of an Executive Director's service contract (including the settlement of any claims brought against the Company, such as under unfair dismissal) may be paid by the Company where appropriate. • In circumstances in which a leaving Director may be entitled to pursue a legal claim, the Company may negotiate settlement terms if it considers this to be in the best interests of the Company and, with the approval of the Committee on the remuneration elements therein, enter into a settlement agreement.		
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.
Change from 2014 Remuneration Policy	• Clarification on what payments may be made in a leaver situation.		

Remuneration Policy report
continued

Executive Directors' service contracts

Service contracts stipulate that the Executive Directors will provide services to the Company on a full time basis.

Executive Director(1)	Date of service contract	Notice period(2)
Rik De Vos	17/12/2014	6 months
Chris Smith	15/07/2014	6 months

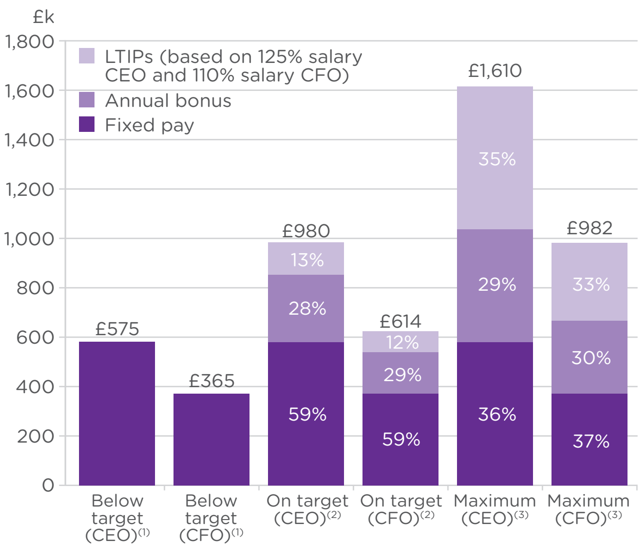
(1) All Directors are re-elected on an annual basis.

(2) By either the Company or Executive Director. In exceptional circumstances notice periods for up to a maximum of twelve months may be offered to newly recruited Directors.

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.

Remuneration performance scenarios 2017/18

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 2017/18 implementation of Remuneration Policy as a total value opportunity.



(1) Below target represents fixed pay only (consisting of base salary, benefits and pension).

(2) On-target performance assumes a bonus award of 60% of salary and 22.5% vesting under the LTIP. The DBP and LTIP elements are calculated as an award percentage of base salary multiplied by the relevant vesting percentage. No assumptions are made as to likely share price growth for the DBP or LTIP.

(3) Maximum performance assumes a bonus award of 100% of salary, cash and deferred shares, and full vesting under the LTIP. The DBP and LTIP elements are calculated as an award percentage of base salary multiplied by the relevant vesting percentage. No assumptions are made as to likely share price growth for the DBP or LTIP.

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 2017.

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(1)	Latest letter of appointment	Date first appointed to the Board	Notice period(2)
John Coleman	05/09/2017	22/04/2016	3 months
Steve Hannam	05/09/2017	04/02/2013	3 months
Neil Harrington	05/09/2017	03/01/2012	3 months
Sandra Turner	05/09/2017	01/08/2011	3 months

(1) All Directors are re-elected on an annual basis.

(2) Terminable at the discretion of either party. 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 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.

Annual Report on Remuneration

Application of the Remuneration Policy for the 2017/18 financial year

The table below sets out how the Remuneration Policy being put to shareholders at the forthcoming 2017 AGM will be applied for the 2017/18 financial year.

Element	Application of policy for 2017/18	Explanation
Executive Director base salary	The base salary for Rik De Vos, Chief Executive Officer, increased to £460,000 (2016/17: £400,000; 15% increase). The base salary for Chris Smith, Chief Finance Officer increased to £294,000 (2016/17: £250,000; 17.6% increase).	The salaries of all employees are subject to an annual review in January 2017. Neither Executive has had a salary increase since joining McBride, despite their and the Group's strong performance. The Committee believes that both Executives are fundamental to McBride's continuing development and future growth. The salary increases proposed would bring them to market competitive levels. The majority of shareholders, when consulted, were supportive of the increases. It is not expected that there will be any further material increase to their salaries during the life of the proposed Remuneration Policy being put to shareholders.
Benefits and pension	Both the Executive Directors will continue to receive the Company's standard benefits package. Both Rik De Vos and Chris Smith receive 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 operating profit targets and 20% will be subject to specific measurable 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 2017/18 will continue to be subject to EPS and relative TSR performance conditions. The intended Executive Director grant level for the LTIP is 125% of salary for the Chief Executive Officer and 110% of salary for the Chief Finance Officer. The TSR schedule and comparator group is based upon the FTSE SmallCap Ex. Investment Companies Index with 25% of this element of the 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 8%, at which level 20% of this element will vest. For performance above this level, awards will vest on a rising scale, with full vesting only if EPS CAGR reaches 17%.	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 Director fees	The fee policy for the Chairman and Non-Executive Directors is as follows: • base Chairman fee: £150,000 (no change); • base Non-Executive Director fee: £45,000 (2016/17: £40,000); • Chair of the Audit and Remuneration Committees: £7,000 (additional fee) (2016/17: £4,000); and • Senior Independent Director: £7,000 (additional fee) (2016/17: £4,000).	Non-Executive Director fees were reviewed in June 2017, the previous review of fees being July 2009.

Annual Report on Remuneration
continued

Application of the shareholder approved 2014 Remuneration Policy for 2016/17

Single total remuneration figure for the Executive Directors (audited)

The table below sets out a single total remuneration figure for the position of Chief Executive Officer and Chief Finance Officer for the 2016/17 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								
2016/17	430	23	86	**539**	304	372	**676**	**1,215**
2015/16	400	21	78	**499**	394	—	**394**	**893**
Chris Smith								
2016/17	272	11	54	**337**	192	279	**471**	**808**
2015/16	250	11	50	**311**	246	—	**246**	**557**

(1) Full base salary paid during the relevant financial 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 value of the Company's contribution to the individual's pension scheme and/or the cash value of payments in lieu of pension contribution.

(4) The annual bonus is the cash value of the bonus in respect of the year ended 30 June 2017, including any deferred shares which must be held for a minimum three-year period.

(5) The value of the LTIPs for the 2016/17 financial year represents the estimated value of the February 2015 award (the performance period for which ended on 30 June 2017), using the three-month average share price to 30 June 2017.

Pension (audited)

The Company agreed with Rik De Vos to pay his contractual pension entitlement (equivalent to 20% of annual base salary) of which 16% was a contribution to a defined contribution pension scheme and 84% 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 2016/17 Rik De Vos received £13,332 Company contributions into a defined contribution pension scheme as well as £72,668 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. Chris Smith has a contracted agreement that this payment relieves the Company of any liability for pension provision on his behalf.

Annual bonus (audited)

For the 2016/17 financial year, the maximum bonus opportunity for the Executive Directors was 100% of salary. 80% of bonus was based upon financial performance and 20% for performance against demanding specific measurable personal targets.

Details of the bonuses paid are provided in the tables below:

Financial element outcomes

Measure	Performance targets (£m)[2] Threshold	Target	Stretch	Actual performance (£m)	Payout (% of salary)
Group EBITA[1]	37.7	40.1	44.0	40.2	50.77

(1) Excludes amortisation of intangibles, exceptional costs at 2016/17 internal budgeted exchange rates.

(2) Achievement between the minimum and maximum calculated on a straight-line basis between the three reference points.

Personal element outcomes

Executive Director	Measure	Weighting (% of salary)	Performance targets[3] Threshold	Target	Stretch	Actual performance	Payout (% of salary)
Rik De Vos	Free cash flow[1]	10	£56.9m	£58.9m	£60.9m	£65.5m	10
	Net return on average capital employed (NROACE)[2]	10	12.7%	13.7%	14.7%	15.1%	10
Chris Smith	Free cash flow[1]	10	£56.9m	£58.9m	£60.9m	£65.5m	10
	Net return on average capital employed (NROACE)[2]	10	12.7%	13.7%	14.7%	15.1%	10

(1) Free cash flow is defined as operating cash flow as per the management accounts after adding back cash capital expenditure and measured upon 2016/17 internal budget exchange rates.

(2) Net return means the adjusted net profit, as per the statutory financial statements. Average Capital Employed means the average capital employed calculated as the average of the twelve month end values. NROACE calculation based upon 2015/16 internal budget exchange rates.

(3) Achievement between the minimum and maximum calculated on a straight-line basis between the three reference points.

Total annual bonus outcome

Executive Director	Financial element bonus outcome (% of salary)	Personal element bonus outcome (% of salary)	Overall bonus outcome (% of salary)	% of overall annual bonus in form of deferred shares
Rik De Vos	50.77	20	70.77	0.77
Chris Smith	50.77	20	70.77	0.77

LTIP (audited)

In the year under review LTIP awards were granted to the Chief Executive Officer and Chief Finance Officer in September 2016 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 page 105.

Interests of Directors under the McBride plc 2014 LTIP at 1 July 2016 and 30 June 2017 are set out below:

Director	Date of award	Number of awards at 1 July 2016	Allocated in year	Awards vested in year	Allocations lapsed in year	Number of awards at 30 June 2017	Market price at date of award (£)	Vesting date
Rik De Vos	19/02/2015	192,123	—	—	—	192,123[(2)]	0.8675	20/02/2018
	09/09/2015	329,896	—	—	—	329,896	1.2125	10/09/2018
	09/09/2016	—	228,571[(1)]	—	—	228,571	1.7500	10/09/2019
Chris Smith	19/02/2015	144,092	—	—	—	144,092[(2)]	0.8675	20/02/2018
	09/09/2015	206,185	—	—	—	206,185	1.2125	10/09/2018
	09/09/2016	—	142,857[(1)]	—	—	142,857	1.7500	10/09/2019

(1) Awards were granted on the basis of 100% of salary. The face value of the awards are Rik De Vos: £400,000 and Chris Smith: £250,000. 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).

(2) The LTIP awards granted on 19 February 2015 are based on performance over the 3 years to 30 June 2017. The Committee reviewed the related performance conditions (as detailed in the tables below) and determined that the Company had achieved upper quartile performance in relation to the TSR element and 35.2% p.a. growth in relation to the EPS element giving a total vesting of 100%. These shares will vest on the third anniversary of the date of grant, being 20 February 2018.

The performance conditions attaching to awards under the LTIP 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 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[(1)]	% of total award vesting (max 50%)
Below the median	0
Equal to the median	12.5
Upper quartile	50

(1) Intermediate performance vesting on straight-line basis.

b. 50% of the award is subject to an EPS performance condition as set out in the table below. Awards subject to the EPS condition will lapse if below the stated minimum growth rate in each year.

	EPS Compound Annual Growth Rate (CAGR)[(2)]		
% of total award vesting (max 50%)[(1)]	Grant Feb 2015	Grant Sept 2015	Grant Sept 2016
0	<24% p.a.	<13% p.a.	<8% p.a.
10	24% p.a.	13% p.a.	8% p.a.
50	29% p.a.	19% p.a.	17% p.a.

(1) Intermediate performance vesting on straight-line basis.

(2) Adjusted to include effects of amortisation of intangible assets and exceptional items.

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 52.

Strategic report
Corporate governance
Financial statements
Additional information

Annual Report on Remuneration
continued

Deferred Annual Bonus Plan (DBP) (audited)

Interests of Directors under the McBride plc 2012 Deferred Annual Bonus Plan at 1 July 2016 and 30 June 2017 are:

Director	Date of award	Number of awards at 1 July 2016	Allocated in year	Awards vested in year	Allocations lapsed in year	Number of awards at 30 June 2017	Market price at date of award (£)	Vesting date
Rik De Vos	10/09/2015	39,062	—	—	—	**39,062**	1.2800	11/09/2018
	09/09/2016	—	68,571	—	—	**68,571**	1.7500	10/09/2019
Chris Smith	10/09/2015	28,170	—	—	—	**28,170**	1.2800	11/09/2018
	09/09/2016	—	42,857	—	—	**42,857**	1.7500	10/09/2019

The awards granted under the DBP, as shown in the above table, reflect the proportion of the respective year's annual bonus deferred in the year as agreed by the Remuneration Committee at that time.

There is no exercise price applicable to the awards, which are subject to a restricted period of three years and will normally vest on the expiry of this period. Awards granted under the DBP are eligible for dividend equivalent payments.

Rik De Vos and Chris Smith will be granted an award of shares under the DBP, reflecting a proportion of their 2016/17 annual bonus payment as set out on page 58.

Single total remuneration figure for the Non-Executive Directors (audited)

	2016/17			2015/16		
	Base fee £'000	Committee Chair/ SID fee £'000	Total £'000	Base fee £'000	Committee Chair/ SID fee £'000	Total £'000
John Coleman(1)	**150**	**—**	**150**	28	—	28
Steve Hannam	**40**	**4**	**44**	40	4	44
Neil Harrington	**40**	**4**	**44**	40	4	44
Sandra Turner	**40**	**4**	**44**	40	4	44

(1) John Coleman was appointed to the Board with effect from 22 April 2016.

Statement of Directors' shareholding and share interests (audited)

	At 30 June 2017				At 1 July 2016	
	Total shares beneficially owned(2)	Value of shares £'000	% of annual base salary	Conditional share awards(3)	Total shares beneficially owned	Conditional share awards
John Coleman(1)	**40,000**	**74,900**	**50**	**—**	—	—
Rik De Vos	**40,000**	**74,900**	**16**	**858,223**	30,000	561,081
Chris Smith	**41,011**	**76,793**	**26**	**564,161**	31,011	378,447
Steve Hannam	**12,000**	**22,470**	**56**	**—**	12,000	—
Neil Harrington	**30,000**	**56,175**	**140**	**—**	20,000	—
Sandra Turner	**10,000**	**18,725**	**47**	**—**	10,000	—

(1) John Coleman was appointed to the Board with effect from 22 April 2016.

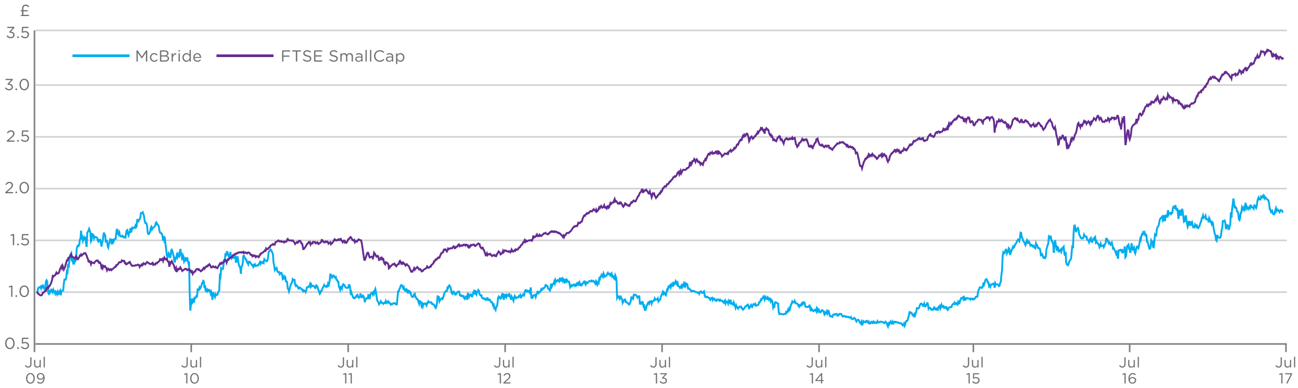
(2) There have been no changes from those detailed below between 30 June 2017 and the date of this Report.

(3) The conditional share awards have been made under the McBride plc 2014 LTIP and Deferred Annual Bonus Plan.

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

Review of past performance

The graph below charts the TSR (share value movement plus reinvested dividends), over the eight years to 30 June 2017, 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			
2016/17	1,215	70.8	100
2015/16	893	98.5	—
2014/15(1)	357	89.0	—
Chris Bull			
2014/15(1)	253	—	—
2013/14	512	—	—
2012/13	512	—	—
2011/12	704	48.0	—
2010/11	531	5.0	—
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.

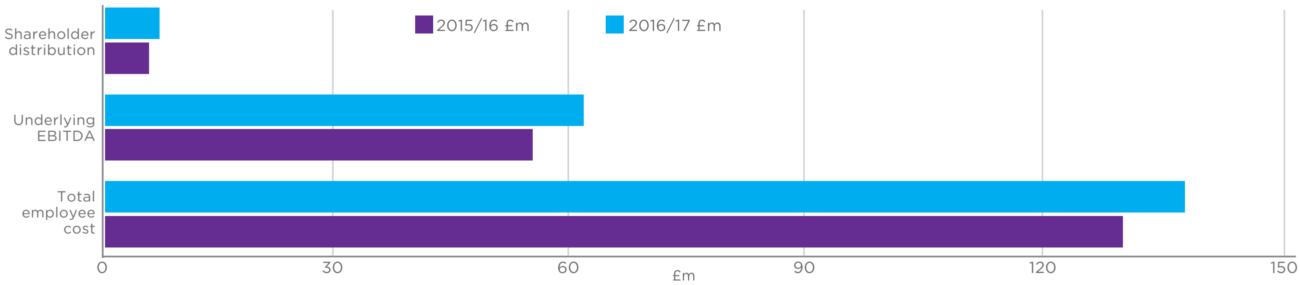
Percentage change in Chief Executive Officer's remuneration

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 (1,114 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 2016/17		
	Base salary	Taxable benefits	Annual bonus
Chief Executive Officer	15.0	9.5	(23.0)
Comparator group	3.3	0	(25.0)

Annual Report on Remuneration
continued

Relative importance of spend on pay



Exit payments (audited)
There were no Executive Director exit payments made during 2016/17.

Payments to third parties (audited)
No payments were made to third parties for making available the services of any of the Directors during 2016/17.

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, NBS (part of Aon Hewitt Limited) for the purposes of providing professional advice to guide the Committee in its decision-making. NBS received £86,300 in respect of the services provided for the 2016/17 financial year (2015/16: £25,780). NBS is a signatory to the Remuneration Consultant Group's Code of Conduct. During the year the Company appointed Aon UK Limited as its Group insurance broker. NBS has confirmed that no conflict exists by these appointments.

Statement of shareholder voting
The table below shows the voting outcome at the October 2016 AGM for the approval of the Company's 2015/16 Remuneration report:

Resolution	Votes for	%	Votes against	%	Votes withheld
Approval of Remuneration report	120,702,578	92.15	10,280,399	7.85	19,697

The current Remuneration Policy was approved by shareholders with 93.46% vote 'for' at the October 2014 AGM.

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

This Remuneration report was approved by the Board on 7 September 2017.

On behalf of the Board

Sandra Turner
Chair of the Remuneration Committee
7 September 2017

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 33.

The corporate governance statement, as required by Rule 7.2.1 of the Financial Conduct Authority Disclosure and Transparency Rules, is set out on pages 35 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, 2, 5-9 & 11-14	Not applicable	Not applicable
4	Details of long-term incentive schemes	Remuneration report, page 52
10	Contracts of significance	Other statutory information section, page 64

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 29 B Shares (equivalent to 2.9 pence) per ordinary share held (2016: 2.4p), giving a total allotment for the year of 43 B Shares (equivalent to 4.3 pence) per ordinary share (2016: 3.6p). Further details of payments to shareholders are shown in note 12 to the consolidated financial statements on page 90.

Directors and their interests

The Directors who held office during the year were John Coleman, Rik De Vos, Chris Smith, Steve Hannam, Neil Harrington and Sandra Turner. Their biographical details appear on page 36 and 37.

Information on the Directors' remuneration and service contracts is given in the Remuneration report on pages 48 to 62.

The beneficial interests of the Directors in the share capital of the Company are shown in the Remuneration report on page 60.

In line with the Companies Act 2006 and the Company's Articles of Association the Company has a strict process in place to manage conflicts of interest. A Director who becomes aware that they or their connected persons have an interest in an existing or proposed transaction with the Company is required to declare that interest at a meeting of the Board. Such disclosures are recorded and compliance reviewed at each meeting. Under the power granted by the Company's Articles, the Board is authorised to approve such conflicts where appropriate.

Directors and their powers

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 40.

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.

The Board may exercise all the powers of the Company subject to the provisions of relevant statutes and the Articles. A copy of the Articles is available from the Group's website at **www.mcbride.co.uk**.

Indemnification of Directors

The Company has granted 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.

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.

Share capital

Details of the Company's share capital are shown in note 26 to the consolidated financial statements on pages 106 and 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.

Other statutory information
continued

Share capital continued

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.

Share repurchases

At the 2016 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 2017 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 25 August 2017 (being the last practical date prior to the date of this report).

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.

Employees

The Group employed an average of 4,100 people during the year ended 30 June 2017.

We are committed to involving employees and we consider that good communication at, and across all levels of the business helps to achieve this. All sites have regular briefings which are designed to keep colleagues informed of, amongst other things, the financial and economic factors that affect the Company's performance and the Chief Executive Officer publishes regular announcements which update employees of progress against key priorities and projects.

We are keen to engage our employees by providing an open environment where they can contribute their own ideas and challenge those of others. Employees are encouraged to embrace teamwork and align personal development with the strategy of the business. Eligible employees participate in performance-related bonus schemes and some senior management participate in an LTIP.

The Board recognises the importance of developing internal talent across its global workforce. It is our policy to ensure equal opportunity for all employees 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.

	As at 25 August 2017		As at 30 June 2017	
Shareholder	Number of shares	%	Number of shares	%
Teleios Capital Partners GmbH	22,178,957	12.13	17,070,721	9.34
NN Investment Partners BV	13,414,294	7.34	13,861,053	7.58
J O Hambro Capital Management	11,156,532	6.10	10,946,268	5.99
River & Mercantile Asset Management	11,147,048	6.10	11,122,642	6.08
Schroder Investment Mgt	9,117,177	4.99	8,601,020	4.70
JP Morgan Asset Management	8,760,771	4.79	8,620,771	4.71
BlackRock Investment Mgt (UK)	7,258,091	3.97	9,611,531	5.26
GLG Partners	6,309,281	3.45	n/a	n/a
Hargreave Hale	6,266,489	3.43	6,511,973	3.56
Miton Asset Management Ltd.	5,758,818	3.15	5,758,818	3.15
AXA Investment Managers UK	5,721,076	3.13	5,721,076	3.13
Standard Life Aberdeen plc	5,538,189	3.03	5,545,153	3.03

All the above are institutional holders.

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. 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 current employees become disabled 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.

Political donations

It is the Group's policy not to make political donations and no such donations were made during the year (2016: nil).

Environment and greenhouse gas emissions reporting

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 2017 are set out in our in the Corporate responsibility section on pages 29 to 33.

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 £7.4 million (2016: £8.1m).

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 95 to 100.

Going concern

The Going concern statement can be found on page 28 of the Strategic report.

Viability statement

The Viability statement can be found on page 28 of the Strategic report.

Directors' statement regarding disclosure of information to auditor

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 auditor is 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 auditor in connection with preparing their report) and to establish that the Company's auditor is aware of that information.

Independent auditor

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 auditor of the Company and to authorise the Board to fix their remuneration. The remuneration of the auditor for the year ended 30 June 2017 is fully disclosed in note 7 to the consolidated financial statements on page 86.

Annual General Meeting

The notice convening the Company's 2017 AGM at its Central Park office at Northampton Road, Manchester M40 5BP on 24 October 2017 at 2.30pm is set out in a separate document issued to shareholders.

The Annual Report and Accounts for the year ended 30 June 2017 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.

Signed by order of the Board

Carole Barnet
Company Secretary
7 September 2017

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101, 'Reduced disclosure framework', and applicable law). 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 parent Company and of the profit or loss of the Group and parent Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS as adopted by the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The Directors are also responsible for safeguarding the assets of the Group and parent Company 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 parent 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 Group and parent Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in corporate governance report confirm that, to the best of their knowledge:

- the parent Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101, 'Reduced disclosure framework', and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- the Group financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Executive review includes a fair review of the development and performance of the business and the position of the Group and parent Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and parent Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and parent Company's auditor is aware of that information.

Welcome to our financial statements

Group financial statements

Company financial statements

Independent auditor's report

to the members of McBride plc

Report on the audit of the group financial statements

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 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Accounts 2017 (the "Annual Report"), which comprise:

- Consolidated income statement for the year ended 30 June 2017,
- Consolidated statement of comprehensive income for the year ended 30 June 2017,
- Consolidated balance sheet at 30 June 2017,
- Consolidated cash flow statement for the year ended 30 June 2017,
- Reconciliation of net cash flow to movement in net debt for the year ended 30 June 2017,
- Consolidated statement of changes in equity for the year ended 30 June 2017; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group.

Other than those disclosed in the Directors' Report, we have provided no non-audit services to the group in the period from 1 July 2016 to 30 June 2017.

Our audit approach

Overview

- Overall group materiality £3 million (2016: £3 million).
- The above is based on circa 0.5% of total revenues.
- We conducted our audit work in three key locations: UK, France and Belgium, which covered elements across the UK, France, Belgium and Germany.
- The territories where we conducted audit work, together with audit work performed at shared service centres and Group level, accounted for 75% of the group's revenue.
- Fraud in revenue recognition (including trade allowances and discounts).
- Refinancing.

The scope of our audit

As part of designing our audit, we determined materiality and assessed 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.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Fraud in revenue recognition (including trade allowances and discounts) ISAs (UK) 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 judgement to interpret contractual arrangements.	We agreed rebates recognised to supporting evidence, agreements 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 also wrote to a sample of customers to confirm the rebate payable as at the balance sheet date, as well as assessing the utilisation of the opening accrual along with any releases to the profit and loss account in the year. 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.
Refinancing The group undertook a significant refinancing exercise in the year, resulting in the settlement of $90m of private debt and associated hedges, as well as the refinancing of a revolving credit facility. This resulted in an exceptional item within financing costs. We identified this is a particular risk due to the magnitude of the exceptional item, required accounting and presentation in accordance with IAS 39, along with the complexity due to the debt forming part of the Group-wide hedging strategy and settlement of derivative financial instruments.	We have reviewed agreements in relation to both the old and new revolving facilities in order to ensure that they have been accounted for correctly and within the terms of the agreement. Transactions in relation to the refinancing have been traced through the financial statements, including those in relation to derivatives, with the support of Treasury specialists in order to ensure that they have been appropriately accounted for in line with the requirements of IAS39. No significant issues were identified from this audit work.

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 structure of the group, the accounting processes and controls, and the industry in which it operates.

The Group is a European provider of private label household and personal care products. It has production capability in 10 countries plus a sales office in Australia.

The Group is structured in three segments – household, personal care and corporate. The Group financial statements are a consolidation of all reporting units within these segments comprising the Group's operating business 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, France and Belgium, which covered elements across the UK, France, Belgium and Germany. 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 centre and Group level, accounted for 75% of total revenues as disclosed within the consolidated income statement.

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 on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate 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 (2016: £3 million).

How we determined it Circa 0.5% of total revenues as disclosed within the consolidated income statement.

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.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £1.5 million and £2.7 million.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.15 million (2016: £0.15 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent auditor's report continued

to the members of McBride plc

Our audit approach continued

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report and Accounts 2017 other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report, Directors' Report and Corporate Governance Statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (page 34 to 66) about internal controls and risk management systems in relation to financial reporting processes in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (page 34 to 66) with respect to the parent company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the parent company. (CA06)

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 26 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.

- The directors' explanation on page 28 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the group and statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the group its environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 66, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's position and performance, business model and strategy is materially inconsistent with our knowledge of the group obtained in the course of performing our audit.
- The section of the Annual Report on page 44 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent 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.

Other required reporting

Companies Act 2006 exception reporting

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.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 14 November 2011 to audit the financial statements for the year ended 30 June 2012 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the years ended 30 June 2012 to 30 June 2017.

Other matter

We have reported separately on the parent company financial statements of McBride plc for the year ended 30 June 2017 and on the information in the Directors' 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

7 September 2017

Consolidated income statement

for the year ended 30 June 2017

Continuing operations	Note	2017 Adjusted £m	2017 Adjusting items (see note 11) £m	2017 Total £m	2016 Adjusted £m	2016 Adjusting items (see note 11) £m	2016 Total £m
Revenue	4	**705.2**	**—**	**705.2**	680.9	—	680.9
Cost of sales		**(452.4)**	**—**	**(452.4)**	(437.1)	—	(437.1)
Gross profit		**252.8**	**—**	**252.8**	243.8	—	243.8
Distribution costs		**(46.2)**	**—**	**(46.2)**	(46.5)	—	(46.5)
Administrative costs		**(165.1)**	**(1.7)**	**(166.8)**	(161.1)	(3.3)	(164.4)
Operating profit	8	**41.5**	**(1.7)**	**39.8**	36.2	(3.3)	32.9
Finance costs	9	**(6.9)**	**(13.7)**	**(20.6)**	(6.8)	(0.3)	(7.1)
Profit before taxation		**34.6**	**(15.4)**	**19.2**	29.4	(3.6)	25.8
Taxation	10	**(10.7)**	**0.4**	**(10.3)**	(9.2)	0.4	(8.8)
Profit/(loss) for the year attributable to the owners of the Parent		**23.9**	**(15.0)**	**8.9**	20.2	(3.2)	17.0
Earnings per ordinary share	11						
Basic				**4.9p**			9.3p
Diluted				**4.9p**			9.3p
Operating profit				**39.8**			32.9
Adjusted for:							
Amortisation of intangible assets	14			**0.7**			0.9
Exceptional items	5			**1.0**			2.4
Adjusted operating profit	4			**41.5**			36.2

Consolidated statement of comprehensive income

for the year ended 30 June 2017

	Note	2017 £m	2016 £m
Profit for the year attributable to owners of the Parent		**8.9**	17.0
Other comprehensive income/(expense)			
Items that may be reclassified to profit or loss:			
Currency translation differences on foreign subsidiaries		**7.4**	12.0
Loss on net investment hedges		**(7.8)**	(10.4)
Gain on discontinued cash flow hedges recycled to exceptional items		**1.8**	—
Gain on cash flow hedges in the year		**3.4**	12.4
Loss on cash flow hedges transferred to profit or loss		**(4.7)**	(10.3)
Taxation relating to items above	10	**2.5**	(0.6)
		2.6	3.1
Items that will not be reclassified to profit or loss:			
Net actuarial loss on post-employment benefits	23	**(11.0)**	(2.6)
Taxation relating to item above	10	**1.4**	(0.4)
		(9.6)	(3.0)
Total other comprehensive (expense)/income		**(7.0)**	0.1
Total comprehensive income		**1.9**	17.1

Consolidated balance sheet

at 30 June 2017

	Note	2017 £m	2016 £m
Non-current assets			
Goodwill	13	**17.5**	17.5
Other intangible assets	14	**4.2**	2.5
Property, plant and equipment	15	**140.9**	136.2
Derivative financial instruments	21	**0.1**	12.7
Deferred tax assets	10	**12.0**	9.3
Other non-current assets		**0.6**	0.5
		175.3	178.7
Current assets			
Inventories	16	**78.8**	75.7
Trade and other receivables	17	**137.6**	135.7
Derivative financial instruments	21	**0.9**	2.6
Cash and cash equivalents		**26.0**	24.8
Assets classified as held for sale	18	**1.3**	1.2
		244.6	240.0
Total assets		**419.9**	418.7
Current liabilities			
Trade and other payables	19	**193.7**	181.7
Borrowings	20	**39.3**	30.3
Derivative financial instruments	21	**0.7**	1.2
Current tax liabilities		**5.8**	2.9
Provisions	25	**1.8**	3.5
		241.3	219.6
Non-current liabilities			
Trade and other payables	19	**—**	2.3
Borrowings	20	**62.4**	85.4
Derivative financial instruments	21	**0.1**	—
Pensions and other post-employment benefits	23	**42.2**	32.9
Provisions	25	**2.9**	2.9
Deferred tax liabilities	10	**6.8**	6.5
		114.4	130.0
Total liabilities		**355.7**	349.6
Net assets		**64.2**	69.1
Equity			
Issued share capital	26	**18.3**	18.3
Share premium account	26	**89.8**	96.7
Other reserves	26	**53.6**	44.4
Accumulated loss		**(98.1)**	(90.9)
Equity attributable to owners of the Parent		**63.6**	68.5
Non-controlling interests	26	**0.6**	0.6
Total equity		**64.2**	69.1

The financial statements on pages 72 to 108 were approved by the Board of Directors on 7 September 2017 and were signed on its behalf by:

Rik De Vos
Director

Chris Smith
Director

Consolidated cash flow statement

for the year ended 30 June 2017

	Note	2017 £m	2016 £m
Operating activities			
Profit before tax		**19.2**	25.8
Net finance costs	9	**20.6**	7.1
Exceptional items	5	**1.0**	2.4
Share-based payments charge		**2.3**	1.8
Depreciation of property, plant and equipment	15	**19.4**	18.2
Amortisation of intangible assets	14	**0.7**	0.9
Operating cash flow before changes in working capital		**63.2**	56.2
Decrease in receivables		**4.9**	11.0
Decrease/(increase) in inventories		**0.5**	(1.5)
Decrease in payables		**(2.3)**	(10.1)
Operating cash flow after changes in working capital		**66.3**	55.6
Additional cash funding of pension schemes		**(3.0)**	(3.1)
Cash generated from operations before exceptional items		**63.3**	52.5
Cash outflow in respect of exceptional items		**(13.2)**	(4.2)
Cash generated from operations		**50.1**	48.3
Interest paid		**(6.4)**	(5.2)
Taxation paid		**(6.4)**	(8.2)
Net cash generated from operating activities		**37.3**	34.9
Investing activities			
Proceeds from sale of non-current assets		**0.1**	0.1
Purchase of property, plant and equipment		**(15.2)**	(11.5)
Purchase of intangible assets	14	**(2.5)**	(1.3)
Settlement of derivatives used in net investment hedges		**8.3**	(2.5)
Net cash used in investing activities		**(9.3)**	(15.2)
Financing activities			
Redemption of B Shares	12	**(6.6)**	(5.8)
Purchase of own shares		**(0.2)**	–
Drawdown of borrowings		**137.2**	131.2
Repayment of borrowings		**(158.0)**	(145.3)
Capital element of finance lease rentals		**(0.2)**	(0.1)
Net cash used in financing activities		**(27.8)**	(20.0)
Increase/(decrease) in net cash and cash equivalents		**0.2**	(0.3)
Net cash and cash equivalents at the start of the year		**24.8**	23.3
Currency translation differences		**1.0**	1.8
Net cash and cash equivalents at the end of the year		**26.0**	24.8

Reconciliation of net cash flow to movement in net debt

for the year ended 30 June 2017

	Note	2017 £m	2016 £m
Increase/(decrease) in net cash and cash equivalents		**0.2**	(0.3)
Net repayment of bank loans and overdrafts		**20.8**	14.1
Capital element of finance lease rentals		**0.2**	0.1
Change in net debt resulting from cash flows		**21.2**	13.9
Currency translation differences		**(6.0)**	(12.4)
Movement in net debt in the year		**15.2**	1.5
Net debt at the beginning of the year		**(90.9)**	(92.4)
Net debt at the end of the year	22	**(75.7)**	(90.9)

Consolidated statement of changes in equity

for the year ended 30 June 2017

	Issued share capital £m	Share premium account £m	Other reserves: Cash flow hedge reserve £m	Other reserves: Currency translation reserve £m	Other reserves: Capital redemption reserve £m	Accumulated loss £m	Equity attributable to owners of the Parent £m	Non-controlling interests £m	Total equity £m
At 30 June 2015	18.3	102.4	(2.0)	(4.6)	42.1	(99.3)	56.9	0.6	57.5
Year ended 30 June 2016									
Profit for the year	–	–	–	–	–	17.0	17.0	–	17.0
Other comprehensive (expense)/income									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries	–	–	–	12.0	–	–	12.0	–	12.0
Loss on net investment hedges	–	–	–	(10.4)	–	–	(10.4)	–	(10.4)
Gain on cash flow hedges in the year	–	–	12.4	–	–	–	12.4	–	12.4
Loss on cash flow hedges transferred to profit or loss	–	–	(10.3)	–	–	–	(10.3)	–	(10.3)
Taxation relating to items above	–	–	(0.6)	–	–	–	(0.6)	–	(0.6)
	–	–	1.5	1.6	–	–	3.1	–	3.1
Items that will not be reclassified to profit or loss:									
Net actuarial loss on post-employment benefits	–	–	–	–	–	(2.6)	(2.6)	–	(2.6)
Taxation relating to item above	–	–	–	–	–	(0.4)	(0.4)	–	(0.4)
	–	–	–	–	–	(3.0)	(3.0)	–	(3.0)
Total other comprehensive income	–	–	1.5	1.6	–	(3.0)	0.1	–	0.1
Total comprehensive income	–	–	1.5	1.6	–	14.0	17.1	–	17.1
Transactions with owners of the Parent									
Issue of B Shares	–	(5.7)	–	–	–	–	(5.7)	–	(5.7)
Redemption of B Shares	–	–	–	–	5.8	(5.8)	–	–	–
Share-based payments	–	–	–	–	–	0.2	0.2	–	0.2
At 30 June 2016	18.3	96.7	(0.5)	(3.0)	47.9	(90.9)	68.5	0.6	69.1
Year ended 30 June 2017									
Profit for the year	**–**	**–**	**–**	**–**	**–**	**8.9**	**8.9**	**–**	**8.9**
Other comprehensive (expense)/income									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries	**–**	**–**	**–**	**7.4**	**–**	**–**	**7.4**	**–**	**7.4**
Loss on net investment hedges	**–**	**–**	**–**	**(7.8)**	**–**	**–**	**(7.8)**	**–**	**(7.8)**
Gain on discontinued cash flow hedges recycled to exceptional items	**–**	**–**	**1.8**	**–**	**–**	**–**	**1.8**	**–**	**1.8**
Gain on cash flow hedges in the year	**–**	**–**	**3.4**	**–**	**–**	**–**	**3.4**	**–**	**3.4**
Loss on cash flow hedges transferred to profit or loss	**–**	**–**	**(4.7)**	**–**	**–**	**–**	**(4.7)**	**–**	**(4.7)**
Taxation relating to items above	**–**	**–**	**0.4**	**2.1**	**–**	**–**	**2.5**	**–**	**2.5**
	–	**–**	**0.9**	**1.7**	**–**	**–**	**2.6**	**–**	**2.6**
Items that will not be reclassified to profit or loss:									
Net actuarial loss on post-employment benefits	**–**	**–**	**–**	**–**	**–**	**(11.0)**	**(11.0)**	**–**	**(11.0)**
Taxation relating to item above	**–**	**–**	**–**	**–**	**–**	**1.4**	**1.4**	**–**	**1.4**
	–	**–**	**–**	**–**	**–**	**(9.6)**	**(9.6)**	**–**	**(9.6)**
Total other comprehensive expense	**–**	**–**	**0.9**	**1.7**	**–**	**(9.6)**	**(7.0)**	**–**	**(7.0)**
Total comprehensive income	**–**	**–**	**0.9**	**1.7**	**–**	**(0.7)**	**1.9**	**–**	**1.9**
Transactions with owners of the Parent									
Issue of B Shares	**–**	**(6.9)**	**–**	**–**	**–**	**–**	**(6.9)**	**–**	**(6.9)**
Redemption of B Shares	**–**	**–**	**–**	**–**	**6.6**	**(6.6)**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**0.3**	**0.3**	**–**	**0.3**
Purchase of own shares	**–**	**–**	**–**	**–**	**–**	**(0.2)**	**(0.2)**	**–**	**(0.2)**
At 30 June 2017	**18.3**	**89.8**	**0.4**	**(1.3)**	**54.5**	**(98.1)**	**63.6**	**0.6**	**64.2**

At 30 June 2017, the accumulated loss includes a deduction of £1.0 million (2016: £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 2017

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. The Company develops and manufactures products for the majority of retailers and major brand owners throughout the UK, Europe and Asia.

Segmental reporting
Financial information is presented to the Board by product category for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. It is considered that Household products have different market characteristics to Personal Care & Aerosols in terms of volumes, market share and production requirements. Accordingly, the Group's operating segments are determined by product category.

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 period-on-period 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 intangibles assets and exceptional items.

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 2017 ('2017') with comparative amounts for the year ended 30 June 2016 ('2016').

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 28, the Directors have adopted the going concern basis in preparing the Company and the Group 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 2017, the carrying amount of accruals relating to rebates and discounts amounted to £4.4 million (2016: £4.7m). Rebates equate to less than 2% of revenue. There is an element of judgement applied to the level of future 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 2017, the carrying amount of long-lived assets was £21.7 million (2016: £20.0m). 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 2017

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 2017, the Group recognised contingent consideration payable of £2.9 million (2016: £2.3m) 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 2017, the present value of defined benefit obligations was £158.1 million (2016: £147.0m). It was calculated using a number of assumptions, including future CPI rate changes, 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 2017, the fair value of the scheme assets was £115.9 million (2016: £114.1m). 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 2017, the Group recognised a net actuarial loss of £11.0 million (2016: £2.6m).

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 2017, the Group held provisions amounting to £4.7 million (2016: £6.4m), 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 2017, the Group recognised deferred tax assets of £12.0 million (2016: £9.3m), including £1.9 million (2016: £2.1m) in respect of tax losses and tax credits. Deferred tax assets amounting to £3.7 million (2016: £6.0m) 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 2017, 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 2016, except for:

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19); and
- Annual Improvements Projects 2012.

All of the above changes to accounting policies had no financial effect on the consolidated financial statements for the year ended 30 June 2017.

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 2017 are set out on pages 120 and 121.

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 2017

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) Net debt

Net debt comprises cash and cash equivalents, overdraft, bank and other loans and finance lease liabilities.

(vi) 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 2017

2. Principal accounting policies continued

Financial instruments continued

(vii) 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

The Group is currently assessing the impact of the following new standards and interpretations that are not yet effective and will provide a fuller assessment of the potential impact in future years.

- IFRS 9, 'Financial instruments' (effective 1 January 2018, EU endorsed 22 November 2016);
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018, EU endorsed 22 September 2016); and
- IFRS 16, 'Leases' (effective 1 January 2019, not yet endorsed by EU).

The standards and interpretations addressed above will be applied for the purpose of the Group financial statements from the date they become effective.

Notes to the consolidated financial statements continued

for the year ended 30 June 2017

3. Acquisitions

Acquisitions in prior years

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

Movements in the contingent consideration liability which is now payable within one year were as follows:

	2017 £m	2016 £m
At 1 July	2.3	0.4
Charged to profit or loss:		
Unwind of discount (see note 9)	0.3	0.1
Change in estimate (see note 5)	—	1.7
Currency translation differences	0.3	0.1
At 30 June	**2.9**	2.3

4. Segment information

Background

Financial information is presented to the Board by product category for the purposes of allocating resources within the Group and assessing the performance of the Group's businesses. It is considered that Household products have different market characteristics to Personal Care & Aerosols in terms of volumes, market share and production requirements. Accordingly, the Group's operating segments are determined by product category.

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 by the Board to hinder comparison of the trading performance of the Group's businesses either year-on-year or with other businesses. During the years under review, the items excluded from operating profit in arriving at adjusted operating profit were the amortisation of intangibles assets and exceptional items.

Analysis by reportable segment

	Household								
2017	UK £m	North(1) £m	South(2) £m	East(3) £m	Total Household £m	Personal(4) Care & Aerosols £m	Total segments £m	Corporate(5) £m	Total Group £m
Segment revenue	155.4	192.8	76.4	131.1	555.7	149.5	705.2	—	705.2
Adjusted operating profit/(loss)					50.3	(0.7)	49.6	(8.1)	41.5
Amortisation of intangible assets									(0.7)
Exceptional items (see note 5)									(1.0)
Operating profit									39.8
Net finance costs									(20.6)
Profit before taxation									19.2
Inventories					59.0	19.8	78.8	—	78.8
Capital expenditure					18.9	1.7	20.6	—	20.6
Amortisation and depreciation					16.8	3.3	20.1	—	20.1

(1) France, Belgium, Holland and Scandinavia.

(2) Italy and Spain.

(3) Germany, Poland, Luxembourg and other Eastern Europe.

(4) Includes Asia.

(5) Corporate represents costs related to the Board, the Executive Leadership Team and key supporting functions.

2016	Household UK £m	Household North(1) £m	Household South(2) £m	Household East(3) £m	Total Household £m	Personal(4) Care & Aerosols £m	Total segments £m	Corporate(5) £m	Total Group £m
Segment revenue	164.9	179.0	69.2	121.9	535.0	145.9	680.9	—	680.9
Adjusted operating profit/(loss)					42.7	2.7	45.4	(9.2)	36.2
Amortisation of intangible assets									(0.9)
Exceptional items (see note 5)									(2.4)
Operating profit									32.9
Net finance costs									(7.1)
Profit before taxation									25.8
Inventories					56.9	18.8	75.7	—	75.7
Capital expenditure					10.6	2.2	12.8	—	12.8
Amortisation and depreciation					16.0	3.1	19.1	—	19.1

Revenue by major customer

In 2017 and 2016, no individual customer provided more than 10% of the Group's revenue.

During 2017, the top ten customers accounted for 53% of total Group revenue (2016: 47%).

5. Exceptional items

Analysis of exceptional items

	2017 £m	2016 £m
Reorganisation and restructuring costs:		
Supply chain restructuring	**0.9**	—
2015/2016 reorganisation projects	**(0.1)**	(1.0)
Customer choices	**—**	2.2
Legal case	**0.2**	1.2
	1.0	2.4
(Write back)/impairment of long-lived assets, property, plant and equipment, and inventory:		
Brno, Czech Republic	**—**	(1.7)
	—	(1.7)
Change in contingent consideration (see note 3)	**—**	1.7
	—	—
Total charged to operating profit	**1.0**	2.4
Group refinancing:		
Group refinancing	**13.0**	—
Total charged to consolidated income statement	**14.0**	2.4

During the year, the Group reorganised its Poland site with significant investment and upgrades to focus on Household activities. The costs of this in the year were £0.9 million.

Exceptional finance charges of £13.0 million were incurred as part of the refinancing of the Group (see note 21).

Exceptional provisions were made in the prior financial years with regard to the UK restructuring project and the creation of a functional structure with centralised support services. Work is now complete on both projects resulting in the release of an unused provision of £0.2 million and a £0.1 million charge respectively.

In late June 2016, the Group's Italian business lost a long-running legal case surrounding costs of reparation to a property vacated by the Group in 2011. The Group is currently following an appeal and an additional £0.2 million of costs have been charged in relation to this matter.

In the prior year, the following costs were charged:

- £2.2 million of costs in relation to the rationalisation of our customer base down to 25% of our previous customer portfolio;
- £1.2 million for the settlement of a legal case surrounding costs of reparation to a property vacated by the Group in 2011;
- release of £0.3 million and £0.7 million of unused provisions relating the UK restructuring project and the creation of a functional structure with centralised support services; and
- £1.7 million increase to the contingent consideration provision in relation to a prior year acquisition. This charge was materially offset by a reversal of the impairment charges previously made in relation to the acquisition.

Notes to the consolidated financial statements continued

for the year ended 30 June 2017

6. Employee information

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

	2017 Number	2016 Number
Manufacturing	**3,585**	4,018
Sales, general and administration	**540**	598
Total	**4,125**	4,616

Aggregate payroll costs were as follows:

	2017 £m	2016 £m
Wages and salaries	**114.3**	111.0
Social security costs	**24.1**	22.5
Other pension costs	**2.6**	3.2
Total	**141.0**	136.7

Aggregate payroll costs for 2017 were impacted by a weakening Sterling.

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. Auditor's remuneration

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

	2017 £m	2016 £m
Audit fees:		
Audit of the Company's financial statements	**0.1**	0.1
Other services:		
Audit of the financial statements of the Company's subsidiaries	**0.4**	0.3
Total fees	**0.5**	0.4

Fees for the audit of the Company's financial statements 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 £277k (2016: £123k).

8. Operating profit/(loss)

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

	2017 £m	2016 £m
Cost of inventories (included in cost of sales)	**397.5**	382.8
Employee costs (see note 6)	**141.0**	136.7
Amortisation of intangible assets (see note 14)	**0.7**	0.9
Depreciation of property, plant and equipment (see note 15)	**19.4**	18.2
Impairment/(writeback):		
Property, plant and equipment (see note 15)	**—**	(1.7)
Inventories (see note 16)	**0.1**	1.0
Trade receivables (see note 17)	**(0.2)**	0.4
Rentals payable under operating leases	**4.8**	4.4
Research and development costs not capitalised	**7.4**	8.1
Net foreign exchange losses	**0.5**	0.4

9. Finance costs

	2017 £m	2016 £m
Finance costs		
Interest on bank loans and overdrafts	5.4	4.1
Loss on interest rate swaps transferred to profit or loss	—	0.4
Interest differentials on net investment hedges	—	0.1
Net foreign exchange gains	(0.9)	(0.9)
Amortisation of facility fees	0.3	0.4
Non-utilisation fees	0.6	0.5
Finance lease interest	0.1	0.1
Premium on average rate currency options	0.5	1.0
	6.0	5.7
Post-employment benefits:		
Net interest cost on defined benefit obligation (see note 23)	0.9	1.1
Adjusted finance costs	6.9	6.8
Unwind of discount on contingent consideration (see note 3)	0.3	0.1
Unwind of discount on provisions (see note 25)	0.4	0.2
Exceptional costs	13.0	—
Total finance costs	20.6	7.1

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.

10. Taxation

Income tax expense

	2017			2016		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Current tax expense:						
Current year	1.2	7.0	8.2	—	7.9	7.9
Adjustment for prior years	—	0.8	0.8	—	(0.7)	(0.7)
	1.2	7.8	9.0	—	7.2	7.2
Deferred tax expense:						
Origination and reversal of temporary differences	1.0	0.4	1.4	1.1	0.2	1.3
Adjustment for prior years	(0.2)	0.1	(0.1)	(0.1)	0.6	0.5
Impact of change in tax rate	—	—	—	(0.2)	—	(0.2)
	0.8	0.5	1.3	0.8	0.8	1.6
Income tax expense	2.0	8.3	10.3	0.8	8.0	8.8

Reconciliation to UK statutory tax rate

The total tax charge on the Group's profit 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:

	2017 £m	2016 £m
Profit before tax	19.2	25.8
Profit before tax multiplied by the UK corporation tax rate of 19.75% (2016: 20.0%)	3.8	5.2
Effect of tax rates in foreign jurisdictions	2.2	3.1
Non-deductible expenses	3.7	1.7
Tax incentives/non-taxable income	(0.6)	(1.0)
Tax losses/(gains) for which no deferred tax recognised	0.1	(0.2)
Change in tax rate	—	(0.2)
Other differences	0.4	0.4
Adjustment for prior years	0.7	(0.2)
Total tax expense in profit or loss	10.3	8.8

Notes to the consolidated financial statements continued

for the year ended 30 June 2017

10. Taxation continued

Reconciliation to UK statutory tax rate continued

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 £1.3 million at 30 June 2017 (2016: £4.5m).

The main rate of UK corporation tax was reduced from 20% to 19% with effect from 1 April 2017. The Group's effective UK corporation tax rate for the year was, therefore, 19.75% (2016: 20.0%).

Factors affecting future tax charges

The Finance Act 2016 which was published on 15 September 2016 includes legislation reducing the main rate of UK corporation tax to 17% with effect from 1 April 2020.

Tax on items recognised in other comprehensive income

	2017 £m	2016 £m
Items that may be reclassified to profit or loss:		
(Gain)/loss on cash flow hedges in the year	(2.5)	0.6
	(2.5)	0.6
Items that will not be transferred to profit or loss:		
Net actuarial loss on post-employment benefits:		
Deferred tax	(1.4)	0.4
Total tax (credit)/charge in other comprehensive income	**(3.9)**	1.0

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 2015	(4.2)	(2.1)	—	1.8	6.0	4.1	0.3	5.9
Charge to profit or loss	(0.5)	(0.1)	—	—	(0.2)	—	(0.9)	(1.7)
Charge to other comprehensive income	—	—	—	—	(0.4)	—	(0.6)	(1.0)
Effect of the change in tax rate	(0.3)	0.3	—	—	0.2	—	(0.1)	0.1
Exchange movements	(1.3)	0.1	—	0.3	—	—	0.4	(0.5)
At 30 June 2016	(6.3)	(1.8)	—	2.1	5.6	4.1	(0.9)	2.8
(Charge)/credit to profit or loss	(0.5)	(0.2)	0.1	(0.3)	(0.4)	—	—	(1.3)
Credit to other comprehensive income	—	—	—	—	1.4	—	2.5	3.9
Effect of the change in tax rate	—	0.1	—	—	0.1	—	(0.2)	—
Exchange movements	(0.5)	0.1	—	0.1	—	—	0.1	(0.2)
At 30 June 2017	**(7.3)**	**(1.8)**	**0.1**	**1.9**	**6.7**	**4.1**	**1.5**	**5.2**

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

	2017 £m	2016 £m
Deferred tax assets	12.0	9.3
Deferred tax liabilities	(6.8)	(6.5)
Total	**5.2**	2.8

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Unrecognised deferred tax assets

At 30 June 2017, the Group had unused tax losses of £11.9 million (2016: £13.5m) available for offset against future profits. No deferred tax asset has been recognised in respect of £4.8 million (2016: £6.0m) 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 £1.0 million expire between now and 2022.

No deferred tax asset has been recognised in relation to the remaining surplus ACT of £2.9 million (2016: £2.9m) due to uncertainty as to future ACT capacity.

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 0.7 million shares (2016: 0.6m shares), being the weighted average number of own shares held during the year in relation to employee share schemes.

	Reference	2017	2016
Weighted average number of ordinary shares in issue (million)	a	**182.1**	182.2
Effect of dilutive LTIP awards (million)		**0.8**	0.4
Weighted average number of ordinary shares for calculating diluted earnings per share (million)	b	**182.9**	182.6

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	2017 £m	2016 £m
Earnings for calculating basic and diluted earnings per share	c	**8.9**	17.0
Adjusted for:			
Amortisation of intangible assets (see note 14)		**0.7**	0.9
Exceptional items (see note 5)		**14.0**	2.4
Unwind of discount on contingent consideration (see note 3)		**0.3**	0.1
Unwind of discount on provisions (see note 25)		**0.4**	0.2
Taxation relating to the above items		**(0.4)**	(0.4)
Earnings for calculating adjusted earnings per share	d	**23.9**	20.2

	Reference	2017 pence	2016 pence
Basic earnings per share	c/a	**4.9**	9.3
Diluted earnings per share	c/b	**4.9**	9.3
Adjusted basic earnings per share	d/a	**13.1**	11.1
Adjusted diluted earnings per share	d/b	**13.1**	11.1

Notes to the consolidated financial statements continued

for the year ended 30 June 2017

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:

	2017		2016	
	Pence per share	£m	Pence per share	£m
Interim	1.4	2.6	1.2	2.2
Final	2.9	5.3	2.4	4.4
Total for the year	4.3	7.9	3.6	6.6

The proposed final payment in respect of 2017 of 2.9 pence per ordinary share is subject to approval by shareholders at the Company's 2017 AGM and has therefore not been recognised in these financial statements.

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

	2017		2016	
	Number 000	Nominal value £m	Number 000	Nominal value £m
Issued and fully paid				
At 1 July	858,528	0.9	969,007	1.0
Issued	6,923,954	6.9	5,650,489	5.7
Redeemed	(6,576,870)	(6.6)	(5,760,968)	(5.8)
At 30 June	1,205,612	1.2	858,528	0.9

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

	2017 £m	2016 £m
Carrying amount		
At 1 July	17.5	17.7
Currency translation differences	–	(0.2)
At 30 June	17.5	17.5

Goodwill is allocated to cash generating units (CGUs) as follows:

	2017 £m	2016 £m
Household	17.3	17.3
PCA	0.2	0.2
At 30 June	17.5	17.5

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 2017, 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 2018 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 Household powder market and the Household liquid market in the UK. The UK Household liquids market is forecast to be flat.

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: Household 10% (2016: 11%); PCA 10% (2016: 11%).

Having performed the annual impairment tests, no impairment has been recognised for the year ended 30 June 2017 (30 June 2016: £nil). As part of forming this conclusion a sensitivity analysis has been performed which focused on the change required in key assumptions (long term growth, future cash flows and discount rate), both individually and collectively, to give rise to an impairment, with the conclusion that no reasonable possible changes in key assumptions would cause the recoverable amount of the goodwill and other intangible assets to be less than the carrying value.

14. Other intangible assets

	Patents, brands and trade marks £m	Computer software £m	Customer relationships £m	Other £m	Total £m
Cost					
At 30 June 2015	2.0	4.5	8.5	0.5	15.5
Additions	—	1.2	—	0.2	1.4
Currency translation differences	—	—	—	—	—
At 30 June 2016	2.0	5.7	8.5	0.7	16.9
Additions	**—**	**2.5**	**—**	**—**	**2.5**
Currency translation differences	**—**	**0.1**	**0.2**	**—**	**0.3**
At 30 June 2017	**2.0**	**8.3**	**8.7**	**0.7**	**19.7**
Accumulated amortisation and impairment					
At 30 June 2015	(2.0)	(2.5)	(8.5)	(0.5)	(13.5)
Charge for the year	—	(0.8)	—	(0.1)	(0.9)
Currency translation differences	—	—	—	—	—
At 30 June 2016	(2.0)	(3.3)	(8.5)	(0.6)	(14.4)
Charge for the year	**—**	**(0.6)**	**—**	**(0.1)**	**(0.7)**
Currency translation differences	**—**	**(0.2)**	**(0.2)**	**—**	**(0.4)**
At 30 June 2017	**(2.0)**	**(4.1)**	**(8.7)**	**(0.7)**	**(15.5)**
Net book value					
At 30 June 2017	**—**	**4.2**	**—**	**—**	**4.2**
At 30 June 2016	—	2.4	—	0.1	2.5

Notes to the consolidated financial statements continued

for the year ended 30 June 2017

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 2015	92.6	408.5	2.5	503.6
Additions	0.4	8.5	1.9	10.8
Disposals	—	(6.1)	—	(6.1)
Transfers	(3.3)	5.8	(2.5)	—
Currency translation differences	10.1	30.2	0.2	40.5
At 30 June 2016	99.8	446.9	2.1	548.8
Additions	**0.6**	**12.4**	**5.1**	**18.1**
Disposals	**—**	**(3.0)**	**—**	**(3.0)**
Transfers	**0.5**	**1.8**	**(2.3)**	**—**
Currency translation differences	**5.5**	**15.3**	**0.1**	**20.9**
At 30 June 2017	**106.4**	**473.4**	**5.0**	**584.8**
Accumulated depreciation and impairment				
At 30 June 2015	(42.5)	(331.3)	—	(373.8)
Charge for the year	(1.9)	(16.3)	—	(18.2)
Write back recognised in the year	1.7	—	—	1.7
Disposals	—	6.1	—	6.1
Currency translation differences	(0.6)	(27.8)	—	(28.4)
At 30 June 2016	(43.3)	(369.3)	—	(412.6)
Charge for the year	**(2.1)**	**(17.3)**	**—**	**(19.4)**
Write back recognised in the year	**—**	**—**	**—**	**—**
Disposals	**—**	**2.4**	**—**	**2.4**
Currency translation differences	**(2.4)**	**(11.9)**	**—**	**(14.3)**
At 30 June 2017	**(47.8)**	**(396.1)**	**—**	**(443.9)**
Net book value				
At 30 June 2017	**58.6**	**77.3**	**5.0**	**140.9**
At 30 June 2016	56.5	77.6	2.1	136.2

At 30 June 2017, land and buildings with a carrying amount of £nil (2016: £nil) were secured in relation to bank and other loans.

Net book value of assets held under finance leases amounted to £0.3 million (2016: £0.4m), and is held under plant and equipment.

16. Inventories

	2017 £m	2016 £m
Raw materials, packaging and consumables	**41.9**	38.6
Finished goods and goods for resale	**36.9**	37.1
Total	**78.8**	75.7

Inventories are stated net of an allowance of £3.9 million (2016: £4.9m) in respect of excess, obsolete or slow-moving items. Movements in the allowance were as follows:

	2017 £m	2016 £m
At 1 July	**(4.9)**	(4.7)
Utilisation	**1.3**	1.2
Charged to profit or loss	**(0.1)**	(1.0)
Currency translation differences	**(0.2)**	(0.4)
At 30 June	**(3.9)**	(4.9)

The cost of inventories recognised in cost of sales as an expense amounted to £397.5 million (2016: £382.8m).

17. Trade and other receivables

	2017 £m	2016 £m
Trade receivables	**130.6**	127.7
Other receivables	**3.3**	3.4
Prepayments and accrued income	**3.7**	4.6
Total	**137.6**	135.7

Trade receivables amounting to £33.6 million (2016: £21.5m) 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:

	2017 £m	2016 £m
Amounts neither past due nor impaired	**126.4**	124.2
Amounts past due but not impaired:		
Less than one month	**3.5**	2.9
Between one and three months	**0.5**	0.2
Between three and six months	**0.2**	0.2
Over six months	**—**	0.2
	4.2	3.5
Amounts impaired:		
Total amounts that have been impaired	**0.6**	1.4
Allowance for doubtful debts	**(0.6)**	(1.4)
	—	—
Total trade receivables	**130.6**	127.7

Movements in the allowance for doubtful debts were as follows:

	2017 £m	2016 £m
At 1 July	**1.4**	1.2
Utilisation	**(0.6)**	(0.3)
(Credited)/charged to profit or loss	**(0.2)**	0.4
Currency translation differences	**—**	0.1
At 30 June	**0.6**	1.4

Trade receivables are generally not interest bearing.

Notes to the consolidated financial statements continued

for the year ended 30 June 2017

18. Assets classified as held for sale

At 30 June 2017, assets held for sale amounting to £1.3 million (2016: £1.2m) comprised freehold land and buildings at a former manufacturing site in Italy.

19. Trade and other payables

	2017 £m	2016 £m
Current liabilities		
Trade payables	138.0	128.9
Taxation and social security	12.7	13.8
Other payables	13.9	15.3
Accrued expenses	22.8	21.2
Deferred income	2.2	1.6
B Shares (see note 12)	1.2	0.9
Contingent consideration (see note 3)	2.9	—
	193.7	181.7
Non-current liabilities		
Contingent consideration (see note 3)	—	2.3
Total	193.7	184.0

Trade payables are generally not interest bearing.

20. Borrowings

Borrowings may be analysed as follows:

	2017			2016		
	Current liabilities £m	Non-current liabilities £m	Total liabilities £m	Current liabilities £m	Non-current liabilities £m	Total liabilities £m
Overdrafts	5.4	—	5.4	8.3	—	8.3
Bank and other loans:						
Unsecured loans	—	60.7	60.7	—	83.5	83.5
Secured loans	0.2	1.5	1.7	0.3	1.6	1.9
Invoice discounting facilities (see note 21)	33.6	—	33.6	21.5	—	21.5
	33.8	62.2	96.0	21.8	85.1	106.9
Finance lease liabilities	0.1	0.2	0.3	0.2	0.3	0.5
Total	39.3	62.4	101.7	30.3	85.4	115.7

Bank and other loans are repayable as follows:

	2017 £m	2016 £m
Within one year	33.8	21.8
Between one and two years	—	0.2
Between two and five years	61.7	54.6
More than five years	0.5	30.3
Total	96.0	106.9

Details of the Group's bank facilities are presented in note 21. Amounts payable under finance leases are as follows:

Present value	2017 £m	2016 £m
Within one year	0.1	0.2
Between one and five years	0.2	0.3
Total	0.3	0.5

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 2017						
Financial assets						
Trade receivables	130.6	–	–	–	130.6	130.6
Other receivables	3.3	–	–	–	3.3	3.3
Cash and cash equivalents	26.0	–	–	–	26.0	26.0
	159.9	–	–	–	159.9	159.9
Financial assets held at fair value						
Derivative financial instruments (Level 2)						
Forward currency contracts	–	–	1.0	–	1.0	1.0
Interest rate swaps	–	–	–	–	–	–
Commodity swaps	–	–	–	–	–	–
	–	–	1.0	–	1.0	1.0
Total financial assets	159.9	–	1.0	–	160.9	160.9
Financial liabilities						
Trade payables	–	(138.0)	–	–	(138.0)	(138.0)
Other payables	–	(13.9)	–	–	(13.9)	(13.9)
Accrued expenses	–	(22.8)	–	–	(22.8)	(22.8)
Unredeemed B Shares	–	(1.2)	–	–	(1.2)	(1.2)
Bank overdrafts	–	(5.4)	–	–	(5.4)	(5.4)
Bank and other loans	–	(96.0)	–	–	(96.0)	(96.0)
Obligations under finance leases	–	(0.3)	–	–	(0.3)	(0.3)
	–	(277.6)	–	–	(277.6)	(277.6)
Financial liabilities held at fair value						
Derivative financial instruments (Level 2)						
Forward currency contracts	–	–	(0.7)	–	(0.7)	(0.7)
Interest rate swaps	–	–	(0.1)	–	(0.1)	(0.1)
	–	–	(0.8)	–	(0.8)	(0.8)
Contingent consideration (Level 3)	–	–	–	(2.9)	(2.9)	(2.9)
	–	–	(0.8)	(2.9)	(3.7)	(3.7)
Total financial liabilities	–	(277.6)	(0.8)	(2.9)	(281.3)	(281.3)
Total	159.9	(277.6)	0.2	(2.9)	(120.4)	(120.4)

Notes to the consolidated financial statements continued

for the year ended 30 June 2017

21. Financial risk management continued

Financial assets and financial liabilities continued

	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 2016						
Financial assets						
Trade receivables	127.7	—	—	—	127.7	127.7
Other receivables	3.4	—	—	—	3.4	3.4
Cash and cash equivalents	24.8	—	—	—	24.8	24.8
	155.9	—	—	—	155.9	155.9
Financial assets held at fair value						
Derivative financial instruments (Level 2)						
Forward currency contracts	—	—	2.4	—	2.4	2.4
Interest rate swaps	—	—	12.7	—	12.7	12.7
Commodity swaps	—	—	0.2	—	0.2	0.2
	—	—	15.3	—	15.3	15.3
Total financial assets	155.9	—	15.3	—	171.2	171.2
Financial liabilities						
Trade payables	—	(128.9)	—	—	(128.9)	(128.9)
Other payables	—	(15.3)	—	—	(15.3)	(15.3)
Accrued expenses	—	(21.2)	—	—	(21.2)	(21.2)
Unredeemed B Shares	—	(0.9)	—	—	(0.9)	(0.9)
Bank overdrafts	—	(8.3)	—	—	(8.3)	(8.3)
Bank and other loans	—	(106.9)	—	—	(106.9)	(106.9)
Obligations under finance leases	—	(0.5)	—	—	(0.5)	(0.5)
	—	(282.0)	—	—	(282.0)	(282.0)
Financial liabilities held at fair value						
Derivative financial instruments (Level 2)						
Forward currency contracts	—	—	(1.2)	—	(1.2)	(1.2)
Interest rate swaps	—	—	—	—	—	—
	—	—	(1.2)	—	(1.2)	(1.2)
Contingent consideration (Level 3)	—	—	—	(2.3)	(2.3)	(2.3)
	—	—	(1.2)	(2.3)	(3.5)	(3.5)
Total financial liabilities	—	(282.0)	(1.2)	(2.3)	(285.5)	(285.5)
Total	155.9	(282.0)	14.1	(2.3)	(114.3)	(114.3)

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 and no changes in valuation techniques.

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 2017, the majority of trade receivables were due from major retailers in the UK and Europe.

At 30 June 2017, the Group's maximum exposure to credit risk was as follows (there was no significant concentration of credit risk):

	2017 £m	2016 £m
Trade and other receivables:		
Trade receivables	130.6	127.7
Other receivables	3.3	3.4
Derivative financial instruments	1.0	15.3
	134.9	146.4
Cash and cash equivalents	26.0	24.8
Total	**160.9**	171.2

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.

The Group has an unsecured €175 million revolving credit facility that is committed until June 2022. At 30 June 2017, the amount undrawn on the facility was €105 million (2016: €120m). 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.

In June 2017, the Group secured replacement banking facilities from a panel of international banks and using these increased facilities repaid its US Private Placement Notes (USPP). These actions will lower the cost of the Group's debt financing from the financial year starting on 1 July 2017 by approximately £2.0 million per year.

The €140 million multi-currency revolving credit facility (RCF) has been increased to a five-year €175 million facility with a maturity of June 2022.

The $50 million 5.51% 2020 USPP and $40 million 5.38% 2022 USPP were repaid in full by drawing on the increased RCF.

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 November 2016 and is committed until February 2018. 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.

Notes to the consolidated financial statements continued

for the year ended 30 June 2017

21. Financial risk management continued

Liquidity risk continued

At 30 June 2017, the carrying amount of trade receivables eligible for transfer and the amounts borrowed under the facility were as follows:

	2017 £m	2016 £m
Trade receivables available	33.6	29.9
Amount borrowed	(33.6)	(21.5)
Amount undrawn	—	8.4

The Group also has access to uncommitted working capital facilities amounting to £66.3 million (2016: £48.2m). At 30 June 2017, £5.4 million (2016: £8.3m) was drawn against these facilities in the form of overdrafts and short-term borrowings.

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 2017							
Bank overdrafts	(5.4)	—	—	—	—	—	(5.4)
Bank and other loans:							
Principal	(33.8)	—	(0.3)	(0.4)	(61.0)	(0.5)	(96.0)
Interest payments	(0.2)	—	—	—	—	—	(0.2)
Finance lease obligations	(0.1)	(0.2)	—	—	—	—	(0.3)
Other liabilities	(175.9)	—	—	—	—	—	(175.9)
Cash flows on non-derivative liabilities	(215.4)	(0.2)	(0.3)	(0.4)	(61.0)	(0.5)	(277.8)
Cash flows on derivative liabilities							
Payments	(93.4)	(3.4)	—	—	—	—	(96.8)
Cash flows on financial liabilities	(308.8)	(3.6)	(0.3)	(0.4)	(61.0)	(0.5)	(374.6)
Cash flows on derivative assets							
Receipts	93.6	3.5	—	—	—	—	97.1
	(215.2)	(0.1)	(0.3)	(0.4)	(61.0)	(0.5)	(277.5)

	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 2016							
Bank overdrafts	(8.3)	—	—	—	—	—	(8.3)
Bank and other loans:							
Principal	(21.8)	(0.2)	(16.8)	(0.3)	(37.5)	(30.3)	(106.9)
Interest payments	(4.2)	(4.1)	(4.1)	(4.1)	(3.0)	(1.9)	(21.4)
Finance lease obligations	(0.2)	(0.1)	(0.2)	—	—	—	(0.5)
Other liabilities	(166.3)	—	—	—	—	—	(166.3)
Cash flows on non-derivative liabilities	(200.8)	(4.4)	(21.1)	(4.4)	(40.5)	(32.2)	(303.4)
Cash flows on derivative liabilities							
Payments	(61.3)	(3.0)	(3.0)	(3.0)	(32.1)	(25.4)	(127.8)
Cash flows on financial liabilities	(262.1)	(7.4)	(24.1)	(7.4)	(72.6)	(57.6)	(431.2)
Cash flows on derivative assets							
Receipts	65.6	4.1	4.1	4.1	40.2	31.7	149.8
	(196.5)	(3.3)	(20.0)	(3.3)	(32.4)	(25.9)	(281.4)

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 derivatives. The revolving credit facility drawings were hedged using interest rate caps in 2016 with additional interest rate swaps and caps in place for 2017 and beyond.

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:

	2017				2016			
	Euro £m	Sterling £m	Other currencies £m	Total £m	Euro £m	Sterling £m	Other currencies £m	Total £m
Floating rate								
Bank overdrafts	**(0.4)**	**(1.4)**	**(3.6)**	**(5.4)**	(4.4)	(3.1)	(0.8)	(8.3)
Bank and other loans	**(35.4)**	**(16.6)**	**—**	**(52.0)**	(26.6)	(13.3)	—	(39.9)
Cash and cash equivalents	**15.9**	**5.2**	**4.9**	**26.0**	15.6	6.3	2.9	24.8
	(19.9)	**(12.8)**	**1.3**	**(31.4)**	(15.4)	(10.1)	2.1	(23.4)
Fixed rate								
Bank and other loans	**(44.0)**	**—**	**—**	**(44.0)**	(67.0)	—	—	(67.0)
Finance lease obligations	**—**	**(0.2)**	**(0.1)**	**(0.3)**	—	(0.3)	(0.2)	(0.5)
	(44.0)	**(0.2)**	**(0.1)**	**(44.3)**	(67.0)	(0.3)	(0.2)	(67.5)
Total	**(63.9)**	**(13.0)**	**1.2**	**(75.7)**	(82.4)	(10.4)	1.9	(90.9)

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 2017, the weighted average interest rate payable on bank and other loans was 1.5% (2016: 4.6%). At 30 June 2017, the weighted average interest rate receivable on cash and cash equivalents was 0.1% (2016: 0.1%).

At 30 June 2017, the Group held 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 Group also held interest rate swaps with a notional principal amount of €20 million which exchanges the interest exposure from a floating interest rate to a fixed interest rate. The fair value of the instruments is negligible at 30 June 2017.

Interest rate derivatives held by the Group at 30 June 2017 were as follows:

Maturity	Nature of contract	Notional principal amount €m	Fixed or capped rate payable %
June 2018	**Cap**	**10.0**	**1.600**
June 2018	**Cap**	**10.0**	**0.250**
June 2019	**Cap**	**10.0**	**0.250**
June 2020	**Swap**	**10.0**	**0.210**
June 2021	**Swap**	**10.0**	**0.365**

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.

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 £0.4 million (2016: £0.2m).

Foreign currency risk

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 2017, the notional principal amount of outstanding foreign currency contracts (net purchases) that are held to hedge the Group's transaction exposures was £30.6 million (2016: £48.3m). For accounting purposes, the Group has designated the foreign currency contracts as cash flow hedges. At 30 June 2017, the fair value of the contracts was £0.8 million (2016: £2.4m). During 2017, a gain of £1.6 million (2016: gain of £3.7m) was recognised in other comprehensive income and a gain of £3.0 million (2016: gain of £0.2m) was transferred from the cash flow reserve to the income statement in respect of these contracts.

Notes to the consolidated financial statements continued

for the year ended 30 June 2017

21. Financial risk management continued

Foreign currency risk continued

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. This exposure is also mitigated by the natural hedge provided by the interest payable on the Group's foreign currency borrowings. At 30 June 2017, the fair value of the average rate options was a loss of £0.3 million (2016: £0.9m).

At 30 June 2017, the Group had designated as net investment hedges £61.6 million (2016: £54.1m) of its Euro-denominated borrowings and three-month rolling foreign currency forward contracts with a notional principal amount of £66.6 million (2016: £33.6m). During 2017, a loss of £7.8 million (2016: loss of £10.4m) was recognised in other comprehensive income in relation to the net investment hedges. At 30 June 2017, the fair value of the net investment hedges was a loss of £0.2 million (2016: £0.1m).

The currency profile of the Group's net assets (excluding non-controlling interests) before and after hedging currency translation exposures was as follows:

	2017			2016		
	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	**(2.7)**	**54.5**	**51.8**	21.7	31.2	52.9
Euro	**30.0**	**(23.9)**	**6.1**	21.2	(12.4)	8.8
Polish Zloty	**27.5**	**(25.7)**	**1.8**	16.8	(14.6)	2.2
Czech Koruna	**2.8**	**(2.2)**	**0.6**	2.6	(1.4)	1.2
Malaysian Ringgit	**3.5**	**(2.7)**	**0.8**	3.5	(2.8)	0.7
Other	**2.5**	**—**	**2.5**	2.7	—	2.7
Total	**63.6**	**—**	**63.6**	68.5	—	68.5

(1) Based on the Group's position before the impairment of long-lived assets and property, plant and equipment.

The Group's exposure to a +/- 10% change in EUR/GBP and USD/GBP exchange rate are as follows:

	2017			
	EUR +10%	EUR -10%	USD +10%	USD -10%
Impact on equity	**(1.7)**	**1.8**	**—**	**—**
Impact on profit	**—**	**—**	**—**	**—**

The impact on equity shown above predominantly relates to EUR/GBP contracts that qualify for net investment and cash flow hedge accounting. Impact on equity includes (£1.7 million) and £1.8 million relating to items that are designated in net investment hedges. The impact on profit primarily relates to movements on inter-company loans which are within the control of the Company.

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:

	2017 £m	2016 £m	2015 £m
Total equity	**64.2**	69.1	57.5
Net debt	**75.7**	90.9	92.4
Capital	**139.9**	160.0	149.9

	2017 %	2016 %
Gearing[1]	**50**	59

(1) Gearing represents net debt/average year end capital.

Movements in net debt were as follows:

	At 30 June 2016 £m	Cash flows £m	Other non-cash movements £m	Currency translation differences £m	At 30 June 2017 £m
Cash and cash equivalents	24.8	0.2	—	1.0	**26.0**
Overdrafts	(8.3)	3.0	—	(0.1)	**(5.4)**
Bank and other loans	(106.9)	17.8	—	(6.9)	**(96.0)**
Finance lease liabilities	(0.5)	0.2	—	—	**(0.3)**
Net debt	(90.9)	21.2	—	(6.0)	**(75.7)**

	At 30 June 2015 £m	Cash flows £m	Other non-cash movements £m	Currency translation differences £m	At 30 June 2016 £m
Cash and cash equivalents	23.3	(0.3)	—	1.8	24.8
Overdrafts	(4.7)	(3.3)	—	(0.3)	(8.3)
Bank and other loans	(110.4)	17.4	—	(13.9)	(106.9)
Finance lease liabilities	(0.6)	0.1	—	—	(0.5)
Net debt	(92.4)	13.9	—	(12.4)	(90.9)

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 2017, the Group's post-employment benefit obligations outside the UK amounted to £2.2 million (2016: £1.8m). Post-employment benefits had the following effect on the Group's results and financial position:

	2017 £m	2016 £m
Profit or loss		
Operating profit		
Defined contribution schemes		
Contributions payable	**(2.1)**	(1.7)
Defined benefit schemes		
Service cost (net of employee contributions)	**(0.5)**	(1.5)
Net charge to operating profit	**(2.6)**	(3.2)
Finance costs		
Net interest cost on defined benefit obligation	**(0.9)**	(1.1)
Net charge to profit/(loss) before taxation	**(3.5)**	(4.3)
Other comprehensive income		
Defined benefit schemes		
Net actuarial loss	**(11.0)**	(2.6)
Balance sheet		
Defined benefit obligations		
UK – funded	**(155.9)**	(145.2)
Other – unfunded	**(2.2)**	(1.8)
	(158.1)	(147.0)
Fair value of scheme assets	**115.9**	114.1
Deficit on the schemes	**(42.2)**	(32.9)
Related deferred tax asset	**6.7**	5.6

Notes to the consolidated financial statements continued
for the year ended 30 June 2017

23. Pensions and other post employment benefits continued
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. Following consultation with staff and the UK Fund's Trustee, the UK Defined Benefit Fund was closed to future service accrual from 29 February 2016. Staff affected by this change were offered a new defined contribution scheme from that date. The closure of this Fund was one of the key actions in the 'Repair' phase to limit the growth of fund liabilities, reducing the risks and uncertainty over future cash costs associated with providing an active Defined Benefit Pension Scheme.

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. Following the last triennial valuation at 31 March 2015, the Company and Trustee agreed a new deficit reduction plan based on the scheme funding deficit of £44.2 million. The deficit cash funding requirement of £3.0 million per annum took effect from 31 March 2015.

(ii) Assumptions and sensitivities
For accounting purposes, the Fund's benefit obligation has been calculated based on data gathered for the 2015 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:

	2017	2016
Discount rate	**2.65%**	3.05%
Inflation rate:		
Retail Prices Index (RPI)	**3.15%**	2.95%
Consumer Prices Index (CPI)	**2.15%**	1.95%
Revaluation of deferred pensions (in excess of GMP)		
Accrued before 6 April 2009	**2.15%**	1.95%
Accrued on or after 6 April 2009	**2.15%**	1.95%
Increase in pensions in payment (in excess of GMP)		
Accrued before 1 April 2011	**3.01%**	2.91%
Accrued on or after 1 April 2011	**2.06%**	2.14%

From 29 February 2016 the UK Defined Benefit Fund was closed to future service accrual. Prior to closure, future increases to pensionable salaries were limited to the rate of growth in the CPI up to 2.0%. The closure resulted in neither a curtailment gain nor loss in the financial statements.

During the year the Group commissioned a review of the IAS 19 assumptions used in determining the closing liability of the Robert McBride Pension Fund, specifically focusing on demographic assumptions. A medically underwritten study was carried out to identify the current health of a sample group of Fund members, assessed via written questionnaire and a telephone interview with trained medical staff. The study was targeted towards members with the most significant liabilities in the Fund.

The output was interpreted by underwriters and then analysed alongside the results from the postcode analysis used in the prior year. This was translated into mortality assumptions for use in calculating the IAS 19 scheme liabilities.

The study of current mortality gives a rating of 107% of the standard Self-Administered Pension Scheme (SAPS) S2 tables used for the IAS 19 disclosure (previously this assumption had been set in line with 108% of the "00 series" (PCxA00) tables). The future mortality improvement model has been updated to reflect the most recent Continuous Mortality Investigation (CMI) 2016 projections with an allowance for long-term rates of improvement of 1.00% p.a. for males and for females (previously this assumption had been CMI 2015 with a long-term rate of improvement of 0.75% p.a. for males and females). The 2016 CMI model introduces a new smoothing parameter for which we have adopted the default value of 7.5. These assumptions are equivalent to a life expectancy at 65 of 21.4 years (30 June 2016: 21.9 years) for males and 23.2 years (30 June 2016: 24.1 years) for females.

	2017 Years	2016 Years
Member retiring in the next year:		
Male	**21.4**	21.9
Female	**23.2**	24.1
Member retiring 20 years from now:		
Male	**22.5**	22.8
Female	**24.5**	25.6

At 30 June 2017, 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 £2.9m	Increase by £2.9m
Inflation rate	+/- 0.1%	Increase by £2.5m	Decrease by £2.5m
Life expectancy	+/- 1 year	Increase by £7.4m	Decrease by £7.4m

(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 the year the Trustee conducted an investment strategy review. The transition to the revised strategy was completed in February 2017 and is reflected in the table below.

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:

	2017 £m	2016 £m
Diversified growth	**34.6**	66.7
Private markets	**26.0**	23.5
Liability-driven investment	**54.4**(1)	23.3
Cash	**0.9**	0.6
Total	**115.9**	114.1

(1) The liability-driven investment fund at 2017 provides a combination of growth and matching returns.

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 £3.4 million (2016: £4.0m).

The actual return on the Fund's assets during the year was £6.0 million (2016: £10.1m).

Notes to the consolidated financial statements continued
for the year ended 30 June 2017

23. Pensions and other post employment benefits continued
UK Defined Benefit Pension Scheme continued
(ii) Movements in the Fund's assets and liabilities

Movements in the fair value of the Fund's assets during the year were as follows:

	2017 £m	2016 £m
At 1 July	**114.1**	105.7
Expected return on plan assets	**3.4**	4.0
Return on assets in excess of interest income on fund assets	**2.6**	6.1
Employer's contributions	**3.0**	3.7
Employees' contributions	**—**	0.3
Benefits paid	**(7.2)**	(5.2)
Administration expenses	**—**	(0.5)
At 30 June	**115.9**	114.1

Movements in the benefit obligation during the year were as follows:

	2017 £m	2016 £m
At 1 July	**(145.2)**	(135.5)
Service cost	**—**	(0.8)
Interest cost	**(4.3)**	(5.1)
Remeasurement loss arising from changes in financial assumptions	**(16.7)**	(11.9)
Remeasurement gain arising from changes in demographic assumptions	**3.1**	0.1
Experience gains on liabilities	**—**	3.1
Employees' contributions	**—**	(0.3)
Benefits paid	**7.2**	5.2
At 30 June	**(155.9)**	(145.2)

(iii) 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:

	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
Present value of the Fund's benefit obligation	**(155.9)**	(145.2)	(135.5)	(121.0)	(108.7)
Fair value of the Fund's assets	**115.9**	114.1	105.7	92.6	84.5
Deficit in the Fund	**(40.0)**	(31.1)	(29.8)	(28.4)	(24.2)
Actuarial gains and losses:					
Experience adjustments on the Fund's benefit obligations	**(13.6)**	(8.7)	(10.9)	(8.0)	(10.5)
Experience adjustments on the Fund's assets	**2.6**	6.1	8.8	2.8	3.3
Total recognised in other comprehensive income	**(11.0)**	(2.6)	(2.1)	(5.2)	(7.2)

At 30 June 2017, the cumulative net actuarial loss in relation to the Fund that has been recognised in other comprehensive income amounted to £43.3 million (2016: £32.3m).

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 (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:

	2017		2016	
	Equity-settled Number	Cash-settled Number	Equity-settled Number	Cash-settled Number
Outstanding at 1 July	872,296	3,001,187	553,375	3,230,021
Granted	371,428	1,865,395	536,081	988,769
Vested	–	(251,859)	–	–
Forfeited	–	(595,655)	(217,160)	(259,445)
Lapsed	–	(137,186)	–	(958,158)
Outstanding at 30 June	1,243,724	3,881,882	872,296	3,001,187
Unvested at 30 June	1,243,724	3,813,005	872,296	3,001,187

Awards made under the LTIP have a £nil exercise price.

During 2017, £0.5 million of cash LTIP awards vested (2016: £nil) and no equity-settled settled LTIP awards vested in 2017 or 2016.

At 30 June 2017, the liability recognised in relation to cash-settled awards was £3.1 million (2016: £1.6m).

At the grant date, the weighted average fair value of LTIP awards granted during the year was 139.0 pence (2016: 104.5p). Fair value was measured using a variant of the Monte Carlo valuation model based on the following assumptions:

	September 2016 issue	September 2015 issue	February 2015 issue	October 2014 issue
Risk-free interest rate	0.1%	0.7%	0.8%	1.4%
Share price on grant date	176.0p	121.3p	86.8p	87.8p
Dividend yield on the Company's shares	2.3%	3.1%	5.6%	5.7%
Volatility of the Company's shares	28.2%	27.0%	28.5%	29.0%
Expected life of LTIP awards	3 years	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 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:

	2017 £m	2016 £m
LTIP:		
Equity settled awards	0.3	0.2
Cash-settled awards	2.0	1.6
Total expense	2.3	1.8

Deferred Annual Bonus Plan

The Group has in force a Deferred Annual Bonus Plan for main Executive Directors. The shares awarded under the plan vest after three years and are normally only payable if the Director remains employed by the Group at the end of that period.

The total expense included in operating profit in relation to the Deferred Annual Bonus Plan was £0.1 million (2016: £nil).

Notes to the consolidated financial statements continued
for the year ended 30 June 2017

25. Provisions

	Reorganisation and restructuring £m	Leasehold dilapidations £m	Environmental remediation £m	Other £m	Total £m
At 30 June 2015	4.5	0.7	2.2	0.6	8.0
Charged/(released) to profit or loss	2.4	—	—	(0.5)	1.9
Unwind of discount	—	—	0.2	—	0.2
Utilisation	(3.7)	—	(0.3)	—	(4.0)
Currency translation differences	0.2	—	0.2	(0.1)	0.3
At 30 June 2016	3.4	0.7	2.3	—	6.4
Charged to profit or loss	**1.0**	**0.1**	**—**	**0.3**	**1.4**
Unwind of discount	**—**	**—**	**0.4**	**—**	**0.4**
Utilisation	**(3.8)**	**—**	**—**	**—**	**(3.8)**
Currency translation differences	**0.1**	**—**	**0.2**	**—**	**0.3**
At 30 June 2017	**0.7**	**0.8**	**2.9**	**0.3**	**4.7**

Analysis of provisions:

	2017 £m	2016 £m
Current	**1.8**	3.5
Non-current	**2.9**	2.9
Total	**4.7**	6.4

Reorganisation and restructuring provisions as at 30 June 2017 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.

26. Share capital and reserves

Share capital

	Allotted and fully paid Number	£m
Ordinary shares of 10 pence each		
At 1 July 2015, 30 June 2016 and at 30 June 2017	**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.

Reserves

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

Own shares

	2017		2016	
	Number	£m	Number	£m
At cost				
At 1 July	**630,992**	**0.8**	630,992	0.8
Purchase of own shares	**111,428**	**0.2**	—	—
At 30 June	**742,420**	**1.0**	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 2017, 630,992 (2016: 630,992) ordinary shares were held in treasury.

The market value of own shares held at 30 June 2017 was £1.4 million, (2016: £1.0m).

Non-controlling interests
Non-controlling interests relates to Fortune Organics (F.E.) Sdn Bhd, Malaysia

27. Commitments

Operating leases

Future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £m	2016 £m
Rentals payable:		
Within one year	**4.2**	4.2
In the second to fifth years inclusive	**8.6**	9.8
After more than five years	**1.8**	1.9
Total	**14.6**	15.9

Capital expenditure on property, plant and equipment

	2017 £m	2016 £m
Contracted but not provided	**7.8**	4.2

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 £5.1 million (2016: £5.4m) were payable by the Group to pension schemes established for the benefit of its employees. At 30 June 2017, £0.2 million (2016: £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:

	2017 £m	2016 £m
Short-term employee benefit:	**2.3**	2.6
Compensation for loss of office	**0.2**	0.6
Post employment benefits	**0.2**	0.3
Share-based payments	**0.3**	0.2
Total	**3.0**	3.7

Notes to the consolidated financial statements continued

for the year ended 30 June 2017

29. Post balance sheet events

On 4 September 2017, the Group announced the proposed acquisition of the entire share capital of Danlind a/s, a supplier of auto dishwash and laundry products, based in Denmark. Danlind provides McBride with access to accelerated growth in the key strategic category of auto dishwash tablets, through its well-invested capacity, technology platform and high quality product range. Danlind has a significant range of retail and contract customers along with a well-established position in the Nordic region and in the commercial laundry and dishwash markets. Danlind will enable McBride to gain entry into growth segments where it is currently under-represented. Additionally, Danlind's strong position in Ecolabel products can be developed further through McBride's extensive European reach.

Danlind operates from three manufacturing sites in Denmark, and has approximately 250 employees. For the year ended 31 December 2016, Danlind reported revenues of £58.4 million, EBITDA of £1.6 million, a loss before tax of £1.3 million, and had gross assets of £48.0 million as at 31 December 2016. For its financial year ending 31 December 2017, on a standalone basis, Danlind is currently expected to generate c.£2.5 million of EBITDA.

McBride expects to realise significant commercial, technical and operational improvement synergies from the acquisition. The acquisition is expected to be immediately earnings enhancing for the Group. Post-tax return on invested capital is expected to meet cost of capital in the third full year of ownership.

Consideration of £10.8 million will be payable to the shareholder of Danlind, Lind Holdings ApS, and c.£28 million of net debt in Danlind will be assumed by McBride at completion. The acquisition will be funded from McBride's existing banking facilities.

The acquisition, which is subject to customary regulatory and closing conditions, is expected to complete in early October 2017.

On completion, Danlind, the management team and its employees will form part of the Household products segment.

30. Contingent liabilities

There are a number of contingent liabilities that arise in the normal course of business which if realised are not expected to result in a material liability to the Group. The Group recognises provisions for liabilities when it is more likely than not that a settlement will be required and the value of such a payment can be reliably estimated.

31. 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	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Euro	**1.16**	1.34	**1.14**	1.21
US Dollar	**1.27**	1.48	**1.30**	1.34
Polish Zloty	**5.02**	5.74	**4.81**	5.37
Czech Koruna	**31.30**	36.19	**29.79**	32.83
Hungarian Forint	**360.45**	418.05	**351.37**	383.62
Malaysian Ringgit	**5.43**	6.14	**5.57**	5.36
Australian Dollar	**1.68**	2.04	**1.69**	1.81
Chinese Yuan	**8.64**	9.55	**8.80**	8.92

Independent auditor's report

to the members of McBride plc

Report on the audit of the parent company financial statements

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 2017;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2017 (the "Annual Report"), which comprise:

- Company balance sheet at 30 June 2017,
- Company statement of changes in equity for the year ended 30 June 2017; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company.

Other than those disclosed in the Directors' Report, we have provided no non-audit services to the group and its subsidiaries in the period from 1 July 2016 to 30 June 2017.

Our audit approach

Overview

- Overall company materiality £1.5 million (2016: £1.5 million)
- The above is based on 1% of total assets as disclosed within the company balance sheet.
- We conducted our audit work in the UK.
- The scope was tailored by taking into account the accounting and control processes and the industry in which the company operates.
- Refinancing.

The scope of our audit

As part of designing our audit, we determined materiality and assessed 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.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Refinancing The group undertook a significant refinancing exercise in the year, resulting in the settlement of $90m of private debt and associated hedges, as well as the refinancing of a revolving credit facility. This resulted in an exceptional item within financing costs. We identified this is a particular risk due to the magnitude of the exceptional item, required accounting and presentation in accordance with IAS 39, along with the complexity due to the debt forming part of the Group-wide hedging strategy and settlement of derivative financial instruments.	We have reviewed agreements in relation to both the old and new revolving facilities in order to ensure that they have been accounted for correctly and within the terms of the agreement. Transactions in relation to the refinancing have been traced through the financial statements, including those in relation to derivatives, with the support of Treasury specialists in order to ensure that they have been appropriately accounted for in line with the requirements of IAS39. No significant issues were identified from this audit work.

Independent auditor's report continued

to the members of McBride plc

Our audit approach continued

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 structure of the parent company, the accounting processes and controls, and the industry in which it operates.

We conducted our audit work in the UK.

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 on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate 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 materiality £1.5 million (2016: £1.5 million).

How we determined it 1% of total assets as disclosed within the company balance sheet.

Rationale for benchmark applied Consistent with last year, we applied this benchmark as we believe that total assets are 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 (2016: £0.15 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the parent company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the parent company's ability to continue as a going concern.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report and Accounts 2017 other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report, Directors' Report and Corporate Governance Statement, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006, (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

Corporate Governance Statement

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (page 34 to 66) about internal controls and risk management systems in relation to financial reporting processes in compliance with rules 7.2.5 and 7.2.6 of the Disclosure Guidance and Transparency Rules sourcebook of the FCA ("DTR") is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we did not identify any material misstatements in this information. (CA06)

In our opinion, based on the work undertaken in the course of the audit, the information given in the Corporate Governance Statement (page 34 to 66) with respect to the parent company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the DTR. (CA06)

We have nothing to report arising from our responsibility to report if a corporate governance statement has not been prepared by the parent company. (CA06)

The directors' assessment of the prospects of the parent company and of the principal risks that would threaten the solvency or liquidity of the parent company

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 26 of the Annual Report that they have carried out a robust assessment of the principal risks facing the parent company, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 28 of the Annual Report as to how they have assessed the prospects of the parent company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the parent company and statement in relation to the longer-term viability of the parent company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the parent company and its environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 66, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the parent company's position and performance, business model and strategy is materially inconsistent with our knowledge of the parent company obtained in the course of performing our audit.
- The section of the Annual Report on page 44 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditors' report.

Independent auditor's report continued

to the members of McBride plc

Responsibilities for the financial statements and the audit continued

Use of this report

This report, including the opinions, has been prepared for and only for the parent 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.

Other required reporting

Companies Act 2006 exception reporting

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 14 November 2011 to audit the financial statements for the year ended 30 June 2012 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the years ended 30 June 2012 to 30 June 2017.

Other matter

We have reported separately on the group financial statements of McBride plc for the year ended 30 June 2017.

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

7 September 2017

Company balance sheet
at 30 June 2017

	Note	2017 £m	2016 £m
Fixed assets			
Investments	4	**158.2**	158.2
Receivables	5	**211.3**	206.9
Cash and cash equivalents		**4.2**	0.3
Creditors: amounts falling due within one year	6	**(135.6)**	(106.1)
Net current assets		**79.9**	101.1
Total assets less current liabilities		**238.1**	259.3
Creditors: amounts falling due after more than one year	7	**(60.7)**	(83.5)
Provisions for liabilities	10	**(0.3)**	(0.6)
Net assets		**177.1**	175.2
Capital and reserves			
Called up share capital	11	**18.3**	18.3
Share premium account		**89.8**	96.7
Capital redemption reserve		**54.5**	47.9
Cash flow hedge reserve		**(0.1)**	(0.3)
Retained earnings brought forward		**12.6**	17.2
Profit for the year		**3.8**	4.7
Other movement		**(1.8)**	(9.3)
Total shareholders' funds		**177.1**	175.2

The financial statements on pages 113 to 119 were approved by the Board of Directors on 7 September 2017 and were signed on its behalf by:

Rik De Vos
Director

Chris Smith
Director

McBride plc
Registered number: 2798634

Company statement of changes in equity

for the year ended 30 June 2017

	Called up share capital £m	Share premium account £m	Capital redemption reserve £m	Cash flow hedge reserve £m	Profit and loss account £m	Total shareholders funds £m
At 1 July 2015	18.3	102.4	42.1	(0.9)	17.2	179.1
Profit for the year	—	—	—	—	4.7	4.7
Net changes in fair value	—	—	—	10.4	—	10.4
Loss on cash flow hedges transferred to profit or loss	—	—	—	(9.8)	9.8	—
Foreign exchange movement	—	—	—	—	(13.5)	(13.5)
Issue of B Shares	—	(5.7)	—	—	—	(5.7)
Redemption of B Shares	—	—	5.8	—	(5.8)	—
Share-based payments	—	—	—	—	0.2	0.2
At 30 June 2016	18.3	96.7	47.9	(0.3)	12.6	175.2
At 1 July 2016	18.3	96.7	47.9	(0.3)	12.6	175.2
Profit for the year	**—**	**—**	**—**	**—**	**3.8**	**3.8**
Net changes in fair value	**—**	**—**	**—**	**2.6**	**2.3**	**4.9**
Loss on cash flow hedges transferred to profit or loss	**—**	**—**	**—**	**(3.1)**	**3.1**	**—**
Gain on discontinued cash flow hedges recycled to exceptional costs	**—**	**—**	**—**	**0.7**	**(0.7)**	**—**
Issue of B Shares	**—**	**(6.9)**	**—**	**—**	**—**	**(6.9)**
Redemption of B Shares	**—**	**—**	**6.6**	**—**	**(6.6)**	**—**
Share-based payments	**—**	**—**	**—**	**—**	**0.3**	**0.3**
Purchase of own shares	**—**	**—**	**—**	**—**	**(0.2)**	**(0.2)**
At 30 June 2017	**18.3**	**89.8**	**54.5**	**(0.1)**	**14.6**	**177.1**

Notes to the Company financial statements

for the year ended 30 June 2017

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. The Company develops and manufactures products for the majority of retailers and major brand owners throughout the UK, Europe and Asia.

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 Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

These financial statements of the Company prepared in accordance with FRS 101.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements of McBride plc.

The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented an income statement or a statement of comprehensive income for the Company alone. A summary of the Company's significant accounting policies is set out below.

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.

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 hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities. The Company does not hold or issue derivative financial instruments for trading purpose; however if derivatives do not qualify for hedge accounting they are accounted for as such.

Derivative financial instruments are recognised and stated at fair value. Where derivatives do not qualify for hedge accounting, any gains or losses on remeasurement are immediately recognised in the Company income statement. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedge relationship and the items being hedged. In order to qualify for hedge accounting, the Company is required to document from inception, the relationship between the item being hedged and the hedging instrument.

The Company is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge will be highly effective on an ongoing basis. This effectiveness testing is performed at each reporting date to ensure that the hedge remains highly effective.

Derivative financial instruments with maturity dates of more than one year from the balance sheet date are disclosed as non-current.

The Company has entered into a number of financial derivative contracts and each is discussed in turn.

The Company enters into forward foreign exchange contracts to mitigate the exchange risk for certain foreign currency receivables. At 30 June 2017, the outstanding contracts all mature within twelve months (2016: twelve months) of the year end. The Company is committed to sell CZK, PLN, EUR and receive a fixed EUR and Sterling amounts.

The Company also enters into foreign exchange options contracts to mitigate the GBP:EUR exchange risk for currency sales. At 30 June 2017, the outstanding contracts all mature within twelve months (2016: twelve months) of the year end. These contracts are measured at fair value with movements reflected in the income statement.

The Company also enters into interest rate swap contracts to mitigate against the floating interest rates on revolving credit facility debt. At 30 June 2017, of the five outstanding contracts, two mature within twelve months of the year end with the remaining three maturing more than twelve months after the year end.

The contracts are all measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key assumptions used in valuing derivatives are the exchange rates for GBP:EUR, GBP:CZK, GBP:PLN, and EUR:PLN as well as EUR interest rates.

Notes to the Company financial statements continued

for the year ended 30 June 2017

1. Principal accounting policies continued

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 income statement.

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 temporary 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 temporary 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 temporary 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 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 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.

Critical accounting policies

The Company has a number of forward exchange contracts and interest rate swaps. Changes in the fair value of the hedging instrument are, to the extent that the hedge is effective, recognised in other comprehensive income.

2. Profit for the financial year

As permitted by section 408(3) of the Act, the Company's income statement or a statement of comprehensive income are not presented in these financial statements.

Fees payable to the Company's auditor, PricewaterhouseCoopers LLP, in respect of the audit of the Company's financial statements were £0.2 million (2016: £0.1m).

The Company's profit for the financial year was £3.8 million (2016: £4.7m).

3. Employee information

The monthly average number of persons employed by the Company during the year was as follows:

	2017 Number	2016 Number
Directors	2	2
Non-Executive Directors	4	3
Finance	12	11
Total	**18**	16

Aggregate payroll costs were as follows:

	2017 £m	2016 £m
Wages and salaries	3.5	3.7
Social security costs	0.3	0.4
Other pension costs	0.2	0.2
Total	4.0	4.3

4. Investments

	£m
At 1 July 2016 and at 30 June 2017	**158.2**

The Directors have reviewed the recoverability of the carrying amount of the Company's investments and have concluded that there is no impairment in their value.

Details of the Company's subsidiaries at 30 June 2017 are set out on pages 120 and 121.

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.

5. Receivables

	2017 £m	2016 £m
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	210.6	192.2
Derivative financial instruments	—	0.1
Deferred tax asset (see note 9)	0.5	—
Prepayments and accrued income	0.2	1.9
	211.3	194.2
Amounts falling due greater than one year		
Derivative financial instruments	—	12.7
Total	**211.3**	206.9

Notes to the Company financial statements continued

for the year ended 30 June 2017

6. Creditors: amounts falling due within one year

	2017 £m	2016 £m
Amounts owed to subsidiary undertakings	130.5	95.8
Derivative financial instruments	0.6	1.0
Deferred tax liabilities (see note 9)	—	1.8
B Shares (see note 8)	1.2	0.9
Other creditors	—	0.6
Accruals and deferred income	3.3	3.2
Bank overdrafts	—	2.8
Total	**135.6**	106.1

Amounts owed to subsidiaries are interest free, unsecured and repayable on demand.

7. Creditors: amounts falling due after more than one year

	2017 £m	2016 £m
Bank and other loans	60.7	83.5

Bank and other loans represent amounts drawn down under a €175 million revolving credit facility, which is committed until June 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:

	2017		2016	
	Pence per share	£m	Pence per share	£m
Interim	1.4	2.6	1.2	2.2
Final	2.9	5.3	2.4	4.4
Total for the year	**4.3**	**7.9**	3.6	6.6

The proposed final payment in respect of 2017 of 2.9 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:

	2017		2016	
	Number 000	Nominal value £m	Number 000	Nominal value £m
Issued and fully paid				
At 1 July	858,528	0.9	969,007	1.0
Issued	6,923,954	6.9	5,650,489	5.7
Redeemed	(6,576,870)	(6.6)	(5,760,968)	(5.8)
At 30 June	**1,205,612**	**1.2**	858,528	0.9

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

	£m
At 1 July 2016	(1.8)
Credit to the profit and loss account	2.3
At 30 June 2017	**0.5**

10. Provisions for liabilities

	£m
At 1 July 2016	0.6
Release to the profit and loss account	(0.6)
Charge for the year	0.3
At 30 June 2017	**0.3**

Provisions represent costs relating to finance restructuring and are expected to be utilised during 2018.

11. Called up share capital

	Allotted and fully paid	
	Number	£m
Ordinary shares of 10 pence each		
At 30 June 2016 and at 30 June 2017	**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 2017, awards were outstanding over 1,243,724 ordinary shares (2016: 872,296 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. Guarantees

The Company has guaranteed the indebtedness of certain of its subsidiaries up to an aggregate amount of £5.4 million (2016: £3.8m).

13. Related party transactions

As permitted by FRS 101, ‘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 2017 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,a]	100%	England
McBride S.A.[b]	100%	Belgium
McBride S.A.S.[c]	100%	France
McBride S.p.A.[d]	100%	Italy
Problanc S.A.S.[c]	99%	France
Vitherm France S.A.S.[e]	100%	France
McBride B.V.[f]	100%	Netherlands
Chemolux Germany GmbH[g]	100%	Germany
Chemolux S.a.r.l.[h]	100%	Luxembourg
Intersilesia McBride Polska Sp. z o.o[i]	100%	Poland
McBride S.A.U.[j]	100%	Spain
McBride Czech a.s.[2,k]	70%	Czech Republic
McBride Australia Pty Ltd[l]	100%	Australia
McBride Hong Kong Limited [m]	100%	Hong Kong
Fortune Laboratories Sdn. Bhd.[n]	100%	Malaysia
Newlane Cosmetics Company Limited[o]	100%	Vietnam
Fortune Organics (F.E.) Sdn. Bhd.[n]	55%	Malaysia
Holding companies		
McBride Holdings Limited[a]	100%	England
McBride CE Holdings Limited[a]	100%	England
McBride spol. s r.o.[p]	100%	Czech Republic
McBride Asia Holdings Limited[m]	100%	Hong Kong
McBride Hong Kong Holdings Limited[m]	100%	Hong Kong
Fortlab Holdings Sdn. Bhd.[n]	100%	Malaysia
CNL Holdings Sdn. Bhd.[n]	100%	Malaysia

(1) McBride plc directly owns 100% of McBride Holdings Limited and 57.7% of Robert McBride Ltd.

(2) McBride spol. s r.o. is committed to purchase the 30% equity interest in McBride Czech a.s. that it does not already own on terms which are such that the Group does not recognise any non-controlling interest in McBride Czech a.s.

Subsidiaries	Equity interest	Country of incorporation and operation
Dormant		
CM Nouvelle Holdings Pte. Ltd.(q)	100%	Singapore
Breckland Mouldings Limited(a)	100%	England
Camille Simon Holdings Limited(a)	100%	England
Camille Simon Limited(a)	100%	England
Culmstock Limited(a)	100%	England
Darcy Bolton Limited(a)	100%	England
Darcy Bolton Property Limited(a)	100%	England
Darcy Limited(a)	100%	England
Detergent Information Limited(a)	100%	England
G.Garnett & Sons Limited(a)	100%	England
G.Garnett Estates Limited(a)	100%	England
Globol Properties (UK) Limited(a)	100%	England
H.H. Limited(a)	100%	England
HomePride Limited(a)	100%	England
Hugo Personal Care Limited(a)	100%	England
International Consumer Products Limited(a)	100%	England
Longthorne Laboratories Limited(a)	100%	England
McBride Aircare Limited(a)	100%	England
McBride Business Services Limited(a)	100%	England
McBride UK Limited(a)	100%	England
McBrides Limited(a)	100%	England
Milstock Limited(a)	100%	England
RMG (Droylsden) Limited(a)	100%	England
Robert McBride (Aerosols) Limited(a)	100%	England
Robert McBride (Bradford) Limited(a)	100%	England
Robert McBride (Properties) Limited(a)	100%	England
Robert McBride Homecare Limited(a)	100%	England
Robert McBride Household Limited(a)	100%	England
Savident Limited(a)	100%	England
McBride Holdings S.L.(j)	100%	Spain
Other		
Robert McBride Pension Fund Trustees Limited(a)	100%	England

Registered offices:

(a) Middleton Way, Middleton, Manchester M24 4DP.
(b) 6 Rue Moulin Masure, 7730 Estaimpuis, Belgium.
(c) 109-111 Rue Victor Hugo, 92532 Levallois-Perret Cedex, France.
(d) Corso Garibaldi 49, 20121 Milan, Italy.
(e) Rue des Casernes, 55400 Etain, France.
(f) Prins Bernhardplein 200, 1097 JB Amsterdam, Netherlands.
(g) Heinrichstrasse 73, 40239 Düsseldorf, Germany.
(h) Rue de l'industrie, Foetz, Luxembourg 3895.
(i) Ul. Matejki 2a, 47100 Strzelce Opolskie, Poland.
(j) Polígon Industrial l'Illa, C/ Ramon Esteve 20-22, 08650 Sallent, Barcelona, Spain.
(k) Dusíkova 795/7, 63800 Brno, Czech Republic.
(l) Level 4, 147 Collins Street, Melbourne, Victoria 3000.
(m) Unit 6, 26th Floor, No. 1 Hung To Road, Kwun Tong, Kowloon, Hong Kong.
(n) Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
(o) 22 VSIP II, Street 1, Vietnam Singapore, Industrial Park II, Hoa Phu Ward, Thu Dau Mot Town, Binh Duong Province, Vietnam.
(p) V Olšinách 75/2300, Prague 10 – Strašnice 10097, Czech Republic.
(q) 128 Tanjong Pagar Road, Singapore 088535.

Group five-year summary

	Year ended 30 June				
	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
Revenue	705.2	680.9	704.2	744.2	761.4
Adjusted operating profit	41.5	36.2	28.5	22.0	23.6
Amortisation of intangible assets	(0.7)	(0.9)	(1.0)	(1.4)	(1.1)
Exceptional items	(1.0)	(2.4)	(17.8)	(34.5)	(7.5)
Operating profit/(loss)	39.8	32.9	9.7	(13.9)	15.0
Net finance costs	(20.6)	(7.1)	(7.1)	(7.4)	(6.0)
Profit/(loss) before tax	19.2	25.8	2.6	(21.3)	9.0
Taxation	(10.3)	(8.8)	(3.3)	2.2	(3.5)
Profit/(loss) after tax	8.9	17.0	(0.7)	(19.1)	5.5
Earnings per share					
Diluted	4.9p	9.3p	(0.4p)	(10.5p)	3.0p
Adjusted diluted	13.1p	11.1p	8.3p	5.3p	7.3p
Payments to shareholders (per ordinary share)	4.3p	3.6p	3.6p	5.0p	5.0p

	At 30 June				
	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
Non-current assets					
Property, plant and equipment	140.9	136.2	129.8	143.4	173.6
Intangible assets	21.7	20.0	19.7	26.3	34.1
Other assets	12.7	22.5	21.5	14.6	6.2
	175.3	178.7	171.0	184.3	213.9
Current assets	244.6	240.0	225.4	245.8	231.9
Current liabilities	(241.3)	(219.6)	(218.0)	(229.8)	(246.9)
Non-current liabilities	(114.4)	(130.0)	(120.9)	(131.7)	(92.2)
Net assets	64.2	69.1	57.5	68.6	106.7
Net debt	75.7	90.9	92.4	84.7	86.8

Useful information for shareholders

Financial calendar

Next key dates for shareholders in 2017 and 2018:

Record date for entitlement to B Shares	27 October 2017
Record date for entitlement to B Share allotments payable on B Shares issued and not previously redeemed	27 October 2017
Annual General Meeting	24 October 2017
2017/18 Q1 interim management statement	24 October 2017
Ex-entitlement to B Shares date	30 October 2017
Credit CREST accounts with B Share entitlements	30 October 2017
Latest date for receipt by registrar of completed election forms and submitting CREST elections	17 November 2017
Despatch of cheques in respect of B Shares which have been redeemed	1 December 2017
Payment into bank accounts in respect of B Shares which have been redeemed by certificated shareholders who have valid mandate instructions in place	1 December 2017
Despatch of share certificates for B Shares not being redeemed	1 December 2017
Payments on redeemed B Shares issued in CREST	1 December 2017
Payments of B Share allotments payable on B Shares issued and not previously redeemed	1 December 2017
2017/18 Half year end	31 December 2017
2017/18 Half year trading statement	January 2018
Interim results announced	February 2018
2017/18 Year end	30 June 2018
2017/18 Year end trading statement	July 2018
Full year preliminary statement	September 2018

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. 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 BR3 4TU. Alternatively, shareholders can contact Capita Asset Services on 0871 664 0300 (calls cost 12 pence per minute plus network extras; lines are open 9.00am to 5.30pm Monday to Friday), or on +44 371 644 0300 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.signalshares.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 online;
- 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.signalshares.com and following the online 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

Online shareholder services

McBride provides a number of services online 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 2017, 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
2013	147	101	127	111
2014	135	93	111	96
2015	105	75	89	102
2016	178	102	149	156
2017	**207**	**146**	**180**	**187**

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 online at www.mpsonline.org.uk or call the Mailing Preference Service (MPS) on +44 (0)845 703 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 shareholders lose money due to investment fraud. Investment scams are becoming ever more sophisticated – designed to look like genuine investments, they are increasingly difficult to spot.

Protect yourself

1. Reject cold calls

2. Check the firm on the FS register at www.fca.org.uk/register

3. Get impartial advice

REMEMBER, if it sounds too good to be true, it probably is!

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 online at www.actionfraud.police.uk. Find out more at www.fca.org.uk/scamsmart

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 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.

Company's registered office
McBride plc
Middleton Way
Middleton
Manchester M24 4DP
Telephone: +44 (0)161 653 9037
www.mcbride.co.uk
Company number: 02798634

Independent auditor
PricewaterhouseCoopers LLP
Chartered Accountant and Statutory Auditors
7 More London Riverside
London SE1 2RT

Financial adviser and broker
Investec plc
2 Gresham Street
London EC2V 7QP

Principal bankers
HSBC Bank plc
4 Hardman Square
Spinningfields
Manchester
M3 3EB

BayernLB
Moor House
120 London Wall
London EC2Y 5ET

BNP Paribas London Branch
10 Harewood Avenue
London NW1 6AA

KBC Bank N.V.
111 Old Broad Street
London EC2N 1BR

Barclays Bank PLC
3 Hardman Street
Manchester M3 3HF

Registrars
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Financial public relations advisers
FTI Consulting LLP
200 Aldersgate
London EC1A 4HD

Corporate
McBride plc
Central Park
Northampton Road
Manchester M40 5BP
Telephone: +44 (0)161 203 7401

UK
Robert McBride Ltd
Middleton Way
Middleton
Manchester M24 4DP
Telephone: +44 (0)161 653 9037

North
McBride S.A.
6 Rue Moulin Masure
7730 Estaimpuis
Belgium
Telephone: +32 56 482111

East
Intersilesia McBride Polska Sp. z o.o
Ul. Matejki 2a
47100 Strzelce Opolskie
Poland
Telephone: +48 774 049 100

South
McBride S.p.A.
Via F.lli Kennedy, 28/B
24060 Bagnatica (Bergamo)
Italy
Telephone: +39 35 6666411

Personal Care/Aerosols Europe
Robert McBride Ltd
Rook Lane
Dudley Hill
Bradford BD4 9NU
Telephone: +44 (0)1274 844 844

South East Asia/Australasia
McBride Hong Kong Ltd
Unit 2001-02, 20th Floor, Prosperity Place
6 Shing Yip Street, Kwun Tong, Kowloon
Hong Kong
Telephone: +852 2790 8480

FSC www.fsc.org MIX Paper from responsible sources FSC® C016486

Printed by CPI Colour, a Carbon Neutral® and FSC® chain of custody certified company.
Printed on paper which is ISO 14001 and FSC® certified.

Designed and produced by
lyonsbennett
www.lyonsbennett.com

McBride plc
Middleton Way
Middleton
Manchester M24 4DP
Telephone: +44 (0)161 653 9037
www.mcbride.co.uk

Winner of Best Annual Report at the
IR Society Best Practice Awards 2016

Winner of Best Annual Report at the
IR Magazine Awards – Europe 2017

McBride has been accepted into the FTSE4Good Index Series of leading companies which meet globally recognised corporate responsibility standards.

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.