

McBride plc

McBride plc, Europe's leading provider of Private Label Household and Personal Care products, announces its results for the year ended 30 June 2014.

£m unless otherwise stated	2014	2013¹	Change
Revenue	744.2	761.4	(2.3)%
Revenue (constant currency) ²	744.2	765.4	(2.8)%
Operating (loss)/profit	(13.9)	15.0	n/a
Adjusted operating profit ³	22.0	23.6	(6.8)%
Adjusted operating margin ³	3.0%	3.1%	(0.1)pts
Diluted earnings per share	(10.5)p	3.0p	(13.5)p
Adjusted diluted earnings per share ³	5.3p	7.3p	(2.0)p
Payment to shareholders (per ordinary share)	5.0p	5.0p	-
Cash flow from operations (before exceptional items)	40.6	39.3	+3.3%
Net debt	84.7	86.8	2.4%
Return on capital employed ⁴	12.7%	12.2%	+0.5pts

- 3% revenue reduction at constant currency, mainly as a consequence of the previously announced reduction in contract manufacturing business impacting the first half of 2013/14 and the prolonged branded promotional activity within the UK.
- 2% revenue growth at constant currency in our Core and Future Growth categories, with Private Label overall remaining flat.
- Following a strategic review of our UK operations, we have recognised total exceptionals of £34.5m (including non-cash items of £21.3m). These exceptionals include a UK reorganisation and redundancy provision of £7.9m and non-cash impairment of UK goodwill and property, plant and equipment of £20.7m, giving rise to an operating loss of £13.9m.
- Continued strong growth in Germany and Poland, with Germany benefiting from business wins and Poland from increasing Private Label penetration.
- Successfully secured further debt facilities of \$90m from two US Private Placements. The Group's balance sheet remains strong with committed headroom of £96.4m.
- Payment to shareholders maintained reflecting Board's confidence in recovery plans.
- Continued new product launch programme across all markets.

Chris Bull, Chief Executive, commented:

"We have experienced sustained branded promotional activity that has mainly impacted the performance of our UK business, and we are taking appropriate actions as announced in the fourth quarter to restructure our UK business to improve profitability.

Our principal objective for the forthcoming year is to improve profitability in the UK, whilst continuing to drive strong profitable growth in Central and Eastern Europe.

Trading since the year end is in line with expectations. We can expect an improvement in Group performance following the actions being taken in the UK. The scale of this improvement remains dependent on the extent of branded promotional activity and demand in the UK retail sector."

McBride plc

Chris Bull, Chief Executive 020 3642 1587

David Main, Interim Chief Finance Officer 020 3642 1587

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Overview

The key elements of the Group's performance were as follows:

- Reported revenue decreased by 2%, however on a constant currency basis decreased by 3% as a consequence of the previously announced wind-down in selected contract manufacturing business impacting the first half of 2013/14, and prolonged branded promotional activity in the UK.
- Adjusted operating profit³ was £22.0m (2013: Re-presented £23.6m), driven by a decline in UK performance. As a result, adjusted operating profit³ margin decreased to 3.0% (2013: Re-presented 3.1%). Return on capital employed increased to 12.7% (2013: Re-presented 12.2%).
- In the UK, segmental revenue decreased by 10% to £259.0m (2013: £286.3m) reflecting prolonged branded promotional activity from retailers. Adjusted operating profit³ decreased to £4.2m (2013: Re-presented £14.5m) mainly due to the decline in sales.
- In Western Europe, segmental revenue increased by 2% to £419.5m (2013: £409.9m). Adjusted operating profit³ increased 38% to £19.8m (2013: £14.3m), driven by strong sales growth in Germany and previously announced cost reduction plans.
- In the Rest of the World, segmental revenue increased by 1% to £65.7m (2013: £65.2m). Adjusted operating profit³ increased to £4.2m (2013: £2.0m) mainly due to strong sales growth of 9% in Poland.
- Corporate costs reduced from £7.2m to £6.2m as we continue to rationalise our head office functions.
- Cash generated from operations, before exceptional items, increased to £40.6m (2013: £39.3m).

¹ The comparatives have been re-presented due to the adoption of IAS 19 (Revised 2011) 'Employee Benefits'.

² Comparative revenue translated at 2014 exchange rates.

³ Adjusted operating profit and adjusted earnings per share are stated before those items of financial performance that the Group believes should be separately disclosed to assist in the understanding of the underlying performance achieved by the Group ('adjusting items'). Adjusting items include amortisation of intangible assets, exceptional item and any non-cash financing costs from unwind of discount on initial recognition of contingent consideration and any related tax. Adjusted operating profit is used to calculate return on capital employed.

⁴ Adjusted operating profit as a percentage of average period-end net assets excluding net debt.

Strategy

Our strategy remains to differentiate ourselves from our competitors in our core markets and create long-term shareholder value. Our 2015 priorities will focus on reshaping our UK cost base, new product development (NPD) and category management, geographic focus and channel alignment, and legislative compliance.

Our 2013/14 achievements have been:

- Restored growth in our Western Europe segment, particularly in France and Benelux;
- Continued strong growth in Germany and Poland, with Germany benefiting from business wins and Poland increasing Private Label penetration;
- Continued progress in Asia Pacific;
- Continued new product launch programme across all markets;
- Successful delivery of our NPD programme with the development of the first Private Label dual compartment laundry sachet in Europe;
- Further developments in the areas of value engineering and operational efficiency; and
- Successful refinancing of our banking facilities and securing further debt facilities of \$90 million from two US private placements.

However, our challenges remain as follows:

- Deep discount promotional activity within the UK;
- Declining demand in Europe;
- Increasing legislation and regulatory compliance;
- Competitive price pressure; and
- Delivering a reshaped cost base.

Current trading and outlook

Our principal objective for the forthcoming year is to improve profitability in the UK, whilst driving strong profitable growth in Central and Eastern Europe.

Trading since the year end is in line with expectations. We can expect an improvement in Group performance following the actions being taken in the UK. The scale of this improvement remains dependent on the extent of branded promotional activity and demand in the UK retail sector.

Board

One change to the composition of the Board was announced during the year. Richard Armitage, Chief Finance Officer resigned with effect from 31 July 2014 following four and a half years' service with the Company.

The Board would like to thank Richard for his contribution during this time and wish him well for the future. Richard will be replaced by Chris Smith in due course. Chris brings strong international experience in multi-site and multicountry organisations.

David Main, Group Director of Finance, is acting as Interim Chief Finance Officer until Chris joins the Company.

Commercial review

The industry, market and competitive environment

UK

In the UK market, Private Label volume share in the Household cleaners sector for the 52 weeks to 22 June 2014 declined slightly to 28.9% (2013: 29.4%) driven by branders' promotional activity. This was most extreme in the laundry category which resulted in Private Label volume share reducing to 19.7% (2013: 20.3%). (Source: Kantar Worldpanel).

The Private Label share of the machine dishwashing category improved to 38.5% (2013: 37.1%) driven by Private Label machine dishwashing tablets volume share up three percentage points to 26.6% (2013: 23.6%). The overall Household cleaners sector, including toilet cleaners and bleach, saw Private Label volume share slightly lower at 37.3% (2013: 38.2%). (Source: Kantar Worldpanel).

In Personal Care, the market was also influenced by promotional activity with Private Label volume share in Personal Care slightly down at 17.0% (2013: 17.7%). (Source: Kantar Worldpanel).

Europe

Markets in Western Europe continue to be impacted by the weak consumer demand, in particular in Southern Europe. In France, the market for Household cleaning products remained flat compared to the prior year. Private Label volume share of the Household products sector declined slightly to 35% (2013: 37%). The market for predosed laundry products in soluble sachets in France is growing and now represents 18% of the whole laundry market. (Source: Nielsen).

In Germany, the largest Private Label market in Europe, Private Label dynamics are very strong with the Private Label share of the detergents category in 2013 growing to 23.2% (2013: 22.3%). In the cleaners category, Private Label demonstrated strong gains with its share increasing to 35.3% (2013: 33.2%). (Source: Nielsen).

The Italian market was also characterised by weak consumer demand, with the overall market for Household cleaning products flat in volume terms for the 52 weeks to the end of June 2014. Private Label volumes were down 2% resulting in Private Label volume share in Italy falling slightly to 14% (2013: 15%). (Source: Nielsen).

In Spain, the market continues to be very weak with continuing high levels of unemployment. The market for Household cleaning products further declined by almost 2% in volume terms with Private Label volume slightly lower than the prior year down 1%. Private Label volume share remained unchanged at 51% (2013: 51%). (Source: Nielsen).

Rest of the World

In Asia Pacific, the Group is continuing to grow sales driven by Australia, Malaysia and China. Vietnam has suffered from a slowdown in demand due to economic conditions. Major business gains have been made in Australia, supplied by both Malaysia and Europe. We plan to invest in capacity enhancing equipment in Malaysia to improve efficiency and output to support recent gains in Personal Care categories.

In Poland, Private Label share of the Household cleaning sector reached 17% in the first half of 2014.

Business performance

Performance summary

Our revenue declined by 3% in the year on a constant currency basis, mainly as a consequence of the action we took to withdraw from low-margin contract manufacturing and Private Label business in 2013. Private Label revenue remained flat.

In the UK, revenue declined by 10% reflecting the deep discounted branded promotional activity since the second quarter. In France revenue grew slightly. In Italy, a particularly weak retail environment resulted in revenues declining by 12% on a constant currency basis.

Our German business again achieved a strong performance with revenue growth of 35% on a constant currency basis.

Developing and emerging market revenues remained at 11% of Group revenue. Our Polish business achieved another strong performance, with revenues growing by 9% on a constant currency basis and we continue to make capital investment in this region.

Customer service levels

During the year, the Group reduced its stock levels from the prior year whilst improving CSL levels and meeting our internal target of 98% (2013: 96%).

Operational review

Our ongoing focus on operational excellence means that we have delivered our Year 3 targets set in 2011. The Group continues to focus on lean initiatives to improve volume outputs. During the year, the Group has continued to successfully manage its material cost base against a backdrop of global economic and political uncertainty.

Research and Development review

During the year, the R&D teams have continued to drive innovation including being the first to market with Private Label dual compartment laundry sachets, whilst managing the substantial change process with regards to classification, labelling and packaging (CLP) compliance.

Looking ahead

Our principal objective for the forthcoming year is to improve profitability in the UK, whilst continuing to drive strong profitable growth in Central and Eastern Europe. Trading since the year end is in line with expectations. We can expect an improvement in Group performance following the actions being taken in the UK. The scale of this improvement remains dependent on the extent of branded promotional activity and demand in the UK retail sector.

GROUP FINANCIAL REVIEW

Group summary

Revenue was £744.2 million compared with £761.4 million in 2013, a decrease of 2%. On a constant currency basis, revenue in 2014 was 3% lower than in 2013 with Private Label continuing to remain broadly flat on an annualised basis. Adjusted operating profit fell by £1.6 million to £22.0 million. Adjusted diluted earnings per share declined to 5.3 pence (2013: re-presented 7.3 pence).

Cash generated from operations before exceptional items was £40.6 million (2013: £39.3m). The cash outflow in relation to exceptional items was £4.2 million (2013: £8.4m). Year-end net debt decreased to £84.7 million (2013: £86.8m). Average capital employed was £173.4 million (2013: £193.6m) and the return on average capital employed was 12.7% (2013: re-presented 12.2%).

Segmental analysis

While the Group is managed on a functional basis, its segments are defined by geography.

Revenue

Group revenue declined by 3% on a constant currency basis compared with 2013, mainly as a consequence of the action we took to withdraw from low-margin contract manufacturing and Private Label business in 2013, the extraordinarily weak retail environment affecting our customers in the UK and Italy during 2014, combined with branded promotional activity that has been more extensive than last year.

Revenue by reportable segment was as follows:

	2014 £m	2013 £m	% increase/ (decrease)
United Kingdom	259.0	286.3	(10%)
Western Europe	419.5	409.9	2%
Rest of the World	65.7	65.2	1%
Total segment revenue	744.2	761.4	(2%)

In the UK, the decline in revenue was driven by the effect of branded promotional activity. In Western Europe, revenue increased due to continued strong growth in Germany derived from business wins, which was partly offset by a decline in performance in Italy due to the Italian retail environment. Rest of the World reported increased revenues due to growth in Poland.

Core and Future Growth categories continue to drive overall Private Label sales, growing 2% on a constant currency basis, with Core and Future Growth categories accounting for 50% of Private Label revenues.

Administration costs

Administration costs before adjusting items have increased from £173.7 million to £178.5 million mainly due to exchange rate movements, costs incurred in supporting sales growth, UK pension auto enrolment and one off property items.

Operating (loss)/profit

Operating loss was £13.9 million, compared with £15.0 million operating profit in 2013. Adjusted operating profit was £22.0 million, compared with £23.6 million in 2013. The adjusted operating margin decreased to 3.0% from 3.1% mainly due to the extraordinarily weak retail environment affecting our customers in the UK and promotional activity by our branded competitors.

Adjusted operating profit can be reconciled to operating profit as follows:

	2014	Re-presented * 2013
	£m	£m
Operating (loss)/profit	(13.9)	15.0
Amortisation of intangibles assets	1.4	1.1
Exceptional items	34.5	7.5
Adjusted operating profit	22.0	23.6

Adjusted operating profit by reportable segment was as follows:

	2014	Re-presented * 2013	Change
	£m	£m	£m
United Kingdom	4.2	14.5	(10.3)
Western Europe	19.8	14.3	5.5
Rest of the World	4.2	2.0	2.2
Total segments	28.2	30.8	(2.6)
Corporate costs	(6.2)	(7.2)	1.0
Total Group	22.0	23.6	(1.6)

* Adoption of IAS 19 (Revised 2011) 'Employee Benefits'.

In the UK, the decline in profit was driven by the combination of weak demand and branded promotional activity. In Western Europe, profit increased mainly due to improve profitability in France. Rest of World profits increased due to strong growth in Poland.

Amortisation of intangible assets

The charge in relation to amortisation of intangible assets in the year was £1.4 million (2013: £1.1m).

Exceptional items

Exceptional items amounted to £34.5 million (2013: £7.5m).

For the year ended 30 June 2014, further reorganisation and restructuring costs of £2.6 million have been recognised in relation to the creation of the functional structure, consisting of centralised support services, comprising project management and consultancy costs, redundancy costs (including Head Office redundancies) and other restructuring costs.

Following the strategic review of our UK operations in 2014, a reorganisation and redundancy provision has been recognised amounting to £7.9 million. In addition, UK goodwill and property, plant and equipment have been impaired by £20.7 million.

Following our annual impairment tests, the Group recognised an impairment charge of £4.9 million in relation to the Dermacol manufacturing plant at Brno, Czech Republic. Accordingly, the Group has reduced its estimate of the contingent consideration payable by £4.7 million. As at 30 June 2014, the Group had a liability of £0.4 million (2013: £5.6m).

In addition, Head Office assets were impaired by £0.4 million, as we rationalised our Head Office functions to Manchester and initial incremental costs of £0.2 million were incurred with regards to CLP. Further exceptional costs will be incurred in the forthcoming year with relating to CLP.

Following agreement with a local authority in June 2014, environmental costs have been provided in relation to historical environmental contamination at a site in Belgium. Short-term precautionary measures have been taken to mitigate the possible impact of any potential future contamination. The agreement requires a three-stage phased remedial action plan over 20 years. Accordingly, a discounted provision of £2.5 million has been recognised in relation to the agreed plan.

Net finance costs

Net finance costs were £7.4 million (2013: re-presented £6.0m) and are summarised as follows:

	2014	Re-presented * 2013
	£m	£m
Interest payable on borrowings (including the effect of interest rate swaps)	4.0	3.7
Interest differentials on net investment hedge	0.3	0.3
Unwind of discount on contingent consideration	0.2	0.3
Amortisation of facility fees	0.7	0.3
Non utilisation	0.6	0.4
Premium on average rate options	0.4	0.3
Post employment benefit scheme – net finance cost	1.1	0.8
Finance lease interest	0.1	-
Finance income	-	(0.1)
Net finance costs	7.4	6.0

* Adoption of IAS 19 (Revised 2011) 'Employee Benefits'.

Amortisation of facility fees increased by £0.4 million to £0.7 million due to the Group renegotiating new debt facilities. The remaining costs associated with the previous debt facilities were charged to net finance costs. Costs in relation to the new facilities will be amortised accordingly.

Post employment benefit scheme costs have been restated in accordance with IAS 19 (Revised 2011).

Profit/(loss) before tax and taxation

Loss before tax was £21.3 million (2013: re-presented £9.0m). Adjusted profit before tax amounted to £14.8 million (2013: re-presented £17.9m) and the comparable income tax expense (excluding tax on adjusting items) was £5.1 million (2013: £4.6m). The Group's effective tax rate was 34% (2013: 26%) due to a change in jurisdictions in which profits arose, and tax losses arising on which deferred tax has not been recognised.

Earnings per share

Basic and diluted earnings per share (EPS) were (10.5) pence (2013: re-presented 3.0p) and adjusted basic EPS decreased to 5.3 pence (2013: re-presented 7.3p). On an adjusted basis, diluted EPS decreased to 5.3 pence per share (2013: re-presented 7.3p). The weighted average number of shares in the period used in calculating basic and diluted EPS was 182.2 million (2013: 182.4m) and 182.2 million (2013: 183.0m) respectively.

Payments to shareholders

The Board's policy with regard to payments to shareholders is that they should be sustainable and paid out of earnings, and will, where possible, be progressive given the cyclical nature of the markets in which the Group operates.

For 2014, the Board intends to recommend a final payment to shareholders of 3.3 pence (2013: 3.3p) to maintain the total payment for the year at 5.0 pence per share, which is covered 1.1 times by adjusted diluted EPS (2013: 1.5 times).

Cash flow and net debt

Net cash generated from operations, excluding cash flows relating to exceptional items, was £40.6 million (2013: £39.3m). There was a net working capital outflow in the year of £2.8 million (2013: £6.5m). Free cash flow amounted to £5.5 million (2013: £7.4m).

Overall net debt at 30 June 2014 was £84.7 million (2013: £86.8m). Net cash and cash equivalents amounted to £34.9 million (2013: Overdraft £8.3m), the higher than normal level of liquidity reflected a mismatch in the maturity of drawings under our revolving credit facility (RCF), which would otherwise have been paid down.

Capital expenditure in the year amounted to £18.8 million and was focused on health and safety (HSE) compliance, customer driven investment and capacity expansion in Poland.

Net interest payments increased by £1.3 million to £5.6 million due to a change in our debt profile.

Tax paid during the year mainly related to the Western European segment.

Payments to shareholders on redemption of the B Shares issued to them remained consistent with prior years, reflecting the Board's policy.

The movement in net debt can be reconciled as follows:

	2014	2013
	£m	£m
Opening net debt	(86.8)	(81.2)
Cash generated from operations before exceptional items	40.6	39.3
Exceptional items	(4.2)	(8.4)
Cash generated from operations	36.4	30.9
Capital expenditure	(18.8)	(16.2)
Sale of non-current assets	0.5	0.4
Net interest paid	(5.6)	(4.3)
Settlement of forward contracts	1.3	(2.0)
Tax paid	(8.3)	(1.4)
Free cash flow	5.5	7.4
Contingent consideration on acquisitions	-	(0.5)
Payments to shareholders	(8.9)	(8.7)
Currency translation difference	5.5	(3.8)
Movement in net debt	2.1	(5.6)
Closing net debt	(84.7)	(86.8)

Research and development costs and CLP compliance

During the year, the Group have incurred R&D expenditure amounting to £9.3 million (2013: £9.5m), as the Group continues to innovate its product offering to our customer needs. In addition, the Group has incurred costs in relation to CLP amounting to £0.2 million, as the Group ensures its products are CLP compliant by June 2015. It is expected that the Group will incur additional exceptional costs in 2015.

Directors' remuneration

The Group has remunerated its Board in accordance with the Group's Remuneration Policy and consider the remuneration is commensurate with the Group's performance. Directors' remuneration amounted to £1.1 million (2013: £1.1m).

Pensions

The Group operates a funded defined benefit scheme in the UK. At 30 June 2014, the Group recognised a deficit on the UK scheme of £28.4 million (2013: £24.2m); the increase during the period is principally due to a decline in the discount rate and an increase in expectations of inflation.

The Group also has other unfunded post-employment benefit obligations outside the UK that amounted to £2.0 million (2013: £1.8m). During the period, the Group has adopted IAS 19 (revised). Consequently, the income statement and statement of comprehensive income have been restated.

Auto enrolment was introduced during the year with 743 of our employees being enrolled. The additional annualised cost to the Group amounts to £0.4 million.

Treasury management and access to credit lines

The Group aims to maintain a strong balance sheet, with a relatively conservative level of debt-to-equity gearing.

The Group's treasury activities focus on ensuring access to secure, cost effective credit lines, and managing liquidity. The treasury department is also engaged in managing the Group's exposures to foreign currency, interest rate and credit risks. All of these activities are overseen by a Group Treasury Committee, which meets regularly and operates within a framework of treasury policies approved by the Board.

During the year, the Group has successfully completed three major funding exercises, which have significantly extended the maturity profile of our debt and diversified our lender sources.

In November 2013, we completed a US private placement (USPP), raising \$50 million from two major US non-bank financial institutions. In April 2014, we raised a further \$40 million through a second US private placement with a US insurance group.

In April 2014, we also completed the refinancing of our RCF, which was due to mature in June 2015. We were able to secure €140 million for five years to April 2019 at competitive rates from a syndicate of four leading banks, Barclays, Bayerische Landesbank, HSBC and KBC. In addition, the Group has invoice discounting facilities (IDF) in the UK, France and Belgium.

The RCF is 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. At 30 June 2014, the Debt Cover ratio was 1.2:1 (2013: 1.3:1) and the Interest Cover ratio was 10.7:1 (2013: 13.7:1).

The Group's committed headroom, assuming continuing covenant compliance, amounts to £96.4 million (2013: £111.9m).

Foreign currency risk

A significant proportion of the Group's net assets are located in Europe and denominated in Euros. The Group is, therefore, exposed to a translation risk when these net assets are converted into Sterling at each balance sheet date. The Group hedges a substantial part of its foreign net assets with borrowings and swaps denominated in the same currency. This mitigates the risk of volatility in reported net assets and key financial ratios due to exchange rate fluctuations. Additionally, the Group hedges exposure on our earnings by purchasing average rate options, and on transaction exposures for which we use forward currency contracts on a rolling 12-month basis.

Interest rate risk

Most of the Group's debt bears interest at floating rates and is, therefore, exposed to a risk of rising interest rates. The Group has a policy of hedging this exposure with interest rate swaps and caps, to mitigate interest rate volatility.

Credit risk

The counterparties to our treasury deals expose the Group to potential credit-related losses in the event of non-performance. This risk is mitigated by dealing only with the major banks, which provide our credit facilities. We also aim to avoid concentration of those deals with any single counterparty.

Commodity price risk

The Group is exposed to changes in raw material prices, some of which are downstream products such as polymers and surfactants based on oil/petrochemical feedstocks. There is generally no liquid or cost-effective market for direct hedging of such exposures. Where liquid markets do exist, there may not be an acceptable level of correlation with the price of our particular commodities. However, the Group mitigates this risk by entering into certain long-term purchasing contracts.

Critical accounting policies and judgements

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

In preparing the consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were as follows:

- Revenue – level of accrued rebates and discounts
- Impairment of long lived assets
- Contingent consideration
- Pensions and other post employment benefits
- Provisions – exceptional items
- Taxation – recognition of deferred tax assets and liabilities

Group Tax Policy

As a Group, we are committed to creating long-term shareholder value through responsible and efficient delivery of our strategy. We, therefore, adopt an approach to tax that aligns to and supports this strategy.

We act in compliance with the relevant local and international laws and disclosure requirements and our aim is to engage in open and transparent relationships with the relevant tax authorities.

In an increasingly complex international environment, a degree of tax risk and uncertainty is inevitable. We manage and control these risks in a proactive manner and seek appropriate advice from reputable professional firms as required. Tax risks are assessed as part of the Group's corporate governance process.

Going concern

The Group meets its funding requirements through internal cash generation and bank credit facilities, most of which are committed until April 2019. In addition, during the year the Group successfully secured further debt facilities of \$90 million from two US private placements. 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-equity gearing. 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.

Positioned for growth

While trading conditions have been particularly difficult in the Group's developed markets during 2014, we have implemented plans following a strategic review to return the Group to profitable growth.

The Group's balance sheet remains strong following its refinancing, with very significant committed borrowing headroom of £96.4 million on its committed borrowing facilities. We have a robust funding platform and remain well positioned financially to achieve our key objectives for the forthcoming year.

David Main

Interim Chief Finance Officer

Principal risks and uncertainties

The Group is subject to risk factors both internal and external to its business, and has a well established set of risk management procedures. The following risks and uncertainties are those that the directors believe could have the most significant impact on the Group's business:

- Market competitiveness
- Input costs
- Legislative compliance
- Business Interruption
- Financial risks
- Human resource and employee retention

Payments to shareholders

The Board is recommending a final payment to shareholders of 3.3 pence per share (2013: 3.3p) reflecting the Board's confidence in recovery plans. This would result in a total payment to shareholders being maintained at 5.0 pence per ordinary share, which would be covered 1.1 times by adjusted diluted earnings per share (2013: 1.5 times). Subject to approval at the annual general meeting (AGM), the payment would be made by the allotment of 33 non-cumulative redeemable preference shares ('B Shares'), giving a total allotment for the year of 50 B Shares.

Cautionary statement

This announcement contains forward-looking statements that are subject to risk factors associated with, among 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 announcement will be realised.

The forward-looking statements reflect the knowledge and information available at the date of preparation of this announcement and the Company undertakes no obligation to update these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

Consolidated income statement
For the year ended 30 June 2014

	Note	2014			Re-presented * 2013		
		Adjusted £m	Adjusting items (see note 6) £m	Total £m	Adjusted £m	Adjusting items (see note 6) £m	Total £m
Revenue	3	744.2	–	744.2	761.4	–	761.4
Cost of sales		(494.7)	–	(494.7)	(512.7)	–	(512.7)
Gross profit		249.5	–	249.5	248.7	–	248.7
Distribution costs		(49.0)	–	(49.0)	(51.4)	–	(51.4)
Administrative costs		(178.5)	(35.9)	(214.4)	(173.7)	(8.6)	(182.3)
Operating (loss)/profit	3	22.0	(35.9)	(13.9)	23.6	(8.6)	15.0
Finance costs		(7.2)	(0.2)	(7.4)	(5.8)	(0.3)	(6.1)
Finance income		–	–	–	0.1	–	0.1
Net finance costs		(7.2)	(0.2)	(7.4)	(5.7)	(0.3)	(6.0)
(Loss)/profit before taxation		14.8	(36.1)	(21.3)	17.9	(8.9)	9.0
Taxation	5	(5.1)	7.3	2.2	(4.6)	1.1	(3.5)
(Loss)/profit for the year attributable to the owners of the Company		9.7	(28.8)	(19.1)	13.3	(7.8)	5.5

Operating (loss)/profit			(13.9)	15.0
<i>Adjusted for:</i>				
<i>Amortisation of intangible assets</i>	9		1.4	1.1
<i>Exceptional items</i>	4		34.5	7.5
Adjusted operating profit	3		22.0	23.6

Earnings per ordinary share	6			
Basic			(10.5)p	3.0p
Diluted			(10.5)p	3.0p

* Adoption of IAS 19 (Revised 2011) 'Employee Benefits'

Consolidated statement of comprehensive income

For the year ended 30 June 2014

	2014 £m	Re- presented * 2013 £m
(Loss)/profit for the year attributable to owners of the Company	(19.1)	5.5
Other comprehensive (expense)/income		
Items that may be reclassified to profit or loss:		
Currency translation differences on foreign subsidiaries	(10.7)	5.5
Gain/(loss) on net investment hedges	10.3	(4.7)
(Loss)/gain on cash flow hedges in the year	(4.6)	0.4
(Loss)/gain on cash flow hedges transferred to profit or loss	(0.3)	2.4
Taxation relating to items above	0.5	(0.7)
	(4.8)	2.9
Items that will not be reclassified to profit or loss:		
Net actuarial loss on post-employment benefits	(5.2)	(7.2)
Taxation relating to items above	0.1	1.4
	(5.1)	(5.8)
Total other comprehensive expense	(9.9)	(2.9)
Total comprehensive (expense)/income	(29.0)	2.6

* Adoption of IAS 19 (Revised 2011) 'Employee Benefits'.

Consolidated balance sheet

As at 30 June 2014

	Note	2014 £m	Re- presented * 2013 £m
Non-current assets			
Goodwill	9	23.9	30.8
Other intangible assets	9	2.4	3.3
Property, plant and equipment	10	143.4	173.6
Derivative financial instruments		–	0.1
Deferred tax assets		14.1	5.5
Other non-current assets		0.5	0.6
		184.3	213.9
Current assets			
Inventories		66.6	85.2
Trade and other receivables		142.5	144.5
Derivative financial instruments		0.2	0.9
Cash and cash equivalents		34.9	–
Assets classified as held for sale		1.2	1.3
		245.4	231.9
Total assets		429.7	445.8
Current liabilities			
Trade and other payables		180.2	197.9
Borrowings		33.1	37.0
Derivative financial instruments		0.8	0.7
Current tax liabilities		6.4	9.0
Provisions	12	8.9	2.3
		229.4	246.9
Non-current liabilities			
Trade and other payables		0.4	5.6
Borrowings		86.9	49.8
Derivative financial instruments		3.9	1.5
Pensions and other post-employment benefits	11	30.4	26.0
Provisions	12	2.5	0.5
Deferred tax liabilities		7.6	8.8
		131.7	92.2
Total liabilities		361.1	339.1
Net assets		68.6	106.7
Equity			
Issued share capital		18.3	18.3
Share premium account		111.5	120.6
Other reserves		26.5	22.4
Accumulated loss		(88.3)	(55.2)
Equity attributable to owners of the Company		68.0	106.1
Non-controlling interests		0.6	0.6
Total equity		68.6	106.7

* Adoption of IAS 19 (Revised 2011) 'Employee Benefits'.

Consolidated cash flow statement
For the year ended 30 June 2014

	Note	2014 £m	Re- presented * 2013 £m
Operating activities			
(Loss)/profit before tax		(21.3)	9.0
Net finance costs		7.4	6.0
Exceptional items	4	34.5	7.5
Share-based payments		–	0.1
Depreciation of property, plant and equipment		23.5	23.9
Amortisation of intangible assets		1.4	1.1
Operating cash flow before changes in working capital		45.5	47.6
(Increase)/decrease in receivables		(3.2)	2.7
Decrease/(increase) in inventories		15.3	(10.3)
(Decrease)/increase in payables		(14.9)	1.1
Operating cash flow after changes in working capital		42.7	41.1
Additional cash funding of pension schemes		(2.1)	(1.8)
Cash generated from operations before exceptional items		40.6	39.3
Cash outflow in respect of exceptional items		(4.2)	(8.4)
Cash generated from operations		36.4	30.9
Interest paid		(5.6)	(4.3)
Taxation paid		(8.3)	(1.4)
Net cash from operating activities		22.5	25.2
Investing activities			
Proceeds from sale of non-current assets		0.5	0.4
Purchase of property, plant and equipment		(18.2)	(15.0)
Purchase of intangible assets		(0.6)	(1.2)
Acquisition of subsidiaries		–	(0.5)
Settlement of derivatives used in net investment hedges		1.3	(2.0)
Net cash used in investing activities		(17.0)	(18.3)
Financing activities			
Redemption of B Shares		(8.9)	(8.7)
Drawdown of bank loans		134.7	85.7
Repayment of bank loans		(87.6)	(99.5)
Capital element of finance lease rentals		–	(0.1)
Net cash used in financing activities		38.2	(22.6)
Increase/(decrease) in net cash and cash equivalents		43.7	(15.7)
Net cash and cash equivalents at the start of the year		(8.3)	7.6
Currency translation differences		(0.5)	(0.2)
Net cash and cash equivalents at the end of the year		34.9	(8.3)
Net cash and cash equivalents comprise:			
Cash and cash equivalents		35.3	–
Overdrafts		(0.4)	(8.3)
Net cash and cash equivalents at the end of the year		34.9	(8.3)

* Adoption of IAS 19 (Revised 2011) 'Employee Benefits'.

Reconciliation of net cash flow to movement in net debt
For the year ended 30 June 2014

	Note	2014 £m	Re- presented * 2013 £m
Increase/(decrease) in net cash and cash equivalents		43.7	(15.7)
Net (drawdown)/repayment of bank loans		(47.1)	13.8
Capital element of finance lease rentals		–	0.1
Change in net debt resulting from cash flows		(3.4)	(1.8)
Currency translation differences		5.5	(3.8)
Movement in net debt in the year		2.1	(5.6)
Net debt at the beginning of the year	8	(86.8)	(81.2)
Net debt at the end of the year	8	(84.7)	(86.8)

* Adoption of IAS 19 (Revised 2011) 'Employee Benefits'

Consolidated statement of changes in equity

For the year ended 30 June 2014

	Issued share capital £m	Share premium account £m	Other reserves			Accumulated loss £m	Equity attributable to owners of the Company £m	Non-controlling interests £m	Total equity £m
			Cash flow hedge reserve £m	Currency translation reserve £m	Capital redemption reserve £m				
At 30 June 2012	18.3	129.2	(3.5)	(1.5)	15.8	(46.5)	111.8	0.6	112.4
Year ended 30 June 2013									
Profit for the year	-	-	-	-	-	5.5	5.5	-	5.5
Other comprehensive income/(expense)									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries	-	-	-	5.5	-	-	5.5	-	5.5
Gain on net investment hedges	-	-	-	(4.7)	-	-	(4.7)	-	(4.7)
Gain on cash flow hedges in the year	-	-	0.4	-	-	-	0.4	-	0.4
Gain on cash flow hedges transferred to profit or loss	-	-	2.4	-	-	-	2.4	-	2.4
Taxation relating to items above	-	-	(0.7)	-	-	-	(0.7)	-	(0.7)
Items that will not be reclassified to profit or loss:									
Net actuarial loss on post-employment benefits	-	-	-	-	-	(7.2)	(7.2)	-	(7.2)
Taxation relating to item above	-	-	-	-	-	1.4	1.4	-	1.4
Total other comprehensive expense	-	-	2.1	0.8	-	(5.8)	(5.8)	-	(5.8)
Total comprehensive income/(expense)	-	-	2.1	0.8	-	(0.3)	2.6	-	2.6
Transactions with owners of the Company									
Issue of B shares	-	(8.6)	-	-	-	-	(8.6)	-	(8.6)
Redemption of B shares	-	-	-	-	8.7	(8.7)	-	-	-
Share-based payments	-	-	-	-	-	0.1	0.1	-	0.1
Transfer of own shares	-	-	-	-	-	0.3	0.3	-	0.3
Taxation relating to items above	-	-	-	-	-	(0.1)	(0.1)	-	(0.1)
At 30 June 2013	18.3	120.6	(1.4)	(0.7)	24.5	(55.2)	106.1	0.6	106.7
Year ended 30 June 2014									
Loss for the year	-	-	-	-	-	(19.1)	(19.1)	-	(19.1)
Other comprehensive (expense)/income									
Items that may be reclassified to profit or loss:									
Currency translation differences on foreign subsidiaries	-	-	-	(10.7)	-	-	(10.7)	-	(10.7)
Gain on net investment hedges	-	-	-	10.3	-	-	10.3	-	10.3
Loss on cash flow hedges in the year	-	-	(4.6)	-	-	-	(4.6)	-	(4.6)
Loss on cash flow hedges transferred to profit or loss	-	-	(0.3)	-	-	-	(0.3)	-	(0.3)
Taxation relating to items above	-	-	0.5	-	-	-	0.5	-	0.5
Items that will not be reclassified to profit or loss:									
Net actuarial loss on post-employment benefits	-	-	-	-	-	(5.2)	(5.2)	-	(5.2)
Taxation relating to item above	-	-	-	-	-	0.1	0.1	-	0.1
Total other comprehensive income/(expense)	-	-	(4.4)	(0.4)	-	(5.1)	(9.9)	-	(9.9)
Total comprehensive expense	-	-	(4.4)	(0.4)	-	(24.2)	(29.0)	-	(29.0)
Transactions with owners of the Company									
Issue of B shares	-	(9.1)	-	-	-	-	(9.1)	-	(9.1)
Redemption of B shares	-	-	-	-	8.9	(8.9)	-	-	-
At 30 June 2014	18.3	111.5	(5.8)	(1.1)	33.4	(88.3)	68.0	0.6	68.6

At 30 June 2014, the accumulated loss included a deduction of £0.8 million (2013: £0.8m) for the cost of own shares held in relation to employee share schemes.

Notes to the consolidated financial information

For the year ended 30 June 2014

1. Basis of preparation

The financial information is derived from the Group's consolidated financial statements for the year ended 30 June 2014, which have been prepared on a going concern basis in accordance with International Financial Reporting Standards ('IFRSs') adopted for use in the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRSs. The consolidated financial statements have been prepared under the historical cost convention, modified in respect of the revaluation to fair value of contingent consideration, derivative financial instruments, assets held for sale, pension assets and liabilities and cash-settled share-based payments.

The consolidated financial statements were approved by the Directors on 9 September 2014.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2013, except for:

- IAS 19 (Revised 2011) 'Employee Benefits'
- IFRS 13 'Fair value Measurement'
- Amendments to IAS 12 'Income taxes' on deferred tax
- Amendments to IFRS 7 on Financial instruments asset and liability offsetting
- Annual improvements 2011

Of the above changes to accounting policies, only the adoption of IAS 19 has had a financial effect on the consolidated financial statements for the year ended 30 June 2014. In addition, management have re-presented prior year administration costs to be aligned on a consistent basis with current year in relation to the allocation of engineering costs between direct and indirect.

Adoption of IAS 19 (Revised 2011) 'Employee Benefits'

Amendments to IAS 19, which fully impact the accounting for the Group's defined benefit pension scheme for the first time for the year to 30 June 2014, are reflected within these financial statements. The IAS 19 amendments affect the pension's disclosure as follows:

- Pension scheme administration costs are now charged to operating profit. However, the costs of managing pension scheme assets continue to be deducted in arriving at the actual return on the scheme assets.
- The Group's consolidated income statement now reflects a net interest cost, calculated by applying the discount rate used to measure the benefit obligation to the net deficit on the scheme as at the beginning of the year.

Essentially, therefore, in the Group's income statement the expected return on the scheme assets has been replaced by an interest credit. Differences between the actual return on the scheme assets and the interest credit are recognised on a separate line in other comprehensive income.

The combined impact of the amendments to IAS 19 has been to increase the income statement cost of the Group's defined benefit pension scheme for the year ended 30 June 2013 as follows:

- Pension scheme administration costs are now charged to administrative costs amounting to £0.4 million;
- Net interest cost increased by £0.1 million; and
- Offset by taxation relating to the above items.

The financial information does not constitute statutory accounts within the meaning section 435 of the Companies Act 2006 or contain sufficient information to comply with the disclosure requirements of IFRSs.

The Company's auditors, PricewaterhouseCoopers LLP, have given an unqualified report on the consolidated financial statements for the year ended 30 June 2014, which did not include reference to any matters to which the auditors drew attention without qualifying their report and did not contain any statement under section 498 of the Companies Act 2006.

Subject to approval by the Company's shareholders, the consolidated financial statements will be filed with the Registrar of Companies following the Company's Annual General Meeting on 20 October 2014.

2. Acquisitions

Acquisitions in prior years

On 1 September 2010, the Group acquired 70% of the share capital of Dermacol a.s., a manufacturer of skincare products in the Czech Republic. Under the terms of the acquisition, the Group agreed to pay fixed instalments on completion and within one year of completion and further instalments based on Dermacol's revenue in each financial year in the five-year period ending 30 June 2017. The Group also agreed to purchase the remaining 30% of the share capital of Dermacol in 2017 for consideration based on Dermacol's operating profit for the financial year ending 30 June 2017.

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

	£m
At 30 June 2013	5.6
Charged to profit or loss:	
Change in estimate (see note 4)	(4.7)
Unwind of discount	0.2
Currency translation differences	(0.7)
At 30 June 2014	0.4

3. Segment information

Background

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

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

Analysis by reportable segment

	2014					
	UK £m	Western Europe £m	Rest of the World £m	Total Segments £m	Corporate £m	Total Group £m
Segment revenue	259.0	419.5	65.7	744.2	–	744.2
Adjusted operating profit	4.2	19.8	4.2	28.2	(6.2)	22.0
Amortisation of intangible assets	(1.2)	–	(0.2)	(1.4)	–	(1.4)
Exceptional items (see note 4)	(27.6)	(3.8)	(0.6)	(32.0)	(2.5)	(34.5)
Operating (loss)/profit	(24.6)	16.0	3.4	(5.2)	(8.7)	(13.9)
Net finance costs						(7.4)
Profit before taxation						(21.3)

	Re-presented * 2013					
	UK £m	Western Europe £m	Rest of the World £m	Total segments £m	Corporate £m	Total Group £m
Segment revenue	286.3	409.9	65.2	761.4	–	761.4
Adjusted operating profit	14.5	14.3	2.0	30.8	(7.2)	23.6
Amortisation of intangible assets	(1.0)	–	(0.1)	(1.1)	–	(1.1)
Exceptional items (see note 4)	(1.3)	(0.8)	(1.7)	(3.8)	(3.7)	(7.5)
Operating profit/(loss)	12.2	13.5	0.2	25.9	(10.9)	15.0
Net finance costs						(6.0)
Profit before taxation						9.0

* Adoption of IAS 19 (Revised 2011) 'Employee Benefits'.

4. Exceptional items

Analysis of exceptional items

	2014 £m	2013 £m
Reorganisation and restructuring costs:		
– Functional reorganisation	(2.6)	(3.0)
– Supply chain restructuring	–	(0.7)
– UK restructuring	(7.9)	–
	(10.5)	(3.7)
Impairment of long-lived assets and inventory:		
– Etain, France	–	(2.2)
– Brno, Czech Republic	(4.9)	–
– Head Office	(0.4)	–
– UK restructuring	(20.7)	–
	(26.0)	(2.2)
Environmental remediation	(2.5)	–
Classification, labelling and packaging (CLP)	(0.2)	–
Change in contingent consideration (note 2)	4.7	(1.6)
Total charged to operating profit	(34.5)	(7.5)

During 2014, the Group recognised further exceptional costs of £2.6 million (2013: £3.0m) in relation to the creation of a functional structure with centralised support services, comprising project management and consultancy costs.

Also during the year, the Group recognised costs with regards to UK restructuring following the strategic review of the UK business as follows:

- £7.9 million in relation to redundancies, legal and consultancy costs
- £20.7 million in relation to the impairment of property, plant and equipment and spares, including £6.4 million in relation to the goodwill allocated to its Air Care business.

The Group recognised a £4.9 million impairment charge on property, plant and equipment in relation to its Skincare business at Brno, Czech Republic, which is materially offset by the change in contingent consideration payable on the Dermacol acquisition of £4.7 million. In addition, Head Office assets were impaired by £0.4 million, as the Group rationalised Head Office functions to Manchester.

Further exceptional costs have been incurred of £2.5 million in relation to a long term environmental remediation plan at a site in Belgium and initial incremental costs of £0.2 million incurred with regards to CLP. Further exceptional costs will be incurred in the forthcoming year with regards to CLP.

In the prior year, £0.7 million was charged to complete the rationalisation of its supply chain in Western Europe.

5. Taxation

Tax recognised in profit or loss

	2014			2013		
	UK £m	Overseas £m	Total £m	UK £m	Overseas £m	Total £m
Current tax expense:						
Current year	–	6.4	6.4	0.1	6.4	6.5
Adjustment for prior years	–	0.1	0.1	0.3	(0.3)	–
	–	6.5	6.5	0.4	6.1	6.5
Deferred tax expense:						
Origination and reversal of temporary differences	(8.0)	(0.2)	(8.2)	(1.2)	(1.1)	(2.3)
Adjustment for prior years	(0.5)	0.2	(0.3)	(0.4)	–	(0.4)
Impact of change in tax rate	–	(0.2)	(0.2)	(0.3)	–	(0.3)
	(8.5)	(0.2)	(8.7)	(1.9)	(1.1)	(3.0)
Total tax (credit)/expense	(8.5)	6.3	(2.2)	(1.5)	5.0	3.5

6. Earnings per share

Basic earnings per ordinary share is calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of the Company's ordinary shares in issue during the financial year. The weighted average number of the Company's ordinary shares in issue excludes 0.6 million shares (2013: 0.7 million shares), being the weighted average number of own shares held during the year in relation employee share schemes.

		2014	Re-presented * 2013
Earnings (£m)	a	(19.1)	5.5
Weighted average number of ordinary shares in issue (million)	b	182.2	182.4
Basic earnings per share	a/b	(10.5)p	3.0p

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.

		2014	Re-presented * 2013
Weighted average number of ordinary shares in issue (million)		182.2	182.4
Effect of dilutive LTIP awards (million)		–	0.6
Weighted average number of ordinary shares for calculating diluted earnings per share	c	182.2	183.0
Diluted earnings per share	a/c	(10.5)p	3.0p

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

		2014 £m	Re-presented * 2013 £m
Earnings for calculating basic and diluted earnings per share		(19.1)	5.5
Adjusted for:			
Amortisation of intangible assets (see note 9)		1.4	1.1
Exceptional items (see note 4)		34.5	7.5
Unwind of discount on contingent consideration (see note 2)		0.2	0.3
Taxation relating to the above items		(7.3)	(1.1)
Earnings for calculating adjusted earnings per share	d	9.7	13.3
Adjusted basic earnings per share	d/b	5.3p	7.3p
Adjusted diluted earnings per share	d/c	5.3p	7.3p

* Adoption of IAS 19 (Revised 2011) 'Employee Benefits'.

7. 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 per cent of LIBOR on the 0.1p 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:

	2014		2013	
	Pence per share	£m	Pence per share	£m
Interim	1.7	3.1	1.7	3.1
Final	3.3	6.0	3.3	6.0
Total for the year	5.0	9.1	5.0	9.1

The proposed final payment in respect of 2014 of 3.3p per ordinary share is subject to approval by shareholders at the Company's AGM and has therefore not been recognised in the consolidated financial statements.

8. Net debt

Movements in net debt were as follows:

	At 30 June 2013 £m	Cash flows £m	Currency translation differences £m	At 30 June 2014 £m
Cash and cash equivalents	–	35.8	(0.5)	35.3
Overdrafts	(8.3)	7.9	–	(0.4)
Net cash and cash equivalents	(8.3)	43.7	(0.5)	34.9
Bank and other loans	(78.2)	(47.1)	6.0	(119.3)
Finance lease liabilities	(0.3)	–	–	(0.3)
Net debt	(86.8)	(3.4)	5.5	(84.7)

9. Goodwill and other intangible assets

	Goodwill £m	Other intangible assets £m
Carrying amount		
At 30 June 2013	30.8	3.3
Additions	–	0.6
Impairment recognised in the year	(6.4)	–
Amortisation charge for the year	–	(1.4)
Currency translation differences	(0.5)	(0.1)
At 30 June 2014	23.9	2.4

Impairment recognised in the year

During 2014, following a strategic review of the UK business, an impairment of £6.4 million was recognised which represented the entire goodwill allocated to the UK Air Care business.

10. Property, plant and equipment

	£m
Carrying amount	
At 30 June 2013	173.6
Additions	18.9
Disposals	(0.5)
Depreciation charge for the year	(23.5)
Impairment recognised in the year	(17.8)
Currency translation differences	(7.3)
At 30 June 2014	143.4

The impairment recognised in the year relates to Brno, Czech Republic and UK amounting to £4.9 million and £12.9 million respectively.

11. Pensions and post-employment benefits

The Group operates a number of post-employment benefit arrangements. In the UK, the Group operates a defined benefit pension scheme and defined contribution pension schemes. Together, these schemes cover most of the Group's UK employees. 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 2014, the Group's post-employment benefit obligations outside the UK amounted to £2.0 million (2013: £1.8m).

	2014 £m	2013 £m
Defined benefit obligations		
UK – funded	(121.0)	(108.7)
Other – unfunded	(2.0)	(1.8)
	(123.0)	(110.5)
Fair value of scheme assets	92.6	84.5
Deficit on the schemes	(30.4)	(26.0)
Related deferred tax asset	5.7	5.6

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

	£m
At 30 June 2013	(108.7)
Service cost	(1.2)
Interest cost	(5.2)
Actuarial loss	(8.0)
Employees' contributions	(0.5)
Benefits paid	2.6
At 30 June 2014	(121.0)

Movements in the fair value of the scheme assets during the year were as follows:

	£m
At 30 June 2013	84.5
Expected return on plan assets	4.1
Actuarial gain	2.8
Employer's contributions	3.7
Employees' contributions	0.5
Benefits paid	(2.6)
Administration expenses	(0.4)
At 30 June 2014	92.6

12. Provisions

	Reorganisation and restructuring £m	Leasehold dilapidations £m	Environmental remediation £m	Other £m	Total £m
At 30 June 2013	1.9	0.3	–	0.6	2.8
Charged to profit or loss	10.1	0.2	2.5	–	12.8
Utilisation	(3.5)	(0.5)	–	(0.1)	(4.1)
Currency translation differences	(0.1)	–	–	–	(0.1)
At 30 June 2014	8.4	–	2.5	0.5	11.4

Reorganisation and restructuring provisions as at 30 June 2014 principally comprise of redundancies and consultancy costs in relation to the functional reorganisation and UK restructuring.

Environmental remediation provision relates to historical environmental contamination at a site in Belgium.

Other provisions are mainly in respect of training costs in France.

13. Key Performance Indicators (KPIs)

Management uses a number of KPIs to measure the Group's performance and progress against its strategic objectives. The most important of these are noted and defined below:

- Organic revenue growth - Change in revenue adjusted for the effect of exchange rate movements (constant currency).
- Adjusted operating profit - Operating profit before adjusting items.
- Adjusted operating margin - Adjusted operating profit as a percentage of revenue.
- Adjusted diluted earnings per share - Profit attributable to shareholders before adjusting items divided by the weighted average number of ordinary shares used for calculating diluting earnings per share.
- Return on capital employed – Adjusted operating profit as a percentage of average year-end net assets excluding net debt.

---- Ends ----