JOHN MENZIES PLC

ANNUAL REPORT
AND ACCOUNTS
2014

2014 HIGHLIGHTS

TURNOVER

£1,999.9m

(2013: £2,000.3m)
UP 3% ON A CONSTANT CURRENCY BASIS

OPERATING CASH FLOW

£74.0m

(2013: £68.3m)

UNDERLYING PROFIT BEFORE TAX

£44.6m

(2013: £53.1m)

PROFIT BEFORE TAX

£25.7m

(2013: £42.1m)

DIVIDEND PER SHARE

16.2p

(2013: 26.5p)

- DISTRIBUTION CONTINUES TO BE RESILIENT AND HIGHLY CASH GENERATIVE
- AVIATION TURNOVER GROWTH OF 9% AT CONSTANT CURRENCY – PROFITABILITY HELD BACK BY START-UP COSTS, OPERATIONAL AND INTEGRATION ISSUES
- DISTRIBUTION RESHAPE IN 2014 WITH CLEAR BUSINESS STREAMS
- REVIEW OF AVIATION BUSINESS UNDERWAY HIGHLIGHTING ATTRACTIVE MARKET GROWTH DYNAMICS
- NEW APPROACH IN AVIATION FOCUSED ON FIVE STRATEGIC PRIORITIES, WITH A RENEWED EMPHASIS ON OPERATIONAL EXCELLENCE
- DIVIDEND REBASED TO ENABLE INVESTMENT IN GROWTH OPPORTUNITIES

WHO WE ARE

John Menzies plc provides support services in fast-moving, time-critical markets.

As a team we are passionate about performance and achieving our vision of being a successful services business that delivers shareholder value.

Our people are critical to our success, representing our business to customers around the world and responding to their needs every minute of every day.

All around the world, we work with integrity to deliver a safe and secure, efficient service to our customers.

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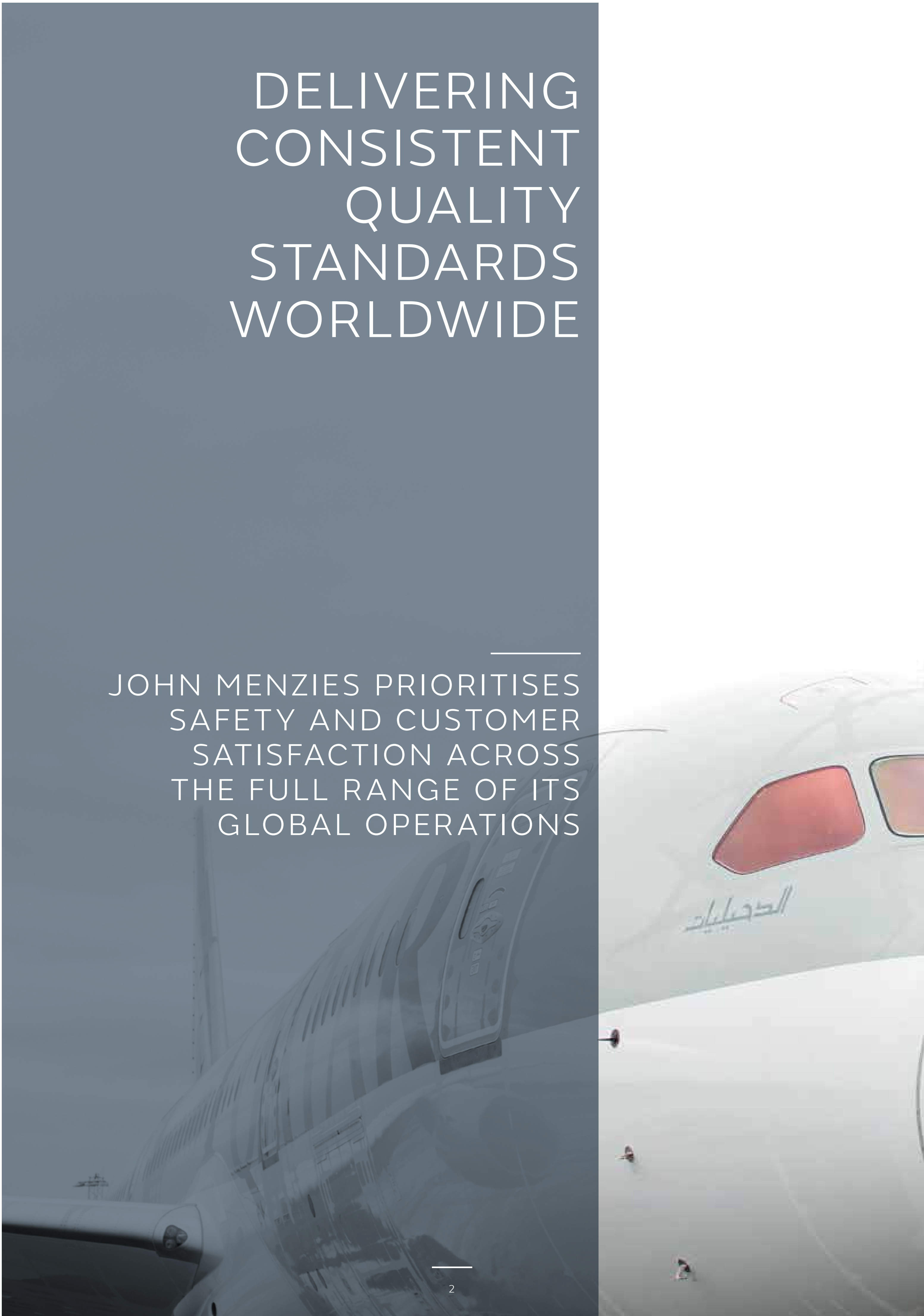


DELIVERING CONSISTENT QUALITY STANDARDS WORLDWIDE

JOHN MENZIES PRIORITISES SAFETY AND CUSTOMER SATISFACTION ACROSS THE FULL RANGE OF ITS GLOBAL OPERATIONS

To sustain and grow our businesses, we need to show our customers that we can work to the highest standards of quality and integrity.

United by our shared S.P.I.R.I.T. values, Menzies' businesses across the globe operate in a manner which prioritises safety and customer satisfaction; builds and develops high performing teams; and translates this good practice into strong customer relationships and long-term profit generation.

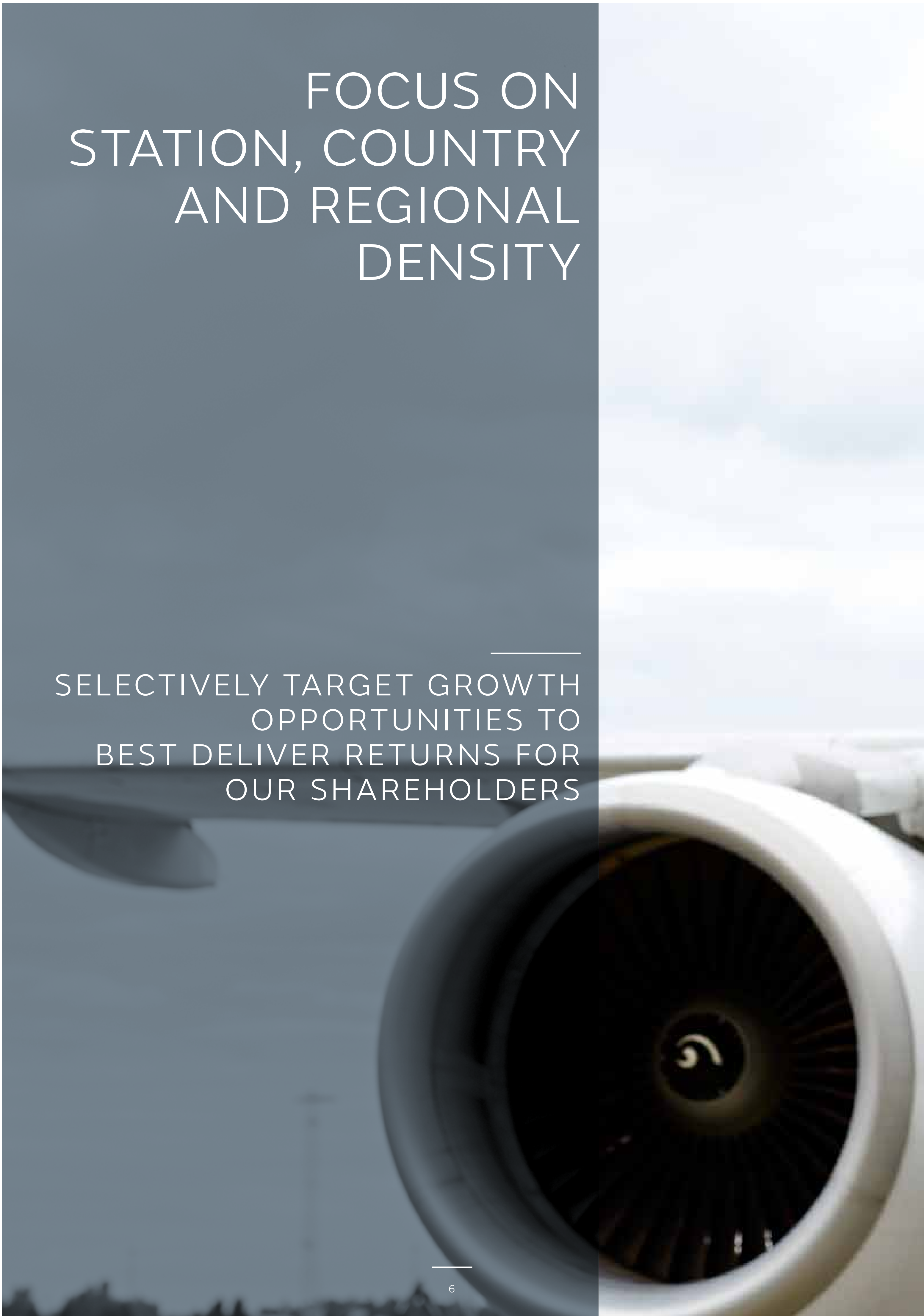
You can read more about our S.P.I.R.I.T. on page 43

Our customers expect a service tailored to their needs, performed by experts, timed to fit seamlessly within the schedules on which their business operates; that's the essential nature of time-critical logistics.

In each of our businesses we focus completely on meeting those expectations, whether that means turning a passenger jet in arctic conditions or supplying a retailer marooned by road closures. Wherever you can see a Menzies logo, you'll find people delivering around the clock, against the clock.

THE RIGHT PEOPLE, IN THE RIGHT PLACE, AT THE RIGHT TIME

THAT’S THE ESSENCE OF TIME-CRITICAL LOGISTICS, AND THE CENTRAL PRINCIPLE OF OUR APPROACH



FOCUS ON STATION, COUNTRY AND REGIONAL DENSITY

SELECTIVELY TARGET GROWTH OPPORTUNITIES TO BEST DELIVER RETURNS FOR OUR SHAREHOLDERS

We selectively target growth opportunities to best deliver returns for our shareholders.

This targeted approach allows us to establish strong, efficient stations in key locations which maximise the use of our resources.

Our businesses typically serve multiple airlines at each airport, offering clients additional services – and benefiting from economies of scale as a result.

Our businesses share not only a unifying ethos – beating the clock for the benefit of our customers – but also a common approach.

In every sphere of our operations, we trade in delivery. Whether we are delivering parcels to retail locations, passengers to aircraft, or cargo from one side of the world to the other, our core skills of scheduling, storage and transport management are the driving force behind our service offer.

TWO DIVISIONS, ONE PHILOSOPHY

COMMON SKILLS, APPROACH AND ETHOS BIND OUR BUSINESSES TOGETHER

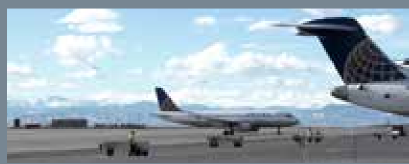
ESSENTIAL READ

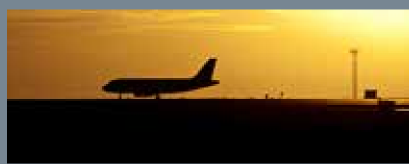
MEET OUR NEW CHIEF EXECUTIVE

Jeremy Stafford joined the Group as CEO in October. Read his review of our position and future strategy on pages 20 to 23.

Read more on page 20

THIS YEAR'S NEW ARRIVALS





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A BUSY YEAR

JAN Began cargo handling for Etihad in Amsterdam Schiphol airport

FEB Commenced a three-year ramp freighter handling contract for DHL in Edinburgh

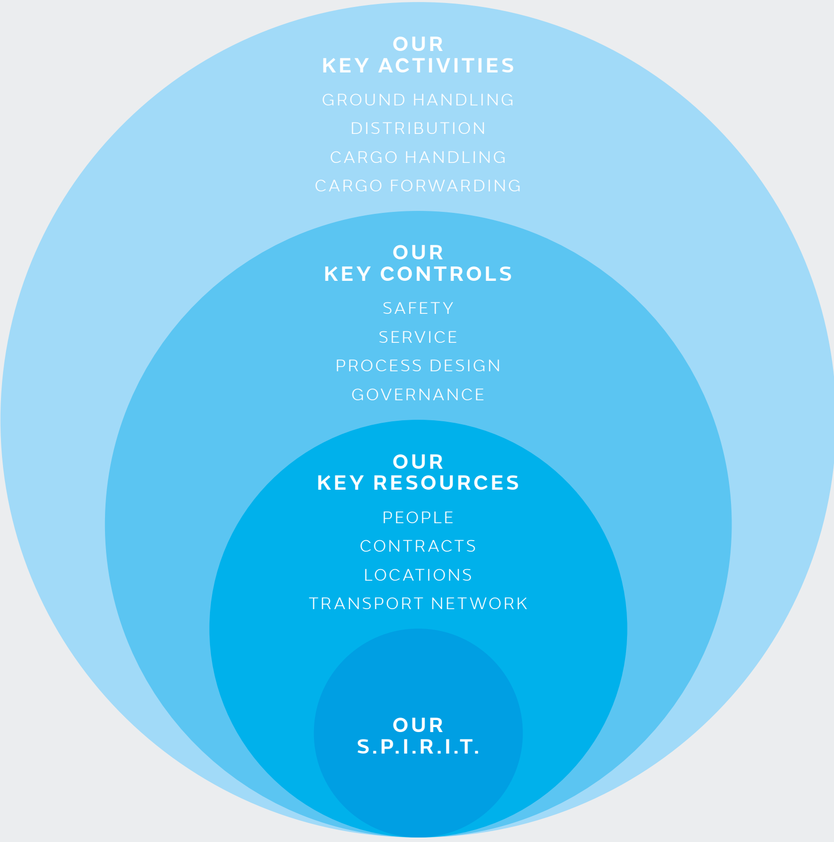
MAR Air Baltic awards Menzies Aviation a three-year ground handling contract in Norway

APR Operations began for three-year contract at London City Airport with BA City Flyer and British Airways

MAY Qantas agrees three-year contract with Menzies Aviation for ground handling services at London Heathrow Terminal 3

JUN The FIFA World Cup brings a welcome boost to collectibles distribution in the UK

OUR BUSINESS MODEL



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HOW ARE WE BEING RESPONSIBLE?

Looking after our people, communities and the environment.

Read more on page 42

OUR FINANCIAL REVIEW

Read Paula Bell's Financial Review of 2014.

Read more on page 30

JUL New cargo operations open in Toronto and Montreal to serve Air France/KLM contract

AUG Menzies Distribution is commended for its handling of Glasgow 2014 Commonwealth Games logistics

SEP Jeremy Stafford is announced as the new CEO of John Menzies plc

OCT Our Simplicity brand ramps up operations to begin serving a substantial new United Airlines contract in Denver

NOV Menzies Aviation proudly serves as the exclusive ground handler to the G20 Summit in Brisbane

DEC Menzies Aviation extends partnership with Qantas Airways for a three-year passenger and ramp contract for Auckland, Wellington, Christchurch and Queenstown

A YEAR OF CHANGE

COMPOSITION OF THE BOARD

EXECUTIVE DIRECTOR	2
INDEPENDENT NON-EXECUTIVE DIRECTOR	3
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR	1
CHAIRMAN	1

LENGTH OF TENURE (NON-EXECUTIVE DIRECTOR)

0–3 YEARS	1
4–6 YEARS	2
7–9 YEARS	1
MORE THAN 9 YEARS	1

BOARD BY GENDER

EXECUTIVE – MALE	1
EXECUTIVE – FEMALE	1
NON-EXECUTIVE – MALE	3
NON-EXECUTIVE – FEMALE	2

Read more on page 52

Iain Napier
Chairman

2014 was a challenging year for the Group. Despite a strong performance from Menzies Distribution, with continued cost management and increased revenues from the FIFA World Cup, we had a poor year at Menzies Aviation primarily due to operational issues. These operational issues are now largely resolved and we look forward to 2015 being a year of consolidation and operational delivery.

We have evolved our Board structure during the year to a more standard executive structure with the appointment of Jeremy Stafford as Chief Executive, who has undertaken a review of our strategy and business portfolio, ensuring we are well placed for future growth.

The last 15 years have delivered new and substantial opportunities for the Group. In the Aviation sector, we have grown our interests to the point where we now operate at around 150 locations in 31 countries. Simultaneously, there has been a gradual decline in the UK newspaper and magazine industry which provides the majority of traditional work for our Distribution division. However, we have successfully mitigated these declines with good cost control and related business activities.

As we look forward the Group is well placed with growth opportunities and a refreshed management team.

Governance

The Board aims to uphold the highest standards of governance at all times and regularly reviews our processes and performance to ensure an appropriate framework exists across the Group.

Our primary focus remains on the delivery of safe and secure services. We support that focus by continually monitoring and updating our operating procedures to ensure that risks are minimised. We supplement that key objective with a culture of disciplined financial decision making, smart contracting and a talent management policy which delivers the best people for our business.

Sustaining our strong systems of corporate governance will be central to our successful evolution of the Group.

Board Changes

During the year we welcomed Jeremy Stafford as Chief Executive and I believe Jeremy with his breadth of experience will lead the Group on the next stage of its growth path.

At Menzies Distribution, Forsyth Black joined as Managing Director replacing David McIntosh who decided to leave by mutual agreement in January 2015. Craig Smyth, Managing Director of Menzies Aviation resigned in August, and stepped down from the Board during November.

Silla Maizey joined as a Non-Executive Director and brings substantial aviation experience following a long career with British Airways. In December Eric Born stood down from the Board for personal reasons.

Following the Annual General Meeting in May 2015 Ian Harley will step down from the Board for health reasons. Octavia Morley, having served nine years on the Board, was due to step down in May. However, she has agreed to stay until later in the year to allow an orderly handover to new Non-Executive Directors. A recruitment plan is in place to secure suitable candidates to maintain our current Board level.

Our Board structure currently has seven Directors; two Executive Directors, three independent Non-Executive Directors, a further Non-Executive Director and myself as Chairman. We have three female Directors and four male. Our Non-Executive Directors have wide-ranging backgrounds in the aviation industry, retail and consumer products and financial.

We are a balanced and diverse Board, and I believe that this mix not only matches best practice but brings a wealth of experience and opinions to the boardroom. The Board is responsible for setting the tone and culture for the business and therefore the overall performance of the Group. Whilst we are committed to compliance with corporate governance codes, we believe we have an excellent balance, with an appropriate mixture of skills and experience.

Employees

We now have over 24,500 employees in 31 countries, and each of them delivers on our behalf.

They operate in every set of conditions, from baking heat at one location to driving snow at another; they ensure that we maintain the highest standards of safety and security; they build, through their actions, a reputation for great service which is the bedrock of our future contract wins and renewals.

I would like to thank them for doing a great job around the clock, against the clock – and making our Company what it is today.

Iain Napier
Chairman
9 March 2015

WHAT WE DO

IN 31 COUNTRIES AROUND THE WORLD OUR EMPLOYEES DELIVER MARKET-LEADING SERVICE TO MEET OUR CUSTOMERS' NEEDS. WHEREVER YOU FIND A MENZIES LOGO, YOU'LL FIND PEOPLE DELIVERING AROUND THE CLOCK, AGAINST THE CLOCK.

EMPLOYEES
24,500

NEWSAGENTS
25,600

NEWSPAPERS AND MAGAZINES DELIVERED DAILY
6.4m

TONNES OF CARGO
1.6m

AIRCRAFT TURNAROUNDS
1.1m

MILES DAILY
130,000

EMPLOYEES

GROUND HANDLING

Providing a best-in-class service at 143 airports across the globe, this business supports millions of passengers every year from the check-in desk to the runway, on behalf of their airlines.

With a menu which includes issuing tickets, handling baggage, boarding passengers and towing planes, we aim to be the handler of choice for the world's leading airlines.

Read more on page 36

DISTRIBUTION

Providing final mile delivery for 110 million delivery units each year, serving customers in the press, travel and third-party logistics sectors, our distribution division operates one of the largest overnight logistics networks in the UK. From eight hub and 31 spoke facilities across Britain and Ireland, our distribution teams pick, pack and cross-dock clients' materials before driving 130,000 miles each day to bring them to their ultimate destination.

Read more on page 38

CARGO FORWARDING

Known as a truly neutral consolidator, AMI buys belly space in flights across the world and consolidates cargo into them for our customers. Since our business is independent of the major airline networks, our team give customers confidence that they will always book the best route for their goods. Our import, export, cross-trade and express services are supported by an IT infrastructure which allows customers to manage their business online with ease.

Read more on page 40

CARGO HANDLING

Our dedication to making every second count is never more apparent than in our cargo handling business.

Moving perishable, high value goods on and off aircraft in a tightly-timed fashion is our stock-in-trade, and the high regard in which our customers hold us is reflected in the range of cargo facilities we manage globally. The business offers full ramp transfer, load management and import/export handling services, supported by warehousing and trucking facilities which can help convey valuable consignments to the next step in their supply chains.

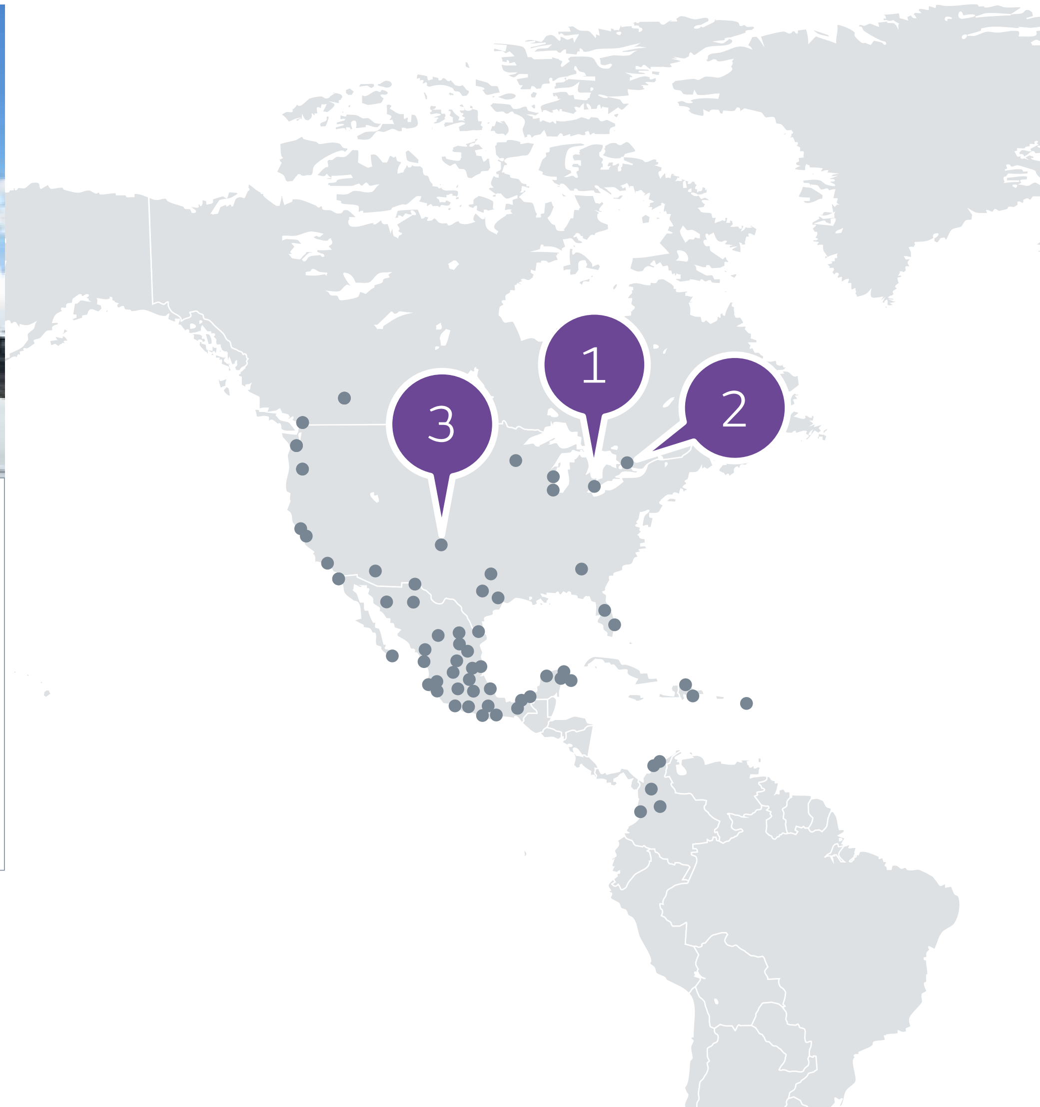
Read more on page 40

GLOBAL PRESENCE

DELTA AT DETROIT

- First contract with Delta in the US
- First generation outsourcing
- Estimated 60,000 turns per annum
- A major new station for Menzies using the Simplicity brand

Read more about Simplicity on page 37



WESTJET AT TORONTO

- Estimated 36,000 turns per annum at WestJet's Canadian hub, Toronto
- First Ground Handling contract in Canada hot on the heels of setting up new cargo operations at Toronto and Montreal

UNITED IN DENVER

- Now the largest station in our network
- Estimated 100,000 turns per annum
- 13th station under our Simplicity brand, which now accounts for approximately 15% of all turns

Read more about Simplicity on page 37

BARRATTS SHOES BOLSTERS RUSHDEN FULFILMENT CENTRE

- To support its 2014 relaunch as an online retailer, Barratts Shoes turned to Menzies Distribution's Rushden centre to act as exclusive e-commerce fulfilment partner
- The business warehouses and despatches 47 different shoe brands for the client, with a selection of almost 2,000 individual styles

NEW CARGO FACILITY IN SYDNEY

- Opened in March at Sydney's Terminal 2
- Now handles 75,000 tonnes per annum
- Contract win with Etihad will see an estimated 25,000 tonnes of cargo handled across 4 stations each year

MARKET REVIEW

Each of the Group's markets is united by a common theme: the importance of service excellence, delivered within a time-critical window.

Distribution

Menzies Distribution's activities are focused in two distinct sectors of the wider UK logistics market; the UK print media supply chain and the UK retail logistics and parcel delivery market.

The UK print media supply chain is structured around the production of newspapers and consumer magazines by publishers, who then deliver the products to wholesalers – such as Menzies Distribution – for consolidation and distribution to retail outlets. This process is highly time sensitive given the short shelf-life of news product. The industry requires long-term contracts with both the publishers of newspapers and consumer magazines and each individual retailer who sells the final printed copy. This intermediary role places far greater demands on the wholesalers than a traditional "niche" delivery role would and has required significant investment in network coverage, transportation efficiencies and IT to be able to manage customer accounts on behalf of the industry.

The sector is worth c£2.6bn, split roughly two-thirds news and one-third magazines. The print media sector has been in structural decline for a number of years, as consumers have moved to accessing information through other media and this trend is unlikely to reverse. Consequently the market has consolidated over recent years to the position where today there are two main distribution providers covering the UK market with the investment in technology and network scale to provide the time-critical service to the industry.

Reduction of the wholesalers' fixed and variable cost bases is constant within the industry. By concentrating on quality of service, process efficiency and economies of scale, wholesalers can maximise profitability in the face of declining sales. Consolidation of existing networks and maximisation of assets such as automated packing lines are crucial to protecting earnings.

Both the high levels of investment required (in an appropriate depot network and transport fleet) and the exclusivity of publisher distribution contracts (which are negotiated in a five-year cycle) present high barriers to entry for potential competitors.

The UK retail logistics and parcel delivery market is a fragmented sector, but one in growth, a trend largely attributable to increased online shopping by consumers over the last decade. The companies operating in this space carry out delivery on behalf of their clients to other businesses and to consumers; services range from warehousing and fulfilment to overnight pickup and delivery.

According to PwC's report 'The outlook for UK mail volumes to 2023' parcel volumes increased by 4.3% p.a. in the period 2005-2008 and by 3.7% p.a. in the period 2008-2013; and UK home shopping grew from a 6% share of total retail sales in 2005 to an 11% share in 2012.

Ground Handling

The ground handling market serves the basic logistical needs of airline customers across the world. Service providers range from in-house organisations maintained by airlines to outsourced providers such as Menzies Aviation.

Ground handlers undertake the essential processes required to 'turn' aircraft, an industry term that covers conveying passengers from planes after arrival; offloading luggage and cargo; performing small supporting tasks such as recharging of on-board batteries; reloading new baggage, cargo and passengers; and towing or pushing the planes into a position from which they can take off again. These fundamental activities must be carried out against tight deadlines and to exacting standards of safety.

Critical support services, such as the operation of check-in desks, gates and passenger lounges, are also provided by ground handling businesses, including Menzies Aviation.

The market continues to grow and develop, driven by the increasing numbers of aircraft entering service to satisfy growing passenger demand. In 2014, 31 million turns were carried out globally, of which around 9 million were outsourced by the airlines. By 2020 there are expected to be around 46 million aircraft turns, of which around 20 million will be outsourced.

Independent ground handlers' position in the market is strengthening as competitive pressures drive airlines to outsource their ground operations. A combination of growth in the market, which is expected to be 3-5% per annum; particularly growth amongst low-cost carriers, for whom outsourced ground handling is central to their business model; and a general trend toward increased outsourcing amongst full-service airlines is expected to maintain this pressure over the medium to long term.

Operating in an airport environment brings with it related security and control issues, including certification, training and security vetting. This, combined with initial investment in equipment at each station, substantial insurance cover levels, ISAGO (IATA Safety Audit programme for Ground Operations) standards and reputation, creates significant barriers for potential new entrants into the market.

Given the current fragmented state of the market, conditions are right for consolidation amongst independent ground handlers. As a large and reputable player with the right skills, experience, safety and operational management systems in place, Menzies Aviation is in a strong position to be a beneficiary of such consolidation.

Cargo Handling

The air cargo market is driven by demand to deliver high value, time-sensitive cargo across the globe.

Companies choose to fly high value items where delivery within a tight time window is worth the additional cost of air transportation over land or sea transportation. Approximately 5% of international trade by volume, but 35% by value, travels by air. Around 60% of all aircraft flights have cargo in their hold, usually larger, transcontinental aircraft. Cargo-only flights account for around 2.6% of total aircraft movements.

Approximately 100m tonnes of cargo are transported around the world annually. There is significant market concentration around the world's main hubs, with nearly 50% of the cargo tonnes handled at the 20 busiest stations. Volumes of cargo moved by air tend to reflect economic cycles with growth between 2009 and 2011 of 6%.

Cargo handling requires significant investment in infrastructure and equipment, alongside the necessity of approval by the appropriate regional regulator, which creates a substantial barrier to entry.

In the case of a business such as Menzies Aviation which has a widespread, existing station network in place to support ground handling activity, offering a cargo handling service from those stations is an attractive way of maximising return on existing investment and growing an additional revenue stream.

Cargo Forwarding

Given the cost of transporting cargo by air, not every company that could benefit from the speed and security of the service can necessarily afford to procure space from the airlines, particularly if they fall below a certain level of critical mass. Freight forwarders and consolidators act to address this issue by bulk-booking cargo space in aircraft, which they then make available to customers to book smaller consignments.

A forwarder does not traditionally move goods but organises shipments for others: they can arrange the rate, collection, customs clearance, transportation, security screening, documentation, storage and delivery of goods that customers move around the world. The market is led by world trade movements, with growth in the Asia–Europe, Middle East–Far East and North–South America trade lanes.

Maintaining a long-term presence given fluctuations in the cargo market requires significant resources, a fact that deters new entrants from making a sustained challenge to the established players. The start-up investment required to purchase key equipment, such as security scanners, also acts as a barrier to entry.

Chief Executive Officer's Review

THE RIGHT VISION FOR GROWTH

Introducing
Jeremy Stafford

Jeremy Stafford brings a new dimension to John Menzies plc's senior team, with an impressive background in strategic and operational leadership, alongside significant experience of running and growing large-scale international contracting businesses.

His career prior to joining the Group has encompassed roles at British Airways, BT, Phoenix IT Group plc and Serco plc; in the latter, he led Serco UK and Europe, a division which had revenues of £2.5bn and employed 35,000 people.

The Board believes that Jeremy's appointment at this exciting stage in our Company's history is a crucial step in fulfilling our growth ambitions and realising our potential.

John Menzies plc is a distinguished company, with a proud history of delivering time-critical logistics for more than 180 years. I am delighted to have joined it in October.

Our businesses are exposed to growth markets: Aviation, which continues to see a rise in volumes of both aircraft movements and cargo, and Distribution which, whilst facing steady decline in the traditional market of newspaper and magazine delivery, has substantial opportunities in the broader e-commerce distribution market which is growing at pace.

2014 Review

It has been a mixed year for the Group. Distribution has been resilient and we are pleased with the performance. Top line growth in Aviation has been strong; however, earnings have been impacted by increased start-up costs and previously announced operational difficulties at London Heathrow. Although these issues are now largely resolved, this will impact the first half of 2015.

After the challenges of 2014 our focus for 2015 will be on operational excellence and targeted growth. Our strategic refresh that we announced in November is now complete. While we continue to work on our detailed implementation plans, we now have a clear direction for the Group.

Menzies Distribution

Overall sales of newspapers and magazines were down 3% on an absolute and like for like basis. During the year newspaper sales benefited from a number of cover price increases in H1. Newspaper sales value on a like for like basis was down 1% with magazines down 6%.

We are part way though our UK distribution network rationalisation programme in order to best serve our customers, and match capacity to declining volume. During 2014 we reduced our main hubs from 10 to 8 and created a magazine super-hub in Maidstone. The programme will continue into 2015.

The Orbital Marketing Services business acquired in late November 2012 outperformed its plan, and we expect to pay a contractual earn-out during 2015. The travel brochure distribution business is largely integrated into the core distribution network, and the e-fulfilment business has grown with new contracts being signed in the charity and cosmetics sectors.

Our retail consultancy business, FORE had a strong year, landing a significant contract to place newspaper product into over 500 Aldi stores. This contract provided FORE with the category management business, while also adding newspaper volume to the core business through the delivery of product in our territories.

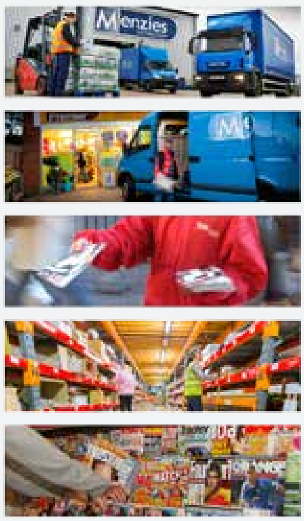
Menzies Aviation

We continued to grow our footprint during the year, demonstrating our ability to win new contracts, particularly by operating Ground Handling hubs for airlines. Important large Ground Handling contract wins have been secured with key clients as a new wave of outsourcing gathers momentum, particularly in the US. Cargo Handling again performed strongly following increased tonnage through existing locations and new contract wins in Australia and Canada.

Ground Handling turns were up 15% in the year, reflecting the prior year acquisitions in Australia and Colombia, together with the new hub operations. Cargo Handling tonnes were up 10% following growth from existing customers in Continental Europe, contract wins in Australia and new operations at four locations across Canada.

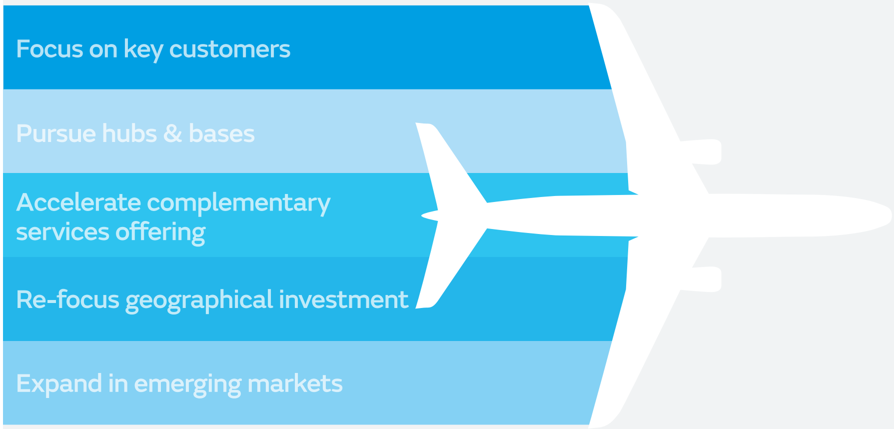
Unprecedented operational challenges were experienced in the year, as we communicated to shareholders in our November trading update. At London Heathrow, increased costs were incurred to protect service levels during disruption while the airport closed a terminal and carriers were relocated. The change of terminal, coupled with a new market entrant and very competitive contract negotiations, caused an amount of contract churn and margin erosion. Operational matters are now largely

MENZIES DISTRIBUTION
FIVE MAIN BUSINESS AREAS



1 TRUCKING
2 FINALMILE
3 HANDTOHAND
4 MENZIESRESPONSE
5 FORE leading retail thinking

MENZIES AVIATION FIVE STRATEGIC PRIORITIES



Driving better returns

resolved, and new contracts have been secured with American Airlines and Royal Jordanian Airlines. During 2015 we will reorganise our management focus by terminal, driving density and synergies where possible and restructuring accordingly.

During the year significant opportunities emerged within the North American ground handling market. The renegotiation of terms with regional flying partners and within labour contracts following Chapter 11 restructuring, and the subsequent consolidation of US domestic airlines, increased the pace and scale of outsourcing. Significant contract gains were made during the year, including regional hub operations for Delta Air Lines in Detroit and United Airlines in Denver. We also strengthened our footprint with LCCs, winning a contract to handle WestJet Airlines at one of their main bases in Toronto, Canada. These three contracts alone add some 200,000 turns per annum, and Denver is now our largest Ground Handling operation by aircraft turns.

Since the year-end we have secured a seven-year contract with Norwegian Airshuttle to operate their hub operation in Oslo, together with important bases in Gothenburg and Copenhagen. Norwegian Airshuttle is one of Europe's leading low-cost airlines, and this significant win deepens our existing relationship.

Tempering the contract gains were a number of losses including SA Express, our anchor customer in South Africa, much of our British Airways business as they transferred flights from London Heathrow Terminal 1 to their in-house operation at Terminal 5, and contracts lost in Colombia reflecting the difficult integration of the prior year acquisition.

Overall, we were net winners of 60 contracts that will contribute an additional £76m of revenue per annum. Contract renewals included some 122 contracts securing £164m of revenue primarily on three-year terms. In particular, we were pleased to renew our existing contract with easyJet at London Gatwick for five years, where we will handle some 60 base aircraft and 59,000 turns per annum at their main base.

Looking ahead we see excellent growth opportunities for aviation services, particularly in North America where the outsourcing trend by traditional airlines is gaining real traction. We continue to seek to expand, but will do so in a logical and structured manner, playing to our strengths and adding more products to our offering where the local market has capacity.

Strategic Refresh

As announced at our trading update in November, the Board asked management to refresh the strategic focus of the Group and this is now complete. Whilst we continue to work on our plans, we now have a clear direction for the Group. We will focus on growing the Group but will do so with greater discipline and precision.

In the Distribution market, we have defined five core business streams in which we will operate, and are now focused on identifying areas where we can broaden our offering and become a participant in the growing e-commerce logistics market. Our work continues in this area, and we will provide a fuller update at the time of our Interim Results in August 2015.

Within the Aviation sector, we will focus on five key priorities as described below.

Deepening Key Customer Relationships

The division's key customers fall into three main groupings. Firstly, low-cost carriers ("LCCs") and regional airlines, where Menzies Aviation is growing market share, and is the world's leading LCC Ground Handler. We achieve this position through our dedicated focus on service while adding value to our customers. Secondly, the traditional carriers where we are partnering with these customers to optimise global service levels while achieving cost synergies for our customers. Thirdly, Asian and Middle Eastern carriers which are fast growing and with whom we are working to help roll out their services.

Pursue Regional Hubs and Bases

Having experienced significant growth in the outsourcing of LCC bases over the last 10 years, management believes that the next phase of growth in Ground Handling outsourcing will involve the network carriers and their regional operations, led by North American-based carriers. We have seen this happening already with our contract wins with Delta Air Lines in Detroit and United Airlines in Denver.

The North American network carriers typically self-handle over 3 million turns annually, with approximately 1 million of these at regional hubs. This provides a significant opportunity for growth in outsourcing at regional hubs and Menzies is well placed, through its Simplicity USA brand, to take advantage of the growth in this segment.

Our growth is not limited to North America. We won the contract for Norwegian Airshuttle at its international hub at Gardermoen Airport in Oslo. In Latin America, we have for several years provided ground handling services to VivaAerobus, a significant LCC in the region. Their main base is in Monterrey and comprises 33,000 turns per annum. This relationship has subsequently been extended to over 20 airports in Mexico.

Accelerate Complementary Services Offering

The division's historical approach to cross-selling complementary services has been opportunistic, and therefore our coverage is thinly spread across our markets. We believe that there are significant opportunities to deepen our offering in this area, including serviced lounges, de-icing and aircraft cleaning. The rationale for our airline customers is that it enables them to contract with fewer suppliers, thereby growing our relationships with them while strengthening retention.

Re-focus Geographical Investment

Our investment programme will focus on where we see the most significant opportunities for the division in the medium term. The acceleration of outsourcing in established markets such as North America provides us with excellent hub and base opportunities.

Expand in Emerging Markets

There are three main areas of focus in emerging markets. Eastern Europe is an exciting market, with growing passenger numbers. The Middle East has strong base airlines which continue to grow their footprint. South East Asia has a large number of hub and base opportunities. All of these regions are being continually assessed to ensure that we pursue the right opportunities, at the right price, in the right markets.

To support all of these initiatives we will evolve our business tools and systems while continuing to invest in our people. We have a robust Balance Sheet from which to build, and we have announced a re-basing of our dividend to contribute to our investment in growth.

Our future success will depend on maximising the use of our resources, ensuring that we generate the greatest possible value from our people and infrastructure, and uniting as a Group to drive us towards our goals.

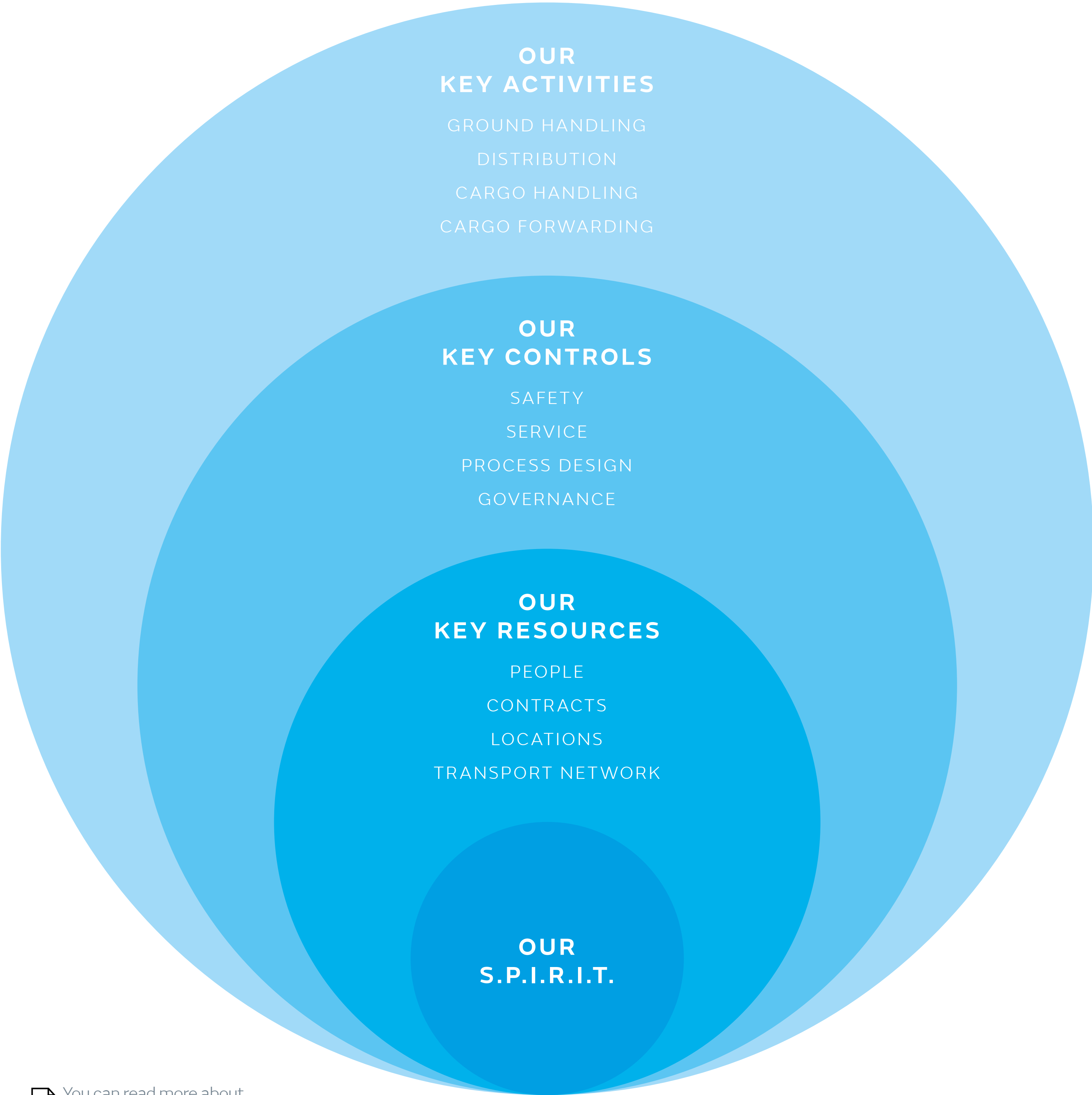
Outlook

Both operating divisions are delivering to plan. Due to the contract churn and operational issues in 2014, the 2015 results will be more than usually weighted to the second half.

As we move into 2015, we have excellent prospects in growing markets. Some foreign exchange volatility persists, and the outcome of the Spanish Ground Handling tenders has been delayed, but we move forward with confidence as we prepare for the next phase of the Group's development.

Jeremy Stafford
Chief Executive Officer
9 March 2015

OUR BUSINESS MODEL IS SIMPLE, BUT PROVEN AND EFFECTIVE



You can read more about our S.P.I.R.I.T. on page 43

WE USE THE PEOPLE, LOCATIONS AND TRANSPORT AT OUR DISPOSAL TO COMPLETE A STABLE PIPELINE OF WORK SECURED BY OUR CONTRACTS. AS WE PUT THOSE RESOURCES TO WORK, WE MANAGE THEM IN LINE WITH FIRST-CLASS STANDARDS FOR SAFETY, SERVICE AND OPERATIONAL PROCESS, ALL CONTROLLED THROUGH A DETAILED CORPORATE GOVERNANCE FRAMEWORK.

ULTIMATELY, WE DELIVER SHAREHOLDER VALUE THROUGH OUR FOUR KEY ACTIVITIES: GROUND HANDLING, DISTRIBUTION, CARGO HANDLING AND CARGO FORWARDING.

Our Key Resources

Each of our business streams delivers for our customers by utilising the skills of our team and the capabilities of our infrastructure.

People

We have a workforce of over 24,500 highly trained employees who drive our productivity.

Contracts

Contracts which typically run for 3 to 5 years provide our business a secure pipeline of activity.

Locations

Our established network gives us the reach to serve customers from more than 150 locations on 6 continents.

Transport network

Our dedicated fleet of delivery vans and airside vehicles drives more than 130,000 miles each day, operating within exceptionally tight deadlines.

Our Key Controls

We manage our key resources in line with measured standards on Safety, Security and Service, established operating process, and governance policies.

Safety

Our detailed standards, driven by our expert safety teams, provide clear frameworks for safe operations across the Group.

Service

Key Performance Indicators relevant to each sector of our operations are actively monitored, and performance responded to, by our management teams.

Process design

Our central teams develop and enforce standard protocols across all our activities, ensuring that we consistently work ‘the Menzies way’.

Governance

A clear structure of corporate guidelines, designed to uphold standards and minimise risk, ensure that we operate effectively.

Our Key Activities

Every day of the year, all around the world our people operate with integrity in time-critical support services to deliver a safe, secure and efficient service to our customers.

Ground Handling

Offering critical support services to airlines to support their businesses. The services are handling passengers, baggage and the towing of planes.

Distribution

Providing 110 million time-critical pick, pack and cross-dock newspapers, magazines and parcel deliveries annually across the UK.

Cargo Handling

Moving perishable and high-end goods on and off aircraft, warehousing and transporting them daily through our cargo facilities around the world.

Cargo Forwarding

Providing a consolidated service to airlines brokering belly space and consolidating cargo across the world.

OUR PHILOSOPHY

GIVE **CUSTOMERS**
A SAFE, SECURE
AND GREAT SERVICE

DRIVEN BY:

CUSTOMER SERVICE

SAFETY AND SECURITY

FROM A **TEAM**
THAT WANTS
TO WORK FOR US

DRIVEN BY:

PEOPLE AND INTEGRITY

IN AN EFFICIENT
AND INDUSTRY–
LEADING MANNER

DRIVEN BY:

EFFICIENCY

TO DELIVER
LONG TERM
SUCCESS

DRIVEN BY:

GROWTH

SHAREHOLDER VALUE

OUR PHILOSOPHY GIVES US CLARITY ABOUT OUR PATH TO SUCCESS, FOCUSING OUR ENERGY ON THE KEY ELEMENTS THAT WILL DELIVER SHAREHOLDER VALUE.

A Great and Safe Service
Safety and security is our number one priority. We take our responsibilities for our employees, our customers, their customers and all stakeholders extremely seriously. Significant investment is being made to ensure appropriate training systems and resources are in place. Providing a safe and secure system of work is fundamental to the provision of an efficient and productive business that operates with integrity. Our customers rightly judge our safety and security record when awarding contracts.

Allied to this is our commitment to providing a great service across every field in which we operate. Our customers expect their product to be delivered on time, every time. In order for us to win and retain contracts and support our expansion into new markets we must ensure we build a reputation for providing quality, consistency and reliability. Our public-facing businesses reflect our customers' brands, whether checking-in passengers or distributing free newspapers on the high street, we have to get everything right.

A Motivated Team
People aren't just important to our success, they are critical to it – and comprise a significant part of our costs. We strive to employ the right people, with the right skills and abilities throughout the Group, just as we strive to build a working environment which brings out the best in them.

Our reputation is derived from the service that our people deliver, and the integrity they demonstrate. We recognise that the very high standards our customers demand can only be met by trained, safe and motivated employees who perform well at all times; we design our training and development programmes accordingly. We pride ourselves on equipping employees worldwide to behave responsibly and ethically and achieve our objectives safely and efficiently.

Efficient Operations
To be successful in fast moving, time-critical markets we manage our operations in a highly efficient manner. We are further developing our operating procedures to ensure that each similar process is undertaken in the same way, generating improved performance metrics and maximising the utilisation of physical assets through customer density. Through the deployment of common IT platforms, to drive a lean cost base and bringing economies of scale to our purchasing and negotiating, we aim to operate as efficiently as we can. This approach will allow us to offer our clients the best possible service.

Delivering Long-Term Success
We aim to provide a sustainable return to our investors and external stakeholders. Sustainable profits are key to the long-term success of the Group, allowing us to continue to invest in our businesses and supporting our ambition to grow.

PROTECTING FUTURE RETURNS

RISK AND UNCERTAINTY HAVE THE POTENTIAL TO HINDER OUR PROGRESS TOWARD THE COMPANY'S STRATEGIC OBJECTIVES. WE FOCUS ON MITIGATING THOSE RISKS, TO PROVIDE REASONABLE – ALTHOUGH NOT ABSOLUTE – ASSURANCE AGAINST MATERIAL RISKS.

THE TABLE BELOW PROFILES THOSE RISKS THAT THE BOARD BELIEVES TO BE THE MOST SIGNIFICANT, ALONGSIDE THE ACTIVITY WE UNDERTAKE TO MITIGATE THEM.

RISK **IMPACT** **MITIGATION**

Risk and description	Impact	Mitigating factors
CHANGING CONSUMER BEHAVIOUR The risk associated with changing consumer behaviour and digital media proliferation reduces demand for Menzies Distribution services.	This could lead to an acceleration of top line decline as fewer newspapers and magazines are sold while individuals adapt the way they consume media.	A focus on cost and productivity efficiency within the core business. New revenue opportunities from hand-to-hand distribution and ancillary services are developed to maximise the value from our network of assets.
RISK OF CUSTOMER CONSOLIDATION Risk of airline industry change, including airline consolidation, leading to a significantly reduced volume. Risk of consolidation or retailer aspirations for Menzies Distribution.	Consolidation could result in volume reductions across the main product categories where an airline is handled by a competitor or drops a route. Large multiple retailers with greater power could result in preferential payment terms and increased service level demands.	A balanced portfolio of Aviation customers is maintained. Ground Handling focuses on growing and financially strong airlines. Good relations are maintained with key clients. We continue to drive service excellence and respond to KPIs. Ancillary services added to the Distribution business to provide greater utilisation of the fleet and assets.
SECURITY BREACH A risk that a serious security breach or incident occurs that is directly attributable to the actions of one of our employees or the failure of related processes or training.	The impact of a serious security related incident would affect the Group's reputation, operational performance and ultimately financial performance.	The Group works closely with airport authorities. Rigorous checking and vetting of all employees takes place. Central support is provided to all stations to ensure consistency, utilising our intranet based safety and security monitoring system, MORSE, which provides consistent and regular reporting.
RISK OF CONTRACT RENEWALS Failure to renegotiate existing contracts at acceptable rates or to successfully win new contracts.	Inability to renegotiate key existing contracts could materially affect operations and profitability.	There is a strategic analysis of all options at the time contracts in both Aviation and Distribution are due for renewal. We constantly evolve the operational model to ensure an optimum cost base is maintained. The majority of current wholesale news contracts were renegotiated during 2013, and secured through to 2019 and beyond.
HEALTH AND SAFETY A risk of failing to provide employees with appropriate training and a safe working environment, together with a risk that the Group fails to comply with relevant health and safety legislation.	The impact of a health and safety failure could have an impact on the Group's reputation, operational performance and financial performance.	Safety is the number one value across the Group. Dedicated health and safety teams exist throughout the business. Detailed health and safety reports are discussed by business leadership teams and safety is the first agenda item at all Board meetings. Continual analysis of accidents allows trends to be identified and prompt action taken.

Risk and description	Impact	Mitigating factors
IT SYSTEMS ROBUSTNESS Sophisticated IT systems are at the core of all our businesses driving efficiency. System downtime could lead to operational issues and delays to customers. External vulnerability to attack is a growing worldwide issue which could lead to erroneous information entering our processing systems, or commercial data being accessed without permission.	A serious outage for a limited period of time would have both an operational and a reputational impact.	All of our back-up data centres have adequate power and facilities. We ensure that our systems remain up to date with appropriate external firewalls where required. The Group has disaster recovery plans for its businesses and these are periodically tested.
INADEQUATE HUMAN RESOURCES As the Group expands it is important that sufficient trained and skilled staff are available to fill positions and lead that expansion at local levels. We rely on having the right people with the right skills in the right place at the right time. A risk that the Group has inadequate succession planning and people development.	The operational and leadership impact of failing to have sufficient people, or a stream of trained, qualified people identified as potential future business leaders could result in increased costs, lack of efficiency and a failure to deliver on any of the key strategic objectives of the Group.	Succession plans across the Group exist. The Board annually reviews succession plans for senior management and Executive Directors. Structured development programmes exist across the Group aimed at identifying and developing key employees.
FAILURE TO DELIVER BRANCH RATIONALISATION PROGRAMME IN DISTRIBUTION The reorganisation of the Distribution estate to integrate the Orbital business and properties, and provide a national coverage of hubs and spokes, whilst producing a leaner and more efficient packing and distribution network is key to delivering cost savings and establishing a solid base for the business to expand its distribution offering nationwide.	Failure to deliver would affect the financial performance of the business, as well as having operational time implications and potential reputational damage.	Well-resourced project plans are in place within the business, which are reviewed at Board level. Regular progress review meetings are held to measure delivery against plan. Significant management time is devoted to delivering cost savings to the business.
PRICE OPTIMISATION IN TENDERING Both our Aviation and Distribution businesses rely on winning tenders for new business. It is essential that we are able to price our bids so that we are successful and also achieve a satisfactory margin.	The loss of contracts can have a serious detrimental effect on our Ground Handling business. We operate a pricing structure based on utilising our station and regional density to share support function costs. Where large contracts are lost the margin achieved on remaining contracts will be reduced as they absorb an additional overhead share.	Dedicated teams prepare tenders for new contracts. Large contracts are referred for central approval, alongside all contracts for new stations or new countries.
SUCCESSFUL INTEGRATION OF ACQUISITIONS AND NEW BUSINESS STREAMS In a consolidating market, our Ground Handling business has been acquiring smaller, regional players. It is important that these are successfully and quickly integrated into the core operating model for the business.	The business would suffer higher operating costs from not maximising synergies that exist, and increased management attention would be required to manage the business.	Integration project teams are formed around each acquisition and an integration plan developed. Continual monitoring of progress against plan and financial performance is used to indicate success of the integration.

FINANCIAL PERFORMANCE

Paula Bell
Chief Financial Officer

Group Performance Overview

2014 has proved to be a mixed year. Our Distribution business has delivered a robust result and exceeded our expectations. Important large Ground Handling contract wins have been secured with key clients as a new wave of outsourcing gathers momentum in the US. Unfortunately both events were overshadowed in the main by operational challenges at London Heathrow, resulting from increased costs to manage the impacts of a terminal closure and the upheaval and contract negotiations that then followed. Working capital management has been a highlight driving strong cash flows in the year.

The Group's turnover was £1,999.9m (2013: £2,000.3m) up 3% on a constant currency basis. Underlying profit before tax fell to £44.6m (2013: £53.1m) largely as a result of the decline in profitability in the Aviation division and the adverse impact of currency of £3.5m. Profit before tax was £25.7m (2013: £42.1m).

Our Distribution business delivered a robust result in 2014, and exceeded our expectations. Newsprint and magazine declines were offset by a number of positive actions, maintaining 2013 underlying operating profit levels into 2014 at £24.0m (2013: £24.3m). The result was boosted by slightly better than expected sales volume in the core category areas, a strong performance by Orbital Marketing Services, and ancillary sales related to the FIFA World Cup. Cost saving initiatives again delivered £3.4m in the year, as we innovated and continued to rationalise our branch network.

Turnover in the Aviation division grew 2% (9% in constant currency), reflecting the ongoing strong market growth dynamics.

Start-up costs to support new contracts were expensed, and were £1.9m higher than the prior year. At constant currency, underlying operating profit was £33.7m (2013: £37.8m) reflecting both the investment in our new contract wins and the impact of the operational challenges.

Finance Costs

The net finance charge in the year was £7.4m (2013: £8.2m). The reduction largely reflected the impact of lower interest rates on the Group's defined benefit pension scheme liabilities.

Exceptional and Other Items

Planned costs of the Distribution network rationalisation were £3.7m. Following the acquisition of Orbital Marketing Services in 2012, we are pleased performance was ahead of our expectations and as a result £2.3m of additional deferred consideration becomes payable in the first half of 2015. In Colombia, we have lost a number of contracts and these are unlikely to be replaced in the foreseeable future and as a result intangible assets have been impaired by a net £3.2m. Non-recurring items total £9.2m in the year.

+9%

AVIATION TURNOVER INCREASE ON A CONSTANT CURRENCY BASIS

Taxation and Earnings per Share

As a multinational business we are liable to taxation in multiple jurisdictions around the world. The Group's tax charge for the year was £11.7m (2013: £11.7m). Tax paid totalled £8.2m (2013: £10.1m). As previously announced the underlying tax rate was 32% (2013: 25%) reflecting the rising proportion of profits in higher tax rate jurisdictions.

The decline in underlying profit before tax and an increased effective global tax rate had a consequential impact on our underlying earnings per share which decreased to 49.2p (2013: 65.6p).

Defined Benefit Pension Scheme

As at 31 December 2014 the scheme showed a deficit of £59.0m (2013: £45.8m) an increase of £13.2m, largely reflecting a reduction in the discount rate applied to the scheme liabilities, partly offset by increased returns on assets and ongoing increased employer contributions. The Trustee's next fund actuarial valuation is due at 31 March 2015. As part of this process the Trustee and the Company will agree a long-term funding strategy.

Cash Flow and Investment

During the year ended 31 December 2014 despite reduced earnings the Group delivered increased operating cash flow of £74.0m (2013: £68.3m). The main focus has been to reduce working capital against a backdrop of increasing revenue. After capital expenditure to support our contract wins, free cash flow was £30.0m (2013: £32.6m). Investment in capital expenditure and acquired businesses totalled £33.3m (2013: £33.5m) and included £8.1m investment for the hub wins in North America.

Treasury

The Group continues to be on a strong financial footing. We have a robust Balance Sheet built from strong operating cash flows across the divisions and our total debt to EBITDA ratio of 1.96 times at 31 December 2014 is well within our covenant level of 3.0 times. Net debt to EBITDA was 1.48. Our interest cover is 10.5 times.

At 31 December 2014 the Group's net debt was £110.9m (2013: £103.5m) which was comfortably below the available committed lending facilities of £240.2m. £55.0m of facilities are due for renewal in January 2016 and their refinance will take place during the second half of 2015; the balance is not due for renewal before 2017.

The majority of the Aviation division's stations are outside the UK and operate in currencies other than Sterling. The Group attempts to minimise the volatility of transactional foreign exchange as far as possible through the use of foreign exchange forward contracts. The translation of profits from overseas trading entities is not hedged and as a result the movement of exchange rates directly affect the Group's reported results, which in 2014 was £3.5m adverse (2013: £0.7m). The impact was particularly as a result of Sterling

Cash Flow

	2014 £m	2013 £m
Underlying operating profit	51.0	60.1
Depreciation	20.2	19.4
Dividends from associates and joint ventures	6.4	4.4
Working capital increase/(decrease)	2.0	(13.0)
Net pension movement	(0.6)	0.7
Non-cash items	(5.0)	(3.3)
Operating cash flow	74.0	68.3
Purchase of property, plant and equipment	(28.1)	(19.4)
Intangible asset additions	(3.0)	(3.9)
Sale of property, plant and equipment	1.0	2.4
Net capital expenditure	(30.1)	(20.9)
Net interest paid	(5.7)	(4.7)
Tax paid	(8.2)	(10.1)
Free cash flow	30.0	32.6
Equity and non-controlled interest dividends paid	(17.1)	(15.9)
Additional pension payment	(11.4)	(10.4)
Acquisitions	(2.2)	(12.7)
Cash spend on exceptional items	(5.2)	(4.0)
Net spend on shares	(0.9)	(1.8)
Total movement	(6.8)	(12.2)
Opening net debt	(103.5)	(93.0)
Currency translation	(0.6)	1.7
Closing net debt	(110.9)	(103.5)

strengthening against the Australian dollar, South African rand, Czech koruna, Indian rupee, US dollar and the euro.

Going Concern

The Group's business activities are set out on pages 14 and 15 and the principal risks impacting these activities are set out on pages 28 and 29. The Group's financial position and cash flows are set out on pages 97 to 100 along with an analysis of its borrowings in Note 22 on page 136. As regards going concern the Directors have considered market and gearing risks. Sensitivities to gearing risks are set out in Note 16 on page 126 of this report.

The Group updates trading forecasts covering a forward 12-month period on a regular basis and cash flow forecasts show that the Group is capable of operating within its committed banking facilities and related financial covenants for the foreseeable future.

+£5.7m

INCREASE IN OPERATING CASH FLOW

The Directors, who have reviewed the budgets, forecasts and sensitivities for the coming year, consider that the Group has adequate financial resources to enable it to continue in operational existence for the foreseeable future. Accordingly the Directors believe that it is appropriate to continue to adopt the going concern basis for preparing the financial statements.

Dividend

The Board have considered very carefully the decision to rebase the dividend. There are a number of factors that have come together to lead to this decision.

In addition to our 2014 trading performance we have increased demands on our cash going forward including the final payment of £10.5m for the Orbital acquisition. In addition in the Aviation division we are seeing considerable global opportunity, in particular with the potential in the USA, for both organic and acquisitive investment into the business.

While at the same time as maintaining flexibility, we want to continue to operate with a conservative balance sheet, which is important to our customers, the company and our shareholders.

Accordingly, the Board has recommended a final dividend of 8.1p per share which is payable on 3 July 2015 to all shareholders on the register at 29 May 2015. The total (paid and proposed) dividend for the year is 16.2p per ordinary share.

Paula Bell
Chief Financial Officer
9 March 2015

MEASURING SUCCESS

EMPLOYEE INJURIES PER 100 FTES

0.15

2013: 0.18
2012: 0.24

Employees are our greatest asset and deliver our industry-leading service. We operate in areas with heavy machinery and must ensure that training is appropriate so that injuries are kept to a minimum.

EMPLOYEE TURNOVER

49.7%

2013: 39.3%
2012: 41.6%

We strive to employ the right people with the right skills. We train and develop our staff and therefore monitor employee turnover as a key determinant in the investment we make in them. Regional and seasonal variations exist as we operate in many different countries and this KPI is also measured on a country by country basis.

MAN-HOURS PER TURN – AVIATION

28.8 hours

2013: 29.6 hours
2012: 29.6 hours

The man-hours required in turning an aircraft around is a key metric for efficiency of our Ground Handling operation.

AIRCRAFT DAMAGE PER 1,000 TURNS

0.045

2013: 0.048
2012: 0.048

Aircraft damage per 1,000 turns underpins our service delivery and ensures we maintain an industry-leading position. Insurance costs are also monitored and controlled.

OPERATING MARGIN – AVIATION

4.1%

2013: 5.2%
2012: 5.0%

A standard measurement demonstrating our ability to turn our revenue into profit, encompassing our efficiency, controls and value generation.

AIRCRAFT TURNAROUNDS

1,100,789 turns

2013: 954,924 turns
2012: 876,757 turns

Ground Handling is a growing, dynamic market place. We monitor aircraft turns to ensure our business is growing both on a like-for-like and absolute basis.

CONTRACT RENEWAL RATE – AVIATION

72.6%

2013: 89.1%
2012: 79.7%

We measure the rate of contracts that we successfully tender for and renew. This is a key sign of how satisfied our customers are with the levels of service and price that we are able to provide.

ON TIME PERFORMANCE – DISTRIBUTION

97.1%

2013: 97.6%
2012: 97.1%

This measurement allows us to measure the retail delivery times and is a KPI within publisher contracts. It is also essential that we ensure product is with retailers on time in order that sales are not missed.

AVIATION TURNOVER GROWTH

9%

2013: 5%
2012: 6%

We are committed to growing our Aviation business. Absolute turnover growth of the business in constant currency is therefore a key metric.

TOTAL SHAREHOLDER RETURN v FTSE250 OVER 3 YEARS

-50%

2013: +33%
2012: +86%

TSR is the best and most commonly used measurement of value generated for shareholders, capturing both capital and dividend growth.

↑ An improvement on prior year performance

↓ A decline against prior year performance

MENZIES **BUSINESS REVIEWS**

THROUGHOUT 2014, OUR BUSINESSES WERE HARD AT WORK TO MEET THEIR STRATEGIC OBJECTIVES AND DELIVER SHAREHOLDER VALUE

GROUND HANDLING

1.1
MILLION TURNS ANNUALLY

143
GROUND HANDLING STATIONS WORLDWIDE

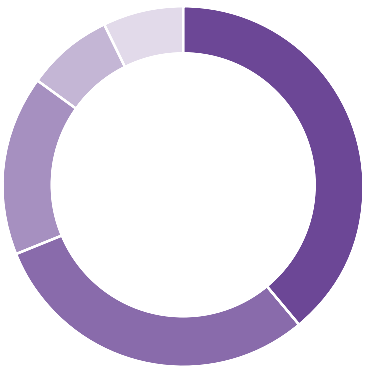
18,000
EMPLOYEES WORLDWIDE

OUR GROUND HANDLING BUSINESS SUPPORTS THE GLOBAL AVIATION INDUSTRY, WITH A RANGE OF SERVICES THAT EXPERTLY MEET OUR CUSTOMERS' NEEDS.

2014 Highlights

- Substantial contract wins for our US Simplicity brand, with agreements to handle more than 160,000 turns annually in Denver and Detroit
- New station in Toronto which will handle 36,000 turns annually
- Selected as exclusive ground handler for the G20 Summit in Brisbane

GROUND HANDLING TURNS SPLIT BY GEOGRAPHY (%)



Americas	39%
UK & Ireland	30%
Continental Europe	16%
Oceania & SE Asia	8%
Africa, Middle East & India	7%

What Does Ground Handling Do?

Our Ground Handling operation is a global provider of passenger and ramp services to airlines and a major force in the international ground handling industry. It has grown rapidly since its conception in 1995, through a combination of organic growth, acquisitions and the development of niche opportunities.

Operating at 143 stations in 31 countries and supported by a worldwide team of more than 18,000 people, we serve over 500 airline customers handling over 1.1 million flights per annum. The delivery of a consistent and reliable operation, focused on meeting the needs of our airline customers, is at the centre of everything we do. Menzies Aviation aims at all times to give great service, at the right price for the leanest cost. In delivering this, we focus on working with attractive airlines in attractive markets and this selective approach enables us to create regional densities, leverage economies of scale and share operational excellence. Our operations are delivered by teams that want to work for us, with customers getting a great service that is safe and secure.

We offer a full ground handling service to our airline customers, and work in partnership with them to provide a seamless experience for their passengers at the airport. Passengers will come into contact with our team at the airport from check-in all the way through to baggage reclamation as they access our services, including ticket desks, boarding, dispatch, passenger lounges, and baggage reclamation and lost baggage services.

Airside we work to tight timescales to turnaround an aircraft in as little as 25 minutes from arrival until we push back the aircraft ready for departure. These services include load control, baggage loading and unloading, and passenger and baggage transfer. We also perform other aircraft services including towing, cabin cleaning and de-icing.

Q: WHAT IS OUR SIMPLICITY BRAND?

A: Simplicity is a brand created for the US market, which focuses on delivering the core basics of ground handling, to a high standard, at a competitive price. The proposition is tailored to the needs of the region's narrow-bodied aircraft operators and has proven extremely successful in 2014, winning major contracts at hub airports in Detroit and Denver during the year.

SIMPLICITY USA

DISTRIBUTION

130,000
MILES DRIVEN DAILY

6.4
MILLION NEWSPAPERS AND MAGAZINES DELIVERED EACH MORNING

5
MILLION ITEMS OF STOCK DESPATCHED ANNUALLY BY MENZIES RESPONSE

OUR DISTRIBUTION BUSINESS CONTINUES TO DELIVER FOR OUR CLIENTS AROUND THE CLOCK, AGAINST THE CLOCK – AS IT HAS DONE FOR ALMOST 180 YEARS.

2014 Highlights

- Substantial further efficiencies within the operational network
- Reshaped business with Orbital Marketing Services being integrated
- Acclaimed logistical performance during Commonwealth Games, Ryder Cup and Scottish Independence Referendum

What Does Distribution Do?

Menzies Distribution operates across the UK, from a network of eight hub depots, which support and feed 31 smaller spoke locations. Our team of around 3,500 and fleet of owned and contractor vehicles help us to deliver five core services to a range of clients.

We operate the same product offering in Northern Ireland and the Republic of Ireland, through our joint venture business EM News Distribution.

This stream of our business has been at the heart of the Group for almost 180 years, generating profits which have helped to grow the Company as a whole. While its core, press distribution market is now in structural decline, opportunities exist to exploit its geographical spread and expertise in time-critical delivery.

Final Mile

The largest portion of our work is comprised of product cross-docking – in which bulk supplies are delivered to our premises, split quickly into smaller shipments and loaded onto vehicles for onward transit – and multi-drop, final mile delivery. The business handles 110 million delivery units annually.

Our largest customers for this service are print media publishers and distributors, for whom we act as a consolidator, wholesaler and delivery agent; and retail outlets, more than 25,600 of which receive deliveries of press products from us every day. Menzies Distribution vehicles also undertake the delivery of brochures to travel agencies across the UK, alongside carrying out retail logistics for bookmakers' stores nationally and WH Smith stores across the north of England.

Trucking

A second logistical service offered by the Company is long-range trucking, in which large loads are carried long distances by our fleet of cargo lorries. Our vehicles collect at the clients' locations and drop at destinations across the UK.

Much of this business comes from the print media sector, which employs us to carry supplies from print centres to packing depots.

Menzies Response

From a central fulfilment warehouse in Rushden, we hold and despatch 5 million items of stock annually for our clients, which range from small and medium sized e-commerce businesses to large national charities.

Each of our clients has in common the need for a reliable, cost effective means of turning contact from their customers or fundraisers into timely parcel despatch.

Hand-to-Hand

We operate a specialist, micro-delivery business primarily serving corporate, governmental and publishing clients in central London.

The main service offers the delivery of bespoke printed media orders for executives and civil servants and hand-to-hand distribution/sampling of products to members of the public at travel points and high street locations.

FORE

Under the distinct FORE brand, we operate a consultancy that assists retail customers in maximising the potential of the print media category in their stores.

This business has successfully recruited new clients, such as the supermarket Aldi, to our news wholesaling offering; this approach benefits both the consultancy arm itself and the final mile distribution business, which subsequently handles additional volume through its established network.

CARGO HANDLING & CARGO FORWARDING

1.6
MILLION TONNES OF CARGO HANDLED ANNUALLY

36
CARGO FACILITIES WORLDWIDE

509,000
CUSTOMER BOOKINGS IN 2014

OUR CARGO BUSINESSES EXEMPLIFY THE MENZIES CULTURE OF MAKING EVERY SECOND COUNT.

2014 Highlights

- New facility opened at Sydney's Terminal 2 which will handle an estimated 75,000 tonnes of cargo annually

AMI Highlights

- AMI's online express-freight portal, Click2Ship, launched in Australia, whilst handling record numbers of shipments in its established UK and US markets

What Does Cargo Handling Do?

We operate cargo facilities around the world that receive daily deliveries of goods perishable or valuable enough to warrant transport by air. We accept these supplies, break them down and assemble them into cargo shipments ready to be loaded onto aircraft; we store shipments until their despatch; and we transfer them to and from the aircraft on which they travel.

We offer support services to our clients in the shape of load analysis, which ensures the correct paperwork is prepared for import and export handling; warehousing of shipments until the customer can arrange collection; and road logistics, should the customer wish us to deliver shipments to them directly.

Our IT systems manage the goods through their life cycle and allow a track and trace service for our customers, which include airlines and forwarders.

What Does Cargo Forwarding Do?

Our forwarding business, Air Menzies International (AMI), provides neutral air freight wholesale services exclusively to freight forwarders and courier agents.

AMI's neutrality means that it does not offer freight forwarding services directly to shippers, and hence it does not compete with its customers for their shipper business. It works with the world's airlines and integrators to purchase space in aircraft holds which allows customers to benefit from AMI's buying power, its ability to consolidate multiple shipments and airlines' latest spot rates. AMI's product range covers export, import and cross-trade, based on cargo, express and time definite international road freight.

RECOGNISING OUR RESPONSIBILITIES

OUR GUIDING PRINCIPLES

JOHN MENZIES PLC STANDS FOR ETHICAL, RESPONSIBLE AND SOUND BUSINESS PRACTICE – A PHILOSOPHY REFLECTED IN THE FRAMEWORK OF GOVERNANCE POLICIES WHICH GUIDE THE CONDUCT OF OUR PEOPLE.

WE RECOGNISE THE IMPACT OUR ACTIVITIES HAVE ON THE ENVIRONMENT, THE COMMUNITIES IN WHICH WE OPERATE AND THE WIDER SOCIETY AROUND US. OPERATING IN A SOCIALLY RESPONSIBLE MANNER IS IMPORTANT TO US AND OUR STAKEHOLDERS, ENHANCES THE VALUE OF OUR BUSINESS AND IS CENTRAL TO OUR CULTURE.

HEALTH, SAFETY AND SECURITY

Above all other things, we prioritise these principles in our operations. Safe, secure practice is at the heart of our S.P.I.R.I.T. culture.

EMPLOYEES

Every penny of our profit is earned from services delivered by our people. It's no exaggeration to call them our most important asset.

ENVIRONMENT

We believe strongly that what is good for the planet is also good for business, and we operate accordingly.

COMMUNITY INVESTMENT

No business is an island. John Menzies is grounded in the communities we serve and in which we operate. We are committed to giving something back, whether through donations of our time and resources or financial contributions.

SUPPLY CHAIN

All of our work is connected to other organisations, be they suppliers or customers. We respect those we do business with; our behaviours and actions are conducted in accordance with local laws and with the highest standards of integrity.

S P I R I T

WE'RE PROUD OF THE TRACK RECORD OUR BUSINESS DISPLAYS IN TRADING WITH INTEGRITY AND RESPONSIBILITY ACROSS THE WORLD. WE CONSIDER OUR EMPLOYEES, CUSTOMERS, CONNECTED COMMUNITIES AND WIDER ENVIRONMENT IN ALL OUR OPERATIONS – AND TAKE ACTION TO ENSURE THAT WE MEET OUR OBLIGATIONS TO EACH.

Highlights

- Another successful year of our Cross Cultural team challenge, within our Aviation division, advances both our community involvement and people development objectives
- New vehicle telemetry initiative in the Distribution division produces 7% reduction in fuel use from equipped vehicles
- Americas region presented with Ground Handling International award for safety at international conference, in recognition of outstanding safety performance at San Francisco airport

WHAT IS S.P.I.R.I.T.?

S.P.I.R.I.T. stands for:

- **Safety and Security**
- **Passion**
- **Innovation**
- **Reliability**
- **Integrity**
- **Teamwork**

Read more in our full CSR report on our website www.johnmenziesplc.com

John Menzies' framework of policies and guidelines sets clear standards concerning ethics, sound business practices and wider governance issues. They include clear guidelines on matters such as competition law, bribery and whistle blowing, and the Board has tasked each business leadership team to be responsible for the implementation of all of these policies in their divisions.

The Board expects the Group to follow sound, ethical practices which are open and free from discrimination and harassment, and will promote a positive profile to stakeholders.

John Menzies plc is included in the FTSE4Good index for socially responsible investment. We chose to participate and actively maintain our listing in this index because it measures the performance of companies that meet globally recognised responsibility standards.

The Group publishes on its website an Annual Corporate Social Responsibility Report which details the practices, strategies and policies being implemented across the divisions. A copy of the report for 2014 can be accessed at www.johnmenziesplc.com.

HEALTH, SAFETY AND SECURITY

Good health and safety practices are integral both to employee welfare and to the success of the Group.

We continually review our procedures and training in order to develop working methods which reduce the likelihood of accidents occurring. We consider this both the responsible thing to do, and the best business practice: delays caused by accidents increase costs and cause disruption for ourselves and our customers.

Reports on health and safety performance are the first operating item at all meetings of the Board and at business leaders meetings. They include injury statistics and trends as well as lessons learned, training performance, contacts with regulators and legislative changes. The Group's health and safety policy statement, which is published on our website, focuses on establishing a suitable environment, providing proper training, communication and consultation with employees.

The MORSE reporting system is a critical tool in our effort to monitor safety performance and uphold safety standards. Under its auspices, operational teams from throughout the Group feed back information on safety incidents that occur at their locations – information which is used at a strategic level to monitor trends and guide performance improvement. Our business units have different working environments and so to provide clarity on the trends within each separate business, statistics for each are analysed individually.

Another central resource is our SMART operational auditing tool, accessible via a simple smartphone application, which allows any user to submit a basic audit of Menzies Aviation activities they observe. The program requests location and timing information, then presents a random selection of questions designed to measure safety and security compliance. In 2014, almost 200,000 inspections were submitted to the SMART database, a 15% increase against 2013.

80

AVIATION EMPLOYEES RECEIVED AWARDS FOR SAFETY, SECURITY AND SERVICE IN 2014

45

DISTRIBUTION EMPLOYEES RECEIVED AWARDS FOR EMBODYING S.P.I.R.I.T. VALUES IN 2014

17

STATIONS HAVE NOW RECEIVED ISAGO REGISTRATION

During 2014 our GO-MAD recognition programme continued to provide recognition awards to staff that excel in matters of Safety, Security and Service delivery within our Aviation businesses. 26 received recognition awards, from which 14 were selected to receive special awards in recognition of their individual achievements during the year.

Details of the Health and Safety programmes in each division, including key statistics for incidents and near misses, can be found in the Group's Annual Corporate Social Responsibility Report for 2014 on our website, www.johnmenziesplc.com.

2014 points of note:

- Menzies TV safety messaging system has now been extended to cover 47 Ground Handling stations in Europe, the USA, Africa and Australia.
- A total of 17 airports have now achieved IATA (ISAGO) registration.
- Menzies Aviation's Americas region was presented with a Ground Handling International award for safety performance at the Ground Handling Conference 2014. The award recognised their exceptional performance in handling a safety incident at San Francisco airport during April 2014.

We recognise that our employees are the single greatest driver of our success and so we design our employment policies to attract, retain and motivate quality staff.

Diversity amongst our team adds value to the business by broadening the base of experience from which we draw; consequently, we have a diverse workforce, recruiting and promoting on the basis of ability. Full consideration is given to equality legislation, and an analysis of the gender split of our employees is shown in the Directors' Report on page 57.

We expect our leaders to foster an open culture, based on the Group's S.P.I.R.I.T. values. Training has been provided giving guidance on ethical business practices and professional conduct. This covers dealings with all our stakeholder groups, including customers, suppliers and of course employees.

Policies are also in place to cover the following key areas:

1) Attracting the right people

The Company sets out to recruit and develop high quality individuals who have the ability to meet the high standards of performance that will be expected of them. We employ over 24,500 people worldwide who we rely on to deliver a safe service to our customers. We have robust systems in place to select the best candidates to join our team, upholding our principles of respect for all people, equal opportunities and dignity at work.

2) Reward and incentives

We will provide competitive employment packages that encourage the best to join us. We review the employment benefits that we offer, such as the Sharesave Scheme in the UK, our pension schemes and discounted travel schemes. We offer terms and conditions of employment and levels of remuneration, pension and other benefits that will attract, retain and motivate employees with the necessary ability and experience to achieve our business objectives, within the requirements of employment legislation of each country involved. We aim to reduce staff turnover and retain motivated, skilled employees. We incentivise our employees through initiatives that reward individuals for being exemplary members of staff; S.P.I.R.I.T. Rewards in our Distribution business and Role Model awards in our Aviation business.

3) Training and development

We proactively support the achievement of our operations and business objectives through the provision of high quality, specific training and development. The Company also recognises that the business needs of the organisation can only be met through trained, safe and motivated employees who perform well at all times. Our training and development objectives are:

- to provide training for all employees to ensure that they are able to achieve their key objectives safely and effectively;
- to regularly review the training needs of our employees and adjust the training as necessary to meet the future needs of the organisation and its employees;
- to ensure that all training and development provided has a clearly identified business objective;
- to achieve excellence in our programmes by delivering credible and appropriate training and development that is motivational, relevant and demonstrably improves the productivity and safety of our operations; and
- to set and maintain high standards for all our employees, encouraging everyone to lead by example.

4) Communication and consultation

Comprehensive internal communication programmes are in place to ensure that all employees throughout the Group are kept informed about the direction and performance of their own business and of the rest of the Group.

In our Aviation business, Menzies TV now operates in 47 locations, delivering primarily safety-focused messages to our frontline staff. Safety bulletins, business updates and local/regional messages are broadcast on a daily basis to keep staff informed of key topics within the business.

Newsletters and magazines continue to be available to all staff, informing them of any developments in the business and sharing success stories from around the globe. These closely follow the core principles of the Group's S.P.I.R.I.T. values, acting as the primary vehicle for promoting and communicating its achievements. Regular e-bulletins are also issued with news and corporate results, and disseminated through regular briefings at each site. Staff briefings are also designed to provide an informal environment where two-way communication can occur, and employees are encouraged to raise issues, concerns or questions in these sessions.

5) Recognising human rights

As a Company we support organisations in upholding human rights principles, wherever we operate. Although there is no definitive consensus on the boundaries of corporate responsibility in respect of human rights, we need to ensure that we are not involved in human rights violations, either directly or indirectly, and that we operate in accordance with the Universal Declaration of Human Rights and take account of other internationally accepted human rights standards. In addition to this we promote human rights through our employment policies and practices, through our supply chain and through the responsible use of our products and services. The promotion of human rights through our business activities forms part of our principle of operating with integrity.

ENVIRONMENT

It is our philosophy that what's good for the planet is also good for business, and we operate accordingly.

The Group remains committed to minimising its impact on the environment. Its environmental policies have been approved and are integrated within existing management structures and implemented through normal business practices and procedures. These policies address the following areas:

- Complying with legislation and best practice;
- Allocating roles, responsibilities and resources;
- Monitoring, verification and auditing of compliance;
- Data collection, analysis and reporting;
- Risk identification, assessment and management;
- Communication and dissemination of information;
- Adopting technology and working practices that are modern, environmentally friendly and energy efficient; and
- Working with customers and suppliers to address environmental issues affecting our businesses.

Environmental issues affecting the businesses are the responsibility of, and reported by, Business Leaders to the Board via the Chief Executive. Environmental risks associated with new businesses are always assessed as part of our due diligence process on all acquisitions.

Our Distribution business currently holds its third consecutive Carbon Trust Standard, awarded in recognition of sustained reduction in the Company's carbon footprint, and will seek reaccreditation in 2015. The Carbon Trust Standard is awarded to organisations that measure, manage and reduce their carbon footprint,

and recognises Menzies Distribution's efforts to date and its future commitment to measure, manage and reduce its carbon impact.

Menzies Distribution is the largest part of the Group using carbon producing fuels in the UK and has produced policies for managing its fuel usage since 2008. In 2014, the division implemented a vehicle telemetry programme which allows analysis of driver behaviour and basic in-the-moment driver coaching via a Red–Amber–Green display mounted on vehicle dashboards. The telemetry technology is forecast to improve fuel use and reduce the risk of accidents, with a reduction in fuel consumption of 7% observed to the end of 2014 amongst affected vehicles.

7%

FUEL SAVING IN VEHICLES EQUIPPED WITH NEW TELEMETRY EQUIPMENT

Following a successful 2008-2011 policy which saw the division exceed its target of a 12% reduction in gas and electricity usage, the 2012-2016 Energy and Water Policy targets for the division to further reduce electricity usage by 14% and gas by 10%. In line with its policy all of the division's mainland UK electricity has been procured from fully 'green' renewable resources since 2007.

Menzies Aviation operates largely in shared environments such as airport terminals, and their direct billed energy is significantly lower than that of Menzies Distribution. However, we work closely with airport authorities in minimising their energy consumption, and actively promote efficiencies within their own premises. Five stations in our network currently hold the environmental standard ISO14001; plans are in place to steadily increase that number.

In 2014, the Group continued monitoring its energy consumption levels in the UK as part of its requirements under the Carbon Reduction Commitment. A new worldwide system for monitoring and recording all fuel-based purchases has been rolled out which will allow a location by location breakdown of fuel and carbon usage. Water consumption across the business is low and so no specific targets have been set with regard to water consumption. Both divisions do, however, have a policy in place to minimise usage and the impact of our business operations to the local environments, including water consumption and waste.

At Menzies Distribution, packaging waste, namely cardboard and polythene, and office paper are by-products of our activities. We have waste compactors installed at all of our larger branches in the UK, which we now use for all dry mixed recyclable materials.

Menzies Distribution has been working closely with its waste service provider since the beginning of 2010 to achieve the goal of 90% recycling/landfill diversion across the division of all general waste material previously sent to landfill. In 2010, Menzies Distribution had 19% of its general waste being sent for recycling.

90%

OF DISTRIBUTION WASTE RECYCLED OR DIVERTED FROM LANDFILL IN 2014

The division met that target in 2014, with 90% of all waste recycled or diverted for conversion to refuse derived fuel. Menzies Distribution has now targeted a 100% diversion of waste from landfill by 2017.

Under our contracts with newspaper and magazine publishers, we are responsible for the collection of unsold copies from retail outlets. Newspaper publishers outsource the physical uplift and recycling from our premises via third-party agents with whom we work closely to integrate an efficient transition from our processes to their collection.

Menzies Aviation is committed to reducing unnecessary consumption of resources and recycling packaging such as polythene, rope and pallets where possible. The use of packaging materials through its AMI and cargo businesses in the UK remains very low. Where the division offers an aircraft cleaning service, any waste we remove from an aircraft is, wherever possible, processed via airport waste recycling systems.

COMMUNITY INVESTMENT

No business can operate in isolation, and John Menzies is keenly aware of its community obligations, particularly within the countries and localities where it does business. We have a positive duty to improve the wellbeing of individuals and to use our best endeavours to enhance community life. A positive approach to our community relations is in the best long-term interests of our Company and of those who work within it. We donate our skills and expertise to work in the communities in which we operate. Each year the Group Board sets a budget for its charitable activities and a charities committee allocates the expenditure.

Cross Cultural Team Challenge

Menzies Aviation continued its Cross Cultural Team Challenge programme, which it launched in 2011, combining Senior Leadership Development with putting something back (focused on helping children) in communities around the world where we operate. This year we again worked with the Parikrma Humanity Foundation which has existing strong links to, and support from, our business in India. Through their four schools, Parikrma provides first-class education and care for approximately 1,400 children from Bangalore.

This year's challenge involved staging the 4th annual Parikrma Champions League Football tournament (PCL) for 16 Under-16 schools' teams; in 2014, the PCL was held at the Hindustani Machine Tools Ltd sports facility, in the heart of the community and near one of the Parikrma Humanity Foundation schools in Sahakara Nagar.

There were three distinct community objectives:

- To create a life changing experience for our employees;
- For the Company to become involved in a project with local community benefit; and
- To work with the local community to provide sustainable benefit.

The 2014 event was distinguished by a greater level of parental involvement in the running of the tournament, reinforcing the value of the school and the parents as part of it – and also by the deployment of Menzies Aviation's delegates as the catering team for the lunches offered to participants and spectators on the day!

Charity Fundraising Week

In August, Menzies Distribution staged a third annual national fundraising week. Events, including a sponsored walk of the Edinburgh Tram route and a 'virtual triathlon' in which employees rode and walked 705 miles using exercise equipment, were staged over five weekdays by committees of regional organisers. The project raised more than £11,000 for four UK regional charities dedicated to helping young people: CHILDREN 1ST, in Scotland; The Children's Society, in England; Tros Gynnal Plant, in Wales; and VOYPIC (Voice of Young People in Care), in Northern Ireland.

Charities Fund

The Company's Charities Fund exists to provide significant levels of support to a small number of charities nominated by each operating division each year, based on the following selection criteria:

- Efficiency: be involved with charities that are small enough for our donation to make an impact, and not be absorbed in administrative costs;
- Integrity: make donations on a needs-based approach rather than taste-based approach;
- Effectiveness: charities to have specific aims and to be able to demonstrate how our contribution will benefit their cause.

Nominations are considered for charitable organisations suggested by the divisions, although generally donations will not be made to certain causes or activities including political parties, books, research papers or articles in professional journals, religious organisations or anything that conflicts with our Ethics Policy. In 2014, £90,000 was donated by the Company.

In addition to the Charities Fund, employees are actively encouraged to support chosen charities through the Community Fund, attendance at events and the Payroll Giving Scheme which allows for tax efficient donations to be made to charities. The John Maxwell Menzies Community Fund makes individual cash awards of up to £350 per employee, or £700 per team of employees, undertaking a charitable or community project and during 2014 over £10,000 was donated via this fund.

SUPPLY CHAIN

Our relationship with our customers and suppliers is important to us – without them, we would simply not exist. Both our businesses rely on long-term working relationships as one of the core pillars of their business strategy – for Menzies Distribution this can be a lifelong arrangement with a newsagent, and for Menzies Aviation agreements covering a number of years at many airports.

Airports and airlines operate on an international platform and expect all their suppliers to operate to acceptable standards worldwide. Menzies Aviation shares this commitment to high standards and works with its airline and airport partners to ensure that we all maintain and deliver commitments to high standards throughout the supply chain at all our locations worldwide.

Whistleblowing, Anti-Corruption and Bribery

John Menzies has a number of fundamental principles and values which it believes are the foundation of sound and fair business practice and as such are important to uphold. This includes a zero tolerance position in relation to corruption, wherever and in whatever form that may be encountered. Anyone representing John Menzies is expected to conduct themselves with integrity, impartiality and honesty.

The Company seeks to develop a culture where inappropriate behaviour at all levels is challenged. All employees are encouraged to report genuine concerns about malpractice, illegal acts or failures to comply with recognised standards of work, without fear of reprisal or victimisation. Individuals raising genuine concerns will be supported and not subjected to victimisation or detriment, or risk job security.

The Company operates on a global scale, and it is essential that the Company's policies regarding fraud, corruption and bribery are completely understood by employees. We actively ensure that procedures are in place to minimise the risk of them occurring. John Menzies:

- Prohibits giving and receiving bribes;
- Commits to obeying all relevant laws;
- Commits to restricting and controlling facilitation payments; and
- Commits to restricting giving and receiving gifts.

The Strategic Report on pages 2 to 49 of the Annual Report 2014 has been approved by the Board of Directors in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

John Geddes
Company Secretary
9 March 2015

200,000

OVER 200,000 SMART INSPECTIONS CARRIED OUT

MENZIES **GOVERNANCE**

OUR ROBUST FRAMEWORK OF CONTROLS IS PIVOTAL TO ENSURING THAT THE GROUP DELIVERS FOR ALL ITS STAKEHOLDERS


HS-TKL

MANAGING THE BUSINESS RESPONSIBLY

Compliance with the UK Corporate Governance Code

The UK Corporate Governance Code sets out the standards of corporate governance that listed companies should meet. I am pleased to report that John Menzies meets all of the principles and provisions of the Code.

Leadership

In my role as Chairman of the Board, I have a duty to shareholders to ensure that the Board works effectively and efficiently in following its strategic objectives, which are detailed on pages 2 to 49 of the Annual Report. My role is very much to lead the Board and to guide the Executive Team in developing, and then delivering, the strategy for the Group. The Board ensures that the Executive Team continues to remain focused not just on delivering the Group's strategy and long-term, sustainable shareholder value but also an excellent, world-leading service to their customers. I believe also that the role of the Board as a whole is to lead the Company, setting the culture of the organisation, and I am proud of the S.P.I.R.I.T. values that John Menzies embraces.

Internal Control

Internal control and corporate governance are key to ensuring that the business operates within the parameters expected not only of the Board, but of all the stakeholders in the business. Robust operating procedures are in place and the Board has challenged the Executive Team to ensure that it has sufficient resource dedicated to internal control and the implementation of good Governance across the business.

Our business operates within two key business sectors, Aviation and Distribution, both providing time critical delivery of services to our customers. There are many practices that our businesses share and our Executive Team has been tasked with realising the synergies and opportunities that exist within our management and operational teams.

Board Structure

Following a review of our Board structure the Board decided to appoint a Chief Executive Officer during 2014. We are pleased to welcome Jeremy Stafford who joined us in October 2014. Together with Paula Bell, our Chief Financial Officer, we now have two Executive Directors on the Board.

During 2014 David McIntosh left the position of Executive Director for our Distribution business and Craig Smyth left the position of Executive Director for our Aviation business.

The Board now has seven Directors. Alongside the two Executive Directors we have four Non-Executive Directors, three of whom are independent and a Non-Executive Chairman. Each year the Nomination Committee reviews the structure of the Board, looking at the skills and abilities, together with time served by the members of the Board, to ensure that a balance is achieved and any proposals are presented to the Board.

Board Diversity

I agree entirely in the principles of diversity in the Boardroom. During 2014 Silla Maizey joined our Board as a Non-Executive Director. She has an excellent career in the aviation industry, including leading British Airways at London Gatwick airport and her skills and knowledge will prove invaluable to the Board. We now have a female Executive Director and two female Non-Executive Directors, three out of seven or over 40%. I believe in recruiting the right person for the job, irrespective of their background, with an acknowledgement that a diverse range of skills, backgrounds and abilities can only add to the overall performance of the Board. I am pleased that we have recruited on the principle of merit and ability, rather than to fill any quotas.

Effectiveness of the Board

It is vital that the Group has an effective Board, and we undertook a rigorous independent performance evaluation towards the end of the year. This externally facilitated evaluation is undertaken every three years with an internal review each year in between. The results of the evaluation were presented to the Board in December 2014. I am pleased that this year's review demonstrated that the new Board structure is bedding in well and did not highlight any significant issues. As a result of the evaluation we will make some minor amendments to the Board administration. Following the results of the 2013 review, and review of the Board structure overall the Board appointed a Chief Executive Officer.

THE COMMITTEES

AUDIT COMMITTEE

I Harley – Chairman
S Maizey – Member
O Morley – Member

Main Responsibilities
To monitor the integrity of the financial statements, internal control and risk management, whilst overseeing the relationship with the external auditors.

Activities
During 2014 the Audit Committee reviewed an updated internal audit and controls structure and programme. It also reviewed the Annual Report and Accounts for the year to December 2013 ensuring clarity of information and compliance with the reporting requirements.

Outlook
The Audit Committee shall continue to review the internal controls in the business, analysing the Group's internal audit programme and risk registers. In 2015 it will also review the 2014 Final and 2015 Interim results, and the reports of the internal and external auditors on those results.

REMUNERATION COMMITTEE

O Morley – Chairman
I Harley – Member
S Maizey – Member

Main Responsibilities
To determine and agree the framework and policy for the remuneration of Directors, Company Secretary and other members of the senior management team as it is designated to consider.

Activities
During 2014 the Committee approved the remuneration package for Jeremy Stafford, the new Chief Executive Officer. It also revised the executive incentive plans to bring them in line with current best practice, which will be presented to the Annual General Meeting in May for shareholder approval.

Outlook
The Remuneration Committee will continue to ensure that Directors are sufficiently, but not excessively, rewarded for performance, and ensure that the framework in place remains applicable and appropriate for the needs of the business.

NOMINATION COMMITTEE

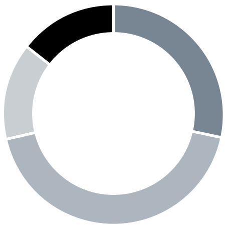
I Napier – Chairman
I Harley – Member
S Maizey – Member
O Morley – Member

Main Responsibilities
To review the structure, balance and composition of the Board and its Committees and propose new appointments.

Activities
The Nomination Committee led on the identification of Jeremy Stafford as Chief Executive Officer, ensuring that a robust and transparent recruitment plan was established.

Outlook
The Committee will review the composition of the Board during 2015 to ensure that suitable succession plans are in place for Directors as they are due to retire from the Board.

COMPOSITION OF THE BOARD



EXECUTIVE DIRECTOR	2
INDEPENDENT NON-EXECUTIVE DIRECTOR	3
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR	1
CHAIRMAN	1

LENGTH OF TENURE (NON-EXECUTIVE DIRECTORS)

0–3 YEARS	1
4–6 YEARS	2
7–9 YEARS	1
MORE THAN 9 YEARS	1

BOARD BY GENDER

EXECUTIVE – MALE	1
EXECUTIVE – FEMALE	1
NON-EXECUTIVE – MALE	3
NON-EXECUTIVE – FEMALE	2

Board Changes

Jeremy Stafford was appointed as Group Chief Executive Officer in October 2014. Jeremy brings experience of leading and growing large scale international contracting businesses such as ours and has a strong track record both operationally and strategically. His strategic vision and extensive experience in the business to business environment make him the ideal person to lead the Group. Jeremy was identified following an extensive search process led by independent external recruitment advisers in accordance with our Board recruitment policy. He has made a tremendous start in the role and the Board looks forward to his strategic leadership in the forthcoming years.

Silla Maizey joined the Board in May 2014 as an independent Non-Executive Director. Eric Born stood down as an independent Non-Executive Director in December 2014.

David McIntosh, Executive Director for our Distribution business, agreed to leave the Board in January 2014 and Craig Smyth, Executive Director for our Aviation business, resigned from the Board in August 2014. We now operate a more traditional Board structure with a CEO in overall charge of all parts of the business.

In order to allow an orderly handover to new Non-Executive Directors, Octavia Morley will remain on the Board until later in the year. Ian Harley has indicated that for health reasons he will also stand down from the Board following the AGM. A recruitment programme has begun to identify suitable replacement independent Non-Executive Directors, and it is anticipated that they will begin to join the Board following the AGM.

The Nomination Committee keeps the structure of the Board and succession plans for it under constant review.

I believe in transparency in how we conduct our business, from operating an open culture at Board meetings where discussion and comment is encouraged, all the way through the business. During 2014 we extensively refreshed the Board composition and structure and I am pleased with the controls and direction we now have. Our Executive Team has clear strategies for the business and the Board is well placed and balanced to provide overall governance, leadership and direction.

Iain Napier
Chairman
9 March 2015

DIRECTORS' BIOGRAPHIES

1 DERMOT JENKINSON
NON-EXECUTIVE DIRECTOR

Background and experience
Dermot was appointed to the Board in 1986 and held various executive responsibilities before assuming a non-executive role in 1999. He founded beCogent Limited in 1999, a contact centre and related consultancy business and was Executive Chairman until 2010 when the business was sold to Teleperformance SA. Dermot contributes from his breadth of knowledge gained both from his experiences in the Company and through a wide range of executive management roles. He also represents the interests of the Menzies family who collectively are our major shareholder.

Other appointments
Executive Chairman of Ascensos
Non-Executive Director of Scottish Friendly Association

2 SILLA MAIZEY
NON-EXECUTIVE DIRECTOR

Background and experience
Silla was appointed a Non-Executive Director in May 2014. She enjoyed an executive career at British Airways, where she worked in a number of different functions over the years including; Finance, Procurement, Corporate Responsibility and Customer Services, but most recently as Managing Director at London Gatwick. She is also Chair of NHS Business Services Authority and Chair and Non-Executive Director of the British Airways Retirement Plan, which is a Defined Contributions pension scheme.

Other appointments
Chair of NHS Business Services Authority
Chair and Non-Executive Director of British Airways Retirement Plan

3 IAIN NAPIER
CHAIRMAN

Background and experience
Iain was appointed Non-Executive Director of the Company in September 2008 and became Chairman in May 2010. Iain, a chartered management accountant, has significant experience at Board levels of international organisations.

Iain has wide experience across many industries having been CEO of Bass Leisure and Bass International Brewers. Following Bass, he was Vice President UK and Ireland for Interbrew SA until August 2001. Prior to Bass, Iain spent 12 years with Ford Motor Company across multiple roles. Iain served as Group Chief Executive Officer of Taylor Wimpey plc between 2001 and 2006. He was appointed Vice Chairman of Imperial Tobacco Group plc in 2004 and was Chairman between 2007 and 2014. He is Chairman of McBride plc and was Chairman of Imperial Tobacco Group plc until he stepped down in Feb 2014 after 14 years on the Board. He is a Non-Executive Director of Molson Coors Brewing Company and William Grant & Sons Holdings Limited.

Other appointments
Chairman of McBride plc
Non-Executive Director of the Molson Coors Brewing Company
Non-Executive Director of William Grant & Sons Holdings Limited

4 JEREMY STAFFORD
EXECUTIVE DIRECTOR, CHIEF EXECUTIVE OFFICER

Background and experience
Jeremy was appointed as Chief Executive Officer on 2 October 2014, and brings substantial experience of leading and growing large scale international contracting businesses. He has a strong operational and strategic track record, starting at British Airways and then built up over 16 years with BT, Phoenix IT Group Plc and Serco Plc. Before joining John Menzies, Jeremy was Chief Executive of Serco UK and Europe, a division of 35,000 people with revenues of £2.5bn, representing half of the Serco Group. During his time with Serco he was Chairman of Northern Rail and also of Merseyrail. Previous roles include Chief Executive Officer at Phoenix IT Group, and Managing Director of BT Government Services, where he was also Chairman of Liverpool Direct Ltd.

5 PAULA BELL

EXECUTIVE DIRECTOR, CHIEF FINANCIAL OFFICER

Background and experience

Paula joined the Board as Group Finance Director in June 2013. Paula is a Fellow of the Chartered Institute of Management Accountants and prior to joining John Menzies was Group Finance Director of Ricardo plc from 2006 where she played a key role in the strategic diversification and growth of the business, driving strong cost and cash management. Previous roles include Finance Director of Gatwick Airport and Director of Finance of AWG plc. Over a ten year period at Rolls-Royce plc Paula was Finance Director for large scale divisions before becoming Business Development Director for their international energy Transmission and Distribution Group leading on strategy, sales and marketing and an extensive merger and acquisition programme in emerging territories. Paula is also the Senior Independent Director and Chairman of the Audit committee of Laird plc.

Other appointments

Non-Executive Director and Senior Independent Director of Laird plc

6 IAN HARLEY

NON-EXECUTIVE DIRECTOR, SENIOR INDEPENDENT DIRECTOR

Background and experience

Ian was appointed a Non-Executive Director of the Company in February 2009 and Senior Independent Director in May 2011. In 2015 Ian stood down as Chairman of Rentokil Initial Pension Trustee Limited. He previously spent eight years on the Rentokil Initial plc Board and seven years on the British Energy plc Board. Ian has held a variety of posts in the Finance, Retail Banking and Wholesale Banking Divisions of Abbey National and spent nine years on its Board as Finance Director and Chief Executive Officer. He is Chairman of the Court of the Whitgift Foundation and acts as an adviser to Independent Audit Limited, chairing its Advisory Board. He was Senior Independent Director at Remploy Limited until 2010 and is a Fellow of the Institute of Chartered Accountants and a Fellow and Past President of the Institute of Bankers. He is Chairman of the Audit Committee.

7 OCTAVIA MORLEY

NON-EXECUTIVE DIRECTOR

Background and experience

Octavia was appointed a Non-Executive Director in 2006 and is Chief Executive of OKA Direct Limited. She has significant experience in managing dynamic, fast-paced organisations having previously been Chief Executive of Crew Clothing Limited and Lighterlife Limited and Marketing Director and Commercial Director at Woolworths plc. She has also held positions as Managing Director, e-commerce at Asda Stores Limited and as Buying and Merchandising Director at Laura Ashley plc. Octavia is Chairman of the Remuneration Committee.

Other appointments

Chief Executive Officer at OKA Direct Limited

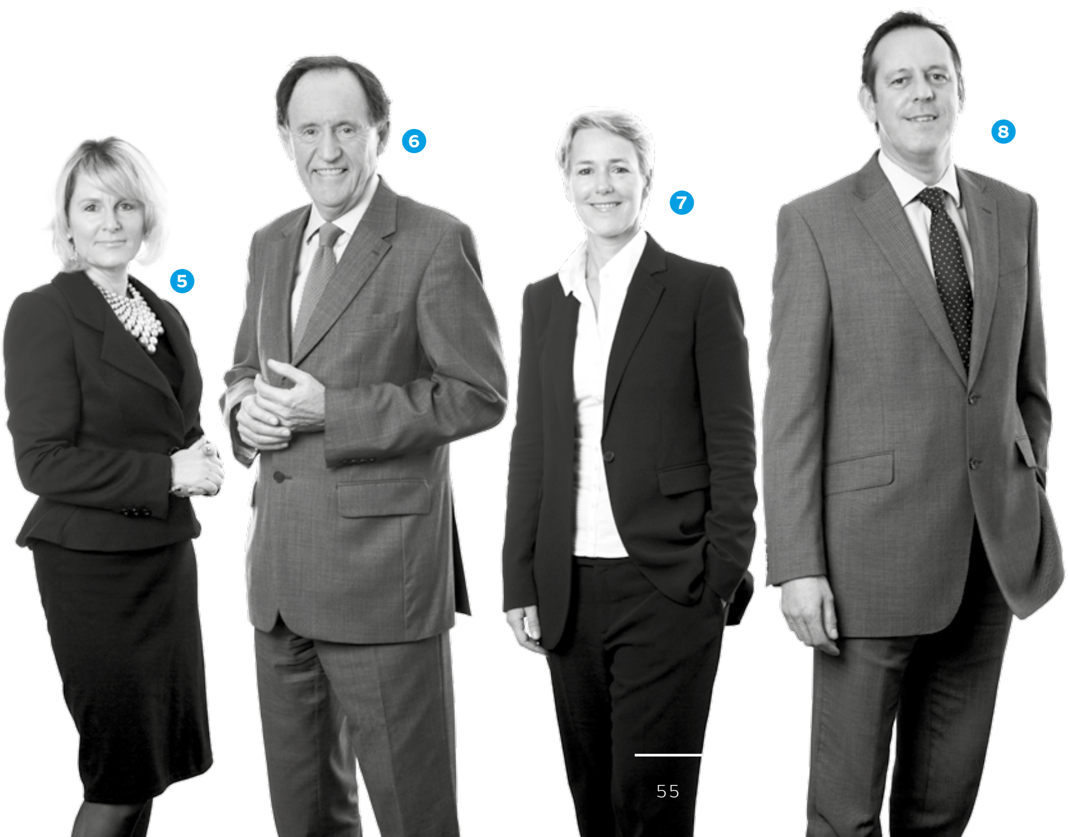
Non-Executive Director of Card Factory plc

8 JOHN GEDDES

COMPANY SECRETARY

Background and experience

John was appointed as Company Secretary in 2006. A chartered secretary, he joined John Menzies in 1997 and has held senior positions within the Group prior to becoming Company Secretary. His career has also included company secretariat posts at Bank of Scotland plc and Guinness plc.



DIRECTORS' REPORT

For the year ended 31 December 2014

In accordance with the requirements of the Companies Act 2006 and the UK Listing Authority's Listing, Disclosure and Transparency Rules, the following sections describe the matters that are required for inclusion in the Directors' Report and were approved by the Board. Further details of matters required to be included in the Directors' Report are incorporated by reference into this report, as detailed below.

Directors

The Directors serving during the year or subsequently are shown below. The Directors as at the end of the financial year, and their biographies, are shown on pages 54 and 55.

David McIntosh left the Board on 4 July 2014, Craig Smyth left the Board on 4 November 2014. Eric Born, an independent Non-Executive Director, left the Board on 3 December 2014. Jeremy Stafford was appointed Chief Executive Officer on 2 October 2014 and Silla Maizey was appointed as an independent Non-Executive Director on 19 May 2014. Ian Harley has indicated that for health reasons he will stand down as independent Non-Executive Directors at the forthcoming AGM of the Company on 15 May 2015.

Directors' interests in the ordinary shares of the Company were as follows:

Name	Position	Appointed/resigned		31 December 2014	31 December 2013
Iain Napier	Chairman	Appointed September 2008	Beneficial	**12,955**	5,000
Jeremy Stafford	Chief Executive Officer	Appointed October 2014	–	**11,751**	
Paula Bell	Chief Financial Officer	Appointed June 2013	–	**12,519**	–
Ian Harley	Senior Independent Director	Appointed February 2009	Beneficial	**6,000**	4,000
Dermot Jenkinson	Non-Executive Director	Appointed December 1985	Beneficial	**1,885,860**	1,885,860
			Non-beneficial	**2,747,860**	2,747,860
Silla Maizey	Non-Executive Director	Appointed May 2014		**1,500**	
Octavia Morley	Non-Executive Director	Appointed January 2006	–	**–**	–
Former Directors:					
Craig Smyth	Executive Director	Resigned November 2014	Beneficial	**n/a**	116,734
David McIntosh	Executive Director	Resigned July 2014	Beneficial	**n/a**	84,512
Eric Born	Non-Executive Director	Resigned December 2014	–	**n/a**	–

There have been no subsequent changes to these interests as at 9 March 2015.

No Director had any material interest in any contract, other than a service contract as set out on page 78.

Substantial Shareholdings

In addition to the Directors' interests, the Company has been notified of the following interests of 3% or more in its issued ordinary share capital as at 31 December 2014 and 9 March 2015:

Name	Number of ordinary shares at 9 March 2015	% ordinary share capital	Number of ordinary shares at 31 December 2014	% ordinary share capital
Schroder Investment Management	n/a	n/a	7,106,784	11.59
DC Thomson & Co Ltd	5,118,711	8.35	5,118,711	8.35
Kabouter Management	4,503,087	7.35	3,703,555	6.04
Unicorn Asset Management	2,800,000	4.57	3,043,992	4.96
Premier Asset Management	3,155,480	5.15	3,336,810	5.49
Morgan Stanley	1,991,598	3.25	n/a	n/a

Directors' and Officers' Liability Insurance

The Company has arranged, in accordance with the Companies Act 2006 and the Articles of Association qualifying third party indemnities against financial exposure that the Directors may incur in the course of their professional duties. Equivalent qualifying third party indemnities were, and remain, in force for the benefit of those Directors who stood down from the Board during the year ended 31 December 2014. Alongside these indemnities, the Company places Directors' and Officers' liability insurance cover for each Director.

Dividends

The Directors recommend the payment of a final dividend of 8.1p per ordinary share (2013: 18.8p), payable on 3 July 2015 to shareholders on the Register as at the close of business on 29 May 2015. The shares will be quoted as ex-dividend on 28 May 2015. This final dividend, together with the interim dividend of 8.1p per ordinary share (2013: 7.7p) paid on 21 November 2014, makes a total dividend of 16.2p (2013: 26.5p) per ordinary share for the year ended 31 December 2014.

Political Donations

It is the Group's policy not to make political donations and therefore no political donations were made, including donations as defined for the purposes of the Political Parties Elections and Referendums Act 2000.

Financial Risk Management Objectives and Policies

The financial risk management objectives and policies, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used is detailed in Note 16 to the Annual Report and Accounts 2014.

Exposure to Risk

The risk exposure of the Group including the exposure to price risk, credit risk, liquidity risk and cash flow risk is included in Note 16 to the Annual Report and Accounts 2014.

Financial Instruments

Details of the use of financial instruments and financial risk management are included in Note 16 to the Annual Report and Accounts 2014.

Employee Involvement

Details of how the Company involves its employees are contained in the Strategic Report on pages 42 to 49 which are incorporated by reference into this report.

Post Balance Sheet Events

There have been no important financial events affecting the Company (or any subsidiaries included in its consolidation) since the end of the financial year.

Outlook

An indication of the likely future developments in the business of the Company (and its subsidiaries) is included in the Strategic Report on pages 20 to 29.

Research

The Company is not actively involved in research activities.

Geographical Spread

John Menzies plc operates in 31 countries worldwide. Details of the geographical spread can be found on pages 16 and 17 of the Strategic Report.

Employment Policies

Policies regarding the hiring, continuing employment and training, career development and promotion opportunities, for all employees both in the UK and worldwide, together with reports on employee involvement and representation are contained in the Corporate Responsibility section of the Strategic Report on pages 42 to 49.

At the end of 2014 the split of male to female employees in the Group was:

	Male	Female
Directors	4	3
Decision makers	294	94
All employees	16,864	7,681

Policy and Practice on Payment of Creditors

The Group does not operate a standard code in respect of payments to suppliers. Each operating business is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted, including the terms of payment. It is Group policy that payments to suppliers are made in accordance with the agreed terms provided that the supplier has performed in accordance with all relevant terms and conditions. At the year-end the amount owed to trade creditors by the Group function was equivalent to 31.3 days (2013: 32.1 days) of purchases from suppliers.

Audit Information

Having made the requisite enquiries, so far as the Directors in office at the date of the signing of this report are aware, there is no relevant audit information of which the auditors are unaware and each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. A resolution to reappoint Ernst & Young LLP as auditors to the Company and to authorise the Board to set their remuneration will be proposed at the AGM.

Share Capital and Structure

The Company has two classes of shares: ordinary shares and 9% cumulative preference shares. As at 31 December 2014 the Company had an issued share capital of £16,810,228 comprising 1,394,587 9% cumulative preference shares of £1 each and 61,662,566 ordinary shares of 25p each. Of these 61,662,566 ordinary shares, 366,409 were held as treasury shares. No shares were purchased by the Company during the year to be held as treasury shares. Shares held in treasury are to be used for the satisfaction of share plan awards.

In addition, under an option available to employees, 152,857 shares with a market value of £982,106 that would otherwise have been issued to employees were withheld in return for the Company settling the employee's tax liability relating to the share-based payment. The accounting for this transaction reflects its substance and has been recognised in treasury shares as an issue and buy-back of shares. During the year the Company did not purchase any of its own shares for cancellation.

No share in the capital of the Company may be allotted at a discount nor shall they be allotted except as paid up both in regard to nominal amount and premium to the minimum extent permitted by the 2006 Companies Act.

ARTICLES OF ASSOCIATION

Transfer of Shares

There is no restriction on the transfer of shares in the Company, other than as contained in the Articles. Subject to the Articles and the requirements of the UK Listing Authority, the Directors may refuse to register a transfer of a certificated share which is not fully paid provided that this power will not be exercised so as to disturb the market in the shares.

Voting Rights

Deadlines for exercising voting rights and appointing a proxy or proxies to vote on resolutions to be passed at the AGM on 15 May 2015 are specified in the Notice of AGM. Every ordinary shareholder present in person or by proxy at a general meeting of the Company shall on a show of hands have one vote unless, in the case of the latter, he or she has been appointed by more than one shareholder and has received instructions to vote both in favour of and against the same resolution in which case he or she will have one vote against that resolution and one vote for. On a poll, every shareholder present in person at a general meeting or by proxy, shall have one vote for every share of which they are the holder, and if the holders of the preference shares have the right to vote on any resolution, each holder shall have one vote for every preference share of which he or she is the holder.

The holders of the preference shares shall have no right as such to receive notice of or attend or vote at any general meeting of the Company unless either:

(i) at the date of the notice convening the meeting the dividend payable on such shares or a part thereof is six months or more in arrears; or

(ii) the business of the meeting includes the consideration of a resolution for reducing the capital of or winding up the Company or for altering the objects of the Company as stated in its Articles or for the sale of the undertaking of the Company or any substantial part thereof or any resolution altering or abrogating any of the special rights or privileges attached to the preference shares, in which circumstances the holders of the preference shares shall have the right to vote on any such resolution.

The Company is not aware of any arrangement by which with the Company's co-operation, financial rights carried by shares are held by persons other than the holders of its ordinary shares or 9% cumulative preference shares. The Company is not aware of any agreement between holders of its securities which may result in restrictions on the transfer of its securities or on voting rights.

Allotment and Issue of Shares

The Directors are, by shareholder resolutions passed at the AGM of the Company on 16 May 2014, generally and unconditionally authorised to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company, up to an aggregate nominal amount of £5,105,768. The Directors are also empowered to allot equity securities (within the meaning of section 560 of the Act) of the Company for cash on a non pre-emptive basis. This power is limited to:

(i) any allotment where equity securities have been offered to holders of equity securities in proportion (as nearly as may be) to their then holdings of such securities; and

(ii) any other allotment of equity securities up to an aggregate nominal value of £10,211,537.

Such authority and power expire at the Company's AGM being held on 15 May 2015, unless previously revoked, varied or renewed. It is proposed that such authority and power be renewed by shareholder resolutions at the Company's forthcoming AGM, but without prejudice to the exercise of any such authority prior to the date of such resolution.

Purchase of Own Shares

The Company is, by shareholder resolution passed at the AGM of the Company on 16 May 2014, authorised to purchase up to 6,126,922 of its own ordinary shares at a maximum price equal to the higher of:

(i) 105% of the average of the middle market quotations for such ordinary shares of the Company as derived from the London Stock Exchange for the five business days immediately prior to the date of conclusion of the contract for any such purchase; and

(ii) the amount stipulated by Article 5(1) of the EU Buy-Back and Stabilisation Regulation 2003 being the higher of the price of the last independent trade and the highest current independent bid for an ordinary share in the Company on the trading venues where the market purchases by the Company will be carried out and that the minimum price that may be paid is 25p per share.

The Company is also, by shareholder resolution passed at the AGM of the Company on 16 May 2014, authorised to purchase up to 1,394,587 9% cumulative preference shares at a maximum price which is the higher of:

(i) 110% of the average of the middle market quotations for such 9% cumulative preference shares of the Company as derived from the London Stock Exchange for the five business days immediately prior to the date of conclusion of the contract for any such purchase; and

(ii) the amount stipulated by Article 5(1) of the EU Buy-Back and Stabilisation Regulation 2003 being the higher of the price of the last independent trade and the highest current independent bid for a 9% cumulative preference share in the Company on the trading venues where the market purchases by the Company will be carried out, and that the minimum price that may be paid is £1 per share.

These authorities expire at the AGM on 15 May 2015 and it is proposed that these authorities be renewed by shareholder resolution at that AGM, but without prejudice to the exercise of any such authorities prior to the date of such resolutions.

Appointment of Directors

Directors may be appointed by the Company by an ordinary resolution of shareholders. The Board may appoint a Director either to fill a vacancy or as an additional Director and any Director so appointed will hold office only until the next AGM and shall then be eligible for reappointment. If not reappointed at such meeting, such a Director will vacate office at its conclusion, except where a resolution is passed to appoint someone in his or her place (other than with effect from a time later than the conclusion of the meeting) or a resolution for his or her reappointment is put to the meeting and lost (in either case the retirement takes effect from the passing of the relevant resolution). A Director is not required to hold shares in the capital of the Company. Directors are provided with documentation on the Company and its activities. An appropriate induction is provided for new Directors and ongoing training is provided as and when it may be required.

Retirement of Directors

In accordance with best practice guidelines all of the Directors of the Company shall retire at each AGM of the Company.

Directors' Powers

The business of the Company shall be managed by the Board which may exercise all the powers of the Company whether relating to the management of the business or not subject to restrictions contained in the Articles. The Articles detail the specific powers of the Directors. Copies of the Articles may be obtained from the Company Secretary or from the Company's website www.johnmenziesplc.com.

The Articles can only be amended by Special Resolution of the Company in General Meeting.

Significant Agreements – Change of Control

The Group's operating businesses have agreements in place with suppliers and customers, some of which contain change of control clauses giving rights to these suppliers and customers on a takeover bid for the Company. A change of control of the Company following a takeover bid may cause a number of other agreements to which the Company or its subsidiaries are party, such as banking arrangements, property leases and licence agreements to take effect, alter or terminate. In addition the Directors' service agreements and employee share plans would be similarly affected on a change of control.

Emissions Reporting

In accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations (the Regulation), the Company is required to report on all material emissions of the six Kyoto gases from direct sources and from purchased electricity, heat, steam and cooling, and in the form of tonnes of carbon dioxide equivalent (CO_2e). This covers all of the Company's operations worldwide and includes indirectly purchased energy. This requirement differs from the Company's obligations to report its UK CRC Energy Efficiency scheme which broadly only requires directly purchased energy in the UK to be disclosed.

During 2014 the Company continued to work with its energy advisers, Briar Associates, to roll out worldwide an efficient and cost efficient system for recording all energy emissions for reporting under the Regulation. For the UK Distribution business this process has been captured using existing procedures developed for CRC reporting. During 2013 this was expanded to include the parts of the UK Aviation business not captured by CRC reporting, so that by the end of 2013 data for all UK operations was being recorded.

Given the complexity of the international operations, it was decided to ensure that this was working smoothly and producing quality data before it was rolled out around the world. Worldwide rollout took place during 2014, and (subject to two minor location exceptions) was completed by the end of the year. This means that reliable information for 2014 comprises the data collated from all our UK operations and is reported below. Data for the non-UK business is now being captured and analysed, and a full worldwide analysis will be available for the report to December 2015.

Extrapolations on a worldwide basis cannot be accurately undertaken due to variance in CO_2e emissions and operational practices on a country by country basis. We continue to work with Briar Associates to implement the measuring tools, and also to have the figures independently verified by them.

Methodology

We have used the UK Government's Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance, June 2013 and emission factors from UK Government Conversion Factors for Company Reporting 2013.

The data used in calculating the emissions for our Distribution business is:

- that gathered to fulfil our requirements under the CRC Energy Efficiency scheme;
- data relating to our fleet fuel consumption; and
- estimates of our Company car use, short-term car rentals and contractors' vehicle use in terms of fuel use/mileage.

The data used in calculating the emissions for our Aviation business is:

- data relating to the site electricity and heating fuel use that we are responsible for; and
- data relating to our vehicle fleet fuel consumption.

In association with our independent advisers, Briar Associates, the Company has selected to use tonnes of CO_2e per £ turnover for John Menzies plc. At a divisional level the Group is also measuring tonnes CO_2e per £ turnover for the Distribution business and for the Aviation business where KPIs are measured against aircraft turnarounds, the Company will measure tonnes of CO_2e per aircraft turn.

In the 2013 Directors' Report, data was available and disclosed only in respect of our UK Distribution business. This year, as well as providing the equivalent 2014 data, the remaining UK data is also disclosed.

Annual General Meeting

Notice of the John Menzies plc Annual General Meeting for 2015 is contained at the end of the Annual Report and Accounts for 2014.

Approved and issued by the Board of Directors on 9 March 2015.

John Geddes
Company Secretary
9 March 2015

Measure	2014 UK tonnes of CO_2e			2013 UK tonnes of CO_2e
	2014 Total	Aviation Business	Distribution Business	Distribution Business
Combustion of fuel and operation of facilities (excluding electricity)	23,804	8,485	15,319	18,112
Electricity purchased for own use	8,460	2,078	6,382	6,275
Total	32,265	10,563	21,701	24,387

Intensity ratios (tonnes of CO_2e)	2014	2013
Per £'000 turnover for Menzies Distribution's UK operations	0.011	0.019
Per thousand aircraft turnarounds for Menzies Aviation's UK operations	0.031	–
Per £'000 turnover for John Menzies plc UK operations	0.017	–

CORPORATE GOVERNANCE STATEMENT

THE BOARD REMAINS COMMITTED TO THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE AS IT CONTINUES DELIVERING ITS STRATEGY. THE UK CORPORATE GOVERNANCE CODE IS AN INTEGRAL PART OF OUR PRINCIPLES AND WE CONTINUE TO FOLLOW THE BEST PRACTICE THAT IT RECOMMENDS. THE BOARD BELIEVES THAT THE COMPANY IS FULLY COMPLIANT WITH THE PRINCIPLES OF THE CODE.

THE BOARD CONSIDERS THAT THE ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2014 TAKEN AS A WHOLE ARE FAIR, BALANCED AND UNDERSTANDABLE AND PROVIDE THE INFORMATION NECESSARY FOR SHAREHOLDERS TO ASSESS THE COMPANY'S PERFORMANCE, BUSINESS MODEL AND STRATEGY.

THE COMMITTEES

AUDIT COMMITTEE

I HARLEY – CHAIRMAN
S MAIZEY – MEMBER
O MORLEY – MEMBER

MAIN RESPONSIBILITIES
To monitor the integrity of the financial statements, internal control and risk management, whilst overseeing the relationship with the external auditors.

REMUNERATION COMMITTEE

O MORLEY – CHAIRMAN
I HARLEY – MEMBER
S MAIZEY – MEMBER

MAIN RESPONSIBILITIES
To determine and agree the framework and policy for the remuneration of Directors, Company Secretary and other members of the senior management team as it is designated to consider.

NOMINATION COMMITTEE

I NAPIER – CHAIRMAN
I HARLEY – MEMBER
S MAIZEY – MEMBER
O MORLEY – MEMBER

MAIN RESPONSIBILITIES
To review the structure, balance and composition of the Board and its committees and propose new appointments.

LEADERSHIP

Board Responsibilities and Composition

The Board's key responsibility is to ensure the Company's prosperity by collectively directing the Company's affairs whilst meeting the appropriate interests of its shareholders and stakeholders. In addition to business and financial issues, the Board must deal with challenges and issues relating to corporate governance, corporate social responsibility and corporate ethics. Its key decision making responsibilities to ensure the long term prosperity of the Company include the approval of strategic plans, financial statements, acquisitions and disposals and major non-recurring projects and major capital expenditures.

The Board met nine times in 2014 and has a formal schedule of matters specifically reserved to it for decision in the Group's Corporate Governance Manual. It consists of seven Directors:

- one Chairman
- two Executive Directors
- three independent Non-Executive Directors
- one non-independent Non-Executive Director

Biographies for each Director, and their position on the Board, are contained on pages 54 and 55.

During 2014 the Company appointed a Chief Executive Officer alongside the existing Group Chief Financial Officer. The executive roles of Executive Director Aviation and Executive Director Distribution were discontinued. Each Executive Director has clearly defined duties and responsibilities which, having been agreed by the Board, are regularly reviewed with the Chairman.

The Role of the Board Members

The role of the Chairman is distinct from other positions, is clearly defined and is Non-Executive. The position exists to lead the Board in strategic discussions, ensuring accurate, clear and timely information is available to all Directors. The Chairman is available to the Executive Directors to discuss any concerns or issues that may arise, and ensure that risk and long-term shareholder value remain a key focus for the Executive Directors. In managing Board meetings, the Chairman is aware that sufficient time needs to be made available for the discussion of items, whilst developing an atmosphere which encourages active participation by all Directors. On appointment the Chairman was considered to meet the independence criteria as defined in the FRC UK Corporate Governance Code (the "Code").

Non-Executive Directors are required to constructively challenge and contribute to the strategic development of the Company and are appointed for an initial term of three years. They are expected to satisfy themselves as to the integrity of the financial information, controls and risk management within the businesses by scrutinising the performance of management and challenging information presented to them.

The role of the Executive Directors is to develop and implement on a day to day basis the strategy that has been agreed by the Board. They are also expected to report regularly to the Board on any issues that are happening within the business and their proposed resolutions when problems occur.

Ian Harley has been the Senior Independent Director since May 2011. Ian has indicated that he intends to stand down from the Board following the AGM in May 2015. The Board shall appoint a new Senior Independent Director from the independent Non-Executive Directors during 2015. The Senior Independent Director shall be expected to have sufficient time available to meet with shareholders and other stakeholders where required and will be available where discussions with either the Chairman or the Executive Directors are not appropriate.

Throughout 2014, all of the Directors on each of the Board Committees have been independent, in compliance with the Code.

Re-election of Directors

In accordance with best practice guidelines, all Directors (except for Ian Harley who is standing down from the Board following the AGM) offer themselves for re-election at each AGM.

Risk and Assurance

A key function of the Board is to provide assurance that the internal controls and operation of the business are sufficient and working. During the year the Board regularly reviewed the processes whereby risks are identified, evaluated and managed. The internal audit programme and risk management processes were also reviewed and updated and the Board keeps under continual review the effectiveness of the Group's system of internal control and risk management.

EFFECTIVENESS

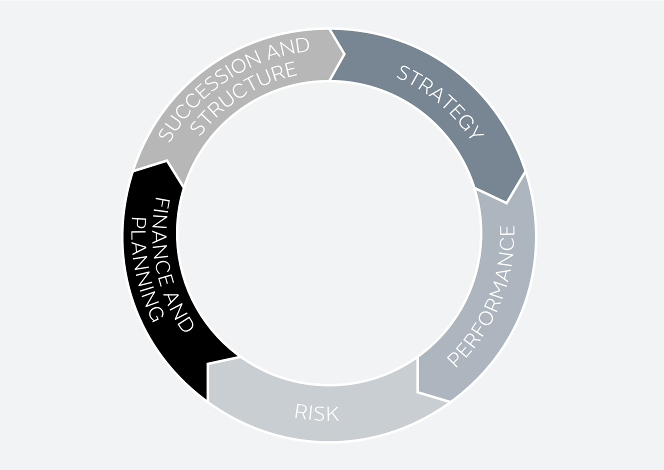
The Board recognises and believes that having a balance of skills, knowledge and experience is vital in successfully developing and challenging its strategy. All Directors are expected to behave in the interests of all shareholders and bring with them independent judgement in reaching their decisions. The Board believes that the current balance between Executive and Non-Executive Directors is appropriate. The Board reviews its composition annually, paying particular regard to the length of tenure of each

Director to ensure that there are identified candidates when the Board needs to be refreshed.

It is the Board's intention to identify suitable new Non-Executive Directors to replace both Ian Harley who will stand down from the Board at the AGM in May 2015 and Octavia Morley who will stand down later in 2015. A recruitment process has begun, following the procedure identified on page 64.

Board Activity

The Board's activities are structured to enable the Directors to fulfil their role, in particular with respect to strategy, monitoring, assurance and succession. The diagram below shows the main areas of focus by the Board during 2014:



Board Performance Evaluation

The Board is supportive of the principles and provisions of the Code on Board performance evaluation. The Board's policy is to conduct rigorous performance evaluations internally on an annual basis, using external consultants to refresh the process at least every three years. An evaluation by an independent external consultant was carried out in the last quarter of 2014, having last been carried out in 2011.

The scope for the project was handled through interviews with Board Directors, the Company Secretary and head of Distribution. Feedback involved a meeting with the Chairman, a discussion with the Board and where appropriate feedback to other participants. Eight main areas were reviewed covering the Board and Committee composition and succession, the role of the Board and executive management and the Board's risk awareness, management and mitigation strategies. Overall it was reported that the change in executive structure and Directors should naturally cause a refresh in approach to Board activities, behaviours and process which can be embraced for maximum benefit.

Independence

In addition to the Chairman, who satisfied the independence criteria set out in the code on appointment, three of the Non-Executive Directors are considered independent (Silla Maizey, Ian Harley and Octavia Morley). Dermot Jenkinson is not considered independent under the Code having been on the Board since 1985, initially as an Executive Director and latterly as a Non-Executive Director. Dermot Jenkinson continues to represent the continuing involvement of the founding Menzies family and contributes effectively to the Board. He brings to the Board a breadth of skills and experience from his knowledge of the Company and from his background in business and general management. This means that three of the seven Directors are considered independent in accordance with the Code.

Since the end of 2012, all of the Directors on each of the Board Committees have been independent, in compliance with the Code.

The Board continually review the best future shape and size and at this time the Board is well balanced and able to meet the challenges and opportunities that face the business.

Efficiency

Board papers are sent one week prior to all Board meetings to ensure that Directors have sufficient time to familiarise themselves with the items for discussion. The Company uses electronic packs to ensure quick and secure communication of the papers to each Director. As part of the annual Board evaluation process, Directors are asked to confirm if they are happy with the quality and range of papers that are presented to them, and if they feel that they have sufficient information on which to base their decision making.

Diversity

The Board fully supports diversity, recognising the benefits that diverse viewpoints can bring in key decision making. We are committed to encouraging and developing all our employees and the Board to reach their full potential, irrespective of their gender, race or sexuality. It is our intention to always keep the benefits that derive from a diverse Board in mind when making future appointments. However, the Board does not believe that setting a quota is the most appropriate method for achieving a balanced Board and all appointments will be made on merit. The Board is also committed to developing talent throughout the Group and provides appropriate training, support and development to those identified as displaying potential.

Accountability and Board Committees

The Board met nine times in 2014 and has a formal schedule of matters specifically reserved to it for decision.

Board and Committee meetings and attendance in 2014:

	Appointed/(resigned)	Board	Audit Committee	Remuneration Committee	Nomination Committee
Meetings		**9**	**3**	**2**	**3**
I Napier		9/9	–	–	3/3
P Bell		9/9	–	–	–
I Harley		9/9	3/3	2/2	3/3
D Jenkinson		9/9	–	–	–
O Morley		9/9	3/3	2/2	3/3
S Maizey	19/05/2014	6/6	2/2	1/1	2/2
J Stafford	02/10/2014	4/4	–	–	–
D McIntosh	(04/07/2014)	1/1	–	–	–
C Smyth	(04/11//2014)	7/7	–	–	–
E Born	(03/12/2014)	8/8	2/2	2/2	3/3

The Board also delegates specific responsibilities with written terms of reference to the Board Committees detailed below and to its Business Leaders. Information of an appropriate quality is issued in a timely manner to assist the Board in performing its duties. New Directors receive an appropriate induction tailored to their needs. All members of the Board have access to the advice and services of the Company Secretary and may take independent professional advice as appropriate at the expense of the Company. Directors are also encouraged to visit operations and to undertake such activities and training as is appropriate or may be required or desirable in order to carry out their duties.

The Board has established Committees with defined terms of reference and it is the Board's policy that all independent Non-Executive Directors should contribute to the membership of its Committees. Our Board Committees comprise solely independent Non-Executive Directors, with the Audit Committee and Remuneration Committee having three members and the Nomination Committee four members. The Chairmen of the Audit and Remuneration Committees are chosen from Directors who are independent under the terms of the Code, whilst the Chairman of the Nomination Committee is also Chairman of the Board.

The Board has also delegated, under the control of the Chief Executive Officer, day to day operational and strategy implementation matters to the Business Leaders in Menzies Aviation and Menzies Distribution.

Succession Planning and Board Recruitment

The Board is aware that it is essential to have a suitable succession plan in place for when members of the Board either move on or retire. It therefore formally reviews succession plans each year. The Board also reviews the composition of each of the Board Committees to ensure that there is a suitable rotation of Directors on the Committees.

With regard to the replacement of any Executive Directors, the Board has tasked the Nomination Committee with reviewing potential internal candidates and nominating suitable external candidates as and when such a position arises. Alongside this, each of the Business Leadership teams has a responsibility to ensure that talented individuals within the business are nurtured and given every opportunity to develop their skills, such that they might progress their career within the business.

For the Chairman, the Nomination Committee has responsibility for ensuring that there is a suitable candidate on the Board, or that a suitable candidate is identified externally, to ensure a smooth transition of Chairmanship when required. The Nomination Committee will also engage external recruitment agencies in finding suitable candidates for either executive or non-executive positions where required and any candidate will be expected to meet with each member of the Executive Team and the Nomination Committee prior to any offer being made.

Nomination Process

The Nomination Committee is tasked with identifying and nominating candidates to the Board when a position is identified. The Committee operates under formal and transparent terms of reference which are available to view on the Company website, www.johnmenziesplc.com. The Committee regularly reviews the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and makes recommendations to the Board with regard to any changes; taking into account, amongst other things:

- the results of the Board evaluation process;
- the total number of Directors;
- the balance of Executive and Non-Executive Directors and the balance of independent Non-Executive Directors; and
- the need to ensure appropriate collective knowledge and experience, the length of service of Directors and diversity factors (including the skills mix, regional and industry experience and gender).

The Committee gives full consideration to succession planning for Directors, Non-Executive Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future. It is responsible for identifying, and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise. Before any appointment is made by the Board, the Committee evaluates the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation prepares a detailed description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:

- use open advertising or the services of an independent external advisers to facilitate the search;
- consider candidates from a wide range of backgrounds;
- ensure recruitment is undertaken in accordance with the Company's equal opportunities and dignity at work policy (available to view on the Company website); and
- consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position.

Induction

On appointment a structured induction programme is used to familiarise Directors with the business. This programme was followed for Jeremy Stafford and Silla Maizey who joined during the year. The programme is tailored for each new Director to ensure that they receive a focused and appropriate induction plan. Each new Director spends time with the Executive Team to understand their strategic goals and objectives for their businesses. They will also discuss any issues that are currently being addressed and how the business operates.

Following this the new Director will meet with the management teams in each business and in the Group head office, and undertake various site visits to see how the businesses operate and how the various parts of the organisation interact. A new Director also has structured meetings with the Chairman and Non-Executive Directors to familiarise them with the Board and its structures, and the operating responsibilities expected from the position. Following the site visits and meetings, the new Director will then have the opportunity to discuss with the Company Secretary if they have any further training requirements and whether they would like to arrange any meetings with major shareholders or would like further meetings as part of their Company familiarisation process.

Training and Development

The Board believes that regularly updating the skills and abilities of the Board is vital to achieving the Company's objectives. As well as refreshing Board composition, the Board also looks to receive regular updates, training and development. The Company Secretary is responsible to the Chairman for ensuring that regular updates are provided to the Board on regulatory and governance changes, reporting requirements and market practices. The annual Board evaluation process is used to identify any training requirements or areas of weakness, and the Company Secretary works with the Chairman to provide appropriate training, either to the Board as a whole or on an individual basis as required.

Information and Support

All Directors, including Non-Executive Directors, have access to independent professional advice at the Company's expense. This is arranged via the Company Secretary. In addition, the Board Committees are supported by external professional advisers who provide additional information and undertake work on behalf of the Committee independent of the Company management structure. The Company Secretary is responsible to each Committee for ensuring that sufficient resources are available to it to undertake its duties. In addition to providing sufficient resources, the Company Secretary is responsible for ensuring that the Group Corporate Governance Manual and all Board procedures are complied with, and makes himself available to all Directors to provide advice where required.

Communication with Shareholders

The Board has responsibility for communicating with shareholders and has developed a comprehensive programme to ensure that effective communication with shareholders, analysts and the financial press is maintained throughout each financial year. Through its annual and interim reports, results and other announcements and the dissemination of information via the Group's website at www.johnmenziesplc.com, the Board seeks to present its strategy and performance in an objective and balanced manner.

Shareholders attending the AGM are invited to ask questions during the AGM and also to meet the Directors after the formal business has concluded. The Chair of the Board Committees will also be available to answer questions from any shareholder at the AGM. Full details of proxy votes cast on each resolution will be made available to shareholders at the Meeting and, in keeping with best practice, will be made available on the Company's website after the Meeting.

Directors are able at any time to request additional meetings with major shareholders, such meetings arranged via the Company Secretary. The Board receives reports at each of its meetings on any meetings held with shareholders or with details of meetings with analysts and analyst reports. The Chairman and Senior Independent Director are also available for contact with shareholders at any time.

AUDIT COMMITTEE REPORT

Ian Harley
Audit Committee Chairman

BOARD MEMBERS

NAME	POSITION
I HARLEY	CHAIRMAN
S MAIZEY (APPOINTED MAY 2014)	MEMBER
O MORLEY	MEMBER
E BORN (RESIGNED DECEMBER 2014)	PAST MEMBER

The Committee provides effective oversight and governance over the integrity of the Group's financial reporting, ensuring that the interests of shareholders are protected at all times. The Committee assesses the quality of the internal and external audit processes, and ensures the risks which the business faces are being effectively managed.

It is vitally important that we operate a culture where the very best controls environment exists throughout our global operations.

The Committee will continue to review and update our activities in line with new legislation but also as the nature of our operating businesses evolve.

Silla Maizey joined the Committee in May 2014 and Eric Born left the Committee in December 2014. It is intended that following the AGM in May 2015, and as part of our commitment to refresh our committees, Silla Maizey will assume the Chair of the Audit Committee in place of Ian Harley. In preparation for this, Silla Maizey has prepared the Audit Committee Report on behalf of Ian Harley.

Committee's Role and Responsibilities

The Audit Committee assists the Board in the execution of its responsibilities for corporate governance and internal control and has adopted terms of reference modelled on those set out in the Code. The Group's Chief Executive, Chief Financial Officer, Group Company Secretary and certain senior financial executives as appropriate, together with representatives from the internal and external audit teams, attend each meeting of the Committee. It is a requirement that at least one Audit Committee member has suitable financial experience and Ian Harley, who is a qualified accountant, has been identified as meeting this requirement.

A copy of the Audit Committee's terms of reference is available on the Company's website.

The Audit Committee has delegated authority from the Board for ensuring adherence to the Code provisions and related guidance.

Responsibilities

The responsibilities of the Audit Committee include:

- reviewing the financial results announcements and financial statements and reviewing significant judgements and estimates contained within them;
- advising the Board on whether the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy;
- ensuring compliance with applicable accounting standards and reviewing the appropriateness of accounting policies and practices in place;
- reviewing the Company's internal financial controls and the effectiveness of the internal audit function;
- reviewing the Group's policies and practices concerning business conduct, ethics and integrity, fraud and whistle-blowing; and
- overseeing all aspects of the relationship with the external auditors, including their appointment, the audit process, the supply of non-audit services and monitoring their effectiveness and independence.

The Committee also exists to ensure that the interests of shareholders are protected and does so by ensuring the integrity of the published financial statements are rigorously reviewed and that the Company has undertaken an effective and full audit process each year. This external audit process is currently undertaken by Ernst & Young LLP (EY).

Review of Committee Meetings

As scheduled the Committee met three times in 2014. Meeting attendance was as follows:

Ian Harley	3/3
Octavia Morley	3/3
Silla Maizey	2/2*
Eric Born	2/2*

* Silla Maizey joined the Committee in May 2014 and Eric Born left the Committee in December 2014.

The Committee Chairman provides a full report of its activities, findings and recommendations to the Board after each meeting.

During the year the Committee generally follows a formal agenda structure for each of the meetings that are planned. The Agenda is reviewed at the start of each year by the Committee Chairman and the Company Secretary and they consider the inclusion of any items over and above the standard items that the Committee may wish to review.

Normally the Chairman of the Board, the Group Chief Executive Officer and Chief Financial Officer, together with the external auditor, are given notice of all of the meetings and may be invited to attend and speak at any meeting. The external auditor has the opportunity to meet with the Audit Committee without any Executive Directors present whenever necessary.

The Audit Committee has the authority to seek any information it requires from any employee of the Company and believes it has received sufficient, reliable information from management to enable it to fulfil its responsibilities during the year. The Audit Committee can take such independent professional advice as it considers necessary.

Main Activities During 2014

- The Committee formally reviewed and recommended the Annual Report (including the Statements on Internal Control and the work of the Committee) and associated business review together with the Interim Results announcements made by the Company. This aspect of its work focused on key accounting policies, estimates and judgements, including significant or unusual transactions or changes to these. In doing so the Committee reviewed the reports of management and the controls assurance (internal audit) provider and took into account the views of the external auditors.
- The Committee reviewed the work of management which involved assessing key risks at Group and divisional level according to their significance, likelihood and impact, as well as the Company's exposure to and management of these risks. The register and evaluation of risk constantly evolves and the Committee was satisfied that management had appropriate risk management strategies and systems in place to address the Group's key business risks.
- The Committee reviewed and adopted an updated internal audit plan, increasing the level of audits at both the operational and controls levels. Following a review of the operational processes within the Distribution division an updated controls assurance programme has been developed to reflect the key operational risks identified.
- The Committee approved a revised internal audit programme to provide standardisation across all operating units in the Group, and supervised the rolling out of a monthly operational self-certification process.
- The Committee reviewed the objectivity and independence of the external auditors.

In addition to the standard agenda the Committee welcomes presentations from the business on key areas of focus. The Committee is keen to continue reviewing the internal control environment across both the operational and management functions within the business and has invited presentations during 2015 on how this is being achieved.

The primary areas of judgement considered by the Committee in relation to the 2014 accounts, and how these were addressed, are:

Goodwill & Intangible Assets

The review for impairment of goodwill and intangible assets is based on cash flow projections to calculate a value in use for each area based on forecasts prepared by each division. The achievability of the forecast is a risk, given inherent uncertainty within any financial projection.

The Committee evaluated a paper from management on the methodology of the impairment assessment and the results of that assessment. Key assumptions were reviewed, including discount rates, business risk factors and cash flow projections based on the most recent budget and strategic reviews. Actions and factors likely to influence levels of impairment were noted and the view of the external auditor was sought in relation to the appropriateness of the approach and outcome. Taking into account the documentation presented, we were satisfied with the approach and judgements taken.

Pension Accounting

The assumptions assumed in the calculation for scheme liabilities and asset returns are underpinned by a range of judgement. Assumptions were prepared by external actuaries and reviewed and approved by management and the external auditors, ensuring that they were aligned to prevailing economic indicators. Changes in assumptions were then summarised for the Committee and included a decrease in discount rate. We were satisfied with the approach and judgements taken.

Exceptional and Other Items

The Committee considered the appropriateness of the measure of underlying profits and the classification and transparency of items separately disclosed as exceptional and other items. It was satisfied that the measure of underlying profits provided a reasonable view of underlying performance of the Group and that there was transparent disclosure of the measure and of items shown separately as exceptional and other items.

Revenue Recognition

The Committee has confirmed that the Group has appropriately recognised revenues in accordance with its contractual obligations during the period, paying attention to expected returns.

Taxation

Provisioning for current and deferred tax liabilities and assets requires the exercise of judgement. The Committee addressed this through the receipt of a range of reports from management, who has also established a separate tax committee to deal with such requests (see further detail below). The Committee challenged the appropriateness of management's views including the extent to which these are supported by appropriate external advice.

Provisions

The Committee has challenged management's assumptions used in determining whether provisions are appropriate in relation to onerous property leases.

Accounting for Joint Ventures and Associates

Following changes in International Financial Reporting Standards in relation to accounting for joint ventures and associates the Committee has gained assurance from management that a full review of the impact of these changes has been carried out and the appropriate conclusions reached. The Committee is satisfied that this is the case.

External Group Audit

EY is the appointed external auditor to John Menzies plc. They were appointed in 2009 after a full tender process. The lead audit partner last changed in 2011. There are no contractual obligations in place that restrict the Committee in their choice of external audit provider.

The Committee reviews and approves the audit plan, as well as the findings of the external auditor from its audit of the annual financial statements.

It is vitally important that the Committee believe its appointed external auditor undertakes a full and effective audit. Their performance is reviewed annually. In undertaking the review the Chairman of the Committee seeks views from fellow Committee members, the Chief Financial Officer and also a wide range of senior management who were exposed to the audit process. The outputs from the audit provider are also reviewed for accuracy, clarity and also to ensure that they reflect the level of detail undertaken during the audit.

As part of its review of the effectiveness of the external auditor, the Audit Committee keeps under review their objectivity and independence and the nature and extent of the non-audit services that it provides. These services have historically included dealing with the Group's tax affairs and acquisition-related due diligence, where their knowledge of the Group's business processes and controls makes them best placed to undertake this work cost-effectively on the Group's behalf. The work undertaken for the Group by the audit team is handled by a different partner from the tax and other non-audit services and is managed from a separate office.

During 2014, audit fees amounted to £1.0m, whilst non-audit fees to EY amounted to £0.9m. The Committee regularly reviews the remuneration received by the external auditor for audit services, audit-related services and non-audit work. These reviews are to ensure a balance of objectivity, value for money and compliance with their duties. The outcome of these reviews was that performance of the relevant non-audit work by our auditors was the most cost-effective way of conducting our business and that no conflicts of interest existed between such audit and non-audit work. These reviews enable the Committee to confirm that we continue to receive an efficient, effective and independent audit service.

All non-audit work is put out to tender and non-audit fees paid to EY are approved by the Chief Financial Officer, who reports any significant payments or awards of work to the Committee. The Committee believes that the level and scope of these non-audit services does not impair the objectivity of the external auditors.

Following a review held at the conclusion of the 2014 audit the Committee was satisfied that EY provided an effective audit and remains independent and objective.

Internal Control and Risk Management

A key factor in the Group's approach to internal control is the recognition of the need for risk awareness and the ownership of risk management by Executives at all levels. Each division has its own operating board. A Statement of Group policies and procedures (the Statement) sets out the responsibilities of these operating boards, including authority levels, reporting disciplines and responsibility for risk management and internal control.

Each operating board has also adopted a Corporate Governance Manual detailing its controls in implementing these Policies and Procedures set out in the Statement. Certain activities, including treasury, taxation, insurance, pension and legal matters are controlled centrally with reports reviewed by the Board as appropriate.

During 2014 an updated and enhanced risk register process was developed, seeking to build upon a process mapping and control identification exercise undertaken in the Distribution business. Risks are now categorised into 14 areas with key identified risks, both financial and non-financial (the latter including environmental, social and governance risks), reviewed by the Board as well as at operating board level on an ongoing basis. A formal six-monthly review of risks and controls takes place, supported by the Group's controls assurance provider. The operating boards also review each division's performance, strategy and risk management. Annual compliance statements on internal control are certified by each divisional board and where appropriate the Group finance function. Details of the key risks identified through this exercise are included on pages 28 and 29.

A treasury review committee meets monthly to review the adequacy of the Group's facilities against potential utilisation and commitments, as well as to monitor and manage the Group's exposure to interest rate and currency movements. All minutes and matters arising from the treasury committee are included in the Board papers.

A tax committee meets quarterly to assess the impact of any tax changes which may affect the business in any of the jurisdictions in which it operates.

Further details on how the Board manages business risks are shown on pages 28 and 29, and stakeholder risks in particular are summarised in the Corporate Social Responsibility report on pages 42 to 49.

Internal Audit

The Committee reviewed the Group's internal control structure, approved the scope of work and fees for the controls assurance provider and debated whether the internal audit function should be brought in-house. It concluded that due to the complexity of the Group's business and the international nature of the Aviation business, the internal audit function was best served by continuing to be outsourced to Deloitte LLP, given their global spread and resources, with operational audits supported by the internal operational standards and compliance teams.

Following a detailed review during 2014 to maximise the benefit derived from the individuals qualified in auditing within the internal operational standards and compliance departments, and the specialist skills and abilities that Deloitte are able to provide, it was decided that in 2015 the work to be undertaken by Deloitte will focus on financial controls and business management, whilst internal auditors working in each division will undertake an increased number of operational branch and station audits to supplement the work undertaken by Deloitte.

In accordance with the revised Turnbull Guidance, the Directors are responsible for the Group's system of internal control which covers financial, operational and compliance controls together with risk management. The system has been in place throughout 2014 and up until the date of this report, except that it did not apply to the Group's material joint ventures.

Findings from the internal audit programme (on financial and key non-financial risks) and areas identified for improvement are reviewed by the Audit Committee and prioritised for action by management. The Audit Committee reviews follow-up reports from management to ensure that any weaknesses identified in internal audit reports submitted to it are fully addressed and that improved procedures are adopted.

The use of our standard accounting manual by finance teams throughout the Group ensures that transactions and balances are recognised and measured in accordance with prescribed accounting policies and that information is appropriately reviewed and reconciled as part of the reporting process. The use of a standard reporting tool by all entities in the Group ensures that information is gathered and presented in a consistent way that facilitates the production of the consolidated financial statements.

Whilst no system can provide absolute guarantee and protection against material loss, the system is designed to give the Directors reasonable assurance that problems can be identified promptly and remedial action taken as appropriate. The Directors, through the Board's review of risk and the work of the Audit Committee, have reviewed the effectiveness of the system of internal control for the accounting period under review and consider that it accords with guidance.

On behalf of the Board

Ian Harley
Audit Committee Chairman
9 March 2015

NOMINATION COMMITTEE REPORT

Iain Napier
Nomination
Committee
Chairman

BOARD MEMBERS

NAME	POSITION
I NAPIER	CHAIRMAN
I HARLEY	MEMBER
S MAIZEY (APPOINTED MAY 2014)	MEMBER
O MORLEY	MEMBER
E BORN (RESIGNED DECEMBER 2014)	PAST MEMBER

The Nomination Committee has terms of reference modelled closely on those set out in the Code and its responsibilities include recommending new Board appointments and succession planning. A copy of its terms of reference is available on the Company's website. The Board as a whole is responsible for making new appointments to the Board on the recommendation of the Nomination Committee and nominating recommended candidates for election by shareholders on first appointment and thereafter for re-election at relevant intervals.

Composition of the Committee

The Nomination Committee comprises solely independent Non-Executive Directors, and is chaired by the Board Chairman. During the year Silla Maizey was appointed and Eric Born resigned as members of the Committee. The Company Secretary acts as Secretary to the Committee. Executive Directors may attend the Committee by invitation to discuss specific agenda items.

Role and Responsibilities of the Committee

The Nomination Committee is primarily responsible for identifying and recommending to the Board a Chairman or Non-Executive Director, and identifying and recommending Executive Directors to a brief laid down by the Board.

The Committee's main duties are to:

- **Evaluate:** To evaluate (before making a recommendation to the Board), the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment, and also review the time required from a Non-Executive to effectively fulfil their duties;
- **Succession planning:** to ensure that appropriate plans are in place at all times for orderly succession for Board members, taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore likely to be needed on the Board in the future; and
- **Review leadership and structure:** to review annually the structure, size and composition (including the skills, knowledge and experience) of the Board and its Committees and also the leadership needs of the organisation, both Executive and Non-Executive, and make recommendations to the Board with regard to any changes with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.

Work Undertaken in 2014

Review of Board structure	Having identified a requirement for change, the Nomination Committee proposed that the Group move towards a more traditional Board set-up and appoint a Chief Executive Officer in place of two Executive Divisional Managing Directors.
Recommendation of appointment of CEO	The Committee led the appointment of independent recruitment consultants to identify potential candidates before undertaking a rigorous interview and reference process, before recommending the appointment of Jeremy Stafford to the Board.
Recommendation of appointment of Non-Executive Director	The Committee led the appointment of independent recruitment consultants to identify potential candidates before undertaking a rigorous interview and reference process, before recommending the appointment of Silla Maizey to the Board.
Review of Executive and senior management remuneration packages	The Committee recommends all Executive Director remuneration packages and notes those of the next tier of senior management, ensuring that they remain fair and competitive, rewarding individual contributions to the success of the Group.
Review Executive share plans	The Committee undertook a review of the existing Share Plans and proposed that they all be updated in line with best practice. Such revised plans are to be presented to the AGM in May 2015 for approval.
Review succession plans	The Committee undertook a review of the succession plans that were in place for Executive Directors and Business Leaders within the Group.

In order to undertake Board member recruitment the Committee used the process outlined in the Corporate Governance Statement on page 64. The balance of skills, knowledge and experience of the Board was evaluated and the Committee developed an appointment specification. An external recruitment adviser was retained to assist in identifying suitable candidates for both positions.

The Committee also reviewed succession plans within the Group and for the Board, with particular attention paid to Non-Executive Directors.

Objectives for 2015

During 2015 the Committee will lead a search for and recommend the appointment of, additional independent Non-Executive Directors to replace Octavia Morley and Ian Harley who will stand down from the Board in 2015. It will follow the appointment process outlined on page 64. The Committee will review the composition of the Board, its succession plans and the succession plans for senior business leaders in the Group. It will also review and approve the remuneration package for any potential new Directors to the Board.

On behalf of the Board

Iain Napier
Nomination Committee Chairman
9 March 2015

REMUNERATION COMMITTEE REPORT

Octavia Morley
Remuneration
Committee
Chairman

BOARD MEMBERS

NAME	POSITION
O MORLEY	CHAIRMAN
I HARLEY	MEMBER
S MAIZEY (APPOINTED MAY 2014)	MEMBER
E BORN (RESIGNED DECEMBER 2014)	PAST MEMBER

Annual Statement by Octavia Morley, Remuneration Committee Chair

I am pleased to introduce the Directors' Remuneration Report for the year ended 31 December 2014 on behalf of the Board.

I have been Chairman of the Remuneration Committee (the "Committee") since May 2010 and believe that it is essential that executive remuneration be fair, balanced and reflective of the general markets and environments in which we operate. The Remuneration Policy that we have adopted is designed to reflect the strategic objectives of the Company and drive long-term shareholder value. During the year our Board structure changed as we appointed a Chief Executive Officer and adopted a more traditional management structure. We will also renew our share plans which were due to expire later this year. We will continue to operate within our remuneration policy as approved by shareholders at the 2014 AGM.

Board Changes

During the year David McIntosh and Craig Smyth left the Board. We are pleased that Jeremy Stafford joined the Group as Chief Executive Officer in October 2014. The package offered to Jeremy is in line with market practice and our recruitment policy outlined on page 64. In line with our Remuneration Policy detailed on pages 74 to 79, both David McIntosh and Craig Smyth have received payments that they were contractually entitled to receive. Details of their payments are shown on page 87.

New Share Plans

As authority to issue awards under our existing Bonus Co-Investment Plan is due to expire and be renewed at this year's AGM, we have taken the opportunity to update the rules of our share and incentive plans. As part of this review we have included current best practice features, including clawback and malus provisions for all future awards. Full details of the 2015 Long-Term Incentive Plan and the 2015 Share Matching Plan can be found in the explanatory note that accompanies the Notice of Annual General Meeting. We are also submitting the 2015 Notional Incentive Plan for shareholder approval. This plan is intended to operate for employees below Board level and, as this does not form part of the approved Remuneration Policy, awards cannot be made to Executive Directors.

2014 LTIP Awards

As disclosed in the 2013 Annual Report, 2014 LTIP awards were based on relative TSR and Divisional operating profit targets. Craig Smyth received an award on this basis, however this will lapse when he leaves employment during 2015. The award to Paula Bell was based on Group Earnings Before Interest and Taxation (EBIT) rather than divisional operating profit performance to reflect her group-wide role. Following the management changes in the year, LTIP awards to Executive Directors in 2015 will continue to be based on Group level performance.

Remuneration Outcomes

The Committee has reviewed 2015 base salary levels for Executive Directors and has determined that there will be no salary increases for Executive Directors in 2015.

The 2012 LTIP and BCIP awards were assessed by the Committee based on performance to 31 December 2014. The Committee determined that the relevant performance measures were not met and awards will lapse following the final results announcement on 10 March 2015. Full details are provided on pages 82 to 84.

In our continuing drive for transparency and full disclosure we will continue to publish the performance targets relating to the annual bonus plan following the end of the performance period. With regard to Long-Term Incentive Plans any element of the performance criteria that is not based on EPS or TSR will also be disclosed at the end of the performance period.

On behalf of the Board

Octavia Morley
Remuneration Committee Chairman
9 March 2015

Directors' Remuneration – Principles

This part of the report sets out a summary of John Menzies' Directors' remuneration policy which was approved by shareholders at the AGM on 16 May 2014, including the summary table, the recruitment policy and the policy for payments to outgoing directors. The Remuneration Policy has been developed to be sufficient to attract, retain and motivate Directors of the ability and experience necessary to run the Company successfully, whilst also aligning executive remuneration with the experience of shareholders. To remain relevant for 2015, references to legacy pension arrangements for former Directors have been removed, salaries have been updated for current incumbents, and references to how the policy was applied in 2014 have been removed. In addition, the clawback and malus policy has been included as it has been reviewed since the approval of the Remuneration Policy.

The approved Remuneration Policy is available on the John Menzies website at: www.johnmenziesplc.com

Remuneration Policy

	Purpose and link to strategy	Operation
1	**Basic salary** Attract and retain high performing individuals reflecting market value of role and executive's skills and experience.	Normally reviewed annually. Salaries for 2015 will be unchanged at: ▪ J Stafford: £400,000 ▪ P Bell: £319,300 The Committee takes into consideration a number of factors when setting salaries, including (but not limited to): ▪ The size and scope of the individual's responsibilities; ▪ The individual's skills, experience and performance; ▪ Typical salary levels for comparable roles at appropriate comparator companies; ▪ Pay and conditions elsewhere in the Company; and ▪ Inflation in the relevant market.
2	**Annual bonus** Incentivise delivery of Group and individual objectives and enhance performance.	The annual bonus is paid in cash and shares, based on the Committee's assessment of performance in the year.
	Deferred bonus in shares Encourages a longer term focus that is aligned to shareholders and discourages risk taking.	20% of any award is paid in deferred shares. These shares have dividend entitlements. The Committee may clawback bonus awards for a period of three years after the end of the relevant bonus year in the event of the misstatement of accounts that materially increased the amount of bonus paid, or misconduct by an employee which has or could have led to their employment being summarily terminated. The Committee may increase the level of deferral at any time.
	Bonus Co-Investment Plan/Bonus Matching Plan Deferred bonus in shares encourages a longer-term focus that is aligned to shareholders and discourages risk taking. Long-term performance measures incentivise performance over the medium and long term.	Directors can voluntarily invest up to 40% of any cash bonus received. Vesting of shares is dependent on the attainment of performance criteria. Invested and matching shares usually vest over three years. Matching awards may incorporate the value of dividends over the performance period.

Maximum opportunity	Performance metrics
There is no maximum opportunity. Normally, salary increases will be in line with the average increase awarded in the wider employee population. Higher increases may be made in certain circumstances, at the Committee's discretion. For example, this may include (but is not limited to): ▪ Increase in the scope and/or responsibility of the individual's role; ▪ Development of the individual within the role; ▪ Corporate events such as a significant acquisition or Group restructuring which impacts the scope of role; and ▪ Where it is considered necessary for the retention of an executive or to reflect significant changes in market practice.	None, however individual and Company performance are factors taken into account when setting salaries.
Maximum annual award is 100% of salary.	All measures and targets are reviewed annually and set at the start of the financial year. The measures will include relevant Group and/or divisional financial measures, and may include performance against Key Results Areas (KRAs) or other strategic measures as appropriate. At least 70% of the bonus will be based on performance against financial measures.
Directors can currently voluntarily invest up to 40% (on a gross basis) of any cash bonus received. Investments are matched at a maximum of 1:1 with shares that vest dependant on performance. The maximum opportunity is 32% of salary.	Performance criteria are reviewed and set at the start of each award. Matching awards will vest based on Group EPS performance. No more than 25% of the award vests on the attainment of threshold target.

Remuneration Policy continued

	Purpose and link to strategy	Operation
3	**Long-Term Incentive Plan** To incentivise value creation over the medium and long term. To reward the execution of our strategy. To encourage longer-term thinking and planning. To align the interests of shareholders and Directors.	Vesting of shares is dependent on the attainment of performance criteria over a period of at least three years.
4	**Pension** To provide market levels of pension provision.	Directors appointed from 2013 onwards participate in a money purchase pension scheme or cash equivalent.
5	**Benefits** To provide market levels of benefits provision.	Executive Directors receive benefits which typically may include (but are not limited to) private health insurance, life assurance, ill-health insurance protection and a company car allowance. Other benefits may be operated through salary sacrifice. The Committee may introduce or remove benefits offered to individuals if it considers it appropriate. Where Executive Directors are required to relocate, the Committee may offer additional expatriate benefits, if considered appropriate.
	Company Sharesave Gives UK employees an interest in the performance of John Menzies shares.	Accumulated savings may be used to exercise an option to acquire shares. The option price may be discounted by up to the HMRC approved level (currently 20%).
	Shareholding guidelines Shareholding guidelines for Executive Directors are 200% of salary (built up over time). Details of how these operate are set out each year in the Annual Remuneration Report.	
	Chairman and Non-Executive Director fees To attract Non-Executive Directors of sufficient skills and experience to fulfil the role.	The fees for Non-Executive Directors comprise a basic payment and additional payments for being Chairman of a Committee or a Committee member, or the Senior Independent Director. Differential fee levels may be paid for Non-Executive Directors depending on the skills, experience, nationality and responsibilities of the individual. The Chairman is eligible for a single fee for all services to the Group. Non-Executive Directors are not eligible to participate in any John Menzies incentive plans. Non-Executive Directors fees are reviewed periodically by the Board, with reference to external benchmarking.

Maximum opportunity	Performance metrics
Maximum annual grant value is 100% of salary.	Performance criteria are reviewed and set at the start of each award, using one or more of relative TSR, Group EPS performance, Return On Capital Employed or any other Group financial measure and divisional performance measures. Given the difference in responsibilities between the Board Directors, the weightings and measures may vary between participating Executive Directors. For example, heads of divisions will typically have a portion of award based on the performance of their division. No more than 25% of the award vests on the attainment of threshold target.
Directors appointed from 2013 onwards receive a pension contribution of up to 20% of salary. The Committee may determine that executives may receive a cash supplement of up to 20% of salary in lieu of pension.	None.
The car allowance is currently £13,361. The cost of providing other benefits, including health insurance and life assurance, may vary from year-to-year. Therefore it is not practical to define a maximum level for these or any other benefits. The level of any relocation benefits, allowances and expenses will depend on the specific circumstances. There is no overall maximum level of benefits.	None.
Monthly contribution of up to the HMRC approved limit over a three or five year period.	None.

Clawback and Malus – Reviewed Since Approval of the Remuneration Policy

During 2014 the Committee reviewed its clawback and malus policy to ensure it remained consistent with best practice. Awards granted from 2015 onwards to Executive Directors will be subject to the following terms:

- Cash and deferred bonuses may be clawed back for a period of three years after the end of the relevant bonus year in the event of the misstatement of accounts that materially increased the amount of bonus paid, or misconduct by an employee which has or could have led to their employment being summarily terminated.
- Matching deferred bonus awards and LTIP awards may be clawed back after vesting where the Company is required to restate its accounts to a material extent; the Board becomes aware of any material wrongdoing on the part of the employee that would have entitled the Company to terminate the employee's employment; or any other reason the Remuneration Committee includes in the relevant terms at the time an award is made. The clawback period will be set by the Remuneration Committee.

1. Recruitment Policy

In determining appropriate remuneration arrangements on hiring a new Executive Director, the Committee will take into consideration all relevant factors, including but not limited to the role, the remuneration being forfeited and the jurisdiction the candidate was recruited from. The Committee is mindful of the need to avoid paying more than is necessary on recruitment.

Salary would be set to take into account role and responsibilities. For interim positions a cash supplement may be paid rather than salary (for example a Non-Executive Director taking on an executive function on a short-term basis).

The Committee may make awards on hiring an external candidate to "buyout" remuneration arrangements forfeited on leaving a previous employer. In doing so the Committee will take account of relevant factors including any performance conditions attached to these awards, the form in which they were granted (e.g. cash or shares) and the time over which they would have vested. The key principle would be that buyout awards should not be more valuable than those forfeited.

Normally the maximum variable remuneration (excluding buyouts) would be in line with the policy table, comprising a maximum of 232% of salary (100% annual bonus, 100% LTIP and 32% BCIP). The Committee retains the flexibility to determine that for the first year of appointment any annual bonus award will be subject to such conditions as it may determine. Against that background where there is the potential that a new Executive Director could have different roles and responsibilities to those currently appointed, such responsibilities may need to be reflected in their remuneration arrangements. Taking this into account the Committee may, for the first year, make an additional performance related incentive award of up to 50% of salary. The form of any award would be determined at the time. The overall maximum is therefore 282% of salary.

Where an executive is appointed from within the organisation, the normal policy of the Company is that any legacy arrangements would be honoured in line with the original terms and conditions. Similarly, if an Executive Director is appointed following John Menzies' acquisition of, or merger with, another company, legacy terms and conditions would be honoured.

In the event of the appointment of a new Non-Executive Director, remuneration arrangements will be in line with those detailed in the relevant table above.

2. Service Contracts and Letters of Appointment

The Executive Directors have service contracts with the Company, listed below. The Group's practice on notice periods is that they should be for a period of 12 months for both the executive and the Company. The Committee considers that the notice periods are reasonable and in the interests of shareholders having due regard to prevailing market conditions and practice among companies of comparable size.

Executive Directors	Date of contract	Expiry date
P Bell	10/06/2013	Terminable on 52 weeks' notice
J Stafford	02/10/2014	Terminable on 52 weeks' notice

All Executive Directors' service contracts and Non-Executive Director letters of appointment are available for inspection at the Group's registered office in Edinburgh.

The Chairman and each of the Non-Executive Directors have letters of appointment. The letters of appointment do not contain any contractual entitlement to a termination payment and the Directors can be removed in accordance with the Company's Articles of Association. The Chairman and all Non-Executive Directors are subject to annual re-election.

3. Payments to Outgoing Directors

i) Executive Directors will be entitled to receive their basic salary and contractual benefits for any notice period. The Company may in its absolute discretion elect to terminate an Executive Director's employment by making a payment in lieu of notice of the individual's salary for that period. The Committee may structure any such payments in such a way as it deems appropriate taking into account the circumstances of departure. Any payments of compensation will be subject to negotiation and the Group Policy includes consideration of appropriate mitigation, including phasing of payments.

ii) The cost of legal, tax or other advice incurred by an Executive Director in connection with the termination of their employment may be met by the Company. Additional payments may be made where required to settle legal disputes, or as consideration for new or amended post-employment restrictions.

iii) In the event of a Director's departure, any outstanding share awards will be treated in accordance with the relevant plan rules. The following principles apply for the treatment of remuneration elements following loss of office for a Director:

Annual bonus	There is no automatic entitlement to annual bonus. Taking into account the circumstances of leaving, the Committee may award a bonus in respect of performance in the financial year with appropriate consideration of time pro-rating.
Deferred bonus shares	Shares are required to be transferred back to the Company (or the Director to pay the market value to the Company) in circumstances of resignation or dismissal. In other circumstances the deferred shares would normally be retained by the Director.
Bonus Co-Investment Plan – matching awards	If a Director ceases office or employment with the Group any unvested awards will lapse unless the individual is a good leaver. Good leavers are those participants who leave by reason of death, injury, ill-health, disability, retirement, redundancy, the transfer of the individual's employing company or business out of the Group or such other circumstances as the Committee may determine. This discretion will not be exercised where the individual is dismissed for misconduct. For good leavers awards will vest subject to the Committee's assessment of the extent to which the performance targets have been met, and, unless the Committee determines otherwise, time pro-rating by reference to the proportion of the performance period elapsed. On death the matching ratio shall be one to one unless the Committee determines that it should apply a lower ratio taking into account the particular circumstances, the time elapsed in the performance period and the extent to which the performance targets are likely to be achieved.
Long-Term Incentive Plan	If a Director ceases office or employment with the Group any unvested awards will lapse unless the individual is a good leaver. Good leavers are those participants who leave by reason of injury, ill-health, disability, retirement (with the agreement of the employing company), redundancy, the transfer of the individual's employing company or business out of the Group or such other circumstances as the Committee may determine. This discretion will not be exercised where the individual is dismissed for misconduct. Awards will vest on the normal vesting date subject to performance to the end of the relevant performance period and time pro-rating. If the participant dies, awards will normally vest as soon as practical on a time-apportioned basis and subject to the Committee's assessment of the likelihood that the performance condition will be met in the ordinary course of events.
Pension	The Director will be eligible to receive the standard contribution to the defined contribution pension plan, or cash equivalent, during the notice period.
Company Sharesave	Leavers will be treated in accordance with the approved plan rules.
Benefits	The Company may make a contribution towards reasonable legal fees incurred in relation to any agreement to cease employment.
Buyout awards and additional recruitment awards	The Committee would determine the leaving terms for any such award at the time of grant.

In the event of a change of control or winding up of the Company, treatment of share awards will be in accordance with the relevant plan rules, which are in summary:

- On change of control LTIP awards may vest taking into account the Committee's assessment of the extent to which the performance targets have been met and the proportion of the performance period that has elapsed.
- BCIP awards may vest on change of control and winding up subject to the Committee's assessment of the extent to which the performance targets have been met, and, unless the Committee determines otherwise, time pro-rating by reference to the proportion of the performance period elapsed.

SECTION 2 – ANNUAL REPORT ON REMUNERATION

Total Remuneration Received for the Year Ended December 2014

The table below provides a single figure of remuneration for each Director, broken down into each element of pay and compared to the previous year.

David McIntosh left the Board of John Menzies plc on 4 July 2014 and Craig Smyth left on 4 November 2014. Details of their remuneration arrangements on leaving are shown on page 87. Upon appointment on 2 October 2014 Jeremy Stafford was eligible to participate in the annual bonus plan for 2014 on a pro-rata basis. The table below and points one to nine are subject to audit.

	Base salary/fee £'000		Benefits £'000		Annual bonus £'000		Bonus Co-Investment Plan £'000		Long-term Incentive Plans £'000		Total Long-term incentives £'000		Pension £'000		Total Remuneration £'000	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Executive Directors																
Paula Bell	316	174	15	8	155	52	–	–	–	–	–	–	63	35	549	269
Jeremy Stafford	99	–	3	–	45	–	–	–	–	–	–	–	20	–	167	–
Non-Executive Directors																
Iain Napier	186	181	–	–	–	–	–	–	–	–	–	–	–	–	186	181
Ian Harley	51	50	–	–	–	–	–	–	–	–	–	–	–	–	51	50
Dermot Jenkinson	40	40	–	–	–	–	–	–	–	–	–	–	–	–	40	40
Silla Maizey	26	–	–	–	–	–	–	–	–	–	–	–	–	–	26	–
Octavia Morley	45	44	–	–	–	–	–	–	–	–	–	–	–	–	45	44
Former Directors																
Eric Born	42	40	–	–	–	–	–	–	–	–	–	–	–	–	42	40
David McIntosh[3]	151	289	8	15	150	–	–	–	183	243	183	243	4	61	496	608
Craig Smyth[3]	281	323	12	15	0	150	44	59	329	587	374	646	58	69	725	1,203

Notes:
1. Benefits offered to Directors include a car allowance and health insurance. Details of the pension arrangements for each of the Directors are included on page 85.
2. The LTIP figure for 2013 includes gains realised during 2013 from exercising executive share options, together with the value of the 2011 LTIP awards that vested in 2014 based on performance to 31 December 2013.
3. Salary, Benefits and Pension have been pro-rated to reflect the resignation dates for David McIntosh and Craig Smyth from the Board of John Menzies plc. Both continued in employment after leaving the Board accordance with their service agreements. Further details on their termination agreements is on page 87.

1. Base Salary

Salaries of Executive Directors and other staff are reviewed annually. The current salaries for Executive Directors are set out below and are usually updated in May each year. There will be no increases for Executive Directors in 2015. When determining executive remuneration, the Committee takes account of pay and employment conditions in the Company as a whole.

	2013 salary	2014 salary	2015 salary	% increase for 2015
J Stafford	–	£400,000	£400,000	0%
P Bell	£310,000	£319,300	£319,300	0%

2. Non-Executive Directors Fees

For 2014 the fees policy for Non-Executive Directors was:

	Fee level
Basic payment	£40,000
Committee Chairmanship	£6,000
Committee membership	£2,500
Senior Independent Director	£6,000
Group Chairman	£182,800

Directors receive one fee either for Committee Chairmanship or Committee Membership, irrespective of the number of Committees on which they serve.

Fees paid to Non-Executive Directors were reviewed in 2015 and it was agreed that no changes would be made. The fees paid for each of the positions are reviewed annually.

3. Annual Bonus Scheme

The Executive Directors participate in a discretionary bonus scheme which is subject to the achievement of challenging Group, Divisional and personal targets designed to encourage excellent performance. Targets are set by the Committee at the start of the performance period taking into account market expectations at that time. Bonus payments are non-pensionable.

2014 awards included in the single figure

For the year ended 31 December 2014, bonuses were calculated as follows:

Name	Measure	Threshold Target	Stretch Target	Performance achieved	Weighting (Percent of salary)	Overall achieved	Cash value of award £'000
J Stafford	Aviation EBIT	£38.2m	£40.0m	£30.2m	52.7%	0%	£45
	Distribution EBIT	£22.7m	£24.3m	£24.3m	32.3%	100%	
	Key Result Areas (KRAs)	–	–	–	15.0%	83%	
P Bell[2]	Aviation EBIT	£38.2m	£40.0m	£30.2m	52.7%	0%	£155
	Distribution EBIT	£22.7m	£24.3m	£24.3m	32.3%	100%	
	Key Result Areas (KRAs)	–	–	–	15.0%	83%	
D McIntosh	Distribution EBIT	£22.7m	£24.3m	£24.3m	85%	100%	£150
	Key Result Areas (KRAs)	–	–	–	15%	–	
C Smyth[3]	Aviation EBIT	£38.2m	£40.0m	£30.2m	85%	0%	£0
	Key Result Areas (KRAs)	–	–	–	15%	0%	

Notes:
1. The cash value of the awards for Jeremy Stafford, David McIntosh and Craig Smyth have been pro-rated for service period (3 months, 6 months and 10 months equivalent respectively).
2. Upon joining John Menzies plc in June 2013, it was agreed that for 2014 Paula Bell would receive a cash bonus of at least 50% of her salary as compensation for remuneration arrangements forfeited on leaving her previous employer. Her bonus for 2014 without this guarantee would have been £143,000. £155,000 was therefore paid in June 2014 and so no further payment is due to be made in respect of the 2014 bonus. She invested 40% of this amount into the BCIP (net of tax) for the 2015 to 2017 period. Her overall maximum bonus for 2014 remained 100% of salary.
3. Craig Smyth remained eligible to participate in the annual bonus for 2014 as he remained an employee for the period.
4. Menzies Distribution EBIT for the purpose of the annual bonus excludes amounts relating to central adjustments.

The specific KRA targets are considered to be commercially sensitive.

20% of all bonus awards are deferred in John Menzies shares for three years to December 2017.

Operation of policy for 2015 awards
The performance measures used for 2015 annual bonus awards will be on the same basis as the above. Performance targets will be disclosed retrospectively as the Board considers that the disclosure of prospective targets would be commercially sensitive.

4. Bonus Co-Investment Plan/Share Matching Plan
Under the BCIP Executive Directors are invited to invest up to 40% of any cash bonus into the BCIP.

2012 awards included in the single figure
Awards made in 2012 were on a 1:1 matching basis. 25% of the matching shares on these awards are due to be paid if the threshold level (3% real per annum EPS growth above RPI) is achieved, rising on a straight line basis to 100% paid at or above stretch targets (6% real per annum EPS growth above RPI). Any dividends accrued on shares which vest is paid in cash on vesting.

The performance period for awards made in 2012 ended on 31 December 2014. The real per annum growth in EPS for the Company over the performance period of the award was below the threshold level and accordingly the award will lapse.

2014 awards
For March 2014 awards in respect of BCIP, performance measures and targets are as follows:

Group Performance Criteria	Threshold Target (25% vesting)	Stretch Target (100% vesting)
Earnings Per Share (EPS)	EPS growth equals RPI growth	EPS growth exceeds RPI growth by 3%

Details of 2014 awards are shown in the Scheme interests awarded during the financial year table on page 84 and below.

Operation of policy for 2015 awards
The performance measures for 2015 awards, in respect of awards under the BCIP, will be as follows:

Group Performance Criteria	Threshold Target (25% vesting)	Stretch Target (100% vesting)
Earnings Per Share (EPS)	EPS growth equals CPI growth	EPS growth exceeds CPI growth by 3%

Outstanding awards are shown below:

Name	31 December 2013	Granted during year	Market price of award	Vested during year	Lapsed during year	Gain/(loss) £'000	31 December 2014	Performance Period
J Stafford	–	–	–	–	–	–	–	
P Bell	–	2,841	646.5p	–	–	–	2,841	1/1/2014–31/12/2016
	–	9,509	652.0p	–	–	–	9,509	1/1/2015–31/12/2017
D McIntosh	1,787	–	–	–	298	–	1,489	1/1/2012–31/12/2014
	1,020	–	–	–	1,020	–	–	1/1/2013–31/12/2015
C Smyth*	12,370	–	–	6,927	5,443	45	–	1/1/2011–31/12/2013
	4,084	–	–	–	–	–	4,084	1/1/2012–31/12/2014
	5,899	–	–	–	–	–	5,899	1/1/2013–31/12/2015
	–	7,385	646.5p	–	–	–	7,385	1/1/2014–31/12/2016

* All outstanding awards for Craig Smyth will lapse at the end of his service period in August 2015.

5. Long-Term Incentive Plan

Under this plan all awards are subject to a three year performance period with appropriate targets.

The Chief Executive Officer and Chief Financial Officer have targets set as a combination of Group profit and Total Shareholder Return versus the FTSE250.

In the 2013 Annual Report it was disclosed that the 2014 awards would be subject to relative TSR and Divisional Financial Results. In 2014 Craig Smyth received an award on this basis, however this will lapse when he leaves employment during 2015.

The award to Paula Bell was based on Group Earnings Before Interest and Taxation (EBIT) rather than Divisional Financial Results performance to reflect her group-wide role. This approach will continue for all awards to Executive Directors in 2015 following the changes in management structure. Awards in 2015 will be based on TSR and EBITDA.

Targets are designed to align the interests of the Executive Directors with those of shareholders and promote a long term interest in the success of the Group.

The 2012 LTIP targets for David McIntosh and Craig Smyth were based 75% on the Group's Total Shareholder Return versus FTSE250, and 25% on their own division's performance. The LTIP targets for the former Divisional Managing Directors were designed to align each Director to the performance of both the Group and future profitability of their division and are considered appropriate given the structure of the Group.

The performance criteria are set at threshold and stretch level. At threshold, 25% of the award will vest, increasing on a straight-line basis to 100% for stretch or greater achievement.

2012 awards included in the single figure

The awards made to Executive Directors in 2012 are detailed below. As the performance criteria has not been achieved, these awards shall lapse following the final results announcement on 10 March 2015.

	Shares Granted	Criteria	Threshold Target	Stretch Target	Attainment	Weighting	Shares Vesting	Performance Period
D McIntosh	45,762	Divisional Op Profit	£29.0m	£30.0m	0%	25%	0	1/1/12–31/12/14
		TSR v FTSE250	Median	Median +30%	0%	37.5%		
		EPS v RPI	RPI + 3% p.a.	RPI + 8% p.a.	0%	37.5%		
C Smyth	52,118	Divisional Op Profit	£45.0m	£48.0m	0%	25%	0	1/1/12–31/12/14
		TSR v FTSE250	Median	Median +30%	0%	37.5%		
		EPS v RPI	RPI + 3% p.a.	RPI + 8% p.a.	0%	37.5%		

2014 awards

For March 2014 awards, performance measures and targets were as follows:

Group Performance Criteria	Weighting (Group roles)	Weighting (Divisional roles)	Threshold Target (25% vesting)	Stretch Target (100% vesting)
Total Shareholder Return (TSR)	50%	75%	TSR equals the FTSE250 median result	TSR equals the FTSE250 median result plus 30%
Group Earnings Before Interest and Taxation (EBIT)	50%	0%	Measure to be disclosed retrospectively at the end of the performance period	Measure to be disclosed retrospectively at the end of the performance period
Divisional Operating Profit	0%	25%	Measure to be disclosed retrospectively at the end of the performance period	Measure to be disclosed retrospectively at the end of the performance period

As disclosure of the Group EBIT and Divisional Operating Profit targets could be considered a profits forecast and is viewed by the Committee to be both price and commercially sensitive, the Committee has decided that it will retrospectively disclose the threshold and stretch targets for an award in its report following the end of the performance period.

Details of 2014 awards are shown in the Scheme interests awarded during the financial year table below.

Operation of policy for 2015 awards

The performance measures for 2015 awards will be as follows.

Group Performance Criteria	Weighting	Threshold Target (25% vesting)	Stretch Target (100% vesting)
Total Shareholder Return (TSR)	50%	TSR equals the FTSE250 median result	TSR equals the FTSE250 median result plus 30%
Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA)	50%	Measure to be disclosed retrospectively at the end of the performance period	Measure to be disclosed retrospectively at the end of the performance period

Outstanding awards as at 31 December 2014 are shown below:

Name	31 December 2013	Granted during year	Market Price of award	Vested during year	Lapsed during year	Gain/(loss) £'000	31 December 2014	Performance Period
J Stafford	–	52,631	570p	–	–	–	52,631	1/1/2014–31/12/2016
P Bell	–	40,817	654p	–	–	–	40,817	1/1/2014–31/12/2016
	37,439	–	–	–	–	–	37,439	1/1/2013–31/12/2015
D McIntosh	36,675	–	–	–	36,675	–	–	1/1/2013–31/12/2015
	45,762	–	–	–	7,627	–	38,135	1/1/2012–31/12/2014
	53,260	–	–	28,547	24,713	183	–	1/1/2011–31/12/2013
C Smyth*	–	49,882	654p	–	–	–	49,882	1/1/2014–31/12/2016
	40,973	–	–	–	–	–	40,973	1/1/2013–31/12/2015
	52,118	–	–	–	–	–	52,118	1/1/2012–31/12/2014
	65,217	–	–	51,260	13,957	329	–	1/1/2011–31/12/2013

* All outstanding awards for Craig Smyth will lapse at the end of his service period in August 2015.

6. Scheme interests awarded during the financial year

	Type of interest	Basis on which award made	Maximum Number of shares awarded	Share price on date of Grant of Option Price	Face value of shares (£)	% Vesting at threshold	Performance period end
J Stafford	LTIP – conditional Shares	100% of salary	52,631	£5.70	£299,997	25%	31/12/2016
P Bell	LTIP – conditional shares	100% of salary	40,817	£6.54	£266,943	25%	31/12/2016
	BCIP – conditional shares	1:1 match on deferred bonus	2,841	£6.46	£18,353	25%	31/12/2016
	BCIP – conditional shares	1:1 match on deferred bonus	9,509	£6.52	£61,999	25%	31/12/2017
	Save As You Earn	n/a	647	£4.95	£3,202		30/11/2017
Former Directors							
C Smyth	LTIP – conditional shares	100% of salary	49,882	£6.54	£326,228	25%	31/12/2016
	BCIP – conditional shares	1:1 match on deferred bonus	7,385	£6.46	£47,744	25%	31/12/2016

LTIP and BCIP awards are subject to performance conditions and the value delivered on vesting depends on performance against pre-defined targets over the period and changes in John Menzies' share price between grant and vesting.

The face value of awards is calculated using the share price on the date of grant. The face value of the Save As You Earn is calculated using the option price of the Plan.

7. Total Pension Entitlements

Scheme benefits/Cash payments in lieu of pension contributions

Jeremy Stafford and Paula Bell do not participate in the Menzies Pension Fund. They are entitled to join the Money Purchase Pension Scheme which provides Company contributions equivalent to 20% of salary. Both are entitled to elect to receive an equivalent cash payment.

David McIntosh and Craig Smyth were members of the Menzies Pension Fund, a defined benefit scheme which provides pension on retirement at age 60 of up to two-thirds of pensionable earnings, or the 'scheme earnings cap' if lower, together with additional benefits as detailed below. Pensionable earnings are based on base salary. David McIntosh stepped down as a Director from 4 July 2014 and became a deferred member of the Fund on 31 March 2014. Craig Smyth stepped down as a Director on 4 November 2014 but remained an active member of the Fund as at 31 December 2014.

Unfunded arrangement

The total of the transfer values for unfunded pension entitlements, held on the Company's Balance Sheet at 31 December 2014 for current and former Directors, calculated on an IAS 19 basis, totalled £1,485,220 (2013: £1,379,989), from which annual pensions of £62,290 were paid to former Directors (2013: £44,537).

Cash payments in lieu of pension contributions

Craig Smyth and David McIntosh received a cash payment equal to 20% of their respective salaries above the earnings cap which is included in other benefits.

Paula Bell and Jeremy Stafford receive a cash payment equivalent to 20% of their salary in lieu of any pension contributions.

Pension details for former Directors are as follows:

Name	Age	Accrued Pension as at 31 December 2013 £'000	Capital value at 31 December 2013 £'000	Increase in accrued pension (net of inflation) £'000	Statutory revaluation £'000	Pension at 31 December 2014 (or date Directorship ceased, if earlier £'000	Capital Value of increases at 31 December 2014 or date Directorship ceased if earlier (net of inflation and Director's contributions) £'000	Capital Value at 31 December 2014 or date membership ceased if earlier £'000	Director's contributions during the period £'000	Increases in Capital Value (net of inflation) and Director's contributions £'000
D McIntosh*	51	64.1	1,282.0	0.7	1.7	64.8	(22.9)	1,296.0	2.7	(22.7)
C Smyth**	47	53.2	1,064.0	3.2	1.4	56.4	25.2	1,128.0	10.8	24.8

* Benefits are quoted as at 4 July 2014 as this was the date that David McIntosh stepped down as a Director of the Company.
** Benefits are quoted as at 4 November 2014 as this was the date that Craig Smyth stepped down as a Director of the Company.

8. Directors' Shareholding and Share Interests

Executive Directors are expected to build a shareholding of 200% of salary. All Executive Directors are given a period of time to build their shareholding.

The table below shows Directors' shareholding and share interests as at 31 December 2014, and share options exercised in the year.

	Number of shares owned (including connected persons) including deferred shares	Unvested conditional shares subject to performance conditions (LTIP and BCIP awards)	Unvested options over shares subject to savings contracts (SAYE)	Vested options exercised in the year
J Stafford	11,751	52,631	–	–
P Bell	12,519	87,700	1,218	–
I Napier	12,955	–	–	–
I Harley	6,000	–	–	–
D Jenkinson – Beneficial	1,885,860	–	–	–
– Non-Beneficial	2,747,860	–	–	–
S Maizey	1,500	–	–	–
O Morley	–	–	–	–
Former Directors				
E Born	n/a	–	–	–
D McIntosh	n/a	39,624	–	28,547
C Smyth*	n/a	160,341	–	58,187

* All outstanding awards for Craig Smyth will lapse at the end of his service period in August 2015.

Details of unvested share awards (excluding details included elsewhere in this report) are as follows:

2012 and 2013 LTIP awards	Performance measured using a combination of some or all of the following measures: ▪ Relative TSR vs FTSE250, with 25% vesting for median performance and 100% vesting for median performance +30% ▪ Group EPS growth targets of RPI +3% p.a. for 25% vesting and RPI +8% p.a. for 100% vesting ▪ Divisional Financial Results for the Aviation or Distribution divisions (targets to be disclosed retrospectively)
2014 LTIP awards	Performance measured using a combination of some or all of the following measures: ▪ Relative TSR vs FTSE250, with 25% vesting for median performance and 100% vesting for median performance +30% ▪ Group EBIT growth targets (targets to be disclosed retrospectively) ▪ Divisional Financial Results for the Aviation or Distribution divisions (targets to be disclosed retrospectively)
2012 and 2013 BCIP awards	Performance measured against Group EPS growth targets of RPI +3% p.a. for 25% vesting and RPI +6% p.a. for 100% vesting.
2014 BCIP awards	Performance measured against Group EPS growth targets of RPI +0% p.a. for 25% vesting and RPI +3% p.a. for 100% vesting.

9. Payments to Outgoing and Past Directors

David McIntosh

As announced in January 2014, the Company mutually agreed with David McIntosh that, after 25 years of service, he would leave the Company to pursue other interests. David left the Board in July 2014.

As disclosed in the 2013 Annual Report, David was entitled to continue to receive his salary, paid monthly, until the end of his notice period, which was January 2015.

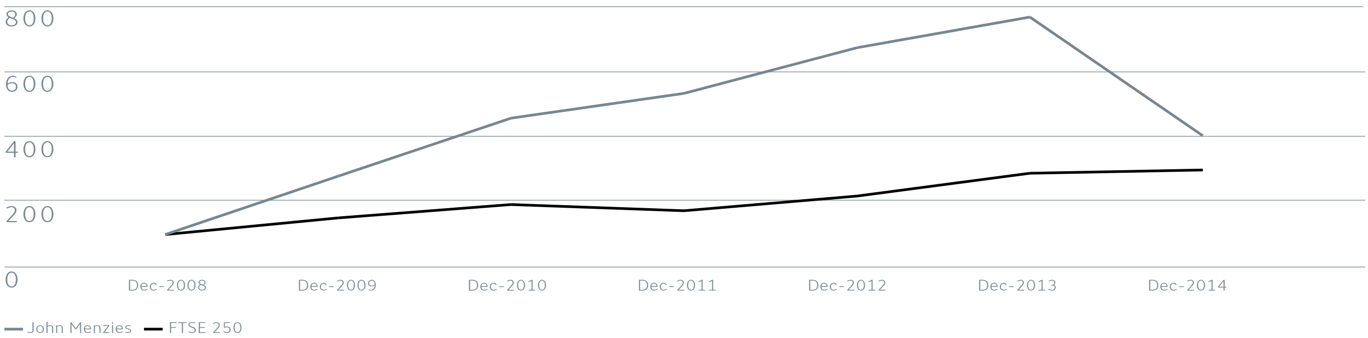
David participated in the 2014 annual bonus pro-rated for time worked. David was not made LTIP or BCIP awards during the year. In terms of subsisting LTIP and BCIP awards, the Committee determined that the 2013 awards would lapse in full. Recognising David's contribution to the Company, it determined that the 2012 awards should subsist subject to performance measured at the normal time and also subject to pro-rating. As the performance conditions for this award were not achieved these awards will lapse following the announcement of the Group's results in March 2015.

Craig Smyth

Craig tendered his resignation in August 2014 and stepped down from the Board in November 2014. He will remain an employee until the end of his notice period in August 2015. During this period Craig is entitled to receive his salary, paid monthly. As Craig has resigned the Committee has decided that the deferred bonus shares due to be released to Craig in March 2015, 2016 and 2017 shall not be released and will therefore be transferred back to the Company's treasury share account. All outstanding awards under the BCIP and LTIP shall also lapse.

10. Six Year Historical TSR Performance and Executive Director Pay

The following graph compares the Company's total shareholder return for the six years to December 2014 with the equivalent performance of the FTSE250 Index. The Committee consider that, given the scale and global spread of the Group's activities, the most appropriate comparison is with this Index.



The regulations require companies to show the total remuneration for the Director undertaking the role of Chief Executive Officer in each of the last five years. As our executive structure did not include the role of CEO prior to October 2014, the following table shows the required figures for the highest paid Director in each year.

Highest Paid Director in the Year	2009 Dollman	2010 Dollman	2011 Dollman	2012 Dollman	2013 Smyth	January to October 2014 Smyth	October to December 2014 Stafford
Role	Group Finance Director	Group Finance Director	Group Finance Director	Group Finance Director	MD, Menzies Aviation	MD, Menzies Aviation	Group Chief Executive
Total remuneration (£'000)	757	750	3,578	1,735	1,203	725	99
Annual bonus award (% of maximum)	75%	74%	74%	63%	46%	0	45%
Long-term incentive vesting (% of maximum)	22%	40%	100%	100%	84%	0	n/a

11. Percentage Change in Remuneration

The regulations require companies to show the annual change base salary, benefits and annual bonus for the Director undertaking the role of Chief Executive Officer in the year and the average change for all Group employees. John Menzies plc did not have a Chief Executive Officer until October 2014. Instead it operated with Executive Divisional Managing Directors for its Aviation and Distribution businesses. The table below reflects the fact that the highest paid Director during 2014 was one of the Executive Divisional Managing Directors. Following the appointment of a Chief Executive Officer in 2014, the table will declare this information in following years.

Given the geographical spread of our business and different rates of wage inflation that exist, the average for Group employees for comparison with the highest paid Director is based on the total UK employee base.

	Base salary (% change)	Benefits (% change)	Annual bonus (% change)
Highest paid Director	3	0	-25%
Average for Group employees	1	0	-20%

12. Relative Importance of Spend on Pay

The total spend on employee remuneration at John Menzies during 2014 is reflected in the following table:

Group employee remuneration costs	£489m
Dividend distribution	£16.8m
Share buyback	£0m

13. The Remuneration Committee

The Committee determines the remuneration of the Chairman and the Executive Directors (Tier 1) and the next level of senior executives (Tier 2) on behalf of the Board. It has formal Terms of Reference set by the Board modelled on the 2010 UK Corporate Governance Code, which are displayed on the Company's website.

During 2014 the following Non-Executive Directors were members of the Committee:

Name	Title	Attendance
O Morley	Chairman	2/2
I Harley	Member	2/2
S Maizey (appointed May 2014)	Member	1/1
E Born (resigned December 2014)	Past Member	2/2

Advisers to the Remuneration Committee

During the year the Committee was advised by remuneration consultants from Deloitte LLP. Total fees in relation to executive remuneration consulting were £20,500. Deloitte also provided advice in relation to controls assurance.

Deloitte was appointed by the Committee. Deloitte is a member of the Remuneration Consultants' Group and as such voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The Committee Chairman agrees each year the protocols under which Deloitte provides advice to support independence. The Committee is satisfied that the advice they have received from Deloitte has been objective and independent.

In addition, legal advice from Maclay Murray & Spens LLP was sought by the Committee where appropriate.

Paula Bell, in her role as Chief Financial Officer, and John Geddes, Company Secretary, also provided internal support and guidance to the Committee where appropriate. They are, however, specifically excluded from any matters concerning the details of their own remuneration. Members of the Committee have no personal financial interest (other than as shareholders) in the matters to be decided by the Committee and no day to day involvement in the running of the business of the Group.

14. Annual General Meeting

The table below provides the results of the remuneration resolutions at the 2014 AGM:

Resolution	% of votes cast in favour of the resolution	% of votes cast against the resolution	% of votes withheld
2013 Directors' Remuneration Report	99.63%	0.21%	0.16%
2013 Directors' Remuneration Policy	99.67%	0.21%	0.12%

Resolutions to approve this Remuneration Report, the 2015 Long-Term Incentive Plan, the 2015 Share Matching Plan and the 2015 Notional Incentive Plan will be tabled at the 2015 AGM on 15 May 2015. The Chairman of the Committee will be available to answer questions from shareholders on this report.

15. External Appointments

The Board recognises the benefits to the individual and to the Company of involvement by Executive Directors as Non-Executive Directors on the boards of other companies. Prior to accepting an invitation to become a Non-Executive Director of another company, an Executive Director must receive approval from the Chairman. This approval will not be denied where the Chairman is confident that the appointment will not interfere with the Director's ability to perform his duties for the Company nor provide a conflict of interest. Executive Directors are entitled to retain any fees received under these appointments. For the year ended December 2014, Paula Bell continued an external non-executive appointment with Laird plc. Details of fees received are as follows:

Paula Bell : £51,000 (2013: £52,000) (Laird plc)

On behalf of the Board

Octavia Morley
Remuneration Committee Chairman
9 March 2015

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. 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 Company. The Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

In preparing those financial statements the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- state that the Group has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

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

The Directors believe that the Annual Report and Financial Statements, when taken as a whole, are fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the Company's website (www.johnmenziesplc.com). Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Statement Pursuant to the Disclosure and Transparency Rules

Each of the Directors confirms that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group as a whole; and
- the Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group as a whole, together with a description of the principal risks and uncertainties that they face.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHN MENZIES PLC

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the requirements of the Companies Act 2006; and
- the financial statements 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.

What we have audited
We have audited the Group financial statements of John Menzies plc for the year ended 31 December 2014 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statements of Changes in Equity, the Group and Company Statements of Cash Flows and the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our application of materiality
We set certain thresholds for materiality. These provide a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures.

Based on our professional judgement, we determined materiality for the Group to be £2.2m (2013: £2.65m), which is approximately 5% of underlying profit before tax from continuing operations, which, consistent with last year, we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group. As disclosed in Note 1, underlying profit before taxation is defined as profit before taxation, intangible amortisation and exceptional items.

On the basis of our risk assessments, together with our assessment of the overall control environment, our judgement is that performance materiality was 75% (2013: 50%) of our materiality, namely £1.7 million (2013: £1.3 million). Our objective in adopting this approach was to ensure that uncorrected and undetected audit differences in all accounts did not exceed our planning materiality level. The increase in performance materiality from 50% to 75% reflects the process improvements implemented in the Distribution business in 2013.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £160,000 (2013: £160,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds, such as exceptional items.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

Our assessment of risks of material misstatement and our response to that risk
Changes from prior year
Due to the reduced risk of a material misstatement arising from the completeness of Balance Sheet reconciliations within the Distribution, as evidenced through the prior year audit, this risk no longer has the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

In response to a heightened interest in the classification of items we have recognised Exceptional items; the risk that items are inappropriately (or inconsistently) presented as "exceptional and other items" as a risk that has the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

Current year assessment
The table below shows the risks we identified that have had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team together with our audit response to the risk.

The risks are also referred to in the Audit committee report on page 68 and in the Accounting policies on pages 101 to 107.

Risks	Response
Assessment of the carrying value of goodwill and intangible assets with indefinite life	
We focused on this area because the determination of whether or not an impairment charge for goodwill and intangible assets was necessary involved subjective judgements by Directors about the future performance of relevant parts of the business.	We examined the Group's forecast cash flows which underpin the goodwill impairment review. We challenged the reasonableness of those forecasts taking into account the accuracy of previous forecasts and the historic evidence supporting underlying assumptions. The reasonableness of the key assumptions (as set out in Note 11) including the discount rate and long term growth rates underlying the goodwill impairment review was tested through a combination of challenging the Group's detailed calculations and, in respect of the discount rate assumption, an independent assessment by our experts based on general market indicators. Consideration was also given to the adequacy of disclosures required by IAS36.
Assessment of the valuation of defined benefit pension scheme assets and liabilities	
We focused on this area because the determination of the actuarial liability involved the application of a number of judgemental assumptions.	We challenged management's assumptions (set out in Note 4) used in the calculation of the defined benefit obligation, including price inflation, discount rate and life expectancy with the support of experts; we agreed a sample of pension assets for existence through third party confirmations and for valuation using market valuations where available.
Risk that items are inconsistently (or inappropriately) classified as 'exceptional and other items'	
We focused on this because the decision to classify items of expenditure as exceptional, or items of income as underlying, is inherently judgemental and is considered material in the context of the Group's financial statements due to the presentation of underlying and non-underlying results on the face of the Group Income Statement.	We assessed the appropriateness of items classified as 'exceptional and other items' and recalculated the adjustments to ensure that they were in accordance with the groups policy as disclosed in Note 1. We obtained management's assessment of the liability for contingent consideration. We obtained supporting calculations and assessed the rationale behind key assumptions including projected earnings. We obtained management's calculations of the charge relating to the Colombian operation. We obtained supporting evidence and assessed the rationale behind key assumptions including projected earnings. We also assessed whether the disclosures within the financial statements in Note 5 and related narrative reporting provide sufficient detail for the reader to understand the nature of these charges. We also challenged whether any significant items within underlying profit before tax, especially items of income, would have been more appropriately classified as 'exceptional and other items' in accordance with the Group's policy as disclosed in Note 1.
Risk of misstatement due to management override, fraud and error specifically around revenue recognition	
We focused on the application of contractual rates within Aviation recognising the ongoing contract churn in this area and the impact of expected Newspaper and Magazine returns on revenue recognition within the Distribution business. In addition, as a result of the decline in underlying profit before tax, we also increased our focus on ensuring management has adopted a consistency of approach, year on year, in areas where they exercise judgement, such as provisions, estimation processes or judgemental accruals.	We performed detailed testing of a sample of sales and accrued income to ensure that revenue had been appropriately recognised in the correct period and to verify its completeness and valuation. We have tested the level of returns of Newspapers and Magazines and assessed the impact of expected post Balance Sheet returns on revenues recognised in the year. We tested a sample of items included in provisions, other creditors and accruals, which were most exposed to management judgement, to supporting documentation and calculations to agree the consistency of approach with prior years and performed post Balance Sheet reviews to confirm their completeness. These procedures were supplemented with journal entry testing, analytical review procedures and enquiry of management.

An overview of the scope of our audit

The Group comprises one major component within the Distribution segment plus a large number of small and medium sized operations, which in the case of the Aviation segment are spread across a wide geographic footprint. Following our assessment of the risk of material misstatement to the Group financial statements, we selected 34 (2013: 31) components which represented the principal business units within the Group's reportable segments or Group functions and account for 91% (2013: 90%) of the Group's revenues and approximately 77% (2013: 80%) of the Group's underlying profit before tax.

Four (2013: four) of these were subject to a full audit, including the parent company, whilst the remaining 30 (2013: 27) were subject to specific audit procedures where the extent of our testing was based on our assessment of the risks of material misstatement identified above and of the materiality of the Group's business operations at those locations. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. For each of the above components we discussed and agreed their risk assessment and audit approach before work commenced, held discussions on the risk of fraud and error, discussed audit findings and, where considered necessary, reviewed a selection of working papers on significant audit risks. In addition, the Group audit team visited the largest two full scope audit locations and the US specific scope audit locations.

The remaining 9% of Group revenues and 23% of Group underlying profit before tax is represented by 66 reporting units, none of which represents more than 1% of total Group revenue and 3% of total Group underlying profit. For these remaining components, we performed other procedures to confirm there were no significant risks of material misstatement in the Group financial statements.

The audits of the in-scope locations are performed at a materiality level calculated by reference to a proportion of the Group materiality appropriate to the relevant scale of the business concerned. In the current year, the range of performance materiality allocated to locations was £0.3m to £1.1m. Included within these locations are five joint ventures. In each case we were also the auditor and had the necessary access in order to perform the required specific procedures.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the financial year for which the Group and Company financial statements are prepared is consistent with the Group and Company financial statements; and
- the information given in the Audit Committee Report set out on page 68 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

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

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' Statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the Directors' Statement, set out on page 32, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Respective responsibilities of Directors and Auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 91, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Annie Graham (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, (Statutory Auditor)
Glasgow
9 March 2015

GROUP INCOME STATEMENT

for the year ended 31 December 2014 (year ended 31 December 2013)

	Notes	Before exceptional and other items £m	Exceptional and other items £m	2014 £m	Before exceptional and other items £m	Exceptional and other items £m	2013 £m
Revenue	2	1,902.9	–	1,902.9	1,905.4	–	1,905.4
Net operating costs	3	(1,861.0)	(16.4)	(1,877.4)	(1,852.7)	(7.3)	(1,860.0)
Operating profit		41.9	(16.4)	25.5	52.7	(7.3)	45.4
Share of post-tax results of joint ventures and associates		9.1	(1.5)	7.6	7.4	(2.5)	4.9
Operating profit after joint ventures and associates	2	51.0	(17.9)	33.1	60.1	(9.8)	50.3
Analysed as							
Underlying operating profit*		51.0	–	51.0	60.1	–	60.1
Non-recurring items – rationalisation and acquisition related costs	5(a)	–	(6.0)	(6.0)	–	(0.7)	(0.7)
Non-recurring items – impairment charges	5(c)	–	(3.2)	(3.2)	–	(1.4)	(1.4)
Contract amortisation	5(c)	–	(7.2)	(7.2)	–	(6.6)	(6.6)
Share of interest on joint ventures and associates		–	0.5	0.5	–	0.5	0.5
Share of tax on joint ventures and associates		–	(2.0)	(2.0)	–	(1.6)	(1.6)
Operating profit after joint ventures and associates		51.0	(17.9)	33.1	60.1	(9.8)	50.3
Finance income	7	0.7	–	0.7	0.7	–	0.7
Finance charges	7	(5.4)	(1.0)	(6.4)	(5.3)	(1.2)	(6.5)
Other finance charge – pensions	4	(1.7)	–	(1.7)	(2.4)	–	(2.4)
Profit before taxation		44.6	(18.9)	25.7	53.1	(11.0)	42.1
Taxation	8	(14.4)	2.7	(11.7)	(13.3)	1.6	(11.7)
Profit for the year		30.2	(16.2)	14.0	39.8	(9.4)	30.4
Attributable to equity shareholders		30.1	(16.2)	13.9	39.8	(9.4)	30.4
Attributable to non-controlling interests		0.1	–	0.1	–	–	–
		30.2	(16.2)	14.0	39.8	(9.4)	30.4
Earnings per ordinary share	10						
Basic		49.2p	(26.5)p	22.7p	65.6p	(15.5)p	50.1p
Diluted		49.0p	(26.4)p	22.6p	65.4p	(15.4)p	50.0p

* Underlying operating profit adjusts for non-recurring exceptional items, impairment charges associated with goodwill, joint venture assets and other intangibles, contract amortisation, and the Group's share of interest and tax on joint ventures and associates to provide an appreciation of the impact of those items on operating profit.

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014 (year ended 31 December 2013)

	Notes	2014 £m	2013 £m
Profit for the year		14.0	30.4
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss)/gain on defined benefit pensions	4	(23.5)	9.4
Actuarial (loss)/gain on unfunded pension arrangements		(0.1)	0.2
Income tax effect		4.7	(2.2)
Impact of rate change on deferred tax		–	(1.4)
Items that may be reclassified subsequently to profit or loss:			
Movement on cash flow hedges	16	–	(0.2)
Movement on net investment hedges	16	(3.7)	3.5
Income tax effect		0.8	(0.8)
Exchange loss on translation of foreign operations		(0.5)	(10.7)
Other comprehensive loss for the year (net of tax)		(22.3)	(2.2)
Total comprehensive (loss)/income for the year		(8.3)	28.2
Attributable to equity shareholders		(8.4)	28.2
Attributable to non-controlling interests		0.1	–
		(8.3)	28.2

GROUP AND COMPANY BALANCE SHEETS

as at 31 December 2014 (31 December 2013)

	Notes	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £m
ASSETS					
Non-current assets					
Intangible assets	11	116.1	126.8	–	–
Property, plant and equipment	12	120.1	114.3	25.1	25.8
Investments accounted using the equity method	13	27.8	26.3	–	–
Investment in subsidiaries	13	–	–	290.5	290.1
Deferred tax assets	19	12.0	9.2	6.5	3.9
		276.0	276.6	322.1	319.8
Current assets					
Inventories		12.9	14.5	–	–
Trade and other receivables	14	186.6	183.5	271.6	231.2
Derivative financial assets	16	1.9	3.9	1.9	3.9
Cash and cash equivalents		32.8	33.8	1.0	0.9
		234.2	235.7	274.5	236.0
LIABILITIES					
Current liabilities					
Borrowings	16	(3.3)	(49.5)	(3.2)	(48.6)
Derivative financial liabilities	16	(2.0)	(0.3)	(2.0)	(0.3)
Trade and other payables	15	(215.8)	(202.2)	(311.0)	(287.7)
Current income tax liabilities		(9.0)	(8.2)	–	–
Provisions	19	(3.8)	(3.5)	–	–
		(233.9)	(263.7)	(316.2)	(336.6)
Net current assets/(liabilities)		0.3	(28.0)	(41.7)	(100.6)
Total assets less current liabilities		276.3	248.6	280.4	219.2
Non-current liabilities					
Borrowings	16	(140.3)	(91.4)	(140.2)	(91.4)
Other payables	15	(4.0)	(10.5)	(4.9)	(5.0)
Provisions	19	(3.3)	(4.6)	–	–
Retirement benefit obligation	4	(59.0)	(45.8)	(59.0)	(45.8)
		(206.6)	(152.3)	(204.1)	(142.2)
Net assets		69.7	96.3	76.3	77.0
Shareholders' equity					
Ordinary shares	20	15.4	15.4	15.4	15.4
Share premium account		20.3	20.2	20.3	20.2
Treasury shares		(2.0)	(3.3)	(2.0)	(3.3)
Other reserves		(16.8)	(13.4)	(0.8)	(0.8)
Retained earnings		29.5	55.3	21.8	23.9
Capital redemption reserve		21.6	21.6	21.6	21.6
Total shareholders' equity		68.0	95.8	76.3	77.0
Non-controlling interest in equity		1.7	0.5	–	–
Total equity		69.7	96.3	76.3	77.0

The accounts were approved by the Board of Directors on 9 March 2015 and signed on its behalf by:

Jeremy Stafford
Chief Executive Officer

Paula Bell
Chief Financial Officer

GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY

as at 31 December 2014 (31 December 2013)

	Ordinary shares £m	Share premium account £m	Treasury shares £m	Cash flow hedge reserve £m	Translation reserve £m	Retained earnings £m	Capital redemption reserve £m	Total shareholders' equity £m	Non-controlling equity £m	Total equity £m
Group										
At 31 December 2013	15.4	20.2	(3.3)	(0.8)	(12.6)	55.3	21.6	95.8	0.5	96.3
Profit for the year	–	–	–	–	–	13.9	–	13.9	0.1	14.0
Other comprehensive loss	–	–	–	–	(3.4)	(18.9)	–	(22.3)	–	(22.3)
Total comprehensive (loss)/ income	–	–	–	–	(3.4)	(5.0)	–	(8.4)	0.1	(8.3)
New share capital issued	–	0.1	–	–	–	–	–	0.1	–	0.1
Share-based payments	–	–	–	–	–	0.6	–	0.6	–	0.6
Income tax effect of share-based payments	–	–	–	–	–	(0.6)	–	(0.6)	–	(0.6)
Subsidiaries acquired (Note 24)	–	–	–	–	–	(1.7)	–	(1.7)	1.4	(0.3)
Dividends paid	–	–	–	–	–	(16.8)	–	(16.8)	(0.3)	(17.1)
Repurchase of own shares	–	–	(1.0)	–	–	–	–	(1.0)	–	(1.0)
Disposal of own shares	–	–	2.3	–	–	(2.3)	–	–	–	–
At 31 December 2014	**15.4**	**20.3**	**(2.0)**	**(0.8)**	**(16.0)**	**29.5**	**21.6**	**68.0**	**1.7**	**69.7**
As at 31 December 2012	15.3	18.6	(4.1)	(0.6)	(4.6)	36.8	21.6	83.0	0.5	83.5
Profit for the year	–	–	–	–	–	30.4	–	30.4	–	30.4
Other comprehensive (loss)/ income	–	–	–	(0.2)	(8.0)	6.0	–	(2.2)	–	(2.2)
Total comprehensive (loss)/ income	–	–	–	(0.2)	(8.0)	36.4	–	28.2	–	28.2
New share capital issued	0.1	1.6	–	–	–	–	–	1.7	–	1.7
Share-based payments	–	–	–	–	–	1.4	–	1.4	–	1.4
Income tax effect of share-based payments	–	–	–	–	–	0.9	–	0.9	–	0.9
Dividends paid	–	–	–	–	–	(15.9)	–	(15.9)	–	(15.9)
Repurchase of own shares	–	–	(3.5)	–	–	–	–	(3.5)	–	(3.5)
Disposal of own shares	–	–	4.3	–	–	(4.3)	–	–	–	–
At 31 December 2013	15.4	20.2	(3.3)	(0.8)	(12.6)	55.3	21.6	95.8	0.5	96.3

	Ordinary shares £m	Share premium account £m	Treasury shares £m	Cash flow hedge reserve £m	Translation reserve £m	Retained earnings £m	Capital redemption reserve £m	Total shareholders' equity £m	Non-controlling equity £m	Total equity £m
Company										
At 31 December 2013	15.4	20.2	(3.3)	(0.8)	–	23.9	21.6	77.0	–	77.0
Profit for the year	–	–	–	–	–	35.3	–	35.3	–	35.3
Other comprehensive loss	–	–	–	–	–	(18.9)	–	(18.9)	–	(18.9)
Total comprehensive income	–	–	–	–	–	16.4	–	16.4	–	16.4
New share capital issued	–	0.1	–	–	–	–	–	0.1	–	0.1
Share-based payments	–	–	–	–	–	0.6	–	0.6	–	0.6
Dividends paid	–	–	–	–	–	(16.8)	–	(16.8)	–	(16.8)
Repurchase of own shares	–	–	(1.0)	–	–	–	–	(1.0)	–	(1.0)
Disposal of own shares	–	–	2.3	–	–	(2.3)	–	–	–	–
At 31 December 2014	**15.4**	**20.3**	**(2.0)**	**(0.8)**	**–**	**21.8**	**21.6**	**76.3**	**–**	**76.3**
As at 31 December 2012	15.3	18.6	(4.1)	(0.6)	–	16.6	21.6	67.4	–	67.4
Profit for the year	–	–	–	–	–	20.1	–	20.1	–	20.1
Other comprehensive (loss)/ income	–	–	–	(0.2)	–	6.0	–	5.8	–	5.8
Total comprehensive (loss)/ income	–	–	–	(0.2)	–	26.1	–	25.9	–	25.9
New share capital issued	0.1	1.6	–	–	–	–	–	1.7	–	1.7
Share-based payments	–	–	–	–	–	1.4	–	1.4	–	1.4
Dividends paid	–	–	–	–	–	(15.9)	–	(15.9)	–	(15.9)
Repurchase of own shares	–	–	(3.5)	–	–	–	–	(3.5)	–	(3.5)
Disposal of own shares	–	–	4.3	–	–	(4.3)	–	–	–	–
At 31 December 2013	15.4	20.2	(3.3)	(0.8)	–	23.9	21.6	77.0	–	77.0

GROUP AND COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2014 (year ended 31 December 2013)

		Group		Company	
	Notes	2014 £m	2013 £m	2014 £m	2013 £m
Cash flows from operating activities					
Cash generated from operations	21	51.0	49.5	(14.6)	(13.4)
Interest received		0.7	0.6	–	–
Interest paid		(6.4)	(5.3)	(5.8)	(5.0)
Tax (paid)/received		(8.2)	(10.1)	0.3	(2.0)
Net cash flow from operating activities		37.1	34.7	(20.1)	(20.4)
Cash flows from investing activities					
Acquisitions	24	(2.2)	(10.5)	–	–
Net cash acquired with subsidiaries	24	–	0.3	–	–
Purchase of property, plant and equipment		(28.1)	(19.4)	–	(0.1)
Intangible asset additions		(3.0)	(3.9)	–	–
Proceeds from sale of property, plant and equipment		1.0	2.4	–	1.6
Dividends received from equity accounted investments		6.4	4.4	–	–
Net cash flow (used in)/from investing activities		(25.9)	(26.7)	–	1.5
Cash flows from financing activities					
Proceeds from issue of ordinary share capital		0.1	1.7	0.1	1.7
Purchase of own shares		(1.0)	(3.5)	(1.0)	(3.5)
Repayment of borrowings	22	(46.3)	(2.2)	(46.2)	–
Proceeds from borrowings	22	52.9	13.0	52.9	13.0
Dividends paid to non-controlling interests		(0.3)	–	–	–
Dividends paid to ordinary shareholders	9	(16.8)	(15.9)	(16.8)	(15.9)
Net amounts repaid by subsidiaries		–	–	31.4	24.1
Net cash flow (used in)/from financing activities		(11.4)	(6.9)	20.4	19.4
(Decrease)/increase in net cash and cash equivalents	22	(0.2)	1.1	0.3	0.5
Effects of exchange rate movements		(0.9)	(1.6)	–	–
Opening net cash and cash equivalents		33.3	33.8	0.7	0.2
Closing net cash and cash equivalents*	22	32.2	33.3	1.0	0.7

* Net cash and cash equivalents include cash at bank and in hand and bank overdrafts.

NOTES TO THE ACCOUNTS

The consolidated accounts of the Group for the year ended 31 December 2014 were approved and authorised for issue in accordance with a resolution of the Directors on 9 March 2015. John Menzies plc is a limited company incorporated in Scotland and is listed on the London Stock Exchange.

1 Accounting policies

A summary of the more significant accounting policies, which have been consistently applied, is set out below.

Basis of preparation

The consolidated accounts, which have been prepared under the historical cost convention and in accordance with EU Endorsed International Financial Reporting Standards (IFRS), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS, incorporate the accounts of the Company and its subsidiaries, joint ventures and associates from the effective date of acquisition or to the date of deemed disposal.

New accounting standards and interpretations affecting the Group

The following accounting standards and interpretations have been adopted in these accounts and have not resulted in any change to prior year results but have resulted in some amended disclosures, which are reflected in these financial statements.

IFRS 10 Consolidated Financial Statements sets forth the requirements for the preparation and presentation of consolidated financial statements and supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities. The standard defines a uniformly applicable control concept for all company forms to serve as the basis for determining which companies are to be fully consolidated. Control is only deemed to exist if the Group is exposed, or has rights, to variable returns from its involvement with a company and has the ability to use its power over that company to affect the amount of that company's returns.

IFRS 11 Joint Arrangements prescribes the accounting for joint arrangements and supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. A joint arrangement is deemed to exist if the Group through a contractual agreement jointly controls activities managed with a third party. Joint control is only deemed to exist if decisions regarding the relevant activities require the unanimous consent of the parties sharing control. Joint arrangements are classified as either joint operations or joint ventures. The Group recognises the share of assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with its rights and obligations. The investment in a joint venture is accounted for using the equity method in accordance with the provisions of the amended IAS 28 Investments in Associates and Joint Ventures. Investments in joint ventures have been accounted for under the equity method in previous years. Following reassessment, Menzies Macau Airport Services Ltd has been reclassified from an associate to a joint venture with no impact on the primary statements. The Group only holds a 29% share in Menzies Macau Airport Services Ltd but when the concept of power and ability to influence returns is taken into account the Group is effectively an equal partner and hence this investment represents a joint venture rather than an associate.

IFRS 12 Disclosure of Interests in Other Entities prescribes the information to be disclosed in the notes to the financial statements about interests in subsidiaries, associates, joint arrangements and structured entities. Additional disclosures have been included in Note 13.

The revised IAS 27 Separate Financial Statements now mostly concerns accounting for interests in subsidiaries, associates and joint ventures in separate financial statements under IFRS.

The publication of IFRS 13 Fair Value Measurement in May 2011 was revised in May 2013. The recoverable amount of a cash-generating unit now only has to be disclosed for periods in which an impairment loss has been recognised or reversed. Additional disclosures are required when an impairment loss is recognised and the recoverable amount is based on fair value less costs of disposal.

Standards and interpretations that have also been adopted in these accounts and have not had a material impact on the Group's accounts in the period of initial application

- IAS 32 Financial Instruments: Presentation on offsetting financial assets and financial liabilities
- IAS 19 – Defined benefit plans – employee contributions
- Annual Improvements to IFRSs – 2010 to 2012 cycle
- Annual Improvements to IFRSs – 2011 to 2013 cycle
- IAS 36 (amendment) Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 (amendment) Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 Levies
- Improvements to IFRSs (issued May 2012)

Standards and amendments to standards that have been issued but are not effective for 2014 and have not been early adopted

- IFRS 9 Financial Instruments* – effective date 1 January 2018
- IFRS 15 Revenue from Contracts with Customers * – effective date 1 January 2017
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities, Applying the Consolidation Exception* – effective date 1 January 2016
- Amendment to IAS 1 Cash Flow Statements: Disclosure Initiative* – effective date 1 January 2016

1 Accounting policies continued

- Annual Improvements to IFRSs – 2012 to 2014 cycle* – effective date 1 January 2016
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* – effective date 1 January 2016
- IAS 27 (amendment) Separate Financial Statements: Equity method in separate financial statements* – effective date 1 January 2016
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation* – effective date 1 January 2016
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations* – effective date 1 January 2016

* Not yet adopted for use in the European Union.

The above standards and interpretations will be adopted in accordance with their effective dates and have not been adopted in these financial statements.

For standards with a future effective date, the Directors are in the process of assessing the likely impact and look to finalisation of the standards before formalising their view.

As permitted by Section 408 of the Companies Act 2006 no Income Statement is presented by the Company.

Basis of consolidation

The consolidated accounts of the Group include the assets, liabilities and results of the Company and subsidiary undertakings in which John Menzies plc has a controlling interest, using accounts drawn up to 31 December except where entities have non-coterminous year ends. In such cases, the information is based on the accounting period of these entities and is adjusted for material changes up to 31 December. Accordingly, the information consolidated is deemed to cover the same period for all entities throughout the Group.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following: power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee); exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting, or similar, rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including: the contractual arrangement(s) with the other vote holder(s) of the investee; rights arising from other contractual arrangements; and the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the Income Statement. Any investment retained is recognised at fair value.

Joint ventures and associates

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The Income Statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the Income Statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within the share of profit of an associate and a joint venture in the Income Statement.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Income Statement.

Menzies Bobba Ground Handling Services Private Ltd is 51% owned, Menzies Aviation Bobba (Bangalore) Private Ltd and Hyderabad Menzies Air Cargo Private Ltd are 49% owned and Menzies Macau Airport Services Ltd is 29% owned. They are treated as joint ventures in the Group accounts because the parties to each of the ventures work together with equal powers to control the entities. Each venturer in the respective entity retains the power of veto, and overall key strategic, operational and financial decisions require the unanimous consent of both parties.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group.

The Indian joint ventures have a statutory year end of 31 March. Worldwide Magazine Distribution Ltd has a statutory year end of 30 April.

When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Revenue
In the Distribution business, revenue is recognised on the despatched value of goods sold, excluding value-added tax. Product is sold to retailers on a sale or return basis. Revenue for goods supplied with a right of return is stated net of the value of any returns.

In the Aviation business, cargo handling and forwarding revenue is recognised at the point of departure for exports and at the point that the goods are ready for despatch for imports. Other ramp, passenger and aviation related services income is recognised at the time the service is provided in accordance with the terms of the relevant contract. Revenue excludes value-added and sales taxes and charges collected on behalf of customers.

Property, plant and equipment
Property, plant and equipment is stated at cost, including acquisition expenses, less accumulated depreciation. Depreciation is provided on a straight-line basis at the following rates:

Freehold and long leasehold properties – over 50 years
Short leasehold properties – over the remaining lease term
Plant and equipment – over the estimated life of the asset between 3 and 20 years.

Inventories
Inventories, being goods for resale and consumables, are stated at the lower of purchase cost and net realisable value.

Pensions
The operating and financing costs of pensions are charged to the Income Statement in the period in which they arise and are recognised separately. The costs of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise. The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, is recognised in the Statement of Comprehensive Income. Pension costs are assessed in accordance with the advice of qualified actuaries.

With regard to defined contribution schemes, the Income Statement charge represents contributions made.

1 Accounting policies continued

Taxation

Current tax is the amount of tax payable or recoverable in respect of the taxable profit or loss for the period.

Deferred tax is provided in full, using the liability method, on temporary differences between the carrying amount of an asset or liability in the Balance Sheet and its tax base. Deferred tax arising from the initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, is not recognised. Deferred tax liabilities represent tax payable in future periods in respect of taxable temporary differences. Deferred tax assets represent tax recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits.

Deferred tax is determined using the tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Current and deferred tax is recognised in the Income Statement except if it relates to an item recognised directly in equity or in other comprehensive income, in which case it is recognised directly in equity or in the Statement of Comprehensive Income respectively.

Intangible assets

Goodwill

Business combinations since 1 January 2010 have been and continue to be accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value, and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included in exceptional items.

Goodwill arising on acquisitions before 26 December 2004 (the date of transition to IFRS) has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Goodwill acquired is recognised as an asset and reviewed for impairment at least annually by assessing the recoverable amount of each cash-generating unit to which the goodwill relates. When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Any impairment is recognised in the Income Statement.

Goodwill arising on the acquisition of joint ventures and associates is included within the carrying value of the investment.

Contracts

The fair value attributed to contracts at the point of acquisition is determined by discounting the expected future cash flows to be generated from that asset at the relevant risk-adjusted weighted average cost of capital for the Group. This amount is included in intangible assets as contracts and amortised over the estimated useful life on a straight-line basis. Separate values are not attributed to internally-generated customer relationships.

Contract amortisation is business-stream dependent. In the Distribution business, capitalised publisher contracts are not amortised due to the very long-term nature of the business. These contracts are tested annually for impairment using similar criteria to the goodwill test. In the Aviation business and for non-publisher contracts in the Distribution business, contracts are amortised on a straight-line basis over ten years as this period is the minimum time-frame management considers when assessing businesses for acquisition.

Computer software

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly attributable with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These direct costs include the costs of software development employees. Computer software assets are amortised over their estimated useful lives, usually three to five years.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets acquired under finance leases are capitalised in the Balance Sheet at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is recorded in the Balance Sheet as a finance lease obligation. The lease payments are apportioned between finance charges to the Income Statement and a reduction of the lease obligations.

Rental payments under operating leases are charged to the Income Statement on a straight-line basis over applicable lease periods.

Trade receivables
If there is objective evidence that the Group will not be able to collect all of the amounts due under the original terms of an invoice, a provision on the respective trade receivable is recognised. In such an instance the carrying value of the receivable is reduced with the amount of the loss recognised in the Income Statement.

Cash and cash equivalents
Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

Foreign currencies
Foreign currency assets and liabilities of the Group are translated at the rates of exchange ruling at the Balance Sheet date. The trading results of overseas subsidiaries, joint ventures and associates are translated at the average exchange rate ruling during the year, with the exchange difference between average rates and the rates ruling at the Balance Sheet date being taken to reserves.

Any differences arising on the translation of the opening net investment, including goodwill, in overseas subsidiaries, joint ventures and associates, and of applicable foreign currency loans, are dealt with as adjustments to reserves. All other exchange differences are dealt with in the Income Statement.

Derivative financial instruments and hedging activities
The Group uses forward contracts and cross-currency swaps as derivatives to hedge the risk arising from the retranslation of foreign currency denominated items.

The Group has derivatives that are designated as hedges of overseas net investments in foreign entities (net investment hedges) and derivatives that are designated as hedges of the exchange risk arising from the retranslation of highly probable forecast revenue denominated in non-local currency of some of its overseas operations (cash flow hedges).

Derivative contracts entered into by the Group are expected to continue to be highly effective until they expire. The effectiveness of these contracts is monitored during the year. As a result, all derivatives have been recorded using hedge accounting, which is explained below.

All derivatives are measured at fair value, which is calculated as the present value of all future cash flows from the derivative discounted at prevailing market rates.

Changes in the fair value of the effective portion of net investment hedges are recorded in equity and are only recycled to the Income Statement on disposal of the overseas net investment.

Changes in the fair value of the effective portion of cash flow hedges are recorded in equity until such time as the forecast transaction occurs, at which time they are recycled to the Income Statement. If the occurrence of the transaction results in a non-financial asset or liability, then amounts recycled from equity are included in the cost of the non-financial asset or liability. If the forecast transaction remains probable but ceases to be highly probable then, from that point, changes in fair value are recorded in the Income Statement within finance costs. Similarly, if the forecast transaction ceases to be probable then the entire fair value recorded in equity and future changes in fair value are posted to the Income Statement within finance costs.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Share capital
Ordinary shares are classed as equity. Where the Company purchases its own shares the consideration paid, including any directly attributable incremental costs, is deducted from the equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of.

Share-based payments
Equity-settled share-based payments are measured at fair value at the date of grant and recognised as an expense over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest unless the options do not vest as a result of a failure to satisfy market conditions. Fair value is measured by use of a relevant pricing model.

Use of estimates and judgements
The preparation of the consolidated accounts requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates will, by definition, seldom equal the related actual results particularly given changes in economic conditions and the level of uncertainty regarding their duration and severity.

1 Accounting policies continued

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The most important estimates and judgements are set out below.

Joint ventures and associates

Judgement is required to determine when the Group has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Group has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement, including the approval of the annual capital and operating expenditure budgets for the joint arrangement, as required by the joint venture agreements applicable to the entity's joint arrangements.

Intangible assets

On the acquisition of a business it is necessary to attribute fair values to any intangible assets acquired, provided they meet the criteria to be recognised. The fair values of these intangible assets are dependent on estimates of attributable future revenues, margins and cash flows, as well as appropriate discount rates. In addition, the allocation of useful lives to acquired intangible assets requires the application of judgement based on available information and management expectations at the time of recognition. See Note 11 for further details.

Impairment

Impairment testing is carried out on any assets that show indications of impairment and annually on goodwill and intangibles that are not subject to amortisation. This testing involves exercising management judgement about future cash flows and other events which are by their nature uncertain. See Note 11 for further details.

Retirement benefits

The assumptions underlying the calculation of retirement benefits are important and based on independent advice. Changes in these assumptions could have a material impact on the measurement of the Group's retirement benefit obligation. See Note 4 for further details.

Income taxes

The Group is subject to income tax in numerous jurisdictions and significant judgement is required in determining the provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises provisions for tax based on estimates of the taxes that are likely to become due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made. See Notes 8 and 19 for further details.

Provisions

The Group exercises judgement in determining whether provisions are required in relation to onerous property leases. Judgement is necessary in assessing the likelihood of whether or not an alternative use can be found for these properties or a suitable tenant can be found in order to cover the cost of the lease. This likelihood will vary depending on the size, location and type of property. See Note 19 for further details.

Revenue recognition

Judgement must be exercised to ensure that revenue is recognised in accordance with contractual terms, including in relation to the level of expected returns.

Exceptional items

Exceptional items are those material items which, by virtue of their size or incidence, are presented separately in the Income Statement to enable a full understanding of the Group's financial performance. These exclude certain elements of intangible asset impairment and amortisation, which are also presented separately in the Income Statement.

Transactions which may give rise to exceptional items include restructuring of business activities (in terms of rationalisation costs and onerous lease provisions), gains or losses on the disposal of businesses and acquisition transaction and other related costs including changes in deferred consideration.

Dividend distributions

Final ordinary dividends are recognised as liabilities in the accounts in the period in which the dividends are approved by the Company's shareholders.

Financial risk factors

The Group is exposed to financial risks: liquidity risk, interest rate fluctuations, foreign exchange exposures and credit risk. See Note 16 for further details.

Definitions and non-GAAP measures used by management

Management believes that the following non-GAAP or adjusted measures provide a useful comparison of business performance and reflect the way in which the business is controlled:

Turnover includes revenue from subsidiaries and the Group's share of revenue from joint ventures and associates.

Underlying operating profit adjusts for non-recurring exceptional items, impairment charges associated with goodwill, joint venture assets and other intangibles, contract amortisation, and the Group's share of interest and tax on joint ventures and associates to provide an appreciation of the impact of those items on operating profit.

Underlying profit before taxation is defined as underlying operating profit less net finance charges.

Underlying earnings per share is profit after taxation and non-controlling interest, but before intangible amortisation and impairment and exceptional items, divided by the weighted average number of ordinary shares in issue.

Free cash flow is defined as the cash generated after net capital expenditure, interest and taxation, before special pension contributions, acquisitions, disposals, cash raised, ordinary dividends and net spend on shares.

Total debt to EBITDA ratio is net debt plus guarantees and excluding financial derivatives and preference shares divided by EBITDA being the underlying operating profit plus depreciation and computer software amortisation.

Interest cover is EBITA divided by external interest charge. EBITA is underlying operating profit plus computer software amortisation. External interest charge excludes the net financial income or charge related to pensions.

2. Segment information

For management purposes the Group is organised into two operating divisions: Distribution and Aviation. The two divisions are organised and managed separately based upon their key markets. The Distribution segment provides newspaper and magazine distribution services in the UK and Ireland along with marketing services. The Aviation segment provides cargo and passenger ground handling services across the world.

The information presented to the Board for the purpose of resource allocation and assessment of segment performance is focused on the performance of each division as a whole but also contains performance information on a number of operating segments within the Aviation division. The Board assesses the performance of the operating segments based on a measure of adjusted segment result before exceptional items and intangibles amortisation. Net finance income and expenditure is not allocated to segments as this activity is driven by the central treasury function.

Segment information is presented in respect of the Group's reportable segments together with additional geographic and Balance Sheet information. Transfer prices between segments are set on an arm's-length basis.

Business segment information

	Revenue		Pre-exceptional operating profit/(loss)	
	2014 £m	2013 £m	2014 £m	2013 £m
Distribution	1,261.3	1,277.5	24.0	24.3
Aviation				
Ground Handling	470.6	454.0	12.0	21.9
Cargo Handling	149.4	149.8	13.8	11.7
Cargo Forwarding	118.6	119.0	4.4	4.2
	738.6	722.8	30.2	37.8
Corporate	–	–	(3.2)	(2.0)
	1,999.9	2,000.3	51.0	60.1
Joint ventures and associates	(97.0)	(94.9)	–	–
	1,902.9	1,905.4	51.0	60.1

2. **Segment information** continued

A reconciliation of segment pre-exceptional operating profit/(loss) to profit before tax is provided below.

2014	Notes	Distribution £m	Aviation £m	Corporate £m	Group £m
Operating profit/(loss)		14.5	14.2	(3.2)	25.5
Share of post-tax results of joint ventures		1.5	6.0	–	7.5
Share of post-tax results of associates		–	0.1	–	0.1
Operating profit/(loss) after joint ventures and associates		16.0	20.3	(3.2)	33.1
Net finance expense					(7.4)
Profit before taxation					25.7
Analysed as:					
Pre-exceptional operating profit/(loss)*		24.0	30.2	(3.2)	51.0
Rationalisation costs	5(a)	(3.7)	–		(3.7)
Acquisition related earn-out adjustment	5(a)	(2.3)	–	–	(2.3)
Net impairment loss	5(c)	–	(3.2)	–	(3.2)
Contract amortisation	11	(1.6)	(5.6)	–	(7.2)
Share of interest on joint ventures and associates		–	0.5	–	0.5
Share of tax on joint ventures and associates		(0.4)	(1.6)	–	(2.0)
Operating profit/(loss) after joint ventures and associates		16.0	20.3	(3.2)	33.1

2013	Notes	Distribution £m	Aviation £m	Corporate £m	Group £m
Operating profit/(loss)		21.2	26.3	(2.1)	45.4
Share of post-tax results of joint ventures		1.1	3.5	–	4.6
Share of post-tax results of associates		–	0.3	–	0.3
Operating profit/(loss) after joint ventures and associates		22.3	30.1	(2.1)	50.3
Net finance expense					(8.2)
Profit before taxation					42.1
Analysed as:					
Pre-exceptional operating profit/(loss)*		24.3	37.8	(2.0)	60.1
Acquisition related transaction costs	5(a)	–	(0.6)	(0.1)	(0.7)
Impairment provision	5(c)	–	(1.4)	–	(1.4)
Contract amortisation	11	(1.7)	(4.9)	–	(6.6)
Share of interest on joint ventures and associates		–	0.5	–	0.5
Share of tax on joint ventures and associates		(0.3)	(1.3)	–	(1.6)
Operating profit/(loss) after joint ventures and associates		22.3	30.1	(2.1)	50.3

* Pre-exceptional operating profit/(loss) is defined as operating profit/(loss) excluding intangible amortisation as shown in Note 5(c) and exceptional items but including the pre-tax share of results from joint ventures and associates.

2014	Distribution £m	Aviation £m	Corporate £m	Group £m
Segment assets	186.1	275.8	3.5	465.4
Unallocated assets				44.8
Total assets				510.2
Segment liabilities	(116.3)	(94.3)	(18.5)	(229.1)
Unallocated liabilities				(211.4)
Total liabilities				(440.5)
Segment net assets/(liabilities)	69.8	181.5	(15.0)	236.3
Unallocated net liabilities				(166.6)
Net assets				69.7

2013	Distribution £m	Aviation £m	Corporate £m	Group £m
Segment assets	192.9	270.9	5.5	469.3
Unallocated assets				43.0
Total assets				512.3
Segment liabilities	(115.7)	(92.6)	(12.8)	(221.1)
Unallocated liabilities				(194.9)
Total liabilities				(416.0)
Segment net assets/(liabilities)	77.2	178.3	(7.3)	248.2
Unallocated net liabilities				(151.9)
Net assets				96.3

Unallocated assets comprise deferred tax assets, cash and cash equivalents. Unallocated liabilities comprise retirement benefit obligation, borrowings, current income tax liabilities and deferred tax liabilities.

2014	Distribution £m	Aviation £m	Corporate £m	Group £m
Capital expenditure – property, plant and equipment	2.3	25.8	–	28.1
Capital expenditure – intangible assets	2.2	0.8	–	3.0
Depreciation	4.2	15.3	0.7	20.2
Amortisation of intangible assets	4.0	6.9	–	10.9
Impairment of intangible assets	–	3.6	–	3.6
Gain on disposal of property, plant and equipment	–	0.2	–	0.2

2013	Distribution £m	Aviation £m	Corporate £m	Group £m
Capital expenditure – property, plant and equipment	2.3	17.0	0.1	19.4
Capital expenditure – intangible assets	1.9	1.6	0.4	3.9
Depreciation	4.9	13.8	0.7	19.4
Amortisation of intangible assets	3.6	6.0	–	9.6
Goodwill impairment (Note 13)	–	1.4	–	1.4
Gain on disposal of property, plant and equipment	–	–	0.3	0.3

2. Segment information continued

Geographic information

	Revenue		Non-current assets	
	2014 £m	2013 £m	2014 £m	2013 £m
UK	1,391.8	1,418.0	109.5	118.1
Continental Europe	161.2	160.5	44.7	50.7
USA	116.6	109.5	35.9	30.1
Rest of world	233.3	217.4	73.9	68.5
	1,902.9	1,905.4	264.0	267.4

3. Net operating costs

	2014 £m	2013 £m
Goods for resale and other operating charges	1,351.3	1,354.3
Employment costs (Note 4)	489.0	476.0
Intangible assets amortisation (Note 11)	10.9	9.6
Depreciation (Note 12)	20.2	19.4
Exceptional items (Note 5(a))	6.0	0.7
	1,877.4	1,860.0
Other operating charges include:		
Operating leases and hire charges – plant and equipment	28.3	27.9
Rent of properties	31.4	30.6
Gain on disposal of property, plant and equipment	(0.2)	(0.3)
Currency translation gain	(0.2)	(0.3)

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors at costs as detailed below:

	2014 £m	2013 £m
Audit services		
Audit of the Company and consolidated accounts	0.3	0.3
Audit of the Company's subsidiaries pursuant to legislation	0.7	0.7
Non-audit services		
Tax compliance	0.5	0.3
Tax advisory	0.4	0.4
Other assurance services	–	0.1

4. Employees

	2014 £m	2013 £m
Wages and salaries	434.8	421.4
Share-based payments	0.6	1.4
Social security costs	39.0	39.1
	474.4	461.9
Pension charge	14.6	14.1
	489.0	476.0

The average number of people employed during the year was:

	2014 Number	2013 Number
Distribution	3,500	4,081
Aviation	20,916	18,966
Corporate	27	23
	24,443	23,070

The above includes 15,761 people employed outside the UK (2013: 13,862).

Pension schemes

The principal Group-funded defined benefit scheme in the UK is the Menzies Pension Fund (The Fund), to which employees contribute. The charge to the Income Statement is assessed in accordance with independent actuarial advice from Hymans Robertson LLP (the Actuary) using the projected unit method. Certain Group subsidiaries participate in a number of pension schemes, which are of a defined contribution nature and some of which operate overseas. The Income Statement charge for defined contribution schemes represents the contributions payable.

The pension charge to operating profit in the Income Statement is:

	2014 £m	2013 £m
Menzies Pension Fund	2.1	3.4
Other schemes	12.5	10.7
	14.6	14.1

Financial assumptions

The Actuary undertook a valuation of the Fund as at 31 December 2014 (31 December 2013) under IAS 19. In deriving the results the Actuary used the projected unit method and the following financial assumptions:

	2014 %	2013 %
Rate of increase in salaries	3.0	3.3
Rate of increase in pensions (prior to 1 May 2006)	3.5	3.7
Rate of increase in pensions (from 1 May 2006 to 1 June 2010)	2.0	2.4
Rate of increase in pensions (after 1 June 2010)	1.0	1.0
Price inflation	3.0	3.3
Discount rate	3.7	4.6

Assumptions regarding future mortality experience are set based on advice that uses published statistics and experience in the business.

The average life expectancy of a pensioner retiring at 65 on the Balance Sheet date is:

	2014 Years	2013 Years
Male	20.9	20.9
Female	22.5	22.5

The average life expectancy of a pensioner retiring at 65, 20 years after the Balance Sheet date is:

	2014 Years	2013 Years
Male	21.7	21.7
Female	23.7	23.7

4. Employees continued

Fair value of assets (and reconciliation to net pension liabilities)

	2014			2013		
	Quoted £m	Unquoted £m	Total value at 31 December £m	Quoted £m	Unquoted £m	Total value at 31 December £m
Equities	114.7	11.7	126.4	84.6	–	84.6
Bonds	110.6	2.8	113.4	79.9	–	79.9
Investment funds	4.2	12.0	16.2	64.4	22.9	87.3
Property	0.4	23.0	23.4	19.4	–	19.4
Other	5.4	28.1	33.5	3.1	7.7	10.8
Total value of assets	235.3	77.6	312.9	251.4	30.6	282.0
Defined benefit obligation			(371.9)			(327.8)
Recognised in Balance Sheet			(59.0)			(45.8)
Related deferred tax asset (Note 19)			11.8			9.2
Net pension liabilities			(47.2)			(36.6)

Sensitivity analysis

Changes in assumptions compared with actuarial assumptions for the value of liabilities are shown below:

	Note	2014 £m	2013 £m
0.5% decrease in discount rate		408.5	358.1
1 year increase in life expectancy		383.1	337.6
0.5% decrease in salary increases	(i)	371.9	327.8
0.5% decrease in inflation		342.8	311.0

(i) Active members' benefits, once accrued, revalue at CPI capped at 1% p.a. and so changes in the level of salary increase do not affect the past service liability value.

Information about the defined benefit obligation	Number	Liability split	Average duration (years)
2014			
Active members	499	24%	24.8
Deferred members	3,623	32%	22.6
Pensioners	2,206	44%	12.8
	6,328	100%	18.8
2013			
Active members	573	21%	24.0
Deferred members	3,742	31%	21.9
Pensioners	2,317	48%	12.2
	6,632	100%	17.7

Components of pension expense	2014 £m	2013 £m
Amounts charged/(credited) to operating profit		
Current service cost	1.8	1.8
Administrative costs	1.1	1.6
Effect of curtailments	(0.8)	–
Total service cost	2.1	3.4
Amounts included in finance costs		
Interest cost on defined benefit obligation	14.7	13.7
Interest income on Fund assets	(13.0)	(11.3)
Net finance charge	1.7	2.4
Pension expense	3.8	5.8

Amounts recognised in the Statement of Comprehensive Income	£m	£m
Returns on assets excluding amounts included in net interest	18.8	16.1
Changes in financial assumptions	(42.3)	(6.7)
Actuarial (loss)/gain	(23.5)	9.4

Change in scheme assets during the year	£m	£m
Fair value of assets at start of year	282.0	257.2
Interest income	13.0	11.3
Company contributions	14.1	13.1
Employee contributions	0.8	0.9
Effect of settlements	(1.8)	(0.4)
Benefits and expenses paid	(14.0)	(16.2)
Returns on assets excluding amounts included in net interest	18.8	16.1
Fair value of assets at end of year	312.9	282.0

The actual return on scheme assets was a gain of £31.8m (2013: £27.4m).

Change in defined benefit obligation during the year	£m	£m
Defined benefit obligation at start of year	327.8	319.7
Total service cost	2.9	3.4
Interest cost	14.7	13.7
Effect of settlements	(2.6)	(0.4)
Employee contributions	0.8	0.9
Benefits and expenses paid	(14.0)	(16.2)
Changes in financial assumptions	42.3	6.7
Defined benefit obligation at end of year	371.9	327.8

4. Employees continued

Nature of benefits, regulatory framework and the Company's responsibilities for governance of the Fund

The Fund is a registered defined benefit career average revalued earnings scheme subject to the UK regulatory framework for pensions, including the Scheme Specific Funding requirements. The Fund is operated under trust and as such the Trustee of the Fund is responsible for operating the Fund and it has a statutory responsibility to act in accordance with the Fund's Trust Deed and Rules, in the best interest of the beneficiaries of the Fund, and UK legislation including trust law. The Trustee and the Company have the joint power to set the contributions that are paid to the Fund.

Risks to which the Fund exposes the Company

The nature of the Fund exposes the Company to the risk of paying unanticipated additional contributions to the Fund in times of adverse experience.

The most financially significant risks are likely to be: members living for longer than expected; higher than expected actual inflation and salary increase experience; lower than expected investment returns; and the risk that movements in the value of the Fund's liabilities are not met by corresponding movements in the value of the Fund's assets.

The sensitivity analysis disclosed above is intended to provide an indication of the impact on the value of the Fund's liabilities of the risks highlighted.

Fund amendments, curtailments and settlements

Small settlements have occurred over the year, details of which are included above.

Expected contributions over the next accounting year

The Company expects to contribute around £14m to the Fund during the year to 31 December 2015.

Policy for recognising gains and losses

The Company recognises actuarial gains and losses immediately through the remeasurement of the net defined benefit liability.

Methods and assumptions used in preparing the sensitivity analyses

The sensitivities disclosed were calculated using approximate methods taking into account the duration of the Fund's liabilities.

Asset-liability matching strategies

Neither the Fund nor the Company uses asset-liability matching strategies. The Trustee's current investment strategy, having consulted with the Company, is to invest the vast majority of the Fund's assets in a mix of equities and corporate bonds, in order to strike a balance between maximising the returns on the Fund's assets and minimising the risks associated with lower than expected returns on the Fund's assets.

The Trustee has implemented a de-risking process such that the Fund assets are gradually switched out of equities and into bonds as funding improves. This should lead to better matching of assets and liabilities as the Fund matures whilst at the same time locking in favourable asset performance. The Trustee is required to regularly review its investment strategy in light of the revised term and nature of the Fund's liabilities and will be next considering this as part of its 2015 valuation exercise. The current benchmark is to hold 70% in growth assets such as equities and 30% in bonds including index-linked and fixed-interest Government bonds and corporate bonds.

Funding arrangements and funding policy that affect future contributions

The Schedule of Contributions dated 31 January 2013 sets out the current contributions payable by the Company to the Fund. The Trustee's next formal actuarial valuation will be due as at 31 March 2015. As part of that valuation process the Trustee and Company will agree a long-term funding strategy, which may include a revision to the Schedule of Contributions to take into account any additional contributions to meet any funding shortfall between the value of the Fund's assets and liabilities.

5(a) Exceptional items included in operating profit

	Notes	2014 £m	2013 £m
Rationalisation costs	(i)	(3.7)	–
Acquisition related earn-out adjustment	(ii)	(2.3)	–
Acquisition related transaction costs	(iii)	–	(0.7)
		(6.0)	(0.7)

(i) Costs of rationalising excess capacity in the Distribution business comprised redundancy (£1.8m), property (£1.1m) and other related restructuring costs (£0.8m).
(ii) The increase in contingent consideration relates to the acquisition of Orbital Marketing Services Group and reflects the underlying increase in the profit of that business in 2014.
(iii) Costs relating to the acquisition of subsidiaries in 2013.

5(b) Exceptional items included in finance charges

	Notes	2014 £m	2013 £m
Unwind discount	(i)	(0.5)	(0.7)

(i) Relating to deferred consideration and onerous lease provisions.

5(c) Intangible amortisation and impairment included in operating profit

	Notes	2014 £m	2013 £m
Contract amortisation	(i)	(7.2)	(6.6)
Net impairment loss	(ii)	(3.2)	–
Joint venture goodwill impairment	(iii)	–	(1.4)
		(10.4)	(8.0)

(i) Contracts capitalised as intangible assets on the acquisition of businesses.
(ii) The net impairment loss of £3.2m has resulted from the loss in recent months of existing and expected business in Colombia that has led to a significant reduction in the future expected profitability of the operation. The amount comprises impairment charges of £3.6m in relation to customer contracts, a £0.8m charge for redundancy and associated costs, and a £1.2m credit for contingent consideration relating to the Desacol acquisition that is no longer expected to be incurred.
(iii) Assets that were previously capitalised as goodwill and reclassified as other intangible assets as permitted under transitional requirements of IFRS 1 with respect of the restatement of acquisition accounting of business combinations completed prior to the transition date. The charge reflected the remaining life of the licence at Menzies Macau Airport Services Ltd. The goodwill relating to this licence was fully impaired in 2013.

The taxation effect of the exceptional items is a net credit of £0.7m (2013: £Nil).

6. Directors' emoluments

2014	Date of appointment / resignation	Salary/fees £m	Benefits £m	Bonus £m	Pension salary supplement £m	Total £m
Chairman						
I Napier		0.2	–	–	–	0.2
Executive Directors						
P Bell		0.3	–	0.1	0.1	0.5
J Stafford	02/10/2014	0.1	–	0.1	–	0.2
Non-Executive Directors						
I Harley		0.1	–	–	–	0.1
D Jenkinson*		–	–	–	–	–
S Maizey*	19/05/2014	–	–	–	–	–
O Morley*		–	–	–	–	–
Former Directors						
E Born*	03/12/2014	–	–	–	–	–
D McIntosh	04/07/2014	0.2	–	0.1	–	0.3
C Smyth	04/11/2014	0.3	–	–	0.1	0.4
		1.2	–	0.3	0.2	1.7
2013		1.3	–	0.2	0.2	1.7

* Certain Non-Executive Directors received less than £0.1m emoluments during the current and prior year.
For rounding purposes, certain figures in the current year have been adjusted to ensure the total amount by individual is correct.

7. Finance costs (pre-exceptional)

	2014 £m	2013 £m
Finance income		
Bank deposits	0.7	0.7
Finance charges		
Bank loans and overdrafts	(5.3)	(5.2)
Preference dividends	(0.1)	(0.1)
	(5.4)	(5.3)
Net finance costs	(4.7)	(4.6)

8. Taxation

Analysis of charge in year

	2014 £m	2013 £m
Current tax		
UK corporation tax on profits for the year	(0.4)	2.4
Overseas tax	10.1	8.2
Adjustments to prior years' liabilities	0.2	(0.4)
Total current tax	9.9	10.2
Deferred tax		
Origination and reversal of temporary differences	(0.3)	0.6
Impact of UK rate change	–	(0.9)
Adjustments to prior years' liabilities	–	0.1
	(0.3)	(0.2)
Retirement benefit obligation	2.1	1.7
Total deferred tax	1.8	1.5
Tax on profit on ordinary activities	11.7	11.7

Current and deferred tax related to items charged/(credited) outside profit or loss

	2014 £m	2013 £m
Deferred tax on actuarial loss/(gain) on retirement benefit obligation	(4.7)	2.2
Impact of UK rate change	–	1.4
Current tax on share-based payments	–	(0.9)
Deferred tax on share-based payments	0.6	–
Current tax on net exchange adjustments	(0.2)	(0.4)
Deferred tax on net exchange adjustments	(0.6)	–
Tax (credit)/charge reported outside profit or loss	(4.9)	2.3

Reconciliation between tax charge and the product of accounting profit multiplied by the Group's domestic tax rate for the years ended 31 December 2014 and 31 December 2013

	2014 £m	2013 £m
Profit before tax	25.7	42.1
Profit before tax multiplied by standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	5.5	9.8
Non-deductible expenses principally goodwill impairment and intangible amortisation	1.5	2.5
Depreciation on non-qualifying assets	0.4	0.5
Unrelieved overseas losses	2.0	0.8
Deferred tax assets written off	0.4	–
Exceptional items	1.4	0.4
Utilisation of previously unrecognised losses	(0.2)	(0.2)
Higher tax rates on overseas earnings	2.0	0.5
Share of joint venture and associate post-tax result included in profit before tax	(1.5)	(1.4)
Adjustments to prior years' liabilities	0.2	(0.3)
Impact of UK rate change on deferred tax	–	(0.9)
At the effective corporation tax rate of 45.5% (2013: 27.8%)	11.7	11.7

The main rate of UK corporation tax will be reduced from the current rate of 21%, which has applied from 1 April 2014, to 20% from 1 April 2015. The Finance Act 2013, which was substantively enacted on 2 July 2013, included the legislation to reduce the main rate of corporation tax to 20%. As the reduction in the main rate of corporation tax to 20% was substantively enacted at the Balance Sheet date, and reduces the tax rate expected to apply when temporary differences reverse, it has the effect of reducing the UK deferred tax assets and liabilities.

Factors that may affect future tax charges

The Group has estimated tax losses carried forward, which arose in subsidiary companies operating in the undernoted jurisdictions, that are available for offset against future profits of those subsidiaries. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries where it is not probable that future taxable profits will be available against which such assets could be utilised.

	Losses £m	Expiry
USA	42.0	Carry forward for up to 20 years
South Africa	3.2	Carry forward indefinitely
Germany	19.3	Carry forward indefinitely
Norway	11.1	Carry forward indefinitely
Sweden	2.9	Carry forward indefinitely
Netherlands	3.6	Carry forward for 5 years

The Group has capital losses in the UK of approximately £10.4m that are available for offset against future taxable gains arising in the UK. No deferred tax asset has been recognised in respect of these losses.

9. Dividends

Dividends on equity shares

		2014 £m	2013 £m
Ordinary	Interim paid in respect of 2014, 8.1p per share	5.0	–
	Final paid in respect of 2013, 18.8p per share	11.5	–
	Interim paid in respect of 2013, 7.7p per share	–	4.7
	Final paid in respect of 2012, 17.85p per share	–	10.8
	Paid in respect of performance share plans	0.3	0.4
		16.8	15.9

Dividends of £0.1m were waived on Treasury shares (2013: £0.2m).

The Directors are proposing a final dividend in respect of the year to 31 December 2014 of 8.1p per ordinary share, which will absorb an estimated £5.0m of shareholders' funds. Payment will be made on 3 July 2015 to shareholders on the register at the close of business on 29 May 2015.

Treasury shares

Ordinary shares are held for employee share schemes. At 31 December 2014 the Company held 366,409 (2013: 613,319) ordinary shares with a market value of £1.3m (2013: £4.3m).

10. Earnings per share

	Basic		Underlying*	
	2014 £m	2013 £m	2014 £m	2013 £m
Operating profit	25.5	45.4	25.5	45.4
Share of post-tax results of joint ventures and associates	7.6	4.9	7.6	4.9
add back: exceptional items (Note 5(a))	–	–	6.0	0.7
intangible amortisation and impairment (Note 5(c))	–	–	10.4	8.0
share of interest on joint ventures and associates	–	–	(0.5)	(0.5)
share of tax on joint ventures and associates	–	–	2.0	1.6
Net finance costs	(7.4)	(8.2)	(6.4)	(7.0)
Profit before taxation	25.7	42.1	44.6	53.1
Taxation	(11.7)	(11.7)	(11.7)	(11.7)
Exceptional tax	–	–	(2.7)	(1.6)
Non-controlling interests	(0.1)	–	(0.1)	–
Earnings for the year	13.9	30.4	30.1	39.8
Basic				
Earnings per ordinary share (pence)	22.7p	50.1p		
Diluted earnings per ordinary share (pence)	22.6p	50.0p		
Underlying*				
Earnings per ordinary share (pence)			49.2p	65.6p
Diluted earnings per ordinary share (pence)			49.0p	65.4p
Number of ordinary shares in issue				
Weighted average (million)	61.2	60.6		
Diluted weighted average (million)	61.4	60.8		

* Underlying earnings are presented as an additional performance measure. They are stated before exceptional items and intangible amortisation and impairment.

The weighted average number of fully paid shares in issue during the year excludes those held by the employee share trusts. The diluted weighted average is calculated by adjusting for all outstanding share options that are potentially dilutive, that is where the exercise price is less than the average market price of the shares during the year.

11. Intangible assets

	Goodwill £m	Contracts £m	Computer software £m	Total £m
Cost				
At 31 December 2013	57.0	91.5	27.6	176.1
Acquisitions (Note 24)	1.3	0.7	–	2.0
Additions	–	–	3.0	3.0
Disposals	–	–	(0.2)	(0.2)
Currency translation	1.2	(1.4)	–	(0.2)
At 31 December 2014	**59.5**	**90.8**	**30.4**	**180.7**
Amortisation and impairment				
At 31 December 2013	9.5	24.6	15.2	49.3
Amortisation charge	–	7.2	3.7	10.9
Released on disposal	–	–	(0.1)	(0.1)
Impairment (Note 5(c))	–	3.6	–	3.6
Currency translation	1.4	(0.5)	–	0.9
At 31 December 2014	**10.9**	**34.9**	**18.8**	**64.6**
Net book value				
At 31 December 2014	**48.6**	**55.9**	**11.6**	**116.1**
At 31 December 2013	47.5	66.9	12.4	126.8

	Goodwill £m	Contracts £m	Computer software £m	Total £m
Cost				
At 31 December 2012	59.2	80.5	24.0	163.7
Acquisitions	0.1	12.1	–	12.2
Additions	–	0.3	3.6	3.9
Currency translation	(2.3)	(1.4)	–	(3.7)
At 31 December 2013	57.0	91.5	27.6	176.1
Amortisation and impairment				
At 31 December 2012	10.0	18.5	12.2	40.7
Amortisation charge	–	6.6	3.0	9.6
Currency translation	(0.5)	(0.5)	–	(1.0)
At 31 December 2013	9.5	24.6	15.2	49.3
Net book value				
At 31 December 2013	47.5	66.9	12.4	126.8
At 31 December 2012	49.2	62.0	11.8	123.0

Goodwill acquired through business combinations and intangible assets with indefinite lives has been allocated at acquisition to cash-generating units (CGUs) that are expected to benefit from the business combination. The carrying amount of the goodwill and intangible assets with indefinite lives has been allocated to the operating units as per the table below.

11. Intangible assets continued

	2014			2013		
	Pre-tax discount rate used in impairment review	Goodwill £m	Contracts £m	Pre-tax discount rate used in impairment review	Goodwill £m	Contracts £m
Distribution						
Core distribution	8%	7.3	12.9	10%	7.3	12.9
EM News Distribution (NI) Ltd	8%	–	3.1	10%	–	3.1
Other	8%	–	3.0	10%	–	3.0
Aviation						
Netherlands cargo	9%	7.3	–	10%	7.8	–
North American cargo	10%	8.0	–	10%	7.6	–
Australasia	10%	5.7	–	10%	5.7	–
AMI South Africa	11%	2.0	–	10%	2.1	–
Scandinavia	8%	2.7	–	10%	3.1	–
Ogden worldwide	9.5%	9.4	–	10%	9.8	–
Other	8%-11%	5.2	–	10%	4.3	–
		47.6	19.0		47.7	19.0

The Group tests goodwill and intangible assets with indefinite lives annually for impairment, or more frequently if there are indications that these might be impaired. The basis of these impairment tests including key assumptions are set out below.

The recoverable amounts of the CGUs are determined from value in use calculations. These calculations use future cash flow projections based on financial forecasts approved by management. The key assumptions for these forecasts are those regarding revenue growth, net margin, capital expenditure and the level of working capital required to support trading, which management estimates based on past experience and expectations of future changes in the market.

The value in use calculations use a post-tax discount rate assumption in a range from 6% to 8% (2013: 8%) based on the Group's weighted average post-tax cost of capital and having considered the uncertainty risk attributable to individual CGUs. The equivalent pre-tax discount rate is a range from 8% to 11% (2013: 10%) as shown on the table above. The pre-tax rate has been applied to pre-tax cash flows.

Distribution

Distribution publisher contracts are not amortised due to the very long-term nature of the business in the UK. The Group distributes to approximately 45% of the UK retail market and has only one major competitor. In such circumstances the Board considers that there is no foreseeable limit to the period over which the contracts are expected to generate cash flows and have been determined to have an indefinite life. These contracts are tested annually for impairment using the criteria outlined above.

Value in use calculations are based on Board approved budgets and plans for a three year period and extrapolated for a further two year period. This reflects management's specific business expectations for 2018 and 2019. Growth rates in the cash flows beyond the three year period have been assumed to be -3% to 10% (2013: -2% to 20%). Net margin assumptions are based on historic experience.

Base case forecasts show significant headroom above carrying value for each CGU. Sensitivity analysis has been undertaken for each CGU to assess the impact of any reasonably possible change in key assumptions. There is no reasonably possible change that would cause the carrying values to exceed recoverable amounts.

Distribution non-publisher contracts are amortised on a straight-line basis over ten years as this period is the minimum time-frame management considers when assessing businesses for acquisition. The carrying value of Distribution non-publisher contracts is £12.1m (2013: £13.6m) and the average remaining amortisation period is eight years (2013: nine years).

Aviation

Aviation contracts are amortised on a straight-line basis over ten years as this period is the minimum time-frame management considers when assessing businesses for acquisition. The carrying value of Aviation contracts is £24.8m (2013: £34.1m) and the average remaining amortisation period is four years (2013: six years).

Value in use calculations are based on Board approved budgets and plans for a three year period and extrapolated for a further two year period. Growth rates in the cash flows beyond the three year period have been assumed to be Nil (2013: Nil). Net margin assumptions are based on historic experience.

Base case forecasts show significant headroom above carrying value for each CGU. Sensitivity analysis has been undertaken for each CGU to assess the impact of any reasonably possible change in key assumptions. There is no reasonably possible change that would cause the carrying values to exceed recoverable amounts.

12. Property, plant and equipment

	Group				Company
	Freehold property £m	Short leasehold property £m	Plant and equipment £m	Total £m	Freehold property £m
Cost					
At 31 December 2013	35.0	36.1	198.3	269.4	32.6
Acquisitions (Note 24)	–	–	1.1	1.1	–
Additions	–	1.1	27.0	28.1	–
Disposals	–	(0.3)	(4.0)	(4.3)	–
Currency translation	–	(1.0)	(4.1)	(5.1)	–
At 31 December 2014	**35.0**	**35.9**	**218.3**	**289.2**	**32.6**
Depreciation					
At 31 December 2013	10.3	22.1	122.7	155.1	6.8
Charge for the year	0.7	2.0	17.5	20.2	0.7
Disposals	–	(0.3)	(3.2)	(3.5)	–
Currency translation	–	(0.4)	(2.3)	(2.7)	–
At 31 December 2014	**11.0**	**23.4**	**134.7**	**169.1**	**7.5**
Net book value					
At 31 December 2014	**24.0**	**12.5**	**83.6**	**120.1**	**25.1**
At 31 December 2013	24.7	14.0	75.6	114.3	25.8

	Group				Company
	Freehold property £m	Short leasehold property £m	Plant and equipment £m	Total £m	Freehold property £m
Cost					
At 31 December 2012	36.6	38.1	195.2	269.9	34.4
Acquisitions (Note 24)	–	–	4.6	4.6	–
Additions	0.1	0.4	18.9	19.4	0.1
Disposals	(1.7)	(1.0)	(10.4)	(13.1)	(1.9)
Currency translation	–	(1.4)	(10.0)	(11.4)	–
At 31 December 2013	35.0	36.1	198.3	269.4	32.6
Depreciation					
At 31 December 2012	10.0	21.5	121.6	153.1	6.4
Charge for the year	0.7	2.1	16.6	19.4	0.8
Disposals	(0.4)	(0.8)	(9.8)	(11.0)	(0.4)
Currency translation	–	(0.7)	(5.7)	(6.4)	–
At 31 December 2013	10.3	22.1	122.7	155.1	6.8
Net book value					
At 31 December 2013	24.7	14.0	75.6	114.3	25.8
At 31 December 2012	26.6	16.6	73.6	116.8	28.0

13. Investments

2014	Group: Interest in joint ventures £m	Interest in associates £m	Other £m	Total £m	Company: Subsidiaries £m
Net book value					
At 31 December 2013 (as previously reported)	24.0	2.1	0.2	26.3	290.1
Reclassification (Note 1)	1.7	(1.7)	–	–	–
As restated	25.7	0.4	0.2	26.3	290.1
Share of profits after tax	7.5	0.1	–	7.6	–
Dividends received during the year	(6.4)	–	–	(6.4)	–
Other	(0.2)	–	–	(0.2)	–
Currency translation	0.7	(0.2)	–	0.5	0.4
At 31 December 2014	**27.3**	**0.3**	**0.2**	**27.8**	**290.5**

2013	Group: Interest in joint ventures £m	Interest in associates £m	Other £m	Total £m	Company: Subsidiaries £m
Net book value excluding goodwill					
At 31 December 2012 (as previously reported)	25.2	2.0	0.3	27.5	290.2
Reclassification (Note 1)	1.6	(1.6)	–	–	–
As restated	26.8	0.4	0.3	27.5	290.2
Share of profits after tax	6.3	–	–	6.3	–
Dividends received during the year	(4.4)	–	–	(4.4)	–
Disposals	–	–	(0.1)	(0.1)	–
Currency translation	(3.0)	–	–	(3.0)	(0.1)
At 31 December 2013	25.7	0.4	0.2	26.3	290.1
Goodwill					
At 31 December 2012 (as previously reported)	–	1.4	–	–	–
Reclassification (Note 1)	1.4	(1.4)	–	–	–
As restated	1.4	–	–	–	–
Impairment provision	(1.4)	–	–	–	–
At 31 December 2013	–	–	–	–	–

Material joint ventures

2014	Note	EM News Distribution (NI) Ltd £m	Menzies Bobba Ground Handling Services Private Ltd £m	Menzies Aviation Bobba (Bangalore) Private Ltd £m	Hyderabad Menzies Air Cargo Private Ltd £m	Menzies Macau Airport Services Ltd £m
Country of incorporation		UK	India	India	India	Macau
Statutory year end		31 December	31 March	31 March	31 March	31 December
Business activity		Distribution of Newspapers and magazines in Northern Ireland	Ramp and passenger services in Hyderabad	Cargo handling services in Bangalore	Cargo handling services in Hyderabad	Ramp, passenger and cargo handling in Macau
Interest held – ordinary shares		50%	51%	49%	49%	29%
Interest held – preference shares		0%	100%	100%	100%	0%
Group's share of total comprehensive income		78%	51%	49%	49%	29%
Group's share of net assets		67%	47%	76%	58%	29%
Current assets	(i)	9.2	5.2	10.4	5.7	11.8
Non-current assets		1.2	0.8	5.4	1.8	3.4
Current liabilities		(5.2)	(0.2)	(2.7)	(0.8)	(4.4)
Net assets		5.2	5.8	13.1	6.7	10.8
(i) Includes cash and cash equivalents.		0.1	4.0	8.0	2.1	2.0
Reconciliation of net assets to carrying value						
Net assets		5.2	5.8	13.1	6.7	10.8
Partners' share of net assets		(1.7)	(3.1)	(3.1)	(2.8)	(7.7)
Unpaid dividends		–	3.6	–	–	–
Carrying amount of the investment		**3.5**	**6.3**	**10.0**	**3.9**	**3.1**
Summarised Income Statement						
Revenue		65.3	2.6	9.6	7.1	24.0
Depreciation and amortisation		(0.2)	(0.3)	(0.7)	(0.2)	(1.2)
Other operating costs		(62.9)	(1.7)	(3.4)	(4.2)	(14.6)
Interest income		–	0.3	0.5	0.2	–
Income tax		(0.5)	(0.1)	(1.5)	(0.8)	(0.3)
Profit from continuing operations		1.7	0.8	4.5	2.1	7.9
Comprehensive income for the year		1.7	0.8	4.5	2.1	7.9
Group's share of total comprehensive income		**1.3**	**0.4**	**2.2**	**1.0**	**2.3**
Group's carrying amount of the investment						
At 31 December 2013		5.3	5.6	9.1	3.4	1.7
Group's share of total comprehensive income		1.3	0.4	2.2	1.0	2.3
Dividends received during the year		(3.1)	–	(1.6)	(0.7)	(0.9)
Currency translation		–	0.3	0.3	0.2	–
At 31 December 2014		**3.5**	**6.3**	**10.0**	**3.9**	**3.1**

13. **Investments** continued

2013	Note	EM News Distribution (NI) Ltd £m	Menzies Bobba Ground Handling Services Private Ltd £m	Menzies Aviation Bobba (Bangalore) Private Ltd £m	Hyderabad Menzies Air Cargo Private Ltd £m	Menzies Macau Airport Services Ltd £m
Interest held – ordinary shares		50%	51%	49%	49%	29%
Interest held – preference shares		0%	100%	100%	100%	0%
Group's share of total comprehensive income		72%	51%	49%	49%	29%
Group's share of net assets		75%	55%	81%	60%	29%
Summarised Balance Sheet						
Current assets	(i)	11.8	4.1	7.3	4.3	4.6
Non-current assets		1.3	1.1	5.5	1.4	5.7
Current liabilities		(6.0)	(0.3)	(1.5)	–	(3.4)
Non-current liabilities		–	–	–	–	(1.1)
Net assets		7.1	4.9	11.3	5.7	5.8
Group's carrying amount of the investment		5.3	5.6	9.1	3.4	1.7
(i) Includes cash and cash equivalents.		0.1	3.0	5.7	3.0	2.2
Reconciliation of net assets to carrying value						
Net assets		7.1	4.9	11.3	5.7	5.8
Partners' share of net assets		(1.8)	(2.2)	(2.2)	(2.3)	(4.1)
Unpaid dividends		–	2.9	–	–	–
Carrying amount of the investment		5.3	5.6	9.1	3.4	1.7
Summarised Income Statement						
Revenue		59.8	2.7	9.0	6.8	24.1
Depreciation and amortisation		(0.2)	(0.3)	(0.7)	(0.2)	(1.2)
Other operating costs		(57.7)	(1.9)	(3.2)	(4.2)	(16.3)
Interest income		–	0.3	0.5	0.3	–
Interest expense		–	–	–	(0.1)	–
Income tax		(0.4)	–	(1.5)	(0.6)	(0.7)
Profit from continuing operations		1.5	0.8	4.1	2.0	5.9
Comprehensive income for the year		1.5	0.8	4.1	2.0	5.9
Group's share of total comprehensive income		1.1	0.4	2.0	1.0	1.7
Group's carrying amount of the investment						
At 31 December 2012		4.3	6.0	10.6	3.6	1.6
Group's share of total comprehensive income		1.1	0.4	2.0	1.0	1.7
Dividends received during the year		–	–	(2.1)	(0.7)	(1.6)
Currency translation		(0.1)	(0.8)	(1.4)	(0.5)	–
At 31 December 2013		5.3	5.6	9.1	3.4	1.7

Group's individually immaterial joint ventures and associates

	2014 £m	2013 £m
Carrying amount of interests in joint ventures and associates	**0.8**	1.0
Share of profit from continuing activities	**0.4**	–
Currency translation	**(0.3)**	(0.1)
Total comprehensive income	**0.1**	(0.1)

14. Trade and other receivables

	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £m
Trade receivables	151.3	144.0	–	–
Less: provision for doubtful debts	(2.9)	(2.1)	–	–
Trade receivables – net	148.4	141.9	–	–
Other receivables	10.2	17.9	0.3	0.3
Prepayments	28.0	23.7	1.4	0.9
Amounts owed by Group companies	–	–	269.9	230.0
	186.6	183.5	271.6	231.2

The average credit period on sale of goods is 28.5 days (2013: 27.2 days). Interest is not charged on trade receivables.

Ageing of trade receivables

	Total £m	Neither past due nor impaired £m	Past due not impaired 31 – 60 days £m	Past due not impaired 61 – 90 days £m	Past due not impaired over 90 days £m
2014	148.4	118.6	24.5	3.3	2.0
2013	141.9	107.1	27.4	3.2	4.2

Movement in the provision for doubtful debts

	Group 2014 £m	Group 2013 £m
At beginning of year	2.1	2.5
Amounts provided	1.4	0.9
Amounts released	(0.1)	(0.1)
Amounts utilised	(0.5)	(1.1)
Currency translation	–	(0.1)
At end of year	2.9	2.1

Ageing of impaired receivables

	Group 2014 £m	Group 2013 £m
0 to 30 days	0.2	0.1
31 to 60 days	0.1	0.2
61 to 90 days	0.1	0.2
over 90 days	2.5	1.6
	2.9	2.1

The other classes within trade and other receivables do not include impaired assets. Directors consider that the carrying value of trade and other receivables approximates to fair value.

15. Trade and other payables

	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £m
Due within one year				
Trade payables	96.9	100.4	–	–
Accruals and deferred income	79.2	72.8	11.1	8.9
Other payables	36.3	24.6	1.4	0.7
Other taxes and social security costs	3.4	4.4	–	–
Amounts owed to Group companies	–	–	298.5	278.1
	215.8	202.2	311.0	287.7
Due after more than one year				
Other payables	4.0	10.5	4.9	5.0

The Directors consider that the carrying value of trade and other payables approximates to fair value.

Included within other payables is contingent consideration and other contingent acquisition related amounts as disclosed in Note 16. Amounts included within other payables due within one year are £10.4m (2013: £Nil) and other payables due after more than one year are £3.7m (2013: £10.2m).

16. Financial instruments

The objectives, policies and strategies pursued by the Group in relation to financial instruments are described below.

	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £m
Derivative financial instruments				
Cash flow hedges:				
Foreign exchange forward contracts	(0.3)	(0.3)	(0.3)	(0.3)
Foreign currency net investment hedge:				
Foreign exchange forward contracts	0.2	3.9	0.2	3.9
	(0.1)	3.6	(0.1)	3.6
Current	(0.1)	3.6	(0.1)	3.6

The Group only enters into derivative financial instruments that are designated as hedging instruments. The fair values of foreign currency instruments are calculated by reference to current market rates.

Fair value hierarchy

As at 31 December 2014, the Group held the following financial instruments measured at fair value. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

2014	Assets measured at fair value			
Financial assets at fair value through the Income Statement	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Foreign exchange contracts – hedged	1.9	–	1.9	–

	Liabilities measured at fair value			
Financial liabilities at fair value through the Income Statement	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Foreign exchange contracts – hedged	2.0	–	2.0	–

2013	Assets measured at fair value			
Financial assets at fair value through the Income Statement	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Foreign exchange contracts – hedged	3.9	–	3.9	–

	Liabilities measured at fair value			
Financial liabilities at fair value through the Income Statement	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
Foreign exchange contracts – hedged	0.3	–	0.3	–

During the year ended 31 December 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Contingent consideration

The consideration to acquire Orbital Marketing Services Group included contingent consideration based on future targets being met. The contingent consideration's range is between a minimum of £6.0m and a maximum of £12.2m (2013: minimum £6.0m and maximum £12.2m) and becomes payable in late March/early April 2015. The fair value of contingent consideration is the present value of expected future cash flows based on the latest forecasts of future performance.

The consideration to acquire Fore Partnership included contingent consideration based on future targets being met. The contingent consideration's range is between a minimum of £Nil and a maximum of £4.0m (2013: minimum £Nil and maximum £4.0m) and becomes payable in 2016. The fair value of contingent consideration is the present value of expected future cash flows based on the latest forecasts of future performance.

The consideration to acquire Desacol included contingent consideration based upon meeting an initial entry level cumulative EBITDA target by 2016 with the consideration being a multiple of average EBITDA over the following three years. The contingent consideration's range is between £Nil and a maximum of £3.0m (2013: minimum £Nil and maximum £3.0m). The fair value of contingent consideration is the present value of expected future cash flows based on the latest forecasts of future performance.

As disclosed in Note 24, the acquisition of PlaneBiz 2015 Ltd in the current year includes options in relation to the 40% shareholding owned by a third party. These options take the form of a put option in favour of the third party shareholders for up to 30% of the share capital, exercisable in 2018 and 2019. Following the expiry of this put option the Group then has a call option, exercisable for a 60 day period, for the remaining shares that have not been exercised under the put option. The fair value of the put option has been calculated based on the expected discounted cash flows of the underlying value, which is the expected average annual EBITDA over the preceding three years multiplied by 5.5. The call option is considered to have a negligible fair value.

The liabilities for contingent consideration and other acquisition related amounts are Level 3 derivative financial instruments under IFRS 7.

	2014 £m	2013 £m
Fair value of contingent consideration		
Orbital Marketing Services Group	10.4	8.0
Fore Partnership	0.9	0.9
Desacol	–	1.3
Fair value of other contingent acquisition related amounts		
PlaneBiz 2015 Ltd (Note 24)	2.8	–

16. Financial instruments continued

		Group		Company	
	Maturity	2014 £m	2013 £m	2014 £m	2013 £m
Interest-bearing loans and borrowings					
Obligations under finance leases	December 2015 to June 2017	0.2	0.3	–	–
Bank overdrafts	On demand	0.6	0.5	0.6	0.2
Non-amortising bank loans	January 2016 to January 2018	126.2	121.3	126.2	121.0
Amortising term loan	March 2020	15.2	17.4	15.2	17.4
Preference shares	Non-redeemable	1.4	1.4	1.4	1.4
		143.6	140.9	143.4	140.0
Current		3.3	49.5	3.2	48.6
Non-current		140.3	91.4	140.2	91.4
		143.6	140.9	143.4	140.0

Other than trade receivables and payables, there are no financial assets or liabilities excluded from the above analysis. No financial assets or liabilities were held or issued for trading purposes.

The Company has issued 1,394,587 cumulative preference shares of £1 each. These shares are not redeemable and pay an interest coupon of 9% semi-annually.

The amortising term loan is repayable between 2015 and 2020 with interest payable at a fixed rate of 6.23%. The loan has a weighted average maturity of two years (2013: two years).

Non-amortising bank loans are drawn against unsecured, committed revolving bank credit facilities maturing between January 2016 and January 2018.

	Group		Company	
	2014 £m	2013 £m	2014 £m	2013 £m
Net debt				
Derivative financial instruments	0.1	(3.6)	0.1	(3.6)
Interest-bearing loans and borrowings	143.6	140.9	143.4	140.0
Total borrowings	143.7	137.3	143.5	136.4
Less: cash at bank, cash in hand and short-term deposits	32.8	33.8	1.0	0.9
	110.9	103.5	142.5	135.5

	2014		2013	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Financial assets and financial liabilities				
Short-term borrowings	2.5	2.8	48.7	49.0
Medium-term borrowings	138.6	140.1	86.2	87.5
Long-term borrowings	1.7	1.7	5.2	5.7
Derivative financial instruments	0.1	0.1	(3.6)	(3.6)
Finance leases	0.2	0.2	0.3	0.3
Bank overdrafts	0.6	0.6	0.5	0.5
Total financial assets and financial liabilities	143.7	145.5	137.3	139.4
Less: cash at bank, cash in hand and short-term deposits	32.8	32.8	33.8	33.8
Net debt	110.9	112.7	103.5	105.6

The fair value of the fixed term, amortising borrowing is calculated as the present value of all future cash flows discounted at prevailing market rates.

Trade and other receivables and trade and other payables carrying values of £158.6m (2013: £159.8m) and £212.4m (2013: £197.8m) respectively, in respect of the Group, and £270.2m and £311.0m (2013: £230.3m and £287.7m), in respect of the Company, are assumed to approximate their fair values due to their short-term nature.

A separate table has not been prepared analysing the Company's book values and fair values. The £0.2m difference in book values relates to interest bearing loans and borrowings and is deemed to be short-term in nature.

	2014			2013		
Currency	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Total £m
Sterling	126.8	16.6	143.4	121.5	18.8	140.3
Colombian peso	0.2	–	0.2	0.6	–	0.6
Net derivative liabilities/(assets)	0.1	–	0.1	(3.6)	–	(3.6)
	127.1	16.6	143.7	118.5	18.8	137.3

At 31 December 2014, the expiry profile of undrawn committed facilities:

	Group		Company	
	2014 £m	2013 £m	2014 £m	2013 £m
Less than one year	–	48.1	–	48.1
Between one and two years	55.0	–	55.0	–
Between two and five years	43.8	0.2	43.8	0.2
	98.8	48.3	98.8	48.3

Cash flow hedges

Foreign exchange forward contracts

At 31 December 2014 the Group held foreign currency forward contracts designed as hedges of transaction exposures arising from non-local currency revenue. These contracts were in line with the Group's policy to hedge significant forecast transaction exposures for a maximum 18 months forward. The cash flow hedges of non-local revenue were assessed to be highly effective.

Interest rate swaps

The Group's policy is to minimise exposures to interest rate risk by ensuring an appropriate balance of long-term and short-term floating rates. During 2014 the Group had no interest rate swaps in place. At 31 December 2014, 11.6% (2013: 13.3%) of the Group's borrowings were fixed.

	2014		2013	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Fair value of cash flow hedges – currency forward contracts	–	(0.3)	–	(0.3)
Current value	–	(0.3)	–	(0.3)

For 2014, if interest rates on Sterling-denominated borrowings had been 0.5% higher/lower with all other variables held constant, post-tax profit for the year would have been £0.6m (2013: £0.6m) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

16. Financial instruments continued

Foreign currency net investment hedges

The Group's treasury policy is to hedge the exposure of currency denominated assets to foreign exchange risk. This is primarily achieved using forward contracts denominated in the relevant foreign currencies. Gains or losses on the retranslation of these hedges are transferred to reserves to offset any gains or losses on translation of the net investments in the subsidiary undertakings.

The notional principal amounts of the outstanding forward foreign exchange contracts are:

	Group and Company			
	Currency value		Sterling equivalent	
	2014 million	2013 million	2014 £m	2013 £m
Australian dollar	26.4	22.4	13.8	12.1
Canadian dollar	5.5	–	3.0	–
Colombian peso	7,800.0	–	2.1	–
Czech koruna	115.0	115.0	3.2	3.5
Euro	21.5	21.5	16.7	17.9
Indian rupee	1,000.0	1,000.0	10.2	9.8
Mexican peso	51.0	–	2.2	–
New Zealand dollar	3.0	3.0	1.5	1.5
Norwegian krone	7.0	–	0.6	–
South African rand	55.0	55.0	3.0	3.2
Swedish krona	50.0	50.0	4.1	4.7
US dollar	35.0	32.5	22.4	19.6

	2014		2013	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Fair value of foreign currency net investment hedges	1.9	(1.7)	3.9	–
Current value	1.9	(1.7)	3.9	–

Foreign currency sensitivity

For 2014, if Sterling had weakened/strengthened by 10% on currencies that have a material impact on the Group, the effect on profit before tax and equity, with all other variables held constant, would have been:

		2014		2013	
	Changes in rate	Effect on profit before tax £m	Effect on equity £m	Effect on profit before tax £m	Effect on equity £m
US dollar	+10%	0.6	2.6	0.6	2.2
US dollar	-10%	(0.5)	(2.1)	(0.5)	(1.8)
Euro	+10%	0.7	1.3	0.7	2.3
Euro	-10%	(0.6)	(1.1)	(0.6)	(1.9)
Australian dollar	+10%	0.7	1.4	0.8	1.2
Australian dollar	-10%	(0.6)	(1.1)	(0.6)	(1.0)
Indian rupee	+10%	0.6	1.2	0.5	1.1
Indian rupee	-10%	(0.5)	(1.0)	(0.4)	(0.9)
South African rand	+10%	0.3	0.8	0.4	0.8
South African rand	-10%	(0.2)	(0.7)	(0.3)	(0.6)

The impact of the Group's exposure to all other foreign currencies is not considered to be material to the overall results of the Group.

Capital risk management

The Group manages its capital structure in order to minimise the cost of capital whilst ensuring that it has access to ongoing sources of finance such as the debt capital markets. The Group defines capital as net debt (see Note 22) and equity attributable to equity holders of the Company (see Group and Company Statement of Changes in Equity). The only externally imposed capital requirements for the Group are total debt to EBITDA and interest cover under the terms of the bank facilities, with which the Group has fully complied during both the current year and the prior year. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders and/or issue new shares.

Credit risk

The Group considers its exposure to credit risk at 31 December to be:

	Group		Company	
	2014 £m	2013 £m	**2014 £m**	2013 £m
Bank deposits	**32.8**	33.8	**1.0**	0.9
Trade receivables	**148.4**	141.9	**–**	–
	181.2	175.7	**1.0**	0.9

For banks and financial institutions, the Group's policy is to transact with independently rated parties with a minimum rating of 'A'. If there is no independent rating, the Group assesses the credit quality of the counterparty taking into account its financial position, past experience and other factors.

In addition to the relevant items above the Company is exposed to credit risk in relation to on demand amounts owed by Group companies.

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows. The following is an analysis of the maturity of the Group's financial liabilities and derivative financial liabilities based on the remaining period at the Balance Sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Floating rate interest is estimated using the prevailing rate at the Balance Sheet date. Net values of transaction hedging are disclosed in accordance with the contractual terms of these derivative instruments.

2014	Due under 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due over 5 years £m
Interest bearing loans and borrowings	(6.5)	(5.9)	(144.5)	(0.3)
Preference shares	(0.1)	(0.1)	(0.4)	(1.5)
Other liabilities	(0.2)	–	–	–
Trade and other payables	(133.2)	(4.0)	–	–
Financial derivatives	(83.3)	–	–	–
	(223.3)	(10.0)	(144.9)	(1.8)

2013	Due under 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due over 5 years £m
Interest bearing loans and borrowings	(51.4)	(4.8)	(90.0)	(3.8)
Preference shares	(0.1)	(0.1)	(0.4)	(1.5)
Other liabilities	(0.3)	–	–	–
Trade and other payables	(197.8)	(10.5)	–	–
Financial derivatives	(72.5)	–	–	–
	(322.1)	(15.4)	(90.4)	(5.3)

17. Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group				Company	
	Property		Other		Property	
	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m
Within one year	31.7	31.8	19.8	23.2	0.5	0.5
Between one and five years	62.5	67.0	23.5	33.6	0.4	0.4
After five years	34.8	32.3	0.6	1.4	–	–
	129.0	131.1	43.9	58.2	0.9	0.9

18. Capital commitments

	Group		Company	
	2014 £m	2013 £m	2014 £m	2013 £m
Contracted but not provided – property, plant and equipment	1.2	2.0	–	–

19. Provisions

	Group		Company	
Deferred tax assets	2014 £m	2013 £m	2014 £m	2013 £m
Retirement benefit obligation	11.8	9.2	11.8	9.2
Other temporary differences	5.4	4.5	–	–
Deferred tax liabilities				
Accelerated capital allowances and other temporary differences	(5.2)	(4.5)	(5.3)	(5.3)
	12.0	9.2	6.5	3.9
Movement in year:				
Income Statement – retirement benefit obligation	(2.1)	(1.7)	(2.1)	(1.7)
– other	0.3	0.2	0.1	0.2
– exchange adjustments	(0.1)	(0.2)	–	–
Statement of Comprehensive Income	4.7	(3.6)	4.6	(3.6)
	2.8	(5.3)	2.6	(5.1)

	Group	
Property related provisions	2014 £m	2013 £m
At beginning of year	8.1	11.7
Provided during year	4.0	0.9
Unwind of discount	0.2	0.5
Utilised during year	(5.4)	(4.3)
Released during year	–	(0.6)
Currency translation loss/(gain)	0.2	(0.1)
At end of year	7.1	8.1
Current	3.8	3.5
Non-current	3.3	4.6
	7.1	8.1

The property related provisions are in respect of obligations for vacated leasehold properties where applicable sublet income may be insufficient to meet obligations under head leases. The provisions for property costs unwind over the period between 2015 and 2038.

Contingent liabilities

In the normal course of business, the Company has guaranteed certain trading obligations of its subsidiaries.

20. Share capital

	Note	2014 £m	2013 £m
Authorised			
73,056,248 ordinary shares of 25p each		**18.3**	18.3
Allotted, called up and fully paid			
Opening – 61,623,336 ordinary shares of 25p each		**15.4**	15.3
Allotted under share option schemes	(i)	**–**	0.1
Closing – 61,662,566 ordinary shares of 25p each		**15.4**	15.4

(i) Included in this total are Nil (2013: 415) ordinary shares of 25p each allotted to Executive Directors under the Savings-Related Share Option Scheme and Nil (2013: 101,776) ordinary shares of 25p each allotted to directors under the Executive Share Option Scheme with a nominal value of Nil (2013: £25,548).

As a result of share scheme allotments, 39,230 (2013: 459,751) ordinary shares having a nominal value of £9,807 (2013: £114,938) were issued during the year at a share premium of £145,549 (2013: £1,564,566).

Potential issue of ordinary shares

Certain senior executives hold options to subscribe for shares in the Company under the Executive Share Option Scheme approved by the shareholders, details of which are shown below. No options shares were exercised in 2014 (2013: 101,776) and no options lapsed. This plan is now closed.

Date of grant	Exercise price (pence)	Exercise period	2014 Number	2013 Number
May 2004	418	2007-2014	**–**	101,776

Employees, including senior executives, also hold options to subscribe for shares in the Company under the Savings-Related Share Option Scheme approved by the shareholders, details of which are shown below. Options on 39,230 shares were exercised in 2014 and 270,368 options lapsed.

Year of grant	Exercise price (pence)	Exercise period	2014 Number	2013 Number
2010	355	2013-2014	**–**	25,107
2011	395	2014-2015	**292,682**	356,091
2012	497	2015-2016	**321,444**	421,550
2013	630	2016-2017	**333,714**	437,257
2014	495	2017-2018	**480,005**	–
			1,427,845	1,240,005

Company share schemes

The Company operates the following share-based payment arrangements:

Savings-related Share Option Scheme

The Company operates a Savings-related Share Option Scheme which is open to all eligible UK employees including full and part-time employees. Annual grants of options are made in September or October each year and become exercisable after three years. Employees enter into a savings contract with the Yorkshire Building Society, who administers the scheme. The options are granted at a 20% discount of the share price at the date of grant and lapse if not exercised within six months of maturity. Special provisions apply to employees who leave their employment due to ill health, redundancy or retirement.

Bonus Co-investment Plan (BCIP)

The BCIP offers Executive Directors and other senior executives selected by the Board the opportunity to invest part of their annual cash bonus for a financial year in the Company's shares, entitling them, provided certain performance targets are met, to a grant of additional matching shares. Since 2010 the ratio of matching shares to contributory shares has been set at 1:1. The maximum amount of the annual cash bonus which may be eligible for matching has been set at 40%. The net of tax amount is applied in the purchase of shares.

20. Share capital continued
The first bonus award that qualified for investment in shares under the Plan was following the AGM in 2005 and the last qualifying bonus award will be for the financial year which commences ten years after the adoption of the Plan. An updated Plan will be presented for approval at the Annual General Meeting of the Company to be held on 15 May 2015. Further details are on page 144.

Performance targets are based on real growth in earnings measured over three financial years. From 2010, if the percentage growth in the Company's EPS is RPI+6% or more, then the number of matching shares that will vest is one. No matching shares will vest for EPS percentage growth of RPI+3% pa or less for any award. For EPS growth of between RPI+3% pa and RPI+6% pa, the number of matching shares vesting is calculated on a straight-line basis.

For awards in 2014, if the percentage growth in the Company's EPS is RPI+3% or more, then the number of matching shares that will vest is one. For EPS growth of between RPI+0% pa and RPI+3% pa, the number of matching shares vesting will be calculated on a straight-line basis. No matching shares will vest for EPS percentage growth of RPI+0% pa or less for any award.

Long-Term Incentive Plan (LTIP)
The LTIP was introduced to more closely align Executive Directors and senior employees with the achievement of target Group and Divisional Financial Results. A detailed description of this plan is in the Directors' Remuneration Report on page 83.

Shares will vest at the end of three year financial periods. A nil award will be achieved where the financial target is at or below the threshold performance target and 100% will vest where the results are equal to or greater than the stretch performance target, with a result between threshold and stretch being made on a straight-line basis. Actual performance targets for Executive Directors are disclosed in the Directors' Remuneration Report in the year following the expiry of the performance period.

Fair values of share options
Options are valued using the Black-Scholes option-pricing or Monte Carlo simulation models as appropriate.
No performance conditions are included in the fair value calculations.

The fair value per option granted after November 2002 and the assumptions used in the calculation are:

		Savings-related Share Option Scheme			
Date of grant (October)	Notes	**2014**	2013	2012	2011
Share price at grant date (pence)		**569**	799	622	498
Exercise price (pence)		**495**	630	497	395
Vesting period (years)		**3**	3	3	3
Expected volatility		**26.0%**	25.0%	25.0%	25.0%
Option life (years)		**3.5**	3.5	3.5	3.5
Expected life (years)		**3.5**	3.5	3.5	3.5
Risk-free rate		**1.4%**	4.6%	4.6%	4.6%
Expected dividends expressed as a dividend yield	(i)	**3.7%**	4.0%	4.0%	4.0%
Fair value per option (pence)		**136**	143	113	97
IFRS 2 charge per option (pence)	(ii)	**95**	95	75	64

(i) Based on the daily 12-month trailing dividend yield averaged over the 12 months prior to valuation date.

(ii) The difference between the fair value and IFRS 2 charge per option is due to adjustments for forfeiture risk.

The expected volatility is based on the historical volatility over the last three years. The expected life is the average expected period to vesting. The risk free rate of return is the zero coupon UK government bonds of a term consistent with the assumed award life.

		BCIP			LTIP		
Date of grant (March)	Note	2014	2013	2012	2014	2013	2012
Share price at grant date (pence)		647	756	598	654	773	590
Contractual life (years)		3	3	3	3	3	3
Expected departure		0%	0%	0%	0%	0%	0%
Expected outcome of meeting performance criteria		59%	41%	41%	62%	41%	41%
Fair value per share (pence)		379	338	267	319	348	259
IFRS 2 charge per share award (pence)	(i)	379	338	267	319	348	259

(i) Adjusted for forfeiture risk.

Movement in share options

A reconciliation of conditional share movements of executive share options, savings-related share options and all other share based schemes is shown below:

	Executive Share Option Scheme*				Savings-related Share Option Scheme			
	2014		2013		2014		2013	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at start of year	–	–	101,776	418	1,240,005	512	1,293,626	419
Granted	–	–	–	–	497,438	495	446,114	630
Forfeited/expired	–	–	–	–	(270,368)	525	(141,760)	446
Exercised	–	–	(101,776)	418	(39,230)	396	(357,975)	350
Outstanding at end of year	–	–	–	–	1,427,845	507	1,240,005	512
Exercisable					292,682		25,107	
Range of exercise prices						395-630		355-630
Weighted average remaining contractual life (years)					1.5		2.1	

* The Executive Share Option Scheme ended in 2013.

	BCIP				LTIP			
	2014		2013		2014		2013	
	Number	Weighted average price (pence)	Number	Weighted average price (pence)	Number	Weighted average price (pence)	Number	Weighted average price (pence)
Outstanding at start of year	95,463	423	156,721	331	1,151,174	579	1,521,813	447
Awards made	23,564	647	25,348	756	360,242	654	318,449	773
Lapsed	(24,778)	517	(2,414)	596	(302,063)	569	(175,426)	461
Performance achieved	(24,858)	486	(84,192)	347	(327,924)	460	(513,662)	461
Outstanding at end of year	69,391	666	95,463	423	881,429	663	1,151,174	579
Range of award date prices		598-756		486-756		590-773		460-773
Weighted average remaining contractual life (years)	1.0		1.0		1.0		1.1	

IFRS 2 charge for share-based incentive schemes

The total charge for the year relating to employee share-based plans was £0.6m (2013: £1.4m), all of which related to equity-settled share-based payment transactions. After tax, the total charge was £0.3m (2013: £1.1m).

21. Cash generated from operations

	Group 2014 £m	Group 2013 £m	Company 2014 £m	Company 2013 £m
Operating profit/(loss)	25.5	45.4	(1.8)	(0.4)
Depreciation	20.2	19.4	0.7	0.8
Amortisation of intangible assets	10.9	9.6	–	–
Share-based payments	0.6	1.4	0.6	1.4
Onerous lease provision	0.3	–	–	–
Cash spend on onerous leases	(2.9)	(2.1)	–	–
(Gain)/loss on sale of property, plant and equipment	(0.2)	(0.3)	–	0.1
Pension charge	2.9	3.4	–	–
Pension credit	(0.8)	–	–	(2.2)
Pension contributions in cash	(14.1)	(13.1)	(14.1)	(13.1)
Rationalisation costs	3.4	–	–	–
Cash spend on rationalisation costs	(2.3)	(1.2)	–	–
Acquisition related earn-out adjustment	2.3	–	–	–
Net impairment loss	3.2	–	–	–
Decrease/(increase) in inventories	1.6	(0.4)	–	–
(Increase)/decrease in trade and other receivables	(2.6)	4.8	–	–
Increase/(decrease) in trade and other payables and provisions	3.0	(17.4)	–	–
	51.0	49.5	(14.6)	(13.4)

22. Analysis of changes in net borrowings

	2013 £m	Cash flows £m	Currency translation £m	2014 £m
Cash at bank and in hand	33.8	(0.1)	(0.9)	32.8
Bank overdrafts	(0.5)	(0.1)	–	(0.6)
Net cash and cash equivalents	33.3	(0.2)	(0.9)	32.2
Bank loans due within one year	(48.7)	46.2	–	(2.5)
Preference shares	(1.4)	–	–	(1.4)
Finance leases	(0.3)	0.1	–	(0.2)
Debt due after one year	(90.0)	(48.9)	–	(138.9)
Net derivative assets/(liabilities)	3.6	(4.0)	0.3	(0.1)
Net debt	(103.5)	(6.8)	(0.6)	(110.9)

The currency translation movement results from the Group's policy of hedging its overseas net assets, which are denominated mainly in US dollars and Euros. The translation effect on net debt is offset by the translation effect on net assets resulting in an overall net exchange loss of £3.4m (2013: £8.0m). This net loss is recognised in other comprehensive income.

23. Cash flow hedge reserve

The cash flow hedge reserve records the portion of the gains or losses on hedging instruments used as cash flow hedges that are determined to be effective.

24. Acquisitions

On 17 November 2014 the Group acquired 60% of the share capital of PlaneBiz 2015 Ltd, a New Zealand based aviation company in order to strengthen its position in ground and cargo handling.

	PlaneBiz 2015 Ltd 2014 £m	Total acquisitions 2013 £m
Purchase consideration		
Cash payable	0.6	9.2
Uplift on fair value of assets transferred	1.1	–
Deferred consideration	–	2.2
Contingent consideration	–	1.3
Total purchase consideration	1.7	12.7
Less: fair value of net assets acquired	1.8	12.6
Less: non-controlling interests	(1.4)	–
Goodwill	1.3	0.1

The assets and liabilities arising from the acquisitions are as follows:

	PlaneBiz 2015 Ltd 2014 £m	Total acquisitions 2013 £m
Non-current assets – fair value		
Intangible assets (contracts)	0.7	12.1
Property, plant and equipment	1.1	4.6
Other non-current assets	–	0.3
Current assets	–	4.0
Cash	–	0.3
Current liabilities	–	(6.2)
Finance leases and borrowings	–	(2.5)
Net assets acquired	1.8	12.6

The fair values of the 2014 net assets acquired (PlaneBiz 2015 Ltd) remain provisional pending the formal completion of the valuation process.

PlaneBiz 2015 Ltd reflects the combination of part of the Group's Aviation business in New Zealand with a third party aviation business, the former owners of which are the 40% shareholders of the acquired company. The shareholders' agreement in relation to this transaction includes put and call options over the 40% of shares the Group does not own. These options, which become exercisable in 2018 to 2019, have been recognised as a financial instrument included in Note 16. The fair value of the put option is £2.8m with a corresponding debit to equity. The call option is considered to have a negligible fair value. The transaction also resulted in a £1.1m credit to equity on the uplift on fair value of assets transferred.

The acquired business contributed profit before tax of £0.1m from the date of acquisition. If the business had been acquired on 1 January 2014, profit before tax contributed would have been £0.6m.

Other

Deferred consideration totaling £2.2m was paid for Skystar (acquired in 2013), Flight Support and Kamino Cargo (both acquired in 2012). These amounts became payable and were cash-settled in 2014.

25. Related party transactions

During the year the Group transacted with related parties in the normal course of business and on an arm's-length basis. Details of these transactions are:

Related party	Group share holding %	Sales to related party £m	Amounts owed to related party at 31 December 2014 £m	Amounts owed by related party at 31 December 2014 £m
Menzies Bobba Ground Handling Services Private Ltd	51	0.2	–	–
Hyderabad Menzies Air Cargo Private Ltd	49	0.6	–	–
Menzies Aviation Bobba (Bangalore) Private Ltd	49	0.1	–	–
Menzies Macau Airport Services Ltd	29	0.2	–	0.1
EM News Distribution (NI) Ltd	50	0.6	5.1	–
EM News Distribution (Ireland) Ltd	50	1.2	–	1.9

Key management personnel include individuals who are Executive Directors of the Group and divisional boards having authority and responsibility for planning, directing and controlling activities of the operating divisions as disclosed in the segmental analysis. Remuneration of key management personnel is as follows:

	2014 £m	2013 £m
Short-term employee benefits	**4.6**	4.5
Post-employment pension and medical benefits	**0.3**	0.4
Termination benefits	**0.1**	0.2
Share-based payments	**0.6**	1.4
	5.6	6.5

Certain activities, including treasury, taxation, insurance, pension and legal matters are provided by the Company to subsidiary companies and are recharged on a cost-plus basis. The amount recharged and settled in respect of 2014 was £0.2m (2013: £0.2m).

The amounts owed to and due by the Company from dealings with subsidiary companies is disclosed in Notes 14 and 15.

Transactions between the Company and other Group companies primarily related to financing activities.

26. Subsidiary companies

The principal subsidiaries, Menzies Distribution Limited, Menzies Aviation plc and Menzies Aviation Holdings Limited are ultimately wholly owned by the Company and operate mainly in the UK. The issued share capital of these subsidiaries is mainly in the form of equity shares.

The Company is taking the exemption under Section 410 Companies Act 2006 to disclose information about principal subsidiaries only.

FIVE YEAR SUMMARY

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Revenue					
Distribution	**1,184.1**	1,202.9	1,224.2	1,254.5	1,255.0
Aviation	**718.8**	702.5	679.3	645.2	582.6
	1,902.9	1,905.4	1,903.5	1,899.7	1,837.6
Operating profit					
Distribution	**24.0**	24.3	27.5	26.5	26.6
Aviation	**30.2**	37.8	34.8	30.9	23.2
	54.2	62.1	62.3	57.4	49.8
Corporate	**(3.2)**	(2.0)	(1.3)	(1.2)	(1.2)
Underlying operating profit	**51.0**	60.1	61.0	56.2	48.6
Exceptional and other items	**(16.4)**	(8.7)	(24.8)	(1.8)	10.0
Share of interest and tax on joint ventures and associates	**(1.5)**	(1.1)	(1.0)	(1.7)	(2.3)
Profit before interest	**33.1**	50.3	35.2	52.7	56.3
Net finance costs	**(7.4)**	(8.2)	(7.1)	(6.8)	(10.6)
Profit before taxation	**25.7**	42.1	28.1	45.9	45.7
Per ordinary share					
Dividends paid	**26.9p**	25.6p	24.4p	21.0p	13.0p
Underlying earnings	**49.2p**	65.6p	68.8p	64.9p	49.5p
Basic earnings	**22.7p**	50.1p	31.3p	63.5p	57.9p

NOTICE OF ANNUAL GENERAL MEETING

This document is important and requires your immediate attention. If you are in any doubt about what action you should take you are recommended to consult your financial adviser. If you have sold or transferred all of your ordinary shares in John Menzies plc, you should forward this document, together with accompanying documents, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Notice is hereby given that the Annual General Meeting ("AGM") of John Menzies plc (the "Company") will be held in the Roxburghe Hotel, 38 Charlotte Square, Edinburgh on Friday, 15 May 2015 at 2pm (the "Meeting") to transact the following business:

Ordinary Resolutions:

To consider and, if thought fit, pass Resolutions 1-15, each of which will be proposed as an ordinary resolution:

1. Report and Accounts

To receive the Annual Accounts of the Company for the financial year ended 31 December 2014, the Strategic Report and the Reports of the Directors' and Auditors thereon.

2. Remuneration Report

To approve the Report on Directors' Remuneration (excluding the Directors' Remuneration Policy) as set out in the Annual Report and Accounts for the financial year ended 31 December 2014.

3. Dividend

To declare a final dividend of 8.1 pence per ordinary share for the financial year ended 31 December 2014.

4-9. Re-election of Directors

4. To elect Jeremy Stafford as a Director.
5. To elect Silla Maizey as a Director.
6. To re-elect Octavia Morley as a Director.
7. To re-elect Paula Bell as a Director.
8. To re-elect Dermot Jenkinson as a Director.
9. To re-elect Iain Napier as a Director.

10. Appointment of Auditor

To re-appoint Ernst & Young LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which Annual Accounts are laid before the Company.

11. Remuneration of Auditor

To authorise the Directors to fix the auditor's remuneration.

12. Authority to Allot Shares

That the Directors be and are hereby generally and unconditionally authorised, pursuant to section 551 of the Companies Act 2006 (the "2006 Act") to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company, such rights and shares together being "relevant securities":

(a) otherwise than pursuant to paragraph (b) below, up to an aggregate nominal amount of £5,108,013 (such amount to be reduced by the aggregate nominal amount of any equity securities (as defined by section 560 of the 2006 Act) allotted under paragraph (b) below in excess of £5,108,013; and

(b) comprising equity securities up to an aggregate nominal amount of £10,216,026 (such amount to be reduced by the nominal amount of any relevant securities allotted under paragraph (a) above) in connection with an offer by way of a rights issue to: (i) holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their respective holdings; and (ii) holders of equity securities in the capital of the Company as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates, legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depository receipts or any other matter;

And provided that (unless previously renewed, varied or revoked) this authority shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 30 June 2016 save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the Directors shall be entitled to allot relevant securities pursuant to any such offer or agreement as if the authority conferred by this Resolution had not expired. This authority is in substitution for and to the exclusion of all unexercised existing authorities previously granted to the Directors under the 2006 Act but without prejudice to any allotment of shares or grants of rights already made, offered or agreed to be made pursuant to such authorities.

13. Adoption of 2015 Long Term Incentive Plan

That the Rules of the John Menzies plc 2015 Long Term Incentive Plan (the "LTIP"), the main features of which are summarised in the Explanatory Notes at the end of this Notice of Annual General Meeting, be approved and adopted in the form produced to the meeting and signed by the Chairman for the purposes of identification, subject to such modifications as the Directors may consider necessary or desirable to take account of the requirements of the UK Listing Authority, the London Stock Exchange, exchange controls and tax legislation or for the purposes of implementing and giving effect to the LTIP, and the Directors be authorised to establish further plans for the benefit of employees outside of the UK based on the LTIP subject to such modifications as may be necessary or desirable to take account of local tax, exchange control and securities law in overseas territories, provided that any ordinary shares of the Company made available under such further plans are treated as counting against any limits on individual or overall participation in the main plan.

14. Adoption of 2015 Notional Incentive Plan

That the Rules of the John Menzies plc 2015 Notional Incentive Plan ("NIP"), the main features of which are summarised in the Explanatory Notes at the end of this Notice of Annual General Meeting, be approved and adopted in the form produced to the meeting and signed by the Chairman for the purposes of identification, subject to such modifications as the Directors may consider necessary or desirable to take account of the requirements of the UK Listing Authority, the London Stock Exchange, exchange controls and tax legislation or for the purposes of implementing and giving effect to the NIP, and the Directors be authorised to establish further plans for the benefit of employees outside of the UK based on the NIP subject to such modifications as may be necessary or desirable to take account of local tax, exchange control and securities law in overseas territories.

15. Adoption of 2015 Share Matching Plan

That the Rules of the John Menzies plc 2015 Share Matching Plan (the "SMP), the main features of which are summarised in the Explanatory Notes at the end of this Notice of Annual General Meeting, be approved and adopted in the form produced to the meeting and signed by the Chairman for the purposes of identification, subject to such modifications as the Directors may consider necessary or desirable to take account of the requirements of the UK Listing Authority, the London Stock Exchange, exchange controls and tax legislation or for the purposes of implementing and giving effect to the SMP, and the Directors be authorised to establish further plans for the benefit of employees outside of the UK based on the SMP subject to such modifications as may be necessary or desirable to take account of local tax, exchange control and securities law in overseas territories, provided that any ordinary shares of the Company made available under such further plans are treated as counting against any limits on individual or overall participation in the main plan.

Special Resolutions:

To consider, and if thought fit, pass Resolutions 16-19, each of which will be proposed as a Special Resolution:

16. Authority to disapply pre-emption rights

That, subject to the passing of Resolution 12 in the Notice of Annual General Meeting of the Company dated 3 April 2015 (the "Section 551 Resolution") the Directors be and are hereby empowered pursuant to section 570 and section 573 of the Companies Act 2006 (the "2006 Act") to exercise all powers of the Company to allot equity securities (within the meaning of sections 560 (1)-(3) of the 2006 Act) wholly for cash pursuant to the authority conferred by the Section 551 Resolution and/or by way of a sale of treasury shares as if Section 561(1) of the 2006 Act did not apply to any such allotment provided that this power shall be limited to:

(a) the allotment of equity securities in connection with an offer or issue of equity securities (but, in the case of an allotment pursuant to the authority granted under paragraph (b) of the Section 551 Resolution, such power shall be limited to the allotment of equity securities in connection with a rights issue only) to: (i) the holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their respective holdings; and (ii) the holders of equity securities in the capital of the Company as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements, record dates, or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depository receipts or any other matter; and

(b) the allotment pursuant to the authority granted by paragraph (a) of the Section 551 Resolution (otherwise than pursuant to paragraph (a) of this resolution) to any person or persons of equity securities up to an aggregate nominal amount of £ 766,205, representing approximately 5% of the issued ordinary share capital of the Company as at 3 April 2015;

And provided that (unless previously renewed, varied or revoked) this power shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 30 June 2016 save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired. This power is in substitution for and to the exclusion of all unexercised existing powers previously granted to the Directors under sections 570 and 573 of the 2006 Act but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such powers.

17. Purchase of own ordinary shares by Company

That the Company be and is hereby authorised pursuant to section 701 of the Companies Act 2006 (the "2006 Act") to make market purchases (within the meaning of Section 693(4) of the 2006 Act) of its own ordinary shares of 25p each, on such terms and in such manner as the Directors may from time to time determine, provided that:

(a) the maximum number of ordinary shares hereby authorised to be purchased is 6,129,616, representing approximately 10% of the Company's issued ordinary share capital as at 3 April 2015;
(b) the maximum price which may be paid for each such ordinary share under this authority shall be the higher of: (i) an amount equal to 105% of the average of the middle market quotations for any such ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the date of conclusion of the contract for any such purchase; and (ii) the amount stipulated by Article 5(1) of the EU Buy-back and Stabilisation Regulation 2003 (being the higher of the price of the last independent trade and the highest current independent bid for an ordinary share in the Company on the trading venues where the market purchases by the Company pursuant to the authority conferred by this Resolution will be carried out), and the minimum price which may be paid for any such ordinary shares is 25p, in each case exclusive of the expenses of purchase (if any) payable by the Company; and
(c) the authority hereby conferred shall expire (unless previously revoked, varied or renewed) at the conclusion of the next Annual General Meeting of the Company or at the close of business on 30 June 2016, whichever is earlier, except in relation to the purchase of ordinary shares for which a contract was concluded before the authority expired and which might or will be executed wholly or partly after its expiration and the Company may make such a purchase in pursuance of such contract as if the authority hereby conferred had not expired.

18. Purchase of own preference shares by Company

That the Company be and is hereby authorised pursuant to section 701 of the Companies Act 2006 (the "2006 Act") to make market purchases (within the meaning of section 693(4) of the 2006 Act) of its own 9% cumulative preference shares of £1 each, on such terms and in such manner as the Directors may from time to time determine, provided that:

(a) the maximum number of 9% cumulative preference shares hereby authorised to be purchased is 1,394,587, representing 100% of the Company's issued 9% cumulative preference share capital as at 3 April 2015;
(b) the maximum price which may be paid for each such 9% cumulative preference share under this authority shall be the higher of:
    (i) an amount equal to 110% of the average of the middle market quotations for any such 9% cumulative preference share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately prior to the date of conclusion of the contract for any such purchase; and
    (ii) the amount stipulated by Article 5(1) of the EU Buy-back and Stabilisation Regulation 2003 (being the higher of the price of the last independent trade and the highest current independent bid for a 9% cumulative preference share in the Company on the trading venues where the market purchases by the Company pursuant to the authority conferred by this resolution will be carried out), and the minimum price which may be paid for any such 9% cumulative preference shares is £1, in each case exclusive of the expenses of purchase (if any) payable by the Company; and
(c) the authority hereby conferred shall expire (unless previously revoked, varied or renewed) at the conclusion of the next Annual General Meeting of the Company or at the close of business on 30 June 2016, whichever is earlier, except in relation to the purchase of 9% cumulative preference shares for which a contract was concluded before the authority expired and which might or will be executed wholly or partly after its expiration and the Company may make such a purchase in pursuance of such contract as if the authority hereby conferred had not expired.

19. Length of Notice of Meeting

That a general meeting of the Company, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

By order of the Board

John Geddes
Company Secretary
3 April 2015

Explanatory Notes

The following information provides additional background information to several of the Resolutions proposed:

Resolution 2 – Remuneration Report

In line with the provisions of the 2006 Act the vote on the Directors' Remuneration Report will be advisory and in respect of the overall remuneration package. The vote is not specific to individual levels of remuneration. The Directors Remuneration Policy, which sets out the Company's forward looking policy on Directors' Remuneration is subject to a binding shareholder vote by ordinary resolution at least every three years, and was approved at the AGM in 2014. Once the Directors' Remuneration Policy is approved the Company will not be able to make a remuneration payment to a current or prospective Director or a payment for loss of office to a current or past Director, unless that payment is consistent with the policy or has been approved by a resolution of the members of the Company. The statement by the Remuneration Committee Chairman and the annual implementation report will, as in previous years, be put to an annual advisory shareholder vote by ordinary resolution.

Resolutions 4-9 – Re-election of Directors

Biographical details of the Directors to be elected and re-elected can be found on pages 54 and 55 of the Annual Report and Accounts for the year ended 31 December 2014. Jeremy Stafford and Silla Maizey, having been appointed as Directors since last year's AGM will retire at this year's AGM in accordance with the Company's Articles of Association and stand for election. In accordance with good practice all other Directors who will continue following the AGM will retire at the AGM and seek re-election.

In proposing the election and re-election of the Directors, the Chairman has confirmed that, following formal performance evaluation (described on page 63 of the Annual Report and Accounts for the year ended 31 December 2014), each individual continues to make an effective and valuable contribution to the Board and demonstrates commitment to the role.

Resolutions 12 and 16 – Authority to allot shares and disapply pre-emption rights

The Investment Management Association ("IMA") Allotment Guidelines permit, and treat as routine, resolutions seeking authority to allot shares representing up to two-thirds of the Company's issued share capital. The guidelines provide that the extra routine authority (that is, the authority to allot shares representing the additional one-third of the Company's issued share capital) can only be used to allot shares pursuant to a fully pre-emptive rights issue.

At the AGM of the Company held on 16 May 2014, the Directors followed the equivalent guidelines previously issued by the Association of British Insurers and were given authority to allot relevant securities up to an aggregate nominal amount of £10,211,537, representing approximately two thirds of the issued share capital of the Company as at 3 April 2014. This authority is due to expire at the end of this year's AGM.

The Board considers it appropriate that Directors again be granted authority to allot shares in the capital of the Company up to a maximum nominal amount of £10,216,026 representing the guideline limit of approximately two-thirds of the Company's issued ordinary share capital as at 3 April 2015 . Of this amount, 20,432,052 shares, (representing one-third of the Company's issued ordinary share capital) can only be allotted pursuant to a rights issue.

The power will last until the conclusion of the next AGM of the Company or, if earlier, 30 June 2016. The Directors have no present intention of exercising this authority, although they have confirmed that should the power authorised in Resolution 13 part (b) be utilised then all Directors would stand for re-election at the next AGM.

As at 3 April 2015, the Company held 366,409 ordinary shares in the capital of the Company as treasury shares.

Resolution 16 will, if passed, give the Directors power, pursuant to the authority to allot granted under Resolution 11, to allot equity securities (as defined in sections 560 (1)-(3) of the Companies Act 2006 (the "2006 Act") or sell treasury shares for cash on a non pre-emptive basis without first offering them to existing shareholders in proportion to their existing shareholdings in limited circumstances. In light of the IMA guidelines described in relation to Resolution 12 above, this authority will permit the Directors to allot equity securities:

(a) in relation to a pre-emptive rights issue only, up to a maximum nominal amount of £10,216,026 (representing approximately two-thirds of the Company's issued ordinary share capital excluding treasury shares) as at 3 April 2015; and
(b) in any other case up to a maximum nominal value of £766,205, representing approximately 5% of the issued share capital of the Company as at 3 April 2015 (the latest practicable date prior to publication of this Notice of Annual General Meeting) otherwise than in connection with an offer to existing shareholders.

The Directors have no present intention of exercising this authority and the authority, if granted, will expire at the conclusion of the next AGM of the Company or, if earlier, on 30 June 2016.

Resolutions 13-15 – Share Plans

The key terms applying to the John Menzies plc 2015 Long Term Incentive Plan (the "LTIP"), the 2015 Notional Incentive Plan (the "NIP") and the 2015 Share Matching Plan (the "SMP") (together the "Plans") are summarised at the end of this section.

Resolutions 17 and 18 – Authority to buy back shares
These special resolutions give the Company authority to make market purchases of its own ordinary and 9% cumulative preference shares in the market as permitted by the 2006 Act. The authorities set the minimum and maximum prices and limit the number of shares that could be purchased to 6,129,616 ordinary shares (representing approximately 10% of the issued ordinary share capital as at 3 April 2015) and 1,394,587 9% cumulative preference shares (representing 100% of the issued 9% cumulative preference shares as at 3 April 2015).

The authorities, if granted, will expire at the conclusion of the next AGM of the Company, or, if earlier, 30 June 2016. The Directors have no present intention of exercising the authority to purchase the Company's 9% cumulative preference shares but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. The authority will only be exercised if the Directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally.

As at 3 April 2015, the Company held 366,409 ordinary shares in the capital of the Company as treasury shares. It may make purchases of its own ordinary shares, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. The authority will only be exercised if the Directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally. Any purchases of ordinary shares would be by means of market purchases through the London Stock Exchange.

Listed companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. No dividends are paid on shares whilst held in treasury and no voting rights attach to treasury shares.

Resolution 19 – Length of Notice of Meeting
Before the introduction of the Companies (Shareholders' Rights) Regulations 2009 in August 2009, the minimum notice period permitted by the 2006 Act for general meetings (other than AGMs) was 14 clear days. One of the amendments made to the 2006 Act by the Regulations was to increase the minimum notice period for general meetings of listed companies to 21 days, but with the ability for companies to reduce this period back to 14 days (other than for AGMs) provided that two conditions are met. The first condition is that a company offers a facility for shareholders to vote by electronic means. This condition is met if a company offers a facility, accessible to all shareholders, to appoint a proxy by means of a website. The second condition is that there is an annual resolution of shareholders approving the reduction of the minimum notice period from 21 clear days to 14 clear days. The Directors have confirmed that they will only use the shorter notice period in limited circumstances where the proposal in question is time sensitive and the short notice would clearly be to the advantage of shareholders as a whole.

The Board is therefore proposing Resolution 18 as a special resolution and for it to be effective until the Company's next AGM when it is intended to propose that the approval be renewed.

RESOLUTIONS 13-15 – SHARE PLANS

GENERAL TERMS FOR ALL PLANS

1.1 Participants
Any directors and employees of the Company and of other Group companies who are obliged by the terms of their contract to devote substantially the whole of their working time to the business of the John Menzies plc group may be selected by the Company's Remuneration Committee (in respect of the SMP) or the Board (in respect of the LTIP and NIP) to participate in the Plans.

In the case of the SMP, the director or employee also must have been a participant in a bonus plan of the Group.

1.2 Performance conditions and period
Any award under the LTIP or NIP, or matching shares in the case of the SMP (both referred to as an "Award") will be subject to the satisfaction of performance conditions. These will determine the proportion of the Award that will vest at the end of the performance period. The performance period will be determined by the Remuneration Committee but will normally be three consecutive financial years.

The Board may amend the performance targets if necessary to ensure that the performance measure is fair or that the performance targets provide an effective incentive. This does not permit the general waiver by the Board of performance targets on cessation of employment or office holding by any participant.

Substantive changes in the operation of the Plans resulting from policy changes or modification of the rules of the Plans shall be subject to the prior approval of the shareholders.

1.3 Clawback
The Committee may at its discretion include a provision for an Award that allows for the full or partial clawback of the Award after it is provided to an employee if:

(i) The Company is required to restate its accounts to a material extent;
(ii) The Board becomes aware of any material wrongdoing on the part of the employee that would have entitled the Company to terminate the Employee's employment; or
(iii) The Remuneration Committee includes any other relevant terms for clawback at the time the Award is made.

1.4 Plan limits

No more than 10% of the issued ordinary share capital of the Company shall be issued pursuant to the Plans and any other employees' share scheme in a 10 year period, and no more than 5% of the issued ordinary share capital of the Company shall be issued pursuant to the Plans and any other discretionary executive share option scheme in any 10 year period. No shares will be issued under the NIP and therefore it will not impact on these limits.

1.5 Amendment of plan

The Board may at any time alter or add to any of the provisions of the Plans. However shareholder approval is required to amend certain provisions to the advantage of the participants. These include: the individual limits on Awards; the granting of Awards; those eligible to be participants; the vesting provisions; the plan limits and the provisions where there is a variation of share capital.

1.6 Leaving the Group

If a participant ceases to hold office or employment with any member of the Group before an Award vests, the Award may either lapse or be reduced. If a participant resigns before the Award shares have vested, ordinarily the Award will lapse. If a participant leaves because of injury, disability, retirement, redundancy, death or in certain other circumstances, the Award will not lapse but the Award will generally be reduced pro rata to the proportion of the performance period for which the participant was employed.

1.7 Variation of share capital

In the event of any variation of the issued ordinary share capital of the Company by way of capitalisation or rights issue, or any subdivision, consolidation, reduction or other variation of such share capital, the Board may, by giving notice in writing to a participant, make such adjustment as it considers appropriate to the number of Shares which are subject to an Award provided that except in the case of a capitalisation issue, any such adjustment is confirmed in writing by the auditors to be in their opinion fair and reasonable.

1.8 General

No Awards are pensionable.

No Award may be assigned or transferred except to personal representatives on the participant's death. The award will lapse immediately if a participant becomes bankrupt.

No shares shall be transferred to a participant while his other employment is suspended on grounds of gross misconduct or where any statutory, regulatory or other legal provision restricts the Company from dealing in shares.

All allotments and issues of shares will be subject to the provisions of the Company's Memorandum and Articles of Association.

Award shares shall rank equally in all respects with the issued ordinary shares of the Company.

No Award may be granted more than 10 years after the relevant Plan is adopted.

Where Awards are to be satisfied by the transfer of shares to a participant this may be by the issue of new shares, the transfer of treasury shares and/or the transfer by a trustee of shares. It is anticipated that Share Awards will principally be satisfied by the transfer of treasury shares. The Company does not currently have a Trust in place for the purposes of employee share schemes.

2. 2015 LONG TERM INCENTIVE PLAN ("LTIP")

2.1 Awards

Awards under the LTIP may be in the form of a conditional right to acquire ordinary shares in the Company ("Shares") or an option to acquire Shares.

2.2 Giving of Awards

The Board intends to make annual awards. No awards will vest unless the performance targets are met. Awards will normally be made around the beginning of each financial year. Award certificates will be issued setting out the number of conditional Shares or options over Shares being awarded and the performance conditions which will determine how many shares stated in the award will vest.

Thereafter award shares (following exercise of an option, where relevant) will be transferred to the participant together with an amount equal to net dividends accrued over the performance period, on those shares which actually vest.

2.3 Granting Awards

Awards may only be granted within the six week period following:

(i) the approval of the Plan;
(ii) the announcement of the Company's results; or
(iii) the lifting of a restriction that covered the period in (i) or (ii) above.

Or any time when the Remuneration Committee determines that there are exceptional circumstances justifying an award.

2.4 Individual limits

The maximum amount that can be awarded to participants is two times salary based on the share price at grant.

2.5 Vesting of Shares

The Remuneration Committee will notify participants as soon as practicable at the end of each performance period of the performance targets achieved and the number of award shares that will vest, if any.

3. NOTIONAL INCENTIVE PLAN ("NIP")

3.1 Awards

Awards under the NIP may be in the form of an entitlement to receive a cash payment calculated based on a conditional award of notional Shares or options over notional Shares.

3.2 Giving of Awards

The Board intends to make annual awards. No awards will vest unless the performance targets are met. Awards will normally be made around the beginning of each financial year. Award certificates will be issued setting out the number of notional Shares or options over notional Shares being awarded and the performance conditions which will determine how many notional shares stated in the award will vest.

Thereafter a cash payment equal to the market value of the notional shares that vest (less any option price and tax liability) will, in the case of a conditional award or an option that is exercised, be made to the participant.

3.3 Granting Awards

Awards may only be granted within the six week period following:

(i) the approval of the Plan;
(ii) the announcement of the Company's results; or
(iii) the lifting of a restriction that covered the period in (i) or (ii) above.

Or any time when the Remuneration Committee determines that there are exceptional circumstances justifying an Award.

3.4 Individual limits

The maximum amount that can be awarded to participants is two times salary based on the share price at grant.

4. SHARE MATCHING PLAN ("SMP")

4.1 Invitations to participate

The Remuneration Committee can invite employees to participate in the SMP by purchasing contributory shares with a percentage of the bonus awarded to them.

The Remuneration Committee shall specify the maximum percentage amount of bonus payment that can be used by each participant to determine the number of qualifying shares for the purposes of the SMP. The amount of bonus so determined after deduction of tax will be used by the participant to purchase contributory shares.

4.2 Matching Shares

Matching shares will be awarded to a participant based on the number of qualifying shares, the applicable matching ratio to be applied to the qualifying shares and extent to which performance targets are met. Thereafter matching shares will be transferred to the participant.

The matching ratio shall be determined by the Remuneration Committee.

4.3 Individual limits

No participant can be awarded more than three matching shares in respect of each qualifying share.

Recommendation

The Directors consider all these Resolutions to be in the best interests of the Company and its shareholders as a whole, consistent with the Directors' duty to act in the way most likely to promote the success of the Company for the benefit of its shareholders as a whole, and unanimously recommend that you vote in favour of them.

Notes to the Notice of Annual General Meeting (the "AGM")

1. Information about the AGM is available from the Company's website: www.johnmenziesplc.com.
2. As a member, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share.
3. A form of proxy is enclosed. To be valid, your form of proxy and any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority should be sent to Computershare Investor Services at The Pavilions, Bridgwater Road, Bristol BS99 6ZZ so as to arrive no later than 48 hours before the commencement of the AGM. No amendments to, or submission or withdrawal of, any form of proxy shall be effective if lodged at the registers less than 48 hours before the time appointed for the holding of the meeting or any adjourned meeting.
4. It is possible for you to submit your proxy votes online. Further information on this service can be found on your proxy form, or if you receive communications from us electronically, voting information will be contained within your email broadcast.
5. If you appoint a proxy, this will not prevent you attending the AGM and voting in person if you wish to do so.
6. The right to vote at the AGM is determined by reference to the Company's register of members as at the close of business on Wednesday 13 May 2015 or, if the AGM is adjourned, at 5pm on the day two days prior to the adjourned meeting. Changes to entries on that register after that time shall be disregarded in determining the rights of any member to attend and vote at the AGM.
7. As a member, you have the right to put questions at the AGM relating to the business being dealt with at the AGM.
8. Any person to whom this notice is sent who is a person nominated under section 146 of the 2006 Act to enjoy information rights (a "Nominated Person") may, under an

agreement between them and the member by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

9. The statement of the rights of members in relation to the appointment of proxies in Notes 2, 3 and 4 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by members of the Company.
10. As at 3 April 2015, the Company's issued ordinary share capital comprised 61,662,566 ordinary shares of 25p each, and the Company held 366,409 of its own ordinary shares of 25p each in Treasury. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 3 April 2015 is 61,296,157.
11. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
12. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID 3RA50) so as to arrive no later than 48 hours before the commencement of the AGM or any adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the Shareholder information message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
13. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
15. Under section 338 of the 2006 Act, members may require the Company to give, to members of the Company entitled to receive this Notice of AGM, notice of a resolution which may properly be moved and is intended to be moved at the AGM. Under section 338A of that Act, members may request the Company to include in the business to be dealt with at the AGM any matter (other than a proposed resolution) which may properly be included in the business.
16. It is possible that, pursuant to requests made by members of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the AGM: or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

Documents

The following documents are available for inspection on any day (except Saturday, Sunday and Bank Holidays) from the date of sending this Notice of AGM up to and including the date of the AGM during usual business hours at the registered office of the Company and at the offices of Maclay Murray & Spens LLP at One London Wall, London EC2Y 5AB. On the date of the AGM, they will be available for inspection at the venue of the AGM from 12pm until the conclusion of the meeting:

(a) copies of the Directors' service contracts with the Company;
(b) the terms of appointment of the Non-Executive Directors of the Company; and
(c) copies of the Rules of the proposed 2015 Long Term Incentive Plan, 2015 Notional Incentive Plan and 2015 Share Matching Plan.

GENERAL INFORMATION

Internet
The Group operates a website which can be found at www.johnmenziesplc.com. This site is regularly updated to provide you with information about the Group and each of its businesses. In particular, all of the Group's press releases and announcements can be found on the site together with copies of the Group's accounts.

John Menzies IR App
The Group has an investor relations App for iPhone and iPad users. The App provides users with the latest share price, regulatory and business news, annual/interim reports and presentations. The App can be downloaded via the Company website or by visiting your App store.

Share Registrar and Shareholder Enquiries
Any enquiries concerning your shareholding should be directed to the Company's Registrar and clearly state the shareholder's name, address and Shareholder Reference Number (SRN). The contact details are:

Tel: 0870 703 6303
Web: www.investorcentre.co.uk
Email: www.investorcentre.co.uk/contactus
Write: The John Menzies plc Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ

The Registrar should be notified in writing promptly of any change in a shareholder's address. Computershare's online Investor Centre also enables you to view your shareholding and update your address and payment instructions online. You can register at www.investorcentre.co.uk. In order to register, you will need your Shareholder Reference Number (SRN), which you can find on your share certificate or tax voucher.

Share Price
The current share price of John Menzies plc ordinary shares can be seen on the Group's website, www.johnmenziesplc.com.

Telephone Share Dealing Service
A share dealing service has been arranged with Stocktrade which provides a simple way of buying or selling John Menzies shares.

Call: +44 131 240 0414
quote reference John Menzies plc dial and deal

Charges
Commission will be 0.5%, subject to a minimum of £17.50. Please note that UK share purchases will be subject to 0.5% stamp duty. There will also be a PTM (panel for takeovers and mergers) levy of £1 for single trades in excess of £10,000.

Settlement
When buying shares you will be required to pay for your transaction at the time of the deal by debit card and you should ensure that you have sufficient cleared funds available in your debit card account to pay for the shares in full.

ShareGift
If you have only a small number of shares which would cost more for you to sell than they are worth, you may wish to consider donating them to the charity ShareGift (Registered Charity 1052686) which specialises in accepting such shares as donations. There are no implications for Capital Gains Tax purposes (no gain or loss) on gifts of shares to charity and it is also possible to obtain income tax relief.

Tel: 020 7930 3737
Web: www.sharegift.org
Email: help@sharegift.org

Analysis of Shareholding
at 31 December 2014

Shareholding	Number of holders	% of holders	Number of shares	% of shares
1-1,000	3,377	82.1	819,616	1.33
1,001-5,000	477	11.6	986,374	1.60
5,001-10,000	71	1.7	512,303	0.83
10,001-100,000	109	2.7	3,582,186	5.81
Over 100,000	79	1.9	55,762,087	90.43
Total	4,113	100.0	61,662,566	100.00

Payment of Dividends
It is in the interests of shareholders and the Company for dividends to be paid directly into bank or building society accounts. Any shareholder who wishes to receive dividends in this way should contact the Company's Registrar to obtain a dividend mandate form.

9% Preference Shares
Dividends will be paid on 1 April 2015 and 1 October 2015.

Ordinary Dividends
A Final Dividend of 8.1p per share was proposed by the Directors on 9 March 2015, and will paid on 3 July 2015 to shareholders on the Register as at the close of business on 29 May 2015.

Any Interim Dividends for 2015 will be paid on 20 November 2015 to shareholders on the register on 23 October 2015.

Investor Relations
The Group accounts can be downloaded from our website. For other investor relations enquiries, please contact us at:

Tel: +44 (0) 131 225 8555
Web: www.johnmenziesplc.com
Email: info@johnmenziesplc.com
Write: John Menzies plc, 2 Lochside Avenue, Edinburgh Park, Edinburgh, EH12 9DJ, UK

Principal Advisers
Auditors
Ernst & Young LLP
G1, 5 George Square,
Glasgow G2 1DY, UK

Corporate Financial Advisers and Joint Brokers
Numis Securities Ltd
The London Stock Exchange Building
10 Paternoster Square, London EC4M 7LT, UK

Joint Brokers
Shore Capital
3-5 Melville Street, Edinburgh, EH3 7PE, UK

Principal Business Addresses
John Menzies plc
2 Lochside Avenue, Edinburgh Park,
Edinburgh, EH12 9DJ, UK
Tel: +44 (0) 131 225 8555
Email: info@johnmenziesplc.com

Menzies Distribution
2 Lochside Avenue, Edinburgh Park,
Edinburgh EH12 9DJ, UK
Tel: +44 (0) 131 467 8070

Menzies Aviation
2 World Business Centre Heathrow,
Newall Road,
London Heathrow Airport,
Hounslow, TW6 2SF, UK
Tel: +44 (0) 20 8750 6000

Corporate calendar
(Provisional dates)

10 March 2015	Preliminary Announcement of Results
1 April 2015	Payment of Dividend on 9% Cumulative Preference Shares
3 April 2015	Annual Report and Notice of AGM released
15 May 2015	Annual General Meeting
29 May 2015	Record date for Final Dividend on Ordinary Shares
3 July 2015	Payment of Dividend on Ordinary Shares
18 August 2015	Announcement of Interim Results
1 October 2015	Payment of Dividend on 9% Cumulative Preference Shares
23 October 2015	Record date for Interim Dividend on Ordinary Shares
20 November 2015	Payment of Interim Dividend on Ordinary Shares

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John Menzies plc
2 Lochside Avenue,
Edinburgh Park,
Edinburgh, EH12 9DJ, UK
Tel: +44 (0) 131 225 8555
Fax: +44 (0) 131 220 1491
Email: info@johnmenziesplc.com
Web: www.johnmenziesplc.com

Registered in Scotland with company number SC34970
Registered office address as above