JOHN MENZIES PLC
ANNUAL REPORT AND ACCOUNTS 2015

TURNOVER

£1,993.3m

(2014: £1,999.9m)

UNDERLYING PROFIT BEFORE TAX

£38.2m

(2014: £44.6m)

PROFIT BEFORE TAX

£18.2m

(2014: £25.7m)

DIVIDEND PER SHARE

16.8p

(2014: 16.2p)

OPERATING CASH FLOW

£64.8m

(2014: £74.0m)

EMPLOYEES

25,600

COUNTRIES IN WHICH WE OPERATE

31

AIRCRAFT TURNS

1.2m

DELIVERY UNITS

110m

CARGO TONNES HANDLED

1.7m

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WHO WE ARE

John Menzies plc is a time-critical logistics and support specialist. In 31 countries around the world our employees provide 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.

WHAT WE DO

Our Operating Divisions provide services to the international airline sector and, within the UK, to the print media, travel and parcel markets.

In every sphere of our operations, we trade in delivery: whether we are bringing parcels to retail, 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.

OUR GROWTH MARKETS

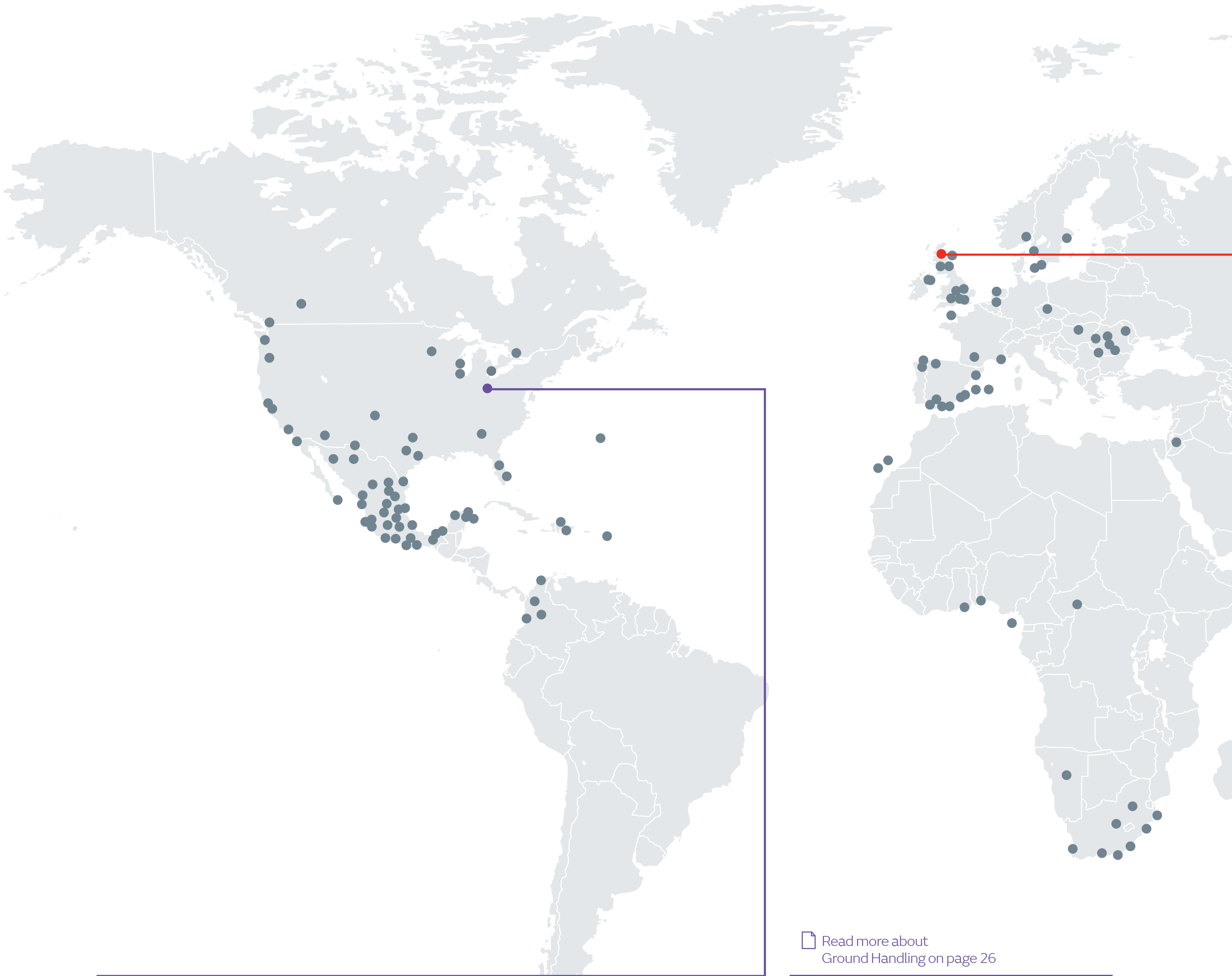
With both global air travel and the UK e-commerce parcel market forecast to continue expanding, our Operating Divisions are well placed to take advantage of market opportunities and deliver growth.

OUR PHILOSOPHY

Our customers expect a service tailored to their needs, performed by experts and timed to fit seamlessly into their schedules. We believe that by concentrating on doing our work the right way, every day, we can stand out in the minds of those customers – and form lasting partnerships to our mutual benefit.

A GLOBAL BUSINESS

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.



CINCINNATI

Our Cincinnati station, established after a contract award by United Airlines in 2015, is an excellent example of ground handling service provision. Operating under our North American Simplicity brand, the local team delivered over 1,200 aircraft turns between October and December for United's narrow-bodied, regional jet fleet with over 6,000 turns estimated in 2016.

Read more about Ground Handling on page 26

GROUND HANDLING

EMPLOYEES – 19,000

Providing a best-in-class service at 140 airports across the globe, this business supports millions of passengers every year from the check-in desk to the runway, on behalf of our airline customers.

INVERNESS

Following the acquisition of AJG Parcels in mid-2015, our Inverness depot became the first example of how we plan to do business in the future. The facility operates our traditional print media pack and distribution overnight, transitioning to parcel sortation and delivery during daylight hours. Inverness distributed over 1 million parcels of print products in 2015.

LOGISTICS

EMPLOYEES – 3,600

Providing final mile delivery for approximately 110 million delivery units each year and serving customers in the press, travel and parcel-logistics sectors, this business operates one of the largest overnight logistics networks in the United Kingdom.

Read more about
Logistics on page 28

Read more about
Cargo Handling on page 27

CARGO HANDLING

EMPLOYEES – 2,500

At 33 stations around the world, this business works to move clients' perishable, high value goods on and off aircraft in a tightly-timed fashion. The business also offers access to warehousing and trucking facilities which help convey consignments to the next step in the supply chain.

SYDNEY

Our Sydney cargo operation serves 17 airline partners across 3 cargo terminals, managing an annual throughput of approximately 90,000 tonnes. In December 2015 we began handling the prestigious All Nippon Airways contract representing their re-introduction to the Australian market following a 30 year absence. Menzies Aviation was the first operator in the Australian market to be awarded the Enhanced Air Cargo Examination Notice by the OTS, certifying our business to examine cargo to US Customs standards.

A CHALLENGING YEAR

Iain Napier
Chairman

2015 was a challenging year for the Group with operational issues at London Gatwick suppressing profits.

The Group's turnover was £1,993.3m (2014: £1,999.9m). Underlying profit before tax fell to £38.2m (2014: £44.6m) as a result of the decline in profitability in the Aviation Division. The decline in underlying profit before tax had a consequential impact on our underlying earnings per share which decreased to 42.7p (2014: 49.2p). Profit before tax was £18.2m (2014: £25.7m).

On a constant currency basis Group turnover was up 1% to £2,029.3m (2014: £1,999.9m) with underlying operating profit £5.0m lower as expected at £46.0m (2014: £51.0m).

Our updated strategy for both Divisions is now embedded, however, and we are making good progress towards our stated objectives.

Outside of the UK, the Aviation business continued to make progress, particularly in cargo handling and North American ground handling. Menzies Distribution performed strongly, whereby print media decline was fully mitigated and our expansion into the e-commerce fulfilment market gained real traction with the acquisitions of AJG Parcels Limited and Oban Express Parcel Service Limited together with a number of new contract wins.

The Board is confident that we have strategies available to us in both of our Operating Divisions capable of delivering growth. We continue to evaluate the optimum structure for the Group to potentially further enhance shareholder value.

Governance

The Board regularly reviews processes and performance across the Group to ensure an appropriate framework exists within which the highest standards of governance can be upheld at all times. As a diverse and global Group strong governance is at the core of everything we do and is a pillar that underpins our daily activities.

Our key objective every day is for the safe and secure delivery of services. During 2015 we created a central Risk function with dedicated resource in place to ensure the delivery of our policies and programmes in the key areas of safety, security, audit and compliance.

We supplement this 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.

Board Changes

Our Board structure currently has 7 directors comprising 2 Executive Directors, 3 independent Non-Executive Directors, 1 non-independent Non-Executive Director and myself as Chairman. Our Non-Executive Directors have wide-ranging backgrounds across the aviation, logistics, consumer products and financial sectors.

Ian Harley stepped down from the Board at the Company's AGM in May 2015 and Octavia Morley, who had completed 9 years as a Director, left the Board in December 2015. A recruitment process was undertaken which led to the appointment of two Non-Executive Directors during 2015 - David Garman, who has a wealth of experience in the logistics industry, and Geoff Eaton, who has had an extensive Executive career and brings excellent experience of B2C and international business. Both were appointed to the Board on 1 June 2015 with David becoming our Senior Independent Director and Geoff being appointed Chairman of the Remuneration Committee. Additionally, Jeremy Stafford resigned from the position of Chief Executive Officer and Director of the Company in January 2016.

I believe we have a balanced and diverse Board with the appropriate range of skills, knowledge and experience to allow us to effectively and efficiently discharge our duties and responsibilities. The Board sets the tone and culture for our business and therefore the overall performance of the Group and I consider the Board well-placed to provide overall governance, leadership and direction in 2016 and beyond.

Employees

Across the Group we have over 25,600 employees, working in 31 countries, and each of them makes a difference as we deliver our services to our customers.

They operate in many different environments at all times of the day: they are all integral in the delivery of our safety and security standards and it is their vigilance which allows Menzies to deliver high standards of service to our customers.

We are a people business and we will continue to invest in this precious resource. It is our people who deliver the service 24 hours a day, 365 days a year. Their passion and dedication help win and retain contracts from our customers and enable the Group to grow.

I would like to thank them for doing a tremendous job.

Iain Napier
Chairman
7 March 2016

An Integrated Approach

Below we summarise the key elements that lead to the creation and protection of sustainable value. Our focused and integrated approach has already delivered tangible returns for stakeholders.

Our Vision

We are dedicated to beating the clock for the benefit of our customers: delivering services which are tailored to their needs, performed by experts and fitted seamlessly into the time-critical window for their businesses.

Our Business Model

We employ our people and infrastructure, in line with a suite of key controls, to complete a pipeline of work secured by our contracts and thereby generate profit.

Read more on page 8

Our strategy

- Customer ethos
- Emerging opportunities
- Optimised investment
- Diversified offer
- Growth agenda

Read more on page 10

Key Performance Indicators

We monitor a shortlist of critical metrics to ensure that our performance achieves the required standards.

Read more on page 20

Resources, Relationships and Responsibilities

We recognise the impact our activities have on the environment, the communities in which we operate and the wider society around us – and operate accordingly.

Read more on page 36

Risk Management

Risk and uncertainty have the potential to hinder our progress toward the Group's strategic objectives. We focus on mitigating those risks, to provide reasonable – although not absolute – assurance against material risks.

Read more on page 24

MARKETS OVERVIEW

Our Aviation and Distribution Divisions operate in distinct, but related markets.

Each is related by a common theme: the importance of service excellence, delivered within a time-critical window.

Ground Handling Market

The ground handling market serves the 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 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 safety standards.

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.

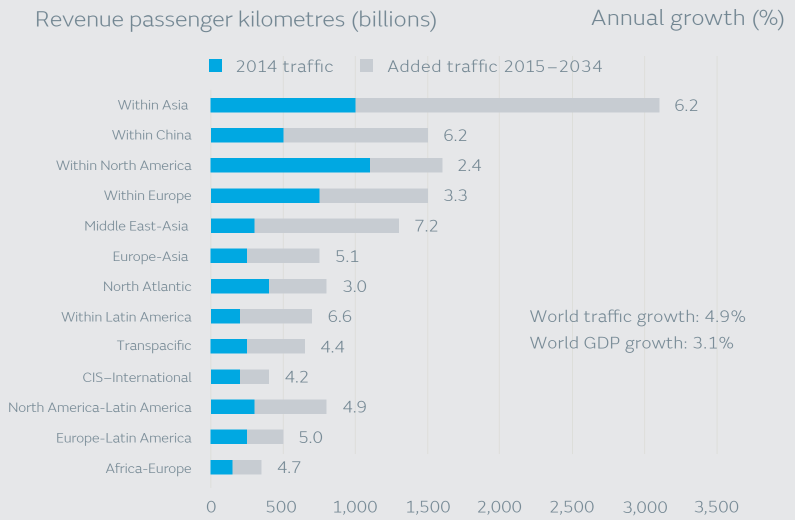
The market continues to grow and develop, driven by the increasing numbers of aircraft entering service to satisfy growing passenger demand.

In 2015 approximately 33 million turns were carried out globally, of which an estimated 10 million were outsourced by the airlines. By 2020 there are expected to be approximately 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 general growth in the air passenger market, expected to be 4.9% per annum according to Boeing's Current Market Outlook 2015-2034; particular growth amongst low-cost carriers, for whom outsourced ground handling is central to their business model; and a general trend towards 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.

World traffic varies by market



Source: Boeing Current Market Outlook 2015–2034

Print Media Supply Chain

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.

Wholesalers operate 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 keep pace with the demands of the industry.

The print media sector is estimated to be worth c£2.6bn, split roughly two-thirds news and one-third magazines, and it has been in structural decline for decades as consumers have increasingly switched to other forms of media. Consequently, the market has consolidated over recent years to the position where today there are two main distribution providers covering the UK market, investing in technology and network scale to ensure they can provide the time-critical service which the industry requires.

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 5 year cycle) present high barriers to entry for potential competitors.

Cargo Handling Market

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. Less than 1% of international trade by volume, but 35% by value, travels by air.

Cargo-only flights account for around 2.6% of total aircraft movements. Approximately 110m tonnes of cargo are transported annually by air around the world.

There is significant market concentration around the world's emerging markets, with nearly 50% of the cargo tonnes passing through the Middle East and South East Asia. According to Boeing's Current Market Outlook 2015-2034, air cargo traffic is forecast to grow 4.7% annually over the next two decades.

Cargo handling requires significant investment in infrastructure and equipment which, when coupled with the necessity of approval by the appropriate regional regulator, 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.

UK Parcel Market

The UK parcel delivery market has undergone significant change in the last decade, moving from a behind-the-scenes industry to a consumer-led business where the major carriers are household brands – which can largely be attributed to the growth of internet shopping, particularly on mobile devices.

Relentless demand for improved and faster service at reduced costs, backed by rapid volume growth, has challenged the traditional parcel carrier market. It has responded with impressive investment in infrastructure, innovation in the delivery offer and focus on consumer engagement.

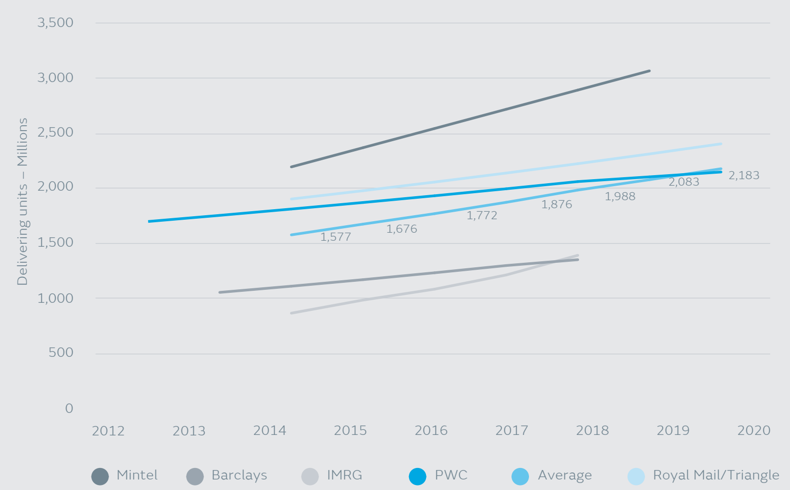
The key parcel carriers have now realised that working with partner businesses in their most challenging areas will help them perform more robustly and maintain their competitiveness. Neutral consolidation services, such as that provided by Menzies' parcel offering in the North and West of Scotland, provide an opportunity to solve the carriers' collective challenges.

The Menzies offering has been well received because it meets certain key criteria: it is supported by an established, cost-effective network; it has the required specialty in time-critical delivery; and it is perceived as neutral, rather than competing or affiliated with any of the major carriers. The challenge of replicating these conditions acts as a barrier to entry for other consolidators.

The parcel market in the UK is worth around £9.2bn per year and is growing at over 5% per year (according to IBISWorld UK).

UK Parcel Market 2014–2020: Published Reports Normalised to include B2C, B2B, C2B & C2C

B2C – Business to consumer
B2B – Business to business
C2B – Consumer to business
C2C – Consumer to consumer



Source: Beveridge Associates

STRATEGIC REPORT
GOVERNANCE REPORTS
FINANCIAL STATEMENTS
SHAREHOLDER INFORMATION

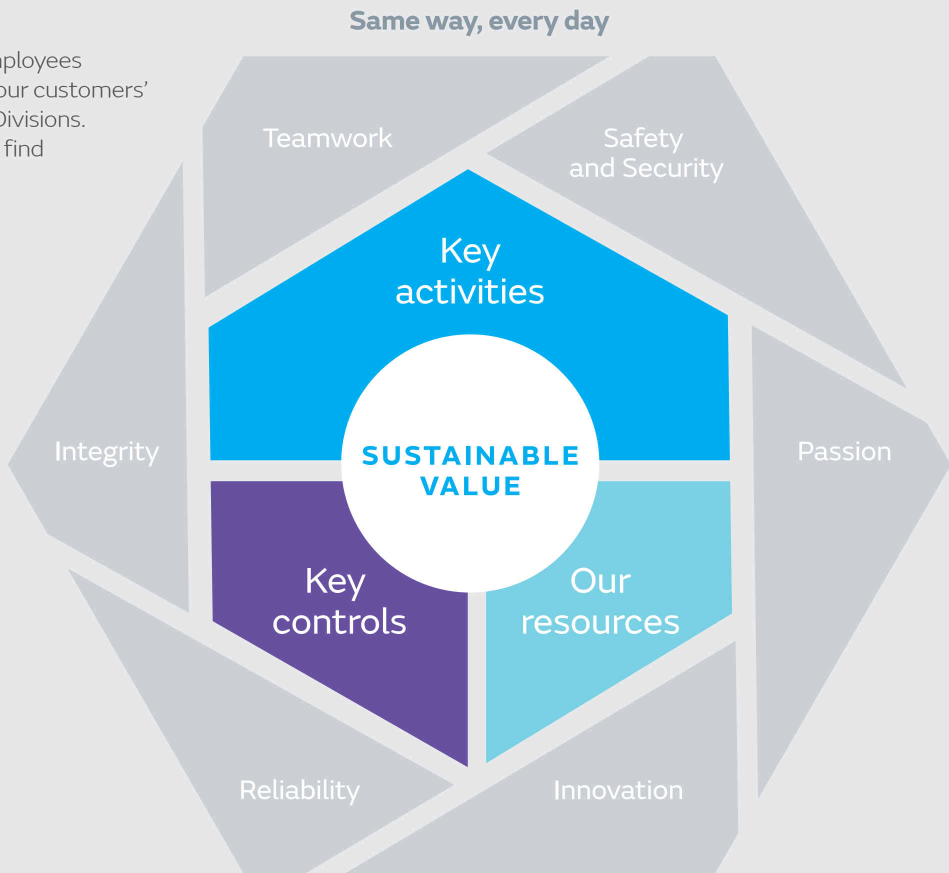
HOW WE DELIVER VALUE

John Menzies plc provides support services in fast-moving, time-critical markets. We believe that shareholder value emerges from great customer experiences, delivered by a team passionate about what it does. It is this simple ethos which informs our approach to doing business.

BUSINESS MODEL

What we do

In 31 countries around the world our employees deliver market-leading service to meet our customers' needs through our two core Operating Divisions. Wherever you find a Menzies logo, you'll find people delivering around the clock, against the clock.



How we do it

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 of safety, service and operational process, all controlled through a detailed corporate governance framework.

Delivering Value

Employees
We offer varied careers in dynamic environments which keeps our employees engaged and delivering results.

Customers
We work in partnership with our customers to ensure that our service offering is the correct one to help them meet their own business challenges.

Shareholders
We maintain clear oversight of our business, making certain that our business decisions generate real value for our shareholders.

Our Strategy

Our strategy aims to optimise our returns on existing investments, whilst opening pathways to new growth.

Read more on page 10

Customer ethos
Our customers will favour partners who most closely understand and support their businesses, so we focus on deepening our relationships with them.

Emerging opportunities
Our markets do not stand still so we pay close attention to their respective landscapes in order to capitalise on opportunities as they arise.

Optimised investment
Deploying our resources in the areas of greatest opportunity, and pressing them to deliver the best possible return, is crucial to the creation of shareholder value.

Diversified offer
A diverse service offering opens the door to a greater share of each customer's spending and potentially to entirely new customer constituencies.

Growth agenda
Investing the outputs of a strongly cash-generative business into new opportunities drives the Company's future growth.

Key Activities

The value we deliver to our shareholders ultimately emerges from the key activities in which we specialise.

Ground handling
A set of critical support services which support the businesses of our airline customers, including the handling of passengers and baggage and the towing of planes.

Logistics
The picking, packing, cross-docking and delivery of 110 million packages annually for the UK's print media, travel and parcel sectors.

Cargo handling
The movement of perishable/high value goods on and off aircraft, alongside the warehousing and transportation of these goods on behalf of our airline customers.

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 Menzies Group.

Service
Driven by a business-wide focus on key accounts, we target and monitor the service performance of all our operations.

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

Our 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 25,600 highly trained employees who drive our productivity.

Locations
Our established infrastructure gives us the reach to serve customers from more than 146 locations on 6 continents.

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

Transport network
Our dedicated fleet of delivery vans and airside vehicles drives around 135,500 miles each day, operating within exceptionally tight deadlines.

Protecting and Measuring Value

Governance
A clear structure of corporate guidelines uphold our standards, ensuring that we operate effectively and in compliance with regulation.

Read more on page 46

KPIs
We monitor a shortlist of critical metrics to ensure that our performance achieves the standards required by our customers.

Read more on page 20

Risks
We maintain a register of key risks to our business which we work to mitigate through our strategic plans and operational processes.

Read more on page 22

ONE STRATEGIC VISION ACROSS THE BUSINESS

The Group employs a shared strategic philosophy founded on five central concepts across its Operating Divisions.

Whilst this philosophy translates into a range of priorities within the respective business streams, the underpinning elements are drawn from the same central vision of how to best deliver success for the Company and its shareholders.

Our Investment Case

Both our Divisions are strongly positioned to take advantage of market opportunities and deliver growth.

Whilst the landscape of the print media and UK parcel market has altered in recent years, Menzies Distribution is well-placed to take advantage of the opportunities afforded by working in both sectors. Our current operational and IT network, alongside our property and vehicle asset base, give the business substantial presence and capacity to grow in daylight hours; by offering neutral consolidation solutions in our existing territories, we can increase our asset utilisation and provide a compelling proposition to parcel carrier networks.

In Aviation we are a key international player with a strong reputation in both service and safety. We will use these credentials to win new contracts at existing and new airports and to strengthen existing customer relationships. We will concentrate on airlines and airports where station and regional density can be achieved to ensure we deliver sustainable margins for our shareholders.

We will also seek to expand acquisitively where the market dynamics are strong and the deal is earnings-enhancing.

By operating these two distinct, robust businesses, each with strong cash flows, the Group is well-placed to provide shareholders with both stability and growth.

LOGISTICS PRIORITIES	STRATEGY
Focus on key customers	Customer
Grow neutral parcel business	Emerging
Cost and network optimisation	Optimised
Expand Menzies Response	Diversified
Sustain cash generation	Growth

Customer ethos

We believe that by dedicating ourselves to the ideal of partnership with our customers, building ever deeper and better informed relationships, we contribute to the most productive service experience for them and the greatest chance of long-term prosperity for our businesses.

In both Aviation and Distribution, this manifests as the same priority: 'Focus on key customers'. We direct the Divisions to nurture and deepen their relationships with their most important partners, understanding their needs and outlook in as much detail as possible.

With such insight we can design and deliver services tailored to help them succeed and by consistently, innovatively supporting their success, we enhance the value and lifespan of our partnership.

Emerging opportunities

Understanding the shape of the future is a vital quality in delivering long-term earnings for the Company. By keeping a close watch on the market sectors and geographies with greatest potential for development, we maximise the chance of participating in tomorrow's growth areas.

In Aviation this informs the 'Expand in emerging markets' priority. We invest time and expertise in those areas which promise to yield rapid air-traffic expansion over the next decade, such as the Middle East and Asia, so that we are best placed to benefit from that prospective trend.

In Distribution this manifests as the 'Grow neutral parcel business' priority.
The continuing growth of online shopping in the UK points to a future in which an ever-greater volume of parcel traffic is traversing the country each day; as the major parcel networks look for greater capacity and cost-efficiency within their networks, we expect the demand for neutral consolidation to grow, particularly in those hard-to-serve areas where our infrastructure is most developed.

Optimised investment

We strive to invest as wisely as possible across the full suite of our operations, ensuring both that our resources are directed to the areas which will yield greatest return and that we extract the greatest possible value from their deployment.

In Aviation this underpins the 'Re-focus geographical investment' priority. We take a disciplined approach to assessing the impact of our spending, prioritising those markets with the highest growth potential and drawing our resources away from areas which do not perform strongly enough.

In Distribution this translates as the 'Cost and network optimisation' priority. The Division has a proven track record of consolidating the network year-on-year, driving better returns and outpacing a historic decline in its core market. We intend to continue playing to this strength even as the Division shifts onto a growth footing in the parcel market.

Diversified offer

This principle recognises the inherent strength of a diversified offer, which opens the door both to generating more revenue from our existing customers and the acquisition of entirely new customer groups.

In Aviation it is captured in the 'Accelerate complementary services' priority. We have dedicated resources within the Division to the development of new ancillary service offers and their roll-out across our global network, a programme through which we aim to cement customer relationships and improve our overall earnings at each location.

In Distribution the related priority is 'Expand Menzies Response', a reference to the business stream which deals with the storage and fulfilment-on-demand of our clients' products. Just as we expect parcel traffic to rise as online shopping expands, so we anticipate a parallel increase in businesses seeking a fulfilment solution for their digital orders. Equipping Menzies Response to handle a greater share of that market, whilst introducing our capabilities to new and growing customers, forms an important part of our development plans over the next decade.

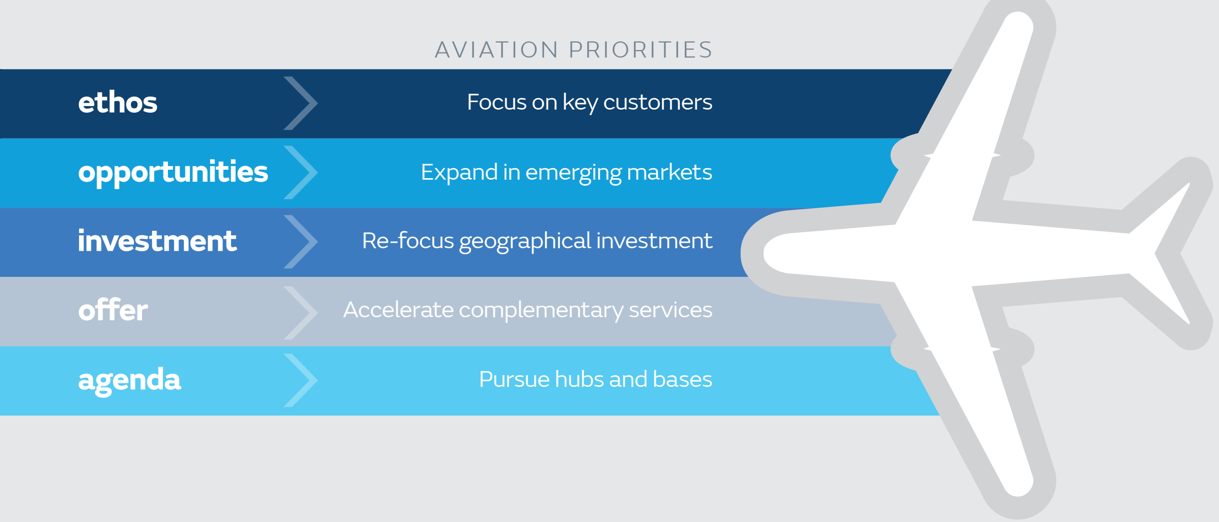
Growth agenda

The Company is positioned well in two growth markets and ensuring that we are able to take advantage of the opportunities which they present is a central priority for us. We aim to generate a strong cash flow which materially enhances our ability to invest for the future.

In Aviation this drives our 'Pursue hubs and bases' priority. We believe that the outsourcing of ground handling duties at dense, strategically important locations by major airlines presents the biggest opportunity to grow our earnings in the industry and we will channel our investment appropriately.

In Distribution it emerges in our 'Sustain cash generation' priority. Maintaining a highly cash-generative Distribution Division will fuel our investment both in the hub and base airports of our Aviation Division and the parcel/fulfilment logistics opportunities which emerge in the UK.

Our strategic approach has 5 consistent facets across both of our Operating Divisions.



OUR STRATEGY IN ACTION

A NEW INTERNATIONAL CONTRACT

DEEPENED PARTNERSHIP WITH NORWEGIAN AIR SHUTTLE AT COPENHAGEN AND OSLO

In 2015 Menzies Aviation deepened its existing partnership with Norwegian Air Shuttle ("Norwegian") by agreeing a new 7 year contract. The deal saw us continue to provide services at Gothenburg, whilst taking on Norwegian's business in Oslo and Copenhagen.

This contract led us to open a new station in Copenhagen and to upscale our Oslo operation significantly but was especially notable for the confidence shown by Norwegian in our capabilities. Menzies Aviation now handles 52,000 turns annually for Norwegian, which equates to 46% of its traffic in its home market of Scandinavia.

DELIVERING OUR STRATEGIC PRIORITIES

Customer ethos

Investment in our relationship with a customer like Norwegian is crucial to securing agreements of this strategic importance and longevity.

Growth agenda

Oslo is Norwegian's home base and key hub airport within Europe. Winning a contract to serve the airline there is a hallmark achievement in our growth strategy of pursuing hub and base airports.

"WE'VE BEEN IMPRESSED WITH THE QUALITY, CONSISTENCY AND COST-EFFICIENCY OF MENZIES AVIATION'S SERVICE THROUGHOUT THE YEARS OF OUR PARTNERSHIP. THE STRENGTH OF THAT OFFER MADE IT EASY TO TRUST THEM WITH SOME OF OUR KEY NORDIC LOCATIONS, AND WE'RE HAPPY TO HAVE REACHED THIS MILESTONE AGREEMENT."

Bjorn Erik Barman-Jenssen
SVP Ground Operations,
In-flight Services & Cargo
Norwegian Air Shuttle

46%	7
OF NORWEGIAN'S GROUND HANDLING IN SCANDINAVIA	YEAR CONTRACT AGAINST AN INDUSTRY STANDARD OF 3 YEARS

DELIVERING OUR STRATEGIC PRIORITIES

Optimised investment

Wakefield now handles magazine supplies for approximately 9,000 customers from a single site, maximising our return on property and packing equipment.

Growth agenda

The economies of scale realised at Wakefield will help us sustain the cash-generative nature of our logistics business, supporting the Group's development.

"THE SCALE OF THE WAKEFIELD OPERATION AND THE TASK OF BUILDING IT IS UNLIKE ANYTHING THAT HAS COME BEFORE IT IN THE UK NEWS WHOLESALING MARKET. THE COMMITMENT OF THE DRIVERS, MANAGERS AND STAFF I MET ON A RECENT VISIT, AND THE PROCESSES PUT IN PLACE BY THE LOCAL TEAM, ARE PLAYING A SIGNIFICANT ROLE IN THE SERVICE IMPROVEMENTS SEEN BY MY READERS IN THE PAST FEW MONTHS."

Chris Gamm
Editor, Retail Newsagent

CREATING A MAGAZINE SUPER HUB

NEW LEVEL OF EFFICIENCY AT OUR LARGEST FACILITY

In September 2015 Menzies Distribution completed the consolidation of its magazine packing process across the North of England into a single 'super hub' facility based in Wakefield.

Hub depots in Chester, Preston, Sheffield and York transferred their management functions, daytime packing activities and responsibility for spoke branches into Wakefield over a period of 3 months, in the process becoming spokes themselves. The new Wakefield facility now handles 4.2 million magazine copies per week.

Whilst hub depots would previously act as packing centres for major conurbations, feeding magazine parcels to their spokes, our new generation of super hubs serve entire regions; supplies for our entire UK territory are packed from just 3 locations.

4.2m	186,900
MAGAZINE COPIES PACKED WEEKLY IN WAKEFIELD	MILES DRIVEN WEEKLY BETWEEN WAKEFIELD AND ITS SPOKES

BUILDING GLOBAL PARTNERSHIPS

NINE AIRPORT DEAL VINDICATES INVESTMENT IN CUSTOMER RELATIONSHIPS

In August 2015, Menzies Aviation secured a substantial renewal of its cargo business with Thai Airways, bringing together 9 airport locations in a co-ordinated deal. Renewals of 3 years were agreed for London Heathrow, Bangalore, Hyderabad and Macau, with 5 contracts extended through to 2019 in Sydney, Brisbane, Melbourne, Perth and Auckland.

The extensions in Oceania were part of a wider strategy of securing cargo business in this region on a longer term basis, whilst the renewal at London Heathrow will see Menzies working in partnership with Thai Airways to handle increased cargo volumes due to a significant enhancement in flight capacity.

DELIVERING OUR STRATEGIC PRIORITIES

Focus on key customers

Cementing our relationships with key customers and agreeing multi-station deals is a key part of our growth strategy.

"WE HAVE AWARDED MENZIES CARGO HANDLING CONTRACTS FOR 9 MAJOR AIRPORTS AND OTHER OFFLINE STATIONS, BASED ON THEIR CONSISTENT PERFORMANCE AGAINST THAI STANDARD SERVICE LEVEL AGREEMENTS OVER SEVERAL YEARS."

Sanguan Haisoke
Director, Thai Cargo

59,000
PROJECTED ANNUAL CARGO TONNAGE WITH THAI

10%
OF THAI'S TOTAL GLOBAL CARGO TONNAGE

DELIVERING OUR STRATEGIC PRIORITIES

Customer ethos

Our relationship with United, a key customer in the USA, will be an important element of our future in the region.

Growth agenda

Denver is an archetypal example of the regional hubs we are targeting for future growth.

"I'M INCREDIBLY PROUD OF THE WAY OUR TEAM HAS TACKLED THIS HUGE CHALLENGE – AND OF THE SUCCESS IT HAS ACHIEVED."

Forsyth Black
Managing Director and President
of Menzies Aviation

DEMONSTRATING HUB CAPABILITIES

FAST, SMOOTH IMPLEMENTATION AT DENVER SHOWS OFF OUR STRENGTHS

2015 marked the first full year of operation at our hub airport operation in Denver and a notable success for our team in the Americas who established, stabilised and began delivering exceptional service for our customer, United Airlines, within a tight timeframe.

Our contract commenced in December 2014 and throughout 2015 Menzies Aviation handled 81,000 aircraft turns at Denver on United's behalf.

Measured against the performance of United's previous ground handling service in 2014, our team reduced aircraft damage incidents by 60%, enabling the airline to deliver an improved service experience to more than 3 million passengers who travelled with them through Denver in 2015.

Our performance in Denver underlines the offer Menzies Aviation presents to major airlines in the United States: a sophisticated, efficient, quick-to-implement alternative to traditional ground handling models at their pivotal hub airports.

81,000
AIRCRAFT TURNAROUNDS IN DENVER

450
EMPLOYEES

HOW WE MEASURE OUR DELIVERY

We measure and track our performance against a set of key performance indicators ("KPIs") relevant to our core activities. A diverse range of statistics has been selected to ensure that a balanced view of our operations and their success can be formed.

OPERATIONAL DELIVERY

Ensuring excellence

We seek to operate safely and securely, maintaining a consistently high quality of service and skilled workforce. Our operational KPIs track the extent to which we have met this goal.

SAFETY & SECURITY

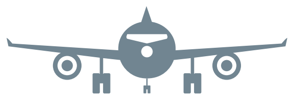
Employee injuries per 100 full time equivalents

0.28

2014: 0.15
2013: 0.18

Why we measure this
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 to keep injuries to a minimum.

Aircraft damage per 1,000 turns



0.06

2014: 0.05
2013: 0.05

Why we measure this
Aircraft damage per 1,000 turns underpins our quality service provider reputation and ensures we maintain an industry leading position in safety and service delivery. Insurance costs are also monitored and controlled.

MEASURING OUR GROWTH DRIVERS AND DELIVERING FUTURE VALUE

Delivering profitable growth

We aim to consistently grow the scale and profitability of our Operating Divisions. These metrics give the clearest visibility of our success in this area.

Aircraft turnarounds

1,190,370 turns

2014: 1,100,789 turns
2013: 954,924 turns

Why we measure this
Ground handling is a growing, dynamic marketplace. We monitor aircraft turns to ensure Aviation is growing both on a like-for-like and absolute basis.

Aviation turnover growth

6%

2014: 9%
2013: 5%

Why we measure this
We are committed to growing our Aviation Division. Absolute revenue growth within the Division is therefore a key metric.

Improvement on last year

Decline against last year

PEOPLE & INTEGRITY

Employee turnover

44.2%
2014: 49.7%
2013: 39.3%

Why we measure this
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.

EFFICIENCY PROCESSES & CONTROLS

Employee hours per turn – Aviation

27.6 hours
2014: 28.8 hours
2013: 29.6 hours

Why we measure this
Narrow-bodied aircraft account for over 85% of all aircraft turns within Aviation – and the average number of employee hours invested to perform each one is a critical measure of how efficiently we operate.

CUSTOMER SERVICE

On time performance – Distribution

96.5%
2014: 97.1%
2013: 97.6%

Why we measure this
This measurement allows us to measure 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.

Operating margin – Aviation

3.1%
2014: 4.1%
2013: 5.2%

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

Contract renewal rate – Aviation

79.1%
2014: 72.6%
2013: 89.1%

Why we measure this
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.

Total shareholder return ("TSR") v FTSE250 over 3 years

-82%
2014: -50%
2013: +33%

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

A FUNDAMENTAL PART OF OUR STRATEGY

Risk identification, evaluation and mitigation are key to our success and the promotion of long-term shareholder value.

Identifying and Managing Risk

The Board has a proactive approach to recognising and mitigating risk. Its aim is to protect our employees and customers whilst safeguarding the interests of the Company and its shareholders. Both our Operating Divisions function in fast-moving, time-critical environments and risk identification and mitigation are key to our success.

During 2015 a central Risk function, encompassing Health and Safety, Insurance, Security and Audit and Compliance, was formed. The Board recognised the need for a higher profile Risk function independent of the Operating Divisions as it looked to take our risk management approach to a new level. This centralisation of existing, disparate functions has led to a more standardised approach and raised the profile of risk throughout the Group. As a direct consequence the risk appetite of the Group has an increased level of scrutiny and all investment and operational decisions have risk profiling at their core. This allows the Board to have a risk-based approach to all financial investment applications.

The Group has policies and procedures in place to ensure that risks are properly identified, evaluated and managed at the appropriate level within the Divisions. The identification of risk and opportunities, the development of action plans to manage the risks and maximise the opportunities, and continual monitoring of progress against agreed KPIs are both integral parts of the business process and core activities throughout the Group.

Principal Risks and Uncertainties

The table on pages 24 and 25 of this Annual Report and Accounts 2015 details the principal risks and uncertainties which faced the Group at the end of 2015 and which continue to do so. These have been subject to robust assessment and review. They do not comprise all of the risks which the Group may face nor are they listed in order of priority. Comprehensive risk registers are compiled by the central Risk team, reviewed on a six-monthly basis by the Audit Committee and reported to the Board. The risks are viewed objectively during each review and scores amended accordingly to take account of factors such as external threat, changes to operating environments and major change projects. The risk landscape is designed to be a key business tool to allow informed decisions to be made whilst taking cognisance of the risks which may exist.

In accordance with the provisions of the UK Corporate Governance Code (September 2014), the Board has taken into consideration the principal risks in the context of determining whether to adopt the going concern basis of accounting and in assessing the prospects of the Company for the purpose of preparing its Viability Statement. The Going Concern and Viability Statements can be found on pages 34 and 35 of the Strategic Report contained within this Annual Report and Accounts 2015.

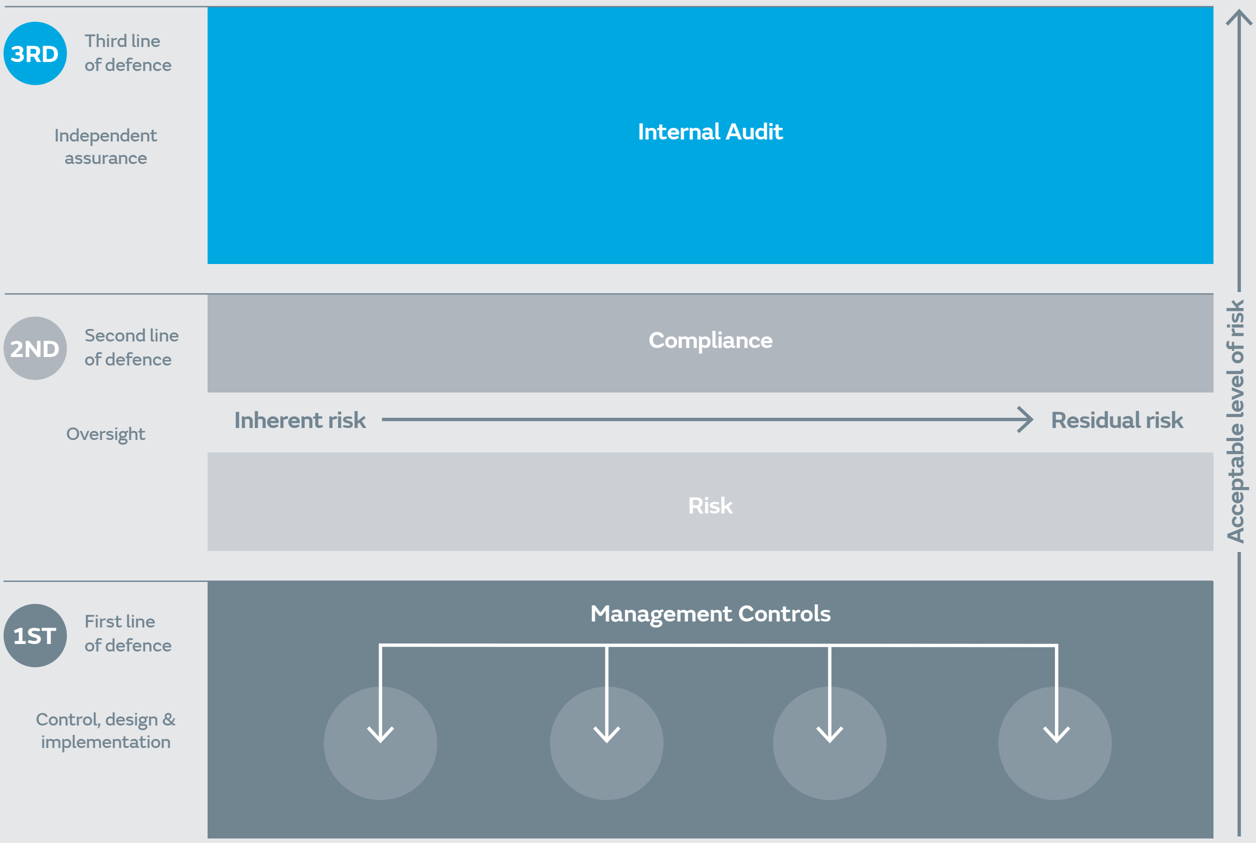
The Group faces a number of operational risks on an ongoing basis such as security and safety together with wider risks such as litigation, environmental and reputational. Our risk profile continues to evolve and we strive to constantly improve our risk processes and functions. All risks disclosed in our previous Annual Reports and Accounts can be found on the Company's website at www.johnmenziesplc.com. It is important to highlight that certain of these risks remain and continue to be monitored closely.

Developing the Viability Statement

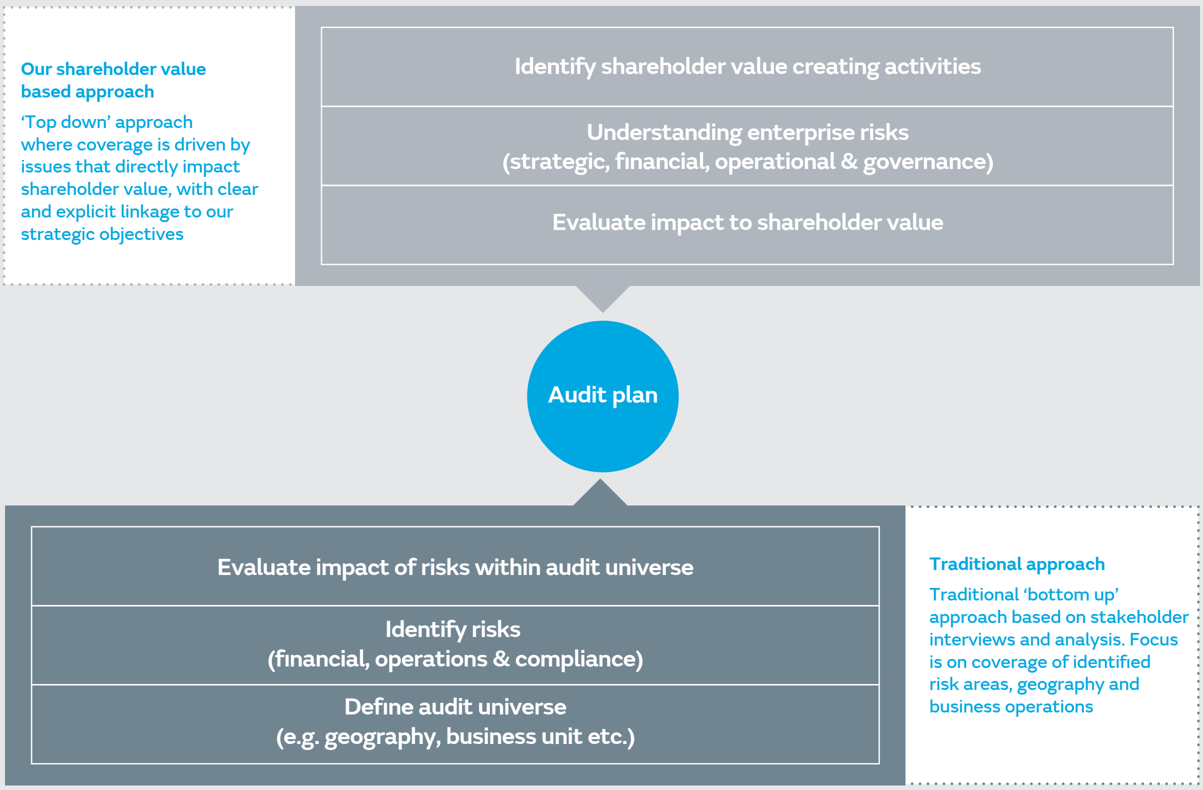
In developing our Viability Statement it was determined that a 3 year period should be used, reflecting the typical lifespan of outstanding customer contracts and consistent with the period of the Group's business planning process. Management has reviewed the key risks and considered which of these might threaten the Group's viability.

In association with representatives from the Finance, Risk, IT, Insurance, Operations and Legal functions, an exercise was undertaken to estimate the financial impact of plausible but unlikely downside scenarios associated with these risks. This was modelled over the 3 year period. It was determined that none of the risks, both individually or in combination, would compromise the Group's viability. As set out in the Audit Committee Report on pages 53 to 57 of this Annual Report and Accounts 2015 the Directors reviewed and discussed this approach.

Risk Management Framework



Approaches to Risk



KEY RISKS

Risk and uncertainty have the potential to hinder progress toward the Group'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 which the Board believes most significant, together with the activity which we undertake to mitigate them.

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.	Changing consumer behaviour 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 diversify our logistics offering.
INCREASED LABOUR COSTS		
Our businesses rely on our people. Wage inflation is prominent in many of the territories in which we operate. There are a number of initiatives in the UK and other countries to improve wages which could impact our businesses.	An inability to pass on statutory increases to our customers could materially impact profitability e.g. the UK national living wage.	Contracts with customers increasingly contain clauses which specify statutory wage increases. We also continue to evolve our operating model to optimise our cost base.
PRICE OPTIMISATION IN CONTRACT RENEWALS/CONTRACT TENDERING		
Failure to negotiate existing contracts at acceptable rates or to successfully win new contracts on terms which achieve the Group's internal rate of return and risk profile threshold criteria.	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.
EMPLOYEE TRAINING		
The risk that employees are not trained or re-trained to mandated levels to adequately carry out standard operating procedures.	Inadequate delivery of training and recurrent training results in the risk of employee injury, poor productivity, poor customer service and the likelihood of a vehicle or aircraft damage incident.	A focus on training through increased resource and training delivery specialists. An increase in standard e-learning packages which allow efficient delivery of training and ease of record-keeping. We now also include training compliance as part of the monthly self-certification process. Training is also one of the key pillars in our '8 Pillar' audit programme.
GLOBAL ACT OF TERRORISM		
The risk that a global terrorism event could materially affect the airline industry and the number of aircraft flights is significantly reduced for a period of time.	A global act of terrorism could lead to a significant loss in revenue as flights would be grounded and air cargo would not be transported.	Ground handling cost base is flexible and could be flexed to assist in mitigating the expected financial impact.
SECURITY BREACH		
The 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 could 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 the M.O.R.S.E. intranet-based safety and security monitoring system which provides consistent and regular reporting.

RISK AND DESCRIPTION	IMPACT	MITIGATING FACTORS
HEALTH & SAFETY		
The 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 at Operating Boards and these are the first agenda item at Board meetings of John Menzies plc. Continual analysis of accidents allows trends to be identified and prompt action taken.
ADHERENCE TO STANDARD OPERATING PROCEDURES		
Within Aviation the adherence to internal standard operating procedures and airline regulations is vital to ensuring aircraft damage is kept to a minimum.	A poor safety record could result in increased operating costs including punitive and compensatory charges together with increased insurance rates. Ultimately it could result in the loss of customer contracts.	Industry leading safety systems are utilised. Our internal M.O.R.S.E. system is at the heart of all our operations. Safety and security are the number one priority at every station and are never compromised.
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. Aviation and Distribution operate their own IT platforms, with each platform critical to the running of the Division.	A serious IT outage for a limited period of time could have both an operational and reputational impact.	Heightened security has been provided with the outsourcing of our physical hardware data centres during 2015. New plans to mitigate cyber-attacks have been put in place through our Project Watertight initiative. Disaster recovery plans exist and are reviewed periodically.
INADEQUATE HUMAN RESOURCES		
As the Group expands it is important that sufficiently 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.	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 and the Board annually reviews such plans for senior management and Executive Directors. Structured development programmes are in place which are aimed at identifying and developing key employees and salaries and benefits are benchmarked to ensure they remain competitive with market standards.
The risk that the Group does not have adequate succession plans in place for key management roles or is unable to retain key employees due to a lack of appropriate developmental opportunities.	Our brand loyalty could be impacted and a competitive disadvantage could arise if we are unable to retain internal candidates to occupy key roles as they become available or we lose individuals with the requisite in depth knowledge and expertise and due to a lack of career opportunities.	

FOCUSED ON PROGRESS

Ground Handling

Aviation growth was underpinned by strong cargo volumes and the positive effect of ground handling hub wins in North America and Scandinavia in the last 15 months. Constant currency turnover was up 6% to £782.9m, while underlying operating profit was £6.0m lower at £24.2m reflecting the operational issues at London Gatwick and prior year contract losses in South Africa.

Outside of the UK the ground handling business continued to expand. Contracts were won and key hub operations, where increased scale drives higher returns, all performed well.

Overall we handled 1.2 million flight movements in 2015, up 5% on a like-for-like basis. Over 500,000 movements were in the Americas where the year-on-year increase was 20% reflecting the new hub contracts won in late 2014 and continued organic expansion.

Net ground handling contract wins totalled 53, adding some £48m of annualised revenue which was less than experienced in 2014 and will therefore drive earnings growth in 2016 to be more weighted to the second half.

The biggest gain was Norwegian Air Shuttle's hub in Oslo and its major base in Copenhagen. Both operations started in April 2015 and have been successful. Since 2011 we have grown our relationship with Norwegian and now handle some 52,000 flights in 11 locations. Our relationship with United Airlines in the USA was expanded in 2015 with the award of new base operations in Lubbock, Cincinnati, Tucson and Wichita. These wins are the result of an excellent performance at United's hub operation in Denver. In 2016, we will handle some 126,000 flights for United from 34 locations.

Securing our existing customers remains our primary objective and key renewals during 2015 included Singapore Airlines across 4 locations in Oceania and the Star Alliance airlines and Qantas at London Heathrow.

The Qantas renewal underpins the recovery at Heathrow with revenues secured through to late 2017 and beyond. Overall we renewed 40 ground handling contracts securing £71m of annualised revenue.

Overview: Ground Handling

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.

Operating at 140 stations in 31 countries and supported by a worldwide team of approximately 19,000 people, we serve over 500 airline customers whilst handling around 1.2 million flights per annum. Within the North American market we also operate under the Simplicity USA brand, a proposition tailored to the needs of the region's narrow-bodied aircraft operators.

The Menzies team supports millions of passengers each year on behalf of our airline customers, from the check-in desk to the runway. With a menu which includes issuing tickets, handling baggage, boarding passengers and towing planes, we aim to be the partner of choice for the world's leading airlines.

1.2m

TURNS ANNUALLY

140

GROUND HANDLING STATIONS WORLDWIDE

2015 Highlights

- Focus on operational excellence throughout 2015 has driven standardisation and increased productivity in our ground handling business.
- Our relationship with United Airlines was strengthened with the award of base airports in Cincinnati, Lubbock and Tucson.
- Successfully started a new 7 year contract with Norwegian Air Shuttle at their home hub airport in Oslo and their base operation in Copenhagen.

In the UK significant issues were encountered at London Gatwick where increased labour costs, incurred in order to maintain contractual service levels, resulted in £6m of lost earnings. The contractual position has now been resolved and we do not anticipate any further issues. Within the rest of the UK service levels are being improved through operational excellence programmes that have been put in place to ensure a return to standards delivered elsewhere in the network.

The opportunities pipeline remains strong in ground handling and with a developed commercial approach in place we are confident that we will make further progress in 2016. Our priority will be to continue to focus on adding scale customers that allow us to achieve station density and drive earnings growth. In addition, we will continue to focus on service delivery that is underpinned by robust IT systems and programmes of continued improvement.

Cargo Handling

Our cargo business had another strong year with continuing margin improvement. Our recent focus on delivering service in markets that are not over supplied and where sensible returns can be generated is proving successful. Whilst the portfolio is performing well we continue to review our options at certain locations where the market dynamics are less favourable.

The contracts secured in late 2014 with KLM/Air France in Canada performed well, as did our US locations with Los Angeles in particular having a strong year. Overall we handled some 1.7 million tonnes of cargo, an increase of 3% on the previous year.

During 2015 we were net winners of 8 cargo handling contracts and renewed a further 28 which represents £34m of annual revenue. The largest renewal was with Thai Airways across 5 locations in Australia and New Zealand. We further strengthened our good relationship with Thai Airways, renewing our contract at London Heathrow until 2018.

The Oceania region is our strongest cargo foothold and was extended by the gain of Virgin Australia's business.

This win is our first in the Australian domestic cargo market and from October 2015 we now handle Virgin Australia in 4 locations.

In Continental Europe we are experiencing reduced cargo volumes as freighter planes decline in Amsterdam, creating a headwind for 2016.

Elsewhere in cargo handling we are seeing a move by the international carriers to develop more global relationships. Our position as a global player who consistently drives innovation in systems and safety ensures we are well placed to prosper from such initiatives. During 2015 and after an extensive audit process, we were pleased to secure preferred supplier status with both Cathay Pacific and Etihad. As we move into 2016 we are in a good position to develop these relationships.

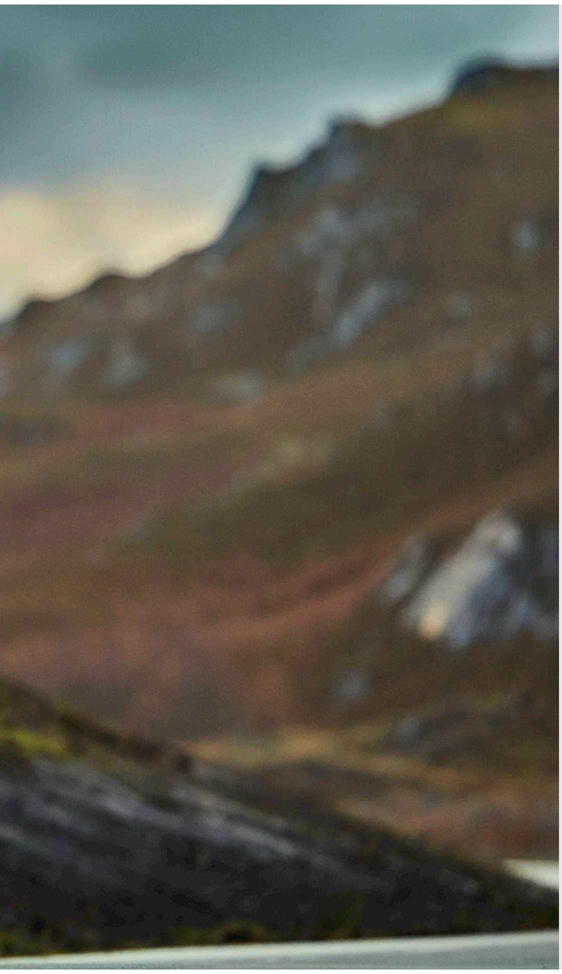
AMI, our global cargo consolidation and forwarding company, continues to perform well. The North American and South Pacific regions in particular have led the business in extending the traditional airfreight wholesale model to include the growing international e-commerce traffic.

The broadening of our complementary services continues to be a focus. Progress was made through increased de-icing activities in Europe and line maintenance facilities in New Zealand. We will continue to review our options and expand where appropriate into these typically higher margin activities.

Logistics

Distribution outperformed Management's expectations in 2015, with underlying operating profit increasing to £25.1m (2014: £24.0m). This trading performance benefited from impressive cost savings which offset the impact of World Cup stickers in 2014 and the decline in print media revenue. The network rationalisation programme has been completed and delivered to schedule, supporting future cost saving plans.

Sales of newspapers during the period were 3% down on an absolute and a



Overview: Logistics

Menzies Distribution operates logistics and fulfilment services across the UK from a network of 4 large hubs and 29 smaller spoke depots.

A team of over 3,500 people and a fleet of approximately 1,600 vehicles are employed 364 days a year to deliver our hallmark time-critical delivery services.

Our traditional clients originate in the print distribution supply chain and remain core to the business; in recent years, however, we have diversified our operations to serve the fast-growing e-commerce sector, acting as a neutral consolidator for the UK's major parcel networks and a collection service for e-retail exporters. Allied to our online fulfilment business, Menzies Response, these evolving portfolios and capabilities place us in a strong position to benefit from the growth of digital shopping.

110m
UNITS DELIVERED ANNUALLY

135,500
MILES DRIVEN EVERY DAY

2015 Highlights

- Volume decline within print media business fully mitigated.
- Diversification into e-commerce fulfilment market has gained traction, with two acquisitions completed.
- Completion of branch rationalisation optimises physical structure for the future.

like-for-like basis. We benefited from cover price increases in the second quarter and from successful contract wins which led to the introduction of newspapers and magazines to new retailers.

Sales declines of 4% across magazine categories on an absolute and a like-for-like basis were an improvement on 2014 helped by price increases, new launches, tie-ins to successful movies and one-off events such as the birth of the Royal baby and the general election in the UK.

Our network rationalisation programme has been successful and was delivered on time and on budget. The current footprint now represents a step change in how we conduct our business. From 3 super hubs (Linwood, Wakefield and Maidstone) some 25,000 magazine and newspaper customers are served. Magazines centrally packed are then trunked to our satellite network of spoke branches where they are married with the overnight newspaper operations and delivered on time to retailers 364 days a year.

Our gradual expansion into the UK parcel market, primarily as a neutral consolidator, continues successfully. During 2015 we acquired AJG Parcels Limited ("AJG") for £7.5m. AJG handles around 2 million parcels per annum in the Scottish Highlands and Islands. Following this we acquired Oban Express Parcel Service Limited, a complementary business to AJG, and since the year end have also acquired Thistle Couriers Limited, an Aberdeen-based parcel business that handles over 1,000 parcels per day. All 3 businesses now form Menzies Parcels which employs some 240 employees and handles over 2.8 million parcels per annum. Menzies Parcels is establishing a niche in the growing UK e-commerce fulfilment market and we will look to build our position going forward.

Our trucking business expanded during 2015 with new contracts, most significantly from wnDirect, Card Factory, WHSmith and B2C Europe. wnDirect, as an example, is an international e-commerce delivery business and we have been appointed

to collect packaged orders from its retail customers and deliver these to processing centres in Derbyshire and Kent. These contract gains represent further steps to utilise our existing property and vehicle assets during daylight hours using our proven track record for a fast and effective logistics solution.

The new UK national living wage legislation commences from April 2016 and mostly affects our Distribution business. The additional cost in 2016 is estimated to be £2.5m and we expect to substantially mitigate this increase with a number of improvement initiatives. This cost increase headwind is likely to prevail thereafter.

Group Operational Improvements

As our marketplace evolves we are committed to remaining at the forefront of innovation and safety. During 2015 we commenced a programme to upgrade our platforms to ensure our business is ready for the next stage of growth. Standardisation and consistency are the fundamentals to success and to ensure these fundamentals are achieved, we have consolidated a number of Divisional functions such as IT, Human Resources, Safety and Security and Audit and Compliance into the centre. This move, whilst also giving the benefit of cost optimisation, has also allowed a common strategy to be followed.

Within our IT function we have completed the outsourcing of our IT data centres at both Divisions, moving to a single Group solution with SunGard which is working well. Within Aviation we have invested in systems to ensure our teams have all the necessary tools to deliver high quality and efficient service to our customers. An investment in WorkBridge, a real-time management system, will allow our operators to run stations at the optimum level, with the flexible allocation of staff to suit flight timetables and to react to off-schedule activity.

We have also invested in our customer offering with a new central Commercial function which allows us to target our key customers in a more structured

Overview: Cargo Handling

Our cargo handling operation runs 33 facilities around the world which 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.

In our cargo forwarding business, Air Menzies International ("AMI"), we offer a different service: neutral air-freight wholesaling.

AMI does not offer freight-forwarding services directly to shippers and hence it does not compete with its customers for their shipper business. Rather, AMI works with the world's airlines and integrators to purchase and sub-retail space in aircraft holds, allowing customers to benefit from AMI's buying power, its ability to consolidate multiple shipments and airlines' latest spot rates.

1.7m
TONNES OF CARGO HANDLED ANNUALLY

486,000
CUSTOMER BOOKINGS IN 2015

2015 Highlights

- Continued strong performance driving margin growth.
- Emergence of global relationships strengthens the business order book.
- Key contract win secured in Oceania and new facilities in Canada.

and global way. We believe this investment will pay back as we deepen customer relationships and ultimately win more contracts.

Outlook

The Group continues to progress, with focus on both growth and reshaping the existing business. Since the 2015 year end we have completed the acquisition of Renaissance Aviation Limited, the sole provider of ground and cargo handling services to a number of international airlines in Bermuda and Thistle Couriers, as detailed previously. The profile of recent new business wins and our improving pipeline in Aviation indicates a greater second half weighting than usual.

We continue to anticipate opportunities arising from the aviation services market in North America. In line with our strategy, we will pursue opportunities that drive additional revenue streams from complementary services. Across the business we will continue to seek both organic and acquisition opportunities as we look to build scale in our growth markets.

We are well placed to benefit from future cost efficiencies as the rationalisation of our Distribution network delivers to plan although the implementation of the UK national living wage will represent a challenge for the business. We will continue to pursue e-commerce opportunities to increase our footprint as a neutral consolidator in the growing parcel and fulfilment markets.

We continue to execute against our strategy and remain confident in delivering long-term shareholder value.

CREATING A ROBUST PLATFORM

Paula Bell
Chief Financial Officer

Reshaping for Growth
Creating a solid platform to grow our business has been a key focus in the year. Another year of impressive cash conversion at 110%, maintains a strong balance sheet. Our rationalised Distribution network programme concluded in the year has driven good cost savings. A new operational excellence agenda for Aviation is underway.

+6%

INCREASE IN UNDERLYING AVIATION TURNOVER

During 2015 we performed a strategic refresh of both our Divisions, Aviation and Distribution. Much progress has been made and in particular with our plans to diversify away from distribution of newsprint, which has declining volumes, into the growing e-commerce logistical delivery market.

Acquisitions to support growth in this new market included AJG Parcels Limited and Oban Express Parcel Service Limited during 2015 and, in early 2016, a further acquisition of Thistle Couriers Limited has been completed, providing opportunity for scaling our services in hard to reach areas. This strong progress has been offset disappointingly by operational challenges in Aviation at London Gatwick which have now been resolved. The impact was material and reduced Aviation and therefore Group earnings. The remainder of the global network has progressed and delivered to plan, with particularly strong growth in North America resulting from hub and base wins which are performing well.

The Group's turnover was £1,993.3m (2014: £1,999.9m). Underlying profit before tax fell to £38.2m (2014: £44.6m) largely as a result of the decline in profitability in Aviation. The decline in underlying profit before tax had a consequential impact on our underlying earnings per share which decreased to 42.7p (2014: 49.2p). Profit before tax was £18.2m (2014: £25.7m).

On a constant currency basis Group turnover was up 1% at £2,029.3m (2014: £1,999.9m) with underlying operating profit £5.0m lower as expected at £46.0m (2014: £51.0m).

Implementation of the Group's strategy is on track as we look to simutaneously drive growth and reshape the business.

Growth in Aviation was underpinned by strong cargo volumes and the positive effect of ground handling hub wins in North America and Scandinavia in the last 15 months. Turnover was up 6% to £782.9m, while underlying operating profit was £6.0m lower at £24.2m reflecting the operational issues at London Gatwick and prior year contract losses in South Africa.

Distribution outperformed Management's expectations in the year, with underlying operating profit increasing to £25.1m (2014: £24.0m). This trading performance benefitted from impressive cost savings which offset the impact of World Cup stickers in 2014 and the decline in print media revenue. The network rationalisation programme has been completed and delivered to schedule, supporting future cost saving plans.

Finance Cost

The net underlying finance charge in the year was £6.5m (2014: £6.4m). The level of cost reflects similar year on year levels of debt and effective rates of interest.

Exceptional and Other Items

Rationalisation costs of £3.5m in the year substantially related to the completion of our planned programme to streamline Distribution's network and operations. The costs to develop our strategic plans and to restructure the organisation have been £1.7m; and we incurred £0.6m of acquisition related exceptional costs. Non-cash costs of £4.7m were incurred in May 2015 relating to the impairment of assets after being unsuccessful in renewing our ground handling operating licences in Spain.

Taxation and Earnings Per Share

As a multinational business the Group is liable for taxation in multiple jurisdictions around the world. Our underlying tax charge for the year was £12.2m (2014: £14.4m), representing an effective underlying tax rate of 32% (2014: 32%).

Underlying earnings per share were 42.7p (2014: 49.2p), directly impacted by the reduction in profits. Earnings per share were 16.5p (2014: 22.7p) additionally affected by non-recurring items.

Defined Benefit Pension Scheme

As at 31 December 2015, the Scheme showed a deficit of £43.4m (2014: £59.0m) a decrease of £15.6m, largely reflecting ongoing employer contributions and an increase in the discount rate applied to the scheme liabilities. The Trustee's latest triennial actuarial valuation was completed at 31 March 2015 and the Trustee and the Company have agreed a long-term funding plan which results in additional annual contributions of £10.7m rising up to 2025 with the higher of inflation and change in dividends, the latter only when exceeding 2013's level. This represents an annual cash saving of around £1m compared with the previous arrangement.

Cash Flow and Investment

Investments in the year included £9.9m for the earn-out payment relating to the Orbital Marketing Services Group and initial investments of £6.8m for the acquisitions of AJG Parcels and Oban Express. Operating cash flow was £64.8m (2014: £74.0m). Working capital management has been very strong again in 2015 and remains a key focus for the business. Free cash flow at £31.7m was £1.7m higher than 2014. Net capital expenditure totalled £20.3m (2014: £30.1m).

Treasury

The Group continues to operate on a strong financial footing. We benefit from a robust balance sheet built from strong operating cash flows across our Divisions. At the end of the year net debt was £123.2m (2014: £110.9m), reflecting £16.8m spend on acquisitions.

Our net debt to EBITDA ratio was 1.8 times and interest cover was 8.8 times at 31 December 2015, well within our covenanted levels. Furthermore, we have £64.3m of undrawn committed bank facilities.

The majority of Menzies Aviation's stations are located outside the UK and operate in currencies other than

Strong performances at our recently established hub stations in North America have been a highlight for Aviation.

Cash Flow

	2015 £m	2014 £m
Underlying operating profit	44.9	51.0
Depreciation	21.0	20.2
Dividends from associates and joint ventures	6.5	6.4
Working capital	(2.2)	2.0
Net pension movement	(0.3)	(0.6)
Non-cash items	(5.1)	(5.0)
Operating cash flow	64.8	74.0
Net capital expenditure	(20.3)	(30.1)
Net interest paid	(5.1)	(5.7)
Tax paid	(7.7)	(8.2)
Free cash flow	31.7	30.0
Equity and non-controlling interest dividends paid	(8.0)	(17.1)
Additional pension payment	(11.6)	(11.4)
Net acquisitions	(16.0)	(2.2)
Cash spend on exceptional items	(8.5)	(5.2)
Net spend on shares	–	(0.9)
Total movement	(12.4)	(6.8)
Opening net debt	(110.9)	(103.5)
Currency translation	0.1	(0.6)
Closing net debt	(123.2)	(110.9)

+6%

INCREASE IN FREE CASH FLOW

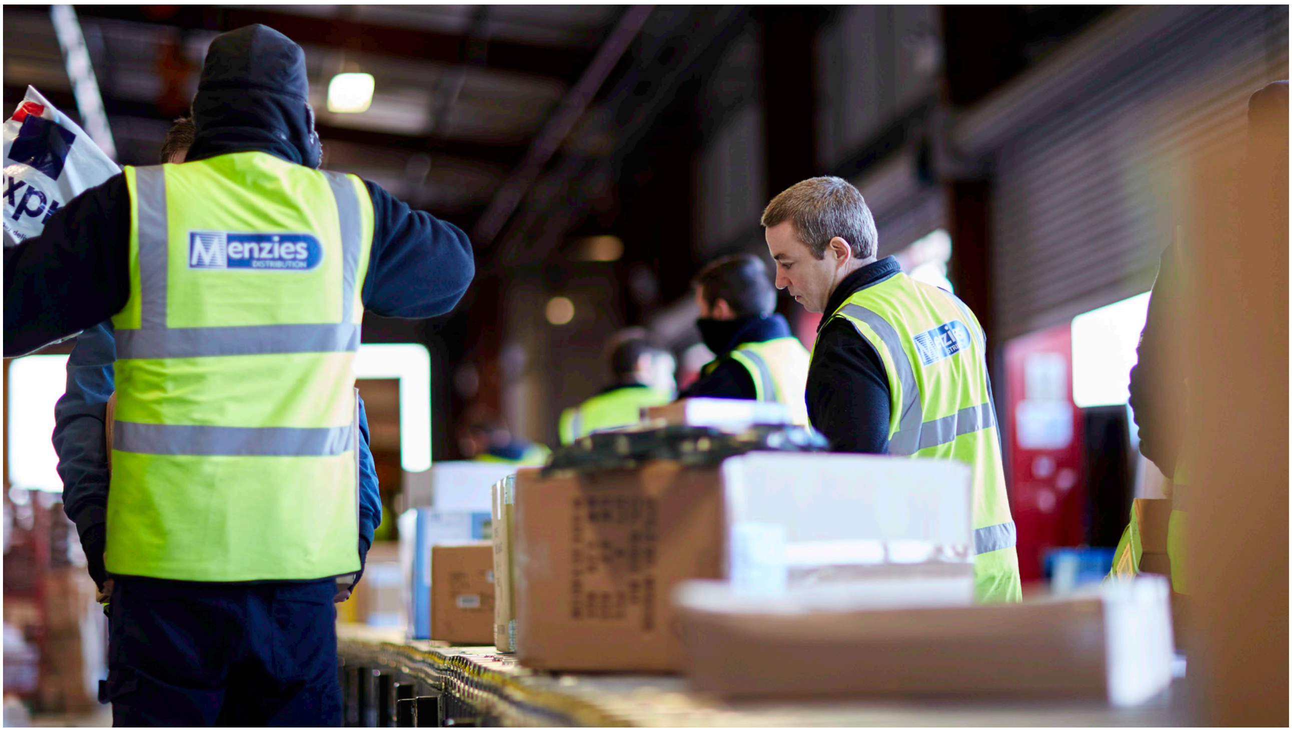
Sterling. The Group attempts to minimise the volatility of transactional foreign exchange as far as possible by using foreign exchange forward contracts. The translation of profits from overseas trading entities is not hedged and as a result the movement of exchange rates directly affects the Group's reported results. In the year, adverse movements in other European currencies and the Australian dollar were partly offset by a favourable movement in the US dollar.

Going Concern

The Group's business activities are set out on pages 2 and 3 and the principal risks impacting these activities are set out on pages 24 and 25. The Group's financial position and cash flows are set out on pages 91 to 94 along with an analysis of its borrowings in Note 23 on page 131. As regards going concern, the Directors have considered market and gearing risks. Sensitivities to capital and liquidity risks are set out in Note 17 on pages 126 to 127 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.

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.



Our acquisitions of AJG Parcels and Oban Express have established a strong foothold in the UK parcel market.

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code (September 2014), the Directors have assessed the prospects of the Group over a period of 3 years. The Directors believe this period to be appropriate because the average length of the Group's customer contracts is approximately 3 years and the Group's planning cycle covers a 3 year period.

As detailed on pages 22 to 25 of this Annual Report and Accounts 2015, the Board monitors and assesses the risks and uncertainties faced by the Group. This includes a consideration of the principal risks and material uncertainties facing the Group, including those that would threaten its business model, future performance or solvency. During 2015 this process included a detailed strategic review of both Aviation and Distribution and a detailed 3 year planning process.

For the purpose of assessing the Group's viability, the Directors focused their attention on the principal risks that are critical to the Group's success. These are risks concerned with changing consumer behaviour, increasing employee costs, contract renewals, contract tendering, global act of terrorism, security breach and adherence to standard operating procedures. Each risk and its impact and mitigation is set on on pages 24 and 25 of this Annual Report and Accounts 2015.

Other than in the event of a catastrophic large aircraft incident over a populated area, none of the plausible events in isolation or in combination would prevent the Group from continuing to operate and meet its liabilities as they fall due over the period of assessment of 3 years. In the case of such a catastrophic aircraft incident, the Group would seek to manage the timeframe in which any liabilities arose in order to continue in operation.

As a result, the Board confirms that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of assessment of 3 years.

Dividend

The Board wishes to follow a progressive policy to increase dividends over time. Accordingly, the Board has proposed a final dividend of 11.8p per share which is payable on 1 July 2016 to all shareholders on the Company's Register of Members at 27 May 2016. The total (paid and proposed) dividend for the year is 16.8p per ordinary share up 4% from last year (2014: 16.2p per share).

RECOGNISING OUR RESPONSIBILITIES

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 central to our corporate culture.

The Group's framework of policies and guidelines sets clear standards to ensure that we conduct ethical, responsible and sound business activities.

Operating in a socially responsible manner is important to us and our stakeholders and is central to our S.P.I.R.I.T. values-based culture.

John Menzies plc is included in the FTSE4Good Index for socially responsible investment. Companies in the FTSE4Good Index have met stringent environmental, social and governance criteria, and are positioned to capitalise on the benefits of responsible business practice.

Our Corporate Social Responsibility Report is published on our website and this details the CSR practices, strategies and policies which we have in place across our Operating Divisions.

In managing our business responsibly we have five key areas of focus:

Risk Management

Good health, safety and security management practices are integral to both employee welfare and to the success of the Group. We continually review our procedures and training to develop working methods which minimise risks related to accidents and incidents occurring. We consider this the responsible thing to do as well as best business practice: delays arising from incidents increase costs and cause disruption for ourselves and our customers.

Within this area we aim to :

- ensure the health and safety of our people at work;
- minimise security risks; and
- focus on audit and compliance.

Our approach

As detailed on page 22 of this Annual Report and Accounts 2015, an integrated Risk function was introduced during 2015, comprising experts who operate independently to drive high standards of health, safety, security and quality across the Group.

Our 8 Pillar audit approach and SMART (Standard Menzies Audit Reporting Tool) inspection programmes have been rolled out across both Divisions promoting increased transparency, high standards and quality service. The Health and Safety team has built a robust safety structure of individuals with complete focus on safety risks. The Security function has been given heightened prominence within the Group, with trained experts having been recruited to raise awareness of risks and to encourage the adoption of risk-conscious behaviour within the Menzies workplace. Our heightened focus on Insurance is intended to minimise costs by promoting accurate claims reporting.

2015 highlights

- The SMART operational inspection application has been rolled out across both Divisions, allowing any user to submit a basic audit of activities they observe. 2015 saw 1 ramp inspection every 3 minutes, 1 cargo inspection every hour and 1 Distribution warehouse inspection every day.
- Despite significant changes to the branch infrastructure within Distribution, the Division has seen a near 56% reduction in serious incidents due to an increased focus on the area, including the introduction of M.O.R.S.E. reporting.
- In Aviation a total of 18 stations have now achieved IATA (ISAGO) registration, an international safety audit program recognised by our customers, airport regulators and the Aviation industry.

WE HAVE A TOTAL OF

18

IATA REGISTERED GROUND HANDLING STATIONS

What is M.O.R.S.E.?

The M.O.R.S.E safety programme (Menzies Operating Responsibly, Safely and Effectively) is an industry leading Safety Management System designed to promote safety culture, prevent accidents and incidents and ensure that, in all our operations around the world, safety and security come first.

A key aspect of the M.O.R.S.E. programme is communication and awareness of our Standard Operating Procedures which are disseminated through our training programmes and reinforced with awareness messaging in various media.

Gender Diversity:

Employees

Male	17,353
Female	8,253

Decision Makers

Male	281
Female	113

Board of Directors

Male	5
Female	2

Our People

We recognise that our employees are the single greatest driver of our success and our employment policies are designed to attract, retain and motivate quality staff. We are proud to have a diverse workforce which broadens the base of experience from which we draw, recruiting and promoting on the basis of ability.

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 to give guidance on ethical business practices and professional conduct with all our stakeholder groups, including customers, suppliers and employees.

Within this area we aim to:

- provide training and development opportunities;
- reward and incentivise employees; and
- uphold human rights responsibilities.

Our approach

Attract the right people: we set out to recruit individuals with the talent and results-driven attitude to meet the high standards of performance which our customers expect. Robust systems ensure that we select the best candidates to join our teams, whilst upholding our principles of respect for all people, equal opportunities and dignity at work.

Reward and incentivise employees: we provide competitive and attractive employment packages which encourage the best to join us.

Provide training and development opportunities: we offer high quality, specific training and development which motivates employees, ensures high standards and supports our business requirements.

Communicate and consult with employees: we operate internal communication programmes which ensure that all employees throughout the Group are kept informed about Group activities.

What is S.P.I.R.I.T.?

S.P.I.R.I.T. is our corporate values framework which lays out the shared beliefs and standards under which we operate. The framework is composed of Safety and Security, Passion, Innovation, Reliability, Integrity and Teamwork.

Uphold human rights: we operate in accordance with the Universal Declaration of Human Rights and consistently strive to promote human rights through our employment policies and practices.

2015 highlights

- 2015 saw the implementation of eArcu, our new Recruitment and Applicant Tracking tool which enables us to provide a consistent and seamless candidate experience whilst driving efficiencies within recruitment teams. 2016 will see increased functionality and a continued worldwide roll-out across the Group.
- The Group invested in a new Talent Management Performance System which provides increased functionality for Talent Management processes, including Performance, Development and Succession. This platform is expected to enable consistent and transparent identification, development and nurturing of talent across the Group.
- Full consideration is given to equality legislation and an analysis of the gender split of our employees can be found on the left of this page.

DURING 2015 THE CARBON TRUST CERTIFIED A

4.1%

ABSOLUTE REDUCTION IN DISTRIBUTION'S CARBON FOOTPRINT SINCE 2012.

Our Environmental Impact

It is our philosophy that what is good for the environment is also good for our businesses and we aim to operate accordingly at all times. We remain committed to minimising the impact which our businesses have on the environment. We also recognise that each of our businesses impact the environment in different ways and we have sought to develop policies and best practices which address each of these including monitoring and auditing processes, systems for data collection and analysis, methods to identify environmental risks and the introduction of energy efficient technology.

Within this area we aim to:

- comply with applicable legislation;
- identify, assess and manage risks; and
- promote energy efficient practices throughout our operations.

"This blue van is green"

Our London Microdelivery Specialist, JYL Hand to Hand, operates 2 electric vehicles. In addition to exemption from the congestion charge, the vehicles boast a running cost per mile of 2.25p and an emissions rating of 0 when in operation.

Emissions Reporting

Pursuant to the Climate Change Act 2008 and the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 (the "Regulations"), we are required to report on the greenhouse gas ("GHG") emissions for which we are responsible. Under the GHG reporting regime, we must report on all material emissions of the 6 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 Emissions Reporting section is incorporated by reference into the Directors' Report contained on pages 76 to 80 of this Annual Report and Accounts 2015. Whilst there is no prescribed methodology under the Regulations, it is important that we use robust and accepted methods for effective emissions management and transparency in reporting. We therefore calculate our carbon footprint annually using the latest emissions factors, collating data on a quarterly basis. The period covered is 1 January 2015 to 31 December 2015 and we calculate Scope 1 and 2 emissions:

- buildings-related energy (electricity and gas); and
- vehicle and equipment fuel consumption.

Significant effort has been made to improve data accuracy during 2015 and report all global emissions. Our data and methodology have been audited and independently verified by Carbon Footprint Ltd ("Carbon Footprint"). Overall findings are that the emissions factors, methodology and calculation are sound. Carbon Footprint has also recommended some measures to make the process more efficient going forward, including the use of a global software tool for uploading and sharing data, which will help standardise the process and which is something which we will give due and careful consideration to in 2016. We are also required to report our carbon and energy emissions under other mandatory reporting initiatives. Specifically, we participate in the following UK Government-led carbon and energy management programmes:

- the Carbon Reduction Commitment Energy Efficiency Scheme (the "CRC Scheme"); and
- the Energy Savings Opportunity Scheme ("ESOS").

Measure	2015 Global tonnes of CO_2e			2015 UK tonnes of CO_2e			2014 UK tonnes of CO_2e
	Group Total	Aviation Division	Distribution Division	UK Total	Aviation Division	Distribution Division	Total
Combustion of fossil fuels	61,719	43,527	18,192	27,179	8,987	18,192	23,805
Electricity purchased for own use	19,553	13,806	5,747	7,469	1,722	5,747	8,460
Total	81,272	57,333	23,939	34,648	10,709	23,939	32,265
Intensity Ratios (tonnes of CO2e)							
Per £000's turnover		0.079	0.019		0.072	0.019	0.011
Per aircraft turnaround	0.068	0.048		0.035	0.035		0.031
Per £000's turnover Group total	0.041			0.025			0.017

Our approach

Each Division has outlined applicable environmental policies which take into account the different ways in which their operations impact the environment.

This year Menzies Distribution received its fourth consecutive Carbon Trust Standard award in recognition of the sustained reduction in the Division's carbon footprint. The Carbon Trust Standard is awarded to organisations which measure, manage and reduce their carbon footprint and the award recognises Distribution's efforts to-date as well as our continued commitment.

While Distribution accounts for the largest part of the Group's usage of carbon producing fuels in the UK, Aviation is also focused on reducing the carbon emissions arising from the tonnes and turns handled at each business unit throughout the network. Since April 2015 environmental awareness training has been provided to Senior Management throughout the Group as well as inductions for frontline personnel. In addition, processes to mitigate environmental risks have also been integrated into day-to-day tasks.

2015 highlights

- In 2015 we reached a milestone of 4 consecutive Carbon Trust Standard accreditations.
- Distribution achieved a 4.1% absolute reduction in its carbon footprint since the first Carbon Trust certification in 2012 despite a growth in activity since that point.
- The vehicle telemetry programme, introduced in 2014, has contributed to a 6% reduction in fuel consumption.

CARBON TRUST STANDARD
REDUCING CO2 YEAR ON YEAR

Carbon Trust Standard

With 4 consecutive awards, Menzies Distribution is one of 50 organisations which have been making continuous reductions year-on-year and achieved the Carbon Trust Standard more than 3 times. The standard recognises the Division's efforts to-date as well as our future commitment to reduce our carbon impact.

CRC Scheme

The CRC Scheme is a UK mandatory emissions trading scheme which first came into force in April 2010 and which is aimed at improving energy efficiency and cutting carbon dioxide ("CO_2") emissions in large public and private sector organisations. Under the applicable legislation, we report annual energy use for our UK operations and we have found that this has been valuable for our GHG reporting submission.

Although the CRC Scheme is currently under Government review, our workplans continue to remain underway to submit our annual compliance report to the CRC Registry by 31 July 2016.

ESOS

ESOS has been in force since July 2014 and is also a mandatory energy assessment scheme for organisations in the UK which meet the qualification criteria of a 'large undertaking'. It requires larger companies and non-public sector organisations in the UK to carry out mandatory energy saving assessments and participants must calculate their total energy consumption ("TEC"), carry out energy audits and identify where energy savings can be made. Where several undertakings are part of a corporate group they must comply with ESOS as a single participant. John Menzies plc is therefore the relevant ESOS participant as the highest parent undertaking in the Group.

Carbon Footprint was appointed our ESOS Lead Assessor and undertook our assessment for the relevant compliance period i.e. 1 January 2014 to 31 December 2014. This involved identifying areas of significant energy consumption which account for at least 90% of our TEC (the remaining 10%, the de minimis energy use, does not require to be subject to an ESOS audit) and extensive auditing of our buildings and transport energy, covering both the Distribution and Aviation Divisions. Our ESOS assessment was completed and compliance notified to the Environment Agency before the original compliance date of 5 December 2015.

Carbon Footprint identified a number of opportunities amounting to over 20% of total energy (including buildings and direct transport related energy). We will consider the implementation of suitable opportunities in this regard as part of an ongoing process.

ESOS Compliant | carbon footprint™

We are also seeking to reduce our overall environmental and sustainability impact through a number of voluntary measures such as:

- Energy Policy implementation across the Group;
- granular energy monitoring – day plus 1 measuring and reducing our energy consumption across our buildings and fuel; and
- corporate social responsibility initiatives.

Investing in Future Generations

With a history stretching back to 1833, John Menzies plc recognises both the importance of passing responsibilities from one generation to the next and also our responsibility to prepare subsequent generations for growth and success, whilst addressing the inequality which may affect their opportunities.

In 2015 the Company donated £45,000 to causes which support children's education, development and wellbeing across our areas of operation.

One such organisation was Room to Read, a global organisation aimed at transforming the lives of millions of children in low-income countries by focusing on literacy and gender equality in education.

Room to Read works to develop literacy skills and the 'habit of reading' and has benefited 10 million children across 17,500 communities in Asia and Africa, with the charity aiming to reach 15 million children by 2020.

Linwood Charity Walk

Several employees at Distribution's Linwood branch endured a 96 mile trek across the Scottish Highlands and raised over £4,700 for the British Heart Foundation.

Our team in the West of Scotland was inspired to donate to the British Heart Foundation after colleagues, friends and family were directly impacted by heart disease.

Our Social Contribution

As a business, John Menzies plc is keenly aware of our community obligations, within the countries and localities in which we operate.

Within this area we aim to:

- build relations with local communities;
- make charitable contributions that matter to our people; and
- invest in local people and industries.

Our approach

Each year the plc Board sets a budget for charitable activities and allocates the expenditure throughout the communities we work in.

The Company's Charities Fund provides significant levels of support to a small number of charities nominated by each Operating Division and based on the following selection criteria:

- efficiency: be involved with charities which are lean enough for our donation to make an impact and not be absorbed in administrative costs;
- integrity: make donations on a needs basis rather than taste basis; and
- effectiveness: support charities which have specific aims and are able to demonstrate how our contribution will benefit their cause.

Nominations are considered for charitable organisations suggested by each Division and donations must adhere to our Ethics Policy.

In addition to the Charities Fund, employees are actively encouraged to support causes 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

Community Support

We're proud to play a part in the community life of our employees, where small contributions can make a big difference – and have important impacts.

With the help of sponsorship from the John Maxwell Menzies Community Fund, Hutchison Vale U16s, an Edinburgh-based youth football team, won three trophies in 2015 and successfully reached the final of the Scottish Youth FA Cup.

makes individual cash awards of up to £350 per employee, or £700 per team of employees, undertaking a charitable or community project. During 2015 over £10,000 was donated via this Fund.

2015 highlights

- During 2015 the Company donated £100,000 to charities; £45,000 of this total was dedicated to supporting children's education, development and wellbeing in our areas of operation.
- A team of employees at our Distribution Linwood branch walked 96 miles along the West Highland Way to raise £4,700 for the British Heart Foundation.

Operating with Integrity

Integrity is fundamental to the way in which Menzies does business, wherever we operate in the world. We believe we have a duty to foster a culture in which integrity and responsible and ethical values are at the core of all our activities and decisions.

We are committed to conducting business fairly, honestly and in compliance with all applicable laws and ethical standards.

Within this area we aim to:

- operate with the highest standards of integrity; and
- ensure all our actions are conducted in accordance with all applicable legislative requirements.

Our approach

As a Group we have a number of fundamental principles and values which we believe are the foundation of sound and fair business practice. These are detailed in the Group's Ethics Policy.

Built upon this foundation, our compliance programme reflects these beliefs and clearly guides our employees to act with integrity.

Supply chain

Our relationship with our customers and suppliers is important to us. Both our Operating Divisions rely on long-term working relationships as one of the core pillars of their business strategy – for Menzies Distribution this could 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. We share this commitment to high standards and work with our partners to ensure that we deliver high standards throughout our supply chain.

Whistleblowing, anti-corruption and bribery

Operating on a global scale, it is essential that our policies regarding fraud, corruption and bribery are clearly understood by all of our employees. We actively ensure that procedures are in place to minimise risk.

We have a zero tolerance position in relation to corruption. Anyone representing the Group is expected to conduct themselves with integrity, impartiality and honesty.

We seek to develop a culture where inappropriate behaviour at all levels is challenged. Our employees are encouraged to report genuine concerns about malpractice, illegal acts or failures, without fear of reprisal, victimisation or risk to job security.

The Strategic Report on pages 2 to 41 of the Annual Report and Accounts 2015 has been approved by the Board of Directors in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

John Geddes
Group Company Secretary
7 March 2016

STRONG AND EFFECTIVE OVERSIGHT

Iain Napier
Chairman

Leadership

As Chairman of the Board of John Menzies plc I have the responsibility of ensuring that the Board functions fully and effectively and remains committed to its key responsibility of promoting long-term shareholder value. In discharging this commitment I must lead the Board in both challenging our Executive Team as it seeks to promote and deliver the Group's strategy and guiding it to deliver enhanced and sustainable shareholder returns.

2015 proved to be an active period of transition for the Group with progress continuing to be made against its strategic objectives. Customer relationships continued to deepen and evolve and a number of initiatives were rolled-out which sought to improve both efficiency and standardisation. Whilst the Group operates within two distinct operating sectors, the Distribution market and the Aviation market, there continues to be many shared processes and our Executive Team continues with the exercise of identifying and realising these synergies. Considering more broadly the Group's geographical investment and service offerings, the Board is, as previously announced, continuing to keep under review the strategic and organisational options available to the Group as it continues to build operational excellence throughout the network and re-shape into areas where higher shareholder returns can be sustained.

As a diverse and global organisation strong governance is at the core of everything which we do and is a pillar which underpins all our daily activities – it is critical to ensuring that our businesses operate within the parameters expected not only by the Board but also by our stakeholders. I can confirm that the Board remains committed to ensuring that a rigorous and robust corporate governance framework is in place which is reviewed regularly against governance, regulatory and legal developments.

In accordance with the Financial Conduct Authority's Listing Rules we are required to report on how we have complied with the main principles of the UK Corporate Governance Code (September 2014) (the "Code") which we fully endorse. I am pleased to report that the Board considers that we have complied with all relevant provisions of the Code for the financial year ended 31 December 2015 and continue to do so.

Board Structure

As I have noted earlier, Octavia Morley stood down from the Board at the end of 2015 following the completion of 9 years as a Non-Executive Director whilst Ian Harley resigned for health reasons following the Company's AGM in May. The Nomination Committee is tasked with keeping the structure of the Board and succession plans for it under constant review and must seek to ensure that it is refreshed and strengthened as and when required. Following a recruitment programme to identify suitable replacement independent Non-Executive Directors, we were pleased to announce the appointments of David Garman and Geoff Eaton in June 2015 whose excellent experience we believe will be a valuable addition to the Board as we continue to pursue our strategic goals.

Jeremy Stafford also resigned from the Board in January 2016. Following a review of our Board structure and the current landscapes within which our businesses operate, it was decided that it would be appropriate to change the internal structure and appoint Forsyth Black, previously Managing Director of Menzies Distribution, to the Board in his new role as Managing Director of Menzies Aviation. Forsyth has been with the Group for almost 16 years, predominantly in senior Aviation roles where latterly he was Senior Vice-President of Africa, the Middle East and India. With his extensive and relevant experience we are confident that he will drive forward the ongoing implementation of our Aviation strategy. Together with Paula Bell, our Chief Financial Officer, we now have two Executive Directors on our Board.

The Board will continue to review the performance of the Executive Directors and the merits of the current structure. Should a change of operating structure be considered desirable we will act accordingly at the appropriate time.

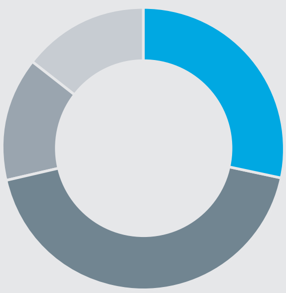
Whilst I agree entirely with the principles of diversity in the Boardroom, I also believe in recruiting the right person for the job, with an acknowledgement that a diverse range of skills, backgrounds and abilities can only enhance our overall performance. I am pleased that we have recruited on the basis of merit and ability rather than to fill any quotas.

The Board must lead the Group and set the culture of the organisation and I am proud of the S.P.I.R.I.T. values (for further details see page 37 of this Annual Report and Accounts 2015) which we have adopted and embrace.

Conclusion

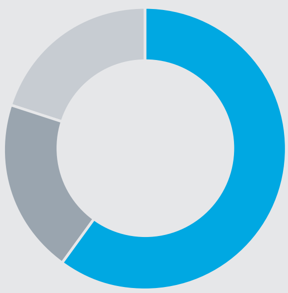
As I have said before, I believe in transparency in how we conduct our businesses, from operating an open culture at Board meetings, where discussion and comment is encouraged, all the way down to the grassroots of our operations. During 2015 and at the beginning of 2016, we refreshed the Board composition and structure and I am pleased with the controls and direction which we currently have in place. I believe the Board is well-placed and balanced to provide overall governance, leadership and direction whilst possessing the requisite qualities to allow it to ably respond to challenges which arise. 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 businesses. The Board believes that this is key to the successful delivery of the Group's strategy and enhanced and sustainable shareholder returns.

Iain Napier
Chairman
7 March 2016



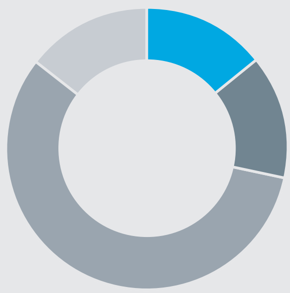
Composition of the Board

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	3
4–6 years	0
7–9 years	1
More than 9 years	1



Board by gender

Executive – male	1
Executive – female	1
Non-Executive – male	4
Non-Executive – female	1

DIRECTORS' BIOGRAPHIES

Iain Napier
CHAIRMAN

Iain was appointed as a Non-Executive Director of the Company in September 2008 and became Chairman in May 2010. Iain is a chartered management accountant and has had significant Board exposure on an international level.

Iain has wide experience across many industries having been Chief Executive Officer of Bass Leisure and Bass International Brewers following which he was Vice President UK and Ireland for Interbrew SA until August 2001. Prior to his time on the Bass Board, 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 became a Non-Executive Director of Imperial Brands plc (formerly Imperial Tobacco Group plc) in 2000, serving as Chairman between 2007 and 2014. He is currently Chairman of McBride plc and is also a Non-Executive Director of Molson Coors Brewing Company and of 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

Paula Bell
EXECUTIVE DIRECTOR
CHIEF FINANCIAL OFFICER

Paula joined the Company as Chief Financial Officer in June 2013 having previously served as 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 and shareholder value creation. Paula was previously with BAA plc where she held the position of Finance and Property Director for Gatwick Airport and prior to that she was Director of Finance at AWG plc. Over a 10 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 where she led on strategy, sales and marketing and an extensive merger and acquisition programme in emerging territories. Paula is a Fellow of the Chartered Institute of Management Accountants and is Non-Executive Director and Chairman of the Audit Committee of Laird plc since March 2012.

OTHER APPOINTMENTS
Non-Executive Director and Chairman of the Audit Committee of Laird plc

Forsyth Black
EXECUTIVE DIRECTOR
PRESIDENT & MANAGING DIRECTOR OF MENZIES AVIATION

Forsyth is President and Managing Director of Menzies Aviation and was appointed to the Board in January 2016. He has been with the Group for almost 16 years, during which time he has occupied predominantly senior Aviation roles. Forsyth served as Senior Vice-President of Africa, the Middle East and India and latterly was Managing Director of Menzies Distribution. In this role he achieved a return to growth, overseeing a successful network rationalisation programme together with entry into the growing e-commerce logistics market. Forsyth has a strong track record in commercial, managerial and business development roles, having previously led the inception and development of Menzies Aviation in India and Africa.

Dermot Jenkinson
NON-EXECUTIVE DIRECTOR

Dermot was appointed to the Board in 1986 and held various Executive responsibilities before assuming a Non-Executive role within the Company in 1999, the same year he founded beCogent Limited. Dermot was Executive Chairman of beCogent, a contact centre and related consultancy business, until 2010 when the business was sold to Teleperformance SA. He founded Ascensos Limited, a follow-on to beCogent, in 2013. Dermot's contribution to the Board stems from the breadth of knowledge gained from both his experiences within the Company and through a wide range of executive management roles.

OTHER APPOINTMENTS
Executive Chairman of Ascensos Limited
Vice-Chairman of Scottish Friendly Assurance Society

Silla Maizey

NON-EXECUTIVE DIRECTOR

Silla was appointed as a Non-Executive Director of the Company in May 2014 having enjoyed an Executive career at British Airways where she worked in a number of different functions. Most recently Silla served as Managing Director of London Gatwick but previously was involved in Finance, Procurement, Corporate Responsibility and Customer Services. Silla is also Chair of NHS Business Services Authority. In September 2015 Silla was appointed Non-Executive Director of the Crown Commercial Service, a Government Executive agency responsible for centralised procurement for Government departments and the wider public sector. Silla is a qualified accountant.

OTHER APPOINTMENTS

Chair of NHS Business Services Authority

Non-Executive Director of the Crown Commercial Service

David Garman

NON-EXECUTIVE DIRECTOR
SENIOR INDEPENDENT DIRECTOR

David was appointed as a Non-Executive Director of the Company with effect from 1 June 2015. He has a broad range of industrial experience including an Executive career which included the position of Chief Executive at TDG plc, the European contract logistics and supply chain management business, prior to which he was an Executive Director with Associated British Foods and United Biscuits. David is a director of several private companies and has held non-executive directorships at St Modwen Properties plc, Kewill plc and Carillion plc within the last five years.

OTHER APPOINTMENTS

David is a director of several private companies

Non-Executive Director of Troy Income & Growth Trust plc

Geoff Eaton

NON-EXECUTIVE DIRECTOR

Geoff was appointed as a Non-Executive Director of the Company with effect from 1 June 2015. Geoff has had an extensive Executive career including the positions of Chief Operating Officer at Premier Foods plc and Chief Executive Officer at Uniq plc. He has experience in diverse corporate cultures and has extensive business to business experience in both Europe and the USA. Geoff is currently Executive Chairman of New England Seafood International Limited. Geoff is a chartered accountant.

OTHER APPOINTMENTS

Executive Chairman of New England Seafood International Limited

John Geddes

GROUP COMPANY SECRETARY

John is a Chartered Secretary who was appointed Group Company Secretary in 2006. He first joined the Group in 1997 and held various senior positions within it prior to his current appointment. Within his role, John is also responsible for the Group Risk and Insurance functions. John's career includes Company Secretariat posts at both Bank of Scotland plc and Guinness plc. John is a board member of the Airport Services Association, an industry body which brings together the world's major ground handling service providers and suppliers.

OTHER APPOINTMENTS

Board member of Airport Services Association

CORPORATE GOVERNANCE STATEMENT

The Board remains committed to the principles of good corporate governance as it continues to advance the Group's strategy. The Financial Reporting Council's UK Corporate Governance Code (September 2014) (the "Code") is an integral part of our values and we continue to follow the good practice which it recommends. The Board considers that the Company has been compliant with the provisions set out in the Code throughout 2015.

The Board believes that the Annual Report and Accounts 2015 are, when taken as a whole, fair, balanced and understandable, providing shareholders with the requisite information to assess the Company's performance, business model and strategy.

Code Principles

A summary of the key corporate governance practices of the Company are as follows:

Leadership

Responsibilities of the Board

The principal responsibility of the Board is to ensure the Company's long-term success by collectively directing the Company's affairs within the parameters of the Company's internal control framework whilst identifying and managing the interests of its internal and external stakeholders. In seeking to ensure the prosperity of the Company, the Board assumes responsibility for the overall strategy of the Group whilst considering and approving, if considered appropriate, potential acquisitions and disposals, financial statements and major non-recurring projects and capital expenditure. In addition to consideration of significant operational and financial matters, the Board also addresses corporate governance and social responsibility issues together with challenges arising in areas as diverse as health and safety, employment and the environment. In effecting their responsibilities as members of the Board, the Directors of the Company remain cognisant of their statutory obligation to act in a manner which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole.

To ensure the effective discharge of its responsibilities, the Board gathers on a regular basis and during 2015 met 8 times (as set out on page 47 of this Annual Report and Accounts 2015). It has a formal schedule of matters specifically reserved for its decision, as set out in the Group's Corporate Governance Manual, and is made up of 7 Directors comprising:

- the Chairman;
- 2 Executive Directors;
- 3 independent Non-Executive Directors; and
- 1 non-independent Non-Executive Director.

Biographies for each of these Directors can be found on pages 44 and 45 of this Annual Report and Accounts 2015.

Following Jeremy Stafford's resignation in January 2016, the Board structure was reviewed. Forsyth Black was appointed Managing Director for Menzies Aviation and an Executive Director of the Company; the Operations Director of Menzies Distribution was also appointed Interim Managing Director of that Division. Both will work alongside the existing Chief Financial Officer. Each Executive Director has clearly defined duties and responsibilities which, having been agreed by the Board, are regularly reviewed with the Chairman.

Role of Board Members

Chairman

The Chairman performs a Non-Executive role which is clearly defined and which is distinct from other Board positions. His function is to lead the Board in strategic discussions and, in accordance with the Code, to ensure that accurate, clear and timely information is available to all Directors. The Chairman is available to the Executive Directors to discuss any concerns or issues which may arise and seeks to ensure that risk and long-term shareholder value remain a key focus for the Executive Directors. In conducting Board meetings, the Chairman is aware that sufficient time needs to be available for the discussion of agenda items (with particular reference to strategic issues), whilst fostering an atmosphere which encourages active participation by and discussion between all Executive and Non-Executive Directors.

Non-Executive Directors

Non-Executive Directors are appointed for an initial term of 3 years and, in accordance with the Code, are required to constructively challenge both the performance of management and information presented to them whilst contributing to the strategic development of the Company. They are expected to satisfy themselves on the integrity of financial information and be comfortable that the Group's systems of internal financial controls and risk management are rigorous and robust.

Following the resignation of Ian Harley in May 2015, the Board appointed David Garman as Senior Independent Director with effect from 1 August 2015. David is expected to make himself available to the Company's shareholders, and other stakeholders where required, should any issues or concerns arise and where discussions with the Chairman and/or the Executive Directors are not considered appropriate.

Executive Directors

The role of the Executive Directors is to develop and implement on a daily basis the overall Group strategy which has been agreed by the Board. They are expected to report regularly to the Board on any issues which arise within the Group and present their proposed resolutions when problems occur.

Board Committees

The Board also delegates specific responsibilities to the Board Committees detailed in the table below. These Committees have defined Terms of Reference and information of an appropriate quality is issued to them in a timely manner to assist in the performance of their duties. 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 3 members and the Nomination Committee 4 members. The Chairs of the Audit and Remuneration Committees are chosen from Directors who are considered independent under the terms of the Code, whilst the Chairman of the Nomination Committee is also Chairman of the Board.

Additionally, the Board has also delegated operational and strategy implementation matters to the Company's Executive Committee which comprises the Business Leaders of Menzies Aviation and Menzies Distribution.

Effectiveness

Composition of the Board

The Board recognises that, in accordance with the Code, it, together with its Committees, must have the appropriate balance of skills, knowledge of the Company and experience to ensure they can effectively discharge their duties and responsibilities. All Directors are expected to act in a way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole whilst exercising their judgement independently from the influences of others. Whilst the Board is of the view that the current balance between Executive and Non-Executive Directors is appropriate, its composition is reviewed annually and particular regard is had to the length of tenure of each Director to ensure there are identified candidates when it is considered the Board requires to be refreshed.

As indicated in the Annual Report and Accounts 2014, it was the Board's intention to identify suitable Non-Executive Directors to replace Ian Harley and Octavia Morley when they stepped down during 2015. A recruitment process was undertaken, following the procedure detailed on page 52 of this Annual Report and Accounts 2015, which led to the appointment of David Garman and Geoff Eaton as Non-Executive Directors of the Company. These appointments, together with that of Forsyth Black in January 2016, are viewed as further strengthening the breadth of knowledge and experience on the Board whilst assisting in the support and development of the Company's strategy.

Board and Committee meetings and attendance in 2015

	Appointed/(resigned)	Board	Audit Committee	Remuneration Committee	Nomination Committee
Meetings		**8**	**3**	**5**	**1**
I Napier	–	8/8	–	–	1/1
P Bell	–	8/8	–	–	–
D Jenkinson	–	8/8	–	–	–
S Maizey	–	8/8	3/3	5/5	1/1
D Garman	June 2015	5/5	2/2	2/2	–
G Eaton	June 2015	5/5	2/2	2/2	–
Former Directors					
I Harley	May 2015	1/3	0/1	0/2	–
O Morley	December 2015	8/8	2/2	3/3	1/1
J Stafford	January 2016	8/8	–	–	–

Independence

In addition to the Chairman who was considered to satisfy the independence criteria set out in the Code upon appointment, 3 of the Non-Executive Directors are considered independent (i.e. Silla Maizey, Geoff Eaton and David Garman). Having been on the Board since 1985, initially as an Executive Director and latterly as a Non-Executive Director, Dermot Jenkinson is not considered independent under the Code. Dermot is, however, regarded as contributing effectively to the Board by providing a breadth of skills and experience from his knowledge of the Company and from his background in business and general management.

Throughout 2015 and since the end of the financial year ending 31 December 2012, all of the Directors on each of the Board Committees have been independent in compliance with the Code.

Succession planning and Board recruitment

The Board is aware that it is essential to have a suitable succession plan in place in the event Board members either move on or retire and, accordingly, reviews its succession plans on an annual basis. The Board also reviews the composition of each of the Board Committees to ensure a suitable rotation of Directors occurs.

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

To ensure a smooth transition of Chairmanship when required, the Nomination Committee continues to have responsibility for ensuring that there is a suitable candidate on the Board or, alternatively, that a suitable candidate is identified externally. Where required, the Nomination Committee will also engage with external recruitment agencies to identify suitable candidates for both Executive and Non-Executive positions.

Nomination process

As detailed above, the Nomination Committee is tasked with identifying and nominating candidates to the Board when a position is identified. It operates under formal and transparent Terms of Reference and further details of its activities can be found on pages 51 and 52 of this Annual Report and Accounts 2015. The Nomination Committee regularly reviews the structure, size and composition (including the skills, knowledge and experience) required of the Board as against its current position and makes recommendations to the Board taking into account:

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

The Nomination Committee gives full consideration to succession planning for Directors, both Non-Executive and Executive, and other Senior Executives in the Company in the course of its work, taking into account the challenges and opportunities facing the Company and determining what skills and expertise will therefore be required on the Board in the future. Before any appointment is made by the Board, the Nomination Committee evaluates the balance of skills, knowledge and experience currently on the Board and, in light of this evaluation, prepares a detailed description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Nomination Committee shall:

- use open advertising or the services of 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 policies; and
- consider candidates on merit and against objective criteria, ensuring that potential appointees have sufficient time available to devote to the position.

Diversity

The Board fully supports diversity and recognises the benefits which diverse viewpoints can bring to key decision-making processes. The Board is committed to developing and encouraging both members of the Board and all Group employees to achieve their full potential, irrespective of gender, race or sexuality. It remains the Board's intention to always be cognisant of the benefits which derive from a diverse Board when considering any future appointments. Notwithstanding this, however, the Board does not believe that setting a quota is the most appropriate means by which to achieve a balanced Board and all appointments will be made on merit against objective criteria.

Induction

Upon appointment Directors participate in a structured induction programme to provide familiarity with the business of the Group. The programme is tailored to the individual needs of each new Director and its objective is to ensure that any new Director receives a focused and appropriate induction which will assist them in fulfilling their role both on the Board and on any Board Committee to which they are appointed. Additionally, each new Director spends time with the Executive Team to understand the strategic goals and objectives of the Group and discussions will take place around current issues affecting the Group and in respect of operational items.

Thereafter a new Director will meet with the Management teams in the businesses and in the Group's Head Office and will undertake various site visits to understand how the Divisions operate and how the various parts of the Group interact. A new Director will also participate in structured meetings with the Chairman and Non-Executive Directors to ensure they are familiar with the Board, its structures and the operating responsibilities associated with the position to which they have been appointed. Following the site visits and meetings, the new Director will then have the opportunity to discuss whether they have any further training requirements with the Group Company Secretary and also whether they would like to arrange any meetings with the Company's major shareholders. This programme was followed for Geoff Eaton and David Garman who joined during 2015.

Training and development

The Board believes that regularly updating the knowledge and skills of the Board is vital to its proper and effective functioning and to the attainment of the Company's objectives. The Group Company Secretary is responsible for ensuring that regular updates are provided to the Board in respect of regulatory, legislative and governance changes, applicable reporting requirements and relevant market practices. The annual Board evaluation process is used to identify any training requirements or areas of weakness and the Group Company Secretary works with the Chairman to provide the requisite training, either to the Board as a whole or on an individual basis as required.

The Board is also committed to developing talent throughout the Group and provides appropriate training, support and development to those employees identified as displaying potential as and when considered appropriate.

Information and support

All Directors, including Non-Executive Directors, have access to independent professional advice at the Company's expense where they consider it necessary to discharge their responsibilities as Directors of the Company. This advice is arranged via the Group Company Secretary who must make himself available to all Directors to provide advice and assistance where required. Additionally, the Board Committees are supported by external professional advisers who provide additional information and undertake work on behalf of the relevant Committee independent of the Company management structure. The Group Company Secretary is responsible to each Committee for ensuring that sufficient resources are available to it to fully and effectively perform its duties together with ensuring compliance with Board procedures and the Group's Corporate Governance Manual. 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.

Board papers are circulated 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 papers to each Director. As part of the annual Board evaluation process, Directors are asked to confirm whether they are happy with the quality and range of papers provided to them and whether they consider they are presented with sufficient information upon which to base their decisions.

Board performance evaluation

The Board is supportive of the principles and provisions of the Code in respect of Board performance evaluation and its policy is to conduct rigorous internal performance evaluations of its own performance and that of its Committees and individual Directors on an annual basis. External consultants are used to refresh the process at least every 3 years with the last evaluation being undertaken by an independent external consultant in the final quarter of 2014.

During 2015, the review was conducted by the Group Company Secretary. Each Director completed a detailed questionnaire and the collated results were reviewed collectively by the Board. In addition, the Chairman held an interview with each member of the Board to discuss any issues personal to them. Succession planning and risk profiling were noted as areas of focus but overall the review concluded that the Board functions effectively.

Re-election of Directors

In accordance with the provisions of the Code, all incumbent Directors are subject to annual re-election by the Company's shareholders. All other Directors are subject to election by shareholders at the first AGM following their appointment and annual re-election thereafter.

Accountability

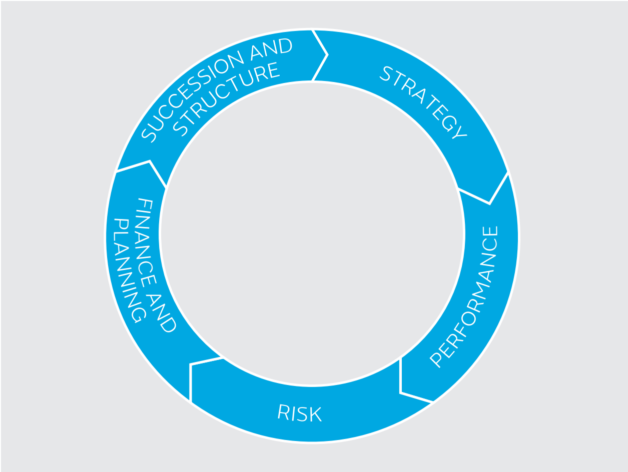
Risk and assurance

A key function of the Board is to provide assurance that the internal controls and operation of the Group are sufficient and working. During 2015 the Board regularly reviewed the processes whereby risks are identified, evaluated and managed. The Group's internal audit programme and risk management processes were also reviewed and updated and the Board continues to keep under continual review the effectiveness of the Group's system of internal control and risk management.

Further details of our risk management strategy can be found on pages 22 and 23 of this Annual Report and Accounts 2015.

Board activity

The Board's activities are structured to enable the Directors to fulfil their role, with particular reference to strategy, monitoring, assurance and succession. The diagram below details the main areas of focus by the Board during 2015:



Relations with Shareholders

Dialogue

The Board has responsibility for communicating with the Company's 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 Company's website at www.johnmenziesplc.com, the Board seeks to present its strategy and performance in an objective and balanced manner.

Shareholders are invited to ask questions during the forthcoming AGM and also to meet with the Directors after the formal business of the AGM has concluded. The Chair of each of the Board Committees will 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 attending the AGM and, in keeping with best practice, will be uploaded onto the Company's website following the AGM.

Directors are, at any time, able to request additional meetings with major shareholders and any such meetings will be arranged via the Group Company Secretary. At each Board meeting the Board receives an update report both on these meetings and on analyst meetings and/or analyst reports. The Chairman and Senior Independent Director are also available for the Company's shareholders to contact at any time.

NOMINATION COMMITTEE REPORT

Iain Napier
Nomination Committee
Chairman

Committee Members

Name	Position
I Napier	Chairman
S Maizey	Member
D Garman (Appointed August 2015)	Member
G Eaton (Appointed August 2015)	Member
O Morley (Resigned December 2015)	Past Member
I Harley (Resigned May 2015)	Past Member

Nomination Committee

The Terms of Reference of the Nomination Committee, a copy of which are available on the Company's website, are modelled closely on those set out in the UK Corporate Governance Code (September 2014) (the "Code"). The principal responsibility of the Nomination Committee is to ensure that, collectively and at any given time, the members of the Board possess the necessary balance of knowledge, skills and experience to support and develop the strategy of the Company. In seeking to achieve this, the Nomination Committee will recommend new Board appointments as and when considered appropriate and will ensure that appropriate succession planning procedures are in place. In accordance with our Terms of Reference, I, as the Chairman of the Nomination Committee, report our conclusions to the Board and it is the Board as a whole which is responsible for making new appointments to the Board on our recommendation.

Composition

The Nomination Committee is chaired by me, the Chairman of the Company, and comprises solely independent Non-Executive Directors. During 2015 both Ian Harley and Octavia Morley resigned as members of the Nomination Committee and were replaced by David Garman and Geoff Eaton. The Group Company Secretary continues to act as Secretary to the Nomination Committee pursuant to its Terms of Reference and it remains the case that Executive Directors may, by invitation, attend Nomination Committee meetings to discuss specific agenda items.

Role and Responsibilities

As noted above, the Nomination Committee operates under formal and transparent Terms of Reference and is essentially tasked with identifying and recommending candidates to the Board when a position is identified or becomes available. The Nomination Committee's main duties are, as set out in its Terms of Reference, to:

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

Main Activities in 2015

During 2015 the Nomination Committee met once. Meeting attendance is set out on the table on page 47 of this Annual Report and Accounts 2015.

A key focus of the Nomination Committee was, as indicated in the Annual Report and Accounts 2014, the appointment of Non-Executive Directors following the impending resignations of Ian Harley and Octavia Morley (which took place in May 2015 and December 2015 respectively). The Nomination Committee appointed independent recruitment consultants, Korn Ferry and Hanson Green, to assist in identifying suitable candidates for these roles before undertaking a rigorous interview and reference process. The outcome of this process was the appointment of David Garman and Geoff Eaton as Non-Executive Directors. Both appointments were with effect from 1 June 2015, with David also being appointed as Senior Independent Director with effect from 1 August 2015. These appointments are viewed as further strengthening the breadth of knowledge and experience on the Board whilst assisting in the support and development of the Company's strategy.

In undertaking this Board member recruitment, the Nomination Committee used the appointment process outlined in the Corporate Governance Statement on page 48 of this Annual Report and Accounts 2015. The balance of skills, knowledge and experience of the Board was evaluated and the Nomination Committee developed the requisite appointment specification. Additionally and as also noted in the Annual Report and Accounts 2014, the Nomination Committee reviewed succession plans for both the Board and, more generally, for senior business leaders within the Group whilst also liaising with the Remuneration Committee in relation to any service contract and remuneration package being offered to a proposed Executive Director or Managing Director of the Group.

Objectives for 2016

It is the Nomination Committee's intention to continue to review the composition and structure of the Board, ensuring that the Company is at all times structured to deliver its strategy and to compete effectively in the marketplaces within which it operates. During 2016 the Nomination Committee will also continue to closely monitor the structure, membership and succession plans of its Committees and, more generally, the leadership requirements of our businesses, making recommendations to the Board where considered appropriate. Additionally and in accordance with the Nomination Committee's Terms of Reference, I will liaise with the Chairman of the Remuneration Committee in relation to the service contract and remuneration package to be offered to any proposed Executive Director or Managing Director.

On behalf of the Board

Iain Napier
Chairman of the Nomination Committee
7 March 2016

AUDIT COMMITTEE REPORT

Silla Maizey
Audit Committee Chairman

Board Members

Name	Position
S Maizey	Chairman
D Garman (appointed August 2015)	Member
G Eaton (appointed August 2015)	Member
O Morley (resigned August 2015)	Past Member

The Audit Committee provides effective oversight and governance over the financial integrity of the Group's financial reporting to ensure that the interests of the Company's shareholders are protected at all times. The Audit Committee assesses the quality of the internal and external audit processes and ensures that the risks which our businesses face 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 Audit 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 assumed the position as Chairman of the Audit Committee following the Company's AGM in May 2015 when Ian Harley stepped down as a Director of the Company. In August 2015 David Garman and Geoff Eaton joined the Audit Committee with Octavia Morley stepping down in August 2015. The composition of the Audit Committee meets with the requirements of the UK Corporate Governance Code (September 2014) (the "Code") but, in line with good practice, membership is reviewed annually.

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 Financial Officer, Group Company Secretary and certain senior financial executives (as appropriate), together with representatives from the internal and external audit teams, attended each meeting of the Audit Committee. It is a requirement that at least one Audit Committee member has suitable financial experience and both Silla Maizey and Geoff Eaton who are accountants, qualified and chartered respectively, have 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 judgments and estimates contained within them;
- advising the Board on whether the Company's annual report and accounts are, when taken as a whole, 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 Audit 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 financial year. This external audit process is currently undertaken by Ernst & Young LLP ("EY").

Review of Audit Committee Meetings

As scheduled, the Audit Committee met 3 times during 2015. Meeting attendance is set out in the table on page 47 of this Annual Report and Accounts 2015.

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

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

Normally the Chairman of the Board and Chief Financial Officer, together with the external auditor, are given notice of all Audit Committee 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 2015. The Audit Committee can take such independent professional advice as it considers necessary.

Main activities in 2015

- The Audit Committee formally reviewed and recommended the Company's Annual Report and Accounts 2015 (including the Statements on Internal Control and the work of the Audit 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 Audit Committee reviewed the reports of Management and the controls assurance (internal audit) provider and took into account the views of the external auditors.
- The Audit 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 Group's exposure to and management of these risks. The Risk Register and evaluation of risk constantly evolves and the Audit Committee was satisfied that Management had appropriate risk management strategies and systems in place to address the Group's key business risks.
- The Audit 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 Audit Committee approved a revised internal audit programme to provide standardisation across all operating units in the Group and supervised the roll-out of a monthly operational self-certification process.
- The Audit Committee reviewed the progress made following the creation of a new central Risk function which now applies standardised processes and policies across the Group in the key areas of safety, security, audit and compliance. This included a detailed look at safety processes, systems and procedures across the Aviation Division.
- The Audit Committee also reviewed the objectivity and independence of the external auditors.
- Recent revisions to the Code introduced an additional requirement for the Board to consider the period over which it is able to conclude that the Group will remain viable having taken into account the impact of severe but plausible downside risks. At its meeting in August 2015, the Audit Committee considered and provided input into the Group's principal risks and the key control mechanisms in place to mitigate those risks. At its meeting in December 2015, it thereafter reviewed the results of Management's modelling of scenarios related to these risks and the impact on the Group's liquidity and solvency.

In addition to its standard agenda, the Audit Committee welcomes presentations from both Divisions on key areas of focus. The Audit Committee is keen to continue to be kept updated on key risk areas of safety, security and financial control and ad-hoc presentations are planned during 2016.

The primary areas of judgement considered by the Audit Committee in relation to the Accounts for 2015 and how these were addressed are as follows:

Goodwill and 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 Audit 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 judgements. 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 Audit Committee and included an increase in mortality rates. We were satisfied with the approach and judgements taken.

Exceptional and other items

The Audit 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 the underlying performance of the Group and that there was transparent disclosure of items shown separately as exceptional and other items.

Revenue recognition

The Audit 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 exercising of judgement. The Audit 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 Audit Committee challenged the appropriateness of Management's views including the extent to which these are supported by appropriate external advice.

Provisions

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

External group audit

EY is the appointed external auditor to the Company. They were appointed in 2009 after a full tender process. The lead audit partner changed to James Nisbet during 2015. This change resulted from the previous lead audit partner, Annie Graham, being on maternity leave during part of 2015. There are no contractual obligations in place that restrict the Audit Committee in their choice of external audit provider.

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

It is vitally important that the Audit Committee believes its appointed external auditor undertakes a full and effective audit. Their performance is reviewed annually. In undertaking the review the Chairman of the Audit 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 its 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 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 separately.

During 2015, audit fees amounted to £1.0m, whilst non-audit fees to EY amounted to £0.9m. The Audit 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 Audit 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 Audit Committee. The Audit Committee believes that the level and scope of these non-audit services does not impair the objectivity of the external auditors.

A change in the applicable EU regulations regarding non-audit fees means that, for listed companies, from mid-2016 there is a restriction on the level of fees which an external auditor can charge in relation to non-audit services. As a result we have undertaken a detailed review of our audit and tax services and this is likely to result in a change to our tax advisers in the second half of 2016.

Following a review held at the conclusion of the 2015 audit the Audit 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. The Group operates an Executive Committee which reviews the risk programmes and internal audit outcomes and ensures that all actions are implemented. A Statement of Group policies and procedures (the "Statement") sets out the responsibilities of the Executive Committee, including authority levels, reporting disciplines and responsibility for risk management and internal control.

Each Operating Division has also adopted a Corporate Governance Manual detailing its controls in implementing the 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 2015 the Risk Register process evolved further. 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 the Executive Committee on an ongoing basis. A formal six-monthly review of risks and controls takes place, supported by the Group's controls assurance provider. The Executive Committee also reviews each Division's performance, strategy and risk management. Annual compliance statements on internal control are certified by each Division and, where appropriate, the Group Finance function. Details of the key risks identified through this exercise are included on pages 24 and 25 of this Annual Report and Accounts 2015.

A Treasury Review Committee ("TRC") 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 TRC are included in the main Board papers.

A Tax Committee meets quarterly to assess the impact of any tax changes which may affect the Group in any of the jurisdictions in which it operates.

Further details on how the Board manages business risks are shown on pages 22 and 23 of this Annual Report and Accounts 2015.

Internal Audit

The Audit 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 delivered in conjunction with Deloitte LLP ("Deloitte"), given their global spread and resources, with operational audits supported by the internal operational standards and compliance teams.

It has been agreed to retain external consultants, who are aviation audit specialists, to provide a greater detail of operational audits and they will work throughout 2016 with the internal audit teams to provide a comprehensive audit programme for the Aviation Division. During 2015, Aviation and Marine Services Inc. completed a full review of aviation operations and action plans are in place to implement a number of their recommendations. 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 Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (September 2014), 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 2015 and up until the date of this Annual Report and Accounts 2015, 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 which 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

Silla Maizey
Chairman of the Audit Committee
7 March 2016

REMUNERATION COMMITTEE REPORT

Geoff Eaton
Remuneration Committee Chairman

Committee Members

Name	Position
G Eaton (Appointed August 2015)	Chairman
S Maizey	Member
D Garman (Appointed August 2015)	Member
I Harley (Resigned May 2015)	Past Member
O Morley (Resigned August 2015)	Past Member

Statement by Geoff Eaton, Remuneration Committee Chairman

On behalf of the Board, I am pleased to introduce the Company's Remuneration Report for the financial year ended 31 December 2015. This Report details the remuneration policy for the Company's Executive and Non-Executive Directors and provides details of their remuneration for 2015.

The Remuneration Committee was chaired by Octavia Morley until the end of August 2015. I was appointed Chairman of the Remuneration Committee with effect from 1 September 2015. Octavia had been Chairman of the Remuneration Committee since May 2010 and I would like to take this opportunity to thank her for her contribution to the Remuneration Committee over her period in tenure. Like Octavia, I consider it essential that Executive remuneration be fair, balanced and reflective of the general markets and environments in which we operate.

The Remuneration Policy which the Company has adopted is designed to both reflect the strategic objectives of the Company and to drive long-term shareholder value. We continue to operate within this Remuneration Policy which was approved by the Company's shareholders at its AGM on 16 May 2014 and no changes are proposed at this time.

Board Changes

Having completed 9 years as a Non-Executive Director, Octavia Morley left the Board in December 2015 whilst Ian Harley stepped down from his role as a Non-Executive Director, due to ill-health, following the Company's AGM in May 2015. Following the appointment of external recruitment advisers to assist in identifying suitable candidates and a rigorous interview and reference process, the Nomination Committee recommended the appointment of David Garman and myself as Non-Executive Directors, appointed with effect from 1 June 2015 and with remuneration packages in line with the Company's Remuneration Policy. No member of the Remuneration Committee participates in discussions regarding their own remuneration.

Since the end of 2015, Jeremy Stafford resigned his position as Chief Executive Officer and Director of the Company. Following a subsequent meeting of the Board his employment was terminated.

Forsyth Black was appointed Managing Director of Menzies Aviation and an Executive Director of the Company on 13 January 2016 with a salary of £300,000. He is entitled to a maximum annual bonus of 100% of salary and a maximum annual share award equal to 100% of salary under the Company's Long-Term Incentive Plan. Forsyth has been with the Group for almost 16 years predominantly in senior Aviation roles, where latterly he was Senior Vice-President of Africa, the Middle East and India, and most recently as head of the Distribution Division.

Share Plans

At the Company's AGM in May 2015 shareholders approved the updated rules of the Company's Long Term Incentive Plan (the "LTIP") and the Share Matching Plan (the "SMP"), both of which include current best practice features including clawback and malus provisions for all future awards. Shareholders also approved the 2015 Notional Incentive Plan (the "NIP") which is intended to operate for employees below Board level. As the NIP does not form part of the approved Remuneration Policy, NIP awards cannot be made to Executive Directors.

2015 LTIP Awards

As disclosed in the Company's Annual Report and Accounts 2014, the 2015 LTIP awards are based on relative Total Shareholder Return ("TSR") and Group Earnings Before Interest, Taxation, Depreciation and Amortisation ("EBITDA"). 2016 LTIP awards to Executive Directors will be based on TSR as this is considered the most appropriate target for rewarding delivery of long-term shareholder value.

Remuneration Outcomes

The Remuneration Committee has reviewed 2016 base salary levels for Executive Directors and has determined that with effect from 1 May 2016 Paula Bell will receive a salary increase of 2%. This is in line with the salary increases for other Group employees. There will be no salary increase for Forsyth Black following his recent appointment.

The 2013 LTIP and Bonus Co-Investment Plan (the "BCIP") awards were assessed by the Remuneration Committee based on performance to 31 December 2015. The Remuneration Committee determined that the relevant performance measures were not met and such awards will lapse following the Company's final results announcement on 8 March 2016. Further details are provided on pages 69 and 70 of this Annual Report and Accounts 2015.

As before, 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 any LTIP of the Company any element of the performance criteria which is not based on Earnings Per Share ("EPS") or TSR will also be disclosed at the end of the performance period.

Geoff Eaton
Remuneration Committee Chairman
7 March 2016

DIRECTORS' REMUNERATION

Section 1 – Directors' Remuneration: Principles

This section of the Remuneration Report sets out a summary of the Company's Remuneration Policy in respect of its Directors. The Remuneration Policy, including the summary table, the recruitment policy and the policy for payments to outgoing Directors, was approved by the Company's shareholders at its AGM on 16 May 2014. The Remuneration Policy has been developed to ensure that the Company is well placed to attract, retain and motivate Directors with the ability and

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 2016 will be: • P Bell: £325,686 • F Black: £300,000 The Remuneration 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 Remuneration Committee's assessment of performance during the financial year in question.
DEFERRED BONUS IN SHARES Encourages a longer-term focus which is aligned to shareholders and discourages inappropriate risk-taking.	20% of any award is paid in deferred shares with such shares having dividend entitlements. The Remuneration Committee may clawback bonus awards for a period of 3 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 Remuneration Committee may increase the level of deferral at any time.
BONUS CO-INVESTMENT PLAN ("BCIP")/SHARE MATCHING PLAN ("SMP") Deferred bonus in shares encourages a longer term focus which is aligned to shareholders and discourages inappropriate risk-taking. Long-term performance measures incentivise performance over the medium and long term. The BCIP has been replaced by the SMP for awards to be made in 2016 and onwards.	Directors can voluntarily invest up to 40% of any cash bonus awarded after deduction of tax to acquire contributory shares. It is the amount of the gross bonus invested which determines the number of qualifying shares. Matching shares are awarded based on the number of qualifying shares. Vesting of shares is dependent on the attainment of performance criteria. Matching shares usually vest over 3 years. Matching awards may incorporate the value of dividends over the performance period.
3 LONG-TERM INCENTIVE PLAN ("LTIP") To incentivise value creation over the medium and long term. To reward the execution of the Company's strategy. To encourage longer-term thinking and planning. To align the interests of shareholders and Directors.	Awards under the LTIP may be in the form of a conditional right to acquire shares or an option to acquire shares. Vesting of shares is dependent on the attainment of performance criteria over a period of at least 3 years.

experience necessary to run the Company successfully, whilst also aligning Executive remuneration with the experience of its shareholders. The clawback and malus policy remains as previously included in the Company's Annual Report and Accounts 2014.

The Company's Remuneration Policy is available on its website at: www.johnmenziesplc.com.

MAXIMUM OPPORTUNITY	PERFORMANCE METRICS
There is no maximum opportunity. Salary increases will normally be in line with the average increase awarded in the wider employee population. Higher increases may be made in certain circumstances, at the Remuneration 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, although 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 each 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 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 dependent 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.
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. No more than 25% of the award vests on the attainment of threshold target.

PURPOSE AND LINK TO STRATEGY	OPERATION
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 Remuneration Committee may introduce or remove benefits offered to individuals if it considers it appropriate. Where Executive Directors are required to relocate, the Remuneration Committee may, if considered appropriate, offer additional relocation or expatriate benefits.
COMPANY SHARESAVE SCHEME This provides the Company's UK employees with an interest in the performance of its shares.	Accumulated savings may be used to exercise an option to acquire shares in the Company. The option price of such shares may be discounted by up to the HMRC approved level (currently 20%).
SHAREHOLDING GUIDELINES To align the Executive Directors with the long-term interests of shareholders.	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 Company's 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 plus additional payments for being Chairman of a Committee, a Committee member or for being 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 Company. Non-Executive Directors are not eligible to participate in any Company incentive plans. Non-Executives Directors' fees are reviewed periodically by the Board with reference to external benchmarking.

MAXIMUM OPPORTUNITY	PERFORMANCE METRICS
Directors appointed from 2013 onwards receive a pension contribution of up to 20% of salary. The Remuneration Committee may determine that Executive Directors may receive a cash supplement of up to 20% of salary in lieu of pension.	None.
The car allowance is currently £13,361. As the cost of providing other benefits, including health insurance and life assurance, may vary from year to year, it is not considered 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 3 or 5 year period.	None.

1. Clawback and Malus

As advised in the Annual Report and Accounts 2014, the Remuneration Committee reviewed its clawback and malus policy during 2014 to ensure it remained consistent with best practice in the market. Accordingly, awards granted during 2015 onwards to Executive Directors will be subject to the following terms:

- Cash and deferred bonuses may be clawed back for a period of 3 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.

2. Recruitment Policy

In determining appropriate remuneration arrangements on hiring a new Executive Director, the Remuneration 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 Remuneration Committee is mindful of the need to avoid paying more than is necessary on recruitment.

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

The Remuneration Committee may make awards on hiring an external candidate to 'buyout' remuneration arrangements forfeited on leaving a previous employer. In doing so the Remuneration 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 should 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 Remuneration Policy table above, comprising a maximum of 232% of salary (i.e. 100% annual bonus, 100% LTIP and 32% BCIP/SMP). The Remuneration 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 that Executive Director's remuneration arrangements. Taking this into account the Remuneration 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 Director is appointed from within the organisation, the normal policy of the Company is that any legacy arrangements should be honoured in line with the original terms and conditions. Similarly, if an Executive Director is appointed following the Company's acquisition of, or merger with, another company, legacy terms and conditions should 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 Remuneration Policy table above.

3. Service Contracts and Letters of Appointment

The Executive Directors have service contracts with the Company as detailed below. The Company's practice on notice periods is that they should be for a period of 6 months for both the Executive and the Company. The Remuneration Committee considers that these 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 Director	Date of service contract	Notice period
Paula Bell	10/06/2013	Terminable on 52 weeks' notice
Forsyth Black	13/01/2016	Terminable on 26 weeks' notice

All Executive Directors' service contracts and Non-Executive Directors' letters of appointment are available for inspection at the Company'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 these 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.

4. 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 Remuneration 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 Remuneration Policy includes consideration of appropriate mitigation, including phasing of payments. In particular circumstances, the Company has a right to terminate immediately without payment.

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

Annual bonus	There is no automatic entitlement to annual bonus. Taking into account the circumstances of leaving, the Remuneration Committee may award a bonus in respect of performance in the relevant financial year with appropriate consideration of time pro-rating.
Deferred bonus shares	Deferred bonus shares are required to be transferred back to the Company (or the Director to pay the market value of such shares to the Company) in circumstances of resignation or dismissal. In other circumstances the deferred bonus shares would normally be retained by the Director.
BCIP/SMP	If a Director ceases office or employment with the Company 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 Remuneration 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 Remuneration Committee's assessment of the extent to which the performance targets have been met and, unless the Remuneration Committee determines otherwise, time pro-rating by reference to the proportion of the performance period elapsed. Under the BCIP, on death the matching ratio shall be one to one unless the Remuneration 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. Under the SMP, on death time pro-rating by reference to the proportion of the performance period elapsed shall apply unless the Remuneration Committee determines that it would be fairer to apply a substantially higher or lower matching 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.

LTIP	If a Director ceases office or employment with the Company any unvested awards will lapse unless the individual is a good leaver. Good leavers are those participants who leave by reason of injury, 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 Remuneration 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 Remuneration 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 Scheme	Leavers will be treated in accordance with the rules of the approved Plan.
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 Remuneration Committee should 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, the treatment of share awards will be in accordance with the rules of the relevant Plan which, in summary, are as follows:

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

ANNUAL REPORT ON REMUNERATION

Section 2 – Annual Report on Remuneration

Total remuneration received for the year ended 31 December 2015

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

Ian Harley and Octavia Morley stepped down from the Board on 15 May 2015 and 18 December 2015 respectively. David Garman and Geoff Eaton were appointed on 1 June 2015.

The table below and points 1 to 8 are subject to audit by the Company's auditors.

	Base salary/fee £'000		Benefits[1] £'000		Annual bonus £'000		Bonus Co-Investment Plan £'000		Long-term Incentive Plans £'000		Total Long-term incentives £'000		Pension £'000		Total remuneration £'000	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Executive Directors																
P Bell	319	316	15	15	–	155	–	–	–	–	–	–	64	63	398	549
Non-Executive Directors																
I Napier	188	186	–	–	–	–	–	–	–	–	–	–	–	–	188	186
D Jenkinson	40	40	–	–	–	–	–	–	–	–	–	–	–	–	40	40
S Maizey	45	26	–	–	–	–	–	–	–	–	–	–	–	–	45	26
D Garman[3]	27	–	–	–	–	–	–	–	–	–	–	–	–	–	27	–
G Eaton[3]	26	–	–	–	–	–	–	–	–	–	–	–	–	–	26	–
Former Directors																
J Stafford[2]	400	99	13	3	–	45	–	–	–	–	–	–	80	20	493	167
I Harley[3]	20	51	–	–	–	–	–	–	–	–	–	–	–	–	20	51
O Morley[3]	45	45	–	–	–	–	–	–	–	–	–	–	–	–	45	45

Notes:
1. Benefits offered to Executive Directors include a car allowance and health insurance. Details of the pension arrangements for each of the Directors are included on page 71 of this Annual Report and Accounts 2015.
2. Jeremy Stafford stood down from the Board of the Company in January 2016.
3. Salary has been pro-rated to reflect the resignation dates for Ian Harley and Octavia Morley from and the appointments of David Garman and Geoff Eaton to the Board of the Company.

1. Base Salary

Salaries of Executive Directors and other Company staff are reviewed annually. The current salaries for Executive Directors are set out below and are usually updated annually on 1 May. It has been determined that the salary of Paula Bell will be increased by 2% on 1 May 2016. As his appointment to the Board was on 13 January 2016, it was not considered appropriate to review Forsyth Black's salary. When determining Executive Director remuneration, the Remuneration Committee takes account of pay and employment conditions in the Company as a whole.

	2014 salary	2015 salary	2016 salary	% increase for 2016
P Bell	£319,300	£319,300	£325,686	2%
F Black[1]	–	–	£300,000	–

Note:
1. Forsyth Black was appointed as Managing Director of Menzies Aviation and an Executive Director on 13 January 2016.

2. Non-Executive Directors' Fees

For 2015 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.

The fees paid to Non-Executive Directors in respect of each of the positions detailed above are reviewed annually. They were reviewed in March 2016 and it was agreed that no changes would be made in 2016.

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 Remuneration Committee at the start of the relevant performance period taking into account market expectations at that time. Bonus payments are non-pensionable.

2015 awards included in the single figure

For 2015 bonuses were calculated as follows:

Name	Measure	Threshold target	Stretch target	Performance achieved	Weighting (% of salary)	Overall achieved	Cash value of award £'000
J Stafford	Group Underlying Profit before Tax[4]	£42m	£46m	£39.3m	70%	0%	£0
	Group Cash Conversion	96%	100%	110%	10%	100%[3]	
	KRAs	–	–	–	20%	75%	
P Bell	Group Underlying Profit before Tax[4]	£42m	£46m	£39.3m	70%	0%	£0
	Group Cash Conversion	96%	100%	110%	10%	100%[3]	
	KRAs	–	–	–	20%	80%	

Notes:
1. The specific KRA targets are considered to be commercially sensitive, and it is not considered appropriate to disclose them.
2. 20% of all bonus awards are deferred in the Company's shares for 3 years to December 2019.
3. Given the overall performance of the Group the Remuneration Committee exercised its discretion, as allowed under the Bonus Scheme Rules, and resolved that no bonus payments be made despite the Group Cash Conversion target being attained.
4. Calculated in accordance with the Bonus Scheme Rules.

Operation of policy for 2016 awards

The performance measures used for 2016 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 and, for 2016 and onwards, under the SMP, Executive Directors are invited to invest up to 40% of any annual cash bonus into the BCIP/SMP.

2013 awards included in the single figure

Awards made in March 2013 were on a 1:1 matching basis. 25% of the matching shares on these awards is due to be paid if the threshold level (EPS growth exceeds the Retail Price Index ("RPI") by 3%) is achieved, rising on a straight-line basis to 100% paid at or above stretch targets (EPS growth exceeds RPI by 6%). Any dividends accrued on shares which vest is paid in cash on vesting.

The performance period for awards made in 2013 ended on 31 December 2015. The per annum growth in EPS for the Company over the performance period of the award was below the threshold level and accordingly the awards will lapse.

2015 awards

For March 2015 awards in respect of the BCIP, performance measures and targets were set as follows:

Group performance criteria	Threshold target (25% vesting)	Stretch target (100% vesting)
EPS v Consumer Price Index ("CPI")	CPI + 0%	CPI + 3%

Details of 2015 awards are shown in the table headed 'Scheme Interests Awarded During 2015' on page 71 of this Annual Report and Accounts 2015.

Operation of policy for 2016 awards

The performance measures for 2016 awards under the SMP will be as follows:

Group performance criteria	Threshold target (25% vesting)	Stretch target (100% vesting)
EPS v CPI	EPS growth equals CPI growth	EPS growth exceeds CPI growth by 3%

Outstanding awards are shown below:

Name	31 December 2014	Granted during year	Market price of award	Vested during year	Lapsed during year	Gain/(loss) £'000	31 December 2015	Performance Period
J Stafford[1]	–	3,959	375.8p	–	–	–	3,959	1/1/2015 – 31/12/2017
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

Note:
1. All outstanding awards for Jeremy Stafford lapsed at the end of his service period in January 2016.

5. Long-Term Incentive Plan

Under the LTIP all awards are subject to a 3 year performance period with appropriate targets.

As disclosed in the Annual Report and Accounts 2014, the LTIP awards awarded during 2015 were based on relative TSR and EBITDA performance. The LTIP targets are designed to align the interests of the Executive Directors with those of the Company's shareholders and to promote a long term interest in the success of the Group.

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

2013 LTIP awards included in the single figure

LTIP awards made to Executive Directors during the financial year ending 31 December 2013 are detailed below. As the performance criteria has not been achieved, these awards shall lapse following the Company's final results announcement on 8 March 2016.

	Shares granted	Criteria	Threshold target	Stretch target	Attainment	Weighting	Shares vesting	Performance period
P Bell	37,439	TSR v FTSE250	TSR = FTSE250 median	TSR > FTSE250 +30%	0%	50%	0	1/1/2013-31/12/2015
		EPS v RPI	RPI + 3% p.a.	RPI + 8% p.a.	0%	50%		

2015 LTIP awards

For March 2015 LTIP awards, performance measures and targets were as follows:

Group performance criteria	Weighting	Threshold target (25% vesting)	Stretch target (100% vesting)
TSR	50%	TSR equals the FTSE250 median result	TSR equals the FTSE250 median result plus 30%
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

As disclosure of the Group EBITDA targets could be considered a profits forecast and is viewed by the Remuneration Committee to be both price and commercially sensitive, the Remuneration Committee has decided that it will retrospectively disclose the threshold and stretch targets for an LTIP award in its Report following the end of the relevant performance period. Details of the 2015 LTIP awards are shown in the table headed 'Scheme Interests Awarded During 2015' on page 71 of this Annual Report and Accounts 2015.

Operation of policy for 2016 awards

The performance measures for 2016 LTIP awards will be as follows:

Group performance criteria	Weighting	Threshold target (25% vesting)	Stretch target (100% vesting)
TSR	100%	TSR equals the FTSE SmallCap median	TSR equals the FTSE SmallCap median result plus 30%

Outstanding awards as at 31 December 2015 are shown below:

Name	31 December 2014	Granted during year	Market price of award	Vested during year	Lapsed during year	Gain/(loss) £'000	31 December 2015	Performance period
P Bell	37,439[1]	–	–	–	–	–	37,439	1/1/2013-31/12/2015
	40,817	–	654p	–	–	–	40,817	1/1/2014-31/12/2016
	–	82,935	385p	–	–	–	82,935	1/1/2015-31/12/2017
Former Director								
J Stafford[2]	52,631	–	570p	–	–	–	52,631	1/1/2014-31/12/2016
	–	103,896	385p	–	–	–	103,896	1/1/2015-31/12/2017

Notes:
1. As the performance criteria has not been achieved, this award shall lapse following the Company's final results announcement on 8 March 2016.
2. All outstanding awards for Jeremy Stafford lapsed at the end of his service period in January 2016.

6. Scheme Interests Awarded During 2015

	Type of interest	Basis on which award made	Maximum number of shares awarded	Share price on date of grant of option	Face value of shares (£)	% Vesting at threshold	Performance period end
P Bell	LTIP – conditional shares	100% of salary	82,935	£3.85	£319,300	25%	31/12/2017
	Save As You Earn	n/a	678	£3.50	£2,373	n/a	31/11/2018
Former Director							
J Stafford[1]	LTIP – conditional shares	100% of salary	103,896	£3.85	£400,000	25%	31/12/2017
	BCIP – conditional shares	1:1 match on deferred bonus	3,959	£3.76	£14,886	25%	31/12/2018

Notes:
1. All outstanding awards for Jeremy Stafford lapsed at the end of his service period in January 2016.
2. The exercise price for shares granted under the BCIP and LTIP is zero.
3. The exercise price for shares granted under the Save As You Earn scheme is the share price at the date of grant discounted by 20%.

LTIP and BCIP/SMP awards are subject to performance conditions and the value delivered on vesting depends on performance against pre-defined targets over the relevant period and changes in the Company's 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 share option price under the Sharesave Scheme in the relevant year.

7. Total Pension Entitlements

Scheme benefits/cash payments in lieu of pension contributions

Paula Bell does not participate in the Menzies Pension Fund. She is entitled to join the Money Purchase Pension Scheme which provides Company contributions equivalent to 20% of salary or to elect to receive an equivalent cash payment. Paula Bell recieves a cash payment equivalent to 20% of her salary in lieu of any pension contribution.

Forsyth Black is a member of the Menzies Pension Fund and accrues 1/60th of his pensionable salary (subject to the 'scheme earnings cap') for each year of pensionable service.

Jeremy Stafford did not participate in the Menzies Pension Fund during 2015. He was entitled to join the Money Purchase Pension Scheme but elected to receive a cash payment equivalent to 20% of his salary in lieu of any pension contributions.

Unfunded arrangement

The total of the transfer values for unfunded pension entitlements, held on the Company's Balance Sheet at 31 December 2015 for former Directors, calculated on an IAS 19 basis, totalled £1,529,597 (2014: £1,485,220), from which annual pensions of £63,815 were paid to former Directors (2014: £62,290).

8. Directors' Shareholdings and Share Interests

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

The following table shows Directors' shareholdings and share interests as at 31 December 2015 together with share options exercised during 2015:

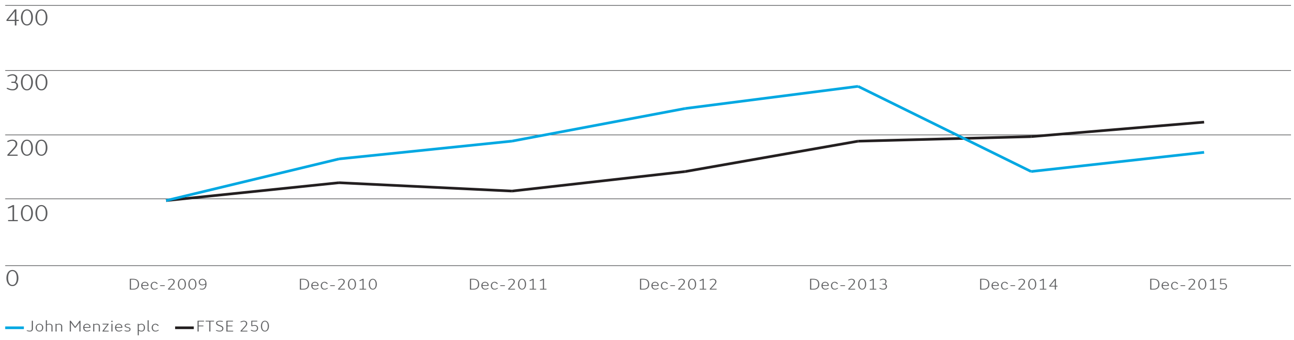
	Number of shares owned (including connected persons) including deferred shares	Unvested conditional shares subject to performance conditions (LTIP and BCIP awards)	Unvested options over shares subject to savings contracts (SAYE)	Vested options exercised during 2015
Paula Bell	17,519	173,541	1,896	–
Iain Napier	15,360	–	–	–
Dermot Jenkinson – Beneficial	1,801,443	–	–	–
– Non-beneficial	2,432,860	–	–	–
Silla Maizey	1,500	–	–	–
David Garman	10,000	–	–	–
Geoff Eaton	–	–	–	–
Former Directors				
Ian Harley	6,000	–	–	–
Octavia Morley	–	–	–	–
Jeremy Stafford	19,920	160,486	–	–

Details of unvested share awards (excluding details included elsewhere in this Annual Report and Accounts 2015) are as follows:

2013 and 2014 LTIP awards	Performance measured using a combination of some or all of the following measures: ▪ Relative TSR vs FTSE 250, 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 (2013) and Group EBIT growth targets (targets to be disclosed retrospectively) (2014). ▪ Divisional financial results for Aviation or Distribution (targets to be disclosed retrospectively).
2015 LTIP awards	Performance measured using a combination of some or all of the following measures: ▪ Relative TSR vs FTSE 250, with 25% vesting for median performance and 100% vesting for median performance +30%. ▪ Group EBITDA growth targets (targets to be disclosed retrospectively).
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.
2015 BCIP awards	Performance measured against Group EPS v CPI with growth targets of CPI +0% p.a. for 25% vesting and CPI +3% p.a. for 100% vesting.

9. Six Year Historical TSR Performance and Executive Director Pay

The following graph compares the Company's TSR for the 6 years to December 2015 with the equivalent performance of the FTSE250 Index. The Remuneration Committee considers that, given the scale and global spread of the Group's activities, the most appropriate comparison is with this Index.



The Large and Medium-sized Companies and Groups (Accounts and Report) Regulations 2008 (the "Regulations") require companies to show the total remuneration of any director who undertakes the role of Chief Executive Officer ("CEO") in each of the last 5 years. As the Company's 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	2010 Dollman	2011 Dollman	2012 Dollman	2013 Smyth	January to October 2014 Smyth	October to December 2014 Stafford	2015 Stafford
Role	Group Finance Director	Group Finance Director	Group Finance Director	MD, Menzies Aviation	MD, Menzies Aviation	CEO	CEO
Total remuneration (£'000)	750	3,578	1,735	1,203	725	99	400
Annual bonus award (% of maximum)	74%	74%	63%	46%	–	45%	–
Long-term incentive vesting (% of maximum)	40%	100%	100%	84%	–	n/a	–

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10. Percentage Change in Remuneration

The Regulations also require companies to show the annual change base salary, benefits and annual bonus for any director undertaking the role of CEO during the financial year in question together with the average change for all Group employees and the table below details this information. However, given the geographical spread of the Company's business and the different rates of wage inflation which exist, the average for Group employees for comparison with the CEO is based on the total UK employee base.

	Base salary (% change)	Benefits (% change)	Annual bonus (% change)
CEO	0%	0%	–100%
Average for Group employees	+2%	0%	+3%

11. Relative Importance of Spend on Pay

The total spend on employee remuneration at the Company during 2015 is reflected in the following table:

Group employee remuneration costs:	£506.7m
Dividend distribution	£8.0m
Share buyback	£0m

12. The Remuneration Committee

The Remuneration 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 which are modelled on the 2010 UK Corporate Governance Code and which are displayed on the Company's website.

During 2015 the following Non-Executive Directors were members of the Remuneration Committee:

Name	Position	Attendance
G Eaton (Appointed September 2015)	Chairman	2/2
D Garman (Appointed August 2015)	Member	2/2
S Maizey	Member	5/5
O Morley (Resigned August 2015)	Past Member	3/3
I Harley (Resigned May 2015)	Past Chairman /Member	0/2

Advisers to the Remuneration Committee

During 2015 the Remuneration Committee was advised by remuneration consultants from Deloitte LLP. Total fees in relation to Executive remuneration consulting were £11,950. Deloitte also provided advice in relation to controls assurance.

Deloitte was appointed by the Remuneration 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 United Kingdom. Each year the Chairman of the Remuneration Committee agrees the protocols under which Deloitte shall provide advice to support independence. The Remuneration Committee is satisfied that the advice which it has received from Deloitte has been objective and independent.

In addition, legal advice was sought by the Remuneration Committee from Maclay Murray & Spens LLP, the Company's solicitors, where considered appropriate.

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

13. 2015 Annual General Meeting

The table below provides the results of the remuneration resolutions which were tabled at the Company's AGM in 2015:

Resolution	Votes for	%age	Votes against	%age	Votes total	Votes withheld
2014 Directors' Remuneration Report	21,434,923	73.56%	7,703,418	26.44%	29,138,341	15,347,194
Adoption of 2015 Long Term Incentive Plan	27,130,549	76.90%	8,150,669	23.10%	35,281,218	9,200,752
Adoption of 2015 Notional Incentive Plan	28,040,554	78.09%	7,866,071	21.91%	35,906,625	8,578,911
Adoption of 2015 Share Matching Plan	26,052,024	77.36%	7,626,355	22.64%	33,678,379	10,807,157

A resolution to approve this Remuneration Report will be tabled at the forthcoming AGM of the Company. The Chairman of the Remuneration Committee will be available to answer questions from the Company's shareholders on this Remuneration Report.

14. 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 of the Company. This approval will not be denied where the Chairman is confident that the appointment in question will not interfere with the Director's ability to perform their duties for the Company nor provide a conflict of interest. Executive Directors are entitled to retain any fees received under such appointments.

During 2015, Paula Bell continued an external Non-Executive appointment with Laird plc for which she received fees of £55,500 (2014: £51,000).

On behalf of the Board

Geoff Eaton
Remuneration Committee Chairman
7 March 2016

DIRECTORS' REPORT

for the financial year ended 31 December 2015

The following sections provide information on those items which require to be included in this Directors' Report, pursuant to the requirements of the Companies Act 2006 (the "2006 Act"), the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013) (the "2013 Regulations") and the Financial Conduct Authority's Listing Rules. Some items are incorporated by reference into this Directors' Report, as detailed below.

Directors

The Directors who served during 2015 are shown in the table below together with Forsyth Black who was appointed as a Director on 13 January 2016. As previously intimated would be the case, Ian Harley stood down for health reasons on 15 May 2015 whilst Octavia Morley, having served as a Director for 9 years, stood down on 18 December 2015. Further details of those Directors who were in office at the end of 2015 are included on pages 44 and 45 of this Annual Report and Accounts 2015. All of these Directors held office throughout 2015 with the exception of Geoff Eaton and David Garman, who were both appointed with effect from 1 June 2015.

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

Name	Position	Appointed/resigned		31 December 2015	31 December 2014
Iain Napier	Chairman	Appointed September 2008	Beneficial	15,360	12,955
Paula Bell	Chief Financial Officer	Appointed June 2013	Beneficial	17,519	12,519
Forsyth Black	President & Managing Director of Menzies Aviation	Appointed January 2016	Beneficial	4,196	n/a
Dermot Jenkinson	Non-Executive Director	Appointed December 1985	Beneficial	1,801,443	1,885,860
			Non-beneficial	2,432,860	2,747,860
Silla Maizey	Non-Executive Director	Appointed May 2014	Beneficial	1,500	1,500
David Garman	Non-Executive Director	Appointed June 2015	Beneficial	10,000	n/a
Geoff Eaton	Non-Executive Director	Appointed June 2015	–	–	n/a
Former Directors:					
Ian Harley	Senior Independent Director	Resigned May 2015	Beneficial	n/a	6,000
Octavia Morley	Non-Executive Director	Resigned December 2015	–	n/a	–
Jeremy Stafford	Chief Executive Officer	Resigned January 2016	Beneficial	19,920	11,751

There have been no subsequent changes to these interests as at 7 March 2016.

No Director had any material interest in any contract, other than a service contract as set out on page 65 of this Annual Report and Accounts 2015.

Substantial Shareholdings

In addition to the Directors' interests set out above, the Company had been notified of the following interests of 3% or more in its issued ordinary shares of £0.25 (the "Ordinary Shares") as at 31 December 2015 and 7 March 2016:

Name	Number of Ordinary Shares as at 7 March 2016	Percentage of issued Ordinary Shares	Number of Ordinary Shares as at 31 December 2015	Percentage of issued Ordinary Shares
Kabouter Management	6,870,753	11.20%	6,769,146	11.03%
DC Thomson & Co Ltd	5,118,711	8.34%	5,118,711	8.34%
Lakestreet Capital Partners	4,317,434	7.04%	4,302,218	7.01%
Premier Asset Management	2,525,666	4.12%	2,369,332	3.86%
WM Thomson	1,885,400	3.07%	1,885,400	3.07%

Directors' and Officers' Liability Insurance

In accordance with the 2006 Act and the Company's Articles of Association (the "Articles"), the Company has arranged qualifying third party indemnities against financial exposure which the Directors may incur in the course of their professional duties for the Company. Equivalent qualifying third party indemnities were, and remain, in force for the benefit of those Directors who stood down from the Board during 2015. In addition to 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 11.8p per Ordinary Share (2014: 8.1p), payable on 1 July 2016 to shareholders on the Company's Register of Members as at the close of business on 27 May 2016. The shares will be quoted as ex-dividend on 26 May 2016. This final dividend, together with the interim dividend of 5.0p per Ordinary Share (2014: 8.1p) paid on 20 November 2015, makes a total dividend of 16.8p per Ordinary Share for the 2015 financial year.

Political Donations

In accordance with its policy, the Group did not give any money for political purposes nor did it make any donations to political organisations or independent candidates or incur any political expenditure during 2015.

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, are detailed in Note 17 of the Notes to the Accounts contained in this Annual Report and Accounts 2015 which information is incorporated by reference into this Directors' Report.

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 17 of the Notes to the Accounts contained in this Annual Report and Accounts 2015, which information is incorporated by reference into this Directors' Report.

Financial Instruments

Details of the use of financial instruments and financial risk management are included in Note 17 of the Notes to the Accounts contained in this Annual Report and Accounts 2015, which details are incorporated by reference into this Directors' Report.

Employee Involvement

Details of how the Company involves its employees in its business are contained in the Strategic Report section of this Annual Report and Accounts 2015 (pages 36 to 41), which details are incorporated by reference into this Directors' 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 2015.

Outlook

An indication of the likely future developments in the business of the Company (and its subsidiaries) is included in the Strategic Report section of this Annual Report and Accounts 2015 (pages 8 to 31), which details are incorporated by reference into this Directors' Report.

Research

The Company is not actively involved in research activities.

Geographical Spread

The Company operates in 31 countries worldwide and details of this geographical spread can be found on pages 2 and 3 of this Annual Report and Accounts 2015, which details are incorporated by reference into this Directors' 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 Resources, Relationships and Responsibilities section of this Annual Report and Accounts 2015 (pages 36 to 41), which details are incorporated by reference into this Directors' Report.

At the end of 2015 the split of male to female employees in the Group was:

Name	Male	Female
Directors	5	2
Decision makers	281	113
All employees	17,353	8,253

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 end of 2015 the amount owed to trade creditors by the Group function was equivalent to 32.4 days (2014: 31.3 days) of purchases from suppliers.

Audit Information

So far as the Directors in office at the date of the signing of this Directors' Report are aware, having made the requisite enquiries, there is no relevant audit information in terms of which the Company's 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. Resolutions to re-appoint Ernst & Young LLP as auditors of the Company and to authorise the Board to set their remuneration will be proposed at the Company's forthcoming AGM.

Share Capital and Structure

The Company has two classes of shares: the Ordinary Shares of £0.25 each and preference shares of £1.00 each (the "Preference Shares"). As at 31 December 2015 the Company had an issued share capital of £16,820,370, comprising 1,394,587 Preference Shares and 61,703,133 Ordinary Shares. Of these 61,703,133 Ordinary Shares, 345,176 were held as treasury shares. In December 2015 the Company purchased 12,425 Ordinary Shares to be held in Treasury. It is the Company's policy that shares held in Treasury are to be used for the satisfaction of share plan awards.

During 2015 the Company did not purchase any of its own shares for cancellation.

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

Articles of Association

Transfer of shares

There are no restrictions on the transfer of shares in the Company other than as contained in the Articles. Subject to the Articles, the Admission and Disclosure Standards of the London Stock Exchange and any requirements of the FCA, 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 Company's shares.

Voting rights

Deadlines for exercising voting rights and appointing a proxy or proxies to vote on the resolutions to be considered at the Company's forthcoming AGM are specified in the Notes to 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 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 will have one vote against that Resolution and one vote for. On a poll, every shareholder of the Company present in person or by proxy at a general meeting of the Company shall have one vote for every share which they hold and, if the holders of the Preference Shares have the right to vote on any resolution, each such holder shall have one vote for every Preference Share which they hold.

The holders of the Preference Shares shall have no right 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 Preference Shares or a part thereof is 6 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 attaching 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 its shares are held by persons other than the holders of its Ordinary Shares or Preference Shares. The Company is not aware of any agreement between holders of its shares which may result in restrictions on the transfer of its shares or on voting rights attaching thereto.

Allotment and Issue of Shares

The Directors are, by shareholder resolution passed at the AGM of the Company on 15 May 2015 (the "2015 AGM"), 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 £5,108,013. The Directors are also empowered to allot equity securities (within the meaning of section 560 of the 2006 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 £10,216,026.

Such authority and power will expire at the Company's forthcoming AGM unless previously revoked, varied or renewed. It is proposed that such authority and power be renewed by shareholder resolutions at this AGM but without prejudice to the exercise of any such authority and power prior to the date of such Resolutions.

Purchase of Own Shares

The Company is, by shareholder resolution passed at the 2015 AGM, authorised to purchase up to 6,129,616 of its Ordinary Shares at a maximum price which is equal to the higher of:

(i) an amount equal to 105% of the average of the middle market quotations for such Ordinary Shares 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 on the trading venues where the market purchases by the Company will be carried out) and at a minimum price of £0.25 per Ordinary Share.

The Company is also, by shareholder resolution passed at the 2015 AGM, authorised to purchase up to 1,394,587 of its Preference Shares at a maximum price which is equal to the higher of:

(i) an amount equal to 110% of the average of the middle market quotations for such Preference Shares 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 Preference Share on the trading venues where the market purchases by the Company will be carried out) and at a minimum price of £1.00 per Preference Share.

These authorities will expire at the Company's forthcoming AGM when it is proposed that they be renewed but without prejudice to the exercise of any such authorities prior to the date of such resolutions being put to the Company's shareholders.

Appointment of Directors

Directors may be appointed by the Company by an ordinary resolution of its shareholders. The Board may appoint a Director either to fill a vacancy or as an additional Director and any Director so appointed shall hold office only until the next AGM of the Company following such appointment and shall then be eligible for re-appointment. If not re-appointed at such AGM, 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 AGM) or a resolution for his or her reappointment is put to the AGM and lost (in either which case the retirement takes effect from the passing of the relevant resolution). An appropriate induction is provided by the Company for all new Directors and ongoing training is provided as and when it may be required, with Directors being provided with documentation on the Company and its activities on a regular basis. A Director is not required to hold shares in the capital of the Company.

Retirement of Directors

In accordance with best practice principles, 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 its business or otherwise, subject to any restrictions contained in the Articles which detail the specific powers of the Directors. Copies of the Articles may be obtained from the Group Company Secretary or from the Company's website at www.johnmenziesplc.com.

The Articles can only be amended by a special resolution of the Company's shareholders 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. Additionally, the Directors' service agreements and employee share plans would be similarly affected on a change of control.

Emissions Reporting

The information required to be included in this Directors' Report pursuant to the 2013 Regulations in respect of greenhouse gas emissions is included in the Resources, Relationships and Responsibilities section of this Annual Report and Accounts 2015 on pages 38 and 39, which information is incorporated by reference into this Directors' Report.

Annual General Meeting

Notice of the Company's forthcoming AGM is contained at the end of this document.

Approved and issued by the Board of Directors on 7 March 2016.

John Geddes
Group Company Secretary
7 March 2016

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Company's Annual Report, Remuneration Report and its financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare such 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 Policies, 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 Accounts 2015, 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 United Kingdom concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Statement pursuant to the Disclosure Rules and Transparency Rules

Each of the Directors confirms that to the best of their knowledge and belief:

- the financial statements, prepared in accordance with IFRSs, 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 and Accounts 2015 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

Our Opinion on the Financial Statements

In our opinion:

- John Menzies plc's Group financial statements and parent company financial statements (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 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions 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

John Menzies plc's financial statements comprise:

Group	Parent company
Group Balance Sheet as at 31 December 2015	Company Balance Sheet as at 31 December 2015
Group Income Statement for the year then ended	Company Statement of Changes in Equity as at 31 December 2015
Group Statement of Comprehensive Income for the year then ended	Company Statement of Cash Flows for the year then ended
Group Statement of Changes in Equity as at 31 December 2015	Related Notes 1 to 27 to the accounts
Group Statement of Cash Flows for the year then ended	
Related Notes 1 to 27 to the accounts	

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.

Overview of Our Audit Approach

Risks of material misstatement	• Assessment of the carrying value of goodwill and intangible assets with indefinite life. • Assessment of the valuation of defined benefit pension scheme assets and liabilities. • Risk that items are inconsistently (or inappropriately) classified as 'exceptional and other items'. • Risk of misstatement due to management override, fraud and error specifically around revenue recognition.
Audit scope	• We performed an audit of the complete financial information of four components and audit procedures on specific balances for a further 30 components. • The components where we performed full or specific audit procedures accounted for 74% of adjusted profit before tax ("PBT") and 90% of revenue.
Materiality	• Overall Group materiality of £1.5m which represents 5% of adjusted PBT.

Our Assessment of Risk of Material Misstatement

We identified the risks of material misstatement described below as those that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these risks, we have performed the procedures below which were designed in the context of the financial statements as a whole and, consequently, we do not express any opinion on these individual areas.

Risk	Our response to the risk	What we concluded to the Audit Committee
Assessment of the carrying value of goodwill and intangible assets with indefinite life (£108.3m, 2014: £116.1m) Refer to the Audit Committee Report (page 53); accounting policies (page 97); and Note 11 of the consolidated financial statements (page 114). We focused on this area because the assessment of the carrying value of these assets is inherently subjective due to the judgement involved in estimating future cash flows and in calculating the discount rate to apply to these cash flows.	We obtained management's impairment assessment and examined the calculation methodology and sources for key assumptions. We corroborated the key assumptions, being the cash flows, growth assumptions and discount rates utilising our valuations specialists to assist. We performed sensitivity analysis over significant assumptions used in the models to ascertain the point at which an impairment would be triggered and considered the likelihood of such a change. We read the disclosure in the financial statements in respect of management's impairment testing to confirm these are consistent with the conclusions of our audit work and meet the disclosure requirements of the relevant accounting standards.	We have concluded that the goodwill and intangible assets with indefinite life balances are materially correct.
Assessment of the valuation of defined benefit pension scheme assets and liabilities (£43.4m, 2014: £59.0m) Refer to the Audit Committee Report (page 53); accounting policies (page 97); and Note 4 of the consolidated financial statements (page 104). We focused on this area because the Group is exposed to significant pension fund movements, over which it has limited control as the quantum of a surplus/deficit depends on the successful investment policy as well as the selection of underlying assumptions. Significant judgement is required to determine the assumptions for future salary and pension increases, discount rate, inflation, investment returns and member longevity, resulting in the risk that liabilities are misstated.	We reviewed the scheme rules to ensure our understanding is current. We tested the input data used by the actuary to company records. We evaluated the key actuarial assumptions with the assistance of our specialists to determine if these were within an acceptable range. We verified a sample of assets for existence through third party confirmations and for valuation using market valuations where available. We read the disclosure in the financial statements in respect of pensions to consider whether these are consistent with the conclusions of our audit work and meet the disclosure requirements of the relevant accounting standards.	We have concluded that the pension liability is materially correct and that management's judgements in relation to underlying actuarial assumptions were appropriate.

Risk	Our response to the risk	What we concluded to the Audit Committee
Risk that items are inconsistently (or inappropriately) classified as 'exceptional and other items' (£10.7m, 2014: £9.7m) Refer to the Audit Committee Report (page 53); accounting policies (page 100); and Note 5 of the consolidated financial statements (page 109). 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 Group's policy as disclosed in Note 1. We assessed whether the disclosures within the financial statements and related narrative reporting provide sufficient detail for the reader to understand the nature of these charges. We challenged whether any significant items within underlying PBT, 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.	We have concluded that management's judgements in relation to the identification of 'exceptional and other items' were appropriate.
Risk of misstatement due to management override, fraud and error specifically around revenue recognition Refer to the Audit Committee Report (page 53); accounting policies (page 96); and Note 2 of the consolidated financial statements (page 100). We focused on the application of contractual rates within Aviation recognising the ongoing contract churn in this area and the level of returns in the Distribution business due to the level of judgement being applied.	We tested controls over revenue recognition with a focus on those related to measurement and timing of revenue recognition. At certain locations we employed data analysis techniques to correlate sales through to cash receipts. We performed detailed testing of a sample of sales and accrued income to ensure that revenue had been appropriately recognised in line with the underlying contract terms. We 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 performed cut-off testing around the period end. We obtained support for individually unusual and/or material revenue journals. These procedures were supplemented with analytical review procedures and enquiry of management.	We concluded that revenue recognised in the year is materially correct on the basis of procedures performed both at Group and by component audit teams.

The risks identified above are substantially the same as those identified last year.

The Scope of Our Audit

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of Group-wide controls, changes in the business environment and other factors such as recent internal audit results when assessing the level of work to be performed at each entity.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 101 reporting components of the Group, excluding the parent entity, we selected 34 components covering entities within the UK, USA, Australia, Netherlands, Spain, Czech Republic, South Africa, Mexico, Dominican Republic, India and Macau, which represent the principal business units within the Group.

Of the 34 components selected, we performed an audit of the complete financial information of four components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 30 components ("specific scope components"), we performed audit procedures on specific accounts within each component that we considered had the potential for the greatest impact on the significant accounts in the Group financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 129% (2014: 62%) of the Group's adjusted PBT measure used to calculate materiality which combined with the parent entity and consolidation adjustments which were net negative to adjusted PBT of 55% (2014: 29%), over which the Group team performed procedures, resulted in the calculated total overall percentage coverage of 74% (2014: 77%). The reporting components where we performed audit procedures accounted for 90% (2014: 91%) of the Group's revenue.

For the current year, the full scope components contributed 66% (2014: 44%) of the Group's adjusted PBT measure used to calculate materiality and 68% (2014: 68%) of the Group's revenue. The Group's adjusted PBT coverage from full scope components of 67% represents three locations having a positive contribution of 95% offset by one component having a negative contribution of 29%.

The specific scope components contributed 63% (2014: 62%) of the Group's adjusted PBT measure used to calculate materiality and 22% (2014: 23%) of the Group's revenue. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

The Group audit risk in relation to the carrying value of goodwill and intangible assets with indefinite life, the valuation of defined benefit pension scheme assets and liabilities and the risk that items are inconsistently (or inappropriately) classified as 'exceptional and other items' was subject to audit procedures by the primary team on the entire amount. The Group risk of misstatement due to management override, fraud and error specifically around revenue recognition was subject to audit procedures at each of the full and specific scope locations with revenue.

Of the remaining 67 components that together represent 26% of the Group's adjusted PBT, none is individually greater than 5% of the Group's adjusted PBT. For these components, we performed other procedures, including analytical review, intercompany eliminations and obtaining audit evidence to respond to any potential risks of material misstatement to the Group financial statements.

Changes from the Prior Year

To ensure sufficient coverage and to add a degree of unpredictability to the audit, one component was raised from specific to full scope, four components were raised from residual to specific scope and three components were reduced from specific to residual scope. The overall reduction in the calculated total overall percentage coverage of the adjusted PBT measure to 74% is primarily attributable to increased losses in one component.

Involvement with Component Teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the four full scope components, audit procedures were performed on two of these directly by the primary audit team and two by a component audit team. Of the 30 specific scope components, audit procedures were performed on 16 of these directly by the primary audit team. For the 14 specific scope components, where the work was performed by component auditors, we determined the involvement that we, as the primary team, needed to have with each component team to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

During the current year's audit cycle, a visit was undertaken by the primary audit team to the component team in the Dominican Republic being one of the two full scope locations outside the UK. This visit involved discussing the audit approach with the component team and considering any issues arising. The primary team interacted regularly with all component teams through emails and teleconferencing where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Our Application of Materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £1.5m (2014: £2.2m), which is 5% of adjusted PBT (2014: 5%) of £29.0m (2014: £42.1m) being reported PBT of £18.2m (2014: £25.7m) adjusted for exceptional items and net impairment losses of £10.7m (2014: £9.2m), contract amortisation of £Nil (2014: £7.2m) and share of tax on joint ventures and associates of £Nil (2014: £2.0m). We believe that adjusted PBT provides us with a consistent measure of underlying year on year performance as it excludes the impact of non-recurring items.

During the course of our audit, we reassessed initial materiality and reduced it to reflect the impact of the November trading update. We also took the view that contract amortisation and joint ventures taxation should not be adjusted for.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2014: 75%) of our planning materiality, namely £1.1m (2014: £1.7m). We have set performance materiality at this percentage due to historical experience with the Company demonstrating an effective control environment and low history of misstatements.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.2m to £0.9m (2014: £0.3m to £1.1m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £100,000 (2014: £160,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

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

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 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.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 81, 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 ("ISAs") (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.

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 financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 46 to 57 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

ISAs (UK and Ireland) reporting	We are required to report to you if, in our opinion, financial and non-financial information in the annual report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to report whether we have identified any inconsistencies between our knowledge acquired in the course of performing the audit and the Directors' Statement that they consider the Annual Report and Accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's performance, business model and strategy; and whether the annual report appropriately addresses those matters that we communicated to the Audit Committee that we consider should have been disclosed.	We have no exceptions to report.
Companies Act 2006 reporting	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.	We have no exceptions to report.
Listing Rules review requirements	We are required to review: • the Directors' Statement in relation to going concern, set out on page 34 and longer-term viability, set out on page 35; and • the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.	We have no exceptions to report.

Statement on the Directors' Assessment of the Principal Risks that Would Threaten the Solvency or Liquidity of the Entity

ISAs (UK and Ireland) reporting	We are required to give a statement as to whether we have anything material to add or to draw attention to in relation to: • the Directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the entity, including those that would threaten its business model, future performance, solvency or liquidity; • the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated; • the Directors' Statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the entity's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements; and • the Directors' explanation in the annual report as to how they have assessed the prospects of the entity, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the entity will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Signed on 7 March 2016 for and on behalf of Ernst & Young LLP, Statutory Auditor, Glasgow by:

James Nisbet
Senior Statutory Auditor

Notes:
The maintenance and integrity of the John Menzies plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

GROUP INCOME STATEMENT

for the year ended 31 December 2015 (year ended 31 December 2014)

	Notes	Before exceptional and other items £m	Exceptional and other items £m	2015 £m	Before exceptional and other items £m	Exceptional and other items £m	2014 £m
Revenue	2	1,899.2	–	1,899.2	1,902.9	–	1,902.9
Net operating costs	3	(1,862.8)	(17.6)	(1,880.4)	(1,861.0)	(16.4)	(1,877.4)
Operating profit		36.4	(17.6)	18.8	41.9	(16.4)	25.5
Share of post-tax results of joint ventures and associates		8.5	(1.5)	7.0	9.1	(1.5)	7.6
Operating profit after joint ventures and associates	2	44.9	(19.1)	25.8	51.0	(17.9)	33.1
Analysed as:							
Underlying operating profit*		44.9	–	44.9	51.0	–	51.0
Non-recurring items – rationalisation and acquisition related items	5	–	(5.8)	(5.8)	–	(6.0)	(6.0)
Non-recurring items – impairment charges	5	–	(4.7)	(4.7)	–	(3.2)	(3.2)
Contract amortisation	5	–	(7.1)	(7.1)	–	(7.2)	(7.2)
Share of interest on joint ventures and associates		–	0.7	0.7	–	0.5	0.5
Share of tax on joint ventures and associates		–	(2.2)	(2.2)	–	(2.0)	(2.0)
Operating profit after joint ventures and associates		44.9	(19.1)	25.8	51.0	(17.9)	33.1
Finance income	7	0.8	–	0.8	0.7	–	0.7
Finance charges	7	(5.6)	(0.9)	(6.5)	(5.4)	(1.0)	(6.4)
Other finance charge – pensions	4	(1.9)	–	(1.9)	(1.7)	–	(1.7)
Profit before taxation		38.2	(20.0)	18.2	44.6	(18.9)	25.7
Taxation	8	(12.2)	3.9	(8.3)	(14.4)	2.7	(11.7)
Profit for the year		26.0	(16.1)	9.9	30.2	(16.2)	14.0
Attributable to equity shareholders		26.2	(16.1)	10.1	30.1	(16.2)	13.9
Attributable to non-controlling interests		(0.2)	–	(0.2)	0.1	–	0.1
		26.0	(16.1)	9.9	30.2	(16.2)	14.0
Earnings per ordinary share	10						
Basic		42.7p	(26.2)p	16.5p	49.2p	(26.5)p	22.7p
Diluted		42.7p	(26.3)p	16.4p	49.0p	(26.4)p	22.6p

* 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 2015 (year ended 31 December 2014)

	Notes	2015 £m	2014 £m
Profit for the year		9.9	14.0
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on defined benefit pensions	4	5.6	(23.5)
Actuarial loss on unfunded pension arrangements		–	(0.1)
Income tax effect		(1.1)	4.7
Impact of rate change on deferred tax		(0.9)	–
Items that may be reclassified subsequently to profit or loss:			
Movement on cash flow hedges	17	(0.1)	–
Movement on net investment hedges	17	(1.5)	(3.7)
Income tax effect		0.3	0.8
Exchange loss on translation of foreign operations		(3.9)	(0.5)
Income tax effect of exchange loss on foreign operations		0.6	–
Other comprehensive loss for the year (net of tax)		(1.0)	(22.3)
Total comprehensive income/(loss) for the year		8.9	(8.3)
Attributable to equity shareholders		8.9	(8.4)
Attributable to non-controlling interests		–	0.1
		8.9	(8.3)

GROUP AND COMPANY BALANCE SHEETS

as at 31 December 2015 (31 December 2014)

	Notes	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
ASSETS					
Non-current assets					
Intangible assets	11	108.3	116.1	–	–
Property, plant and equipment	12	114.4	120.1	24.4	25.1
Investments accounted using the equity method	13	26.4	27.8	–	–
Investments in subsidiaries	13	–	–	291.0	290.5
Deferred tax assets	14	12.2	12.0	2.8	6.5
		261.3	276.0	318.2	322.1
Current assets					
Inventories		14.7	12.9	–	–
Trade and other receivables	15	201.9	186.6	288.1	271.6
Derivative financial assets	17	0.6	1.9	0.6	1.9
Cash and cash equivalents		34.1	32.8	0.8	1.0
		251.3	234.2	289.5	274.5
LIABILITIES					
Current liabilities					
Borrowings	17	(3.4)	(3.3)	(2.9)	(3.2)
Derivative financial liabilities	17	(2.3)	(2.0)	(2.3)	(2.0)
Trade and other payables	16	(217.3)	(215.8)	(310.3)	(311.0)
Current income tax liabilities		(10.0)	(9.0)	–	–
Provisions	20	(4.9)	(3.8)	–	–
		(237.9)	(233.9)	(315.5)	(316.2)
Net current assets/(liabilities)		13.4	0.3	(26.0)	(41.7)
Total assets less current liabilities		274.7	276.3	292.2	280.4
Non-current liabilities					
Borrowings	17	(152.2)	(140.3)	(152.2)	(140.2)
Other payables	16	(3.5)	(4.0)	(5.0)	(4.9)
Deferred tax liabilities	14	(1.5)	–	–	–
Provisions	20	(2.9)	(3.3)	–	–
Retirement benefit obligation	4	(43.4)	(59.0)	(43.4)	(59.0)
		(203.5)	(206.6)	(200.6)	(204.1)
Net assets		71.2	69.7	91.6	76.3
Shareholders' equity					
Ordinary shares	21	15.4	15.4	15.4	15.4
Share premium account		20.4	20.3	20.4	20.3
Treasury shares		(1.8)	(2.0)	(1.8)	(2.0)
Other reserves		(21.6)	(16.8)	(0.9)	(0.8)
Retained earnings		35.6	29.5	36.9	21.8
Capital redemption reserve		21.6	21.6	21.6	21.6
Total shareholders' equity		69.6	68.0	91.6	76.3
Non-controlling interest in equity		1.6	1.7	–	–
Total equity		71.2	69.7	91.6	76.3

The accounts were approved by the Board of Directors on 7 March 2016 and signed on its behalf by:

Iain Napier
Chairman

Paula Bell
Chief Financial Officer

Company No: SC34970

GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY

as at 31 December 2015 (31 December 2014)

	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 2014	15.4	20.3	(2.0)	(0.8)	(16.0)	29.5	21.6	68.0	1.7	69.7
Profit/(loss) for the year	–	–	–	–	–	10.1	–	10.1	(0.2)	9.9
Other comprehensive (loss)/income	–	–	–	(0.1)	(4.7)	3.6	–	(1.2)	0.2	(1.0)
Total comprehensive (loss)/income	–	–	–	(0.1)	(4.7)	13.7	–	8.9	–	8.9
New share capital issued	–	0.1	–	–	–	–	–	0.1	–	0.1
Share-based payments	–	–	–	–	–	0.5	–	0.5	–	0.5
Dividends paid	–	–	–	–	–	(8.0)	–	(8.0)	(0.1)	(8.1)
Repurchase of own shares	–	–	(0.1)	–	–	–	–	(0.1)	–	(0.1)
Disposal of own shares	–	–	0.3	–	–	(0.1)	–	0.2	–	0.2
At 31 December 2015	**15.4**	**20.4**	**(1.8)**	**(0.9)**	**(20.7)**	**35.6**	**21.6**	**69.6**	**1.6**	**71.2**
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 25)	–	–	–	–	–	(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

	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 2014	15.4	20.3	(2.0)	(0.8)	–	21.8	21.6	76.3	–	76.3
Profit for the year	–	–	–	–	–	19.1	–	19.1	–	19.1
Other comprehensive (loss)/income	–	–	–	(0.1)	–	3.6	–	3.5	–	3.5
Total comprehensive (loss)/income	–	–	–	(0.1)	–	22.7	–	22.6	–	22.6
New share capital issued	–	0.1	–	–	–	–	–	0.1	–	0.1
Share-based payments	–	–	–	–	–	0.5	–	0.5	–	0.5
Dividends paid	–	–	–	–	–	(8.0)	–	(8.0)	–	(8.0)
Repurchase of own shares	–	–	(0.1)	–	–	–	–	(0.1)	–	(0.1)
Disposal of own shares	–	–	0.3	–	–	(0.1)	–	0.2	–	0.2
At 31 December 2015	**15.4**	**20.4**	**(1.8)**	**(0.9)**	**–**	**36.9**	**21.6**	**91.6**	**–**	**91.6**
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

GROUP AND COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2015 (year ended 31 December 2014)

		Group		Company	
	Notes	2015 £m	2014 £m	2015 £m	2014 £m
Cash flows from operating activities					
Cash generated from operations	22	35.9	51.0	(15.6)	(14.6)
Interest received		0.8	0.7	–	–
Interest paid		(5.9)	(6.4)	(4.6)	(5.8)
Tax (paid)/received		(7.7)	(8.2)	0.6	0.3
Net cash flow from operating activities		23.1	37.1	(19.6)	(20.1)
Cash flows from investing activities					
Acquisitions	25	(15.1)	(2.2)	–	–
Cash acquired with subsidiaries	25	1.3	–	–	–
Purchase of property, plant and equipment		(22.2)	(28.1)	–	–
Intangible asset additions		(2.6)	(3.0)	–	–
Proceeds from sale of property, plant and equipment		4.5	1.0	–	–
Proceeds on redemption of joint venture preference shares		0.8	–	–	–
Dividends received from equity accounted investments		6.5	6.4	–	–
Net cash flow used in investing activities		(26.8)	(25.9)	–	–
Cash flows from financing activities					
Proceeds from issue of ordinary share capital		0.1	0.1	0.1	0.1
Purchase of own shares		(0.1)	(1.0)	(0.1)	(1.0)
Repayment of borrowings	23	(0.4)	(46.3)	–	(46.2)
Proceeds from borrowings	23	15.3	52.9	15.3	52.9
Dividends paid to non-controlling interests		–	(0.3)	–	–
Dividends paid to ordinary shareholders	9	(8.0)	(16.8)	(8.0)	(16.8)
Net amounts repaid by subsidiaries		–	–	12.1	31.4
Net cash flow from/(used in) financing activities		6.9	(11.4)	19.4	20.4
Increase/(decrease) in net cash and cash equivalents	23	3.2	(0.2)	(0.2)	0.3
Effects of exchange rate movements		(1.5)	(0.9)	–	–
Opening net cash and cash equivalents		32.2	33.3	1.0	0.7
Closing net cash and cash equivalents*	23	33.9	32.2	0.8	1.0

* 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 2015 were approved and authorised for issue in accordance with a resolution of the Directors on 7 March 2016. 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.

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

New accounting standards and amendments affecting the Group

Several new standards and amendments are applicable for the first time in 2015. However, they do not impact the annual consolidated financial statements of the Group.

Standards and amendments to standards that have been issued but are not effective for 2015 and have not been early adopted are:

- Amendments to IAS 27: Equity Method in Separate Financial Statements – effective date 1 January 2016
- Amendments to IAS 1: Disclosure Initiative – effective date 1 January 2016
- IFRS 9 Financial Instruments* – effective date 1 January 2018
- IFRS 15 Revenue from Contracts with Customers* – effective date 1 January 2018
- 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
- IFRS 16 Leases – effective date 1 January 2019
- Amendment to IAS 7: Disclosure Initiative* – effective date 1 January 2017
- Amendment to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses* – effective date 1 January 2017

* Not yet adopted for use in the European Union.

The above standards and amendments 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.

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.

1. Accounting Policies continued

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 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 the 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 consent of all parties.

The financial statements of each 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. Where 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 or the remaining lease term if shorter
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.

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. 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 core 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. Certain other contracts are amortised over the remaining life of the contract.

1. Accounting Policies continued

Computer software

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly attributable to 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 the 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 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 reassessing 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.

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.

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 14 for further details.

The Group has in place a limited number of intragroup finance arrangements that are subject to enquiry by the relevant tax authority. The Group does not recognise potential benefits from such arrangements to its effective tax rate until the agreement of the relevant tax authority is considered resonably certain and therefore an appropriate provision is held until that point.

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 20 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.

1. Accounting Policies continued

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 17 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 spend on exceptional items, ordinary dividends and net spend on shares.

Underlying operating cash flow is free cash flow before net capital expnenditure, net interest paid and taxation.

Cash conversion is underlying operating cash flow less replacement capital expenditure and interest divided by underlying profit before taxation.

Interest cover is EBITA divided by external interest charge. EBITA is underlying operating profit plus computer software amortisation. External interest charge excludes the net finance 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 along with marketing and logistics services across the UK and Ireland. 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 intangible amortisation. Net finance income and expenditure are not allocated to segments as this activity is managed 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)	
	2015 £m	2014 £m	2015 £m	2014 £m
Distribution	1,244.0	1,261.3	25.1	24.0
Aviation				
Ground Handling	490.0	470.6	4.1	12.0
Cargo Handling	146.8	149.4	14.7	13.8
Cargo Forwarding	112.5	118.6	4.3	4.4
	749.3	738.6	23.1	30.2
Corporate	–	–	(3.3)	(3.2)
	1,993.3	1,999.9	44.9	51.0
Joint ventures and associates	(94.1)	(97.0)	–	–
	1,899.2	1,902.9	44.9	51.0

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

2015	Notes	Distribution £m	Aviation £m	Corporate £m	Group £m
Operating profit/(loss)		16.8	7.0	(5.0)	18.8
Share of post-tax results of joint ventures and associates		1.6	5.4	–	7.0
Operating profit/(loss) after joint ventures and associates		18.4	12.4	(5.0)	25.8
Net finance expense					(7.6)
Profit before taxation					18.2
Analysed as:					
Pre-exceptional operating profit/(loss)*		25.1	23.1	(3.3)	44.9
Rationalisation and acquisition related items	5	(3.9)	(0.2)	(1.7)	(5.8)
Net impairment loss	5	–	(4.7)	–	(4.7)
Contract amortisation	11	(2.5)	(4.6)	–	(7.1)
Share of interest on joint ventures and associates		–	0.7	–	0.7
Share of tax on joint ventures and associates		(0.3)	(1.9)	–	(2.2)
Operating profit/(loss) after joint ventures and associates		18.4	12.4	(5.0)	25.8

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 and associates		1.5	6.1	–	7.6
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 and acquisition related costs	5	(6.0)	–	–	(6.0)
Net impairment loss	5	–	(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

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

2. Segment Information continued

2015	Distribution £m	Aviation £m	Corporate £m	Group £m
Segment assets	199.7	264.8	1.9	466.4
Unallocated assets				46.2
Total assets				512.6
Segment liabilities	(116.7)	(93.6)	(20.6)	(230.9)
Unallocated liabilities				(210.5)
Total liabilities				(441.4)
Segment net assets/(liabilities)	83.0	171.2	(18.7)	235.5
Unallocated net liabilities				(164.3)
Net assets				71.2

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

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.

2015	Distribution £m	Aviation £m	Corporate £m	Group £m
Capital expenditure – property, plant and equipment	4.4	16.4	–	20.8
Capital expenditure – intangible assets	2.1	0.5	–	2.6
Depreciation	4.6	15.7	0.7	21.0
Amortisation of intangible assets	4.8	5.8	–	10.6
Impairment of intangible assets	–	4.0	–	4.0
Loss/(gain) on disposal of property, plant and equipment	0.4	(1.0)	–	(0.6)

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)

Geographic information

	Revenue		Non-current assets	
	2015 £m	2014 £m	2015 £m	2014 £m
UK	1,363.1	1,391.8	110.2	109.5
Continental Europe	171.2	161.2	37.3	44.7
USA	140.3	116.6	36.8	35.9
Rest of world	224.6	233.3	64.8	73.9
	1,899.2	1,902.9	249.1	264.0

3. Net Operating Costs

	Notes	2015 £m	2014 £m
Goods for resale and other operating charges		1,331.6	1,348.1
Employment costs	4	506.7	489.0
Intangible assets amortisation	11	10.6	10.9
Depreciation	12	21.0	20.2
Exceptional items	5	5.8	6.0
Net impairment loss	5	4.7	3.2
		1,880.4	1,877.4

The comparative now shows the net impairment loss of £3.2m separately from goods for resale and other operating charges.

Other operating charges include:

	2015 £m	2014 £m
Operating leases and hire charges - plant and equipment	27.5	28.3
Rent of properties	31.8	31.4
Gain on disposal of property, plant and equipment	(0.6)	(0.2)
Currency translation gain	–	(0.2)

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

	2015 £m	2014 £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	0.5
Tax advisory	0.4	0.4

4. Employees

	2015 £m	2014 £m
Wages and salaries	451.9	434.8
Share-based payments	0.5	0.6
Social security costs	40.5	39.0
	492.9	474.4
Pension charge	13.8	14.6
	506.7	489.0

The average number of people employed during the year was:

	2015	2014
Distribution	3,387	3,500
Aviation	21,737	20,916
Corporate	31	27
	25,155	24,443

The above includes 16,893 people employed outside the UK (2014: 15,761).

Pension schemes

The principal Group-funded defined benefit scheme in the UK is the Menzies Pension Fund ("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:

	2015 £m	2014 £m
Menzies Pension Fund	2.2	2.1
Other schemes	11.6	12.5
	13.8	14.6

Fund financial assumptions and information

The Actuary undertook a valuation of the Fund as at 31 December 2015 (2014: 31 December 2014) under IAS 19. In deriving the results the Actuary used the projected unit method and the following financial assumptions:

	2015 %	2014 %
Rate of increase in salaries	3.0	3.0
Rate of increase in pensions (prior to 1 May 2006)	3.5	3.5
Rate of increase in pensions (from 1 May 2006 to 1 June 2010)	2.1	2.0
Rate of increase in pensions (after 1 June 2010)	1.0	1.0
Price inflation	3.0	3.0
Discount rate	4.0	3.7

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:

	2015 Years	2014 Years
Male	22.2	20.9
Female	23.7	22.5

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

	2015 Years	2014 Years
Male	23.8	21.7
Female	25.0	23.7

Further information regarding the membership of the Fund is:

	Number	Liability split	Average liability duration (years)
2015			
Active members	445	16%	21.8
Deferred members	3,353	34%	21.0
Pensioners	2,138	50%	11.9
	5,936	100%	16.5
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

4. Employees continued

Fair value of Fund assets and liabilities

	2015			2014		
	Quoted £m	Unquoted £m	Total value at 31 December £m	Quoted £m	Unquoted £m	Total value at 31 December £m
Equities	127.4	0.3	127.7	114.7	11.7	126.4
Bonds	130.8	–	130.8	110.6	2.8	113.4
Investment funds	1.8	4.0	5.8	4.2	12.0	16.2
Property	4.1	24.4	28.5	0.4	23.0	23.4
Other	10.3	9.3	19.6	5.4	28.1	33.5
Total value of assets	274.4	38.0	312.4	235.3	77.6	312.9
Defined benefit obligation			(355.8)			(371.9)
Recognised in Balance Sheet			(43.4)			(59.0)
Related deferred tax asset (Note 14)			7.8			11.8
Net pension liabilities			(35.6)			(47.2)

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

	Note	2015 £m	2014 £m
0.5% decrease in discount rate		386.5	408.5
1 year increase in life expectancy		366.5	383.1
0.5% decrease in salary increases	(i)	355.8	371.9
0.5% decrease in inflation		334.4	342.8

(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.

The sensitivities disclosed were calculated using approximate methods taking into account the duration of the Fund's liabilities. In relation to sensitivities, the Company recognises actuarial gains and losses immediately through the re-measurement of the net defined benefit liability.

Pension expense

The components of pension expense are:

	2015 £m	2014 £m
Amounts charged/(credited) to operating profit are:		
Current service cost	2.0	1.8
Administrative costs	1.3	1.1
Effect of settlements	(1.1)	(0.8)
Total service cost	2.2	2.1
Amounts included in finance costs are:		
Interest cost on defined benefit obligation	13.4	14.7
Interest income on Fund assets	(11.5)	(13.0)
Net finance charge	1.9	1.7
Pension expense	4.1	3.8

The amounts recognised in the Statement of Comprehensive Income are:

	2015 £m	2014 £m
Returns on assets excluding amounts included in net interest	(4.9)	18.8
Changes in financial assumptions	10.5	(42.3)
Actuarial gain/(loss)	5.6	(23.5)

Changes in Fund assets and defined benefit obligation

The change in scheme assets during the year is:

	2015 £m	2014 £m
Fair value of assets at start of year	312.9	282.0
Interest income	11.5	13.0
Company contributions	14.1	14.1
Employee contributions	0.7	0.8
Effect of settlements	(2.2)	(1.8)
Benefits and expenses paid	(19.7)	(14.0)
Returns on assets excluding amounts included in net interest	(4.9)	18.8
Fair value of assets at end of year	312.4	312.9

The actual return on scheme assets was a gain of £6.6m (2014: £31.8m).

The change in defined benefit obligation during the year is:

	£m	£m
Defined benefit obligation at start of year	371.9	327.8
Total service cost	3.3	2.9
Interest cost	13.4	14.7
Effect of settlements	(3.3)	(2.6)
Employee contributions	0.7	0.8
Benefits and expenses paid	(19.7)	(14.0)
Changes in financial assumptions	(10.5)	42.3
Defined benefit obligation at end of year	355.8	371.9

4. Employees continued

Benefits, regulatory framework and 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

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.

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 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's 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 2018 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 triennial valuation process in which the Trustee and the Company agree the long term funding strategy has been concluded and a Schedule of Contributions dated 4 March 2016 has been agreed. The Schedule of Contributions sets out the additional contributions required to meet the funding shortfall between the value of the Fund's assets and liabilities. The additional contributions have been agreed as being nine annual contributions of £10.7m per annum rising with the higher of RPI or the annual percentage change in dividends and beginning in the year ended 31 March 2017 and continuing to the year ended 31 March 2025. The impact of changes in dividends would only apply when dividends paid are at least at the level of those paid in 2013.

In total, the Company expects to contribute around £13m to the Fund during the year to 31 December 2016.

Other information

Small settlements have occurred over the year. There have been no other Fund amendments or curtailments.

5. Exceptional and Other Items

Exceptional items included in operating profit

	Notes	2015 £m	2014 £m
Rationalisation costs	(i)	(3.5)	(3.7)
Acquisition related earn-out adjustment	(ii)	(0.2)	(2.3)
Acquisition related costs	(iii)	(0.4)	–
Management restructure and strategic review	(iv)	(1.7)	–
		(5.8)	(6.0)

(i) Costs of rationalising excess capacity in the Distribution business comprised redundancy £1.2m (2014: £1.8m), property £0.1m (2014: £1.1m) and other related restructuring costs £2.0m (2014: £0.8m). Restructuring costs of £0.2m (2014: £Nil) were incurred in the Aviation segment in Spain.

(ii) Relates to two acquisitions in the Distribution division, Fore Partnership and Orbital Marketing Services Group. There was a £0.7m increase in relation to Fore Partnership, reflecting an underlying increase in profits of that business, offset by the contingent consideration for Orbital Marketing Services Group being settled for £9.9m, £0.5m lower than expected at 31 December 2014. In the prior year a charge of £2.3m was incurred reflecting the increased profit of this business.

(iii) Relates largely to the acquisition of AJG Parcels Ltd in June 2015 and Oban Express Parcel Service Ltd in November 2015.

(iv) Redundancy (£1.0m) and advisory costs (£0.7m) relating to the work performed to reshape the senior management team and review the strategic direction of the business in order to prioritise the opportunities for growth as set out in the Strategic Report of this Annual Report and Accounts.

Exceptional items included in finance charges

	Note	2015 £m	2014 £m
Unwind discount	(i)	(0.2)	(0.5)

(i) Relating to deferred consideration and onerous lease provisions.

Intangible assets amortisation and impairment included in operating profit

	Notes	2015 £m	2014 £m
Contract amortisation	(i)	(7.1)	(7.2)
Net impairment loss	(ii)	(4.7)	(3.2)
		(11.8)	(10.4)

(i) Contracts capitalised as intangible assets on the acquisition of businesses.

(ii) Following the loss of licences in the Aviation segment in Spain an impairment charge of £4.7m has been recognised representing a write-off of intangible assets of £4.0m and other associated assets of £0.7m. In the year ended 31 December 2014, a net impairment loss of £3.2m resulted from the loss of existing and expected business in Colombia which comprised impairment charges of £3.6m in relation to customer contracts, £0.8m redundancy and associated costs and a £1.2m credit for contingent consideration no longer expected to be incurred.

The taxation effect of the exceptional items is a net credit of £1.7m (2014: net credit of £0.7m). This credit relates to the impairment of intangible assets in Spain (£0.8m), rationalisations costs in Distribution (£0.6m) and the management restructure and strategic review (£0.3m).

6. Directors' Emoluments

Emoluments paid to the Directors of John Menzies plc are:

	2015 £m	2014 £m
Salary/fees	1.1	1.2
Bonus	–	0.3
Pension salary supplement	0.2	0.2
	1.3	1.7
Gains made on the exercise of Long Term Incentive Plan awards	–	0.6

Further details of the Directors' remuneration are disclosed in the Directors' Remuneration Report.

7. Finance Costs

	2015 £m	2014 £m
Finance income		
Bank deposits	0.8	0.7
Finance charges		
Bank loans and overdrafts	(5.5)	(5.3)
Preference dividends	(0.1)	(0.1)
	(5.6)	(5.4)
Net finance costs	(4.8)	(4.7)

8. Taxation

Analysis of tax charge in Income Statement

	2015 £m	2014 £m
Current tax		
UK corporation tax on profits for the year	0.1	(0.4)
Overseas tax	8.9	10.1
Adjustments to prior years' liabilities	0.1	0.2
Total current tax	9.1	9.9
Deferred tax		
Origination and reversal of temporary differences	(2.6)	(0.3)
Adjustments to prior years' liabilities	(0.2)	–
	(2.8)	(0.3)
Retirement benefit obligation	2.0	2.1
Total deferred tax	(0.8)	1.8
Tax on profit on ordinary activities	8.3	11.7

Current and deferred tax related to items charged/(credited) outside Income Statement

	2015 £m	2014 £m
Deferred tax on actuarial gain/(loss) on retirement benefit obligation	1.1	(4.7)
Impact of UK rate change	0.9	–
Deferred tax on share-based payments	–	0.6
Current tax on net exchange adjustments	(0.9)	(0.2)
Deferred tax on net exchange adjustments	–	(0.6)
Tax charge/(credit) reported outside profit or loss	1.1	(4.9)

Reconciliation of effective tax rate

The reconciliation between the tax charge and product of accounting profit multiplied by the Group's domestic tax rate is:

	2015 £m	2014 £m
Profit before tax	18.2	25.7
Profit before tax multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	3.7	5.5
Non-deductible expenses including intangible amortisation	3.1	1.5
Depreciation on non-qualifying assets	0.4	0.4
Unrelieved overseas losses	1.5	2.0
Deferred tax assets written off	0.1	0.4
Deferred tax asset recognised on overseas losses carried forward	(2.0)	–
Deferred tax liability recognised on undistributed reserves of overseas subsidiaries	1.2	–
Exceptional items	0.4	1.4
Utilisation of previously unrecognised losses	(0.3)	(0.2)
Higher tax rates on overseas earnings	1.9	2.0
Share of joint venture and associate post-tax result included in profit before tax	(1.6)	(1.5)
Adjustments to prior years' liabilities	(0.1)	0.2
At the effective corporation tax rate of 45.6% (2014: 45.5%)	8.3	11.7

The main rate of UK corporation tax was reduced from 21% to 20% from 1 April 2015.

The Finance Act (No 2) 2015, which was substantively enacted on 26 October 2015, includes legislation reducing the main rate of corporation tax from 20% to 18%. This decrease is to be phased in with a reduction to 19% effective from 1 April 2017 and a reduction to 18% effective from 1 April 2020. As the reductions in the main rate of corporation tax were substantively enacted at the Balance Sheet date, and reduce the tax rate applying when temporary differences reverse on or after 1 January 2017, it could have the effect of reducing the UK deferred tax assets and liabilities depending upon the timing of the reversal of the temporary differences. As most of the temporary differences reversing on or after 1 January 2017 relate to the UK pension deficit which has arisen predominantly due to actuarial gains/losses taken to other comprehensive income the reduction in the deferred tax asset has been debited to other comprehensive income and therefore has not had an effect on the effective tax rate or on profit for the year.

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 and 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.

	2015 Losses £m	2014 Losses £m	Expiry
Colombia	2.6	2.2	Carry forward indefinitely
Germany	17.8	19.3	Carry forward indefinitely
Netherlands	3.6	3.6	Carry forward for 5 years
Norway	11.9	11.1	Carry forward indefinitely
South Africa	5.1	3.2	Carry forward indefinitely
Sweden	3.3	2.9	Carry forward indefinitely
USA	37.1	42.0	Carry forward for up to 20 years

The Group has capital losses in the UK of approximately £10.4m (2014: £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 paid on equity shares

		2015 £m	2014 £m
Ordinary	Interim paid in respect of 2015, 5.0p per share	3.0	–
	Final paid in respect of 2014, 8.1p per share	5.0	–
	Interim paid in respect of 2014, 8.1p per share	–	5.0
	Final paid in respect of 2013, 18.8p per share	–	11.5
	Paid in respect of performance share plans	–	0.3
		8.0	16.8

Dividends of £Nil were waived on Treasury shares (2014: £0.1m).

The Directors are proposing a final dividend in respect of the year to 31 December 2015 of 11.8p per ordinary share, which will absorb an estimated £7.2m of shareholders' funds. Payment will be made on 1 July 2016 to shareholders on the register at the close of business on 27 May 2016.

Treasury shares

Ordinary shares are held for employee share schemes. At 31 December 2015 the Company held 345,176 (2014: 366,409) ordinary shares with a market value of £1.4m (2014: £1.3m).

10. Earnings Per Share

	Notes	Basic 2015 £m	Basic 2014 £m	Underlying[i] 2015 £m	Underlying[i] 2014 £m
Operating profit		18.8	25.5	18.8	25.5
Share of post-tax results of joint ventures and associates		7.0	7.6	7.0	7.6
add back: exceptional items	5	–	–	5.8	6.0
intangible amortisation and impairment	5	–	–	11.8	10.4
share of interest on joint ventures and associates		–	–	(0.7)	(0.5)
share of tax on joint ventures and associates		–	–	2.2	2.0
Net finance costs		(7.6)	(7.4)	(6.7)	(6.4)
Profit before taxation		18.2	25.7	38.2	44.6
Taxation		(8.3)	(11.7)	(8.3)	(11.7)
Exceptional tax		–	–	(3.9)	(2.7)
Non-controlling interests		0.2	(0.1)	0.2	(0.1)
Earnings for the year		10.1	13.9	26.2	30.1
Basic					
Earnings per ordinary share (pence)		16.5p	22.7p		
Diluted earnings per ordinary share (pence)		16.4p	22.6p		
Underlying	(i)				
Earnings per ordinary share (pence)				42.7p	49.2p
Diluted earnings per ordinary share (pence)				42.7p	49.0p
Number of ordinary shares in issue					
Weighted average (million)		61.3	61.2		
Diluted weighted average (million)		61.4	61.4		

(i) Underlying earnings are presented as an additional performance measure and 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 2014	59.5	90.8	30.4	180.7
Acquisitions (Note 25)	4.2	1.7	–	5.9
Additions	–	–	2.6	2.6
Disposals	–	–	(0.5)	(0.5)
Currency translation	0.9	(0.9)	–	–
At 31 December 2015	**64.6**	**91.6**	**32.5**	**188.7**
Amortisation and impairment				
At 31 December 2014	10.9	34.9	18.8	64.6
Amortisation charge	–	7.1	3.5	10.6
Released on disposal	–	–	(0.3)	(0.3)
Impairment (Note 5)	–	4.0	–	4.0
Currency translation	1.4	0.1	–	1.5
At 31 December 2015	**12.3**	**46.1**	**22.0**	**80.4**
Net book value				
At 31 December 2015	**52.3**	**45.5**	**10.5**	**108.3**
At 31 December 2014	48.6	55.9	11.6	116.1

	Goodwill £m	Contracts £m	Computer software £m	Total £m
Cost				
At 31 December 2013	57.0	91.5	27.6	176.1
Acquisitions (Note 25)	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)	–	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

As set out in Note 5, the impairment of intangible contract assets of £4.0m relates to the Aviation business in Spain where the asset was fully impaired. In the prior year an impairment of £3.6m was incurred in the Aviation business in Colombia.

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.

	2015			2014		
	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	9%	7.3	12.9	8%	7.3	12.9
EM News Distribution (NI) Ltd	9%	–	3.1	8%	–	3.1
Parcels	9%	4.2	–	n/a	–	–
Other	n/a	–	–	8%	–	3.0
Aviation						
Netherlands cargo	9%	6.9	–	9%	7.3	–
North American cargo	9.4%	8.5	–	10%	8.0	–
Australasia	10%	5.4	–	10%	5.7	–
AMI South Africa	12%	1.6	–	11%	2.0	–
Scandinavia	8%	2.7	–	8%	2.7	–
Ogden worldwide	10%	9.9	–	9.5%	9.4	–
Other	9%-13%	5.8	–	8%-11%	6.2	–
		52.3	16.0		48.6	19.0

Contracts of £3.0m in 2014 have been amortised with effect from 1 January 2015 and are therefore no longer disclosed above.

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 9% (2014: 6% to 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 13% (2014: 8% to 11%) 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 2019 and 2020. Growth rates in the cash flows beyond the three year period have been assumed to be -2% to Nil% (2014: -3% to 10%). 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.

11. Intangible Assets continued

Distribution core 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 £14.3m (2014: £12.1m) and the average remaining amortisation period is six years (2014: eight 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 £15.1m (2014: £24.8m) and the average remaining amortisation period is three years (2014: four years).

Value in use calculations are based on Board approved budgets and plans for a three year period and extrapolated for further two year period. Growth rates in the cash flows beyond the three year period have been assumed to be Nil% (2014: 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. For all significant CGUs 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	Leasehold property £m	Plant and equipment £m	Total £m	Freehold property £m
Cost					
At 31 December 2014	35.0	35.9	218.3	289.2	32.6
Acquisitions (Note 25)	–	–	1.3	1.3	–
Additions	–	1.1	19.7	20.8	–
Disposals	(0.2)	(0.9)	(14.8)	(15.9)	–
Currency translation	–	(0.5)	(7.2)	(7.7)	–
At 31 December 2015	**34.8**	**35.6**	**217.3**	**287.7**	**32.6**
Depreciation					
At 31 December 2014	11.0	23.4	134.7	169.1	7.5
Charge for the year	0.7	2.0	18.3	21.0	0.7
Disposals	–	(0.7)	(11.3)	(12.0)	–
Currency translation	–	(0.4)	(4.4)	(4.8)	–
At 31 December 2015	**11.7**	**24.3**	**137.3**	**173.3**	**8.2**
Net book value					
At 31 December 2015	**23.1**	**11.3**	**80.0**	**114.4**	**24.4**
At 31 December 2014	24.0	12.5	83.6	120.1	25.1

	Group				Company
	Freehold property £m	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 25)	–	–	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

13. Investments

	Group				Company
2015	Interest in joint ventures £m	Interest in associates £m	Other £m	Total £m	Subsidiaries £m
Net book value					
At 31 December 2014	27.3	0.3	0.2	27.8	290.5
Share of profits after tax	7.0	–	–	7.0	–
Dividends received during the year	(7.5)	–	–	(7.5)	–
Redemption of preference shares	(0.8)	–	–	(0.8)	–
Currency translation	0.1	(0.2)	–	(0.1)	0.5
At 31 December 2015	**26.1**	**0.1**	**0.2**	**26.4**	**291.0**

	Group				Company
2014	Interest in joint ventures £m	Interest in associates £m	Other £m	Total £m	Subsidiaries £m
Net book value					
At 31 December 2013	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

13. Investments continued

Material joint ventures

2015	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%	0%	100%	100%	0%
Group's share of total comprehensive income		78%	51%	49%	49%	29%
Group's share of net assets		69%	47%	76%	58%	29%
Summarised Balance Sheet						
Current assets	(i)	9.7	4.6	11.8	6.8	8.9
Non-current assets		1.0	0.5	5.0	2.0	5.5
Current liabilities		(5.6)	(0.5)	(4.2)	(1.5)	(4.8)
Net assets		5.1	4.6	12.6	7.3	9.6
(i) Includes cash and cash equivalents		0.1	3.4	8.4	3.2	2.8
Reconciliation of net assets to carrying value						
Net assets		5.1	4.6	12.6	7.3	9.6
Partners' share of net assets		(1.6)	(2.5)	(3.0)	(3.1)	(6.7)
Unpaid dividends		–	3.2	–	–	–
Carrying amount of the investment		3.5	5.3	9.6	4.2	2.9
Summarised Income Statement						
Revenue		61.9	2.4	10.1	8.2	28.1
Depreciation and amortisation		(0.2)	(0.3)	(0.7)	(0.2)	(0.8)
Other operating costs		(59.6)	(2.0)	(4.5)	(4.8)	(19.6)
Interest income		–	0.3	0.8	0.3	–
Income tax		(0.3)	(0.2)	(1.7)	(1.0)	(0.9)
Profit from continuing operations		1.8	0.2	4.0	2.5	6.8
Comprehensive income for the year		1.8	0.2	4.0	2.5	6.8
Group's share of total comprehensive income		1.4	0.1	2.0	1.2	2.0
Group's carrying amount of the investment						
At 31 December 2014		3.5	6.3	10.0	3.9	3.1
Group's share of total comprehensive income		1.4	0.1	2.0	1.2	2.0
Dividends received during the year		(1.4)	(0.4)	(2.3)	(0.9)	(2.5)
Redemption of preference shares		–	(0.8)	–	–	–
Currency translation		–	0.1	0.1	–	0.3
At 31 December 2015		**3.5**	**5.3**	**9.6**	**4.2**	**2.9**

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
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%
Summarised Balance Sheet						
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

Group's individually immaterial joint ventures and associates

	2015 £m	2014 £m
Carrying amount of interests in joint ventures and associates	0.7	0.8
Share of profit from continuing operations	0.3	0.4
Currency translation	(0.4)	(0.3)
Total comprehensive income	(0.1)	0.1

14. Deferred Tax Assets

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Deferred tax assets				
Retirement benefit obligation	7.8	11.8	7.8	11.8
Share-based payments	0.2	0.2	0.1	0.1
Tax losses	2.1	–	–	–
Other temporary differences	5.5	5.4	–	–
	15.6	17.4	7.9	11.9
Deferred tax liabilities				
Overseas tax on unremitted earnings	(1.2)	–	–	–
Other overseas temporary differences	(0.3)	–	–	–
Accelerated capital allowances and other temporary differences	(0.6)	(2.3)	(3.3)	(3.4)
Other UK temporary differences	(2.8)	(3.1)	(1.8)	(2.0)
	(4.9)	(5.4)	(5.1)	(5.4)
Recognised in Balance Sheet				
Deferred tax asset	12.2	12.0	2.8	6.5
Deferred tax liability	(1.5)	–	–	–
	10.7	12.0	2.8	6.5
Movement in net deferred tax assets in the year:				
Income Statement: retirement benefit obligation	(2.0)	(2.1)	(2.0)	(2.1)
other	2.8	0.3	0.3	0.1
exchange adjustments	(0.1)	(0.1)	–	–
Statement of Comprehensive Income	(2.0)	4.7	(2.0)	4.6
	(1.3)	2.8	(3.7)	2.6

At 31 December 2015, there was a deferred tax liability of £1.2m (2014: £Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, or its associates or joint ventures. No deferred tax liability has been recognised for amounts that are permanently reinvested.

The unrecognised deferred tax liability on the unremitted earnings of the Group's subsidiaries, associates and joint ventures at 31 December 2015 is £1.3m (2014: £2.4m).

15. Trade and Other Receivables

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Trade receivables	164.6	151.3	–	–
Less: provision for doubtful debts	(3.2)	(2.9)	–	–
Net trade receivables	161.4	148.4	–	–
Other receivables	9.3	10.2	0.2	0.3
Prepayments	31.2	28.0	1.1	1.4
Amounts owed by Group companies	–	–	286.8	269.9
	201.9	186.6	288.1	271.6

The average credit period on sale of goods is 31.0 days (2014: 28.5 days). Interest is not charged on trade receivables.

Ageing of net trade receivables

	Neither past due nor impaired £m	Past due not impaired 31 – 60 days £m	61 – 90 days £m	over 90 days £m	Total £m
2015	134.2	22.0	4.2	1.0	161.4
2014	118.6	24.5	3.3	2.0	148.4

Provision for doubtful debts

	Group 2015 £m	Group 2014 £m
At beginning of year	2.9	2.1
Amounts provided	1.3	1.4
Amounts released	(0.4)	(0.1)
Amounts utilised	(0.6)	(0.5)
At end of year	3.2	2.9

Ageing of impaired receivables

	Group 2015 £m	Group 2014 £m
0 to 30 days	0.2	0.2
31 to 60 days	0.2	0.1
61 to 90 days	0.3	0.1
Over 90 days	2.5	2.5
	3.2	2.9

The other classes within trade and other receivables do not include impaired assets. The Directors consider that the carrying value of trade and other receivables approximates to fair value.

16. Trade and Other Payables

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Due within one year				
Trade payables	98.7	96.9	–	–
Accruals and deferred income	87.3	79.2	13.6	11.1
Other payables	25.9	36.3	1.5	1.4
Other taxes and social security costs	5.4	3.4	–	–
Amounts owed to Group companies	–	–	295.2	298.5
	217.3	215.8	310.3	311.0
Due after more than one year				
Other payables	3.5	4.0	5.0	4.9

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 17. Amounts included within other payables due within one year are £1.6m (2014: £10.4m) and other payables due after more than one year are £2.7m (2014: £3.7m).

17. Financial Instruments

Derivative financial instruments

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Cash flow hedges:				
Foreign exchange forward contracts	(0.4)	(0.3)	(0.4)	(0.3)
Foreign currency net investment hedges:				
Foreign exchange forward contracts	(1.3)	0.2	(1.3)	0.2
Current net fair value	(1.7)	(0.1)	(1.7)	(0.1)

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 2015, 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.

For financial instruments that are recognised at fair value 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.

Derivative financial instruments at fair value through other comprehensive income

2015

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets:				
Foreign exchange contracts – hedged	–	0.6	–	0.6
Financial liabilities:				
Foreign exchange contracts – hedged	–	2.3	–	2.3

2014

	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets:				
Foreign exchange contracts – hedged	–	1.9	–	1.9
Financial liabilities:				
Foreign exchange contracts – hedged	–	2.0	–	2.0

During the year ended 31 December 2015, 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.

Cash flow hedges

Foreign exchange forward contracts

At 31 December 2015 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.

	2015		2014	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Fair value of cash flow hedges – currency forward contracts	–	(0.4)	–	(0.3)
Current value	–	(0.4)	–	(0.3)

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 2015 the Group had no interest rate swaps in place. At 31 December 2015, 9.1% (2014: 11.6%) of the Group's borrowings were fixed.

For 2015, 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 £0.7m (2014: £0.6m) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Foreign currency net investment hedges

The Group's treasury policy is to hedge the exposure of foreign currency denominated assets to minimise 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	
	2015 million	2014 million	2015 £m	2014 £m
Australian dollar	23.9	26.4	11.8	13.8
Canadian dollar	5.5	5.5	2.7	3.0
Colombian peso	4,000	7,800	0.9	2.1
Czech koruna	115.0	115.0	3.1	3.2
Danish krone	10.0	–	1.0	–
Euro	15.0	21.5	11.1	16.7
Indian rupee	810	1,000	8.3	10.2
Mexican peso	51.0	51.0	2.0	2.2
New Zealand dollar	3.0	3.0	1.4	1.5
Norwegian krone	7.0	7.0	0.5	0.6
South African rand	30.0	55.0	1.3	3.0
Swedish krona	50.0	50.0	4.0	4.1
US dollar	45.0	35.0	30.5	22.4

	2015		2014	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Fair value of foreign currency net investment hedges	0.6	(1.9)	1.9	(1.7)
Current value	0.6	(1.9)	1.9	(1.7)

17. Financial Instruments continued

Other financial instruments

Contingent consideration

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 (2014: 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 acquisition of PlaneBiz 2015 Ltd in the prior 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.

	2015 £m	2014 £m
Fair value of contingent consideration:		
Fore Partnership	1.6	0.9
Orbital Marketing Services Group	–	10.4
Fair value of other contingent acquisition related amounts:		
PlaneBiz 2015 Ltd	2.7	2.8

Interest-bearing loans and borrowings

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Obligations under finance leases	0.5	0.2	–	–
Bank overdrafts	0.2	0.6	0.2	0.6
Non-amortising bank loans	140.8	126.2	140.8	126.2
Amortising term loan	12.7	15.2	12.7	15.2
Preference shares	1.4	1.4	1.4	1.4
	155.6	143.6	155.1	143.4
Current	3.4	3.3	2.9	3.2
Non-current	152.2	140.3	152.2	140.2
	155.6	143.6	155.1	143.4

Maturity of interest-bearing loans and borrowings

Obligations under finance leases	April 2016 to June 2018
Bank overdrafts	On demand
Non-amortising bank loans	January 2017 to December 2018
Amortising term loan	March 2020

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 2016 and 2020 with interest payable at a fixed rate of 6.23%. The loan has a weighted average maturity of two years (2014: two years).

Non-amortising bank loans are drawn against unsecured, committed revolving bank credit facilities maturing between January 2017 and December 2018.

Net debt

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Derivative financial instruments	1.7	0.1	1.7	0.1
Interest-bearing loans and borrowings	155.6	143.6	155.1	143.4
Total borrowings	157.3	143.7	156.8	143.5
Less: cash at bank, cash in hand and short-term deposits	34.1	32.8	0.8	1.0
	123.2	110.9	156.0	142.5

The book and fair values are:

	2015		2014	
	Book value £m	Fair value £m	Book value £m	Fair value £m
Short-term borrowings	2.7	3.0	2.5	2.8
Medium-term borrowings	150.8	151.7	138.6	140.1
Long-term borrowings	1.4	1.4	1.7	1.7
Derivative financial instruments	1.7	1.7	0.1	0.1
Finance leases	0.5	0.5	0.2	0.2
Bank overdrafts	0.2	0.2	0.6	0.6
Total financial liabilities	157.3	158.5	143.7	145.5
Less: cash at bank, cash in hand and short-term deposits	34.1	34.1	32.8	32.8
Net debt	123.2	124.4	110.9	112.7

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.

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.

A separate table has not been prepared analysing the Company's book values and fair values. The £0.5m difference in book values relates to interest bearing loans and borrowings and is deemed to be short-term in nature.

At 31 December 2015, the currency and interest rate profile of financial liabilities was:

	2015			2014		
	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 denominated	141.5	14.1	155.6	126.8	16.6	143.4
Colombian peso denominated	–	–	–	0.2	–	0.2
Net derivative liabilities	1.7	–	1.7	0.1	–	0.1
	143.2	14.1	157.3	127.1	16.6	143.7

At 31 December 2015, the expiry profile of undrawn committed facilities was:

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Between one and two years	20.0	55.0	20.0	55.0
Between two and five years	44.3	43.8	44.3	43.8
	64.3	98.8	64.3	98.8

Trade and other receivables and payables

Trade and other receivables and trade and other payables carrying values of £170.7m (2014: £158.6m) and £211.9m (2014: £212.4m) respectively, in respect of the Group, and £287.0m and £310.3m (2014: £270.2m and £311.0m), in respect of the Company, are assumed to approximate to their fair values due to their short-term nature.

17. Financial Instruments continued

Sensitivity and risk information

Foreign currency sensitivity

For 2015, if Sterling had weakened/strengthened by 10% on currencies that have a material impact on the Group profit before tax and equity, with all other variables held constant the effect would have been:

		2015		2014	
	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%	1.0	2.1	0.6	2.6
US dollar	-10%	(0.8)	(1.7)	(0.5)	(2.1)
Australian dollar	+10%	0.9	1.6	0.7	1.4
Australian dollar	-10%	(0.7)	(1.3)	(0.6)	(1.1)
Indian rupee	+10%	0.6	0.6	0.6	1.2
Indian rupee	-10%	(0.5)	(0.5)	(0.5)	(1.0)
Euro	+10%	0.5	0.9	0.7	1.3
Euro	-10%	(0.4)	(0.7)	(0.6)	(1.1)
South African rand	+10%	–	0.6	0.3	0.8
South African rand	-10%	–	(0.5)	(0.2)	(0.7)

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

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 the sum of net debt (see Note 23) 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 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	
	2015 £m	2014 £m	2015 £m	2014 £m
Bank deposits	34.1	32.8	0.8	1.0
Trade receivables	161.4	148.4	–	–
	195.5	181.2	0.8	1.0

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.

2015	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	(6.4)	(96.3)	(66.8)	–
Preference shares	(0.1)	(0.1)	(0.4)	(1.5)
Other liabilities	(0.5)	–	–	–
Trade and other payables	(124.6)	(3.5)	–	–
Financial derivatives	(79.0)	–	–	–
	(210.6)	(99.9)	(67.2)	(1.5)

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)

18. Operating Lease Commitments

The future aggregate minimum lease payments under non-cancellable operating leases are:

	Group				Company	
	Property		Other		Property	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Within one year	28.1	31.7	26.1	19.8	–	0.5
Between one and five years	64.9	62.5	51.6	23.5	–	0.4
After five years	37.7	34.8	0.2	0.6	–	–
	130.7	129.0	77.9	43.9	–	0.9

19. Capital Commitments

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Contracted but not provided – property, plant and equipment	1.5	1.2	–	–

20. Provisions

	Property		Other		Group	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
At beginning of year	6.9	8.0	0.2	0.1	7.1	8.1
Provided during year	1.1	2.3	2.4	1.7	3.5	4.0
Unwind of discount	0.1	0.2	–	–	0.1	0.2
Utilised during year	(2.8)	(3.8)	(0.2)	(1.6)	(3.0)	(5.4)
Currency translation loss	0.1	0.2	–	–	0.1	0.2
At end of year	5.4	6.9	2.4	0.2	7.8	7.1
Current	2.5	3.6	2.4	0.2	4.9	3.8
Non-current	2.9	3.3	–	–	2.9	3.3
	5.4	6.9	2.4	0.2	7.8	7.1

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 2016 and 2040. Other provisions include redundancy and legal claims provisions expected to be settled within one year.

Contingent liabilities

In the normal course of business, the Company has guaranteed certain trading obligations of its subsidiaries.

21. Share Capital

	Note	2015 £m	2014 £m
Authorised			
73,056,248 ordinary shares of 25p each		18.3	18.3
Allotted, called up and fully paid			
Opening – 61,662,566 ordinary shares of 25p each		15.4	15.4
Allotted under share option schemes	(i)	–	–
Closing – 61,703,133 ordinary shares of 25p each		15.4	15.4

(i) As a result of share scheme allotments, 40,567 (2014: 39,230) ordinary shares having a nominal value of £10,141 (2014: £9,807) were issued during the year at a share premium of £150,098 (2014: £145,549).

Employees 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 40,567 shares were exercised in 2015 and 536,856 options lapsed.

Year of grant	Exercise price (pence)	Exercise period	2015 Number	2014 Number
2011	395	2014-2015	–	292,682
2012	497	2015-2016	237,902	321,444
2013	630	2016-2017	251,883	333,714
2014	495	2017-2018	366,493	480,005
2015	350	2018-2019	493,441	–
			1,349,719	1,427,845

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 full and part-time employees in the UK. 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.

The first bonus award that qualified for investment in shares under the plan was the award for the financial year ended December 2004 and the last qualifying bonus award was for the financial year which commenced ten years after the adoption of the Plan. A revised plan was approved at the Annual General Meeting of the Company on 15 May 2015.

Performance targets are based on real growth in earnings measured over three financial years. For awards in 2014, if the percentage growth in the Company's Earnings Per Share ("EPS") is Retail Prices Index ("RPI") +3% p.a. or more, then the number of matching shares that will vest is one. For EPS growth of between RPI +0% p.a. and RPI +3% p.a., 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% p.a. or less for any award. For awards in 2015, if the percentage growth in the Company's EPS is Consumer Prices Index ("CPI") +3% p.a. or more, then the number of matching shares that will vest is one. If the threshold growth in EPS is achieved (CPI +0% p.a.), then 25% of the matching shares will be paid. For EPS growth of between CPI +0% p.a. and CPI +3% p.a., the number of matching shares vesting will be calculated on a straight-line basis. No matching shares will vest for EPS percentage growth below CPI +0% p.a. for any award.

Long-term Incentive Plan (LTIP)

The LTIP enables divisional and senior management to align more closely with the achievement of target Group and divisional financial results. A detailed description of this plan is included in the Directors' Remuneration Report on page 60.

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 Option Scheme			
Date of grant (October)	Notes	2015	2014	2013	2012
Share price at grant date (pence)		412	569	799	622
Exercise price (pence)		350	495	630	497
Vesting period (years)		3	3	3	3
Expected volatility		33%	26%	25%	25%
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		1.0%	1.4%	4.6%	4.6%
Expected dividends expressed as a dividend yield	(i)	6.0%	3.7%	4.0%	4.0%
Fair value per option (pence)		90	136	143	113
IFRS 2 charge per option (pence)	(ii)	63	95	95	75

(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.

21. Share Capital continued

		BCIP			LTIP		
Date of grant (March)	Note	2015	2014	2013	2015	2014	2013
Share price at grant date (pence)		376	647	756	404	654	773
Contractual life (years)		3	3	3	3	3	3
Expected departure		0%	0%	0%	0%	0%	0%
Expected outcome of meeting performance criteria		59%	59%	41%	56%	62%	41%
Fair value per share (pence)		220	379	338	165	319	348
IFRS 2 charge per share award (pence)	(i)	220	379	338	165	319	348

(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:

	Savings-related Option Scheme			
	2015		2014	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at start of year	1,427,845	507	1,240,005	512
Granted	499,297	350	497,438	495
Forfeited/expired	(536,856)	467	(270,368)	525
Exercised	(40,567)	395	(39,230)	396
Outstanding at end of year	1,349,719	468	1,427,845	507
Exercisable	237,902		292,682	
Range of exercise prices		350-630		395-630
Weighted average remaining contractual life (years)	1.6		1.5	

	BCIP				LTIP			
	2015		2014		2015		2014	
	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	69,391	666	95,463	423	881,429	663	1,151,174	579
Awards made	23,127	376	23,564	647	679,229	404	360,242	654
Lapsed	(38,996)	617	(24,778)	517	(400,692)	617	(302,063)	569
Exercised	–	–	(24,858)	486	–	–	(327,924)	460
Outstanding at end of year	53,522	577	69,391	666	1,159,966	527	881,429	663
Range of award date prices		376-756		598-756		404-773		590-773
Weighted average remaining contractual life (years)	1.3		1.0		1.6		1.0	

IFRS 2 charge for share-based incentive schemes

The total charge for the year relating to employee share-based plans was £0.5m (2014: £0.6m), all of which related to equity-settled share-based payment transactions. After tax the total charge was £0.5m (2014: £0.3m).

22. Cash Generated from Operations

	Group 2015 £m	Group 2014 £m	Company 2015 £m	Company 2014 £m
Operating profit/(loss)	18.8	25.5	(2.7)	(1.8)
Depreciation	21.0	20.2	0.7	0.7
Amortisation of intangible assets	10.6	10.9	–	–
Share-based payments	0.5	0.6	0.5	0.6
Onerous lease provision	0.3	0.3	–	–
Cash spend on onerous leases	(2.8)	(2.9)	–	–
Gain on sale of property, plant and equipment	(0.6)	(0.2)	–	–
Pension charge	3.3	2.9	–	–
Pension credit	(1.1)	(0.8)	–	–
Pension contributions in cash	(14.1)	(14.1)	(14.1)	(14.1)
Rationalisation and acquisition related costs	5.3	3.4	–	–
Cash spend on rationalisation and other exceptional costs	(8.0)	(2.3)	–	–
Acquisition related earn out adjustment	0.2	2.3	–	–
Net impairment loss	4.7	3.2	–	–
(Increase)/decrease in inventories	(1.8)	1.6	–	–
Increase in trade and other receivables	(16.2)	(2.6)	–	–
Increase in trade and other payables and provisions	15.8	3.0	–	–
	35.9	51.0	(15.6)	(14.6)

23. Changes in Net Borrowings

	2014 £m	Cash flows £m	Subsidiaries acquired £m	Currency translation £m	2015 £m
Cash at bank and in hand	32.8	1.5	1.3	(1.5)	34.1
Bank overdrafts	(0.6)	0.4	–	–	(0.2)
Net cash and cash equivalents	32.2	1.9	1.3	(1.5)	33.9
Bank loans due within one year	(2.5)	(0.2)	–	–	(2.7)
Preference shares	(1.4)	–	–	–	(1.4)
Finance leases	(0.2)	0.4	(0.7)	–	(0.5)
Debt due after one year	(138.9)	(11.9)	–	–	(150.8)
Net derivative liabilities	(0.1)	(3.2)	–	1.6	(1.7)
Net debt	(110.9)	(13.0)	0.6	0.1	(123.2)

Currency translation movements result from the Group's policy of hedging its overseas net assets, which are denominated mainly in US dollars, Euros and Australian dollars. The translation effect on net debt is offset by the translation effect on net assets resulting in an overall net exchange loss of £4.5m (2014: £3.4m). This net loss is recognised in other comprehensive income.

24. 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.

25. Acquisitions

During the year the Group acquired 100% of the share capital of AJG Parcels Ltd and Oban Express Parcel Service Ltd.

On 8 June 2015 the Group acquired AJG Parcels Ltd, a logistics company based in Scotland. The Group has acquired the company to realise the potential of the existing UK logistics network. These financial statements include the impact of seven months' trading results.

On 26 November 2015 the Group acquired Oban Express Parcel Service Ltd, a logistics company based in Scotland. The Group has acquired the company to complement the AJG Parcels Ltd acquisition. These financial statements include the impact of two months' trading results.

Division	Distribution	Distribution		
Name Acquisition date	AJG Parcels Ltd 2015 £m	Oban Express Parcel Service Ltd 2015 £m	Total 2015 £m	Total 2014 £m
Purchase consideration				
Cash payable	6.8	–	6.8	0.6
Uplift on fair value of assets transferred	–	–	–	1.1
Deferred consideration	0.7	–	0.7	–
Total purchase consideration	7.5	–	7.5	1.7
Less: fair value of net assets/(liabilities) acquired	3.9	(0.6)	3.3	1.8
Less: non-controlling interests	–	–	–	(1.4)
Goodwill	3.6	0.6	4.2	1.3

Goodwill recognised for both AJG Parcels Ltd and Oban Express Parcel Service Ltd is primarily attributable to the expertise in hard-to-reach logistic locations in the UK and synergies with the Group.

The fair value of assets and liabilities arising from the acquisitions are:

	AJG Parcels Ltd £m	Oban Express Parcel Service Ltd £m	Total 2015 £m	Total 2014 £m
Non-current assets				
Intangible assets (contracts)	1.7	–	1.7	0.7
Property, plant and equipment	1.3	–	1.3	1.1
Current assets	1.2	0.9	2.1	–
Cash	1.3	–	1.3	–
Current liabilities	(0.9)	(1.5)	(2.4)	–
Finance leases	(0.7)	–	(0.7)	–
Net assets/(liabilities) acquired at fair value	3.9	(0.6)	3.3	1.8

Current assets acquired with AJG Parcels Ltd and Oban Express Parcel Service Ltd include £0.8m and £0.9m of trade receivables at fair value respectively, the gross amount acquired. The fair values of the net assets of both companies acquired remain provisional pending the formal completion of the valuation process.

The acquired businesses contributed profit before tax of £0.9m from acquisition. If the businesses had been acquired on 1 January 2015 revenue and profit before tax contributed would have been £13.0m and £1.7m respectively.

Transaction fees of £0.2m relating to these acquisitions were incurred and expensed during the year (2014: £Nil).

Contingent and deferred consideration

Contingent consideration totalling £9.9m was paid for Orbital Marketing Services Group Ltd (acquired 2012) and £0.7m in respect of deferred consideration for Moose Aviation Services AB (acquired 2013) and PlaneBiz 2015 Ltd (acquired 2014) became payable and were cash-settled in 2015.

26. 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. These sales to and from related parties are made at normal market prices. Details of these transactions are:

Related party	Group share holding %	Sales to related party £m	Amounts owed to related party at 31 December 2015 £m	Amounts owed by related party at 31 December 2015 £m
Menzies Bobba Ground Handling Services Private Ltd	51	0.1	–	–
Hyderabad Menzies Air Cargo Private Ltd	49	0.7	–	0.1
Menzies Aviation Bobba (Bangalore) Private Ltd	49	0.1	–	–
Menzies Macau Airport Services Ltd	29	0.4	–	–
EM News Distribution (NI) Ltd	50	0.6	5.0	–
EM News Distribution (Ireland) Ltd	50	1.1	–	1.1

Key management personnel include individuals who are Executive Directors of the Group and those 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:

	2015 £m	2014 £m
Short-term employee benefits	4.5	4.6
Post-employment pension and medical benefits	0.5	0.3
Termination payments	–	0.1
Share-based payments	0.5	0.6
	5.5	5.6

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 2015 was £0.2m (2014: £0.2m).

The amounts owed to and due by the Company from dealings with subsidiary companies is disclosed in Notes 15 and 16.

Transactions between the Company and other Group companies primarily related to financing activities.

27. Related Undertakings

The subsidiary entities and entities in which John Menzies plc has a significant interest at 31 December 2015 are disclosed as an appendix to these financial statements.

FIVE YEAR SUMMARY

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Revenue					
Distribution	1,171.2	1,184.1	1,202.9	1,224.2	1,254.5
Aviation	728.0	718.8	702.5	679.3	645.2
	1,899.2	1,902.9	1,905.4	1,903.5	1,899.7
Operating profit					
Distribution	25.1	24.0	24.3	27.5	26.5
Aviation	23.1	30.2	37.8	34.8	30.9
	48.2	54.2	62.1	62.3	57.4
Corporate	(3.3)	(3.2)	(2.0)	(1.3)	(1.2)
Underlying operating profit	44.9	51.0	60.1	61.0	56.2
Exceptional and other items	(17.6)	(16.4)	(8.7)	(24.8)	(1.8)
Share of interest and tax on joint ventures and associates	(1.5)	(1.5)	(1.1)	(1.0)	(1.7)
Profit before interest	25.8	33.1	50.3	35.2	52.7
Net finance costs	(7.6)	(7.4)	(8.2)	(7.1)	(6.8)
Profit before taxation	18.2	25.7	42.1	28.1	45.9
Per ordinary share					
Dividends paid	13.1p	26.9p	25.6p	24.4p	21.0p
Underlying earnings	42.7p	49.2p	65.6p	68.8p	64.9p
Basic earnings	16.5p	22.7p	50.1p	31.3p	63.5p

LIST OF ALL SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS

Details of Related Undertakings

Interests in all of the companies listed below are in the ordinary share capital of these undertakings, except where otherwise stated.

Subsidiary undertakings	Country of incorporation	Direct or indirect holding (100% unless otherwise stated)
Aeroground, Inc.	United States	Indirect
Air Marketing Services Ltd	United Kingdom	Indirect
Air Menzies International (Aust) Pty Ltd	Australia	Indirect
Air Menzies International (Cape) Proprietary Ltd	South Africa	Indirect (65%)
Air Menzies International (India) Private Ltd	India	Indirect
Air Menzies International (Netherlands) B.V.	Netherlands	Indirect
Air Menzies International (NZ) Ltd	New Zealand	Indirect
Air Menzies International (USA), Inc.	United States	Indirect
Air Menzies International Holding (NZ) Ltd	New Zealand	Indirect
Air Menzies International Ltd	United Kingdom	Indirect
Air Menzies International SA Proprietary Ltd	South Africa	Indirect
Airbase Flight Support Ltd	Isle of Man	Indirect
Airbase Flight Support Ltd	United Kingdom	Indirect
Airports Bureau Systems Ltd	United Kingdom	Indirect
AMI Ocean Ltd	United Kingdom	Direct
AU Logistics Ltd	United Kingdom	Indirect
Australian AirSupport Pty Ltd	Australia	Indirect
Aviation Service Leader (Chile) S.A.	Chile	Indirect
BP Travel Marketing Services Ltd	United Kingdom	Indirect
Cargo 2000 Ltd	United Kingdom	Indirect
Cargosave Ltd	United Kingdom	Direct
Chester Independent Wholesale Newsagents Ltd	United Kingdom	Indirect
Cranford Forwarders Bond Ltd	United Kingdom	Indirect
Czech GH s.r.o	Czech Republic	Indirect
DNDS Ltd	United Kingdom	Indirect
Elmdon Cargo Handling Ltd	United Kingdom	Indirect
Express Handling (Scotland) Ltd	United Kingdom	Indirect
FMD Ltd	United Kingdom	Indirect
Fore Retail Consultancy Ltd	United Kingdom	Indirect
Heathrow Aviation Services Ltd	United Kingdom	Indirect
HO/Menzies Investimentos & Transportes Investments Limitada	Macau	Indirect
J M Nominees Ltd	United Kingdom	Direct
J M Secretaries Ltd	United Kingdom	Direct
James Waddell & Company Ltd	United Kingdom	Indirect
JEM Education Direct Ltd	United Kingdom	Indirect
John Menzies (108) Ltd	United Kingdom	Indirect
John Menzies (Birmingham) Ltd	United Kingdom	Direct
John Menzies (Edinburgh) Ltd	United Kingdom	Direct
John Menzies (GB) Ltd	United Kingdom	Direct
John Menzies Corporate Services Ltd	United Kingdom	Direct
John Menzies Digital Ltd	United Kingdom	Indirect
John Menzies Distribution Ltd	United Kingdom	Direct
John Menzies Finance Ltd	United Kingdom	Direct
John Menzies Holding GmbH	Germany	Indirect
John Menzies International Ltd	United Kingdom	Indirect
John Menzies USA Holdings, Inc.	United States	Direct
John Menzies USA, Inc.	United States	Direct

LIST OF ALL SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS CONTINUED

Subsidiary undertakings	Country of incorporation	Direct or indirect holding (100% unless otherwise stated)
Jones Yarrell Leadenhall Ltd	United Kingdom	Indirect
Jones, Yarrell & Co. Ltd	United Kingdom	Indirect
Kamino Cargo SRL	Romania	Indirect
Leisure Target Tourism Services Ltd	United Kingdom	Indirect
London Cargo Group Ltd	United Kingdom	Indirect
London Cargo Handling Ltd	United Kingdom	Indirect
London Cargo Imports Ltd	United Kingdom	Indirect
Lonsdale Universal Ltd	United Kingdom	Indirect
Lonsdale Universal Trustees Ltd	United Kingdom	Direct
Luton Ramp Ltd	United Kingdom	Indirect
Luton Services Ltd	United Kingdom	Indirect
MA Secretaries Ltd	United Kingdom	Indirect
MAG Nominees Ltd	United Kingdom	Indirect
Magazine Solutions Ltd	United Kingdom	Indirect
Mancargo Ltd	United Kingdom	Indirect
Manchester Cargo Centre Ltd	United Kingdom	Indirect
Manchester Handling Ltd	United Kingdom	Indirect
MASCARGO (Macau) Company Ltd	Macau	Indirect
MCS Trustee Ltd	United Kingdom	Direct
Media on the Move Ltd	United Kingdom	Indirect
Menzies Aviation – Portugal – Servicos De Carga, Unipessoal, LDA	Portugal	Indirect
Menzies Aviation (Africa) Pty Ltd	South Africa	Indirect
Menzies Aviation (Asia Pacific) Ltd	British Virgin Islands	Indirect
Menzies Aviation (Australia) Pty Ltd	Australia	Indirect
Menzies Aviation (Aviation) B.V.	Netherlands	Indirect
Menzies Aviation (Brasil) Ltda	Brazil	Indirect
Menzies Aviation (Canada) Ltd	Canada	Indirect
Menzies Aviation (Cargo) (Pty) Ltd	South Africa	Indirect (65%)
Menzies Aviation (Cargo) B.V.	Netherlands	Indirect
Menzies Aviation (Chengdu) Ltd	United Kingdom	Indirect
Menzies Aviation (Czech) s.r.o.	Czech Republic	Indirect
Menzies Aviation (DEL), Inc.	United States	Indirect
Menzies Aviation (Denmark) A/S	Denmark	Indirect
Menzies Aviation (Dominicana) Ltd	United Kingdom	Indirect
Menzies Aviation (EMEA) B.V.	Netherlands	Indirect
Menzies Aviation (EMEA) Ltd	United Kingdom	Indirect
Menzies Aviation (FR9) B.V.	Netherlands	Indirect
Menzies Aviation (France) SAS	France	Indirect
Menzies Aviation (Freighter Handling) B.V.	Netherlands	Indirect
Menzies Aviation (Ground Services) Australia Pty Ltd	Australia	Indirect
Menzies Aviation (Handling) Proprietary Ltd	South Africa	Indirect (65%)
Menzies Aviation (Hungary) Kft	Hungary	Indirect
Menzies Aviation (Ibérica) S.A.	Spain	Indirect
Menzies Aviation (India) Private Ltd	India	Indirect

Subsidiary undertakings	Country of incorporation	Direct or indirect holding (100% unless otherwise stated)
Menzies Aviation (Italy) srl	Italy	Indirect
Menzies Aviation (LCC) B.V.	Netherlands	Indirect
Menzies Aviation (Lounge) B.V.	Netherlands	Indirect
Menzies Aviation (Luton) Ltd	United Kingdom	Indirect
Menzies Aviation (Mexico) S.A. de C.V.	Mexico	Indirect
Menzies Aviation (Mumbai) Passenger Ltd	Mauritius	Indirect
Menzies Aviation (Namibia) Proprietary Ltd	Namibia	Indirect
Menzies Aviation (New Zealand) Ltd	New Zealand	Indirect
Menzies Aviation (NL) Ltd	United Kingdom	Indirect
Menzies Aviation (Oslo) AS	Norway	Indirect
Menzies Aviation (Poland) Sp. zo.o	Poland	Indirect
Menzies Aviation (Romania) SA	Romania	Indirect
Menzies Aviation (Santo Domingo) Ltd	United Kingdom	Indirect
Menzies Aviation (Schiphol) B.V.	Netherlands	Indirect
Menzies Aviation (South Africa) (Cargo) Proprietary Ltd	South Africa	Indirect (65%)
Menzies Aviation (South Africa) (Cleaning) Proprietary Ltd	South Africa	Indirect (65%)
Menzies Aviation (South Africa) (Pty) Ltd	South Africa	Indirect (65%)
Menzies Aviation (Stockholm) AB	Sweden	Indirect
Menzies Aviation (Support Services) B.V.	Netherlands	Indirect
Menzies Aviation (Support) B.V.	Netherlands	Indirect
Menzies Aviation (Sverige) AB	Sweden	Indirect
Menzies Aviation (Sweden) AB	Sweden	Indirect
Menzies Aviation (Texas), Inc.	United States	Indirect
Menzies Aviation (Timisoara) SRL	Romania	Indirect
Menzies Aviation (UK) Ltd	United Kingdom	Indirect
Menzies Aviation (USA), Inc.	United States	Indirect
Menzies Aviation (Washington), Inc.	United States	Indirect
Menzies Aviation (Venezuela) S.A.	Venezuela	Indirect
Menzies Aviation Alicante UTE	Spain	Indirect
Menzies Aviation Almeria UTE	Spain	Indirect
Menzies Aviation Cargo (Bangalore) Ltd	Mauritius	Indirect
Menzies Aviation Cargo (Hyderabad) Ltd	Mauritius	Indirect
Menzies Aviation Cargo (Romania) SRL	Romania	Indirect
Menzies Aviation Colombia Holdings S.A.S	Colombia	Indirect
Menzies Aviation Colombia S.A.S.	Colombia	Indirect
Menzies Aviation Contracts (NL) B.V.	Netherlands	Indirect
Menzies Aviation Corporate Services Ltd	United Kingdom	Indirect
Menzies Aviation Finance (USA) LLC	United States	Indirect
Menzies Aviation Group (Philippines) B.V.	Netherlands	Indirect
Menzies Aviation Handling Ltd	United Kingdom	Indirect
Menzies Aviation Holdings (Asia Pacific) Ltd	British Virgin Islands	Indirect
Menzies Aviation Holdings (Australia) Pty Ltd	Australia	Indirect
Menzies Aviation Holdings (Brasil) Ltda	Brazil	Indirect
Menzies Aviation Holdings Ltd	United Kingdom	Indirect

LIST OF ALL SUBSIDIARY, JOINT VENTURE AND ASSOCIATE UNDERTAKINGS CONTINUED

Subsidiary undertakings	Country of incorporation	Direct or indirect holding (100% unless otherwise stated)
Menzies Aviation Holdings (Venezuela) S.A.	Venezuela	Indirect
Menzies Aviation Hyderabad (Passenger) Ltd	Mauritius	Indirect
Menzies Aviation, Inc.	United States	Indirect
Menzies Aviation International Ltd	United Kingdom	Indirect
Menzies Aviation Jerez UTE	Spain	Indirect
Menzies Aviation Leasing (Mexico) S.A. de C.V.	Mexico	Indirect
Menzies Aviation Murcia-San Janvier UTE	Spain	Indirect
Menzies Aviation plc	United Kingdom	Indirect
Menzies Aviation Puerto Plata S.A.	Dominican Republic	Indirect
Menzies Aviation Services (Asia Pacific) LLC	United States	Indirect
Menzies Aviation Services Ltd	United Kingdom	Indirect
Menzies Aviation Services Venezuela S.A.	Venezuela	Indirect
Menzies Aviation Spain SL	Spain	Indirect
Menzies Aviation St.Maarten B.V.	St. Maarten	Indirect
Menzies Cargo Ltd	United Kingdom	Indirect
Menzies Cargo Services Ltd	United Kingdom	Indirect
Menzies Client Solutions (USA), Inc.	United States	Indirect
Menzies Client Solutions Ltd	United Kingdom	Indirect
Menzies Digital Ltd	United Kingdom	Indirect
Menzies Distribution Ltd	United Kingdom	Indirect
Menzies Express Baggage Ltd	United Kingdom	Indirect
Menzies Group Holdings Ltd	United Kingdom	Direct
Menzies Marketing Services Ltd	United Kingdom	Indirect
Menzies Parcels Ltd	United Kingdom	Indirect
Menzies Security Services B.V.	Netherlands	Indirect
Menzies Select Ltd	United Kingdom	Indirect
Menzies Services, Inc.	United States	Direct
Menzies Services Ltd	United Kingdom	Direct
Menzies Travel Media Ltd	United Kingdom	Indirect
Menzies Wholesale Ltd	United Kingdom	Direct
Menzies World Cargo (Amsterdam) B.V.	Netherlands	Indirect
Menzies World Cargo (Ireland) Ltd	Ireland	Indirect
Menzies World Cargo (Rotterdam) B.V.	Netherlands	Indirect
Menzies World Cargo Ltd	United Kingdom	Indirect
Menzies Worldwide Distribution Ltd	United Kingdom	Direct
Moose Aviation Services AB	Sweden	Indirect
MPF Trustee Ltd	United Kingdom	Direct
Oban Express Parcel Service Ltd	United Kingdom	Indirect
Ogden Aviation Services (Chile) Ltda	Chile	Indirect
Ogden Cargo Ltd	United Kingdom	Indirect
Orbital Mailing Ltd	United Kingdom	Indirect
Orbital Mailing Services Ltd	United Kingdom	Indirect
Orbital Marketing Services Group Ltd	United Kingdom	Indirect
Orbital Print Ltd	United Kingdom	Indirect
Perth Cargo Centre Pty Ltd	Australia	Indirect

Subsidiary undertakings	Country of incorporation	Direct or indirect holding (100% unless otherwise stated)
PlaneBiz 2015 Ltd	New Zealand	Indirect (60%)
PMD Healthcare Marketing Services Ltd	United Kingdom	Indirect
Princes Street (Jersey) Ltd	Jersey	Indirect
Reed Aviation Spain SL	Spain	Indirect
Rose Street Nominees Ltd	United Kingdom	Indirect
Simplicity Ground Services, LLC	United States	Indirect
Skycare Ltd	United Kingdom	Indirect
Skyport Handling Ltd	United Kingdom	Indirect
Skyport Handling Services Ltd	United Kingdom	Indirect
Skystar Airport Services NZ Pty Ltd	New Zealand	Indirect
Skystar Airport Services Pty Ltd	Australia	Indirect
Southampton Airport Cargo Services Ltd	United Kingdom	Indirect
Take One Media Ltd	United Kingdom	Indirect
The London Cargo Centre Ltd	United Kingdom	Indirect
The Menzies Group Ltd	United Kingdom	Direct
The Network (Field Marketing & Promotions) Company Ltd	United Kingdom	Indirect
Top Attractions Ltd	United Kingdom	Indirect
Wyng Group Ltd	United Kingdom	Indirect
Wyng Roadflight Ltd	United Kingdom	Indirect

Joint venture and associate undertakings	Notes	Country of incorporation	Direct or indirect holding
AMI Asia HK Ltd		Hong Kong	Indirect (50%)
EM News Distribution (Ireland) Ltd		Ireland	Indirect (50%)
EM News Distribution (NI) Ltd		United Kingdom	Indirect (50%)
Hyderabad Menzies Air Cargo Private Ltd	(i)	India	Indirect (49%)
Menzies Aviation Bobba (Bangalore) Private Ltd	(i)	India	Indirect (49%)
Menzies Bobba Ground Handling Services Private Ltd		India	Indirect (51%)
Menzies Chengdu Aviation Services Ltd		China	Indirect (40%)
Menzies Macau Airport Services Ltd		Macau	Indirect (29%)
Swissport Menzies Handling PMR UTE		Spain	Indirect (19.5%)
Worldwide Magazine Distribution Ltd		United Kingdom	Indirect (50%)
Zaankracht Ultzendbureau Schipol B.V.		Netherlands	Indirect (30%)

(i) 100% of preference shares

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 of John Menzies plc (the "Company") will be held in the Waldorf Astoria Edinburgh – The Caledonian, Princes Street, Edinburgh, EH1 2AB on Friday 20th May 2016 at 2.00pm (the "Meeting") to transact the following business:

Ordinary Resolutions

To consider and, if thought fit, pass Resolutions 1-13, 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 2015, 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 2015.

3. Dividend

To declare a final dividend of 11.8 pence per ordinary share in the Company for the financial year ended 31 December 2015.

4–10. Re-election of directors

4. To elect Geoff Eaton as a director of the Company.
5. To elect David Garman as a director of the Company.
6. To elect Forsyth Black as a director of the Company.
7. To re-elect Paula Bell as a director of the Company.
8. To re-elect Silla Maizey as a director of the Company.
9. To re-elect Dermot Jenkinson as a director of the Company.
10. To re-elect Iain Napier as a director of the Company.

11. Re-appointment of Auditors

To re-appoint Ernst & Young LLP as the Company's auditors to hold office from the conclusion of this Meeting until the conclusion of the next general meeting at which Annual Accounts are laid before the Company.

12. Remuneration of Auditors

To authorise the directors of the Company to fix the remuneration of the Company's auditors.

13. Authority to allot shares

That the directors of the Company (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 £5,141,928 (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 £5,141,928; and

(b) comprising equity securities up to an aggregate nominal amount of £10,283,856 (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 2017 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.

Special Resolutions

To consider, and if thought fit, pass Resolutions 14-17, each of which will be proposed as a special resolution:

14. Authority to disapply pre-emption rights

That, subject to the passing of Resolution 13 in the Notice of Annual General Meeting of the Company dated 1 April 2016 (the "Section 551 Resolution"), the directors of the Company (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 14) to any person or persons of equity securities up to an aggregate nominal amount of £771,289, representing approximately 5% of the issued ordinary share capital of the Company as at 1 April 2016;

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 2017 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.

15. Purchase of own ordinary shares by the 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 ("Ordinary Shares"), on such terms and in such manner as the directors of the Company (the "Directors") may from time to time determine, provided that:

(a) the maximum number of Ordinary Shares hereby authorised to be purchased is 6,170,313, representing approximately 10% of the Company's issued ordinary share capital as at 1 April 2016;

(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 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 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 Share 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 2017, 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.

16. Purchase of own preference shares by the 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 ("Preference Shares"), on such terms and in such manner as the directors of the Company (the "Directors") may from time to time determine, provided that:

(a) the maximum number of Preference Shares hereby authorised to be purchased is 1,394,587, representing 100% of the Company's issued Preference Share capital as at 1 April 2016;

(b) the maximum price which may be paid for each such 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 Preference Share 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 Preference Share 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 Preference Share 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 2017, whichever is earlier, except in relation to the purchase of 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.

17. 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 fourteen clear days' notice.

By order of the Board of Directors of the Company

John Geddes
Group Company Secretary
1 April 2016

Explanatory Notes

The following information provides additional background information to several of the Resolutions proposed:

Resolution 2: Remuneration Report

In accordance with the provisions of the Companies Act 2006 (the "2006 Act"), the Company's Report on Directors' Remuneration (excluding the Directors' Remuneration Policy (the "Policy")) will be put to an annual shareholder vote by ordinary resolution. The vote will be advisory in nature and in respect of the overall remuneration package which is in place for directors of the Company (the "Directors") – it is not specific to individual levels of remuneration nor is the entitlement of a Director to remuneration conditional on the vote being passed.

The Company's Policy, which is subject to a binding shareholder vote at least every three years, was last approved at the Company's annual general meeting ("AGM") in May 2014. The Company is unable 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 such payment is consistent with the Policy or has been approved by a resolution of the Company's shareholders.

Resolutions 4 – 10: Re-election of directors

Biographical details of the Directors to be re-elected at this year's AGM can be found on pages 44 and 45 of the Annual Report and Accounts 2015. Forsyth Black, Geoff Eaton and David Garman, having been appointed as Directors since last year's AGM, will stand for election in accordance with the Company's Articles of Association and, in accordance with the principles of good governance set out in the UK Corporate Governance Code, all other Directors who will continue following the AGM will seek re-election.

In proposing the re-election of the Directors, the Chairman has confirmed that, following rigorous internal performance evaluations (described on page 50 of the Annual Report and Accounts 2015), each individual continues to make an effective and valuable contribution to the Board and demonstrates commitment to the role.

Resolutions 13 and 14: Authority to allot shares and disapply pre-emption rights

The Investment Management Association's Share Capital Management Guidelines (the "IMA Guidelines") permit, and regard as routine, an authority to allot up to two-thirds of a company's existing issued share capital. They provide that any amount in excess of one-third of a company's issued share capital should only be applied to fully pre-emptive rights issues.

At the AGM of the Company held on 15 May 2015, the Directors were given authority to allot shares in the capital of the Company up to an aggregate nominal amount of £10,216,026, representing approximately two-thirds of the Company's issued ordinary share capital as at 3 April 2015. This authority is due to expire at the end of this year's AGM.

It is considered appropriate that the Directors again be granted authority to allot shares in the capital of the Company up to a maximum nominal amount of £10,283,856, which amount represents approximately two-thirds of the Company's issued ordinary share capital as at 1 April 2016 and thus complies with the IMA Guidelines. Accordingly, 20,567,711 ordinary shares of £0.25 each (the "Ordinary Shares"), representing approximately one-third of the Company's issued ordinary share capital, may be allotted pursuant to a fully pre-emptive rights issue.

The authority sought by Resolution 13 will last until the conclusion of the next AGM of the Company or, if earlier, 30 June 2017. The Directors have no present intention of exercising this authority, although they have confirmed that should the power authorised in Resolution 13(b) be utilised then all Directors would stand for re-election at the next AGM (as they currently do in accordance with the principles of good governance).

As at 1 April 2016, the Company held 345,176 of its Ordinary Shares in Treasury.

Resolution 14 will, if passed, give the Directors power, pursuant to the authority to allot granted under Resolution 13, to allot equity securities (as defined in sections 560(1)–(3) of the 2006 Act) or sell treasury shares for cash on a non pre-emptive basis without first offering them to existing shareholders of the Company in proportion to their existing shareholdings in limited circumstances. This power 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 £10,283,856 (representing approximately two-thirds of the Company's issued ordinary share capital as at 1 April 2016); and
(b) in any other case, up to a maximum nominal value of £771,289, representing approximately 5% of the issued ordinary share capital of the Company as at 1 April 2016 (the latest practicable date prior to publication of this Notice of AGM) otherwise than in connection with an offer to existing shareholders of the Company.

The Directors have no present intention of exercising this power and the power, if granted, will expire at the conclusion of the next AGM of the Company or, if earlier, on 30 June 2017.

Resolutions 15 and 16: Authority to buy-back shares

These special resolutions give the Company authority to make market purchases of its Ordinary Shares and 9% cumulative preference shares (the "Preference Shares") in the market, as permitted by the 2006 Act. The authorities set the minimum and maximum prices and limit the number of Ordinary Shares that can be purchased to 6,170,313 (representing approximately 10% of the issued Ordinary Shares as at 1 April 2016) and the number of Preference Shares to 1,394,587 (representing 100% of the issued Preference Shares as at 1 April 2016).

The authorities, if granted, will expire at the conclusion of the next AGM of the Company or, if earlier, 30 June 2017. The Directors have no present intention of exercising the authority to purchase the 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 would only be exercised if the Directors believed that to do so would result in an increase in earnings per share and would be in the interests of the Company's shareholders generally.

As at 1 April 2016, the Company held 345,176 Ordinary Shares in Treasury. It may make purchases of its Ordinary Shares, taking into account the financial resources of the Company, the Company's share price and future funding opportunities. No voting rights attach to Ordinary Shares whilst held in Treasury nor are dividends payable on them. The authority sought under Resolution 15 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 the Company's shareholders generally. Any purchase of Ordinary Shares would be by means of market purchase through the London Stock Exchange.

Resolution 17: Length of notice of meeting

Before the introduction of the Companies (Shareholders' Rights) Regulations 2009 (the "Regulations"), 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 the Company's shareholders as a whole.

Resolution 17 is therefore proposed as a special resolution which would be effective until the Company's next AGM when it is intended to propose that the approval be renewed.

Recommendation

The Directors consider that all these Resolutions are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company. Accordingly, they unanimously recommend that you vote in favour of all the proposed Resolutions.

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 shareholder, 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 shareholder 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 ("Computershare") at The Pavilions, Bridgwater Road, Bristol BS99 6ZY 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 with Computershare less than 48 hours before the time appointed for the holding of the AGM 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 Form of Proxy 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 18 May 2016 or, if the AGM is adjourned, at 5:00pm on the day two days prior to the adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any shareholder to attend and vote at the AGM.
7. As a shareholder, 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 shareholder 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 shareholder as to the exercise of voting rights.
9. The statement of the rights of shareholders 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 shareholders of the Company.
10. As at 1 April 2016, the Company's issued ordinary share capital comprised 61,703,133 Ordinary Shares and the Company held 345,176 of its Ordinary Shares 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 1 April 2016 is 61,357,957.
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 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 Euroclear UK & Ireland Limited 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 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, shareholders may require the Company to give, to shareholders 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 the 2006 Act, shareholders 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 shareholders of the Company under section 527 of the 2006 Act, 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 shareholder 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 2006 Act, 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 will be available for inspection during usual business hours 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 at the registered office of the Company and at the offices of the Company's solicitors, Maclay Murray & Spens LLP, at One London Wall, London EC2Y 5AB:

(a) copies of the Directors' service contracts with the Company; and
(b) the terms of appointment of the Non-Executive Directors of the Company.

On the date of the AGM, these documents will be available for inspection at the venue of the AGM from 12:00pm until the conclusion of the AGM.

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 Operating Divisions. 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 Investor Relations App
The Group has an Investor Relations App for iPhone and iPad users. The App provides users with the Company's latest share price, regulatory and business news, annual/interim reports and presentations. The App can be downloaded via the Company's website or by visiting your App store.

Share Register and Shareholder Enquiries
Any enquiry concerning your shareholding should be directed to the Company's Registrar, Computershare Investor Services PLC ("Computershare"), and should clearly state your name, address and Shareholder Reference Number ("SRN"). The contact details are as follows:

Tel: +44 (0) 370 703 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

Computershare should be notified promptly in writing 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 SRN which you can find on your share certificate or tax voucher.

Share Price
The current price of the Company's Ordinary Shares can be viewed on the Group's website at 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 shares in the Company. To use this service you should call the following telephone number and quote reference "John Menzies plc dial and deal":

Tel: +44 (0) 131 240 0414

Charges
Commission for the above share dealing service will be at a rate of 1% and will be subject to a minimum fee of £25. Additionally, UK share purchases will be subject to a 0.5% stamp duty charge whilst a levy of £1.00 will be imposed by the Panel for Takeovers and Mergers for single trades in excess of £10,000.

Settlement
You will be required to pay for any shares purchased by debit card at the time of the transaction. You must therefore 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 No. 1052686) which specialises in accepting such shares as donations. There are no implications for UK Capital Gains Tax purposes (no gain or loss) on gifts of shares to charity and it is also possible to obtain income tax relief. If you wish to do this then the details are as follows:

Tel: +44 (0) 20 7930 3737
Web: www.sharegift.org
Email: help@sharegift.org

Analysis of Shareholdings
at 31 December 2015

Shareholding (Ordinary Shares)	Number of shareholders	%age of shareholders	Total number of Ordinary Shares held	%age of Ordinary Shares held
1-1,000	3,263	81.11	786,861	1.28
1,001-5,000	494	12.28	1,014,343	1.64
5,001-10,000	69	1.71	486,204	0.79
10,001-100,000	117	2.91	4,296,323	6.96
Over 100,000	80	1.99	55,119,402	89.33
Total	**4,023**	**100.00**	**61,703,133**	**100.00**

Payment of Dividends
It is in the interests of both the Company and its shareholders for dividends to be paid directly into bank or building society accounts. Any shareholder who wishes to receive dividends in this way should contact Computershare to obtain a dividend mandate form.

9% Cumulative Preference Shares
Dividends will be paid on 1 April 2016 and 3 October 2016.

Ordinary Shares

A final dividend of 11.8p per Ordinary Share was proposed by the Directors on 7 March 2016 and, subject to shareholder approval, will be paid on 1 July 2016 to shareholders on the Company's Register of Members as at the close of business on 27 May 2016.

Any interim dividends for the financial year ended 31 December 2016 will be paid on 18 November 2016 to shareholders on the Company's Register of Members on 21 October 2016.

Investor Relations

For any Investor Relations enquiries, please contact us by one of the following means:

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, marked for the attention of Emma Wadsworth

Principal Advisers

Auditors

Ernst & Young LLP
G1, 5 George Square
Glasgow G2 1DY

Corporate Financial Advisers and Joint Brokers

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Row
London EC4M 7LT

Joint Brokers

Shore Capital Stockbrokers Limited
Bond Street House
14 Clifford Street
London W1S 4JU

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Email: info@johnmenziesplc.com

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Menzies Aviation

2 World Business Centre Heathrow
Newall Road, London Heathrow Airport
Hounslow TW6 2SF
Tel.: +44 (0) 20 8750 6000

Corporate Calendar

(Provisional dates)

8 March 2016	Preliminary announcement of Annual Results
1 April 2016	Payment of dividend on Preference Shares
5 April 2016	Annual Report and Accounts and Notice of AGM released
20 May 2016	AGM
27 May 2016	Record date for final dividend on Ordinary Shares
1 July 2016	Payment of final dividend on Ordinary Shares
16 August 2016	Announcement of Interim Results
3 October 2016	Payment of dividend on Preference Shares
21 October 2016	Record date for interim dividend on Ordinary Shares
18 November 2016	Payment of interim dividend on Ordinary Shares

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