25 February 2016

Coats Group plc

Preliminary report of for the year ended 31 December 2015

Disclosures made in accordance with the requirements of Appendix 4E to ASX Listing Rules

Please note the following key information:

- Revenue was US$1,490 million, a decrease of US$71 million (5%) from 2014 (US$1,561 million)
- Loss from ordinary activities after tax attributable to members was US$46 million, a variance of US$61 million from the previous year's profit of US$15 million
- Net loss for the year attributable to members was US$46 million – a variance of US$61 million from the previous year's profit of US$15 million
- Net tangible assets per share of 6.99 cents (31 December 2014: 10.23 cents)
- No dividends were paid or proposed during the year and the Board is not proposing a final or interim dividend at this time (2014: nil)

These preliminary results are based on financial information for the year ended 31 December 2015 which is in the process of being audited.

Stuart Morgan
Company Secretary
25 February 2016

25 February 2016

Coats Group plc

2015 full year results

Coats Group plc ('Coats' or the 'Company'), the world's leading industrial thread manufacturer, today announces its unaudited results for the year ended 31 December 2015.

Highlights

- Operating profit up 19% to $139 million on a like-for-like basis before exceptional items (13% reported)
- Group operating margin up 130bps to 9.4% (like-for-like); good growth in both Industrial and Crafts
- Adjusted EPS up 38% to 3.96c (like-for-like); reported EPS of (3.30)c primarily impacted by discontinued items related to disposal of EMEA Crafts
- Adjusted free cash flow of $74 million ($88 million in 2014)
- Strengthened business portfolio with disposal of loss-making EMEA Crafts business and first acquisition
- Repositioned Company as a UK headquartered, global industrial manufacturing business and made a number of Director changes
- Initiated settlement discussions with the Trustees of the Company's three UK pension schemes to attempt a resolution of the ongoing pensions investigations

**** Denotes a KPI***		2015	2014 reported [1]	2014 like-for-like[1,2]	Reported change	Like-for-like change
Revenue		$1,490m	$1,561m	$1,445m	(5)%	*** 3%**
Operating profit	reported	$118m	$103m		14%	
	pre-exceptional [3]	$139m	$123m	$117m	13%	*** 19%**
Earnings per share	reported	(3.30)c	1.06c		n/a	
	reported - continuing	2.09c	2.99c		(30)%	
	adjusted [4]	3.96c	3.08c	2.88c	29%	*** 38%**
Free cash flow	adjusted [5]	*** $74m**	$88m		(16)%	
Return on capital employed [6]		*** 33%**	24%		900bps	

Commenting on Coats full year 2015 results Paul Forman, Group Chief Executive, said:

'Coats delivered a strong performance in 2015 with like-for-like operating profit growth of 19%. The core Apparel and Footwear business continued to gain market share; in Speciality we continued to grow through product innovation and geographic expansion, despite tough conditions in certain key markets; and in our Americas Crafts business we delivered an encouraging second half profit. Across the Group margins increased due to volume growth, lower input prices and procurement and productivity savings. This contributed to like-for-like adjusted EPS growth of 38%. However, discontinued losses related to the sale of our loss-making EMEA Crafts business negatively impacted reported earnings.

'We enter 2016 on a solid footing with improving returns and quality of earnings and a stronger business portfolio. Our cash flow generation will remain strong which will allow us to continue to reinvest in organic and inorganic growth opportunities. Whilst we face a backdrop of mixed economic conditions, we are cautiously optimistic of growing the business in 2016.'

Conference call

Coats Management will discuss this report in a webcast / conference call with analysts and investors at 0900 GMT today (25 February 2016). The webcast can be accessed via www.coats.com/investors/fy15. The conference call can be accessed by dialling 020 3059 8125 in the UK and using participant code 'Coats Group'. For non-UK numbers please visit the link above. The webcast will also be made available in archive form on coats.com.

1. *Restated to reflect the change in accounting policies for presentation currency, operating profit and exceptional items and the results of EMEA Crafts business as a discontinued operation. See note 1 to the consolidated financial information for further details.*
2. *On a like-for-like basis restates 2014 figures at 2015 exchange rates.*
3. *Before exceptional items (exceptional items set out in note 3).*
4. *Before exceptional items and foreign exchange gains/losses on parent group cash balance (see note 14a).*
5. *Adjusted for exceptional and discontinued items, acquisitions, purchase of own shares for Employee Benefits Trust and UK pension recovery payments (see note 14b).*
6. *Pre-exceptional operating profit divided by capital employed. 24% in 2014 includes EMEA Crafts (27% excluding). See note 14c.*

Enquiry details

Investors		Jaideep Thatai	Coats Group plc	+44 (0)20 8210 5086
Media	UK	Richard Mountain	FTI Consulting	+44 (0)20 3727 1374
	NZ & Australia	Geoff Senescall	Senescall Akers	+64 9 309 5659

About Coats Group plc

Coats is the world's leading industrial thread manufacturer and a major player in the Americas textile crafts market. At home in more than 60 countries, Coats employs 19,000 people across six continents. Revenues in 2015 were US$1.5bn. Coats' pioneering history and innovative culture ensure the company leads the way around the world: providing complementary and value added products and services to the apparel and footwear industries; applying innovative techniques to develop high technology Speciality threads and yarns in areas such as automotive and fibre optics; and extending the crafts offer into new markets and online. Headquartered in the UK, Coats has a premium listing on the London Stock Exchange. To find out more about Coats visit www.coats.com.

Operating summary

	2015	2014	2014	Reported inc/(dec)			Like-for-like inc/(dec)		
	Reported	Reported[1]	Like for-like[1,2]	Full year	First half	Second half	Full year	First half	Second half
	$m	$m	$m	%	%	%	%	%	%
Revenue									
Industrial	1,212.5	1,243.1	1,150.4	(2)%	(1)%	(4)%	5%	6%	5%
Crafts [3]	277.0	318.3	294.5	(13)%	(13)%	(13)%	(6)%	(7)%	(5)%
Total	**1,489.5**	**1,561.4**	**1,444.9**	**(5)%**	**(3)%**	**(6)%**	**3%**	**4%**	**3%**
Operating profit [4]									
Industrial	135.2	117.9	112.2	15%	9%	20%	20%	15%	26%
Crafts [3]	14.4	13.8	12.6	4%	(59)%	66%	14%	(55)%	84%
UK pension admin	(10.2)	(8.3)	(7.8)						
Group	**139.4**	**123.4**	**117.0**	**13%**	**3%**	**25%**	**19%**	**9%**	**32%**
Operating margin [4]									
Industrial	**11.1%**	9.5%	9.8%	**160bps**	100bps	230bps	**130bps**	90bps	190bps
Crafts [3]	**5.2%**	4.3%	4.3%	**90bps**	(240)bps	380bps	**90bps**	(230)bps	390bps
Group	**9.4%**	7.9%	8.1%	**150bps**	**60bps**	**270bps**	**130bps**	**40bps**	**240bps**

1 *Restated to reflect the change in accounting policies for presentation currency, operating profit and exceptional items and the results of EMEA Crafts business as a discontinued operation. See note 1 to the consolidated financial information for further details.*
2 *2014 like-for-like restates 2014 figures at 2015 exchange rates.*
3 *For ongoing Crafts operations (excludes EMEA Crafts treated as discontinued).*
4 *Pre-exceptional items (see note 3).*

In the following commentary, all comparisons with 2014 are on a like-for-like currency basis (restates 2014 figures at 2015 exchange rates) and exclude EMEA Crafts; and all references to operating profit are on a pre-exceptional basis.

Coats' revenues increased 3% to $1,490 million in 2015 from $1,445 million. Industrial sales growth of 5% was driven by a strong performance in the Apparel and Footwear business, almost wholly driven by volumes given a challenging pricing environment, and product innovation and geographic expansion in the Speciality business despite tough conditions in the global oil and gas sector. Crafts sales fell 6% to $277 million (2014: $295 million), reflecting tough comparators in the first half (impact of the decline in fashion handknittings demand) and the mild North American autumn/winter in 2015 which impacted consumer demand.

Pre-exceptional operating profit increased 19% year-on-year to $139.4 million (2014: $117.0 million). Industrial profit grew 20% and margins were up 130 basis points (bps) to 11.1% due to strong volume growth, lower input prices, productivity and non-raw material procurement improvements (which more than offset labour and energy inflation). The 14% increase in Crafts profit was primarily due to lower input prices and cost reduction initiatives. Margins also benefited from lower Group costs year-on-year and initial cost savings from an overhead reduction programme that resulted from a review of the Company's cost base following the disposal of the EMEA Crafts business. Operating profit, post-exceptional items, on a reported (actual currency) basis increased 14% to $117.8 million (2014: $103.4 million).

Currency movements continued to impact results on both a translational and transactional basis throughout 2015. As the Company reports in US Dollars and given that its global footprint generates significant revenues and expenses in a number of other currencies, a translational currency impact can arise. In 2015 a decline in group sales of 5% on a reported (actual currency) basis reflected the strengthening of the US Dollar against a number of currencies, particularly the Euro and Brazilian Real.

Financial summary

Adjusted earnings per share ('EPS') attributable to equity shareholders on a like-for-like basis increased by 38% to 3.96 cents (2014: 2.88 cents). This was achieved by higher operating profit and a reduction in the underlying tax rate. The Company generated a reported attributable loss of $46.2 million (2014: $15.0 million profit), due to a significant loss ($75.5 million) from discontinued items related to the disposal of the loss-making EMEA Crafts business, as well as a higher level of exceptional charges. The disposal of EMEA Crafts, which generated a trading loss of $12.7 million in 2015, has improved the Group's quality of earnings and returns and allowed management to better focus on the high performing global Industrial and strong Americas Crafts businesses.

In 2015 Coats generated an adjusted free cash inflow of $73.9 million compared to $87.8 million in 2014. Higher operating profits, lower interest and tax paid were more than offset by the implementation of a revised supplier payment approach that negatively impacted working capital (see financial review section for more details). Total net cash at 31 December 2015 was $241 million, a year-on-year decline of $80 million, primarily due to foreign exchange losses on the parent group balance and the cash outflow related to EMEA Crafts and its disposal (although the cash cost was significantly lower than the impact on the income statement).

Return on capital employed ('ROCE') increased to 33% from 24% in 2014 driven by higher profitability and the disposal of EMEA Crafts, underpinning the rationale for disposing the loss-making business (2014: 27% excluding EMEA Crafts). Over the last three years, ROCE increased 13 percentage points from 20% in 2013.

UK Pensions Regulator investigations

Coats has initiated settlement discussions with the Trustees of the Brunel, Staveley and Coats UK pension schemes to resolve the ongoing pensions investigations. Coats has committed to retain the parent group cash balance of $505 million (£342 million) within the Group to support the Company and schemes and not make a capital return to shareholders. This would be on the basis of the Pensions Regulator ('tPR') withdrawing the Warning Notices on the three schemes, thereby ending the investigations, and for Coats to be able to commence the payment of normal course dividends to shareholders and have sufficient cash to invest in growth opportunities. The support structure could be any of, or a combination of, cash directly paid into the schemes, contingent cash earmarked for the schemes, if subsequently required, and/or cash retained within the Group. At this stage the level of ongoing annual deficit recovery payments following any settlement is not known. Coats has previously indicated proposals involving the retention of approximately $253 million (£170 million).

Coats has previously stated that, under the regulations, it is not proper for tPR to seek to use its statutory powers in relation to the Coats Plan. In February 2016, the Company received tPR's response to the representations the Company made in July 2015 on the Coats Pension Plan Warning Notice. If a settlement cannot be reached in respect of all of the schemes and the investigations proceed, tPR has previously indicated that it believes it would be appropriate for the Determinations Panel of tPR to hear the cases for the Brunel and Staveley pension schemes at the same time as the Coats Plan, which means that any hearing is unlikely before the second half of 2016 at the earliest. For further information on the pensions investigations and triennial processes see page 9.

Corporate changes and delisting from the NZX and ASX

During 2015 the Company made a number of significant corporate changes. These included being renamed Coats Group plc in February (previously Guinness Peat Group) and a number of Director changes taking place to ensure the Board has the right mix of experience and expertise to lead a UK headquartered, global industrial manufacturing business. In November, the Company announced its intention to delist from the New Zealand (NZX) and Australian Stock (ASX) Exchanges. The intended date for delisting is 24 June 2016, at which point Coats shares will only be tradable on the London Stock Exchange. The decision, which is subject to shareholder approval at the AGM[1], reflects the much reduced shareholder base in the two countries, the benefit of concentrating trading volumes on one market and the Company's move away from its New Zealand focused, investment firm past. Since the announcement was made the combined New Zealand and Australian shareholding has fallen from 19% to 14%, while ownership by UK shareholders has increased to over 70%.

Outlook

Coats delivered a strong performance in 2015 supported by market share gains, product innovation, lower input prices and productivity and procurement gains. These factors have put the business on a solid footing for the year ahead. Additionally, the Company will realise incremental savings from its overhead reduction programme, which aims to reduce costs following the disposal of EMEA Crafts. However, as Coats continues to grow there is a need to reinvest into the business to support its growth ambitions. Furthermore, against a backdrop of mixed economic conditions with uncertainties on consumer demand in the US and Western Europe, demand from the oil and gas industry and the potential for the US dollar to further strengthen, Group performance could be adversely impacted. On balance, Management expects to deliver modest year-on-year growth in Group pre-exceptional operating profit with improvements to non-operating items further benefiting adjusted EPS.

1 Coats will seek shareholder approval to delist from the NZX by way of an ordinary resolution (requiring approval of 50% of votes cast) at its Annual General Meeting scheduled for 18 May 2016.

Operating Review

In the following commentary, all comparisons with 2014 are on a like-for-like currency basis (restates 2014 figures at 2015 exchange rates) and exclude EMEA Crafts; and all references to profit are to pre-exceptional segment profit.

Industrial

	2015	2014	2014	2014	Like-for-like inc/(dec)		
	Reported	Reported[1]	Reported inc/(dec)	Like-for-like[1,2]	Full year	First half	Second half
	$m	$m	%	$m	%	%	%
Revenue							
By business							
Apparel and Footwear [3]	979.3	1008.1	**(3)%**	934.4	**5%**	**4%**	**5%**
Speciality	233.2	235.0	**(1)%**	216.0	**8%**	**13%**	**3%**
Total	**1,212.5**	**1,243.1**	**(2)%**	**1,150.4**	**5%**	**6%**	**5%**
By region							
Asia	714.9	679.8	5%	665.6	7%	8%	7%
Americas	266.4	288.6	(8)%	253.0	5%	8%	3%
EMEA	231.2	274.7	(16)%	231.8	0%	(1)%	1%
Total	**1,212.5**	**1,243.1**	**(2)%**	**1,150.4**	**5%**	**6%**	**5%**
Segment profit [4]	**135.2**	**117.9**	**15%**	**112.2**	**20%**	**15%**	**26%**
Segment margin [4]	**11.1%**	**9.5%**	**160bps**	**9.8%**	**130bps**	**90bps**	**190bps**

1 *Restated to reflect the change in accounting policies for presentation currency, operating profit and exceptional items. See note 1 for further details.*
2 *2014 like-for-like restates 2014 figures at 2015 exchange rates*
3 *Includes accessories, zips and trims and global services*
4 *Pre-exceptional items. See note 2 (operating segments).*

Despite a challenging pricing environment, Industrial revenue rose 5% year-on-year from $1,150 million in 2014 to $1,213 million in 2015 due to good levels of volume growth. This was driven by underlying market growth and market share gains, the latter based on product and digital service innovation and excellent service levels.

Revenue in Apparel and Footwear (which includes accessories, zips and trims and global services) grew 5% year-on-year, almost wholly due to volume growth. This included double-digit sales growth in key markets such as Bangladesh, Colombia, Mexico and Vietnam. Coats increased its market share, with the increasing adoption of Coats' digital services being a key driver. For instance, in Q1 2015 the Company rolled out an eCommerce platform: within one year it is already live in 25 countries; is used by approximately 7,500 customers; and accounts for over 50% of total thread orders. In a general deflationary environment, pricing was relatively flat in 2015, although there were regional variations.

Speciality revenue grew 8% year-on-year, in line with recent guidance, through geographic expansion of existing products, such as furniture and upholstery in Asia, and new product innovation, notably a strong uptake in demand within the engineered performance fabrics and wire and cable markets. As previously announced overall growth slowed between July and October due to the slowdown in the global oil and gas sector and tough year-on-year comparators. The oil and gas sector represented 15-20% of Specialty sales in 2015 through the supply of components for thermoplastic pipes and protective wear. Speciality growth improved in the last two months of 2015, demonstrating the diversification of the end markets in which the business operates. Given its relative importance, a continued slowdown in the oil and gas sector may marginally impact growth in 2016.

Revenue in Asia increased by 7% year-on-year, with good levels of growth across most countries driven by both domestic and export demand in Apparel and Footwear, as well as Speciality growth. The Americas delivered a 5% increase, primarily due to Speciality sales growth in North America, while Latin America delivered good Apparel and Footwear growth. However, weak market conditions adversely impacted performance in the loss-making Brazilian business and these are expected to continue in 2016. Sales were marginally lower in EMEA for the full year, primarily due to weak zip demand in H1 2015, especially in Italy. However sales improved in the second half supported by growth in key apparel and footwear markets and Speciality, and a better performance in zips.

Industrial operating profit increased 20% to $135.2 million (2014: $112.2 million) and margins increased 130bps to 11.1% (2014: 9.8%) reflecting good volume growth. In addition, the lower oil price led to a reduction in material costs. Although the lower input prices led to a challenging pricing environment the business also continued to deliver productivity and non-raw material procurement improvements. These factors more than offset the structural wage and energy inflation that the Company faces across the many countries in which it operates.

Acquisition of GSD
As previously reported, in May 2015, Coats acquired GSD Corporate Ltd ('GSD'), a UK based company, for a total consideration of $5.5 million. GSD supplies expert management solutions that analyse time, cost and production capability in the sewn products sector with a focus on maximising productivity and controlling costs. Strategically it is a good fit with Coats Global Services' end-to-end Operational Excellence offering, which provides practical, industry-specific technical services, training, technology solutions, quality assurance and compliance. GSD is performing in line with management's expectations.

Crafts

	2015	**2014**	**2014**	**2014**	**Like-for-like inc/(dec)**		
	Reported	**Reported**[1]	**Reported inc/(dec)**	**Like-for-like**[1,2]	**Full year**	**First half**	**Second half**
	$m	**$m**	**%**	**$m**	**%**	**%**	**%**
Revenue							
Handknittings	149.5	169.7	**(12)%**	163.7	**(9)%**	**(9)%**	**(8)%**
Needlecrafts [3]	127.5	148.6	**(14)%**	130.8	**(3)%**	**(3)%**	**(2)%**
Total	**277.0**	**318.3**	**(13)%**	**294.5**	**(6)%**	**(7)%**	**(5)%**
Segment profit [4]	**14.4**	**13.8**	**4%**	**12.6**	**14%**	**(55)%**	**84%**
Segment margin [4]	**5.2%**	**4.3%**	**90bps**	**4.3%**	**90bps**	**(230)bps**	**400bps**

1 *Restated to reflect the change in accounting policies for presentation currency, operating profit and exceptional items and the results of EMEA Crafts business as a discontinued operation. See note 1 for further details.*
2 *2014 like-for-like restates 2014 figures at 2015 exchange rates.*
3 *Includes other textile craft products such as consumer sewings and lifestyle fabrics.*
4 *Pre- exceptional items. See note 2 (operating segments).*

Crafts revenues declined 6% year-on-year from $295 million in 2014 to $277 million in 2015. Handknitting sales declined 9%, predominantly due to tough comparators following the strong demand for fashion handknitting products in H1 2014. This more than offset sales growth in foundation handknitting products, in both North America and Latin America. The mild autumn/winter in North America in 2015 negatively impacted sales in the final quarter and signs of continued softness in the handknittings market have persisted in early 2016. Needlecrafts sales declined 3%, reflecting the continued decline in the Americas needlecrafts market, however this was partly offset by strong sales in the smaller but growing lifestyle fabrics business.

Crafts made a profit for the period of $14.4 million (2014: $12.6 million). The 14% increase was mainly due to lower input prices and a focus on reducing operating costs, which more than offset the decline in sales. This resulted in 90bps improvement in segment margin to 5.2% in 2015 (2014: 4.3%). The increase in profitability from H1 2015 ($2.8 million) to H2 2015 ($11.6 million) was driven by increased sales, operational gearing, a greater benefit from lower input prices and cost reduction initiatives.

Disposal of EMEA Crafts
As previously reported, Coats completed the disposal of its loss-making EMEA Crafts business in July 2015. The sale has improved the Group's quality of earnings and returns and allowed management to better focus on the high performing global Industrial and strong Americas Crafts businesses. The business generated a loss of $12.7 million in 2015, which is recognised within discontinued items. See financial review section for further information.

Financial review

Overhead reduction programme
As previously reported, with the sale of EMEA Crafts Coats commenced a review of elements of its cost base, including costs previously allocated to that business, to establish the appropriate cost structure for a smaller and less complex Group. During the first half of 2015, the review identified savings within specific support services, resulting in $2.6 million of restructuring costs. With the sale of the business completed in July, the review identified further areas of savings during the second half. As a result, additional restructuring costs were incurred in H2 2015, leading to $14.1 million of restructuring costs for the full year. The programme has delivered initial savings of approximately $4 million in 2015, supporting the improvements in Industrial and Crafts margins. Savings will continue to be realised in 2016 and H1 2017; although, as the Company continues to grow, some of these savings will be reinvested to support growth plans in 2016.

Exceptional items
Net exceptional costs before taxation and discontinued items totalled $23.1 million in 2015 (2014: $20.0 million). This included $6.4 million for US environmental costs in H1, which included a provision for remedial work on the Lower Passaic River, New Jersey, USA (see below for further details). There was also a charge of $3.3 million related to the consolidation of Coats' Mexican operations from three sites to two, which will increase utilisation and efficiency while reducing operational costs. In December, the property was sold resulting in a gain on disposal of $9.2 million, thereby generating an overall positive contribution of $5.9 million. Coats has provided for an additional $5.7 million in 2015 in relation to the expected costs of the ongoing tPR investigations. As mentioned above, $14.1 million of costs were incurred in relation to the overhead reduction programme; no further charges are expected in 2016. A $1.5 million loss on disposal was recognised on the sale of Coats' share in a Philippines joint venture in November 2015.

Non-operating results
Finance costs, net of investment income, were $31.2 million in 2015, up from $8.0 million in 2014. The increase was mainly driven by full year foreign exchange losses of $3.2 million (2014: $18.9 million gain) on the parent group cash balance in relation to movements between the British Pound, New Zealand Dollar and Australian Dollar. Following a gain of $9.1 million in H2 2015, the Company moved substantially all of the cash to Pound Sterling. IAS19 pensions interest charges increased from $11.3 million to $17.1 million as a function of the higher pensions accounting deficit at the end of 2014. Based on the deficit at the end of December 2015, the Company estimates the charge in 2016 will be approximately $15 million (subject to any pensions investigations settlement and additional support to the schemes). In addition there was a decrease in investment income from $11.5 million in 2014 to $10.5 million in 2015, despite compensation ($3.2 million) received in respect of a compulsory state financing arrangement in Latin America in the 1980s and 1990s, and a reduction in interest on borrowings from $20.2 million to $16.8 million in 2015. The decrease was largely a result of a lower cost of local financing and fixed interest rate swaps coming to an end.

The taxation charge for 2015 was $46.1 million (2014: $45.1 million) resulting in a reported tax rate of 53% (2014: 47%). Excluding exceptional items, the impact of IAS19 finance charges and foreign exchange gains/losses on the parent group cash balance, the underlying effective rate on pre-tax profits reduced 600bps to 35% (2014: 41%). This was driven by a reduction in unrelieved losses and withholding tax suffered, together with a favourable change in profit mix for the period. Profit attributable to minority interests increased to $11.2 million (2014: $9.6 million) and is predominantly related to Coats' joint ventures in Vietnam and Bangladesh (in which it has controlling interests).

Adjusted EPS increased by 38%, on a like-for-like basis, to 3.96 cents (2014: 2.88 cents). This was generated through the higher operating profit and improvements in the underlying tax rate. Reported EPS for continuing operations declined from 2.99 cents in 2014 to 2.09 cents in 2015 due to foreign exchange losses on the parent group cash balance, a $22 million negative year-on-year movement, and a higher level of exceptional costs. The company generated a reported loss from continuing and discontinued operations of $46.2 million (2014: $15.0 million profit) primarily due to the disposal of the loss-making EMEA Crafts business.

Discontinued items
There was a loss from discontinued operations of $75.5 million in 2015 related to the sale of the loss-making EMEA Crafts business. This comprised trading losses of $12.7 million, a loss on disposal of $55.8 million and net exchange losses of $7.0 million. The loss on disposal comprised $17.0 million of cash retained in the business and $37.3 million of net working capital left in the EMEA Crafts business and $13.5 million of other

assets and liabilities (including disposal related costs and completion adjustments), which were partly offset by $11.5 million of pensions and other liabilities transferred to the buyer. The $23.8 million loss from discontinued operations recognised in the second half of 2015 (H1 2015: $51.7 million) included additional trading losses, disposal related costs, completion adjustments and the net exchange loss.

Investment

In 2015 capital expenditure amounted to $44.3 million (2014: $46.0 million) and was 1.0 times depreciation, in line with previous guidance. Key investment areas during the year were digital services, such as the roll-out of the eCommerce platform, which has enabled market share gains and reduced operating costs, and spend on environmental projects, such as effluent treatment plants, which help ensure Coats maintains its leading corporate responsibility credentials in the industry. It is expected that capital expenditure will remain around 1.0 times depreciation in the medium term, with the key investment areas in 2016 being new product/process development, capacity expansion and ongoing environmental spend.

Cash flow

Coats generated a $73.9 million adjusted free cash inflow in 2015, compared to $87.8 million in 2014 (excluding EMEA Crafts). The basis for this measure has changed from 2014 to exclude UK pension recovery payments which totalled $25.8 million in 2014 (2015: $33.8 million). The year-on-year variance was mainly due to the implementation of a revised supplier payment approach, which negatively impacted working capital.

EBITDA (defined as pre-exceptional operating profit before depreciation and amortisation) was $183.0 million, up from $170.0 million in 2014 (on a reported basis) due to the factors that contributed to the increase in pre-exceptional operating profit outlined earlier in the report.

There was a $15.2 million net working capital outflow in 2015 (2014: $27.5 million inflow). The outflow was mainly due to the implementation of a revised payment approach to suppliers, which is in keeping with Coats' commitment to treating all of its partners along the supply chain in an ethical and sustainable way. This led to a material trade payable outflow. With the year-on-year increase in trading activity there was also an outflow related to inventories and trade receivables; however this was somewhat offset by an ongoing improvement in inventory management through a reduction in stock days.

Interest paid decreased to $15.3 million (2014: $21.6 million) as a result of a reduction in interest rates achieved on borrowings. Tax paid reduced year-on-year from $55.1 million to $49.3 million in 2015 and as a percentage of pre-exceptional profit before tax the rate fell in line with the continued reduction in the underlying effective tax rate of the Group. Payments to minority interests increased year-on-year to $10.1 million (2014: $6.7 million).

There was a $21.4 million free cash outflow in 2015 (2014: $46.5 million inflow). This included UK pension recovery payments of $33.8 million (2014: $25.8 million), of which approximately $21 million was paid to the Coats Plan and $3 million to the Staveley scheme, the same as in 2014 in Pound Sterling terms, and $9 million was paid to the Brunel scheme (2014: nil) following agreement of its triennial funding valuation and deficit recovery plan in November 2015 (see pensions section below). There was a $37.0 million outflow (2014: $2.2 million) related to the disposed loss-making EMEA Crafts business, comprising $14.7 million on trading performance and $22.3 million of disposal charges. A $7.6 million outflow (2014: nil) related to the establishment and purchase of own shares for an Employee Benefits Trust. This was to cover the requirements for a share-based long term incentive scheme (in line with the standards of a FTSE 250 company) for senior employees, that more clearly aligns their interests with those of shareholders. Exceptional items included $8.9 million spent on the pensions investigation (2014: $12.2 million), $5.3 million on the overhead reduction programme and a net inflow of $5.1 million related to the restructuring and subsequent property disposal of a Mexican operation. In addition, $5.5 million was spent on the acquisition of GSD (2014: no acquisitions).

Balance sheet

The Group had a net cash position of $241 million at 31 December 2015 (31 December 2014: $321 million). This included a parent group cash balance of $505 million (£342 million), compared to $584 million (£375 million) at the end of 2014. The decline was primarily related to foreign exchange losses, due to the strengthening of the US dollar, spend on the UK pensions investigations and recovery payments to the Brunel and Staveley pensions schemes.

The Coats operating business maintained its year end net debt position (31 December 2015: $264 million, end 2014: $263 million), see note 11g. An important metric for the Company is the leverage ratio of net debt (excluding parent group cash) to EBITDA. At the end of 2015, it stood at 1.4 times, well within the 3x covenant limit of the Company's $680 million trade finance facility, comfortably within the 1-2x range Management aim to operate within and lower than 31 December 2014 (1.5 times).

Pensions and other post-employment benefits
The net obligation for the Group's retirement and other post-employment defined benefit liabilities, on an IAS19 financial reporting basis, was $469 million as at 31 December 2015, down from $584 million at 31 December 2014 ($526 million at 30 June 2015). The deficits in the Group's UK defined benefit schemes, namely the Coats Plan, Brunel and Staveley schemes, decreased to $423 million (£286 million) from the position at 31 December 2014 ($508 million, £326 million). This was primarily due to a decrease in liabilities largely driven by a 25bps increase in the discount rate to 3.60% (derived using a yield curve approach, based on Sterling AA corporate bonds), while the inflation rate remained flat at 2.95% (based on a market implied long term rate).

IAS19 deficit	**31 Dec 2015**	**31 Dec 2014**	**31 Dec 2015**	**31 Dec 2014**
	US$m	US$m	£m	£m
Coats Plan	264	334	179	214
Brunel	72	84	48	54
Staveley	87	90	59	58
UK defined benefit schemes	**423**	**508**	**286**	**326**
Other Coats net employee benefit obligations	46	76		
Total	**469**	**584**		

Other

Pensions – triennial funding valuations
As previously announced, the March 2013 triennial funding valuation for the Brunel scheme was agreed with the trustee in November 2015. This revealed a Technical Provisions deficit of £94 million which is to be repaired by a deficit recovery plan of £5.5 million per annum (approximately $8 million at 31 December 2015 rates) over 10 years. The payment in November 2015 was made from the Company's parent group cash balance.

Coats continues to have constructive discussions with the trustee of the Staveley scheme in respect of the December 2013 triennial funding valuation, which management believe will reveal a Technical Provisions deficit of approximately £100 million, and expects to reach agreement on the details of the recovery plan during the first half of 2016.

The Coats UK Plan valuation, as at 1 April 2015 is ongoing and due to be agreed by the end of H1 2016. It is anticipated that agreement on the Coats triennial valuation will coincide with any agreed settlement. Coats currently pays £14 million per annum (approximately $21 million at 31 December 2015 rates) on the basis of the last agreed triennial valuation in October 2013 to repair a deficit of £215 million. The technical provisions approach for valuing pension liabilities is used for agreeing triennial valuations and recovery plans and will need to be more prudent than the IAS19 accounting basis, Coats anticipates that the technical provisions deficit for the Coats UK Plan will therefore follow a similar pattern to that of the Brunel and Staveley schemes.

Pensions – investigations
As mentioned earlier in the report, Coats has initiated settlement discussions with the three sets of Trustees of the Brunel, Staveley and Coats UK pension schemes to resolve the ongoing pensions investigations, agreement from tPR will also be needed.

As part of the discussions Coats has committed to all parties to retain the entire parent group cash balance of $505 million (£342 million) within the Group to support the schemes and not return this cash to shareholders. The cash balance is the proceeds generated from Guinness Peat Group's ('GPG's'), as the Company was known at the time, asset realisation programme between 2011-2013 when it sold its share in approximately 50 businesses leaving Coats as the only remaining operating business. GPG's Directors had envisaged returning the proceeds of the programme to shareholders, and distributions were made in the form of capital returns and share buybacks between 2011 and the first quarter of 2013. However, GPG's Directors decided to stop returns in the second quarter of 2013 when tPR began its investigations, initially into the Coats UK and Brunel schemes in April 2013 and then later that year into the Staveley scheme.

Coats' commitment to retain the entire parent group cash balance within the Group, and any settlement agreement, is based on a number of principles and conditions. These include tPR withdrawing the Warning Notices on the three schemes, thereby ending the investigations, and for Coats to have the ability to commence the payment of normal course dividends to its shareholders and have sufficient cash to invest in growth opportunities.

The support structure could be any of, or a combination of, cash directly paid into the schemes, contingent cash earmarked for the schemes, if subsequently required, and/or cash retained within the Group. At this stage the level of ongoing annual deficit recovery payments following any settlement is not known.

If a settlement cannot be reached in respect of all of the schemes and the investigations proceed, tPR has previously indicated that it believes it would be appropriate for the Determinations Panel ('DP') of tPR to hear the cases for the Brunel and Staveley pension schemes at the same time as the Coats Plan, which means that any hearing is unlikely before the second half of 2016 at the earliest.

Lower Passaic River

As previously reported, the US Environmental Protection Agency ('EPA') notified Coats and Clark Inc ('CC'), a subsidiary of Coats, and many other companies, of potential responsibility for certain historical environmental costs for the Lower Passaic River ('LPR'), New Jersey, USA. In April 2014, the EPA released a Focused Feasibility Study ('FFS') for the lower eight miles of the LPR with an estimated cost of its preferred remedy of approximately $1.7 billion, on a net present value basis. Coats, and certain other companies, submitted a petition in Q1 2015 to the EPA asserting that it is a de minimis party and is seeking resolution on that basis.

A Cooperating Parties Group ('CPG'), of which Coats is one of approximately 70 members, submitted a remedial investigation and feasibility study ('RI/FS') in H1 2015 with an estimated cost of between $518 million and $772 million, on an undiscounted basis. Consequently Coats, as reported in its half year results, recorded a $6.0 million charge, net of insurance, that will cover a proportion of incurred and expected legal and remediation costs, based on the mid-point of the RI/FS range (as a de minimis party).

Coats believes that CC's predecessors did not generate any of the contaminants which are driving the current and anticipated remedial actions in the LPR, that it has valid legal defences which are based on its own analysis of the relevant facts, that it is a de minimis party, and that additional parties not currently in the CPG will be responsible for a significant share of its ultimate costs of remediation. However, in the event that EPA issues its Record of Decision in 2016 and adopts the FFS as its selected remedy, CC could record additional provisions and such provisions could increase materially. See note 10 for further details.

Coats Group plc

Consolidated income statement

For the year ended 31 December	Notes	2015 Before exceptional items Unaudited US$m	2015 Exceptional items Unaudited US$m	2015 Total Unaudited US$m	2014 * Before exceptional items Audited US$m	2014 * Exceptional items Audited US$m	2014 * Total Audited US$m
Continuing operations							
Revenue		**1,489.5**	**-**	**1,489.5**	1,561.4	-	1,561.4
Cost of sales		**(930.1)**	**(9.7)**	**(939.8)**	(993.4)	-	(993.4)
Gross profit		**559.4**	**(9.7)**	**549.7**	568.0	-	568.0
Distribution costs		**(202.9)**	**-**	**(202.9)**	(221.4)	-	(221.4)
Administrative expenses		**(217.8)**	**(21.1)**	**(238.9)**	(224.2)	(23.1)	(247.3)
Other operating income		**0.7**	**9.2**	**9.9**	1.0	3.1	4.1
Operating profit		**139.4**	**(21.6)**	**117.8**	123.4	(20.0)	103.4
Share of profits of joint ventures		**1.5**	**(1.5)**	**-**	1.5	-	1.5
Investment income	**4**	**10.5**	**-**	**10.5**	11.5	-	11.5
Finance costs	**5**	**(41.7)**	**-**	**(41.7)**	(19.5)	-	(19.5)
Profit before taxation	**3**	**109.7**	**(23.1)**	**86.6**	116.9	(20.0)	96.9
Taxation	**6**	**(46.2)**	**0.1**	**(46.1)**	(45.0)	(0.1)	(45.1)
Profit from continuing operations		**63.5**	**(23.0)**	**40.5**	71.9	(20.1)	51.8
Discontinued operations							
Loss from discontinued operations	**13**	**(12.7)**	**(62.8)**	**(75.5)**	(8.4)	(18.8)	(27.2)
Profit/(loss) for the year		**50.8**	**(85.8)**	**(35.0)**	63.5	(38.9)	24.6
Attributable to:							
EQUITY SHAREHOLDERS OF THE COMPANY		**39.6**	**(85.8)**	**(46.2)**	53.9	(38.9)	15.0
Non-controlling interests		**11.2**	**-**	**11.2**	9.6	-	9.6
		50.8	**(85.8)**	**(35.0)**	63.5	(38.9)	24.6
Earnings per ordinary share from continuing operations: Basic and diluted (cents)	**7**			**2.09**			2.99
(Loss)/earnings per ordinary share from continuing and discontinued operations: Basic and diluted (cents)	**7**			**(3.30)**			1.06
Adjusted earnings per share (cents)	**14**			**3.96**			3.08

* Restated to reflect the change in accounting policies for presentation currency, operating profit and exceptional items and the results of EMEA Crafts business as a discontinued operation (see note 1).

Coats Group plc

Consolidated statement of comprehensive income

Year ended 31 December	**2015 Unaudited US$m**	2014 * Audited US$m
(Loss)/profit for the year	**(35.0)**	24.6
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains/(losses) on retirement benefit schemes	**67.2**	(330.9)
Tax on items that will not be reclassified	**(3.4)**	(1.7)
	63.8	(332.6)
Items that may be reclassified subsequently to profit or loss:		
Losses on cash flow hedges arising during the year	**(1.7)**	(1.5)
Transferred to profit or loss on cash flow hedges	**3.0**	3.7
Exchange differences on translation of foreign operations	**(66.2)**	(44.7)
Exchange differences transferred to profit or loss on sale of businesses	**7.5**	-
Exchange differences transferred to profit or loss on sale of investment	**(0.5)**	-
Transferred to profit or loss on sale of fixed asset investment	**-**	0.2
	(57.9)	(42.3)
Other comprehensive income and expense for the year	**5.9**	(374.9)
Net comprehensive income and expense for the year	**(29.1)**	(350.3)
Attributable to:		
EQUITY HOLDERS OF THE PARENT	**(39.6)**	(359.7)
Non-controlling interests	**10.5**	9.4
	(29.1)	(350.3)

* Restated to reflect the change in presentation currency (see note 1).

Coats Group plc

Consolidated statement of financial position

	Notes	31 December 2015 Unaudited US$m	31 December 2014 * Audited US$m
Non-current assets			
Intangible assets		**261.2**	256.7
Property, plant and equipment		**273.0**	298.2
Investments in joint ventures		**10.8**	13.7
Available-for-sale investments		**1.5**	3.0
Deferred tax assets		**12.5**	15.3
Pension surpluses		**52.5**	51.0
Trade and other receivables		**12.1**	16.0
		623.6	653.9
Current assets			
Inventories		**204.0**	257.8
Trade and other receivables		**261.7**	304.1
Available-for-sale investments		**0.2**	0.4
Pension surpluses		**6.6**	5.6
Cash and cash equivalents	**11(g)**	**649.9**	739.0
Non-current assets classified as held for sale		**-**	1.5
		1,122.4	1,308.4
Total assets		**1,746.0**	1,962.3
Current liabilities			
Trade and other payables		**(320.7)**	(374.0)
Current income tax liabilities		**(12.5)**	(10.8)
Bank overdrafts and other borrowings		**(20.2)**	(113.5)
Retirement benefit obligations:			
- Funded schemes		**(33.9)**	(27.7)
- Unfunded schemes		**(6.2)**	(7.7)
Provisions		**(43.8)**	(42.9)
		(437.3)	(576.6)
Net current assets		**685.1**	731.8
Non-current liabilities			
Trade and other payables		**(12.4)**	(13.6)
Deferred tax liabilities		**(35.4)**	(39.2)
Borrowings		**(389.1)**	(304.6)
Retirement benefit obligations:			
- Funded schemes		**(394.1)**	(485.9)
- Unfunded schemes		**(94.2)**	(119.3)
Provisions		**(25.1)**	(22.5)
		(950.3)	(985.1)
Total liabilities		**(1,387.6)**	(1,561.7)
Net assets		**358.4**	400.6
Equity			
Share capital	**8**	**127.0**	127.0
Share premium account		**11.6**	11.6
Own shares	**8**	**(7.6)**	-
Translation reserve		**(123.1)**	(64.6)
Capital reduction reserve		**85.2**	85.2
Other reserves		**250.5**	249.2
Retained loss		**(9.9)**	(32.1)
EQUITY SHAREHOLDERS' FUNDS		**333.7**	376.3
Non-controlling interests		**24.7**	24.3
Total equity		**358.4**	400.6

* Restated to reflect the change in presentation currency (see note 1).

Coats Group plc

Consolidated statement of changes in equity

For the year ended 31 December 2015

	Share capital US$m	Share premium account US$m	Own shares US$m	Translation reserve US$m	Capital reduction reserve US$m	Other reserves US$m	Retained loss US$m	Total US$m	Non-controlling interests US$m
Audited									
Balance as at 1 January 2014 *	127.0	11.4	-	(20.1)	85.2	246.8	284.2	734.5	21.6
Net comprehensive income and expense for the year	-	-	-	(44.5)	-	2.4	(317.6)	(359.7)	9.4
Dividends	-	-	-	-	-	-	-	-	(6.7)
Share issues	-	0.2	-	-	-	-	-	0.2	-
Share based payments	-	-	-	-	-	-	1.3	1.3	-
Balance as at 31 December 2014	127.0	11.6	-	(64.6)	85.2	249.2	(32.1)	376.3	24.3
Unaudited									
Net comprehensive income and expense for the year	-	-	-	(58.5)	-	1.3	17.6	(39.6)	10.5
Dividends	-	-	-	-	-	-	-	-	(10.1)
Purchase of own shares	-	-	(7.6)	-	-	-	-	(7.6)	-
Share based payments	-	-	-	-	-	-	4.6	4.6	-
Balance as at 31 December 2015	**127.0**	**11.6**	**(7.6)**	**(123.1)**	**85.2**	**250.5**	**(9.9)**	**333.7**	**24.7**

* Restated to reflect the change in presentation currency (see note 1).

Coats Group plc

Consolidated cash flow statement

For the year ended 31 December	Note	2015 Unaudited US$m	2014 * Audited US$m
Cash inflow from operating activities			
Net cash inflow from operations	**11 (a)**	**108.9**	158.4
Interest paid	**11 (b)**	**(15.3)**	(21.8)
Taxation paid	**11 (c)**	**(49.3)**	(55.7)
Net cash generated by operating activities		**44.3**	80.9
Cash outflow from investing activities			
Investment income	**11 (d)**	**10.0**	9.8
Net capital expenditure and financial investment	**11 (e)**	**(31.9)**	(37.7)
Acquisitions and disposals	**11 (f)**	**(26.1)**	-
Net cash absorbed in investing activities		**(48.0)**	(27.9)
Cash outflow from financing activities			
Proceeds on issue of shares		**-**	0.2
Purchase of own shares		**(7.6)**	-
Dividends paid to non-controlling interests		**(10.1)**	(6.7)
Net increase/(decrease) in debt and finance leasing		**1.3**	(44.0)
Net cash absorbed in financing activities		**(16.4)**	(50.5)
Net (decrease)/increase in cash and cash equivalents		**(20.1)**	2.5
Net cash and cash equivalents at beginning of the year		**710.4**	740.7
Foreign exchange losses on cash and cash equivalents		**(58.9)**	(32.8)
Net cash and cash equivalents at end of the year	**11 (g)**	**631.4**	710.4
Reconciliation of net cash flow to movement in net cash			
Net (decrease)/increase in cash and cash equivalents		**(20.1)**	2.5
Net (increase)/decrease in debt and lease financing		**(1.3)**	44.0
Change in net debt resulting from cash flows (Free cash flow)		**(21.4)**	46.5
Other non-cash movements		**(3.1)**	(2.3)
Foreign exchange losses		**(55.8)**	(27.9)
(Decrease)/increase in net cash		**(80.3)**	16.3
Net cash at start of year		**320.9**	304.6
Net cash at end of year	**11 (g)**	**240.6**	320.9

* Restated to reflect the change in presentation currency and operating profit accounting policy (see note 1).

Notes to the consolidated financial information for the year ended 31 December 2015

1. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The preliminary financial information (the 'financial information') set out in this report is based on Coats Group plc's unaudited consolidated financial statements, which are prepared in accordance with International Financial Reporting Standard ('IFRS') as adopted by the European Union, and complies with the disclosure requirements of the Listing Rules of the UK Financial Services Authority and the Listing Rules of the Australian Securities Exchange. The accounting policies adopted by the Group have been applied consistently to all periods presented.

The financial information set out in this report does not constitute the Coats Group plc's statutory accounts for the years ended 31 December 2015 and 2014. The financial information for the year ended 31 December 2014 is derived from the statutory accounts for that year which have been filed with the Registrar of Companies. The audit report on those accounts did not contain statements under Sections 498(2) or 498(3) of the Companies Act 2006. The audit opinion contained in that report was unmodified. The audit of the statutory accounts for the year ended 31 December 2015 is not yet complete. Those accounts will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

Whilst the financial information included in this report has been compiled in accordance with the recognition and measurement principles of applicable IFRS, this report does not itself contain sufficient information to comply with IFRS. Coats Group plc expects to publish full consolidated financial statements that comply with IFRS; these will be available to shareholders in March 2016.

New standards, interpretation and amendments adopted by the Group

Except as set out below the same accounting policies, presentation and methods of computation are followed in the preliminary financial information as applied in the Group's annual audited financial statements for the year ended 31 December 2014.

Changes in the Group's accounting policies

Following the change in the name of the Company to Coats Group plc and its focus as a global manufacturing business a number of the Group's accounting policies have been changed:

- presentation currency changed from Great Britain pounds sterling ('Sterling') to United States Dollars ('USD');
- operating profit accounting policy changed to exclude interest income and foreign exchange gains and losses on cash and cash equivalents used in investing activities;
- exceptional items accounting policy adopted; and
- operating segments changed to Industrial and Crafts.

In addition to the above changes, following the sale of the EMEA Crafts business which was completed on 31 July 2015, the results of that business are presented as a discontinued operation. Accordingly, prior period amounts in the consolidated income statement have been reclassified to discontinued operations.

Presentation currency

The financial statements of Coats Group plc have previously been presented in Sterling. Following the change in focus of the Group to a global manufacturing business and the change in name of the Company to Coats Group plc, the currency in which the Group presents its financial results has been changed from Sterling to USD. Accordingly, the Board determined that, with effect from 1 January 2015, Coats Group plc will present its results in USD. The Board believes that this change will help to provide a clearer understanding of the Group's financial performance by more closely reflecting the profile of its operations.

1. Basis of preparation and changes to the Group's accounting policies (continued)

In order to satisfy the requirements of IAS 21 with respect to a change in presentation currency, the financial information previously reported has been restated from Sterling into USD using the procedures outlined below:

- assets and liabilities were translated into USD at the relevant closing rates of exchange;
- income and expenses were translated into USD at the average exchange rate for the relevant period;
- differences arising from the retranslation of the opening net assets and the income and expenses for the period have been taken to the translation reserve; and
- the cumulative foreign currency translation reserve was set to nil at 1 January 2004, the date of transition to IFRS. All subsequent movements comprising differences on the retranslation of the opening net assets of non-USD subsidiaries have been taken to the translation reserve. Share capital, share premium and other reserves were translated at the historic rates prevailing at the dates of transactions.

The change in presentation currency represents a change in accounting policy which is accounted for retrospectively. The comparative year has been restated from Sterling into USD using the following exchange rates:

	December 2014
Average	0.61
Period end	0.64

Operating profit

The Group has adopted a new policy for operating profit following the change in focus of the Group to a global manufacturing business. The new policy is as follows:

Operating profit is stated before the share of results of joint ventures, investment and interest income, finance costs and foreign exchange gains and losses from cash and cash equivalents used in investing activities.

The new policy has been applied retrospectively with restatement of comparative numbers in the consolidated income statement. The impact of the change in the policy on the results for the year ended 31 December 2014 is as follows:

- Interest and other income - Parent Group of $9.2 million is now classified below operating profit as part of investment income;

- Foreign exchange gains and losses on cash and cash equivalents used in investing activities of $18.9 million gain are now reported as part of finance costs rather than administrative expenses; and

- Profit on sale of property of $3.1 million is now reported as part of other operating income rather than administrative expenses.

1. Basis of preparation and changes to the Group's accounting policies (continued)

- The impact of the change in operating profit policy on the results for the year ended 31 December 2014 is summarised below:

	Audited US$m
Consolidated income statement:	
Interest and other income – Parent Group	(9.2)
Administrative expenses	(22.0)
Other operating income	3.1
Operating profit	(28.1)
Investment income	9.2
Finance costs	18.9
Consolidated cash flow statement:	
Net cash (absorbed in)/generated by operating activities	(8.6)
Net cash absorbed in investing activities	8.6

There was no impact on profit before taxation from continuing operations or equity shareholders' funds.

Exceptional items

The consolidated income statement format has been changed to include results both before and after exceptional items. The Group's accounting policy for exceptional items is as follows:

The Group has adopted an income statement format which seeks to highlight significant non-recurring items within the Group results for the year. Such items may include significant restructuring associated with a business or property disposal, litigation costs and settlements, profit or loss on disposal of property, plant and equipment, acquisition related costs, gains or losses arising from de-risking of defined benefit pension obligations, regulatory investigation costs, adjustments to deferred and contingent consideration and impairment of assets.

Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, should be presented in the income statement and disclosed in the related notes as exceptional items. In determining whether an event or transaction is exceptional, quantitative as well as qualitative factors such as frequency or predictability of occurrence are considered. This is consistent with the way financial performance is measured by management and reported to the Board.

The new policy has been applied retrospectively with restatement of comparative numbers in the consolidated income statement. The exceptional items for the prior year are set out in note 3.

Operating segments

Following the change in focus of the Coats Group plc Board to that of leading a global manufacturing business the format of the segmental reporting has changed to reflect the information viewed by the Board to allocate resources. As such the Group's reportable segments under IFRS 8 are now Industrial and Crafts. The results of the operating segments are set out in note 2; the change has been applied retrospectively with comparative information restated on a consistent basis.

1. Basis of preparation and changes to the Group's accounting policies (continued)

Discontinued operations and disposal group held for sale

Following the announcement in February 2015 of the agreement to sell the EMEA Crafts business to the Aurelius Group the results of the business, including prior year amounts, have been classified as discontinued operations in the consolidated income statement. The sale was completed on 31 July 2015, the date which control passed to the acquirer. Note 13 provides further details on the results of EMEA Crafts.

Going concern

At 31 December 2015 the Group had cash and cash equivalent totalling \$649.9 million (2014: \$739.0 million). The Group also has various actual and contingent liabilities. The Board expects to be able to meet these obligations from existing resources. Further information on the net cash position of the Group is provided in note 11(g).

Giving due consideration to the nature of the Group's business and taking account of the following matters: the financing facilities available to the Group; the Group's foreign currency exposures; the potential requirement to provide financial support to the Group's UK pension schemes; and also taking into consideration the cash flow forecasts prepared by the Group and the sensitivity analysis associated therewith, the directors consider that the Company and the Group are going concerns and this financial information is prepared on that basis.

Principal exchange rates

The principal exchange rates (to the US dollar) used are as follows:

		2015	2014
Average	Sterling	**0.65**	0.61
	Euro	**0.90**	0.75
	Brazilian Real	**3.34**	2.35
	Indian Rupee	**64.12**	61.01
Period end	Sterling	**0.68**	0.64
	Euro	**0.92**	0.83
	Brazilian Real	**3.96**	2.66
	Indian Rupee	**66.15**	63.03

2. Operating segments

The Group has two reportable segments: Industrial and Crafts. Both segments includes businesses with similar operating and market characteristics. These segments are consistent with the internal reporting as reviewed by the Coats Group plc Board (the 'Chief Operating Decision Maker').

The reportable segments have changed in the year and therefore comparative results have been restated on the same basis. The previous operating segments of Coats Group plc were thread manufacturing and investment activities.

Notes to the consolidated financial information for the year ended 31 December 2015 (continued)

2. Operating segments (continued)

Segment revenue and results

Year ended 31 December 2015:

Unaudited

	Industrial US$m	Crafts US$m	Total US$m
Revenue	**1,212.5**	**277.0**	**1,489.5**
Segment profit	**135.2**	**14.4**	**149.6**
UK pension scheme administrative expenses			**(10.2)**
Pre-exceptional operating profit			**139.4**
Exceptional items			**(21.6)**
Operating profit			**117.8**
Share of profit of joint ventures			**-**
Investment income			**10.5**
Finance costs			**(41.7)**
Profit before taxation from continuing operations			**86.6**

Year ended 31 December 2014:

Audited

	Industrial US$m	Crafts US$m	Total US$m
Revenue	1,243.1	318.3	1,561.4
Segment profit	117.9	13.8	131.7
UK pension scheme administrative expenses			(8.3)
Pre-exceptional operating profit			123.4
Exceptional items			(20.0)
Operating profit			103.4
Share of profit of joint ventures			1.5
Investment income			11.5
Finance costs			(19.5)
Profit before taxation from continuing operations			96.9

Notes to the consolidated financial information for the year ended 31 December 2015 (continued)

3. Exceptional items

	2015 Unaudited US$m	2014 Audited US$m
Cost of sales:		
US environmental costs (note 10)	**6.4**	-
Reorganisation costs - Mexico	**3.3**	-
	9.7	-
Administrative expenses:		
Capital incentive plan charge	**1.3**	4.2
UK Pensions Regulator ('tPR') investigation costs	**5.7**	18.9
Reorganisation costs – overhead reduction programme	**14.1**	-
	21.1	23.1
Other operating income:		
Profit on the sale of property	**(9.2)**	(3.1)
Share of profits of joint ventures:		
Loss on disposal of joint venture	**1.5**	-
	23.1	20.0

4. Investment income

	2015 Unaudited US$m	2014 * Audited US$m
Interest receivable on Parent Group cash **	**4.9**	9.2
Other interest receivable and similar income	**4.9**	1.6
Income from other investments	**0.7**	0.7
	10.5	11.5

* Restated to reflect the change in the operating profit accounting policy (see note 1).

** Cash relating to the realisation of investments previously held by Coats Group plc.

5. Finance costs

	2015 Unaudited US$m	2014 * Audited US$m
Interest on bank and other borrowings	**16.8**	20.2
Net interest on pension scheme assets and liabilities	**17.1**	11.3
Foreign exchange losses/(gains) on Parent Group cash **	**3.2**	(18.9)
Other	**4.6**	6.9
	41.7	19.5

* Restated to reflect the change in the operating profit accounting policy (see note 1).

** Cash relating to the realisation of investments previously held by Coats Group plc.

Notes to the consolidated financial information for the year ended 31 December 2015 (continued)

6. Taxation

		2015 Unaudited US$m		2014 Audited US$m
UK taxation based on profit for the year:				
Corporation tax at 20.25% (2014: 21.5%)		**5.5**		4.3
Double taxation relief		**(5.5)**		(4.3)
Total UK taxation		**-**		-
Overseas taxation:				
Current taxation		**57.6**		50.5
Deferred taxation		**(8.5)**		(3.4)
		49.1		47.1
Prior year adjustments:				
Current taxation	**(5.0)**		(3.3)	
Deferred taxation	**2.0**		1.3	
		(3.0)		(2.0)
		46.1		45.1

7. Earnings per share

The calculation of basic earnings per Ordinary Share from continuing operations is based on the profit from continuing operations attributable to equity shareholders of the parent and the weighted average number of Ordinary Shares in issue during the year ended 31 December 2015, excluding shares held by the Employee Benefit Trust, of 1,400,765,325 (2014: 1,407,431,333).

The calculation of basic (loss)/earnings per Ordinary Share from continuing and discontinued operations is based on the (loss)/profit attributable to equity shareholders of the parent. The weighted average number of Ordinary Shares used for the calculation of basic (loss)/earnings per Ordinary Share from continuing and discontinued operations is the same as that used for basic earnings per Ordinary Share from continuing operations.

For the calculation of diluted (loss)/earnings per Ordinary Share, the weighted average number of Ordinary Shares in issue is adjusted, where appropriate, to assume conversion of all dilutive potential Ordinary Shares, being share based awards granted to employees.

Notes to the consolidated financial information for the year ended 31 December 2015 (continued)

8. Issued share capital

There were no changes in issued share capital during the year ended 31 December 2015.

	Number of Shares	US$m
At 1 January 2015 and at 31 December 2015	**1,407,612,282**	**127.0**

The own shares reserve of $7.6 million at 31 December 2015 (2014: $nil) represents the cost of shares in Coats Group plc purchased in the market and held by an Employee Benefit Trust to satisfy awards under the Group's share based incentive plans. The number of shares held by the Employee Benefit Trust at 31 December 2015 was 17,625,636 (2014: nil).

9. Dividends

No dividends were paid or proposed during the year (2014: $nil).

10. Lower Passaic River

As noted in previous reports, the US Environmental Protection Agency (‘EPA’) has notified Coats & Clark, Inc. (‘CC’) that CC is a ‘potentially responsible party’ (‘PRP’) under the US Superfund law for investigation and remediation costs at the 17-mile Lower Passaic River Study Area (‘LPR’) in New Jersey in respect of alleged operations of a predecessor’s former facilities in that area prior to 1950. Approximately 60 PRPs are currently members of a cooperating parties group (‘CPG’) of companies, formed to fund and conduct a remedial investigation and feasibility study of the area. CC joined the CPG in 2011.

CC has analysed its predecessor’s operating history prior to 1950, when it left the LPR, and has concluded that it was not responsible for the contaminants and environmental damage that are the focus of the EPA process. CC also believes that there are many parties that will participate in the LPR’s remediation that are not currently funding the study of the river, including those that are the most responsible for its contamination.

In April 2014, the EPA released a Focused Feasibility Study and Proposed Plan (‘FFS’) for the lower 8 miles of the LPR. The FFS analyses a series of remedial alternatives. The EPA has estimated the cost of its preferred remedy under the FFS at approximately $1.7 billion on a net present value basis. The CPG submitted extensive comments opposing the FFS during the comment period. The EPA is required to review and respond to all substantive comments submitted by both the CPG and other parties. The EPA is expected to issue a Record of Decision selecting a remedy for the lower 8 miles of the LPR pursuant to the FFS in H1 2016.

In March 2015, CC and other companies submitted a petition to EPA, asserting that they are de minimis parties and seeking a meeting to commence settlement discussions. In response, EPA stated that it views the issuance of a Record of Decision for the FFS as the appropriate time for de minimis discussions.

In February and April 2015, respectively, the CPG delivered a draft remedial investigation and a draft feasibility study to the EPA relating to the entire 17 miles of the LPR. The draft feasibility study sets out various alternatives for remediating the LPR with a targeted remedy which would involve removal, treatment and disposal of contaminated sediments from specific locations within the entire 17 miles of the river. The estimated cost for the targeted remedy ranges from approximately $518 million to $772 million on an undiscounted basis.

The EPA will consider and respond to the comments received on its FFS prior to issuing a Record of Decision for the lower 8 miles of the river. Once the EPA has issued a Record of Decision, EPA is expected to begin negotiations with PRPs to implement the selected remedy. In addition to addressing the de minimis petition submitted by CC and other PRPs, these negotiations are likely to involve parties that are not currently in the CPG, including those most responsible for the contamination, as well as other PRPs who have previously been identified by EPA and others. While the ultimate costs of the remedial design and the final remedy are expected to be shared among hundreds of parties, the allocation of such costs among these parties is not yet known.

10. Lower Passaic River (continued)

As noted in previous reports, Coats has identified a number of insurance policies that could provide coverage for some of the legal and other costs previously incurred and to be incurred in respect of this matter. During the period, CC negotiated a settlement agreement with one insurer under which a proportion of previously incurred and to be incurred legal defence and remediation costs will be reimbursed up to a specified amount. Thereafter, either party could seek to renegotiate the terms of payment.

Based on the mid-point of the range of the current estimates of costs for targeted remediation under the remedial investigation and feasibility study proposed by the CPG, and CC's estimate of its share of those costs, a provision of $2.2 million was recorded during the six months ended 30 June 2015. A separate provision of $6.8 million was recorded for associated legal and professional costs in defence of CC's position. Both of these charges to the income statement are net of insurance reimbursements and are stated on a net present value basis. As at 31 December 2015, $1.6m of this provision has been utilised. As noted, the process concerning the LPR continues to evolve and these estimates are subject to change based upon the scope of the remedy selected by EPA, the share of remedial costs to be paid by the major polluters on the river, and the share of remaining remedial costs apportioned among CC and other companies.

Coats believes that CC's predecessor did not generate any of the contaminants which are driving the current and anticipated remedial actions in the LPR, that it has valid legal defences which are based on its own analysis of the relevant facts, that it is a de minimis party, and that additional parties not currently in the CPG will be responsible for a significant share of the ultimate costs of remediation. However, in the event EPA issues its Record of Decision in 2016 and adopts the FFS as its selected remedy, CC could record additional provisions and such provisions could increase materially.

11. Notes to the consolidated cash flow statement

a) Reconciliation of operating profit to net cash inflow from operations

	2015 Unaudited US$m	2014 Audited US$m
Operating profit	**117.8**	103.4
Depreciation	**34.6**	40.7
Amortisation of intangible assets	**9.0**	5.9
Reorganisation costs – Mexico (see note 3)	**3.3**	-
Reorganisation costs – overhead reduction programme (see note 3)	**14.1**	-
Exceptional profit on sale of property (see note 3)	**(9.2)**	(3.1)
Other operating exceptional items (see note 3)	**13.4**	23.1
Pre-exceptional operating profit before depreciation and amortisation (EBITDA)	**183.0**	170.0
Decrease in inventories	**2.9**	6.0
(Increase)/decrease in debtors	**(11.5)**	11.3
(Decrease)/increase in creditors	**(6.6)**	10.2
Provision movements	**(47.4)**	(40.5)
Foreign exchange and other non-cash movements	**3.2**	5.6
Discontinued operations	**(14.7)**	(4.2)
Net cash inflow from operations	**108.9**	158.4

11. Notes to the consolidated cash flow statement (continued)

b) Interest paid

	2015 Unaudited US$m	2014 Audited US$m
Interest paid	**(15.3)**	(21.6)
Discontinued operations	**-**	(0.2)
	(15.3)	(21.8)

c) Taxation paid

	2015 Unaudited US$m	2014 Audited US$m
Overseas tax paid	**(49.3)**	(55.1)
Discontinued operations	**-**	(0.6)
	(49.3)	(55.7)

d) Investment income

	2015 Unaudited US$m	2014 Audited US$m
Interest and other income	**8.2**	8.2
Dividends received from joint ventures	**1.8**	1.5
Discontinued operations	**-**	0.1
	10.0	9.8

e) Capital expenditure and financial investment

	2015 Unaudited US$m	2014 Audited US$m
Acquisition of property, plant and equipment and intangible assets	**(44.3)**	(46.0)
Disposal of available-for-sale investments	**0.1**	0.4
Disposal of property, plant and equipment	**12.9**	5.2
Discontinued operations	**(0.6)**	2.7
	(31.9)	(37.7)

Notes to the financial information for the year ended 31 December 2015 (continued)

11. Notes to the consolidated cash flow statement (continued)

f) Acquisitions and disposals

	2015 Unaudited US$m	2014 Audited US$m
Acquisition of business	**(5.5)**	-
Net receipt from sale of joint venture	**1.1**	-
Discontinued operations	**(21.7)**	-
	(26.1)	-

g) Summary of net cash

	2015 Unaudited US$m	2014 Audited US$m
Parent Group cash and cash equivalents *	**504.6**	583.5
Other group cash and cash equivalents	**145.3**	155.5
Total cash and cash equivalents	**649.9**	739.0
Bank overdrafts	**(18.5)**	(28.6)
Net cash and cash equivalents	**631.4**	710.4
Other borrowings	**(390.8)**	(389.5)
Total net cash	**240.6**	320.9

* Cash relating to the realisation of investments previously held by Coats Group plc.

12. Acquisition of GSD Holdings Ltd

In May 2015 the Group acquired 100% of the voting equity of GSD Holdings Ltd (‘GSD’), a company based in the United Kingdom that specialises in management solutions that analyse time, cost and production capability in the sewn products sector with the focus on maximising productivity and controlling costs. The Group has acquired GSD in order to expand the offerings of Coats Global Services, helping customers realise productivity and supply chain improvements, develop technical skills and enhance corporate responsibility. The acquisition has been accounted for using the acquisition method. The consolidated financial information includes the results of GSD for the period from the acquisition date.

The consideration transferred net of cash and cash equivalents acquired was $5.5 million.

The fair values of the identifiable assets and liabilities of GSD as at the date of acquisition were as follows:

	Provisional fair value recognised on acquisition US$m
Assets	
Intangible assets	2.5
Trade receivables	0.2
Cash and cash equivalents	1.7
	4.4
Liabilities	
Trade and other payables	(0.6)
Total identifiable net assets acquired at fair value	3.8
Goodwill recognised on acquisition (provisional)	3.4
Purchase consideration transferred	7.2

13. Sale of EMEA Crafts

As previously announced, in February 2015, Coats agreed to sell its EMEA Crafts business to the Aurelius Group for a consideration of $10 million receivable in cash on completion and adjusted for the net cash in the EMEA Crafts business at the date of disposal.

On 28 July 2015, Coats announced that the finalisation of the sale had been a complex, multi-jurisdictional, transaction and that completion had taken place against a backdrop of increasingly poor market conditions which had affected the trading performance of EMEA Crafts. Accordingly, Coats agreed to a nominal final consideration payable to Coats and adjusted for the net cash in the EMEA Crafts business at the date of disposal, broadly in line with the original terms of the sale.

The results of the EMEA Crafts business have been reclassified as discontinued operations in the income statement, including prior year amounts. The sale was completed on 31 July 2015, the date which control passed to the acquirer.

Notes to the financial information for the year ended 31 December 2015 (continued)

13. Sale of EMEA Crafts (continued)

a) Discontinued operations

The results of the discontinued operations are presented below. All amounts relate to EMEA Crafts other than where stated.

	2015 Unaudited US$m	2014 Audited US$m
Revenue	**47.8**	124.5
Cost of sales	**(23.6)**	(74.8)
Gross profit	**24.2**	49.7
Distribution costs	**(25.5)**	(62.4)
Administrative expenses	**(11.2)**	(13.4)
Operating loss	**(12.5)**	(26.1)
Investment income	**0.1**	0.1
Finance costs	**(0.3)**	(0.5)
Loss before taxation	**(12.7)**	(26.5)
Tax on loss	**-**	(0.3)
Loss for the year	**(12.7)**	(26.8)
Loss on disposal (note 13(c))	**(55.8)**	-
Loss relating to sale of legacy investments	**-**	(0.4)
Exchange loss transferred to profit or loss on disposal	**(7.5)**	-
Exchange gain transferred to profit or loss on sale of legacy investment	**0.5**	-
Total loss from discontinued operations	**(75.5)**	(27.2)

The EMEA Crafts results for the year to 31 December 2014 includes exceptional impairment of property, plant and equipment and intangible assets of $18.8 million of which $11.8 million is included in cost of sales, $5.3 million is included in distribution costs and $1.7 million is included in administrative expenses.

The loss per ordinary share from discontinued operations is as follows:

	2015 Unaudited Cents	2014 Audited Cents
Loss per ordinary share from discontinued operations:		
Basic and diluted	**(5.39)**	(1.93)

Notes to the financial information for the year ended 31 December 2015 (continued)

13. Sale of EMEA Crafts (continued)

b) Discontinued operations (continued)

The table below sets out the cash flows from discontinued operations:

	2015 Unaudited US$m	2014 Audited US$m
Net cash outflow from operating activities	**(14.7)**	(5.0)
Net cash (outflow)/inflow from investing activities	**(22.3)**	2.8
Net cash flows from discontinued operations	**(37.0)**	(2.2)

c) Loss on disposal

The major classes of assets and liabilities disposed relating to EMEA Crafts was as follows:

	US$m
Property, plant and equipment	0.6
Available-for-sale investments	1.5
Deferred tax assets	1.3
Inventories	26.3
Trade and other receivables	34.1
Cash and cash equivalents	14.9
Total assets	**78.7**
Trade and other payables	(23.1)
Provisions	(2.2)
Retirement benefit obligations	(9.3)
Total liabilities	**(34.6)**
Net assets disposed	**44.1**
Consideration received	**-**
Disposal costs and completion adjustments	**11.7**
Loss on disposal	**55.8**

Notes to the financial information for the year ended 31 December 2015 (continued)

14. Non-GAAP financial measures

The non-Generally Accepted Accounting Practice ("non-GAAP") financial measures included in this preliminary results announcement provide supplementary information to assist with the understanding of the Group's financial results and with the evaluation of operating performance for all the periods presented. Non-GAAP amounts, however, are not a measure of financial performance under IFRS and should not be considered as a substitute for measures determined in accordance with GAAP. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures is included below.

a) Adjusted earnings per share

The calculation of adjusted earnings per share is based on the profit from continuing operations attributable to equity shareholders before exceptional items and foreign exchange gains and losses arising on cash relating to the realisation of investments previously held by Coats Group plc as set out below.

	2015 Unaudited US$m	2014 Audited US$m
Profit from continuing operations	**40.5**	51.8
Non-controlling interests	**(11.2)**	(9.6)
Profit from continuing operations attributable to equity shareholders	**29.3**	42.2
Exceptional items (note 3)	**23.1**	20.0
Foreign exchange losses/(gains) on Parent Group cash *	**3.2**	(18.9)
Tax (credit)/charge in respect of exceptional items	**(0.1)**	0.1
Adjusted profit from continuing operations	**55.5**	43.4
Weighted average number of Ordinary Shares	**1,400,765,325**	1,407,431,333
Adjusted earnings per share (cents)	**3.96**	3.08

* Cash relating to the realisation of investments previously held by Coats Group plc.

The weighted average number of Ordinary Shares used for the calculation of adjusted earnings per share for the year ended 31 December 2015 is 1,400,765,325 (2014: 1,407,431,333), the same as that used for basic earnings per Ordinary Share from continuing operations (see note 7).

Adjusted earnings per share for the year ended 31 December 2014 on a like for like currency basis (restates 2014 figures at 2015 exchange rates) is 2.88 cents and is calculated on a basis consistent with the above. Like for like adjusted profit from continuing operations for the year ended 31 December 2014 was $40.4 million. The weighted average number of Ordinary Shares used for the calculation of adjusted earnings per share for the year ended 31 December 2014 on a like for like basis is 1,400,765,325 being the weighted average number of Ordinary Shares for the year ended 31 December 2015.

14. Non-GAAP financial measures (continued)

b) Adjusted free cash flow

A reconciliation of the change in net cash resulting from cash flows (free cash flow), the most comparable GAAP measure, to adjusted free cash flow is set out below:

	2015 Unaudited US$m	2014 Audited US$m
Change in net cash resulting from cash flows (free cash flow)	**(21.4)**	46.5
Acquisition of business (note 12)	**5.5**	-
Net cash flows from discontinued operations (note 13)	**37.0**	2.2
Net cash outflow in respect of reorganisation costs	**10.4**	2.4
Net cash inflow from property disposals	**(9.9)**	(4.0)
UK Pensions Regulator (‘tPR’) investigation costs	**8.9**	12.2
Payments to UK pension schemes	**33.8**	25.8
Net cash flows in respect of other exceptional items	**1.3**	-
Purchase of own shares by Employee Benefit Trust	**7.6**	-
Tax outflow in respect of adjusted cash flow items	**0.7**	2.7
Adjusted free cash flow	**73.9**	87.8

Comparative amounts have been reported on a basis consistent with amounts presented for the year ended 31 December 2015.

c) Return on capital employed

Return on capital employed (‘ROCE’) is defined as pre-exceptional profit divided by capital employed as set out below:

	2015 Unaudited US$m	2014 Audited US$m
Pre-exceptional operating profit	**139.4**	123.4
Non-current assets		
Property, plant and equipment	**273.0**	298.2
Trade and other receivables	**12.1**	16.0
Current assets		
Inventories	**204.0**	226.8
Trade and other receivables	**261.7**	263.8
Current liabilities		
Trade and other payables	**(320.7)**	(341.1)
Non-current liabilities		
Trade and other payables	**(12.4)**	(13.6)
Capital employed	**417.7**	450.1
ROCE	**33%**	27%

The amounts shown above for non-current assets, current assets, current liabilities and non-current liabilities at 31 December 2014 exclude the discontinued EMEA Crafts business.

Coats Group plc

Notes to the financial information for the year ended 31 December 2015 (continued)

15. Net tangible assets per share

The net tangible assets per share at 31 December 2015 was 6.99 cents (2014: 10.23 cents).

The calculation of net tangible assets per share is based on net assets excluding intangible assets at 31 December 2015 of $97.2 million (2014: $143.9 million) and the number of shares in issue excluding shares held by the Employee Benefit Trust at 31 December 2015 of 1,389,986,646 (2014: 1,407,612,282).

16. Directors

The following persons were, except where noted, directors of Coats Group plc during the whole of the year ended 31 December 2015 and up to the date of this report:

M Clasper CBE	
M N Allen	
R Anderson	
N Bull	(Appointed 10 April 2015)
P Forman	(Appointed 2 March 2015)
D Gosnell	(Appointed 2 March 2015)
R Howes *	(Appointed 2 March 2015)
Sir Ron Brierley	(Resigned 20 April 2015)
R J Campbell	(Resigned 2 March 2015)
S L Malcolm	(Resigned 2 March 2015)
B A Nixon	(Resigned 31 December 2015)
A Rosling CBE	(Appointed 2 March 2015)
R Sharma	(Appointed 2 March 2015)
W R Szlezak	(Resigned 2 March 2015)

* As announced on 9 February 2016, R Howes will stand down as a director on 6 April 2016.

On behalf of the Board
M. Clasper
Chairman
25 February 2016

United Kingdom

1 The Square, Stockley Park, Uxbridge, UB11 1TD Tel: 020 210 5000

New Zealand

c/o Computershare Investor Services Limited
Private Bag 92119, Auckland 1142 Tel: 09 488 8700 Fax: 09 488 8787

Australia

c/o Computershare Investor Services Pty Limited
GPO Box 3329, Melbourne VIC 3001 Tel: 03 9415 4083 Fax: 03 9473 2500

Registered in England No. 103548