UNLOCKING POTENTIAL

Scapa Group plc
Annual Report and Accounts 2015

Scapa

Scapa is a leading global manufacturer of bonding products and adhesive components for applications in the Healthcare and Industrial markets.

At Scapa, we base our approach on a deep understanding of our core markets. This understanding allows us to anticipate tomorrow's customer needs. Scapa works closely with leading global partners in its target markets, developing specialised adhesive tape bonding solutions for OEMs, distributors and consumers.

Scapa
Scapa has a true global footprint, with production sites in Asia, Europe and the US. Our service and supply chain capabilities place us in an excellent position to partner with global customers.

www.scapa.com

Scapa Healthcare
Scapa recently announced the launch of its new Healthcare focused website.

The new site has extensive content dedicated to the Healthcare market place, including information on our range of Scapa Soft-Pro® skin friendly adhesives, Bioflex® Performance Materials, and MEDIFIX Solutions™ wearable medical device fixation along with the Company's broad manufacturing capabilities.

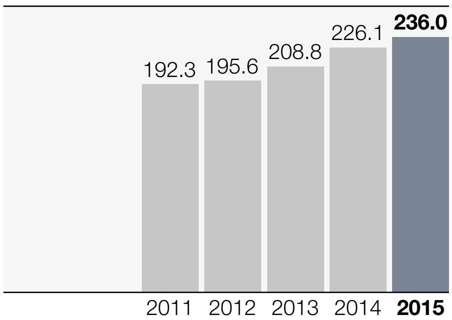
www.scapahealthcare.com

ROBUST RESULTS ACROSS THE BUSINESS

- Outstanding results against continuing negative macroeconomic conditions
- Group revenue increased 8.3%† with growth across all markets and regions on a constant currency basis
- Group trading profits increased 27.4%† with growth in margins in each of our segments
- Healthcare delivered another good performance establishing itself as the strategic outsourcing partner for our global healthcare customers
- Industrial delivered revenue growth, additional profit and better margins through improved operating leverage

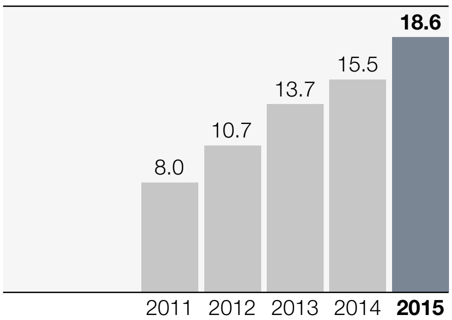
Revenue

£236.0m



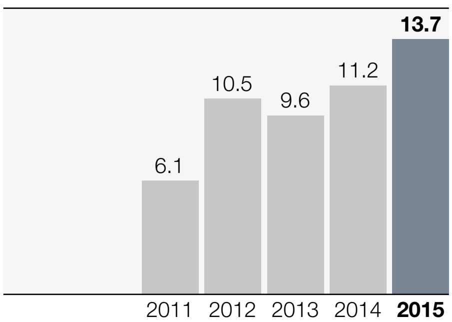
Trading profit*

£18.6m



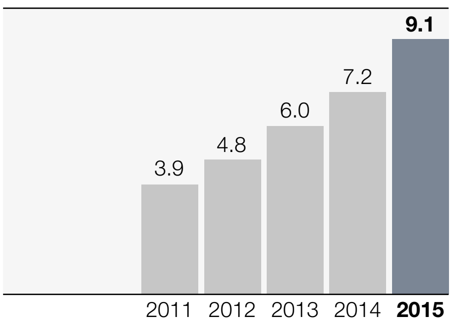
Profit before tax

£13.7m



Underlying earnings per share**

9.1p



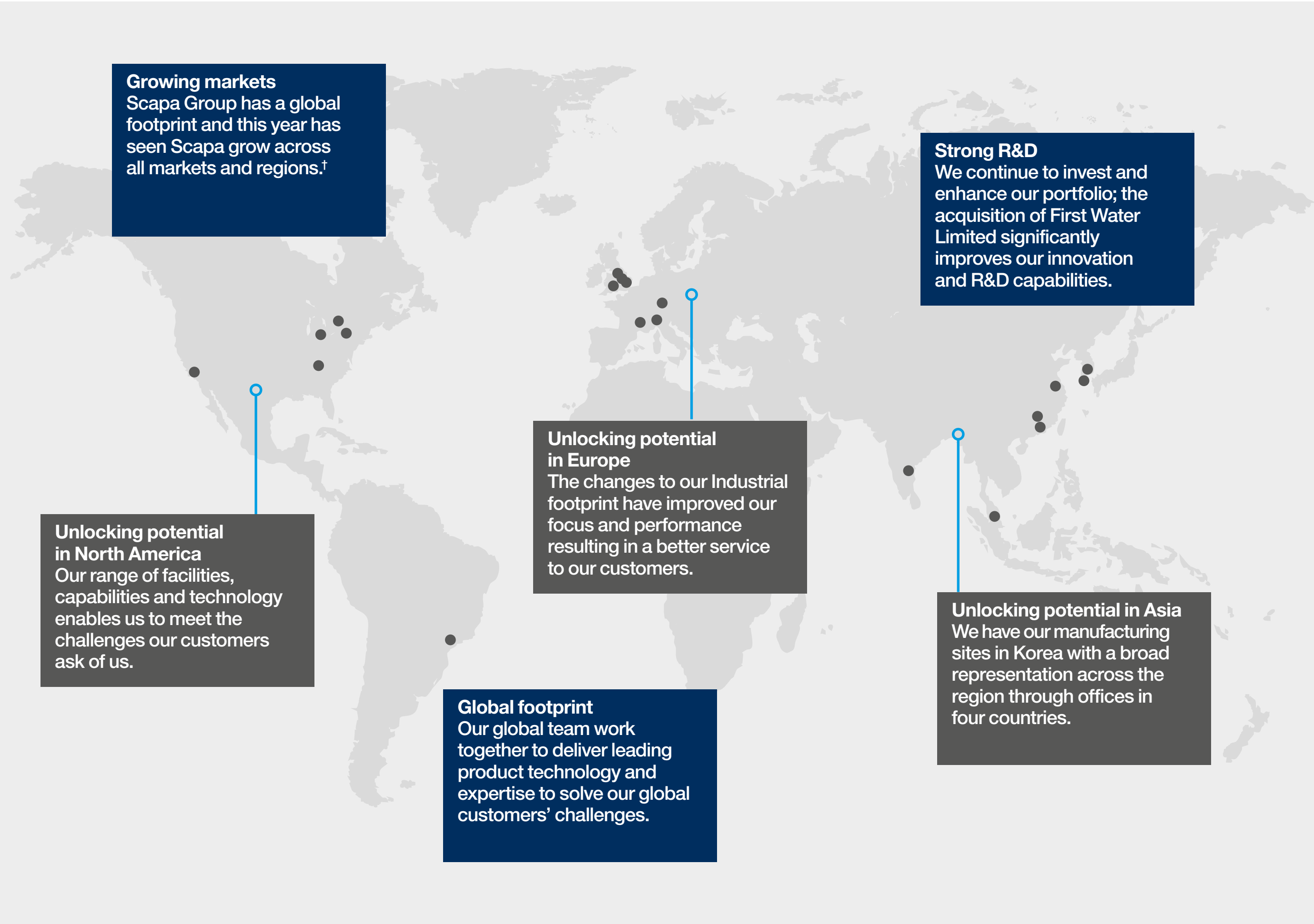
† Stated at constant exchange rates

* Operating profit before amortisation of intangible assets, exceptional items and pension administration costs

**Adjusted for exceptional items, amortisation of intangible assets, pension administration costs, non-cash interest, and the tax thereon

FOCUSED ON GLOBAL SCALE AND OPERATIONS

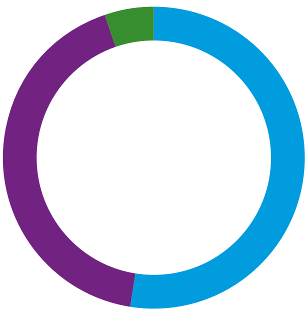
Our locations



Revenue by division £m

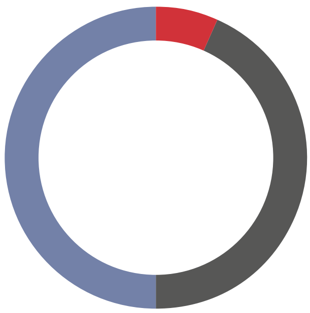
Healthcare	73.8
Industrial	147.8
Electronics	14.4

Trading profit by division £m



Healthcare	11.1
Industrial	8.9
Electronics	1.1

Geography £m



Asia	16.0
Europe	102.5
North America	117.5

Scapa is a global manufacturer of bonding products and adhesive components for applications in the Healthcare and Industrial markets.

Healthcare

Scapa Healthcare is a leading global developer and manufacturer of innovative life-enhancing healthcare technologies. We offer Skin Friendly Turn-Key solutions to meet our customers' needs.

Highlights

- Increase in revenue of 7.9%† to £73.8m
- Trading profit increased 11.0%† to £11.1m
- Acquisition of First Water Limited
- Launch of MEDIFIX Solutions™
- Increased strategic engagement and strengthened global sales channels
- Launch of Turn-Key product for one of the world's largest healthcare suppliers

Read more p18

Market snapshot

- Consolidation within the Healthcare market has expanded the markets for the end products that Scapa produces
- Core markets in which we operate are; advanced wound care, medical device, consumer wellness and drug delivery
- The outsourcing trend in the Healthcare industry continues to help drive our growth and future opportunities

Industrial

Scapa accommodates the diverse requirements of our market segments, from construction to aerospace. Our global footprint delivers on our customers' demands – we can build true partnerships by making technology accessible where the customer is located.

Highlights

- Increase in revenue of 6.6%† to £147.8m
- Trading profit increased 21.9%† to £8.9m
- Positive growth in Europe in the face of difficult economic conditions†
- North America upswing with the tailwind of the US recovery
- Introduction of a strategic pricing team

Read more p20

Market snapshot

- Industrial business operates across a wide range of market segments and geographies
- Scapa Industrial focuses on the sectors where we have critical mass; automotive, cable, construction and specialty products
- Global automotive industry continued to improve in 2014 led by a strong recovery in the North American market
- The market in Europe remains uncertain albeit we have seen modest growth through market share gains

Electronics

In our Asian operations we have experience of engaging with electronics manufacturers in the development stages of a product. Our products are application-specific and incorporate functionalities beyond tape and bonding.

Highlights

- Increase in revenue of 32.1%† to £14.4m
- Trading profit increased to £1.1m
- Launch of new product for consumer electronics across Asia region

Read more p22

Market snapshot

- Market conditions in recent times have been difficult but we have continued to make good progress
- The global market for consumer electronics is driven by continued development and short life-cycle products
- We have positioned ourselves to take advantage of this trend and are maintaining our strategy of focusing on major OEMs

† Stated at constant exchange rates

ANOTHER STRONG YEAR WITH CONTINUING INVESTMENT, DELIVERING VALUE TO SHAREHOLDERS

Dear Shareholder

The actions we have taken to rebuild Scapa in recent years are delivering results and have laid the foundations for continued growth. This year we delivered strong results against a backdrop of continuing negative macroeconomic conditions and currency movements. Despite these headwinds our performance and market share gains resulted in both revenue and profit growth across all our markets and regions.

Healthcare delivered another good performance establishing itself as a strategic outsourcing partner for our global healthcare customers. Our business model continues to evolve with the changing needs of our customers as they further adopt outsourcing as a part of their manufacturing strategy. We are continuing to invest to ensure that we stay ahead of our customers' expectations and potential competitors. During the year, we have significantly invested in quality, marketing and sales as we further develop our full turn-key offering. Furthermore, to strengthen our innovation and development capabilities, we acquired First Water Limited, a high-quality healthcare business specialising in innovation, design and manufacture of a wide range of hydrogels. Based in the UK, First Water Limited has a strong track record of delivering proven proprietary innovations and technologies. Combining Scapa's strengths in material coating, converting and packaging with First Water Limited's R&D and innovation capabilities will enable us to provide a unique one-stop solution to our customers.

Industrial performed strongly across all regions and markets including Europe and construction. Our focused and customer centric approach enabled us to respond quickly to changing market conditions and gain market share. Incremental revenue delivers additional profit and better margins through improved operating leverage and we will continue to focus on asset allocation to maximise the Return on Capital Employed (ROCE) of our Industrial business. Whilst we have successfully executed many self-help initiatives to improve the margin there remain significant further opportunities and as our market and geographic focus is clarified so is our manufacturing strategy.

In the coming years, we will implement our strategy to further optimise and utilise our assets through consolidation around strategic technology. The first step was taken last year with the consolidation of our facilities in France, which will be completed during fiscal year 2016. In addition we have recently initiated consultation with our employees in Rorschach, Switzerland, as we

"The actions we have taken to rebuild Scapa are delivering results and have laid the foundations for continued growth."

explore a number of opportunities to optimise the Group's manufacturing footprint. We believe that successful execution of our strategy will deliver margins comparable to our competitors in the Industrial market.

Electronics grew an exceptional 28.6% achieving a margin of 7.6% despite difficult market conditions. Our investment is yielding profitable growth as new products are delivered to the market across Asia. The continuing growth will require additional investment to meet the increasing demand. From fiscal year 2016, the results for Electronics will be consolidated within Industrial, widening the capabilities of the Industrial segment.

Group revenue increased 4.4% to £236.0m (2014: £226.1m) and trading profit increased 20% to £18.6m (2014: £15.5m). On a constant currency basis, revenue and trading profit grew 8.3% and 27.4% respectively, a significant improvement on the prior year. Underlying earnings per share increased 26.4% to 9.1p (2014: 7.2p) and basic earnings per share was 6.5p (2014: 4.6p loss). Strong cash flow and a management focus on working capital ensured that the Group ended the year with net debt of £3.4m (2014: £5.4m net cash) after the acquisition of First Water Limited for £11.2m.

Given the continuing progress and improved performance the Board is proposing to increase the final dividend by 50% to 1.5p (2014: 1.0p). Subject to approval of shareholders at the forthcoming Annual General Meeting the dividend will be paid on 21 August 2015 to shareholders on the register on 24 July 2015. The ex-dividend date is 23 July 2015.

I am delighted to welcome Martin Sawkins to the Board of Scapa as a Non-Executive Director and Chairman of the Remuneration Committee. Martin, who is currently the Group HR Director of Rentokil Initial and a Non-Executive Director at Wincanton plc, joined the Board on 1 January 2015. Martin brings a blend of leadership credentials and a developed commercial awareness to Scapa and I am sure he will make a positive contribution to the Board's governance.

A strong governance structure is important to support the continued growth of our business. The Board remains focused on ensuring its effectiveness and that of governance processes throughout the Group. The corporate governance section on pages 30 to 58 of this report sets out the detail of our compliance with the UK Corporate Governance Code.

We believe that Scapa's strongest competitive advantage is our people and culture. The "Scapa Way", defined by our guiding principles, binds us across regions and businesses. We celebrate entrepreneurship that creates value for our shareholders and we will continue to invest in our people to drive the development of a high performing culture. The success of the Company is down to the continuing hard work, passion and dedication of our people in delivering our strategy and I want to thank the employees of Scapa whose efforts have helped us achieve so much as we lay the foundations for future growth.

Scapa continues to make good progress. As we look forward to the new financial year our strategy is clear and we have a team with a strong track record of delivery. This combination gives me confidence that we are well positioned to exploit the opportunities that exist for the business. I anticipate we will continue to make progress and deliver value to our shareholders over the coming year and beyond.

James A S Wallace

J A S Wallace
Chairman

27 May 2015

A STRATEGY TO DELIVER LONG-TERM PROFITABLE GROWTH

Overview

The Group delivered a record performance this year with strong revenue, profit growth and improved margins across each of our markets. Healthcare continues to execute its strategy of moving up the value chain by expanding its offerings and capabilities. We continue to develop new customers and to further build and convert the pipeline of programmes. We also completed the acquisition of First Water Limited during the year to further support the Healthcare strategy. Industrial's focused and customer centric approach enabled us to respond quickly to challenging market conditions and gain market share. As a result, our performance across all regions was well ahead of the market and GDP growth.

We enter the current year with two strong and distinct businesses, each with specific strategy and requirements. Healthcare is evolving as the market leader in outsourcing for our chosen healthcare markets, and we will continue to invest in developing our proposition as the full turn-key outsourcing partner of choice for our global healthcare customers. Industrial is demonstrating its potential to further maximise ROCE as we focus on key markets and deliver our manufacturing strategy. To ensure that each business is driven accordingly, we have reorganised the Company from a market-based matrix organisation into two stand-alone business units supported by a strategic corporate function.

Our performance in 2014/15

The Group delivered an excellent performance this year with Group revenue increasing to £236.0m or 8.3% on a constant currency basis. Healthcare revenue increased to £73.8m, growing 7.9% at constant exchange rates, and reflected the successful launch of a new product in the second half of the prior year for one of our major global wound care customers. Industrial revenue increased to £147.8m, growing 6.6% at constant currency, driven by market share gain and improved share of our customers' spend as we responded to changing market conditions throughout the year. Electronics finished the year strongly despite difficult market conditions in Asia. The success was driven following a new product launch across the region. The Electronics segment will be reported within Industrial from next year and we will continue to invest in opportunities that will drive growth and improve our return on invested capital.

Group trading profit increased to £18.6m, growing 27.4% at constant exchange rates, and margins increased to 7.9%. We continue to improve our customer engagement to better demonstrate our value proposition while adopting a progressive and more strategic approach to pricing; the effect has been margin improvement across all our segments. Cash generation was in line with expectations and we ended the year with net debt of £3.4m after the acquisition of First Water Limited for £11.2m.

Strategic progress during the year

At the start of the last financial year we identified a series of key goals and priorities for the year.

Healthcare: Continue to move up the value chain by expanding our offerings and capabilities: During the year, we made significant investments to further develop our full turn-key offerings. We launched MEDIFIX Solutions™ to address the wearable market; upgraded quality capabilities to meet pharmaceutical standards; and acquired First Water Limited to strengthen our innovation and development capabilities. As a result, we further developed our relationship with Johnson & Johnson as part of its "Supplier Enabled Innovation" initiative.

Industrial: Automotive and Cable – focus on developing strategic partnerships where we have critical mass and position on which to leverage, accelerating the shift from product to solution selling: Automotive made good progress, growing at double digit rates. Through a dedicated global resource we will continue to work

"We enter the current year with two strong and distinct businesses, each with a specific strategy."

on new projects and products to ensure that they are specified in the next generation platforms.

Industrial: Construction and Specialty Products – leverage our brands and market position to grow our market share through expansion of both point of sales and product range. Continue to lower the cost to serve through technology and further focusing our sales strategy: We continue to improve our performance with high single digit growth across both sectors. Our market share is growing through increased point of sales and customer expansion. Margins are improving as we maintain a tight control of the cost base. Our European business, which is focused on construction markets, grew 3.5% in a declining market.

Acquisitions remain part of the Group's strategy and will help support growth through adding capabilities, product offerings and services as well as geographies or channels to the current portfolio: During the year we successfully completed the acquisition of First Water Limited, a high-quality healthcare business specialising in innovation, design and manufacturing of a wide range of hydrogels. The business improves our capabilities in Healthcare, broadens our technology portfolio and customer base and improves our manufacturing infrastructure with its dedicated Healthcare facility.

Continue to improve our margins by maintaining the process of self-help and good cost control: We have delivered good operating leverage through maintaining control of cost while increasing our volume throughput. In addition we continue to invest in further self-help initiatives and last year we commenced the consolidation of our facilities in France with a view to improving utilisation and optimising our asset base.

Culture: Instill an entrepreneurial culture to align 1,200+ people across 11 countries to achieve common objectives: We remain committed to developing the culture of Scapa in line with our stated aims of value creation through fostering entrepreneurship. During the year, we launched the "Scapa Way" defined by our guiding principles which binds us across regions and businesses. We celebrate entrepreneurship that creates sustainable shareholder value.

2015/16 strategic goals and priorities

Looking into the 2015/16 financial year, the strategic emphasis will be on:

- Healthcare: Continue to build on our successes and invest in developing our proposition as the full turn-key solution partner of choice for our global healthcare customers.
- Industrial: Increase ROCE through optimising the asset base focus on capital asset allocation by consolidating around strategic technology clusters aligned to focused markets and customers.
- Simplify and enhance our operating model to allow for better allocation of resources and permit the Group to invest in growth opportunities that provide the best financial returns.
- Acquisitions that supplement organic growth: We will continue to look for acquisitions that complement our portfolio of businesses and support our growth with the aim of improving access to our customers' supply chain through adding new capabilities, product offerings, technologies, customers, geographies or channels.
- Continue to improve our margins by maintaining the process of self-help and good cost control.
- Drive cultural transformation: Continue to invest in our people and further embed the culture programme underpinned by a framework of entrepreneurship and clear guiding principles.

Outlook

The Group continues to make good progress which is reflected in our financial performance. We remain confident in our strategy but will remain agile in response to market conditions. While it is early in the new financial year we expect to continue the momentum and believe the Group is well positioned to make continued progress in the coming year.

H R Chae
Group Chief Executive

27 May 2015

Leadership Team

From left to right:

Clare Douglas – Group HR Director

Chris Carter – Chief Operating Officer

Heejae Chae – Group Chief Executive

Rebecca Smith – Group General Counsel and Company Secretary

Paul Edwards – Group Finance Director

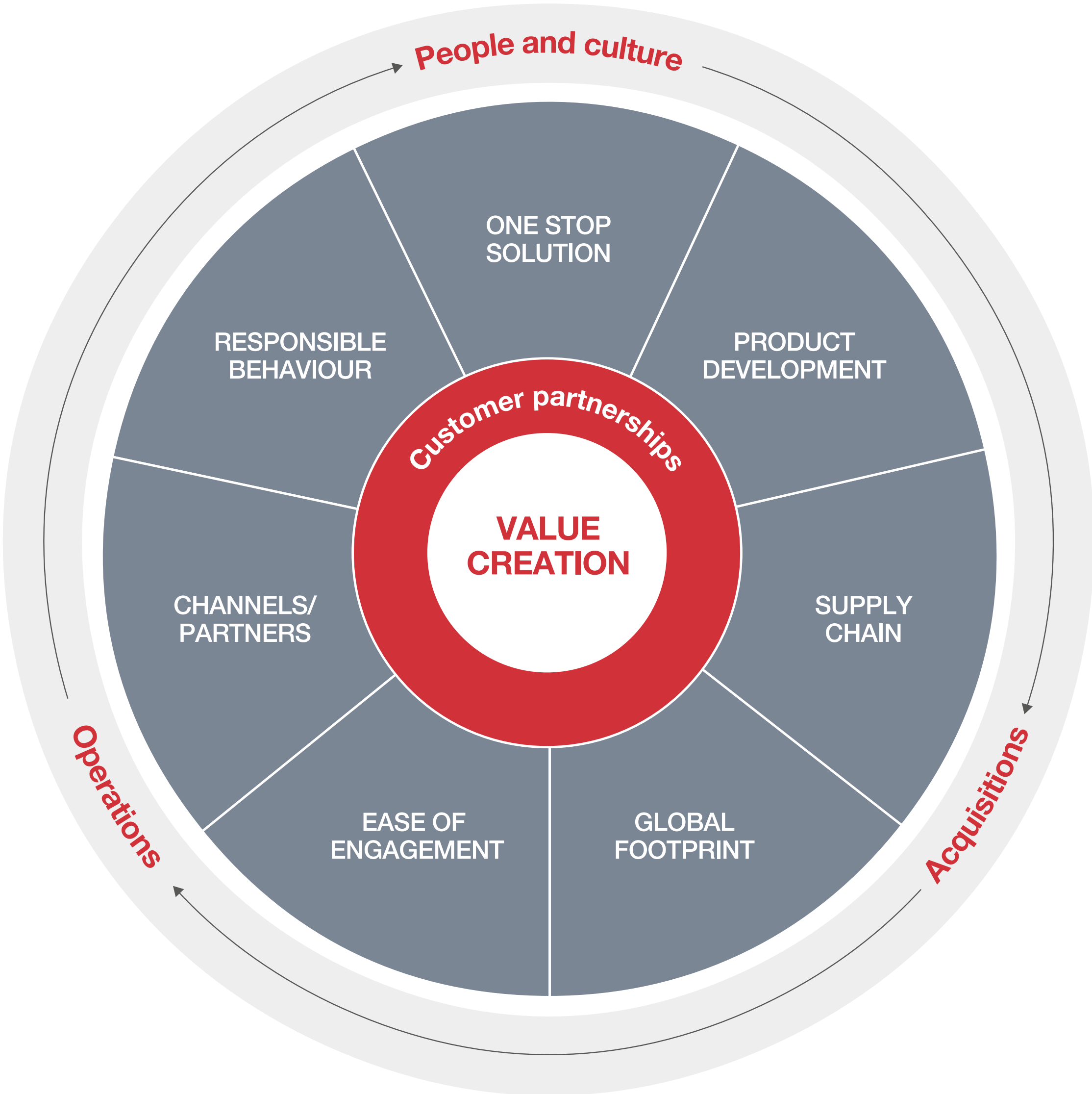
Sayoung Jung – Director of Strategy and Corporate Development

Joe Davin – Group President, Healthcare

James Neuling – Managing Director, Industrial

A full biography of the Leadership Team members can be found on our website: www.scapa.com

OUR MODEL IS TO CREATE VALUE THROUGH MUTUALLY PROFITABLE CUSTOMER PARTNERSHIPS



Corporate governance

The Board is committed to maintaining the highest standards of corporate governance and ensuring values and behaviours are consistent across the business. The policy of the Board is to manage the affairs of the Company in accordance with the principles of corporate governance contained in the UK Corporate Governance Code.

Read more p30

Risk management

The Leadership Team, Audit and Risk Committee and Board review risks which affect the Group throughout the year. Risk and issue tracking systems are reviewed by our Group Risk & Assurance team on a regular basis to ensure that the framework is in line with good practice in risk management and that agreed mitigation plans are adhered to.

Read more p12

Directors' remuneration

The main principles of the senior executive remuneration policy are to encourage a strong performance culture and support both the near-term and long-term success of the Group to create sustainable long-term shareholder value. The Remuneration Committee is committed to seeking shareholder approval when changes are made to remuneration policy.

Read more p46

STRATEGY IN ACTION

At the start of the last financial year we identified a series of key goals and priorities for the year:

- Continue to move up the value chain by expanding our offerings and capabilities in Healthcare
- Focus on developing strategic partnerships in our Automotive and Cable markets where we have critical mass and position on which to leverage, accelerating the shift from product to solution selling
- Leverage our brands and market position to expand market share through expansion of both point of sales and product range in our Industrial operations. Continue to lower the cost to serve through technology and further focusing sales strategy
- Support growth through continued acquisition, adding capabilities, product offerings and services as well as geographies or channels to the current portfolio
- Continue to improve our margins by maintaining the process of self-help and good cost control
- Instill an entrepreneurial culture to align 1,200+ people across 11 countries to achieve common objectives

Unlocking potential by investing in our people

We employ more than 1,200 people in 11 countries. We look to attract the best, because we know that it is their skills, knowledge and contribution that drive the business forward.

And in order to enable our diverse workforce to achieve our common objectives, we are developing a common culture based on clear business principles and the encouragement of entrepreneurship as a way of creating value.

Our focus is on providing employees with challenging and engaging jobs, as well as opportunities to achieve their full potential through learning and career development.

Thus the promotion of cultural togetherness and employee development and growth are key elements of our business strategy.

Sammy Nghiem
Group Assistant
Management Accountant

I have a first class degree in Accounting & Finance. As an ACCA trainee at Scapa, I am always learning something new which keeps me motivated and challenged. Studying for my exams is hard work but rewarding – and since many of my colleagues are qualified accountants themselves, there is always someone on hand to help. I hope to gain my ACCA qualification over the next 18 months and look forward to a successful career with Scapa.

Unlocking potential by leveraging our brands and know-how

We have strong brands, the technical know-how to continually enhance our product range and a strong position in many markets.

By increasing our points of sale and reducing the cost to serve through technology and tight control of the cost base, we have been able to grow the number of customers, increase our market share and improve our margins even in low or no-growth markets.

Kevin Jewell

Global Channel Manager, Industrial

I've been in this industry for 15 years, in both distribution and manufacturing. Over the past few years I've focused on North America, being increasingly more selective about which distribution partners we work with, and ensuring that end customers get the best possible service. This has resulted in higher sales and a better mix of products with improved margins. Now we're following the same approach in Europe, and results are positive.

Unlocking potential by always serving customers better

Scapa puts customers at the centre of its business decisions.

We understand our markets and promote strong customer relationships. We take the time to understand and address our customers' needs, showing them how they can get the best from the products and services we offer. And not just off the shelf – but through innovative solutions tailored to their requirements.

We also know that customers benefit most when we improve our own efficiency through self-help, cost control and asset optimisation.

Stefan Schmitt

Customer Care Co-ordinator, Industrial

As an experienced customer care co-ordinator, I really feel that I know what customer care is about. Joining Scapa two years ago was a great opportunity for me to change the way in which we interact with customers. I've been given a dynamic region comprising five countries with three languages. I get to visit customers and have the opportunity to cover for the sales team; customers have even made visits to Scapa to see me. I want to grow my career, and believe that Scapa offers more than enough opportunity for me to do that.

Our people are vital to the long-term success of the Group and the 1,200+ people we employ across 20 locations in 11 countries are aligned to achieve the strategic objectives of the Group. We look to attract the best people and rely on their ability, skills and aptitude to work together with each other and our customers to create value for all our stakeholders. Our people are motivated to work for a company that promotes and supports them through a culture of entrepreneurship which encourages them to develop and grow and also helps us to attract and retain the best talent.

For more information visit our website
www.scapa.com

Our business model is designed to create value by delivering sustainable and profitable growth. The customer is at the core of our model and we strive to develop and grow mutually profitable partnerships with our customers by becoming their trusted supply chain solution provider. At Scapa, we understand that our customers look for us to help them solve a problem whether it is new and innovative materials, process improvement, supply chain simplification or, simply, ease of engagement.

Customer partnerships

Our customers approach us to solve a broader underlying problem more than just a need for a product. Usually, our products make up a small part of the total solution for the customer's problem. We must move away from offering just a stand-alone product to understanding and defining their underlying problem. And then we present the solution which can be product, service, support, logistic or something else entirely.

One stop solution. To provide a one stop solution for our customers, we look to meet changing customers' requirements through acquisitions as well as organic development.

Product development. We recognise that every customer's problems are unique. We have a broad portfolio of products and solutions accumulated over our 88 years that can address many requirements. However, we also have significant development capabilities to work with our customers to create tailor-made solutions.

Supply chain. Our customers are global leaders who are looking for partners who can support them in fast-changing markets. We have the expertise and agility to provide an effective and efficient solution to their ever-changing supply chain. We strive to become an extension of their operation and development to ensure their success.

Global footprint. With 20 locations across 11 countries, we can support our global customers anywhere in the world. As our customers grow and enter new emerging markets, we are well positioned to support them.

Ease of engagement. We strive to offer our customers seamless and consistent service anywhere in the world. Regardless of which of the 20 locations across the world our customers are dealing with, they should expect consistent service that works as an extension of their business. We strive to provide transparency and information flows to best serve the customer.

Channels/partners. We have an extensive global network of partners that we leverage to provide the most effective solution to our customers.

Responsible behaviour. We conduct all affairs with integrity. We strive for unqualified compliance with all laws and regulations by all of our employees all of the time.

Scapa strategy

Our strategy is to deliver profitable growth and create value by exceeding the expectations of our customers.

We will focus on two key segments of Healthcare and Industrial where we have critical mass and leverageable position.

Our objective is to leverage the relationship with the customer to address a greater share of their spend. The goal is to become trusted supply chain partners by providing solutions to their problems.

Achieving sustained value creation

The Group's strategy and business model recognise the need to continue to develop our capabilities and products to create real, sustainable and superior value for our customers, shareholders and all other stakeholders within the business. Profitable growth is therefore the basis of sustained value creation.

Profitable growth will continue to be delivered by producing products and providing services that our customers value more highly than the alternatives available and that exceed their expectations. We will continue to focus where we have critical mass and a strong position. These continue to be our core segments of Healthcare and Industrial (which includes the markets of Automotive, Cable, Construction and Specialty Products). Our objective is to become a trusted supply chain partner by providing innovative solutions to our customers.

Protecting the value we create

We seek to protect this value by ensuring that we operate within an entrepreneurial culture, where integrity and operating safely and with legal compliance is not negotiable. We conduct this within a risk framework where key risks to the business are identified and measures are taken to manage and address these risks. Our risk management framework and the measures we take are identified and discussed on pages 12 to 17 of this report.

People and culture

Our people are vital to the long-term success of the Group and the 1,200+ people we employ across 20 locations in 11 countries are aligned to achieve the strategic objectives of the Group. We look to attract the best people and rely on their ability, skills and aptitude to work with each other and our customers together to create value for all our stakeholders. Our people are motivated to work for a company that promotes and supports them through a culture of entrepreneurship which encourages them to develop and grow and also helps us to attract and retain the best talent.

Operations

The way we manufacture our products and deliver services to customers is fundamental to our success. How we engage and collaborate with customers and our ability to develop strong relationships are and will continue to be crucial to driving growth and sustainable returns and impact our ability to create long-term value.
In a competitive market, efficient and responsible manufacturing is critical to our economic and environmental performance and we seek to continually improve and optimise our operations to reduce costs, minimise resources and reduce our impact on the environment by ensuring that we continue to invest and deploy our capital where the maximum return can be achieved.

Acquisitions

Acquisitions remain part of the Group's strategy and will help support growth through adding capabilities, product offerings and services as well as geographies or channels to the current portfolio. Through organic and acquisitive growth we will look to meet changing customers' requirements by providing a one stop solution for our customers. This will help us to integrate further into our customers' supply chain and develop deeper relationships and long-term customer partnerships.

MEASURING OUR PROGRESS

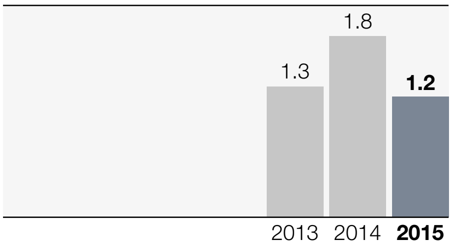
Key performance indicators

Our key performance indicators (KPIs), which include financial and non-financial measures, enable the Board to monitor performance.

They have been selected as being important to the success of the Group in delivering its strategic objectives.

Lost time injury frequency rate

1.2



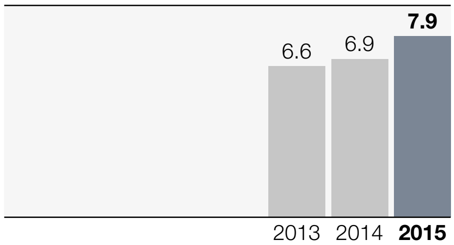
Definition
The number of lost time accidents which occurred in the year across all European and North American sites per 200,000 hours worked.

Commentary
We maintain that zero accidents/incidents is the ultimate goal in Environmental, Health & Safety (EHS) excellence and we will continue to strive for this in both lost time accidents and lost days. As a manufacturing business a significant proportion of our employees work in production. This measure indicates the Group performance in reducing accidents and improving health and safety for our employees. The year 2013/14 included our Knoxville site for the first time. As the site had not previously reported accidents in a consistent manner, their inclusion increased the prior year metric.

Why we measure
Protecting our people and acting responsibly is a must.

Return on sales

7.9%



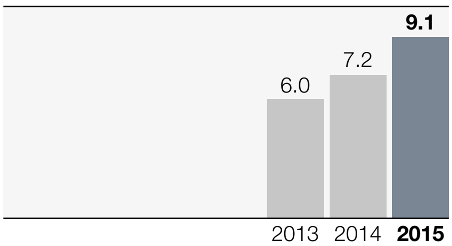
Definition
Return on sales is trading profit as a percentage of revenue.

Commentary
Return on sales is used to measure the underlying profitability of our operations and monitor the improvement against previous years.

Why we measure
Assess whether growth is sustainable and profitable.

Underlying earnings per share

9.1P



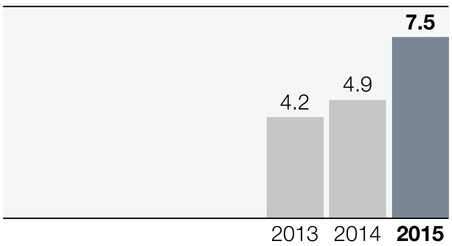
Definition
Earnings per share (EPS) is calculated using the weighted average number of shares in issue and the profit for the year adjusted for exceptional items, amortisation charges and pension finance and administration costs and the tax thereon.

Commentary
By delivering our strategy we will create value and increase profits. Underlying EPS is the measure used by the Board to assess the overall profitability of the Group.

Why we measure
Track value generation for the Group's shareholders.

Capital expenditure

£7.5M



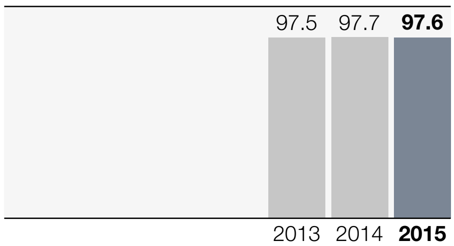
Definition
Capital expenditure in the year on property, plant and equipment and excluding acquisitions.

Commentary
To enable the Group to continue to grow and improve customer satisfaction, Scapa invests in maintaining and improving our existing plants and facilities. Capital expenditure is an indicator of investment in production capacity and development. In 2014/15 the Group's capital expenditure was £7.5m (2013/14: £4.9m), significantly up on the prior year owing to the cost associated with the consolidation of our French facilities.

Why we measure
Investment is vital to maintain our position and create future value.

Customer satisfaction per order

97.6%



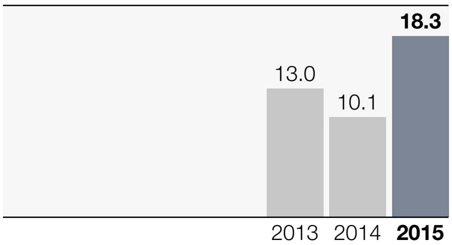
Definition
Customer satisfaction measured by the percentage of the orders during the year that do not lead to a complaint.

Commentary
The number of complaints is an indicator of customer satisfaction.

Why we measure
Track the performance in customer relationships.

Underlying cash flow from operations

£18.3M



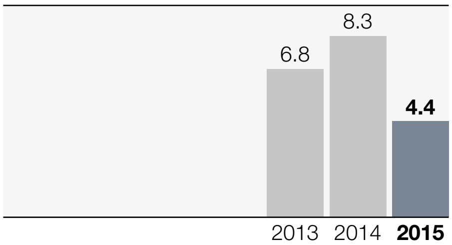
Definition
Underlying cash flow is calculated using the cash from operations and adjusting for exceptional items.

Commentary
Generating sufficient levels of cash to ensure that the Group is able to pursue its strategic goals. Underlying cash flow is an indicator of the Group's efficiency in generating cash from the trading profits of the business.

Why we measure
Track the ongoing availability of cash for investment back into the Group.

Revenue growth

4.4%



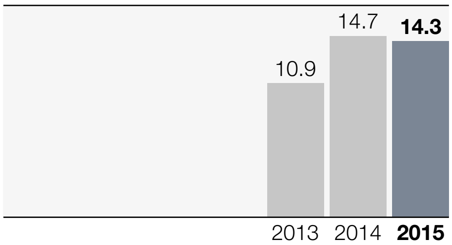
Definition
Revenue growth measures the change in revenue achieved against prior year.

Commentary
Revenue growth is monitored at both consistent and actual exchange rates (see also segmental reporting) as a measure of the growth of the Group. The metric used by the Group is actual exchange rates as shown above.

Why we measure
Track the relative performance of our growth.

Underlying return on capital employed (ROCE)

14.3%



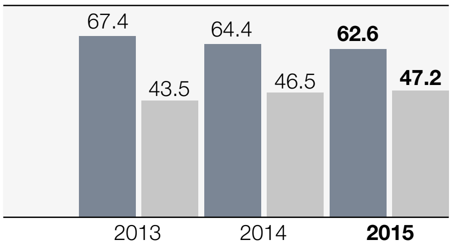
Definition
ROCE is defined as the underlying trading profit divided by the capital employed (equity plus long-term liabilities).

Commentary
By delivering our strategy it is important to increase shareholder value. Underlying ROCE is used together with the profit measures to monitor the efficient use of Group assets.

Why we measure
Monitor value created from investments.

Market and geographical diversification

62.6%



■ Segment concentration ratio
■ Geographic concentration ratio

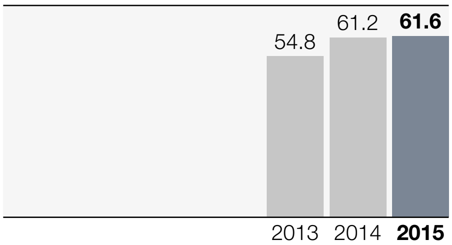
Definition
The proportion of the largest customer location by market and geography as a percentage of total revenue.

Commentary
An indicator for diversifying our portfolio and reducing the relative exposure to one segment or geographic region. In 2014/15 we have reduced our concentration on Industrial to 62.6% of turnover.

Why we measure
To track our progress to a diversified, sustainable portfolio.

Capacity utilisation

61.6%



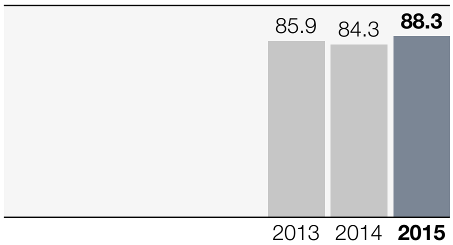
Definition
Hours booked to production as a percentage of total possible, based on running 24 hours a day 5 days a week.

Commentary
Managing capacity allows us to be responsive to customer needs by balancing cost efficiency and flexibility of production. We can simplify engagement with our customers by offering a balanced portfolio of available capacity across the globe.

Why we measure
To ensure that a balance is struck between cost efficiency and flexible production.

Service performance

88.3%



Definition
Service performance and ease of engagement measured as the number of times the requested delivery date is met as a percentage of the total orders

Commentary
To build partnerships and ease engagement it is essential to meet customer needs and requests.

Why we measure
Measure service provided to our channels/partners

EMBEDDED RISK MANAGEMENT SYSTEMS HAVE SUPPORTED THE GROUP IN PURSUING ITS STRATEGY FOR GROWTH

Risk management

Risk is an inherent part of doing business. A successful risk management process balances risk and reward and is underpinned by sound judgement of their impact and likelihood. The Group Board has overall responsibility for ensuring that Scapa has an effective risk management framework, which is aligned to our objectives.

The Leadership Team, Audit and Risk Committee and Board review risks which could affect the Group throughout the year. Risk and issue tracking systems are reviewed by our Group Risk & Assurance team on a regular basis to ensure that the framework is in line with good practice in risk management and that agreed mitigation plans are being adhered to.

We take the view that the policies, procedures and monitoring systems that are in place are sufficient to effectively manage the risks faced by our business.

Scapa's approach to risk management

Scapa adopts both a Top Down and Bottom Up approach to risk to manage risk exposure across the Group to enable the effective pursuit of strategic objectives. The approach is summarised in the diagram below

Risk identification

Risks exist within all areas of our business and it is important for us to identify and understand the degree to which their impact and likelihood of occurrence will affect the delivery of our key objectives.

The recording of risks at Scapa is achieved through our risk management model. Their identification is achieved through day-to-day working practices including horizon scanning for legislative changes, professional body alerts, strategic planning, operational reviews, accident and incident reporting, project governance procedures and independent systems audits.

In addition to ongoing risk identification, the Group's risk universe is reviewed on an annual basis. This exercise relies on risk intelligence being gathered from:

- Top down – through participation from the Leadership Team, senior management and departmental experts (including Quality, Health & Safety, Supply Chain and Research & Development) and giving consideration to the Group's strategy, related objectives and any barriers to the achievement of these objectives.
- Bottom up – by engaging with our people, listening to their views and recognising their contribution (e.g. through schemes like 'ideas that stick'). In addition, we have a robust and effective whistleblowing procedure to highlight issues such as potential wrongdoing or risks that are not being managed.

Integrated approach to risk management

Managing risk from the top down

Top Down Strategic risk management		Bottom Up Operational risk management
• Provision of guidance on the Group's approach to risk management and establishing parameters for risk appetite and associated decision-making • Identification, review and management of identified Group strategic risks and associated actions • Ongoing consideration of environmental risks • Setting the risk appetite of the Group	**Board and Audit and Risk Committee**	• Assessing the effectiveness of the risk management processes adopted across the Group • Challenging the content of the strategic risk registers to facilitate the documentation of comprehensive and balanced assessment of risk • Reporting on the principle risks and uncertainties of the Group
• Directing delivery of the Group's identified actions associated with managing risk • Identification and monitoring of the key risk indicators and taking timely action where appropriate	**Executive Board and Leadership Team**	• Responsible for reviewing the completeness and consistency of the operational risk registers across business units and the Group • Challenging the appropriateness and adequacy of proposed action plans to mitigate risk • Analysing and giving consideration to the aggregation of risk across the Group • Provision of cross functional/business unit resource to effectively mitigate risk where appropriate
• Execution of the delivery of the Group's identified actions associated with managing risk • Timely reporting on the implementation and progress of agreed action plans • Provision of key risk indicator updates	**Business Units**	• Identification and reporting of strategic risks to the Board • Provision of reports and data relating to significant emerging risks to the Group (internal and external) • Implementation of a risk management approach which promotes the ongoing identification, evaluation, prioritisation, mitigation and monitoring of operational risk • Identification, evaluation, prioritisation, mitigation and monitoring of operational risks which are the responsibility of each subsidiary company; and • Identification of strategic risks which are reported to the Group

Managing risk from the bottom up

Effective pursuit of strategic objectives

In determining the relative importance of risks in our risk universe, we use a scoring mechanism to identify the likelihood of a risk crystallising and the impact this would have on the achievement of our strategic objectives, assuming that no controls are in place (inherent risk score).

Assessment

After identifying Scapa's inherent risk exposure, we assess the suitability and effectiveness of existing controls and mitigating factors to ascertain the Group's net exposure (mitigated risk score).

This process includes mapping the sources and reliability of assurances over the effectiveness of controls provided to the Leadership Team, Audit and Risk Committee and Board.

Addressing risks

An assessment of whether additional actions are required to reduce our exposure to risk:

- Treat – Develop an action plan to implement additional controls, or provide additional assurance over the adequacy and effectiveness of existing controls
- Transfer – Use third party expertise to mitigate against risk
- Tolerate – Determine that the risk is within appetite, when compared with the cost and resources required to reduce the risk
- Terminate – Exit the activity

Monitoring and reporting

The process used by the Audit and Risk Committee to review the effectiveness of risk management includes:

- six-monthly review of the Group's risk profile to assess potential risk areas and progress against action plans
- review of internal and external audit plans to minimise duplication of assurance provision
- quarterly review of the implementation of internal audit recommendations
- six-monthly review of the status of management actions associated with the issues

Internal control

The Group's approach to internal control is based on the 2013 COSO Internal Control – Integrated Framework.

Internal control is an ongoing process which is engrained in Scapa's activities and operations. The aim of our internal control framework is to provide reasonable assurance to the Board over the following areas:

- the effectiveness and efficiency of operations
- the reliability of financial reporting
- compliance with relevant laws and regulations

Scapa's internal control framework consists of the following key components:

Control environment – The 'tone at the top' of Scapa and the foundation upon which all other components of the framework rest. We have tried to capture the attributes, integrity, values and competencies that Scapa employees display within our Code of Conduct.

Risk assessment – Our awareness of the risks we face and the actions we take to address and mitigate the risks identified.

Control activities – The policies and procedures that help ensure that actions and directives required by management are carried out.

Information and communication – The ability for Scapa's people to capture and exchange the information needed to conduct, manage and control our operations. Employees' understanding of their own role in the internal control framework.

Monitoring activities – Continuous review and improvement where necessary to allow the system to react dynamically and change as needed.

Site based teams operate against mandated minimum control standards which are issued by the Group Finance Director. Annual assessments of compliance are completed by site teams as part of a controls self-assessment process introduced during 2012/13. Each site team is subject to regular internal audit, with the objective of assessing the extent of compliance with these standards and to assess the accuracy of the controls self-assessment.

Financial reporting follows generally accepted accounting practice in all areas. Central review and approval procedures are in place in respect of major areas of risk such as acquisitions and disposals, major contracts, capital expenditure, litigation, treasury management, taxation and environmental issues. Compliance with legislation is closely monitored and reviewed regularly to ensure that any new legislation is taken into account, including compliance with environmental legislation. High standards and defined targets are set for safety, health and environmental performance.

Risk and control reporting structure

Our internal control structures are designed to provide assurance that the Group is on track in delivering against its strategic objectives.

Scapa has a clear structure for ensuring that accurate and reliable information on the adequacy and effectiveness of internal controls is presented to the Leadership Team, Audit and Risk Committee and Board.

We operate 'three lines of defence':

- **First line** – established and embedded policies and procedures
- **Second line** – direction and policy set at Group level to enforce consistency. Oversight functions sit at Group level
- **Third line** – independent challenge and assurance

Risk and Risk Management continued

Principal risks and uncertainties

The table below outlines the principal risks and uncertainties which the Group faces together with relevant key controls and mitigating factors. The list does not constitute a list of all risks faced by the Group and are not presented in priority order.

Risk	Accountable Executive	Key controls and mitigating factors	Risk movement
Strategic			
Business strategy The Board develops the wrong business strategy or fails to implement its strategy effectively. **Impact** Negative impact on long-term growth prospects.	Heejae Chae Group Chief Executive	• Clear strategy in place which is reviewed by the Board on a regular basis • Progress against the strategy is monitored by senior management and the Board on an ongoing basis • Risks relating to the achievement of the Group's strategy are reviewed regularly by the Audit and Risk Committee and the Board	
Acquisitions and disposals Poor decision-making on organisational restructuring. **Impact** Adversely affects the Group's results, weakening shareholder value.	Heejae Chae Group Chief Executive	• Significant internal and external due diligence processes • Acquisitions and disposals approved by the Board • Monitoring of business portfolio and structure at senior management and Board level • Integration planning for acquisitions across Finance, Operations, HR and Commercial	
Financial			
Financial and treasury Unavailability and cost of funding and foreign exchange rates. **Impact** The Company does not have access to sufficient funds to permit trading as a going concern.	Paul Edwards Group Finance Director	• Access to committed facility of £40m with an additional uncommitted £20m accordion • All treasury policies are approved at Board level • Committed facility providing sufficient headroom and capability • The Group uses simple products to hedge exposure with no speculative currency transactions	
Pensions Liabilities increase due to increasing life expectancy, inflation, poor performance in investments compounded by fluctuations in the discount rate. **Impact** The pension liabilities and associated cash requirements have a material adverse impact on the Group's profits and cash flows.	Paul Edwards Group Finance Director	• No final salary pension schemes are open at the Group • The UK scheme has been closed to new members and future accruals since 2007 • Active and ongoing liability management programme, including long-term funding agreements in place	

Risk	Accountable Executive	Key controls and mitigating factors	Risk movement
Market			
Customers Over-reliance on specific markets or customers. **Impact** Places pressure on pricing, margins and profitability.	Heejae Chae Group Chief Executive	• Diverse range of customers with no specific weight towards one customer • Our business strategy is tailored to reduce reliance on one particular market • Winning new long-term contracts in healthcare helps spread risk and encourage growth • Credit limits set based on Group policy, with limits monitored regularly and customers put on ‘stop’ as appropriate • Credit insurance for worldwide turnover of North America and Europe (subject to policy limits and excesses)	↔
Operations			
Raw material pricing Excessively high raw materials prices. **Impact** Reduced competitiveness as a result of reducing margins and profitability.	Chris Carter Chief Operating Officer	• Global supply chain function in place with clear cost reduction targets • Commodity prices are reviewed on a monthly basis by the supply chain team • Contracts with suppliers are being renegotiated to further reduce our exposure to price changes • Formula based on open-book costing • Dual sourcing incorporating regional alternatives • Material substitution programme	↔
Human resources Failure to attract and retain people with the right virtues and talents to sustain and grow our business. **Impact** • Inability to achieve our business objectives of sustainable growth • Loss of skills, knowledge and experience	Clare Douglas Group HR Director	• Global performance management system in place for the top 350 roles globally • Performance related incentive schemes are in place across the business • Global Reward, Compensation and Benefits Manager recruited with specific focus on global reward and incentive programmes linked to overall business growth strategy • Roll-out of talent and succession programme for top 300 roles globally	↔

↔ Risk remains the same
↗ Risk increased
↘ Risk decreased

Risk and Risk Management continued

Risk	Accountable Executive	Key controls and mitigating factors	Risk movement
ICT system infrastructure ICT systems and infrastructure failure and/or interruption. **Impact** Significant disruption to direct manufacturing and support processes.	Paul Edwards Group Finance Director	• Group and site based business continuity and disaster recovery processes in place • Annual test of disaster recovery for core systems • Multi-site and remote device backup of electronic data • Fallover and standby solutions built into system architecture for core systems providing additional resilience • Security and segregation built into system architecture for e-commerce systems to ensure minimum exposure from transactions • We have implemented a rigorous IT governance model (covering IT Service Management and IT Portfolio Management), in line with industry best practice, to provide enhanced assurance for both our existing IT services and the delivery of new solutions	
Regulatory and compliance			
Product quality Products are not up to the required quality and health and safety standards. **Impact** Poor financial performance due to customer returns, product liability claims, ultimately affecting customer trust in Scapa as a supplier.	Joe Davin Group President, Healthcare Chris Carter Chief Operating Officer	• Third party International Quality Systems accreditation: – Ashton, Valence, Ghislarengo and Renfrew are 3rd party accredited to TS 16949 and ISO 9001. Ashton and Valence are also accredited to ISO 14001 – Dunstable, Inglewood, Knoxville and Windsor are accredited to ISO 13485 and ISO 9001 – Rorschach, Syracuse and Seoul are accredited to ISO 9001 • Internal quality audit processes are in place with issue resolution tracking • Known problems have been addressed with rigorous root cause analysis and corrective action to ensure that they do not reoccur • Customer quality requirements are clearly identified • In-process and final product quality checks are performed to ensure compliance • Inglewood, Knoxville and Renfrew are registered as medical device manufacturers under 21CFR820 with oversight from US Food and Drug Administration (FDA)	

Risk	Accountable Executive	Key controls and mitigating factors	Risk movement
Health & Safety Failure to ensure safe working practices. **Impact** • Significant injury or loss of life • Reputational damage associated with accidents and injuries resulting in customer disassociation with Scapa	Heejae Chae Group Chief Executive	• Lost time accident frequency rate of 1.2 compared to last year of 1.8 • We continue to develop our policies and training programmes in line with our risk profile • Our safety management system is continually being developed, added to and improved • We conduct regular audits and work with external accredited agencies to standards such as ISO 14001 & 18001 globally • We actively use our risk mapping mechanisms to influence our EHS capital expenditure to proactively manage our risks	
Environment Failure to mitigate environmental impacts. **Impact** • Reputational damage • Financial loss associated with clean-up, fines and sanctions	Chris Carter Chief Operating Officer	• ISO 14001 in most sites, with a plan to certify the remaining significant sites over the next 36 months • Conduct regular internal reviews of environmental aspects and impacts • Training provided to site management and employees • Enforcement and surveillance visits by third parties	**New**

Risk remains the same
Risk increased
Risk decreased

HEALTHCARE: ENHANCING PROPOSITION THROUGH STRATEGIC CUSTOMER ENGAGEMENT

Market trends and overview

The key driver for the Healthcare industry is the delivery of the highest possible quality products and care to the maximum number of people at the lowest possible cost. The markets in advanced wound care, medical device, consumer wellness and drug delivery have responded to this and continue to embrace the need to outsource with chosen partners across the whole supply chain to remain efficient and competitive. The trends which we have highlighted in the past continue and as the market evolves new opportunities are developing.

As major global Healthcare companies concentrate on their core competencies of research and development, marketing and product distribution, they are increasingly outsourcing manufacturing, especially where production can be obtained through partnerships with suppliers, significantly reducing their need for investment in infrastructure. These Healthcare market leaders are looking for trusted partners with expertise to enhance their product development process, while at the same time looking to significantly improve their processes from conception to production, maintaining strict adherence to quality, design and cost control and improving their speed to market to enhance their competitive position.

Consolidation within the Healthcare market has both expanded the markets for the end products that Scapa produces and opened partnerships with market leaders. Consolidation has also opened up opportunity for smaller market participants which have innovative technologies with the potential for rapid growth but which typically do not have the specialised materials and manufacturing capabilities provided within Scapa's Skin Friendly Turn-Key solution supply chain. Through our internal strategic development and more latterly the acquisition of First Water Limited, we have been able to take advantage of this trend and commence development projects leading to production with several of these emerging companies.

Scapa Healthcare's innovation strategy is seeing us build a pipeline of both research and development innovations and new customer development projects that will continue to drive the business forward.

This year saw the launch of MEDIFIX Solutions™ as a complete Turn-Key solution for wearable mobile device applications. This enables us to offer efficient custom development and scalable production across the diverse and growing spectrum of wearable applications, including remote patient monitoring, continuous glucose monitoring and catheter securement for drug delivery. The technical demands on the manufacturer in this niche market are considerable as there is a need for the solution to address not only the physical properties of the wearable device itself, but also factors such as the skin type and age of the patient population, whether the device will be exposed to moisture, whether it is a long- or short-wear application, and many others.

To assist in promoting the brand and raising awareness of our capabilities and service we launched our new Healthcare website (www.scapahealthcare.com) in November 2014. It has extensive content dedicated to the healthcare market place and our products and manufacturing capabilities.

Strategy and business model

Our strategic focus continues to be on the provision of Skin Friendly Turn-Key solutions in the four global sectors in which we operate; advanced wound care, medical device, consumer wellness and drug delivery.

Scapa Healthcare's predominant strategy is to remain as a B2B partner to our global Healthcare customers, supporting them in launching new products for the healthcare market. Along with our Turn-Key capabilities this has enabled Scapa Healthcare to continue to build long-term trusted relationships with our customers which is supported by long-term contracts that provide visible and secure streams of income for the business.

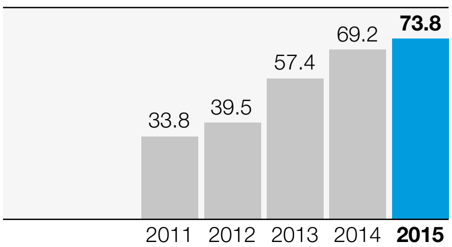
To enhance our proposition we constantly look to increase strategic engagement with our customers. This can be through development contracts and structured programmes while expanding our technology and product portfolio, sales channels, manufacturing capacity and quality systems to ensure we improve our relevance to our customers and increase our share of the customer total spend. We aim to be our customers' strategic outsourcing partner of choice which requires us to focus on the full supply chain and complete production process from the design and selection of raw materials, through converting and packaging, to sterilisation and logistics.

Quality remains at the heart of everything we do and is the basis of our trusted customer relationships. With dedicated global Healthcare quality teams working across all of our operating sites, all product development and production is subject to rigorous quality control procedures. We continue to invest in our quality systems, resources and manufacturing infrastructure to meet the highest industry standards within the sector.

We will continue to expand and strengthen our current capabilities and also to monitor the gaps in our value chain. We will invest and acquire as and where necessary to support customers, explore new platforms and adjacent markets and provide a foundation for future growth.

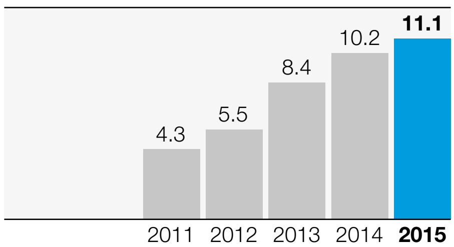
Revenue

£73.8M



Trading profit

£11.1M



"The outsourcing trend in the Healthcare industry continues to help drive our growth and future opportunities."

2014/15 performance

Healthcare continued to make good progress this year, increasing revenue by 7.9% at constant exchange rates in line with guidance at the interim results. As a large successful product launch for one of our major wound care customers filled the supply chain, growth was slower in the second half of the year. Margins increased to 15.0% and trading profit growth was 11.0% at constant exchange rates. With good visibility of revenue and a growing pipeline we have continued to invest in strategic engagement and quality systems to support the anticipated future growth of the business.

First Water Limited

In February 2015 we acquired First Water Limited – a high-quality healthcare innovation, design and manufacturing company based in the UK.

First Water Limited makes a wide range of hydrogels, based on ionic polymer systems which are super-absorbent and electrically conductive. They can be used to manufacture high performance hydrogel dressings for use in wound care and consumer wellness. First Water Limited has Intellectual Property in the formulation and manufacture of these polymers, and also in several product platforms which combine these systems with other widely used materials, for example PU films, gelling fibres and PU foams. This is an exciting and fast developing portfolio for the advanced wound care and consumer wellness markets.

The acquisition fits our business to business model and further enhances our growth opportunities by broadening our technology portfolio and customer base. In addition First Water Limited strengthens our global manufacturing infrastructure with its Healthcare dedicated facility generating additional Turn-Key manufacturing capacity in Europe thus meeting several of our key strategic objectives.

Our initial priority is to execute the projects that are already on hand and integrate the business into the Scapa Healthcare family before adding new strategic projects to the pipeline, with the ambition to significantly grow and develop the business further. This ambition will benefit from First Water Limited's highly experienced management team remaining within the enlarged Group.

Outlook

Our strategy is working. Our Turn-Key value proposition resonates with customers and as our brand and reputation continue to expand, the pipeline of development projects and opportunities continues to grow. We are actively engaged with major Healthcare companies at every level in the value chain, most importantly strategically as we work ever closer with our customers on future opportunities. We will continue to invest in the business to develop the tools, infrastructure and talent to deliver the service that leading global healthcare providers require from their partners.

We remain very positive about the future for Scapa Healthcare.

Case study

Healthcare: Continue to move up the value chain by expanding our offerings and capabilities.

Having worked with a customer for a number of years in supplying application specific products/components for further conversion and use in branded products we looked to engage further with our customer but at a more strategic level to deepen the partnership and move up their value chain.

Challenge – The customer wanted to launch a new product which was an extension of a current brand. They had internal capability to do this but wanted to explore the possibility of an external turn-key contract to enhance their innovation and speed to market.

Outcome – Working with the customer's multi-disciplinary development team the initial concept meeting was held in January 2014. The process was headed by their President of Consumer Healthcare Division and we were given a window of 11 months to partner in design, manufacture, qualify and obtain product approval for launch of the new product. Following the initial concept meeting the product was approved in January 2015 just 9 months into the 11 month window.

The process showcased our core competencies and demonstrated our competitive advantage of speed to market as well as our deep understanding of the client's and market requirements. In addition to this launch, collectively, we are actively working on new programmes. Currently, we have two additional programmes under development, and have shared a strategic vision to further complement a long-term portfolio of products.

INDUSTRIAL: CUSTOMER CENTRIC APPROACH GAINING MARKET SHARE

Market trends and overview

The Industrial business operates across a wide range of market segments and geographies. Our market focus is on Automotive, Cable, Construction and Specialty Products where we have critical mass and leverageable positions. Our strategy is to grow by continuing the progress to date of customer partnership through strategic engagement, and maintaining a clear and focused customer centric philosophy. This continues to pay dividends as we have gained market share and delivered growth above general economic growth in the markets we participate in.

Global automotive industry production volumes continue to improve and increased to a record number of units in 2014/15. The growth has been led by a strong recovery in the North American market with Europe also growing, albeit at a more modest level. Our core products are bonding solutions used in wiring harness for electrical distribution, seat heating systems and assembly applications. The trend in car design is positive for Scapa as the focus in fuel efficiency and increasing electronics drives greater application of our products.

Our cable products are primarily used in power transmission (high voltage, submarine) and communication (fibre optics) and act as a protective layer over the transmission cable. Our products require high reliability; the performance and quality of our products are valued by our customers as deficiency in application carries significant costs for failure. Typical end use applications are in oil and gas platforms, wind turbines, fibre optic networks and infrastructure related projects. While opportunities for future growth remain in this market the downturn in oil prices this year has resulted in a postponement of energy projects with our key clients.

Our construction related business operates across a broad range of end markets and geographies and performance generally trends with the macroeconomic environment of the regions in which we participate. The outlook for the construction market across the world is positive with broader macroeconomic recoveries being seen across our markets, albeit at varying rates. The North American market is particularly strong and was reflected in our double digit growth this year. We see a slower recovery in Europe particularly in France where we have a strong market position. Our products are sold to both trade and retail markets but through different channels. In North America, we sell primarily through our distribution network to the trade market and in Europe we market our products under our Barnier® brand which is predominantly sold through builders' merchants and distributors. In general we are seeing increasing usage of our products as their performance improvements and advantages are displacing the more traditional fixation methods of using nails and mechanical fixings. Additionally, higher environmental and energy requirements are driving the demand for products with higher specifications such as ours.

In addition to our broad industrial products we also participate in end markets where we have niche positions. As examples we are market leaders in hockey tapes in North America which are sold through most major retailers in Canada and Northern US; we also have a strong market position in protective laminates for the ski market and we are a leading supplier in the smart card market where our products are used to adhere the chip to the card in a significant number of the world's credit cards.

Strategy and business model

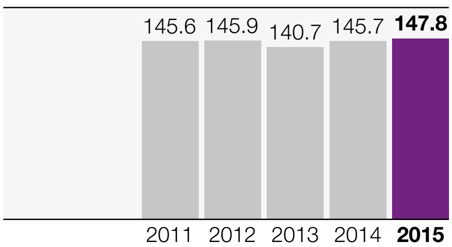
The Industrial business has grown and developed into a market focused business separated into four key segments of Automotive, Cable, Construction and Specialty Products. With a global footprint we have the capability to address each of these segments and customers who have a global supply chain, through a network of manufacturing and product conversion facilities. We have successfully expanded our presence in developing markets to further enhance our global proposition and develop a presence in those markets that have good growth potential.

Whilst the growth of revenue has increased profitability we also look to continue to drive efficiency and improve returns, which has seen margins increase every year over the last five years. There remains significant opportunity to further develop this agenda. As our market focus has clarified so has our manufacturing strategy which will focus on optimal asset allocation and improvement of ROCE. We will look to improve returns through optimising our marginal profit by loading existing assets and improving utilisation. Following the consolidation of our facilities in France, over the coming years we plan to continue to further optimise our manufacturing footprint. To complement this and drive further growth and margin expansion we will continue to invest in and develop a more holistic approach to our pricing strategy to ensure our pricing better reflects the Group's strategic objectives and utilises a market based approach to optimise pricing and profitability.

The majority of our products are application specific where we look to apply our technologies to solve our customers' problems. We have strong expertise in a wide range of coating technologies and build upon this by engaging with our customers in the design process, to better

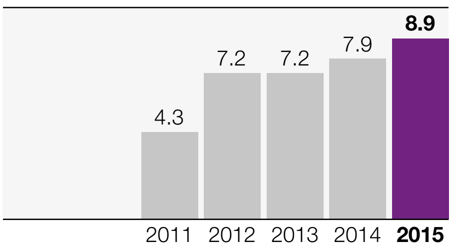
Revenue

£147.8M



Trading profit

£8.9M



"The Industrial business operates across a wide range of market segments and geographies. Our market focus is on Automotive, Cable, Construction and Specialty Products where we have critical mass and leverageable positions."

understand their requirements and ensure we provide our customers with the solutions they need to succeed.

- Our Automotive products are specified by numerous global manufacturers and we seek to maximise market share by positioning the business to capture orders regardless of the geographical location of the customer. We have a global approach and dedicated resources to ensure that our products are specified in the next generation platforms
- Cable is a market with a small number of suppliers and is project based with a long sales cycle. We sell through a dedicated organisation and we look to adopt a strategic partnership by integrating ourselves within the customer supply chain to ensure that we participate in new developments and projects
- In Construction, our strategy is to gain market share through increasing the points of sale, expanding into new geographies and developing our portfolio through extension beyond the core products
- Specialty Products – we have demonstrated that we have the ability to adapt to market trends, gain market share, drive operational efficiency and improve returns through a customer centric approach and focused portfolio management

2014/15 performance

This has been a year of good progress in Industrial with revenue of £147.8m, representing growth of 6.6% at constant exchange rates. Trading profit increased to £8.9m or by 21.9% at constant exchange rates and margin improved to 6.0% from 5.4% in the prior year. The performance benefitted from double digit growth in North America with strong performances across all our end sectors. This partly reflected the continued improvement in the market but more importantly our ability to gain market share and a greater share of our customers' spend. Europe grew more modestly but saw a very positive performance given the uncertainty and currency headwinds throughout the year. Key to our success was the ability to react quickly to the shifting market conditions and currency fluctuations, specifically in Switzerland where we saw a significant appreciation of the Swiss Franc towards the end of the year.

Outlook

With the progress the Industrial business has made in the last few years it is well placed to benefit from structural growth as well as the opportunities it has to improve the ROCE through optimising the asset utilisation and capital allocation. Future prospects remain positive.

Case study

Scapa has recently entered into a strategic partnership with a leading manufacturer of nonwoven, breathable, insulation materials to provide custom branded sheathing tape that meets the rigid specifications of their house wrap barrier system's function and guarantee.

The Industrial business has a strong presence in the North American construction market, partnering with prominent manufacturers of insulation materials used in housing starts and renovations. Scapa's portfolio of sheathing tapes and product development capabilities are industry renowned for use in the seaming of cloth-like house wrap materials, used across the continent, to provide weather-proofing and breathability in residential insulation systems.

We worked together on a major product that was launched in Q1 of 2015. Relying on our quality, extensive testing capabilities, and agility, we were able to respond quickly to the customer's specific requirements and strict timelines, helping us secure the business.

Scapa will continue to support our existing partners and cultivate new relationships in the construction market and insulation channel with the highest quality products that meet, and exceed, industry and customer specifications.

ELECTRONICS

Market trends and overview

While the general market in Asia has been particularly difficult this year, the global market for consumer electronics continues to be driven by rising consumer demand aided by continued development and shorter product life-cycles. We have positioned ourselves to take advantage of this trend and are maintaining our strategy of building our expertise within defined segments to improve our capabilities and knowledge. In particular we continue to focus on mobile phone and touchscreen applications supplemented by opportunities in broader areas of the market.

Strategy

Our ability to respond quickly to customer needs and develop products and solutions that solve their problems is intended to ensure that we deepen our relationships and obtain a greater share of our customers' spend. This year saw the hard work and strategic direction begin to yield dividends.

The overwhelming majority of growth this year was delivered through mobile phone touchscreen applications, using our AFT (acrylic foam tape) and was focused on South Korea and China. Our Korean manufacturing plant's capacity is now highly utilised and we are evaluating future investments to expand capacity and improve our technology in line with market demand.

2014/15 performance

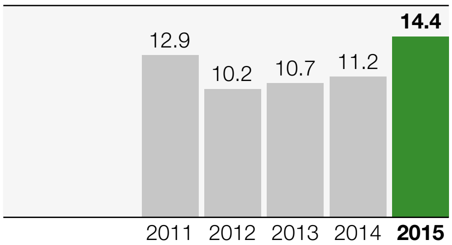
Electronics revenue increased 28.6% to £14.4m (2014: £11.2m); trading profit increased to £1.1m (2014: loss of £0.2m), delivering a margin of 7.6%. The significant improvement in performance follows a period of development in our Asia business and investment in products and applications for the consumer electronics and wider markets.

Outlook

This has, in some ways, been a breakthrough year for our Electronics business. However, it still represents only a small percentage of Group revenue and needs to achieve further critical mass. We will maintain our investment and develop the market going forward. From fiscal year 2016 the results for Electronics will be consolidated within Industrial, widening the capabilities of the Industrial segment.

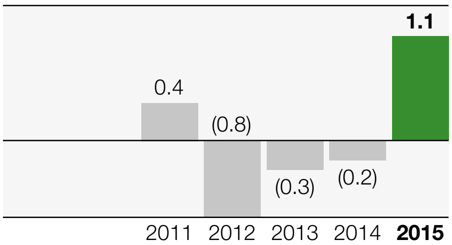
Revenue

£14.4M



Trading profit

£1.1M



Case study

The protective film market is significantly growing in line with the rapid growth of the smart phone market. Our customer had good capability for Si coating and converting but they needed to develop UV adhesive between glass and Si liner.

Late 2013 our customer visited Scapa Korea to test their product structure. Scapa Korea was uniquely positioned to assist in the innovation and development of a new product. The results of direct coating on their patterned film were validated as being superior to Optical Clear Adhesives (OCA) lamination on film.

Our closed process ensures we can control the contamination on resin, with no clean and a significantly more cost effective process which delivers significant benefits to the customer.

- Better performance and quality
- Scapa Korea's unique formulation is specially developed for deco glass application and easily tuned for different requirements
- Cost structure is much better than OCA
- Price competitiveness

Production commenced in May 2014 and revenue progressed as demand grew through the year.

RECORD PROFIT AND INCREASED RATE OF DIVIDEND GROWTH REFLECT SCAPA'S RESILIENCE

Overview

2015 was an excellent year for the Group as we continued to make progress and deliver another set of strong results. We have seen growth in revenue and profits and increased our margins in each of our three markets. Good cash generation supports our increased dividend and the Group's financial position remains strong.

Record revenue and profits

Group revenue increased by 4.4% to £236.0m (2014: £226.1m); on a constant currency basis growth was 8.3%. Healthcare revenue was £73.8m (2014: £69.2m), an increase of 6.6% or 7.9% on a constant currency basis. Industrial revenue was £147.8m (2014: £145.7m), an increase of 1.4% or 6.6% on a constant currency basis. Electronics revenue grew 28.6% to £14.4m (2014: £11.2m).

The Group delivered another record year for trading profit, which increased by 20.0% to £18.6m (2014: £15.5m), up 27.4% on a constant currency basis. Trading profit margin improved to 7.9% (2014: 6.9%). Healthcare contributed £11.1m (2014: £10.2m) improving the margin to 15.0% (2014: 14.7%). Industrial contributed trading profit of £8.9m (2014: £7.9m) with an improved margin of 6.0% (2014: 5.4%). Total Group operating profit was £16.0m (2014: £13.4m) after charging pension administration costs of £0.7m (2014: £0.8m), intangible amortisation costs of £1.4m (2014: £1.5m) and exceptional acquisition costs for First Water Limited of £0.5m (2014: £0.2m credit). Trading profit has been adjusted for these items to give better clarity of the underlying performance of the Group.

Net finance costs

There was a small increase in net finance costs to £2.3m (2014: £2.2m). Net cash interest payable of £0.7m (2014: £0.6m) relates to the Group's committed £40m facility which is competitively priced and matures in June 2018. The Group has further access at short notice to an additional £20m uncommitted "Accordion" facility. Notional interest remained unchanged at £1.6m (2014: £1.6m) and relates to the Group legacy defined benefit pension plans.

Taxation

The Group has operating subsidiaries in many countries. The Group's effective tax rate is a blend of the different national rates applied to locally generated profits. Our tax arrangements are driven by commercial transactions, managed in a responsible manner based on compliance, transparency and co-operation with tax authorities.

"The Group delivered another record year for trading profit, which increased by 20%."

The Group’s tax charge of £4.2m (2014: £17.9m) includes a £4.5m charge (2014: £4.4m) on trading activities, and a £0.3m credit (2014: £0.4m charge) on exceptional items.

The underlying effective rate excluding adjusted items and the change in rate of UK corporation tax has decreased to 25.1% (2014: 29.5%). This underlying rate is higher than the UK standard rate because the national rates applied to local profits are generally higher than the UK standard rate of 21.0%.

The Group’s cash tax payment in the year was £3.9m (2014: £2.7m), or 21.8% of underlying profit before tax. Despite the one-off capital gains tax paid on the sale of our French facility in Branly, cash tax remains below the effective tax rate as the Group utilises the significant brought forward losses. As the Group continues to increase its profitability cash tax payments will increase in line with the effective tax rate as brought forward losses are utilised.

Acquisition activity

Acquisitions are an important part of our operating model, ensuring that the Group can sustain growth by adding new capabilities, products and services. At the end of February 2015 we acquired 100% of the share capital of First Water Limited, a healthcare business specialising in innovation, design and manufacture of a wide range of hydrogels for the Healthcare market, for £11.2m. Under the earn-out terms of the deal a further £4.0m may become payable dependent upon attainment of future profit. This could bring the total cost to £15.2m. Under IFRS rules the future payments will be treated as post combination services as the former owners of First Water Limited are expected to continue to operate the business. Any earn-out payments will not be reported in trading profit but will be separated out and reported as exceptional items in future accounts.

Improvement in underlying earnings per share

Underlying earnings per share was 9.1p (2014: 7.2p) and basic earnings per share was 6.5p (2014: 4.6p loss).

Cash flow and net debt

The Group continued to see healthy cash generation and closing net debt was £3.4m (2014: £5.4m net cash) despite the acquisition of First Water Limited for £11.2m.

Net cash generated from operating activities was £17.6m (2014: £10.3m) which represented 110.0% of operating profit. Net cash interest paid was £0.6m (2014: £0.5m); borrowing levels have remained relatively low and consistent year over year. Income tax paid was £3.9m (2014: £2.7m) with the increase being partly from enhanced profits, but mainly from capital gains tax paid in France on the sale of the Branly site. The sale proceeds of Branly continue to be reinvested in our site in Palissy, France. The project accounts for £2.6m of the total capital expenditure of £7.5m this year (2014: £4.9m) and includes the costs of vacating the old premises and building and refitting the new site.

Net cash outflow relating to acquisitions was £11.0m (2014: £2.2m) being entirely related to the purchase of First Water Limited in February 2015.

Cash flow	**2015 £m**	2014 £m
Net cash flow from operating activities	**17.6**	10.3
Net capital expenditure	**(7.5)**	(4.9)
Net tax and interest	**(4.5)**	(3.2)
Free cash flow	**5.6**	2.2
Land sale	**–**	4.3
Dividend paid	**(1.5)**	(0.7)
Repayment of borrowings	**(1.2)**	–
Exchange and other non-cash movements	**(0.7)**	(0.4)
Increase in net cash	**2.2**	5.4
Opening net cash	**5.4**	2.2
Acquisition – borrowings acquired	**(2.2)**	–
Acquisition – consideration	**(8.8)**	(2.2)
Closing net (debt)/cash	**(3.4)**	5.4

Net debt to EBITDA

We use debt to help fund our growth and we review our funding needs and the structure of borrowing regularly. The Group entered into a £40m revolving credit facility in January 2014 with an additional £20m uncommitted “accordion” facility which can be accessed with short notice. This facility is considered appropriate for our current needs.

At the year end net debt was £3.4m (2014: £5.4m net cash). The ratio of net debt to EBITDA was 0.14 times, giving significant headroom against our facility covenant of 3 times. The Group continues to operate well within its banking covenants with significant headroom under each ratio at year end.

	2015 £m	2014 £m
Trading profit	**18.6**	15.5
Depreciation	**5.2**	5.2
EBITDA	**23.8**	20.7
Net debt to EBITDA	**0.14x**	–

Dividends and capital allocation

The Board is recommending a 50% increase in the full year dividend with a final dividend of 1.5p (2014: 1.0p). This proposed dividend reflects both our cash performance in the period and our underlying confidence in our business. Dividend cover (being the ratio of earnings per share before exceptional items, amortisation of intangible assets and legacy pension items) is 6.1 times. If approved at the Annual General Meeting the final dividend will be paid on 21 August 2015 to shareholders on the register on 24 July 2015.

Our objective is to maximise long-term shareholder returns through a disciplined deployment of cash. To support this we have adopted a cash allocation policy that allows for: investment in capital projects that support growth, regular returns to shareholders from our free cash flow, acquisitions to supplement our existing portfolio of business and an efficient Balance Sheet appropriate to the Company's investment requirements.

Continued progression on post-retirement benefits

The Group does not have any material defined benefit schemes in operation. The majority of the post-retirement benefit schemes for qualifying employees are defined contribution. The pension deficits carried on the Group's Balance Sheet relate to schemes that have been closed to both new members and future accrual for many years, and some very small overseas arrangements that are technically classed as defined benefit.

The principal pension deficit under the closed schemes is based in the UK. Addressing the cost and volatility of the UK legacy pension deficit remains the Group's primary pension objective. Over recent years we have completed several significant projects aimed at achieving this goal. In the current year we implemented a flexible retirement option project for a sub-set of pensioners; the effect was to eliminate £6.2m from liabilities in the UK scheme as at 31 March 2015. The project progressed beyond the year end and concluded with over 100 members leaving the scheme and so reducing future volatility and the UK liabilities by approximately 7%. We have a pipeline of similar pension projects and will continue to execute projects into the future that provide the right balance of member and Company benefits.

It is the scheme's ongoing actuarial valuation base that determines the cash payments into the UK plans and we continue to make deficit repair contributions as agreed with the trustees. In the current year we made contributions of £3.5m (2014: £3.5m) under the CAR arrangement that was put in place in 2012. We expect this contribution to continue and we have the objective of buying out the pension scheme within the next 10 years. Overseas cash contributions were £0.8m (2014: £0.8m). Expenses of £0.7m (2014: £0.8m) in relation to the pension schemes are reported through operating profit under IAS 19 (revised).

During the year the fair value of the scheme assets increased by £19.5m which was slightly higher than the increase in total liabilities of £19.3m. The increase in liabilities was almost entirely driven by a decrease in the rate used to discount the liabilities, being 3.4% (2014: 4.4%). The scheme's investment strategy includes a portfolio of assets that are matched to the duration of the member liabilities. This strategy hedges the deficit from changes in bond yields that affect the discount rate and is reflected in the asset and liability movements in the current year. The overall deficit in the scheme is £39.8m (2014: £40.0m).

Shareholders' funds

Shareholders' funds increased by £14.1m to £61.8m (2014: £47.7m). Profit after tax was £9.5m (2014: £6.7m loss). The pension loss in the period was £2.2m (2014: £2.2m). Movements in equity relating to share issues, share options and share dividends netted to nil (2014: £0.1m). Favourable currency impact on overseas asset values was £4.8m (2014: £7.1m unfavourable) and tax credits booked directly to reserves were £0.1m (2014: £2.1m charge).

Risk management and the year ahead

Risk is managed closely and is spread across our businesses and managed to individual materiality. Our key risks have been referenced in this annual report primarily on pages 12 to 17, in the Chief Executive's review and in the Audit and Risk Committee report on pages 39 to 41. We have a code of conduct which is adopted internationally and reflects our ethical approach to business. The Board has considered all of the above factors in its review of going concern as described on page 57 and has been able to conclude the review satisfactorily.

We choose key performance indicators that reflect our strategic priorities of investment, growth and profit. These KPIs are part of our day-to-day management of the business and in the year ahead we will focus on growth and value creation and the integration of our recent acquisition. In this way we aim to deliver continued value to shareholders.

P Edwards
Group Finance Director

27 May 2015

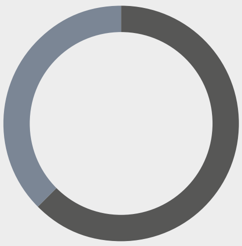
CREATING VALUE FOR OUR CUSTOMERS, EMPLOYEES AND COMMUNITIES

Gender ratios

Main Board

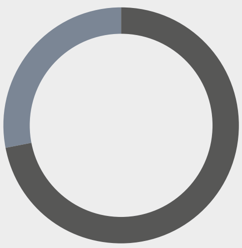
Male	6
Female	0

Leadership Team



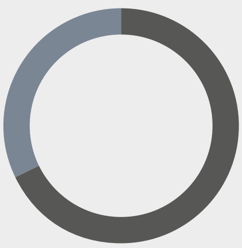
Male	5
Female	3

Senior Management Team



Male	18
Female	7

Total Employees



Male	875 (68%)
Female	412 (32%)

At Scapa, we believe our employees' contribution is a key driver in the Group's success. We currently have over 1,200 employees in 20 locations globally, meaning the Group benefits from a wealth of experience, talent and skills to drive towards achieving our plans for growth.

Building the foundations of a value creation culture

We recognise that our culture is a key element in supporting the plans we have for our future. In May 2014, we launched a new framework on which to develop a high performing workforce, beginning with the introduction of a new set of principles detailing the behaviours expected of our employees and building the shared values that guide their actions.

Communications and engagement

The launch was supported by a Group-wide campaign to communicate to and engage all employees, including a dedicated conference for the Leadership Team and new internal culture branding across our global locations. A dedicated intranet site was launched, introducing the key elements of the framework and providing a knowledge base for training and information resources. A key addition to support knowledge-sharing across the business was the introduction of a new internal social media platform to allow comments, questions and feedback to be posted and shared across all sites in real time. A newly introduced employee survey allows the business to proactively measure engagement amongst management teams and effectively action plan.

Since the launch, work has been conducted on embedding the framework into our internal processes, programmes and documentation, closely linking the HR strategy to the overall business goals, across performance management, recruitment, reward and recognition and talent development.

Performance management

The first integration phase involved the introduction of a new performance management tool to redefine how we set expectations against aligned functional visions and measure an individual's performance against their responsibilities within the business. Our online performance management system, used by c.350 employees in management and technical roles, was redesigned in-house to adopt the tool. Further work is ongoing to cascade the tool throughout the rest of the business, with the approach adopted into our operations performance management process.

Recruiting excellence programme

Our plans for growth require attracting the highest talent to the right roles. As we continue to develop, it is increasingly important that we are recruiting to support our plans for the future.

A high focus this year has been on our approach to recruitment. In October 2014 we launched our Recruiting Excellence Programme. As part of this programme, an online toolkit was launched, providing a full suite of tools and information to assist managers as they plan and conduct recruitment activity. In addition, a full training programme was delivered to provide the information required to use the tools effectively.

Using the most appropriate selection tools for the role, managers can now ensure that they have assessed the skills and knowledge, and virtues and talents relevant to the position.

The training will continue to be delivered throughout 2015 to fully embed the programme.

"We recognise that our culture is a key element in supporting the plans we have for our future."

Employee reward and recognition

We continue to reward employees based on their performance and the value created for the business.

Our annual, global awards scheme, endorsed by our CEO, was developed to align our new culture framework, allowing employees from all levels across the business a chance to be rewarded for projects that have had a high impact for the Group, both locally and globally.

This year we also introduced a new, global recognition scheme which aims to recognise and reward employees who have demonstrated examples of our guiding principles.

Talent development

Our in-house talent programme has been aligned to our new culture framework, with the aim to drive a high performing culture and develop individuals.

We offer a range of development programmes to employees across the business. Our Leadership Team attended a Corporate Strategy Programme at Harvard Business School in December 2014, the learnings of which are being developed into key business objectives for the coming year. In addition we have further developed the Harvard ManageMentor® Programme to employees identified as future leaders within the business; this programme is supported by a Harvard network which allows the sharing of best practice and knowledge as well as offering practical advice and support.

Throughout 2014 we have enhanced our training offerings for employees, delivering integrated training on the key elements of the culture framework, performance assessment and recruitment programme. Employees also benefit from personal development plans and we have identified a talent pipeline through our succession planning process.

This year we launched a new internship programme for Manchester Business School MBA students, taking on nine students to work on a number of projects throughout our corporate headquarters. Following the success of the first year, we intend to run the scheme again in 2015.

Community investments

In line with our commitment to supporting local communities, employees continue to participate in charity activities across the Group.

A Head Office charity committee has been established, enabling the business to reach out to other organisations in the local area and develop a pipeline of activity to support communities.

The Group continues to support The Christie, running our annual Christmas appeal in December 2014 where we donated over 100 presents for children and young adults spending Christmas in hospital. This work was recently recognised through the Dedicated to The Christie Silver Award, given to the Group for its continued support over the past five years.

This year we are also supporting The Donkey Sanctuary in Abbey Hey Gorton. The organisation provides a very valuable service to children and young adults with additional needs and disabilities in our local community by offering donkey assisted therapy which helps improve confidence, self-esteem, major and minor motor skills, core balance and gives children a real sense of achievement. The charity also takes donkeys to visit nursing homes and hospices. They care for 21 donkeys and work with 30 local schools thanks to over 100 volunteers.

The Group also continues to support the Hallé Orchestra and The Bridgewater Hall in Manchester. The Hallé has a rich history and ambitious vision for the future, allowing our local, national and international communities to benefit from the wide-ranging programmes it offers.

We continually improve our community investment framework.

In North America, the Group has provided support for two new charities in the year:

- In Canada, the Renfrew Victoria Hospital foundation has recently embarked on a fundraising campaign in support of its expansion and redevelopment. In response to this campaign, the Group has agreed to a matching policy against the amount the employees raise in support of this cause.
- In the United States the Group made a donation to the Boston Children's Hospital, to support the department of neurosurgery and help them continue with their ground breaking work.

The Leadership Team attended the Corporate Strategy Programme at Harvard in December 2014

From left to right:

Chris Carter – Chief Operating Officer

Clare Douglas – Group HR Director

Rebecca Smith – Group General Counsel and Company Secretary

Paul Edwards – Group Finance Director

Joe Davin – Group President, Healthcare

Sayoung Jung – Director of Strategy and Corporate Development

James Neuling – Managing Director, Industrial

A full biography of the Leadership Team members can be found on our website:
www.scapa.com

Environment, Health and Safety

Scapa's overriding commitment in the workplace continues to be the health, safety and welfare of its employees and all those who visit the Company's operations. This commitment extends to those who carry out work on our behalf.

Identifying and complying with all applicable legislation underpins all our health and safety activities and improvement initiatives.

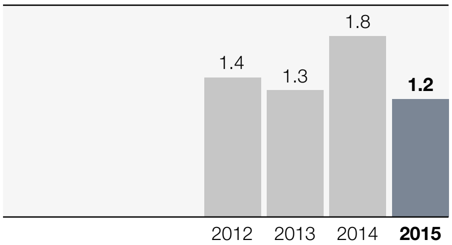
The Board provides environmental, health and safety leadership and the Chief Executive has primary responsibility for setting the principal objectives within which the detailed policies operate. The Chief Operating Officer, supported by the Group Head of EHS, ensures adequate resource is available to successfully deploy and measure operational health, safety and environmental improvement plans.

Headline Achievements

- 1.2 Lost Time Accident Frequency Rate against prior year of 1.8
- 29% increase in identified safety improvement opportunities
- Invested over £0.5m of capital in machine safeguarding and other safety improvement initiatives
- Improved the resource planning and review process of the site level annual Safety Health Improvement Plan (SHIP) to improve and sustain adherence to plan
- Achieved one year and over without a Lost Time Accident at our Renfrew, Rorschach, Ghislarengo and Korea operations
- Established and communicated our three-year vision and improvement plan, with the emphasis on pro-active initiatives
- Certified to ISO 14001 at our Ashton, Ghislarengo and Rorschach operations
- The recruitment and development of key EH&S personnel to support our philosophy of EH&S continuous improvement
- Improved and deployed the new Scapa Safety Management & Audit System (SSMAS) across all global locations
- Completed four governance and compliance audits against the SSMAS system

Safety Performance

LTIFR
(per 200,000)



Environment

Scapa recognises the importance of world class environmental stewardship. To help us deliver on this expectation, we apply a structured approach to assessing, maintaining and reducing our environmental impact by:

- Implementing and maintaining environmental and energy management systems based on international standards
- Measuring and monitoring consumption and emissions, and setting targets to improve performance
- Conducting environmental impact assessments and developing site improvement plans
- Providing training to employees, and engaging with customers and suppliers to raise environmental awareness
- Identifying and complying with all relevant environmental laws and regulations

Given the diversity of Scapa's international operations, local management drives environmental performance in accordance with Group policy. Specific site-level objectives are established to ensure compliance with local legislative and external management system requirements.

Environmental Performance

Scapa uses a variety of indicators to monitor environmental performance, but the following core impacts are identified for the Group as a whole:

- Greenhouse gas emissions from energy use, including electricity, natural gas and heating fuel
- Use of resources
- Generation and disposal of waste

The following assumptions, methodology, definitions and data validation processes have been used to report the Group's key environmental performance indicators in 2014. The reported data complies with the Companies Act, for the Mandatory Reporting of Greenhouse Gases.

- Boundary scope: Data from all locations over which the Company has operational control is collected and measured
- Primary data sources: These include billing, invoices and other systems provided by the supplier of the energy to communicate energy consumption
- Secondary data sources: These include the Company's internal systems used to record and report the above consumption data
- Internal data validation: The process used to review and compare primary data with secondary data
- Conversion factors: The 2013 Government GHG Conversion Factors for Company Reporting, published by the UK Department for Environmental Food & Rural Affairs (DEFRA) are used when converting gross emissions. The applicable country conversion factors published in this guidance have been applied to operations outside of the UK
- Intensity metric: Total carbon emissions per £m of revenue are used to calculate the Company's intensity metric

Tonnes of CO_2e (gross)	**2015**	2014
Scope 1	13,407	–
Scope 2	18,715	–
Total gross emissions	32,122	28,730
Total carbon emissions per £m revenue	136	127

Continuous Improvement

To support Scapa's philosophy of continuous improvement the following headline objectives have been established for 2015/2016:

- Execute in full, capital and revenue improvement projects valued at £0.7m
- Achieve certification to ISO 50001 at two sites
- Achieve certification to OSHAS 18001 at one site
- Comply with the UK Energy Saving Opportunity Scheme (ESOS)
- Achieve certification to ISO 50001 at both Ashton and Dunstable
- Reduce our accident rate by a minimum of 25% against prior year
- Improve the identification and closure of safety improvement opportunities by 50%
- Complete seven governance and compliance audits
- Deliver site level SHIPs to a minimum of 97% adherence to plan

Supply chain corporate responsibility

We have a robust framework of corporate responsibility policies, including our Human Rights policy, our Code of Conduct and sustainability approach.

Human rights

We define human rights as basic rights that allow individuals the freedom to lead a dignified life, free from fear or want, and free to express independent beliefs. We acknowledge the responsibility of businesses to respect human rights, by acting with due diligence to avoid infringing on the rights of others and to address any adverse impacts in which they are involved, in line with the UN Guiding Principles on Business and Human Rights (the Ruggie Framework).

Our aim is to ensure that we adhere to international human rights standards, both through our own actions and by association with business partners and suppliers, by providing a framework of fundamental principles of human rights by which Scapa will be guided in the conduct of its business. Scapa sources materials (including fabrics, paper, rubber, films and chemicals) from a wide variety of suppliers around the world that range from large international organisations to specialist local companies.

Code of Conduct and sustainability approach

Scapa aims to act with integrity and professionalism with all suppliers and to support them to help achieve a responsible and sustainable approach across the supply chain. We recognise that some smaller suppliers may find it challenging to adopt the practices expected. In such cases, Scapa will adopt a risk based approach to ensure that their contribution to its responsibility and sustainability agenda progresses in line with their capabilities.

Our supply chain corporate responsibility policy statement is founded upon this belief. For suppliers, Scapa will look to ensure that:

- suppliers' products comply both with their own product legislation and that of any countries for which the product is ultimately destined
- human rights responsibilities in line with the UN Ruggie Framework are conformed to
- employee working conditions of our suppliers are safe and hygienic, with working hours that are not excessive, and at least the legal minimum wage is paid for the location
- employees are not subject to harassment or discrimination
- materials used during the manufacturing process do not create any adverse environmental impacts
- materials purchased by suppliers are sourced from responsible producers, with appropriate traceability systems
- products supplied to Scapa do not lead to any adverse impacts on the health of any users in the supply chain
- consideration is given to the environmental impacts of the products supplied (including packaging and transport to Scapa manufacturing locations)
- suppliers have ethical business practices in place, including those relating to the avoidance of bribery or corruption

For supply chain management, Scapa will ensure that:

- procurement teams segment their suppliers based on spend and by responsibility and sustainability risk
- suppliers receive, complete and return the self-assessment responsibility and sustainability questionnaire, together with copies of Scapa's Code of Conduct and anti-bribery guidance
- responsibility and sustainability development plans will be agreed with larger suppliers, identifying mutual benefits
- training on responsibility and sustainability matters will be provided to each procurement team

This Strategic Report is approved.

By order of the Board

R L Smith
Company Secretary

27 May 2015

COMMITTED TO HIGH STANDARDS OF CORPORATE GOVERNANCE

The statement of corporate governance practices set out on pages 30 to 58, including the reports of Board Committees, and information incorporated by reference, constitutes the Corporate Governance Report of Scapa Group plc.

Dear Shareholder

The Board recognises that good corporate governance is fundamental to sustainable profitable growth and is committed to high standards of corporate governance throughout the Group. The Board supports the principles laid down in the UK Corporate Governance Code (the 'Code') and continues to review its systems, policies and procedures that support the Group's sustainability and governance practices.

It is the Board's responsibility to lead the Group effectively and to ensure that all aspects of the business are conducted with integrity and meet the highest standards of governance demanded by the Board.

Ensuring the Board has a diverse balance of skills, experience and knowledge is fundamental to good corporate governance. Board succession planning is an important element of our corporate governance regime. During the year under review, we strengthened the Board through the appointment of Martin Sawkins after an extensive search using an international executive search firm. Martin brings considerable experience in HR and operational matters. Martin is currently HR Director of Rentokil Initial plc and a non-executive director of Wincanton plc, and has operated within both the UK public company and private equity environments, having previously held positions as Group HR Director at HomeServe plc; Group HR Director at The AA Ltd and HR Director at Centrica Home and Road Services. Prior to this Martin held a number of senior positions in HR and Operations at UEF Ltd, Bridon plc, British Aerospace and United Biscuits after graduating with a BSc (Hons) in Physics from Southampton University.

Richard Perry, Senior Independent Director, has indicated a willingness to remain on the Board for a further term subject to shareholder approval. Richard has recently retired as finance director of Fenner plc and will have more time available to commit to Scapa. He has a wealth of experience of the Group and is a highly valued member of the Board. The Board wholeheartedly supports Richard Perry's continued tenure. Scapa's Annual General Meeting will be held on 21 July 2015 and at that meeting, Martin Sawkins (Non-Executive Director) will offer himself for election, and Heejae Chae (Chief Executive) and Richard Perry (Senior Independent Director) will offer themselves for re-election. Biographies of all Directors are set out on pages 32 and 33.

"The Board recognises that good corporate governance is fundamental to sustainable profitable growth and is committed to high standards of corporate governance throughout the Group."

High standards of corporate governance extend throughout the Group, with systems, policies and procedures set by the Board and cascaded through the Leadership Team to senior managers and beyond. The Group holds biannual conferences at which key messages on corporate governance and culture are delivered to the top 50 managers in the Group, who are tasked with ensuring these messages are relayed and implemented throughout the business. Integrity and compliance are key to the Group's success. During the year, each member of the Leadership Team travels throughout the Group to reinforce to all employees the expectations of employees in adhering to good corporate governance.

As part of our strategy to grow by acquisition as well as organically, in February 2015 we acquired First Water Limited, a private business that develops, manufactures and sells hydrogels to the healthcare sector. The cost of £11.2m was funded in part by draw down against our £40m bank facility. As part of the integration of that business into Scapa Healthcare, training on corporate governance was delivered to all employees of First Water Limited.

I met with several major investors during the course of the year to discuss Board composition, remuneration, corporate governance and shareholder relations. Feedback from these shareholder meetings, which are held separately from the investor relations meetings conducted by the Executive Directors, was positive and supportive of the business and management.

Details of the Annual General Meeting to be held in 2015 are enclosed with this report. My fellow Board members and I look forward to meeting shareholders in July.

James A S Wallace

J A S Wallace
Chairman

27 May 2015

What's in this section

THE RIGHT MIX OF SKILLS AND EXPERIENCE

J A S Wallace
Chairman

Appointment to the Board
James Wallace joined the Board in August 2007 and became Chairman in October 2007.

Experience
An accountant by qualification, James spent the majority of his executive career at Pifco Holdings PLC until 2001. James has held various Non-Executive Director positions and was Chairman of Bodycote plc from January 2002 until April 2008. Currently James is a Non-Executive Director and Chairman of the Audit Committee of Manchester Airport Holdings Ltd.

Committee membership
Nominations Committee (Chairman)

Audit and Risk Committee

Remuneration Committee

H R Chae
Group Chief Executive

Appointment to the Board
Heejae Chae joined the Board as Executive Director in September 2009 and subsequently became Group Chief Executive in November 2009.

Experience
Prior to joining Scapa, Heejae was Group Chief Executive of Volex Group plc. He was previously the Group General Manager, Radio Frequency Worldwide, for Amphenol Corporation. He spent the early part of his career in finance at The Blackstone Group and Credit Suisse First Boston before moving into industry. Heejae is currently a Non-Executive Director of the Hallé Concerts Society.

P Edwards
Group Finance Director

Appointment to the Board
Paul Edwards joined the Board in September 2010 as Group Finance Director.

Experience
Prior to joining Scapa, Paul was Group Finance Director of NCC Group plc. Paul is a Chartered Management Accountant and MBA and spent the earlier part of his career in manufacturing, logistics and services sectors. Paul is currently Chairman of the Trustees of the Hallé Retirement Benefit Scheme.

M C Buzzacott
Non-Executive Director

Appointment to the Board
Mike Buzzacott joined the Board in March 2008.

Experience
Mike spent 35 years with BP, holding senior roles in both Finance and the Chemicals business, before retiring as Group Vice President Petrochemicals in 2004. Mike has extensive experience of the global chemicals industry. He is currently Non-Executive Director at Genus PLC and a former Director of Croda International Plc and Rexam PLC. Mike is a Chartered Certified Accountant.

Committee membership
Audit and Risk Committee (Chairman)

Remuneration Committee

Nominations Committee

M T Sawkins
Non-Executive Director

Appointment to the Board
Martin Sawkins joined the Board on 1 January 2015.

Experience
Martin is currently the Group HR Director of Rentokil Initial Plc and a Non-Executive Director for Wincanton plc. Martin has operated within both the plc and private equity environment and is a former HR Director of HomeServe plc, The AA Ltd and Centrica Home and Road Services. Prior to this Martin held a number of senior positions in HR and Operations after graduating with a BSc (Hons) in Physics from Southampton University.

Committee membership
Remuneration Committee (Chairman)

Audit and Risk Committee

Nominations Committee

R J Perry
Non-Executive Director

Appointment to the Board
Richard Perry joined the Scapa Board in June 2005 and was appointed Senior Independent Director in July 2006.

Experience
Richard was Group Finance Director at Fenner plc from 1994 until his retirement in March 2015. He was formerly a senior audit partner with Price Waterhouse.

Committee membership
Audit and Risk Committee

Nominations Committee

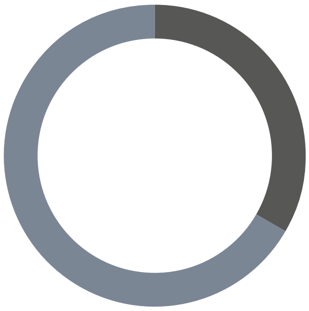
Remuneration Committee

R L Smith
Group General Counsel and Company Secretary

Appointment to the Board
Rebecca Smith joined Scapa in 2012 as Group General Counsel and Company Secretary.

Experience
Rebecca is a UK qualified solicitor and spent the early part of her career as a solicitor at a leading UK law firm, before moving into industry. Rebecca has a background in international corporate and commercial law and business, including six years with an international technology commercialisation business. Prior to joining Scapa, Rebecca was Group Legal Counsel and Company Secretary at K3 Business Technology PLC.

Board composition



Executive	2
Non-Executive	4

Length of tenure of Directors

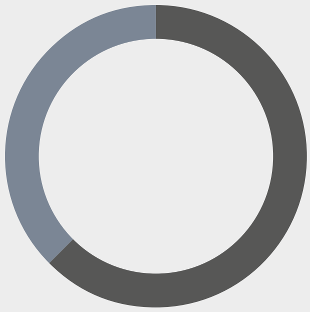
Directors	No.
Less than one year	1
One to three years	0
Three to six years	2
More than six years	3

Gender ratios

Main Board

Male	6
Female	0

Leadership Team



Male	5
Female	3

Senior Management Team

Male	18
Female	7

Total Employees

Male	875 (68%)
Female	412 (32%)

Board Committees

Nominations Committee

The Nominations Committee is responsible for Board recruitment and succession planning, to ensure that the right skill sets are present in the Boardroom.

Remuneration Committee

The Remuneration Committee is responsible for determining all elements of remuneration for the Executive Directors and for reviewing the appropriateness and relevance of the Group's remuneration policy.

Audit and Risk Committee

The Audit and Risk Committee's main responsibilities are to monitor the integrity of the Group's financial statements, to review internal and external audit activity and to monitor the effectiveness of risk management and internal controls.

Compliance statement

A detailed review of the Company's compliance with the UK Corporate Governance Code issued by the Financial Reporting Council (FRC) in September 2012 (the 'Code') has been undertaken. The review took into account the FRC Guidance on Board Effectiveness issued in March 2011, the FRC Guidance on Audit Committees issued in September 2012 and the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued in September 2014. The Company has complied with all relevant provisions of the Code throughout the year ended 31 March 2015 and through to the date of this report.

Leadership

The role of the Board

The Board is responsible for the long-term success of the Group and is ultimately accountable for the Group's strategy, risk management and performance. The Board's primary roles are to provide entrepreneurial leadership to the Group within a framework of prudent and effective control which enables risk to be assessed and managed, and to set the Group's strategic objectives and to ensure that the necessary resources are made available so that those objectives can be met. The Board also sets the Group's values and standards and is responsible for ensuring that its obligations to its shareholders and other stakeholders including employees, suppliers, customers and the community, are understood and met.

The Board comprises two Executive Directors, a Non-Executive Chairman and three Non-Executive Directors. The names, biographical details and Committee memberships of the Board are set out on pages 32 and 33 of this report.

Division of responsibilities of the Chairman and Chief Executive

There is a clear division of responsibilities between the Chairman and the Chief Executive. Each role has its own formal written description of specific responsibilities.

The Chairman's principal responsibility is to lead the Board in the determination of its strategy and the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness by facilitating full and constructive contributions to the development and determination of the Group's strategy and its overall commercial objectives from each member of the Board. The Chairman is responsible for promoting the highest standards of integrity, probity and corporate governance throughout the Group. The Chairman manages the relationship with shareholders in relation to governance matters and regularly considers the composition and skill set of the Board through evaluation. The Chairman sets the Board agenda and, with the Company Secretary, ensures that the Directors receive accurate, clear, comprehensive and timely information so that the Board is properly informed prior to each meeting in order that there can be appropriately thorough consideration and debate of the issues at Board and Committee meetings.

The Chief Executive is directly responsible for all executive management matters affecting the Group. His principal responsibility is ensuring achievement of the agreed strategic objectives and leadership of the business on a day-to-day basis. The Chief Executive is accountable to the Board for the financial and operational performance of the Group. The management structure of the business under the Chief Executive's leadership is set out below.

The role of the Non-Executive Directors

The Non-Executive Directors bring independence and a wide range of experience to the Board. Their role is to help develop strategy and to promote constructive debate and challenge in Board discussions. Richard Perry is currently Senior Independent Director. The Senior Independent Director provides a sounding board for the Chairman and serves as an intermediary for the other Directors as necessary, as well as carrying out the evaluation of the Chairman. He also acts as a line of contact for shareholders if they have concerns which are not appropriate for discussions through the Chairman, Chief Executive or Group Finance Director.

The role of the Company Secretary

The Company Secretary advises the Board through the Chairman on all governance matters. All Directors have access to the services of the Company Secretary and may take independent professional advice at the Company's expense in conducting their duties. In accordance with the Company's Articles of Association and the schedule of matters reserved for the Board, the appointment and removal of the Company Secretary is a matter for the whole Board.

Operation of the Board

The Board held six formal meetings during the 2015 fiscal year, all of which were attended by all then current Board members. In addition, there were six telephone update calls and ad hoc conference calls during the year to deal with matters as required, which were attended by all then current Board members. The Company Secretary was in attendance at all Board meetings as well as at all telephone update and conference calls. The Board held its annual strategy meeting at the Group's Knoxville facility in September 2014.

The provision of relevant, up-to-date information is fundamental to the effective leadership delivered by the Board. Reports from the Executive Directors, which focus on major operational matters, are circulated in advance of each Board meeting and focus on major operational matters. Reports are also produced by the Leadership Team on key business areas for each Board meeting. To ensure that the Directors are kept fully informed on the status of the business, presentations from across the Group's divisions and functions are made to the Board on a regular basis. During the year, overviews were presented by each member of the Leadership Team. During the year, the Board also received presentations from senior managers on Commercial, EHS and risks affecting the Group. Other matters undertaken by the Board during the year include review of the culture programme implemented throughout the Group to promote entrepreneurship and value creation; approval of the acquisition of First Water Limited; approval of the annual budget; review of governance issues affecting the Company; review of the corporate structure of the Group; review of the manufacturing footprint of the Group; and assessment of the corporate risk map. Where appropriate, certain matters were delegated to a committee of the Board.

Governance across the Group

All areas of the Group are required to meet high standards of governance and controls. The Group's operations are reviewed by the Leadership Team through regular reports, meetings and presentations. The Group's Risk & Assurance team performs regular audits of governance and control standards, reporting its findings to the Audit and Risk Committee of the Board.

Board Committees

The Board has delegated certain responsibilities to the following Board Committees:

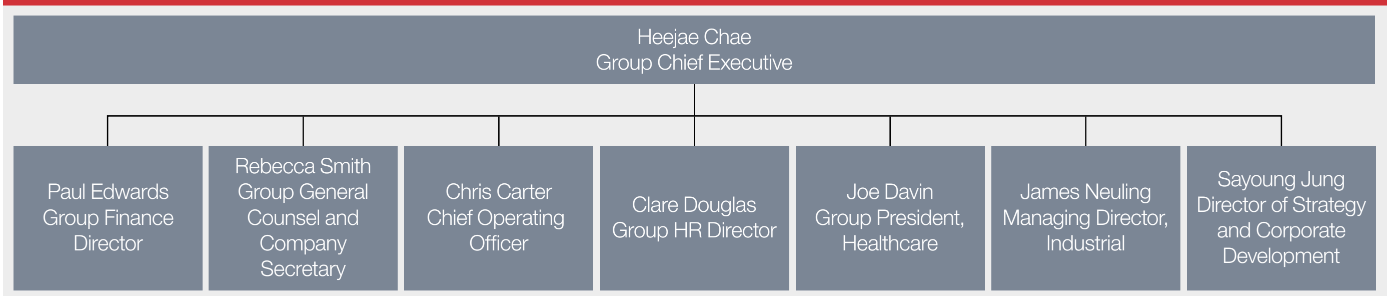
- the Audit and Risk Committee
- the Nominations Committee
- the Remuneration Committee

The reports of the Audit and Risk Committee, Nominations Committee and Remuneration Committee are set out on pages 39 to 45. Each Committee operates under clearly defined Terms of Reference which are reviewed annually and any proposed changes to those terms are referred to the Board for approval. Each Committee reports to the Board via the Chairman of the Committee. The Board has provided its Committees with sufficient resources to undertake their duties, including access to the Company Secretary and external advisers, where appropriate.

Leadership Team structure

The Group Chief Executive is supported by the Group's Leadership Team, whose structure is set out below:

Leadership Team structure



Matters reserved for the Board

In accordance with the UK Corporate Governance Code, there is a formal schedule of matters reserved for the Board's decision which is monitored by the Company Secretary and reviewed annually by the Board. Specific matters reserved for the Board's consideration include:

- setting the Group's strategy
- approving the Group's annual operating plan
- reviewing operational and financial performance
- approving major acquisitions, divestments and capital expenditure
- approving changes to governance and business policies
- reviewing material contracts and contracts not in the ordinary course of business
- setting dividend policy and recommending dividend payments
- appointing the Group's external and internal auditors
- reviewing the Group's systems of risk management and financial controls, including effectiveness of internal audit
- ensuring that appropriate management development and succession plans are in place
- reviewing the environmental, health and safety performance of the Group
- reviewing the effectiveness of the Board and its Committees
- appointing and removing the Company Secretary

The Board delegates matters not reserved for the Board concerning the management of the Group's business to the Leadership Team.

Board effectiveness

Composition and independence of the Board

The Board comprises a Non-Executive Chairman, three Non-Executive Directors and two Executive Directors. The Code requires that at least one-half of the Board should be independent Non-Executive Directors and this requirement has been met throughout the year. All Non-Executive Directors are considered by the Board to be independent and free from any relationship or circumstance that could affect independent judgement.

The skills and experience of the Non-Executive Directors are wide and varied and they provide constructive challenge in the boardroom. The composition of the Board is intended to ensure that its membership represents a mix of backgrounds and experience that will optimise the quality of deliberations and decision making. We consider diversity in the composition to be an important factor in the effectiveness of the Board and, in searching for prospective Directors, we take into account the existing skill set of the Board and areas we have identified for development to meet future needs and address succession planning.

Board diversity

The Board recognises the importance of gender diversity throughout the Group and is committed to supporting women in achieving positions in senior management. Our Leadership Team, details of which are set out on page 35, comprises eight positions, three of which are held by women. Further information on the total female representation in our workforce is set out in the Sustainability Report on page 26.

We also recognise the importance of a Board diverse in all respects and our Board comprises members with a wide range of experience and backgrounds. The Board published a statement on Board diversity, which is set out on page 43 of this report and also in the Corporate Governance section of our website (www.scapa.com/en/CorporateGovernance). Further information on our HR policies is set out on page 58.

Subject to the Company's Articles of Association, the Companies Act 2006 and satisfactory performance, Non-Executive Directors are appointed for an initial term of three years. Before the third and sixth anniversaries of appointment, the Director discusses with the Board whether it is appropriate for him or her to serve a further term of three years. The appointment of any Director who has served more than nine years is subject to annual review by the Board. The letters of appointment for the Non-Executive Directors set out the number of days expected to be required to perform their duties. Additional time commitments are expected from those Non-Executive Directors who individually serve as the Chairman of any Committee of the Board.

Attendance at meetings

The following table sets out attendance of each Director at Board meetings held during the year:

	Board	Audit and Risk Committee	Remuneration Committee	Nominations Committee
Number of meetings	6	4	4	4
James Wallace (Chairman)	6	4	4	4
Heejae Chae (Group Chief Executive)	6	4	3	3
Paul Edwards (Group Finance Director)	6	4	2	–
Richard Perry (Senior Independent Director)	6	4	4	4
Michael Buzzacott (Non-Executive Director)	6	4	4	4
Martin Sawkins (Non-Executive Director)*	2	1	1	2

* Appointed 1 January 2015

Although not members of the Committees, Mr Chae and Mr Edwards attend meetings of the Audit and Risk Committee, Remuneration Committee and Nominations Committee as invited attendees, when appropriate.

Scapa recognises that Non-Executive Directors have other business interests outside the Company and that other directorships bring benefits to the Board. All existing directorships are included in the biographical details of the Directors on pages 32 and 33. Non-Executive Directors are required to obtain approval from the Chairman before accepting any further appointments.

The Non-Executive Directors meet formally without the Executive Directors at least once a year, and also meet informally on other occasions.

Re-election

Martin Sawkins (Non-Executive Director) was appointed to the Board on 1 January 2015 and his appointment will be subject to formal approval by shareholders at the Annual General Meeting to be held on 21 July 2015. Directors retire every three years at the Annual General Meeting and may offer themselves for re-election by the shareholders. At the Annual General Meeting in July 2015, Heejae Chae (Chief Executive) and Richard Perry (Senior Independent Director) will retire and offer themselves for re-election.

Richard Perry recently retired from his executive role as finance director of Fenner plc, which allows him to commit additional time to Scapa. He has a wealth of experience of the Company and makes a significant contribution to the Board. In June 2015, Mr Perry will have held office with the Company for ten years. The Board considers that Mr Perry continues to be independent, notwithstanding the duration of his tenure as a Non-Executive Director of the Company. In reaching its conclusion, the Board has taken into account all relevant matters, as set out in the UK Corporate Governance Code, which fall to be considered when determining whether a Director is independent of character and judgement.

Further information on the appointment and replacement of Directors is given in the Directors' Report on page 58.

Conflicts of interest

Under the Companies Act 2006, a Director must avoid a situation where a direct or indirect conflict of interest may occur. The Company has in place procedures to deal with any situation where a conflict may be perceived.

The Nominations Committee annually reviews and considers the interests and other external appointments held by the members of the Board. The Directors have a continuing duty to inform the Board of any potential conflicts immediately so that they may be considered. There is a formal register of conflicts in which any authorised conflicts of interest would be recorded. During the year, none of the Directors declared a conflict of interest.

The Board has specifically considered the other appointments of the Directors, details of which are included in their biographies on pages 32 and 33, and has confirmed that each Director is able to devote sufficient time to fulfil the duties required of them under the terms of their contracts or letters of appointment.

Board evaluation

In accordance with the UK Corporate Governance Code, the Board has established a formal process for the rigorous evaluation of the performance of the Board, its Committees and individual Directors on an annual basis. This year the evaluation was conducted by Mr Sawkins, supported by the Company Secretary. Each Director is required to complete a detailed questionnaire on a range of matters including the balance of skills and experience of the Board, independence of Directors, diversity and relations between the Executive Directors and Non-Executive Directors. Mr Sawkins held interviews with each Director to develop feedback on the questionnaires.

The Remuneration Committee reviews the performance of the Executive Directors. The Chairman reviews the performance of the Non-Executive Directors and Board Committees, with the exception of Committees chaired by the Chairman. The Senior Independent Director reviews the performance of the Chairman and Committees chaired by the Chairman.

During the year, the Chairman met with the independent Non-Executive Directors without the Executive Directors present, and the Senior Independent Director met with the other Non-Executive Directors without the Chairman present.

Induction and training

On appointment, each Director takes part in an induction programme through which they are provided with comprehensive and up-to-date information about the Group and its business, the role of the Board and the matters reserved for its decision, the Terms of Reference and membership of the Board and Committees, and the powers delegated to those Committees. The programme includes meetings with other Directors, the Leadership Team and senior management members. In addition, each new Director is provided with guidance from the Company Secretary on the Group's corporate governance practices and procedures, regulatory obligations applicable to the Board and briefings on wider responsibilities on areas such as Directors' duties. The induction programme is supplemented by visits to key locations and meetings with key Senior Executives.

Throughout their period in office, the Directors are updated on the Group's business, the competitive environment, corporate social responsibility matters and other changes affecting the Group and the industrial sectors in which the Group operates. The Board tries to visit different Group operations each year to help extend the breadth and depth of the Non-Executive Directors' understanding of the Group's business.

Training is provided to the Directors, to ensure that they are kept up to date with corporate governance best practice as well as legal and regulatory matters affecting the Group.

Information and support

The Chairman is responsible for ensuring the Directors receive accurate, timely and clear information. Under direction from the Chairman, the Company Secretary ensures good information flow which includes executive commentaries from the Leadership Team, in addition to the reports from the Executive Directors and Company Secretary which are provided in advance of each Board meeting. The reports explain issues affecting the Group and how the Group's strategy is being implemented through current and future activities. The Board is provided with sufficient management information and reports on a timely basis and receives briefings by members of the Leadership Team and senior management regularly to ensure that the Board is fully up to date with key issues concerning the Group.

We continue to use the electronic delivery system adopted in fiscal year 2014 for Board documentation to be delivered direct to the Directors' electronic devices, which facilitates timely and efficient delivery of information and Board packs to the Directors. This approach also reduces the amount of paper used by the Board and is in line with our move to use electronic communications with shareholders which we implemented following the relevant approvals at the Annual General Meeting held in July 2013.

Indemnification of Directors

Qualifying third party indemnity provisions, as defined in section 234 of the Companies Act 2006, are in force for the benefit of Directors who held office during the year. The Company maintains Directors and Officers liability insurance for the Group's Directors and officers.

Accountability

Financial and business reporting

The Board is responsible for presenting a fair, balanced and understandable assessment of the Group's position and prospects. The statement setting out the reasons why the Board continues to adopt the going concern basis for preparing the financial statements is included in the Directors' Report on page 57.

Internal control system

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks to the achievement of Scapa's strategic objectives and this process was in place throughout the year under review and up to the date on which the Accounts were approved. The process accords with the Code and is regularly reviewed by the Board, through the Audit and Risk Committee, whose review of the effectiveness of the Group's risk management and internal controls systems includes:

- a formal review of the Group's Risk Profile at least once every six months to assess potential risk areas and action plans to address these risks
- review of the strategic and annual internal audit plan
- review of the external audit strategy and plan
- quarterly review of the implementation of internal audit recommendations
- review of declared financial and operational control self-assessments against minimum control standards across all locations
- review, on an annual basis, of Group policies in relation to whistleblowing, anti-bribery and corruption, and prevention of fraud

The Board, supported by the Audit and Risk Committee, is responsible for determining the nature and extent of the significant risks the Group is willing to take in achieving its strategic objectives and for maintaining sound risk management and internal control procedures.

The Group's internal control system is designed to manage the risk of failure to achieve business objectives, rather than to eliminate that risk. Such systems can only provide reasonable, and not absolute, assurance against material misstatement or loss.

During the year there have been no significant failings, weaknesses, or any material internal control failures that have been identified and which require reporting in the 2014/15 Annual Report and Accounts.

Communications with shareholders

At the Company's Annual General Meetings, all Directors are available to respond to questions from shareholders present. The Annual General Meeting provides a forum for constructive communication between the Board and shareholders. Throughout the year, the Executive Directors, and separately the Chairman, meet with investors to discuss matters relevant to the Company.

R L Smith
Company Secretary

27 May 2015

Report of the Audit and Risk Committee

Dear Shareholder

The Audit and Risk Committee report for the year ended 31 March 2015 is set out on the following pages 39 to 41. Overall it has been a busy year for the Committee which delivered its business as usual work, reviewed and challenged a number of one-off accounting items and considered regulatory guidance issued in final form, or in draft, during the year.

From a business as usual perspective, there is nothing to bring to your attention as a highlight. In summary, the Committee considers that it has delivered what it set out to do and has a clear plan for 2015/16. The Chairman of the Committee will be available at the Annual General Meeting to respond to any questions shareholders may raise on any of the Committee's activities.

Aims and objectives

The overall aim of the Committee is to monitor the integrity of the Group's financial statements and announcements, its accounting processes, and the effectiveness of internal controls and risk management. The Committee assists the Board in fulfilling its responsibility to ensure that the Group's financial systems provide accurate and up-to-date information on its financial position, and supports the Board in its consideration as to whether the Group's published financial statements are fair, balanced and understandable.

Composition

The Board nominated Richard Perry as Chairman of the Audit and Risk Committee in June 2005 and he rotated from the position on 1 January 2015. Subsequent to this date, Mike Buzzacott was appointed to the role. Mike is an experienced non-executive director and audit and risk committee chair, having held non-executive directorships at Croda International Plc and Rexam PLC and is a current non-executive director at Genus PLC.

James Wallace, Richard Perry and our newly appointed Non-Executive Director, Martin Sawkins, make up the Audit and Risk Committee's membership. Both James Wallace and Richard Perry are qualified accountants and each has substantial experience of risk management, governance and internal control in manufacturing organisations, having held executive and non-executive directorships in manufacturing organisations.

Martin Sawkins is a new member of the Audit and Risk Committee and is the Global HR Director for Rentokil initial Plc, with substantial experience in both HR and business operations across the manufacturing and services industries, including The AA Limited, British Aerospace and United Biscuits. His experience has included significant contribution into pension management, process improvement, controls transformation, risk management and internal audit. Martin also holds a non-executive directorship at Wincanton plc, where he is also a member of their audit committee.

This relevant experience allows the members to:

- understand the risks facing a global manufacturing company and approaches to managing its risks
- undertake strategic financial management in a global manufacturing company
- provide constructive challenge to the reports and assurances given by management, and guide the design and implementation of a suitable assurance framework
- ensure overall external audit efficiency, including capturing control improvement and minimising duplication of assurance work
- provide practical insights on the Group's approach to corporate governance

The Company Secretary acts as the secretary to the Audit and Risk Committee.

Meeting frequency and attendance

The Audit and Risk Committee is required to meet formally at least three times per year.

Member	No. of meetings attended
R J Perry	4/4
J A S Wallace	4/4
M C Buzzacott	4/4
M T Sawkins*	1/1

*Appointed 1 January 2015

Others who are invited to attend meetings of the Committee:

- External audit – Deloitte LLP
- Head of Group Risk & Assurance
- Group Chief Executive
- Group Finance Director
- Group Financial Controller

The Audit and Risk Committee's full Terms of Reference can be found in the Group Corporate Governance section of the Company's website (www.scapa.com/en/CorporateGovernance).

The Committee's Terms of Reference are reviewed annually. This year's review was conducted in line with the Institute of Chartered Secretaries and Administrators (ICSA) guidance to reflect the UK Governance Code.

In summary, the Audit and Risk Committee is required to:

- oversee and advise the Board on the current risk exposures of the Company and related future risk strategies
- oversee the activities of internal audit
- review internal control policies and procedures for the identification, assessment and reporting of material financial and non-financial risks
- review reports on any material breaches of risk limits and the adequacy of proposed actions
- review the Group's procedures for detecting fraud
- review the Group's procedures for the prevention of bribery and corruption
- review the Group's procedures for ensuring that appropriate arrangements are in place to enable employees to raise matters of possible impropriety in confidence
- review the effectiveness of the Group's financial reporting

Audit and Risk Committee activities

In order to discharge its responsibilities, during the year, the Committee has undertaken the following activities:

Audit and Risk Committee activities

Financial statements and reports

- Reviewed and discussed changes to the UK Corporate Governance framework and its impact on reporting requirements
- Reviewed and approved the external audit fees for 2014/15
- Reviewed the interim accounts and related statements and discussed:
  - key accounting judgements
  - income statement for the half year, specifically revenue, trading profit and foreign exchange
  - significant judgements on self-insurance
- Reviewed and considered the significant issues in relation to the financial statements and how these have been addressed, including:
  - **Deferred tax assets** – Deferred tax assets are held in a number of jurisdictions. A number of judgements are involved in calculating the right amount of deferred tax to be carried on the Balance Sheet and the future recoverability of these assets. The Committee reviews the level of tax assets held at the half year and the full year, and discusses recoverability with senior management as well as the auditors
  - **Pension liabilities**. – The Group has a material defined benefit pension scheme deficit in the UK and smaller schemes in the US and Europe. Small changes to the assumptions used to value the retirement benefits obligations can have a significant impact on the financial position of the Group. The Committee reviews the assumptions put forward by the actuaries and reviews their reasonableness. The Committee reviews the assumptions by comparison to external benchmark data and also considers the adequacy of disclosures in respect of the sensitivity of the deficit to changes in these key assumptions
  - **Inventory valuation** – Inventory is a significant item on the Balance Sheet and therefore exposes the Group to risks around valuation and existence. The Committee reviews the year end reports on inventory with particular focus on the level of provisioning and the results from the annual stock-takes. The Committee reviews the analysis of stock write-offs throughout the year
  - **Acquisition and fair value accounting** – Valuing and assessing the assets procured as part of the acquisition of First Water Limited involves assumptions around the values and cash flows of both tangible and intangible assets. The Committee reviewed the fair value assumptions and discussed the reasonableness of the conclusions with senior management and the auditors
- Reviewed the year end accounts and related statements and auditor's report for 2014/15 to ensure that the report is fair, balanced and understandable

External audit

- Monitored and ensured the independence and objectivity of the external auditor
- Approved all non-audit service work over £10,000
- Reviewed and approved the scope and methodology of the external audit strategy for 2014/15
- Reviewed the performance of the external auditor and considered the reappointment of Deloitte LLP as auditor for 2015/16 and recommended the appointment to the Board

Internal audit

- Evaluated the adequacy of the strategic and annual internal audit plan
- Reviewed and followed up, where appropriate, management responses to internal audit findings and recommendations raised during the year
- Reviewed and approved the Risk & Assurance team resourcing including the co-source provision and associated costs
- Reviewed the performance of internal audit
- Performed an ongoing review of compliance with the Group's processes to prevent and detect bribery and corruption

Risk management

- Reviewed the key risks (financial and operational) facing the Group and the ongoing development and implementation of action plans to mitigate these risks
- Reviewed and approved the updated Group Authority Matrix
- Reviewed the updated Group Whistleblowing policy and procedure to enable anonymous reporting of complaints
- Reported to the Board on how it has discharged its responsibilities

To assess the effectiveness of our external auditor, a formal performance review is undertaken on an annual basis to identify the adequacy of their approach to:

Resource quality – it is important that the external auditor has achieved the right balance of audit team resource. While they should be providing team continuity and knowledge, they should also be providing a fresh perspective through new team members at all levels to enable the current audit processes and accounting policies to be challenged.

Effective communication – is key to obtaining the highest quality audit service from our external auditor and includes:

- key audit judgements are communicated at the earliest opportunity to promote discussion and challenge between themselves and management
- informing Scapa of audit issues as they arise, so that these can be dealt with in a timely manner
- in-year communication regarding good practice, changes to reporting requirements and accounting standards to enable Scapa to be prepared prior to year end
- timely provision of Audit and Risk Committee papers to enable adequate management review and feedback
- quality of the reports and publications provided by the external auditor in terms of content, relevance and presentation

Scoping and planning – specifically relating to the year end audit work:

- consultation with stakeholders including Group and local Finance teams, local warehouse teams, Group Risk & Assurance and the Audit and Risk Committee
- timely provision of the external audit strategy and timetable to stakeholders
- transparency in the communication and management of changes to the external audit plan and related timings

Fees – are transparent and communicated prior to the commencement of any work undertaken. Where variations occur, these are informed at the earliest opportunity to enable dialogue and negotiation to be undertaken.

Internal audit

Internal audit at Scapa is managed and delivered by the Group Risk & Assurance team. Against an agreed mandate, this function performs independent internal audit and facilitates standardised and structured risk assessment across the Group. Specialist internal audits are conducted by experts (in-house and outsourced) under the direction and management of the Head of Group Risk & Assurance.

In line with the Group's Internal Audit Charter, a three-year internal audit strategy and an annual internal audit plan are approved by the Audit and Risk Committee each year. These target the most significant areas of risk to provide assurance that key controls are effectively designed and consistently operated. Audit reports are produced to convey the extent of control assurance derived from the formal testing of controls. In providing independent good practice guidance, the Group Risk & Assurance team assists the business in the continuous improvement of controls and procedures.

Quarterly summary reports are presented by the Group Risk & Assurance team to the Audit and Risk Committee to convey:

- an up-to-date view of the Group's risk profile
- details of internal audits undertaken during the period
- an overall assessment of the Group's control environment
- the status of management actions arising from the risk management and internal assurance processes

The Head of Group Risk & Assurance is accountable to the Audit and Risk Committee and has access to the Committee and its Chairman at any time during the year. As a matter of course, the Head of Group Risk & Assurance meets with the Chairman of the Audit and Risk Committee independently of management.

The Group Risk & Assurance team has no operational responsibility or authority over any of the activities it has reviewed during the year, nor has the team designed the control frameworks in place. The Group Risk & Assurance team members do not hold shares in the Company. This ensures that the team is sufficiently objective and independent of the areas under review to avoid prejudice and conflicts of interest.

External audit

Auditor independence

The Committee continues to monitor the external auditor's compliance with applicable ethical guidance and guidelines and considers the independence and objectivity of the external auditor as part of the Committee's duties. The Committee received and reviewed written confirmation from the external auditor on all relationships that, in their judgement, may bear on their independence. The external auditor has also confirmed that they consider themselves independent within the meaning of UK regulatory and professional requirements.

In all services purchased, the Group selects the provider best placed to deliver the work in terms of quality and cost. As a general principle the external auditor is excluded from consultancy work and other non-audit work. However, there may be occasions when it is appropriate to use our external auditor for non-audit services and this will be reviewed on an individual basis and allocated according to merit.

The external auditor may be appointed to provide non-audit services where it is in the Group's best interests to do so, provided a number of criteria are met. These are that the external auditor does not:

- audit their own work
- make management decisions for the Group
- create a conflict of interest
- find themselves in the role of an advocate for the Group

Non-audit services for up to £10,000 (which comply with the above criteria) may be provided by the external auditor with authorisation in advance by the Group Finance Director.

All projects where forecasted expenditure exceeded £10,000 were approved by the Audit and Risk Committee.

Services undertaken included tax advisory work and due diligence on the acquisition of First Water Limited, where knowledge of the Group placed Deloitte well for delivering best value.

Tendering policy and review of auditor effectiveness

The current contract of service grants a three-year contract with the option to extend for a further two years. An extension to the contract was granted for two years at the end of financial year 2013/14 subsequent to a service review. Therefore we will have the option to review service quality and market test at the end of 2015/16.

Deloitte LLP was appointed as the Group's external auditor in 2011 after a competitive tendering exercise. Deloitte LLP has been the Group's external auditor for four financial years and the engagement partner has completed four of their five years as audit partner. Therefore, to aid in the smooth transition of engagement partner in 2016/17, Deloitte will commence the introduction and orientation of a new engagement partner to the external audit team.

Following the positive outcome of a performance and effectiveness evaluation undertaken by the management, the Audit and Risk Committee concluded that it was appropriate to recommend to the Board the reappointment of Deloitte LLP as the Group's external auditor for the next financial year.

M C Buzzacott
Chairman of the Audit and Risk Committee

27 May 2015

Report of the Nominations Committee

Dear Shareholder

The Report of the Nominations Committee for the year ended 31 March 2015 is set out below.

Aims and objectives

The aims and objectives of the Nominations Committee are set out in the Nominations Committee's full Terms of Reference which can be found in the Corporate Governance section on the Company's website (www.scapa.com/en/CorporateGovernance).

In summary, the role of the Nominations Committee is to:

- review the Board structure, size and composition, and make recommendations to the Board with regard to potential changes
- seek the appointment of Directors with the appropriate mix of skills, knowledge and experience that the Board requires to ensure that it is effective in discharging its responsibilities
- review its own performance, constitution and Terms of Reference to ensure that it is operating at maximum effectiveness
- review the re-election of Directors at the Annual General Meeting
- meet at least twice yearly and on an ad hoc basis as required and is responsible for nomination, for approval by the Board, of candidates for appointment to the Board and for succession planning

Composition

The Nominations Committee comprises the four Non-Executive Directors of the Company: James Wallace (Chairman), Richard Perry (Senior Independent Director), Mike Buzzacott (Independent Director) and Martin Sawkins (Independent Director) who became a member of the Committee upon his appointment to the Board on 1 January 2015 (see 'Succession planning' below). James Wallace acts as Chairman of the Committee and the Company Secretary acts as secretary to the Committee.

Biographical details of all Committee members can be found on pages 32 and 33 of this Report and also on the Company's website www.scapa.com.

The Terms and Conditions of appointment of the Directors, including the expected time commitment, can be inspected at the Company's registered office during normal working hours.

Meeting frequency and attendance

The Nominations Committee meets formally at least twice each year, with other meetings taking place on an ad hoc basis as required. Only members of the Committee have the right to attend Committee meetings; however, other individuals such as the Chief Executive, the Finance Director and external advisers may be invited to attend for all or any part of the meeting as and when appropriate. The Committee met formally four times during the year with Martin Sawkins attending the two meetings which have taken place since his appointment. Non-Committee members of the Board were also invited to attend.

Member	No. of meetings attended
J A S Wallace	4/4
R J Perry	4/4
M C Buzzacott	4/4
M T Sawkins*	2/2

* Appointed 1 January 2015

Succession planning

In line with the responsibilities of the Committee to make recommendations on succession planning, the decision was taken to recruit a further Non-Executive Director to the Board to complement the skill set of the current Board members. The Committee undertook an extensive selection process to find a suitable candidate, taking into account the Board's Diversity Policy, and a formal recruitment exercise was commissioned with an independent executive search firm which has no other connection with the Company. After due process the Committee recommended the appointment of Martin Sawkins to the Board.

With effect from his appointment on 1 January 2015, Martin Sawkins assumed the role of Chairman of the Remuneration Committee and also joined the Nominations Committee and Audit and Risk Committee. On 1 January 2015, Mike Buzzacott (who previously chaired the Remuneration Committee) assumed the role of Chairman of the Audit and Risk Committee and Richard Perry (who previously chaired the Audit and Risk Committee) continues to hold the position of Senior Independent Director.

In accordance with the Articles of the Company, Martin Sawkins will stand for election as a Director of the Company at the forthcoming 2015 AGM. Martin's biographical details can be found on page 32 of this Report and also on the Company's website www.scapa.com. Martin brings considerable experience in HR and operational matters; we welcome Martin to Scapa and look forward to his contribution to the Board and its Committees.

In the coming year the Committee will continue to monitor the composition and effectiveness of the Board and Committees of the Company, and keep abreast of developments in corporate governance to ensure that we act in the spirit of good governance practice.

Nominations Committee activities

As described above, the main focus of the Committee this year has been succession planning which resulted in the recruitment of a new Non-Executive Director to the Board and rotation of the Chairmanship of the Remuneration Committee and Audit and Risk Committee. The Nominations Committee has also undertaken the following activities during the year:

Nominations Committee activities

- Review of the annual evaluation of the Board's effectiveness
- Reviewed letters of appointment for the Non-Executive Directors with regard to extension of their contracts, which were approved for recommendation to the Board of Directors
- Reviewed Board rotation for re-election at the forthcoming Annual General Meeting in accordance with the Company's Articles of Association and the UK Corporate Governance Code
- Reviewed and approved the Nominations Committee's Terms of Reference. These remain in line with current guidelines from ICSA and will be reviewed in the event of any changes in best practice or legislation
- Reviewed and reaffirmed the Board Diversity Policy (see below) which was adopted by the Board in January 2014. The Policy can also be found in the Group Corporate Governance section on the Company's website (www.scapa.com/en/CorporateGovernance)

Board Diversity Policy

The Board recognises the importance of diversity in its broadest sense in the boardroom as an essential element in maintaining Board effectiveness and a competitive advantage.

Diversity of skills, background, knowledge, international and industry experience, and gender will be taken into consideration when seeking to make new appointments to the Board and its Committees. All appointments will be made on merit, taking into account suitability for the role, composition and balance of the Board to ensure that the Company has the appropriate mix of skills, experience, independence and knowledge.

The Board will consider suitably qualified applicants for Non-Executive Director roles from as wide a range as possible, with no restrictions on age, gender, creed, ethnic background or current executive employment, but whose competencies and knowledge will enhance the Board. Independence and the ability to fulfil time commitments required will also be taken into account.

The Board will ensure that procedures are in place for orderly succession to the Board so as to maintain the correct balance and to ensure ongoing progression.

James A S Wallace

J A S Wallace
Chairman of the Nominations Committee

27 May 2015

STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE, MARTIN SAWKINS

This report sets out the activities of the Remuneration Committee for the year ended 31 March 2015. The report sets out the remuneration policy and remuneration details for Scapa's Executive and Non-Executive Directors, and has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013.

The information provided in this part of the Directors' Remuneration Report is not subject to audit.

Dear Shareholder

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2015.

Our strategy

Our continued success has been shaped by the strategy to create a balanced portfolio of businesses in our chosen markets of Healthcare, Automotive, Cable, Construction and Speciality Products, increase customer intimacy and integration, make earnings-enhancing acquisitions and maintain our process of self-help and good cost control.

Rewarding performance

In 2014, shareholders approved the Remuneration Policy which is clearly focused on rewarding superior and sustained performance. We believe that Executives should be rewarded on the basis of their individual performance and the value created for shareholders. Variable elements of pay are therefore focused on simple and transparent measures of key strategic objectives, operating profit and EPS growth. Bonus and long-term incentive scheme targets are purposely designed to be challenging and drive the long-term success of the Group. We value a strong entrepreneurial culture at Scapa and have recently implemented a new organisation and culture programme across the Group to support this. Strong leadership of this culture programme is a key bonus target for those Senior Executives who report to the Chief Executive, along with achievement of individual objectives and the Group's financial performance.

Remuneration outcomes of 2015

Full details of the remuneration decisions for 2015 are set out in the Directors' Annual Remuneration Report on pages 51 to 56. The Group reported very pleasing results, achieving £18.6m underlying trading profit on revenue of £236.0m, and continuing year on year growth since 2010 under the direction of Heejae Chae, Paul Edwards and the Leadership Team. Trading profit margin improved to 7.9% and underlying EPS increased to 9.1 pence.

The annual bonus target for the Executive Directors and Leadership Team was set by the Committee at the beginning of the financial year. The target was met and the Executive Directors will receive an annual bonus equivalent to 100% of salary for 2015.

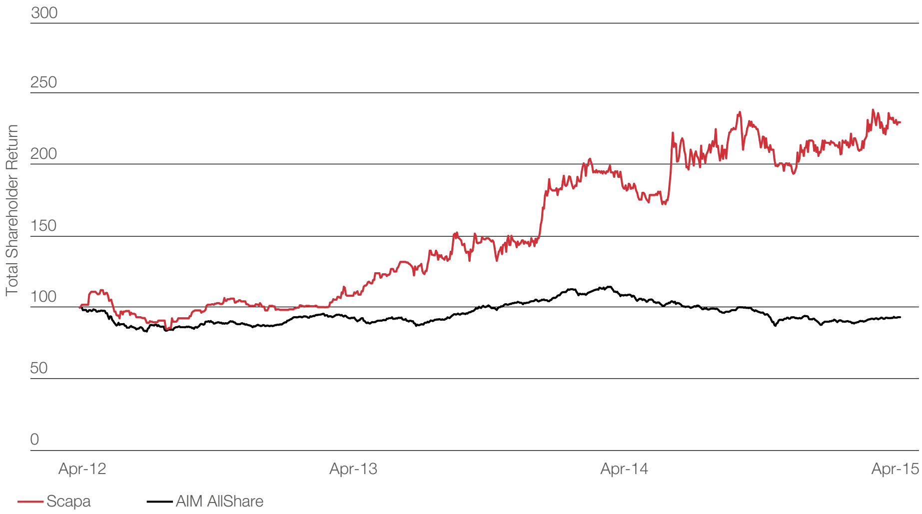
In 2010, the Committee introduced a Share Price Incentive Plan as a one-off bonus scheme in lieu of performance share plan awards at a time when the Company was constrained from making meaningful share-based awards as a result of the low share price and insufficient headroom within share allotment authorities. Under the terms of the Share Price Incentive Plan, if the Company's share price equals or exceeds £1.00 for 30 consecutive days during the period 1 July 2010 to 30 June 2015, the Executive Directors and certain Senior Executives are entitled to a bonus set as a percentage of salary and a further bonus set as a percentage of salary if the mid-market price of the Company's shares equals or exceeds £1.50 for 30 days during that same period. The share price has remained above £1.00 since 9 December 2013 and a payment of the first tier of bonus was paid out in the prior year. In the year ended 31 March 2015, the mid-market price of the Company's shares did not exceed £1.50 for 30 consecutive days and no payment was made under the bonus scheme during the year. However, since the year end, the Company's mid-market share price has exceeded £1.50 for a period of 30 consecutive days and at the date of this report is £1.86. In the financial year ending 31 March 2016, the Executive Directors will receive a bonus under this scheme equivalent to 100% of salary.

The Committee has also reviewed the Company's EPS growth over the three-year period ended 31 March 2015 to establish whether the performance criteria for vesting of awards made under the Company's Performance Share Plan in 2012 had been achieved. The underlying EPS

"Our remuneration strategy aligns executive reward with the Group's strategic objectives and both short and long term financial performance to incentivise sustainable profitable growth and maximise shareholder returns."

growth over the three-year performance measurement period was above the target threshold and on the EPS target alone the awards will vest as to 83%. The Committee reviewed the Company's total shareholder returns (TSR) over the three-year measurement period compared with the FTSE AIM All Share index over the same period, as shown in the graph below.

TSR is defined as share price growth plus dividends reinvested. The Committee noted the Company's TSR outperformance compared with the FTSE AIM All Share Index and was asked to consider that the Company had delivered record production, successive rises in revenue and profitability and therefore to consider increasing the vesting of the awards to 100%.



The Company's share price over the three-year measurement period rose from 63.5p to 144p and market capitalisation grew from £91.6m to £212.0m, with £2.2m returned to shareholders by way of dividend. The Committee determined that the Performance Share Plan awards made in 2012 should vest in full, in recognition of the contribution made by the Management Team to the value created for shareholders.

Transparency in disclosure

The Committee seeks to operate in a clear and transparent manner and to demonstrate good practice in executive remuneration.

The Committee's report comprises three sections, namely:

- This statement, which sets out a summary of and explains the major decisions on Directors' remuneration
- The Directors' Remuneration Policy, as approved at the last Annual General Meeting
- The Annual Report on Remuneration, which provides details on how the Policy will operate in the forthcoming year and states the remuneration earned by the Directors in the year to 31 March 2015

At the Annual General Meeting on 21 July 2015, the Annual Report on Remuneration will be subject to an advisory vote by shareholders.

The Directors' Remuneration Policy was approved at the 2014 Annual General Meeting and will be subject to a binding vote every three years, or sooner if any changes are made to the Policy.

Remuneration Policy for the forthcoming year

The Committee reviews the Directors' Remuneration Policy on a regular basis to ensure that it promotes motivation and retention of high quality executives who are key to delivering continued sustainable profitable growth and value creation for shareholders. The Committee believes the Policy, as approved in general meeting in 2014, continues to be appropriate and that it should operate for the forthcoming year without amendment.

Engagement with Shareholders

During the year, the Chairman of the Remuneration Committee engaged with shareholders on the issues of executive reward. Feedback was positive and supportive and we are pleased with the level of support we have from shareholders, with 98.94% approval for the Directors' Remuneration Policy at the last Annual General Meeting.

Remuneration Committee activities

During the year under review, the Committee met formally on four occasions and all then current members were present at each meeting. I joined the Committee on 1 January 2015 and was present at the meeting held since that date. The key activities of the Committee during the year were:

- Consideration of the outcome of the shareholder vote on the Directors' Remuneration Policy
- Review of the Directors' Remuneration Policy to ensure it remains appropriate
- Consideration of the levels of pay and benefits for the Executive Directors and Senior Leaders
- Review of corporate governance developments in the area of executive remuneration
- Assessment of performance targets and outcome against annual bonus and LTIP targets for the Executive Directors and Senior Executives

Martin Sawkins

M T Sawkins
Chairman of the Remuneration Committee

27 May 2015

Directors' Remuneration Policy

The Directors' Remuneration Policy was approved by shareholders at the Annual General Meeting on 22 July 2014.

Remuneration principles for Executive Directors

The main principles of the senior executive remuneration policy are set out below:

- Attract and retain high calibre executives in a competitive international market, and remunerate executives fairly and responsibly
- Motivate delivery of our key business strategies and encourage a strong performance-oriented culture
- Reward achievement of stretching targets over the short and long term
- Support both near-term and long-term success and sustainable shareholder value
- Align the business strategy and achievement of planned business objectives
- Be compatible with the Company's risk policies and systems
- Ensure that a significant proportion of remuneration is performance related
- Link maximum payout to outstanding performance
- Take into consideration the views of shareholders and best practice guidelines

Fixed remuneration comprises salary, pension and benefits. Variable pay includes annual bonus and LTIP awards. Together, fixed and variable remuneration comprise total remuneration for the Executive Directors. The Committee recognises that it may be necessary on occasion to use its discretion to make remuneration decisions outside the standard remuneration policy, such as agreeing a sign-on payment, to attract and retain particular individuals.

Components of remuneration

The table below sets out the remuneration policy approved by shareholders on 22 July 2014 (the date of the AGM at which the policy was put to a binding shareholder vote) and which applies from that date:

Purpose	Operation	Maximum opportunity	Performance measures
Salary			
Attract and retain the right calibre of senior executive required to support the long-term success of the business. Provide the basis for a competitive remuneration package.	Determined by reference to market data. Reflects individual experience, skills and role. Paid monthly. Reviewed annually by the Remuneration Committee, with any changes becoming effective on 1 January for the Chief Executive and 1 June for the Group Finance Director.	Increases will be made at the discretion of the Committee to take account of individual circumstances such as: • increase in responsibility • development and performance in the role • alignment to market level	None, although overall performance of the individual is considered by the Committee when setting and reviewing salaries annually.
Pension			
Provide a market competitive level of pension provision and allow Executive Directors to build long-term retirement savings.	Defined contribution based on a percentage of salary. The rate of contribution for Executive Directors exceeds the rates for the broader employee population; this reflects market practice for senior executives. The rate of contribution for any new Executive Director is benchmarked at the date of appointment. Directors may elect to take part of their pension contribution as salary.	Chief Executive – 20% of salary. Group Finance Director – 20% of salary. No element other than salary is pensionable.	None. Pension contribution is set at commencement of an individual's contract.
Benefits			
Protect against risks and provide other benefits reflecting the international aspects of Executive Directors' roles.	Car allowance paid monthly, private medical insurance in the UK, permanent health insurance and life assurance cover. The Chief Executive participates in a US contributory private medical insurance plan.	Set at a level which the Remuneration Committee considers is appropriate taking into account comparable roles in companies of a similar size and complexity, and provides a sufficient level of benefit based on the role. The value of benefits in 2015 was £26,931 for the Chief Executive and £11,777 for the Group Finance Director.	None.

Purpose	Operation	Maximum opportunity	Performance measures
Annual bonus			
Provide a direct link between measurable individual performance and rewards. Encourage the achievement of outstanding results aligned to the business strategy and achievement of planned business objectives.	Individual bonus decisions are based on Executive Directors' performance during the year, measured against Group and personal objectives. Performance measures are both quantitative and qualitative, and both financial and non-financial. Bonus awards are made by the Committee following discussions with the Chairman (for the Chief Executive's bonus) and the Chief Executive (for the Group Finance Director's bonus). Bonus awards are paid in cash or at the discretion of the Committee, a combination of cash and shares, after the results of the Group are audited. The Committee may elect to satisfy a part of the bonus in shares and match the number of shares received. Any shares issued in satisfaction of bonus shall be held for a minimum period as the Remuneration Committee specifies.	The value of any annual bonus is limited to a percentage of salary. The current maximum percentage is 150% for both the Chief Executive and the Group Finance Director if exceptional outperformance of targets is achieved.	Performance is assessed using specific metrics set by the Remuneration Committee, including Group Operating Profit improvement. The measures and targets are set by the Committee each year. The measures that will apply for financial year 2016 are set out in the Directors' Annual Remuneration Report. Measures for future years will be described in the Directors' Annual Remuneration Report for the relevant year.
Long Term Incentive Plan award			
Reward execution of Scapa's strategy and growth in shareholder value over a multiple-year period. Long-term performance measurement discourages excessive risk taking and inappropriate short-term behaviours, and encourages Executive Directors and Senior Executives to take a long-term view by aligning their interests with those of shareholders. The LTIP is designed to retain Executive Directors and Senior Executives over the performance period of the awards.	LTIP awards are made by the Committee following discussion of recommendations made by the Chairman (for the Chief Executive's award) and the Chief Executive (for the Group Finance Director's and Senior Executives' awards). Achievement of stretching performance measures determines whether and to what extent LTIP awards will vest. Awards vest three years after the date of the award, subject to achievement of performance criteria. At vesting, the LTIP awards are satisfied in Scapa shares. Awards will typically lapse on termination of employment, although the Committee may determine that awards may vest after termination of employment, in accordance with the plan rules and taking into account performance during the date of grant and date of termination of employment. In the event of a change of control of the Company, awards shall vest and be exercisable.	Awards are made as a percentage of salary up to a maximum of 200%. In the absence of exceptional circumstances which the Committee considers warrant additional levels of award, the PSP awards will be granted at not more than 100% of salary each year.	Performance is assessed against delivery of long-term financial performance. Existing awards vest against growth in EPS. Alternative or additional criteria may be used to determine future rewards.

Purpose	Operation	Maximum opportunity	Performance measures
SAYE scheme			
Reward execution of Scapa's strategy and growth in shareholder value over a multiple-year period.	All UK employees are eligible to join this savings related share option scheme, which is approved by HM Revenue and Customs. The Company grants each participant an option to subscribe for Scapa shares at an option price per share which is set at the commencement of the scheme. The option price is at a discount to the market price on the date of grant. On a change of control of the Company, options shall be exercisable.	Participation limits are set by HM Revenue and Customs. Although the participation limit on SAYE schemes has been increased to £500 per month, the limit applicable to the current SAYE scheme is £250 per month.	None.
Share Price Incentive Plan 2010			
Reward the Executive Directors and other Senior Executives hired prior to December 2010 to achieve outstanding, challenging and sustainable increase in shareholder value during a specific five-year period. At the date the scheme was introduced, Scapa's share price was 14.5 pence.	One-off incentive scheme created when the share price was 14.5p in lieu of awards under the PSPs during a period when the Company's ability to issue awards under the PSPs was restricted by the low share price. Limited to the Executive Directors and Senior Executives hired before December 2010. Bonus awards triggered by Scapa's share price equalling or exceeding £1.00 and £1.50 are paid in cash or, at the discretion of the Committee, a combination of cash and shares. The Committee may elect to satisfy a part of the bonus in shares and match the number of shares received. Any shares issued in satisfaction of bonus shall be held for such minimum period as the Remuneration Committee specifies.	Subject to achievement of performance criteria, participants may receive an amount equal to 200%, 150% or 100% of annual salary.	Subject to the mid-market price of Scapa's shares equalling or exceeding £1.00 for 30 consecutive days in the five-year period commencing 1 July 2010, the Executive Directors and certain Senior Executives will be rewarded with a payment equal to up to 12 months' salary. Subject to the mid-market price of Scapa's shares equalling or exceeding £1.50 for 30 consecutive days in the five-year period commencing 1 July 2010, the Executive Directors and certain Senior Executives will be rewarded with a further payment equal to up to 12 months' salary.

Purpose	Operation	Maximum opportunity	Performance measures
Chairman and Non-Executive Director fees			
Provide an appropriate reward to attract and retain high calibre individuals. Neither the Chairman nor any of the Non-Executive Directors are entitled to a bonus or benefits and their fees are not performance related.	The fee for the Chairman reflects the level of commitment and responsibility of the role. The fee is paid monthly in cash and is inclusive of all committee roles. Non-Executive Directors' fees are set at a level that ensures the Company can attract and retain individuals with the required skills, experience and knowledge to enable the Board effectively to carry out its duties. Non-Executive Directors' remuneration comprises a base fee together with an additional fee for chairing one or more Board committees and a further fee for the role of Senior Independent Director.	Set at a level which reflects the commitment and contribution expected from the Chairman and Non-Executive Directors, and is appropriately positioned against comparable roles in companies of a similar size and complexity. Actual fee levels are disclosed in the Directors' Annual Remuneration Report for the relevant financial year.	Benchmarked externally from time to time as appropriate.

Recruitment remuneration arrangements

When recruiting a new Executive Director, whether from within the organisation or externally, the Committee will take into consideration all relevant factors to ensure that remuneration arrangements are in the best interests of the Company and its shareholders without paying more than is necessary to recruit an executive of the required calibre. The Committee will seek to align the remuneration package offered with the remuneration policy outlined above, but retains discretion to make proposals on hiring which are outside the standard policy. The Committee may make awards on appointing an Executive Director to compensate for remuneration arrangements forfeited on leaving the previous employer. In doing so, the Committee will consider all factors relevant to the forfeited arrangements, such as the nature of the remuneration forfeited, any performance conditions and time periods over which they would have vested, and any compensatory awards will be on a comparable basis.

Illustrations of application of remuneration policy

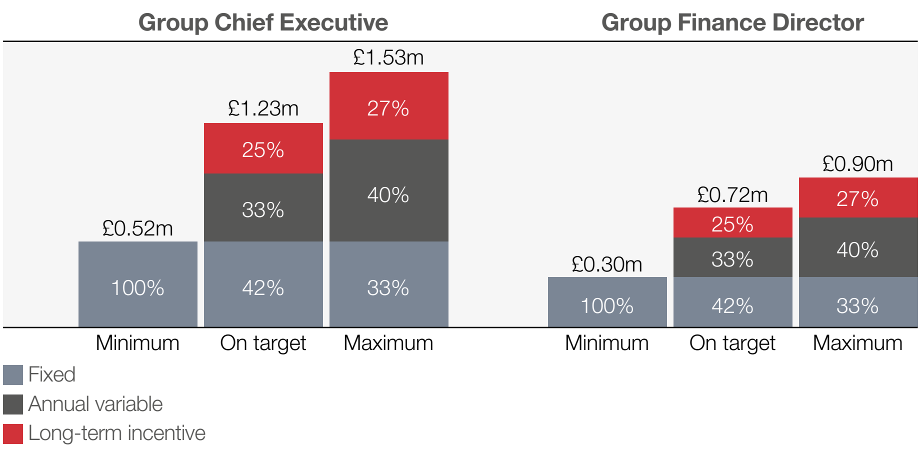
The following table shows the different levels of remuneration payable to the Executive Directors at different levels of performance, namely minimum, on target and maximum. The scenarios below do not take into account share price appreciation or dividends.

On target is assumed to be an annual bonus equal to 67% of maximum and LTIP award of 75% of maximum. The maximum scenario is assumed to be the full payout of annual bonus of 150% of base salary and maximum vesting of LTIP award, i.e. 100% of base salary.

Director shareholding guidelines

All Executive Directors are expected to build up over a reasonable period from appointment, and hold, a minimum level of shareholding in the Company equal to one year's salary. Non-Executive Directors are expected to build up and hold a material level of shareholding within a reasonable period of appointment. This is considered an effective way to align the interests of the Directors and shareholders over the long term.

Reward scenarios



Executive Director service contracts and termination payments

Scapa's Executive Director service contracts entitle the Executive Directors to the fixed elements of remuneration and to consideration for variable remuneration each year. The contracts have a rolling one-year term and are terminable by the Company on 12 months' written notice. The Company may terminate an Executive Director's contract immediately with payments in lieu of notice equivalent to 12 months' salary plus contractual entitlements. There are no express provisions for compensation payable on early termination of an Executive Director's contract as at the date of termination other than as set out above. The Committee will seek to mitigate the cost to the Company while dealing fairly with each individual case. The Company may contribute to the reasonable legal fees of a Director in relation to any agreement to cease employment.

It is the policy of the Company that all executive appointments to the Board will have contract notice periods no longer than 12 months.

External appointments

It is the policy of the Company, which is reflected in the contract of employment, that no Executive Director may accept any non-executive directorships or other appointments without the prior approval of the Board. Any outside appointments are considered by the Nominations Committee or the Board to ensure that they would not give rise to a conflict of interest. It is the Company's policy that remuneration earned from any such appointment may be retained by the individual Executive Director.

Remuneration policy for the Chairman and Non-Executive Directors

The Chairman and other Non-Executive Directors are appointed under a letter of appointment for an initial term of three years, subject to earlier termination by either party upon written notice. In each case, the letter of appointment may be extended by mutual consent. The Chairman and the Non-Executive Directors are not contractually entitled to termination payments. The letters of appointment cover such matters as duties, time commitment and other business interests.

The Remuneration Committee determines the remuneration for the Chairman and Non-Executive Directors within the limits set in the Company's Articles of Association. The fee for the Chairman's role takes into account the time commitment required for the role, the skills and experience of the individual and market practice in comparable companies. The Chairman's fee is currently set at £100,000 per annum.

The Non-Executive Director fees policy is to pay a basic fee for membership of the Board, with additional fees for the Senior Independent Director and chairmanship of a Committee to take into account the additional responsibilities and time commitments of these roles. The Non-Executive Directors' fee structure was reviewed during the year by the Board. The fee structure, with effect from 1 May 2015, is as follows:

- Basic fee – £40,000
- Committee Chairman fee – £5,000
- Senior Independent Director fee – £2,000

Directors' Annual Remuneration Report

Where indicated, the information provided in the following pages of this report has been audited by Deloitte LLP.

Single figure for total remuneration (audited information)

The following table sets out the single figure for total remuneration for Directors for the financial years ended 31 March 2014 and 2015.

	Salary/fees £		Benefits[1] £		Bonus[2] £		Share Price Incentive bonus £		PSP awards £		Pension £		Total £	Total £
Director	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Executive Directors														
H R Chae	**376,250**	347,500	**26,931**	31,293	**376,250**	350,711	**–**	370,000	**–**	–	**75,250**	69,500	**854,681**	1,169,004
P Edwards	**224,890**	209,200	**11,777**	15,419	**228,028**	211,101	**–**	209,200	**–**	–	**44,978**	41,840	**509,673**	686,760
Non-Executive Directors														
J A S Wallace	**100,000**	100,000	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**100,000**	100,000
R J Perry[3]	**45,333**	42,000	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**45,333**	42,000
M C Buzzacott	**44,583**	40,000	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**44,583**	40,000
M T Sawkins	**11,250**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**11,250**	–

1 Benefits include all tax assessable benefits arising from the individual's employment, including car allowance, private healthcare and permanent health insurance.
2 On occasions, bonus payments include amounts for previous period. For 2015 for H R Chae this includes £Nil (2014: £3,211) and for P Edwards this includes £Nil (2014: £1,901).
3 Includes fees as Senior Independent Director.

Additional disclosures for single figure for total remuneration to 31 March 2015

Salary

The Chief Executive's salary from 1 April to 31 December 2014 was £370,000 (on an annualised basis) and was increased by 6.75% to £395,000 per annum with effect from 1 January 2015, reflecting the continued success of the Group and his track record in the role. The Group Finance Director received an increase of 6% from 1 June 2015, to reflect his strong personal performance in the role and his leadership. The Committee believes that the increases awarded to the Executive Directors are fair and in line with the good performance of the Group in the year under review and the continuing strong performance and leadership of the individuals.

Pension contributions

The Company pays contributions to the nominated personal pension plans of the Executive Directors at a rate equal to 20% of salary.

Annual Performance Bonus

The 2015 bonus for the Executive Directors and Senior Executives was based on growth in the Group's operating profit measured against prior year. The actual target range has not been disclosed, as the Board considers this to be commercially sensitive information. The actual bonuses awarded to each Executive Director and Senior Executive were up to 100% of maximum potential bonus for the year.

Long-term incentives

Performance Share Plan (PSP)

The Company adopted a PSP in 2004, which was replaced in 2011 by a new PSP adopted by the Company at the AGM. Mr Chae holds 400,000 vested and unexercised options under the 2004 PSP, having exercised his option over 100,000 shares in December 2012. All other awards under the 2004 PSP have lapsed. Since 2011, all PSP awards have been made under the 2011 PSP.

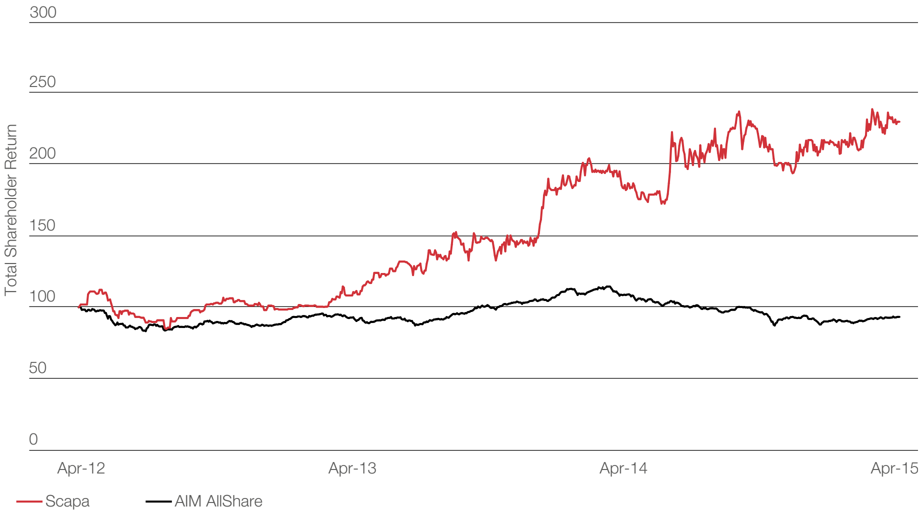
PSP is the main long-term incentive for executives and is designed to encourage participants to deliver sustained profitable growth and enhanced shareholder value. The policy of granting awards based on 100% of salary is expected to be applied to the awards to the Executive Directors and other Senior Executives in the financial year ending 31 March 2016. The single performance criterion used in the PSP is trading EPS, which the Committee believes is a fair and appropriate condition for rewarding Senior Executives as it aligns their interests with those of shareholders and, being measured over a three-year period, aligns the reward with the Company's strategy for growth by encouraging longer-term profitable growth. When determining the trading EPS growth, the impact of material acquisitions, disposals and changes in the issued share capital will be disregarded to ensure that they do not artificially impact the EPS measurement.

Awards granted in 2012 (audited information)

The PSP award in 2012 was based on EPS growth over the three-year period ending 31 March 2015. The table below sets out achievement against targets for the EPS measure:

EPS target (p)	Award vesting (%)	Underlying EPS achieved (p)	Resulting level of award (% of maximum opportunity)
7.0	25	–	–
8.0	50	–	–
8.7	75	–	–
10.0	100	**9.1**	**100%**

Total shareholder returns (3 years)



The Company's share price over the three-year measurement period rose from 63.5p to 144p and market capitalisation grew from £91.6m to £212.0m, with £2.2m returned to shareholders by way of dividend. The Committee determined that the Performance Share Plan awards made in 2012 should vest in full, in recognition of the contribution made by the Management Team to the value created for shareholders.

Awards granted in 2015 (audited information)

The following PSP awards were made in the year to 31 March 2015:

Director	Number of shares awarded	Vesting date
H R Chae	336,364	21 July 2017
P Edwards	207,273	21 July 2017

Notes:
No variations were made to the terms of the awards in the year.
The market price of a share on 22 July 2014, being the date on which the awards were made, was 130.75p.

The performance criteria for awards currently in issue but not vested are as follows:

	Adjusted EPS (p)	Award 2012 vesting	Adjusted EPS* (p)	Award 2013* vesting	Adjusted EPS* (p)	Award 2014* vesting
	7.0	25%	RPI +25%	25%	RPI +25%	25%
	8.0	50%				
	8.7	75%				
	10.0	100%	RPI +40%	100%	RPI +40%	100%
Adjusted EPS at	**31 March 2015**		**31 March 2016**		**31 March 2017**	

* straight line vesting occurs between these points.

The value of the PSP awards, based on the market price of the Company's shares on the day prior to the date of grant, does not exceed 100% of the base salary of the Executive Director or Senior Executive to whom the award has been made.

Dilution limits

The Company's share plans are subject to dilution limits approved by shareholders at the Company's 2009 AGM, that overall dilution under all plans should not exceed 10% over a 10-year period in relation to the Company's issued share capital. On the assumption that all outstanding awards vest and will be exercised, and including all exercised awards as at 31 March 2015, the Company will have utilised 6.4% of the 10% in 10 years.

Share Price Incentive Plan 2010

In May 2010, the Company introduced a one-off share price based incentive scheme ('the Scheme') for the Executive Directors and Senior Executives in lieu of granting awards under the PSP during a period when the Company's price was at a historical low of 14.5p and there was insufficient headroom to grant meaningful share-based incentives. At the date of this report, the Company's share price is £1.86.

The performance criteria applicable to the Scheme are as follows:

- that the mid-market price of the Company's shares exceeds £1.00 during 30 consecutive days during the five-year period commencing 1 July 2010
- that the mid-market price of the Company's shares exceeds £1.50 during 30 consecutive days during the five-year period commencing 1 July 2010

The first performance criterion was met during the financial year ended 31 March 2014 and payments were made to the Executive Directors and certain Senior Executives. No payment under the Scheme was made during the year ended 31 March 2015, but since the year end the second performance criterion was met and bonus payments will be made to the Executive Directors and certain Senior Executives during the year ending 31 March 2016.

SAYE scheme (audited information)

During the year, the following SAYE share options were held and exercised by the Executive Directors:

Director	Shares under option at 31 March 2014	Granted during the year	Exercised during the year	Lapsed during the year	**Shares under option at 31 March 2015**
H R Chae	21,126	–	21,126	–	**Nil**
P Edwards	21,126	–	21,126	–	**Nil**

Note: these options, granted under an all-employee share scheme, are not subject to performance conditions.

Change in remuneration of Chief Executive compared to Group employees

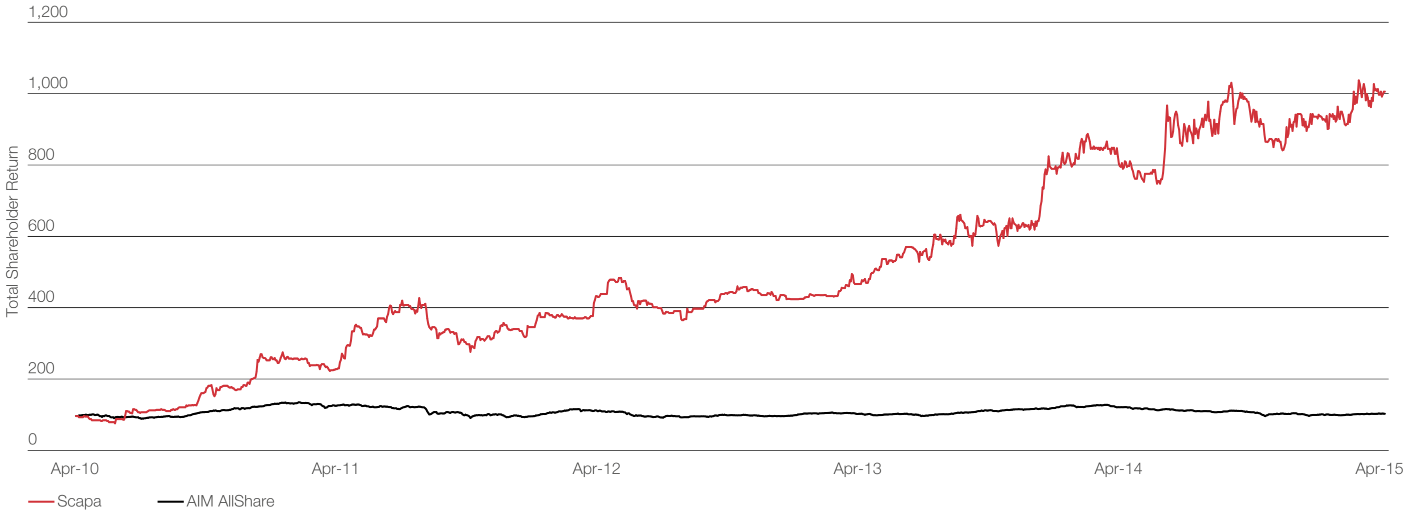
The table below sets out the increase in remuneration of the Chief Executive and that of the Senior Management Team, which comprises 25 employees (excluding new starters during the year).

	Percentage change in remuneration in 2014 compared with remuneration in 2015	
	Chief Executive	Senior Management Team
Salary/fees	8.3%	4.3%
Benefits	(13.9%)	–
Annual bonus	7.3%	(2.2%)
Total remuneration	(26.9%)	2.7%

The Committee has selected the Senior Management Team as the most relevant comparator group, taking into account the structure of remuneration and ability of the Senior Management Team to earn a bonus in addition to receiving a base salary.

Total shareholder returns (5 years)

The graph below shows the Company's total shareholder returns (TSR) compared to the FTSE AIM All Share Index over the last five years. TSR is defined as share price growth plus reinvested dividends. The Directors consider the FTSE AIM All Share Index to be the most appropriate index against which the TSR of the Company should be measured because it is an index of similar size companies to Scapa Group plc.



Historical Chief Executive remuneration

The table below summarises the Chief Executive single figure for total remuneration outcomes over the last five years:

H R Chae	2011	2012	2013	2014	**2015**
Chief Executive single figure of remuneration (£)	521,973	598,288	993,945	1,169,004	**854,681**
Annual bonus payout (% of maximum opportunity)	61%	66%	76%	100%	**100%**
LTIP vesting (% maximum opportunity)	n/a	n/a	100%	0%	**0%**

Directors' service contracts

The following table sets out the details of the service contracts and letters of appointment for the Directors who were in office during the year under review:

Director	Effective date of service contract/ letter of appointment	Unexpired term at 31 March 2015	Notice period
Executive Directors			
H R Chae	7 September 2009	Rolling one-year basis	12 months
P Edwards	20 September 2010	Rolling one-year basis	12 months by Company 6 months by Mr Edwards
Non-Executive Directors			
J A S Wallace	30 August 2007	3 years, 0 months	12 months
R J Perry	2 June 2005	1 year, 0 months	1 month
M C Buzzacott	1 March 2008	1 year, 11 months	3 months
M T Sawkins	1 January 2015	3 years, 4 months	3 months

Statement of shareholder voting

The results of the vote on the Remuneration report at the Company's 2014 AGM are set out in the table below:

Votes cast	Votes for		Votes against		Votes withheld
Number	Number	%	Number	%	Number
84,718,122	84,503,094	99.75%	215,028	0.25%	18,188

Relative importance of spend on pay

The table below sets out the actual expenditure of the Company and difference in spend in 2014 and 2015 on total pay costs of the Group's employees, trading profit before income tax and distributions to shareholders:

	For the year to 31 March 2015 £m	For the year to 31 March 2014 £m	**% change**
Total employee pay	**59.6**	57.3	**4.0**
Trading profit	**18.6**	15.5	**20.0**
Dividend	**1.5**	0.7	**100.0**

Directors' shareholdings and interests in shares

The following table sets out the shareholdings and beneficial interests of the Directors and their connected persons in Scapa's shares as at 31 March 2015:

	31 March 2015				31 March 2014				
	Shares	SAYE	**Performance Share Plan**		Shares	SAYE		Performance Share Plan	
H R Chae	536,835	Nil	**2009/10**	**400,000**	500,709	2011/12	21,126	2009/10	400,000
			2010/11	**–**				2010/11	–
			2011/12	**–**				2011/12	–
			2012/13	**1,000,000**				2012/13	1,000,000
			2013/14	**425,000**				2013/14	425,000
			2014/15	**336,364**					
P Edwards	296,679	Nil	**2010/11**	**–**	259,742	2011/12	21,126	2010/11	–
			2011/12	**–**				2011/12	–
			2012/13	**570,543**				2012/13	570,543
			2013/14	**262,500**				2013/14	262,500
			2014/15	**207,273**					
J A S Wallace	870,000				840,000				
R J Perry	350,000				350,000				
M C Buzzacott	250,000				250,000				
M T Sawkins	30,000				N/A				
	2,333,514	Nil		**3,201,680**	2,200,451		42,252		2,658,043

Loss of office payments

Loss of office payments are made in line with a Director’s individual service contract. No loss of office payments were made during the year. No payments have been made to the Directors that are not included in the single figure of remuneration set out previously.

Movements in share price during the year

The mid-market price of the Company’s shares at the end of the financial year was £1.44 and the range of mid-market prices during the year was between £1.08 and £1.48.

Advice received by the Committee

The Committee has access to advice when it considers appropriate. In the year ended 31 March 2015, the Committee received material assistance and advice from the Group HR Director. The Committee also received executive remuneration market data from KPMG LLP and Towers Watson Data Services, who were paid £6,000 and £2,880 respectively for the data provided.

Statement of implementation of remuneration policy in the following financial year

Components of remuneration

Effective from 1 January 2015, the salary of the Chief Executive is £395,000 and will be reviewed with effect from 1 January 2016.

The salary of the Group Finance Director is £241,710 with effect from 1 June 2015.

Pension and benefits are in line with policy.

There was no change to the maximum opportunity under the Company’s annual bonus plan. The performance measures remain growth in Group trading profit. Targets are not disclosed, as the Board considers the nature of that information to be commercially sensitive.

There was no change in the maximum PSP opportunity for the Executive Directors; awards of 100% of salary are expected to be made in 2015. Performance will be assessed against growth in EPS over the three-year period ending 31 March 2018, as follows:

EPS (p)	Award 2015 vesting
RPI +25%	25%
RPI +40%	100%
31 March 2018	

Note: Straight-line vesting occurs between these points.

Non-Executive Directors will be paid a base fee of £40,000 per annum plus £5,000 for chairing a Board Committee and £2,000 for the Senior Independent Director. The Chairman’s fee will remain at £100,000 per annum, which includes a fee for chairing the Nominations Committee.

This Remuneration Report was approved by a duly authorised Committee of the Board of Directors on 27 May 2015 and signed on its behalf by:

M T Sawkins
Chairman of the
Remuneration Committee

27 May 2015

Directors' Report

Other disclosures

Pages 57 to 58 inclusive (together with sections of the Annual Report incorporated by reference) constitute a Directors' Report that has been drawn up and presented in accordance with applicable English company law and the liabilities of the Directors in connection with that report are subject to the limitations and restrictions provided by that law.

Principal activities and business review

Scapa Group plc is the holding company for a global group of companies operating in the manufacture of bonding materials and solutions. A review of the performance and future development of the Group's business is contained on pages 1 to 29 and forms part of this report.

Results and dividends

Trading profit was £18.6m (2014: £15.5m), an increase of £3.1m. Exceptional charges in the year were £0.5m (2014: £0.2m credit). No interim dividend was paid to shareholders (2014: £Nil). The Directors recommend payment of a final dividend of 1.5p (2014: 1.0p).

A profit before tax of £13.7m (2014: £11.2m) was recorded for the year ended 31 March 2015, with basic and diluted earnings per share of 6.5p and 6.2p respectively (2014: 4.6p and 4.4p loss respectively).

Going concern

In presenting the annual and interim financial statements, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion the Directors have considered the committed facility and assume that the facility can be operated as contracted for the foreseeable future because there is sufficient headroom in the facility covenants. In performing this analysis the Directors reviewed downside sensitivity analysis over the forecast period thereby taking into account the uncertainties arising from the current economic climate. The Group continues to adopt the going concern basis in preparing the financial statements.

Annual General Meeting

The Annual General Meeting will be held on 21 July 2015 at the Village Hotel, Pamir Drive, Ashton-under-Lyne, Tameside, Manchester OL7 0PG. Details of the business to be considered at the Annual General Meeting and the Notice of Meeting are included in a separate document.

Share capital

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in notes 26 and 27 to the Company financial statements on pages 100 to 101. The Company has one class of ordinary shares which carry no right to fixed income. Each ordinary share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Subject to the provisions of the Company's Articles of Association and the Companies Act 2006, at a General Meeting of the Company the Directors may request authority to allot shares and the power to disapply pre-emption rights and the authority for the Company to purchase its own ordinary shares in the market. The Board requests such authority at each Annual General Meeting. Details of the authorities to be sought at the Annual General Meeting on 21 July 2015 are set out in the Notice of Annual General Meeting.

Share options

Details of the Company's share capital and options over the Company's shares under the Company's employee share plans are given in notes 26 and 27 of the accounts.

Purchase of own shares

At the forthcoming Annual General Meeting, the Directors will once again seek shareholders' approval, by way of special resolution, for the grant of an authority for the Company to make market purchases of its own shares. The authority sought will relate to up to approximately 10% of the issued share capital and will continue until the Company's next Annual General Meeting. The Directors consider that the grant of the power for the Company to make market purchases of the Company's shares would be beneficial for the Company and accordingly they recommend this special resolution to shareholders. The Directors would only exercise the authority sought if they believed such purchase was likely to result in an increase in earnings per share and it would be in the interests of shareholders generally. The minimum price to be paid will be the shares' nominal value of 5p and the maximum price will be no more than 5% above average middle market quotations for the shares on the five days before the shares are purchased.

Significant agreements: change of control

All of the Company's current share plans contain provisions relating to a change of control. On a change of control, outstanding awards would normally vest and become exercisable, subject to the satisfaction of any performance conditions at that time.

The Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office on a change of control.

Takeover directive

The Company has only one class of ordinary share and these shares have equal voting rights. The nature of individual Directors' holdings is disclosed on page 55. There are no other significant holdings of any individual.

Board of Directors

The names of the present Directors and their biographical details are shown on pages 32 and 33.

At the Annual General Meeting, to be held on 21 July 2015, Heejae Chae (Group Chief Executive) and Richard Perry (Senior Independent Director) will offer themselves for re-election and Martin Sawkins (Non-Executive) will offer himself for election.

Appointment and replacement of Directors

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Articles of Association, which can be found at www.scapa.com/en/CorporateGovernance and the Corporate Governance Statement on page 34.

Employees and employment policies

Scapa is committed to the principle of equal opportunity in employment and to ensuring that no applicant or employee receives less favourable treatment on the grounds of gender, marital status, age, race, colour, nationality, ethnic or national origin, religion, disability, sexuality or unrelated criminal convictions.

Scapa applies employment policies which are believed to be fair and equitable and which ensure that entry into, and progression within, the Company is determined solely by application of job criteria and personal ability and competency.

Scapa aims to give full and fair consideration to the possibility of employing disabled persons wherever suitable opportunities exist. Employees who become disabled are given every opportunity and assistance to continue in their positions or be trained for other suitable positions.

Scapa recognises the importance of good communications with employees and acknowledges that there should be clear channels of communication and opportunities for consultation and dialogue on issues which affect both business performance and employees' working lives. As a global business, the mechanisms for achieving this aim vary between different countries and between different businesses within the Group but include in-house newsletters, bulletins and briefing sessions.

Scapa has a combination of unionised and non-unionised operations across the world and is committed to fostering positive employee relations at all of its locations. Training and links with the educational sector reinforce Scapa's commitment to employee involvement and development.

The 2012 Sharesave three-year share option plan matured on 1 March 2015 and the 2012 Sharesave five-year share option plan will mature on 1 March 2017. At 31 March 2015, 13 employees were members of the scheme with 102,390 options over shares (none of these include the Executive Directors).

A new three-year Sharesave share option scheme will be offered to all UK employees in the financial year ending 31 March 2016.

Business ethics

The Company requires compliance by its subsidiaries and employees with the laws and standards of conduct of the countries in which it does business. This includes legislation implementing anti-corruption and competition law compliance. Employees are required to avoid conflicts of interest regarding Company business, to act lawfully and ethically, and to be responsible for communicating in good faith any non-compliance issues of which they become aware.

The Company and all senior employees are formally subscribed to a Code of Conduct to document and confirm such compliance.

Greenhouse gas emissions

Information regarding the Company's use of greenhouse gas emissions is described in the Sustainability Report on page 28.

Research and development

The Group's spend on research and development is disclosed in note 3 of the accounts and is focused on developing new derivative product applications for addressing and resolving customer and market requirements.

Financial risk management

The Group's approach to managing financial risk is covered in note 22 of the accounts.

Political donations

No political donations were made during the year (2014: £Nil).

Auditor

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

The auditor, Deloitte LLP, has indicated its willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

UK Corporate Governance Code

The Company's statement on Corporate Governance can be found in the Corporate Governance Report on pages 34 to 38. The Corporate Governance Report forms part of this Directors' Report and is incorporated into it by cross-reference.

By order of the Board

R L Smith
Company Secretary

27 May 2015

Registered Office:
Manchester Road
Ashton-under-Lyne
Greater Manchester OL7 0ED

Directors' Responsibilities

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

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

In preparing the Group financial statements, IAS 1 requires that Directors:

- properly select and apply accounting policies
- 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 are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face, and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

H R Chae
Group Chief Executive

27 May 2015

P Edwards
Group Finance Director

27 May 2015

Independent Auditor's Report to the Members of Scapa Group plc

Opinion on financial statements of Scapa Group plc

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 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 United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Group and Parent Company Accounting Policies, the related Consolidated notes 1 to 31 and the Parent Company notes 1 to 15.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Going concern

We have reviewed the directors' statement on page 57 that the Group is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Inventory valuation	
Inventory is a significant balance sheet caption with gross inventory balances of £27.4 million (2014: £26.7 million) and provisions of £2.6 million (2014: £2.6 million) held by the Group at the year end. There is a specific risk arising in relation to the existence of the goods and the valuation of inventory (both in terms of the gross cost and the provisions held against it) as disclosed in note 17. The calculation to determine the standard cost of inventory is complex, in particular the estimates involved in the calculation of overhead absorption rates in work in progress and finished goods. Judgement is also needed to calculate the level of inventory provisions for aged, obsolete and/or damaged stock to ensure that the inventory held by the Group is held at the lower of cost and net realisable value in line with the requirements of IAS 2.	We have performed tests of detail to confirm that inventory is valued at the lower of cost and net realisable value, through testing of raw material costs, labour and overhead absorption into inventory and post period end sales values. We have selected a sample of items in inventory at year-end and confirmed that they have been valued at the lower of cost and net realisable value by reference to post year end sales. In addition we have challenged the appropriateness of the Group's inventory provisioning policy by assessing inventory ageing profiles and comparing the historical levels of write offs against the amounts provided. We also attend year end inventory counts, covering £25.8 million of the year end gross inventory balance. At the inventory counts, along with other procedures, we assess the condition of inventory to evaluate the adequacy of inventory provisions for obsolete and damaged goods.

Deferred taxation	
The tax risk concerns the judgements and estimates applied in the determination of the deferred tax balances, further details of which can be found in point 3 of the Critical Accounting Estimates and Judgements on page 74. In particular this risk relates to the recognition of deferred tax assets for tax losses and timing differences across the Group which total £9.1 million (2014: £8.0 million) as disclosed in note 9. This process is highly judgemental and is based on assumptions about future profitability, mainly in the UK and US.	In conjunction with our own tax audit specialists, we have: • recalculated the deferred tax workings • considered and challenged the appropriateness of management's assumptions relating to future profitability in the relevant jurisdictions by evaluating trading forecasts compared with actual results in the current year; and • considered estimates in relation to the likelihood of generating future taxable profits to support the recognition of deferred tax assets.
Retirement benefits	
The Group has a net deficit on its retirement benefit scheme of £39.8 million (2014: £40.0 million). This risk concerns the appropriateness of actuarial assumptions in calculating the Group's IAS 19 liability. The valuation of the Group's IAS 19 deficit involves significant judgement as described in note 25, in particular in relation to the discount rate, inflation and mortality assumptions. Further details of which can be found in point 2 of the Critical Accounting Estimates and Judgements on page 74.	We have considered the appropriateness of the disclosures and assumptions underpinning the valuation of pension scheme assets and liabilities provided by the Group's actuary. Specifically we challenged the discount rate, inflation and mortality assumptions applied in calculating the scheme liabilities by using our internal pension specialists to assess and benchmark the assumptions applied against comparable third party data. We have assessed the competency of the Group's actuary and assessed whether the requirements of IFRS are met in accounting for the pension scheme.
Carrying value of goodwill and investments in subsidiaries	
The Group has £33.9 million (2014: £24.1 million) of goodwill in relation to Acutek, Webtec and First Water Limited. The Group also holds intangible assets in relation to the acquisition of Webtec of £2.4 million (2014: £3.4 million) and First Water Limited of £3.2 million (2014: £Nil). The carrying value of the Parent Company's investments at 31 March 2015 is £134.8 million (2014: £151.5 million). The impairment risk relates to the significant judgments and estimates required in calculating the discounted future cash flows of each of the relevant cash generating units which support the value of the goodwill balance as described in note 13 and the investments in subsidiaries in the Parent Company's Balance Sheet as described in note 5 with particular attention to cash flow, growth rates, discount rates and sensitivity assumptions.	We challenged the assumptions used in management's impairment model for goodwill and investments. As part of our procedures we tested the clerical accuracy of the models and assessed whether they have been prepared on a consistent basis with the prior year. We also considered historical trading performance by comparing recent growth rates of both revenue and operating profit across the Group's geographical and market segments, assessing the appropriateness of the assumptions concerning growth rates and inputs to the discount rate against latest market expectations. In performing our procedures we used internal valuation specialists and third party evidence to assess the appropriateness of the discount rates applied. We have reviewed the disclosures in the financial statements around the goodwill impairment tests to assess whether they comply with IAS 36 'Impairment of assets' in particular in related to the growth rates and discount rates used as part of the model.
Acquisition accounting	
On 27 February 2015 the Group acquired 100% of the share capital of First Water Limited for consideration of £8.8 million as disclosed in note 12. Therefore we have a new risk in the current year which concerns the judgement and estimates applied in determining: • the fair value of the consideration paid including the deferred contingent consideration; • the identification and valuation of intangibles assets; and • the fair values of the assets and liabilities acquired.	We have reviewed the sale purchase agreement to determine whether management's calculation of the fair value of the consideration paid is reasonable and to assess whether the accounting treatment on the deferred contingent consideration is appropriate. We have also reviewed the sale purchase agreement for evidence of any warranties or provisions so that we could challenge the assumptions underpinning any fair value adjustments made by management to the assets and liabilities acquired. We have performed substantive testing on the opening Balance Sheet acquired and we have reviewed the disclosures in the annual report and accounts to ensure they comply with the requirements of IFRS 3.

The description of risks above should be read in conjunction with the significant issues considered by the Audit and Risk Committee discussed on page 40.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Independent Auditor's Report to the Members of Scapa Group plc continued

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £700,000 (£831,000), which is 5.1% (2014 – 7.4%) of pre-tax profit. We have changed the percentage applied to pre-tax profit to align more closely with comparable companies.

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £10,000 (2014 – £10,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work at nine locations.

The structure of the Group's finance function is such that certain transactions are accounted for at the central European shared service centre based in the United Kingdom, where we centralised elements of our audit work, with the remainder accounted for in the operating units or at consolidation level. The Group audit team performed all work at the central European shared service centre, including where that work related to the full scope components not audited wholly by the Group team.

Given the nature of the Group's corporate structure, where all evidence relating to each component is compiled at the Group's the central European shared service centre, the Group audit team undertook all the audit work for the majority of significant components. In addition the Group audit team performed audit work for the US and Canadian locations and visited those components. The work on all these components was led by the senior statutory auditor.

Seven of these locations were subject to a full audit, whilst the remaining two were subject to an audit of specified account balances where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations at those locations.

In terms of the two other significant components, we included the component audit teams in our team briefing, discussed their risk assessment and reviewed documentation of the findings from their work.

The locations which were subject to a full scope audit represent the principal business units and account for 92% (2014 – 94%) of the Group's revenue, 96% (2014 – 91%) of the Group's net assets and 96% (2014 – 108%) of the Group's profit before tax. They were also selected to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. The two locations subject to more limited audit procedures cover a further 4.0% (2014 – 2.8%) of the Group's revenue.

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

Our audit work at the nine locations was executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from £350,000 to £600,000 (2014 – £300,000 to £650,000).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made. We have nothing to report arising from this matter.

Our duty to read other information in the Annual Report

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

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

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit and Risk Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Other matters

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied were the company a quoted company.

Although not required to do so, the Directors have voluntarily chosen to make a corporate governance statement detailing the extent of their compliance with the UK Corporate Governance Code. We reviewed the part of the Corporate Governance Statement relating to the company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report arising from our review

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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/or those further matters we have expressly agreed to report to them on in our engagement letter 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.

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.

Patrick Loftus

Patrick Loftus (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester

27 May 2015

Consolidated Income Statement
For the year ended 31 March 2015

All on continuing operations	note	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Revenue	1	**236.0**	226.1
Operating profit	1, 3	**16.0**	13.4
Trading profit*		**18.6**	15.5
Amortisation of intangible assets		**(1.4)**	(1.5)
Exceptional items	4	**(0.5)**	0.2
Pension administration costs		**(0.7)**	(0.8)
Operating profit		**16.0**	13.4
Finance costs	8	**(2.3)**	(2.2)
Profit on ordinary activities before tax		**13.7**	11.2
Taxation on operating activities		**(4.5)**	(4.4)
Taxation on exceptional items and pension administration costs		**0.3**	(0.4)
Exceptional deferred tax write off		**–**	(11.3)
Impact of change in tax rate on deferred tax		**–**	(1.8)
Taxation charge	9	**(4.2)**	(17.9)
Profit/(loss) for the year		**9.5**	(6.7)
Weighted average number of shares	10	**146.8**	146.4
Basic earnings/(loss) per share (p)	10	**6.5**	(4.6)
Diluted earnings/(loss) per share (p)	10	**6.2**	(4.4)
Underlying earnings per share (p)	10	**9.1**	7.2

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2015

All on continuing operations	note	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Profit/(loss) for the year		**9.5**	(6.7)
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translating foreign operations		**4.8**	(7.1)
Actuarial loss	25	**(2.2)**	(2.2)
Items that will not be reclassified subsequently to profit and loss:			
Deferred tax on actuarial loss		**1.6**	0.1
Deferred tax through other comprehensive income		**0.1**	(0.4)
Exceptional deferred tax through other comprehensive income		**–**	(1.5)
Effect of reduction in UK corporation tax rate on deferred tax		**–**	(0.2)
Other comprehensive income/(expense) for the year		**4.3**	(11.3)
Total comprehensive income/(expense) for the year		**13.8**	(18.0)

The notes on pages 75 to 106 form part of these accounts.

* Operating profit before amortisation of intangible assets, exceptional items and pension administration costs.

Consolidated Balance Sheet
As at 31 March 2015

	note	31 March 2015 £m	31 March 2014 £m
Assets			
Non-current assets			
Goodwill	13	**33.9**	24.1
Intangible assets	14	**5.6**	3.4
Property, plant and equipment	15	**42.0**	35.7
Deferred tax asset	9	**9.1**	8.0
		90.6	71.2
Current assets			
Assets classified as held for sale	16	**–**	–
Inventory	17	**24.8**	24.1
Trade and other receivables	18	**46.0**	42.3
Current tax asset		**0.4**	0.3
Cash and cash equivalents	19	**16.7**	13.6
		87.9	80.3
Liabilities			
Current liabilities			
Financial liabilities:			
– Borrowings and other financial liabilities	21	**(1.3)**	(0.1)
– Derivative financial instruments	22	**–**	(0.1)
Trade and other payables	20	**(44.8)**	(43.1)
Deferred consideration	12	**(0.1)**	–
Current tax liabilities		**(0.9)**	(1.7)
Provisions	24	**(1.0)**	(1.4)
		(48.1)	(46.4)
Net current assets		**39.8**	33.9
Non-current liabilities			
Financial liabilities:			
– Borrowings and other financial liabilities	21	**(18.8)**	(8.1)
Trade and other payables	20	**(0.2)**	(0.2)
Deferred consideration	12	**(0.1)**	–
Deferred tax liabilities	9	**(6.5)**	(5.1)
Non-current tax liabilities		**(1.8)**	(1.9)
Retirement benefit obligations	25	**(39.8)**	(40.0)
Provisions	24	**(1.4)**	(2.1)
		(68.6)	(57.4)
Net assets		**61.8**	47.7
Shareholders' equity			
Ordinary shares	26	**7.4**	7.3
Share premium		**0.4**	0.2
Retained earnings		**36.0**	27.0
Translation reserve		**18.0**	13.2
Total shareholders' equity		**61.8**	47.7

The notes on pages 75 to 106 form part of these accounts. These accounts were approved by the Directors on 27 May 2015.

H R Chae
Group Chief Executive

P Edwards
Group Finance Director

Registered in England No. 826179

Consolidated Statement of Changes in Equity
For the year ended 31 March 2015

	Share capital £m	Share premium £m	Translation reserves £m	Retained earnings £m	Total equity £m
Balance at 31 March 2013	7.3	0.2	20.3	37.8	65.6
Employee share option scheme – value of employee services	–	–	–	0.8	0.8
Dividends to shareholders	–	–	–	(0.7)	(0.7)
Currency translation differences	–	–	(7.1)	–	(7.1)
Actuarial loss on pension schemes	–	–	–	(2.2)	(2.2)
Deferred tax on actuarial loss	–	–	–	0.1	0.1
Deferred tax in other comprehensive income	–	–	–	(0.4)	(0.4)
Exceptional deferred tax in other comprehensive income	–	–	–	(1.5)	(1.5)
Effect of reduction in UK corporation rate on deferred tax	–	–	–	(0.2)	(0.2)
Net expense recognised directly in equity	–	–	(7.1)	(4.2)	(11.3)
Loss for the period	–	–	–	(6.7)	(6.7)
Total comprehensive expense	–	–	(7.1)	(10.9)	(18.0)
Balance at 31 March 2014	7.3	0.2	13.2	27.0	47.7
Employee share option scheme – value of employee services	–	–	–	1.5	1.5
Dividends to shareholders	–	–	–	(1.5)	(1.5)
Issue of shares	0.1	0.2	–	–	0.3
Currency translation differences	–	–	4.8	–	4.8
Actuarial loss on pension schemes	–	–	–	(2.2)	(2.2)
Deferred tax on actuarial loss	–	–	–	1.6	1.6
Deferred tax through other comprehensive income	–	–	–	0.1	0.1
Net income/(expense) recognised directly in equity	–	–	4.8	(0.5)	4.3
Profit for the period	–	–	–	9.5	9.5
Total comprehensive income	–	–	4.8	9.0	13.8
Balance at 31 March 2015	**7.4**	**0.4**	**18.0**	**36.0**	**61.8**

Consolidated Cash Flow Statement
For the year ended 31 March 2015

All on continuing operations	note	**Year ended 31 March 2015 £m**	Year ended 31 March 2014 £m
Cash flows from operating activities			
Net cash flow from operations	28	**17.6**	10.3
Cash generated from operations before exceptional items	28	**18.3**	10.1
Cash (outflows)/inflows from exceptional items	28	**(0.7)**	0.2
Net cash flow from operations		**17.6**	10.3
Net interest paid		**(0.6)**	(0.5)
Income tax paid		**(3.9)**	(2.7)
Net cash generated from operating activities		**13.1**	7.1
Cash flows used in investing activities			
Acquisition of subsidiary	12	**(8.8)**	(2.2)
Purchase of property, plant and equipment		**(7.5)**	(4.9)
Proceeds from sale of property, plant and equipment		**–**	4.3
Net cash used in investing activities		**(16.3)**	(2.8)
Cash flows generated from/(used in) financing activities			
Dividends		**(1.5)**	(0.7)
Issue of shares		**0.3**	–
Increase in borrowings		**28.1**	9.8
Repayment of borrowings acquired	12	**(2.2)**	–
Repayment of borrowings		**(18.7)**	(11.5)
Net cash generated from/(used in) financing activities		**6.0**	(2.4)
Net increase in cash and cash equivalents		**2.8**	1.9
Cash and cash equivalents at beginning of the year		**13.6**	12.6
Exchange gains/(losses) on cash and cash equivalents		**0.3**	(0.9)
Total cash and cash equivalents at end of the year	19	**16.7**	13.6

Group Accounting Policies

Scapa Group plc (‘the Company’) and its subsidiaries (together ‘the Group’) manufacture bonding products and adhesive components for applications in the Healthcare and Industrial markets. The Group has manufacturing plants around the world and sells mainly in countries within Europe, North America and Asia.

The Company is a limited liability company incorporated and domiciled in the UK. The address of its registered office is 997 Manchester Road, Ashton-under-Lyne, Manchester OL7 0ED. The Company has its listing on the Alternative Investment Market.

These consolidated financial statements have been approved for issue by the Board of Directors on 27 May 2015.

A summary of the more important Group accounting policies applied in the preparation of these consolidated financial statements is set out below.

Basis of preparation

The consolidated financial statements of Scapa Group plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRSs. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through the Income Statement.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt a going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors’ Report on page 57.

Early adoption of Standards

The Group has not early adopted any Standards.

Adoption of new and revised Standards

Standards affecting the reported results

There have been no new IFRSs that have come into effect in the period that have had a material impact on the disclosures or amounts reported in these financial statements.

Standards not affecting the reported results nor the financial position

The following Standards and Interpretations have come into effect during the year. The adoption of these amendments has not had any material impact on the disclosures or amounts reported in these financial statements:

IFRS 10 and 12 and IAS 27 (amendments) Investment Entities

IAS 36 (amendments) Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 (amendments) Novation of Derivatives and Continuation of Hedge Accounting

IFRIC Interpretation 21 Levies

IAS 32 (amendments) Offsetting Financial Assets and Financial Liabilities

At the date of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU). The Directors do not expect that the adoption of the Standards and Interpretations listed below will have a material impact on the Group in future periods.

IFRS 9 Financial Instruments

IFRS 15 Revenue from Contracts with customers

IFRS 11 (amendments) Accounting for Acquisitions of Interests in Joint Operations

IAS 16 and IAS38 (amendments) Clarification of Acceptable Methods of Depreciation and Amortisation

IAS 16 and IAS41 Agriculture: Bearer Plants

IAS19 (amendments) Defined Benefit Plans: Employee Contributions

IAs 27 (amendments) Equity Method in Separate Financial Statements

IFRS10 and IAS 28 Sale or Contribution of Assets between an investor and its associate or Joint Venture

Consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the date the Company gains control of the subsidiary or until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated on consolidation.

The Group has an interest in Scapa Scottish Limited Partnership, whose head office is located at 13 Queens Road, Aberdeen. The financial statements of the Group include the results and financial position of the Group's interest in Scapa Scottish Limited Partnership. Accordingly advantage has been taken of the exemptions provided by Regulation 7 of the Partnership (Accounts) Regulations 2008 from the requirements for the preparation, delivery and publication of the partnership's accounts.

Segmental reporting
IFRS 8 Operating Segments requires that the segments should be reported on the same basis as the internal reporting information that is provided to the chief operating decision maker. The Group adopts this policy and the chief operating decision maker has been identified as the Board of Directors. The Directors consider there to be three reportable segments, being the main customer groups which the Group serves in: Industrial, Healthcare and Electronics (business units).

Internal reports reviewed regularly by the Board provide information to allow the chief operating decision maker to allocate resources and make decisions about the operations. The internal reporting focuses on these business units. The chief operating decision maker relies primarily on turnover and trading profit to assess the performance of the Group and make decisions about resources to be allocated to the segment. Trading profit is reconciled to operating profit on the face of the Income Statement.

Revenue recognition
Revenue comprises the fair value for the sale of goods, net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue is recognised as follows:

(a) Sales of goods
Sales of goods are recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and when the Group entity has no continuing managerial involvement nor effective control over the goods.

Where items are sold with a right of return, accumulated experience is used to estimate and provide for such returns at the time of sale.

(b) Interest income
Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Trading profit
Trading profit is the profit the Group derives from its trading activities. Items which are both material, either qualitatively or quantitatively, and non-recurring in nature are excluded from trading profit so that trading profit provides a better indication of the Group's underlying business performance.

Exceptional items
Items which are both material, either qualitatively or quantitatively, and non-recurring in nature are presented as exceptional items so as to provide a better indication of the Group's underlying business performance and are shown separately on the face of the Income Statement. Items classed as exceptional in the Income Statement are treated as exceptional in the cash flow until the items are fully unwound.

Operating profit
Operating profit is trading profit stated after charging all exceptional costs, pension administration costs and the amortisation of intangible assets, but before investment income and finance costs.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight-line basis over the period of the lease.

Leases in which substantially all of the risks and rewards of ownership are transferred to the Group are classified as finance leases. Finance leases are recognised as assets and liabilities in the Balance Sheet at the present value of the minimum lease payments. The interest rate implicit in the lease is used as the discount rate in calculating the present value of the cash outflows. Where the Group does not obtain ownership of the asset at the end of the lease period, the asset is depreciated over the shorter of its useful life and the lease term. Where ownership does pass to the Group at the end of the lease period, the policy for depreciating the asset is consistent with that for depreciable assets that are owned.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is calculated based on the amount of borrowing outstanding, and is charged against profits over the primary lease period.

Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relate to tangible fixed assets and are treated as deferred income, and are credited to the Income Statement over the expected useful lives of the assets concerned.

Research and development expenditure

Research expenditure is expensed as incurred. Costs associated with developing or enhancing existing product lines are recognised as an expense as incurred.

Development costs are assessed as to whether they meet the IAS 38 criteria for capitalisation. An internally generated intangible asset is recognised only if all of the following conditions are met:

- Technical feasibility and intention to complete the intangible asset so that it is available for use
- An asset has been created that can be identified
- Ability to use or sell the asset
- It is probable that the asset created will generate future economic benefits
- The development cost of the asset can be measured reliably

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in equity as qualifying net investment hedges.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of long-term borrowings that are considered to form part of that net investment, are taken to the translation reserve within shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the Income Statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Business combinations and goodwill

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred, and are normally treated as exceptional.

Business combinations and goodwill continued

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interests in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill is tested annually for impairment, or when an indication of impairment is identified, and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each site.

Property, plant and equipment (including land and buildings)

Land and buildings comprise mainly factories and offices. All property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement when incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to reduce their cost to their residual values over their estimated useful lives, as follows:

- Freehold buildings: 40 years
- Leasehold buildings: life of the lease
- Plant and machinery: 5–20 years
- Furniture, fittings and equipment: 5–20 years
- IT systems: 3–8 years

Assets held in the course of construction are not depreciated until they are brought into use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Balance Sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement within operating profit.

Assets held for sale

Assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale or transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain interest in its former subsidiary after the sale.

Internally-generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Internally generated intangible assets arising from development is recognised only if all of the following conditions have been demonstrated:

- Technical feasibility of completing the intangible asset so that it will be available for use
- The intention to complete and use the asset
- How the asset will generate probable future economic benefit
- The availability of adequate technical, financial and other resources to complete the development and to use the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

Internally-generated intangible assets continued
The amount initially recognised for internally-generated intangible assets is the same as the expenditure incurred from the date when the asset first meets the recognition criteria listed above. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment.

Intangible assets
All acquired intangible assets are measured at cost and are amortised on a straight-line basis over their estimated useful lives. All of the Group's intangible assets have finite lives, the lengths of which are disclosed separately under the notes in the accounts.

Impairment of assets
Assets, such as goodwill, that have an indefinite useful life are not subject to amortisation and instead are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Value in use is determined based on the estimated future cash inflows and outflows derived from the continued use of the asset and from its ultimate disposal. These forecasts form the basis of the Group's annual budget, have been signed off by the Board and are the best estimates available to management in assessing future profitability. These cash flows are discounted using the Group's pre-tax weighted average cost of capital of 10.0% (2014: 9.7%), adjusted to reflect any risks specific to the asset for which the estimated future cash flows have not already been adjusted (see note 13).

Where the recoverable amount of assets (other than goodwill) subsequently materially increases, impairment losses recognised in previous periods will be reversed.

Financial instruments
The Group classifies its financial instruments in the following categories: financial assets and liabilities at fair value through profit or loss and loans, receivables and payables. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its instruments at initial recognition and re-evaluates this at every reporting date.

(a) Financial assets and liabilities measured at fair value through profit and loss
Financial assets and liabilities are measured at fair value. Instruments in this category are classified as current if they are either held for trading or are expected to be realised within 12 months of the Balance Sheet date. Hedge accounting is only applied for net investment hedges, with changes in fair value being taken directly to the translation reserve where hedge accounting is achieved.

(b) Loans, receivables and payables
Loans, receivables and payables are non-derivative financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor or creditor with no intention of trading the receivable or payable. They are included in current assets or liabilities, except for maturities greater than 12 months after the Balance Sheet date. These are classified as non-current assets or liabilities. Loans and receivables are included in trade and other receivables or trade and other payables in the Balance Sheet. Loans, receivables and payables are measured at invoice or historic cost less any impairment.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads allocated on a systematic basis (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for obsolete, slow moving and defective inventory on a line by line basis, or by grouping similar or related items, by reference to accumulated experience.

Trade receivables
Trade receivables are recognised initially at invoice value, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The provision is recognised in the Income Statement as an operating charge.

Insurance receivables
Where some or all of the cost of a provision is reimbursed by another party, the Group recognises that reimbursement when it is virtually certain it will be received.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

Share capital
Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or in respect of interim dividends when approved by Directors.

Trade payables

Trade payables are recognised at the invoice amount, which is equal to their fair value.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently stated at amortised cost. Interest charges are recognised in the Income Statement over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Group has a right to defer settlement of the liability for at least 12 months after the Balance Sheet date.

Taxation

Taxation expense, comprising both UK and non-UK taxation, represents the sum of the current tax payable and deferred tax.

Current tax is the tax expected to be payable on taxable profit for the period using tax rates that have been enacted or substantively enacted by the Balance Sheet date, together with any adjustments in respect of previous years. Taxable profit differs from profit as reported in the Income Statement because it excludes items of income or expense that are not taxable or deductible or are taxable or deductible in other years.

Deferred tax is recognised using the liability method for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, unless specifically exempt. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is calculated using tax rates that are expected to apply in the period when the liability is settled or the asset realised. The resulting charge or credit is recognised in the Income Statement except when it relates to items recognised directly in equity, in which case the charge or credit is also recognised directly in equity.

Dividends

Dividends proposed by the Board are recognised in the financial statements when they have been approved by shareholders at the AGM. Interim dividends are recognised when they are paid.

Employee benefits

(a) Pension obligations

Group companies operate various pension schemes. The schemes are funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the Balance Sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders' equity.

Past-service costs are recognised immediately in the Income Statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is calculated using appropriate valuation models and is recognised as an expense over the vesting period.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each Balance Sheet date, the entity revises its estimates of the number of options that are expected to become exercisable.

It recognises the impact of the revision of original estimates, if any, in the Income Statement, and a corresponding adjustment to equity, over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Employee benefits continued

(c) Holiday pay

The Group recognises an asset or liability relating to holiday pay obligations at the Balance Sheet date. Movements in the period are taken to the Income Statement.

(d) Bonus plans

The Group recognises a liability and an expense for bonuses based on a pre-determined formula for key performance indicators. The Group recognises a provision where contractually obliged or where past practice has created a constructive obligation.

(e) Share Price Incentive Plan

The Group accounts for the Share Price Incentive Plan in line with IAS 19 as the basis of compensation is not an award of shares and therefore does not fall under the remit of IFRS 2.

Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where the effect is material, provisions are discounted in line with IAS 37 using a pre-tax nominal discount rate. The discount rate does not reflect risks for which the estimated future outflows have already been adjusted.

Critical accounting estimates and judgements

The Group's accounting policies have been set by management and approved by the Audit and Risk Committee. The application of these accounting policies to specific scenarios requires reasonable estimates and assumptions to be made concerning the future. These are continually evaluated based on historical experience and expectations of future events. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Under IFRSs estimates or judgements are considered critical where they involve a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities from period to period. This may be because the estimate or judgement involves matters which are highly uncertain, or because different estimation methods or assumptions could reasonably have been used.

Critical judgements and estimates have been made in the following areas when preparing the Group's accounts:

1. Impairment of goodwill, intangible assets and property, plant and equipment (see notes 13 and 15). The Group tests annually whether goodwill has suffered any impairment, and tests tangible assets where indication of impairment exists. For goodwill the recoverable amounts of cash-generating units are determined on a value-in-use basis. Determining this value requires the use of estimates. The main estimates are around the forecast cash flows, which are based on approved budgets and growth rates of 3%–15% per annum in years 1–5 and no growth thereafter. The 3% growth rate is used for the majority of cash flows and the higher rate of 15% is used for a specific cash-generating unit. The assumptions used are considered the best available and reasonable. Any reasonable change in the assumptions would not result in any impairment.
2. Retirement benefit liabilities – the key assumptions used to calculate the pensions deficit and the sensitivity of those assumptions to change is contained within note 25. The assumptions used are considered the best available and reasonable.
3. Taxation (see note 9). The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provisions for income taxes and the recognition of deferred tax assets. The recognition of deferred tax is based on the availability of suitable future taxable profits of a specific business unit in a specific tax jurisdiction and satisfies the relevant recognition criteria. The assumptions used are considered the best available and reasonable. A significant deterioration in results would need to occur in order to result in an impairment of the deferred tax recognised.
4. Valuation of acquired assets (see note 12). The Group acquired First Water Limited on 27 February 2015. The acquisition brought with it a number of significant benefits to the Group in terms of development, customer relationships and technology know-how as well as patents, tangible assets and liabilities. The total assets and liabilities acquired have been measured at their fair value for financial reporting purposes. Where available the Group have used third party qualified valuers to perform the valuations. Where third party valuations have not been used, the Group have relied on market data, discounted cash flows and management judgement to arrive at the valuations. Information about the valuation techniques and inputs are disclosed in notes 13 and 14.

Notes on the Accounts

1. Segmental reporting

Business unit segments

The Group trades across three business units: Healthcare, Industrial and Electronics, and in three main geographical areas: Europe, North America and Asia. All inter-segment transactions are made on an arm's-length basis. The Group has continued to focus more on business units than geographical areas for strategic planning of the Group. Geographical information is presented to provide supplementary information about the areas in which the Group operates for the benefit of investors.

The chief operating decision maker relies primarily on turnover and trading profit to assess the performance of the Group and make decisions about resources to be allocated to the segment; assets and liabilities are looked at geographically. Trading profit is reconciled to operating profit on the face of the Income Statement.

The Board reviews the performance of the business using information presented at consistent exchange rates. The prior year results have been restated as shown on the following page.

Segment results

The segment results for the year ended 31 March 2015 are as follows:

	Healthcare £m	Industrial £m	Electronics £m	Head office £m	Group £m
External revenue	73.8	147.8	14.4	–	236.0
Trading profit/(loss)	11.1	8.9	1.1	(2.5)	18.6
Amortisation of intangible assets	(1.4)	–	–	–	(1.4)
Exceptional items	(0.5)	–	–	–	(0.5)
Pension administration costs	–	–	–	(0.7)	(0.7)
Operating profit/(loss)	9.2	8.9	1.1	(3.2)	16.0
Net finance costs					(2.3)
Profit on ordinary activities before tax					**13.7**
Tax charge					(4.2)
Profit for the year					**9.5**

	Europe £m	N America £m	Asia £m	Head office £m	Group £m
External revenue	102.5	117.5	16.0	–	236.0
Trading profit/(loss)	7.1	13.4	0.6	(2.5)	18.6
Amortisation of intangible assets	(0.1)	(1.3)	–	–	(1.4)
Exceptional items	(0.5)	–	–	–	(0.5)
Pension administration costs	–	–	–	(0.7)	(0.7)
Operating profit/(loss)	6.5	12.1	0.6	(3.2)	16.0
Net finance costs					(2.3)
Profit on ordinary activities before tax					**13.7**
Tax charge					(4.2)
Profit for the year					**9.5**

Revenue is allocated based on the country in which the order is received. All revenue relates to the sale of goods. The revenue analysis based on the location of the customer is as follows:

	Europe £m	N America £m	Asia £m	Other £m	Group £m
External revenue	92.7	111.5	15.0	16.8	236.0

There are no single customers with greater than 10% share of the total external revenue of the Group.

1. Segmental reporting continued

The segment results for the year ended 31 March 2014 are as follows:

	Healthcare £m	Industrial £m	Electronics £m	Head office £m	Group £m
External revenue	69.2	145.7	11.2	–	226.1
Trading profit/(loss)	10.2	7.9	(0.2)	(2.4)	15.5
Amortisation of intangible assets	(1.5)	–	–	–	(1.5)
Exceptional items	1.2	(0.7)	–	(0.3)	0.2
Pension administration costs	–	(0.3)	–	(0.5)	(0.8)
Operating profit/(loss)	9.9	6.9	(0.2)	(3.2)	13.4
Net finance costs					(2.2)
Profit on ordinary activities before tax					**11.2**
Tax charge					(17.9)
Loss for the year					**(6.7)**

	Europe £m	N America £m	Asia £m	Head office £m	Group £m
External revenue	103.1	110.5	12.5	–	226.1
Trading profit/(loss)	6.7	11.8	(0.6)	(2.4)	15.5
Amortisation of intangible assets	–	(1.5)	–	–	(1.5)
Exceptional items	(0.5)	1.0	–	(0.3)	0.2
Pension administration costs	(0.3)	–	–	(0.5)	(0.8)
Operating profit/(loss)	5.9	11.3	(0.6)	(3.2)	13.4
Net finance costs					(2.2)
Profit on ordinary activities before tax					**11.2**
Tax charge					(17.9)
Loss for the year					**(6.7)**

Revenue is allocated based on the country in which the order is received. All revenue relates to the sale of goods. The revenue analysis based on the location of the customer is as follows:

	Europe £m	N America £m	Asia £m	Other £m	Group £m
External revenue	94.5	105.1	12.1	14.4	226.1

1. Segmental reporting continued

The Board reviews the performance of the business using information presented at consistent exchange rates. The prior year results have been restated using this year's exchange rates as follows:

	Healthcare £m	Industrial £m	Electronics £m	Head office £m	Group £m
External revenue	69.2	145.7	11.2	–	226.1
Foreign exchange	(0.8)	(7.0)	(0.3)	–	(8.1)
Underlying external revenue	68.4	138.7	10.9	–	218.0
Trading profit/(loss)	10.2	7.9	(0.2)	(2.4)	15.5
Foreign exchange	(0.2)	(0.6)	(0.1)	–	(0.9)
Underlying trading profit/(loss)	10.0	7.3	(0.3)	(2.4)	14.6

	Europe £m	N America £m	Asia £m	Head office £m	Group £m
External revenue	103.1	110.5	12.5	–	226.1
Foreign exchange	(4.9)	(2.9)	(0.3)	–	(8.1)
Underlying external revenue	98.2	107.6	12.2	–	218.0
Trading profit/(loss)	6.7	11.8	(0.6)	(2.4)	15.5
Foreign exchange	(0.3)	(0.5)	(0.1)	–	(0.9)
Underlying trading profit/(loss)	6.4	11.3	(0.7)	(2.4)	14.6

Geographical information

The Group's revenue from external customers, based upon the location where the sale occurred, and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) are detailed below:

	Revenue from external customers 2015 £m	Revenue from external customers 2014 £m	**Non-current assets 2015 £m**	Non-current assets 2014 £m
USA	**92.0**	89.2	**40.7**	37.8
France	**40.0**	40.8	**5.9**	3.3
UK	**30.2**	30.2	**17.9**	5.0
Canada	**25.5**	21.3	**6.2**	6.4
Other countries	**48.3**	44.6	**10.8**	10.7
	236.0	226.1	**81.5**	63.2

2. Segment assets and liabilities

The chief operating decision maker does not review assets and liabilities by business unit but by geographical area. The assets and liabilities at 31 March 2015 and capital expenditure for the year then ended can be analysed into geographical segments as follows:

	Europe £m	**N America £m**	**Asia £m**	**Head office £m**	**Group £m**
Inventory	11.5	11.0	2.3	–	24.8
Trade receivables (net)	20.3	18.9	3.6	–	42.8
Trade payables	(18.4)	(9.3)	(0.9)	(0.9)	(29.5)
Cash	8.3	5.2	1.5	1.7	16.7
Additions of property, plant and equipment	5.2	2.1	0.2	0.2	7.7

2. Segment assets and liabilities continued

The assets and liabilities at 31 March 2014 and capital expenditure for the year then ended were as follows:

	Europe £m	N America £m	Asia £m	Head office £m	Group £m
Inventory	11.1	11.2	1.8	–	24.1
Trade receivables (net)	21.4	15.6	2.4	–	39.4
Trade payables	(19.8)	(9.3)	(0.6)	(0.9)	(30.6)
Cash	6.7	4.5	1.8	0.6	13.6
Additions of property, plant and equipment	2.2	2.5	0.3	0.2	5.2

Unallocated head office items relate to assets and liabilities incurred in the normal course of business for the Parent Company.

3. Operating profit

The operating profit for the year is stated after (charging)/crediting:

	2015 Total £m	2014 Total £m
Revenue	**236.0**	226.1
Materials and overheads	**(118.7)**	(115.0)
Factory costs	**(17.9)**	(16.7)
Outward freight costs	**(7.0)**	(7.1)
Directors' and employees' costs	**(59.6)**	(57.3)
Depreciation of tangible fixed assets		
– owned assets	**(5.1)**	(5.1)
– leased assets	**(0.1)**	(0.1)
Operating lease rentals		
– land and buildings	**(1.8)**	(2.0)
– plant, machinery and other	**(0.9)**	(1.0)
Repairs and maintenance costs	**(2.6)**	(2.4)
Research and development costs	**(2.8)**	(2.5)
Amortisation of government grants received	**–**	0.2
Movement in fair value of financial instruments	**0.1**	0.2
Foreign exchange losses	**(0.1)**	(0.2)
Amortisation of intangible assets	**(1.4)**	(1.5)
Profit on disposal of property, plant and equipment and other assets	**–**	1.3
Decrease in inventory provision	**0.2**	0.6
Impairment loss recognised in trade receivables	**(0.6)**	(0.1)
Pension administration costs	**(0.7)**	(0.8)

3. Operating profit continued

The analysis of auditor's remuneration is as follows:

	2015 Total £'000	2014 Total £'000
Audit fees – Parent Company	**76**	80
Audit fees – subsidiary undertakings	**267**	205
Taxation compliance services	**35**	58
Taxation advisory services	**43**	101
Other assurance services	**1**	8
Corporate finance services	**114**	226
Other non-audit services	**10**	4
	546	682

Total audit fees were £343,000 (2014: £285,000). Total non-audit fees were £203,000 (2014: £397,000).

4. Exceptional items

	2015 £m	2014 £m
Operating income:		
Building sale and demolition	**–**	0.8
Webtec deferred consideration adjustment	**–**	2.2
UK pension settlement gain	**–**	0.2
Operating expenses:		
Acquisition costs	**(0.5)**	–
Contract start-up costs	**–**	(0.5)
Exceptional bonus payments	**–**	(0.8)
Reorganisation costs	**–**	(1.4)
Abortive acquisition costs	**–**	(0.3)
	(0.5)	0.2

During the year the Group incurred £0.5m of costs associated with the acquisition of First Water Limited. In the prior year the Group incurred a number of exceptional gains and costs that are separated for transparency and to provide a better understanding of the underlying performance of the Group. The net result of the gains and costs in the prior year was an exceptional income of £0.2m. Further analysis on the prior year exceptional income and costs is provided below:

Prior year exceptional operating income

An exceptional gain of £2.2m was released as part of the accounting for the acquisition of Webtec. The final earn out based on trading to December 2013 resulted in a release of contingent consideration and brings the total cost of acquisition to US$40.4m versus total potential of US$43.8m. The Group disposed of the Branly site in Valence, France and demolished buildings at a second vacant site in France. The net profit less costs of demolition was £0.8m. The Group merged its UK pension schemes into a single new scheme resulting in a settlement gain of £0.2m.

Prior year exceptional operating costs

The Group incurred exceptional costs of £1.4m relating to a Group-wide reorganisation. Exceptional bonus costs of £0.8m were incurred relating to the one-off share price related incentive that has payout triggers when the share price reaches £1.00 and £1.50.

Contract start-up costs of £0.5m related to the non-recurring cost of setting up 24/7 manufacturing at a key site by adding additional shifts.

The Group spent £0.3m on costs associated with a potential acquisition. The purchase was aborted and the costs have been separated out.

5. Employee benefit expense

	2015 £m	2014 £m
Wages, salaries and other benefits	**49.0**	47.4
Social security costs	**7.0**	6.8
Share options granted to Directors and employees	**1.5**	0.8
Pension costs – defined contribution plans (note 25)	**2.0**	1.8
Pension costs – defined benefit plans (note 25)	**0.1**	0.5
	59.6	57.3
Pension curtailments and service costs (note 4)	**–**	(0.2)
	59.6	57.1

Average employee numbers	2015	2014
Europe	**629**	620
North America	**516**	499
Asia	**107**	104
	1,252	1,223

6. Key management compensation and Directors' remuneration

	2015				2014			
	Executive Directors £m	Non-Executive Directors £m	Key management £m	Total £m	Executive Directors £m	Non-Executive Directors £m	Key management £m	Total £m
Short-term employment benefits	**1.5**	**0.2**	**2.1**	**3.8**	1.5	0.2	1.5	3.2
Post-employment benefits	**0.1**	**–**	**0.1**	**0.2**	0.1	–	0.1	0.2
Termination benefits	**–**	**–**	**–**	**–**	–	–	0.3	0.3
Share-based payments (including share incentive plan)	**1.2**	**–**	**0.7**	**1.9**	1.2	–	0.3	1.5
	2.8	**0.2**	**2.9**	**5.9**	2.8	0.2	2.2	5.2

Key management is considered by the Group to be the Leadership Team, which comprises certain senior employees. Information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report on pages 51 to 56.

The short-term employment benefits include wages and salaries, bonuses, social security contributions and non-monetary benefits.

7. Related party transactions

The Group has incurred £0.2m of property lease costs during the year payable to HPB Investments, a company owned in part by Randy Holmes. The lease, which expires in August 2019, has a current annual cost of £0.2m. Randy Holmes (Director of Global Development) left the Group on 31 July 2014.

The pension schemes are related parties to the Group. There were no contributions outstanding at the year end and full details of transactions within the pension schemes are detailed in note 25.

8. Net finance costs

	2015 £m	2014 £m
Interest payable on bank loans and overdrafts	**(0.7)**	(0.5)
Other finance charges	**–**	(0.1)
Expected return on pension scheme assets less interest on scheme liabilities (note 25)	**(1.6)**	(1.6)
Net finance costs	**(2.3)**	(2.2)

9. Taxation

Income tax charge

	2015 £m	2014 £m
Current tax:		
Tax on ordinary activities – current year	**(3.4)**	(4.0)
Tax on ordinary activities – prior year	**0.2**	0.3
Tax on exceptional items	**0.1**	0.1
	(3.1)	(3.6)
Deferred tax:		
Tax on ordinary activities – current year	**(0.8)**	(0.7)
Tax on ordinary activities – prior year	**(0.5)**	–
Effect of reduction in UK corporation tax rate in 2014 to 20%	**–**	(1.8)
Tax on exceptional items	**0.2**	(0.5)
Exceptional deferred tax write off	**–**	(11.3)
	(1.1)	(14.3)
Tax charge for the year	**(4.2)**	(17.9)

The actual tax on the Group's profit before tax differs from the theoretical amount using the UK corporation tax rate as follows:

	2015 £m	2014 £m
Profit on ordinary activities before tax	**13.7**	11.2
Theoretical tax charge at 21% (2014: 23%)	**(2.9)**	(2.6)
Effect of reduction in UK corporation tax rate in 2014 to 20%	**–**	(1.8)
Movements to/(from) unprovided deferred tax	**0.7**	(11.7)
Income not taxable and other deductions	**0.3**	0.3
Items not deductible for tax purposes and other taxable items	**(0.3)**	(0.8)
Effect of overseas tax rates being higher than UK tax rate	**(1.7)**	(1.6)
Adjustments in respect of prior years	**(0.3)**	0.3
Actual tax charge for the year	**(4.2)**	(17.9)

Tax on exceptional items and pension administration costs

2015	Loss before tax £m	Tax £m	Loss after tax £m
Acquisition costs	(0.5)	0.1	(0.4)
Exceptional items	**(0.5)**	**0.1**	**(0.4)**
Pension administration costs	**(0.7)**	**0.2**	**(0.5)**
Exceptional items including pension administration costs	**(1.2)**	**0.3**	**(0.9)**

9. Taxation continued

2014	Profit/(loss) before tax £m	Tax £m	Profit/(loss) after tax £m
Building sale and demolition	0.8	(0.2)	0.6
Webtec deferred consideration adjustment	2.2	(0.8)	1.4
UK pension settlement gain	0.2	–	0.2
Contract start-up costs	(0.5)	0.2	(0.3)
Exceptional bonus payments	(0.8)	–	(0.8)
Reorganisation costs	(1.4)	0.2	(1.2)
Abortive acquisition costs	(0.3)	–	(0.3)
Exceptional items	**0.2**	**(0.6)**	**(0.4)**
Pension administration costs	**(0.8)**	**0.2**	**(0.6)**
Exceptional items including pension administration costs	**(0.6)**	**(0.4)**	**(1.0)**

Deferred income tax

During the prior year, the basis of recognising the deferred tax asset in the UK was reviewed. Due to the changes in the structure of inter-company loans and the Group's focus to diversify its markets, it was deemed appropriate to write down the carrying value of the UK deferred tax asset to £1.5m. This resulted in a charge to the Income Statement in the prior year of £10.5m. In line with IAS 12, the Group believes it probable that sufficient taxable profits will be available against which the revised UK deferred tax asset can be utilised.

For the purposes of consistency, the deferred tax recognition criteria throughout the Group have also been reviewed. This resulted in an additional deferred tax write off of £0.8m, bringing the total of deferred tax written off in the prior year to £11.3m.

The deferred tax balances included in these accounts are attributable to the following:

	2015 £m	2014 £m
Deferred tax assets:		
– Losses	**3.5**	4.4
– Provisions and other short-term timing differences	**4.3**	2.6
– Retirement benefit liabilities	**4.4**	2.9
	12.2	9.9
Deferred tax liabilities:		
– Accelerated tax depreciation	**(3.3)**	(2.8)
– Other short-term timing differences	**(1.1)**	(0.3)
– Tax effect of intangibles	**(0.8)**	(0.2)
– Provision for potential tax liability	**(4.4)**	(3.7)
	(9.6)	(7.0)

9. Taxation continued

As required by IAS 12, deferred tax assets and liabilities may only be offset where they arise in the same jurisdictions and are therefore presented on the Balance Sheet as follows:

	2015 £m	2014 £m
Deferred tax assets as above	**12.2**	9.9
– Accelerated tax depreciation liabilities/assets in different countries	**(3.1)**	(1.9)
Deferred tax asset on the Balance Sheet	**9.1**	8.0
Deferred tax liabilities as above	**(9.6)**	(7.0)
– Accelerated tax depreciation liabilities in different countries	**3.1**	1.9
Deferred tax liability on the Balance Sheet	**(6.5)**	(5.1)

Tax assets amounting to £14.3m (2014: £15.3m) have not been recognised due to the uncertainty over the utilisation of the underlying tax losses in each jurisdiction.

Deferred tax is only recognised in respect of entities that made a trading profit in the current and preceding year.

Movement in deferred tax	2015 £m	2014 £m
Beginning of the year	**2.9**	19.2
Income Statement charge	**(1.1)**	(12.5)
Effect of reduction in UK corporation tax rate to 20%	**–**	(1.8)
Acquisitions	**(0.8)**	–
Deferred tax on actuarial loss	**1.6**	0.1
Deferred tax through other comprehensive income	**0.1**	(0.4)
Exceptional deferred tax through other comprehensive income	**–**	(1.5)
Other comprehensive income effect of reduction in UK corporation tax rate to 20%	**–**	(0.2)
End of year	**2.7**	2.9

Movement in unrecognised deferred tax	2015 £m	2014 £m
Beginning of the year	**15.3**	4.0
Current year movement in income statement	**(0.7)**	11.7
Current year movement in other comprehensive income	**(0.2)**	1.9
Disposal of asset previously classified as held for resale	**–**	(2.2)
Foreign exchange	**(0.1)**	(0.1)
End of year	**14.3**	15.3

10. Earnings/(loss) per share

Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares 153,093,244 (2014: 151,411,376). Diluted earnings/(loss) per share has been calculated including share options in existence at 31 March 2015.

10. Earnings/loss per share continued

Underlying

Underlying earnings per share is calculated by dividing the trading profit less cash interest less tax on operating activities by the weighted average number of ordinary shares in issue during the year.

	2015	2014
Profit/(loss) attributable to equity holders of the Company (£m)	**9.5**	(6.7)
Weighted average number of ordinary shares in issue (m)	**146.8**	146.4
Basic earnings/(loss) per share (p)	**6.5**	(4.6)
Weighted average number of shares in issue, including potentially dilutive shares (m)	**153.1**	151.4
Diluted earnings/(loss) per share (p)	**6.2**	(4.4)
Underlying earnings per share (p)	**9.1**	7.2

11. Dividend per share

A final dividend of 1.5p per share is proposed for the year ended 31 March 2015 (2014: 1.0p).

12. Acquisition of subsidiary

On 27 February 2015 the Group acquired 100% of the issued share capital of First Water Limited, obtaining control. First Water Limited is a healthcare business specialising in innovation, design and manufacture of a wide range of hydrogels for the healthcare market. First Water Limited was acquired to:

- strengthen the Group's turn-key value proposition
- broaden the Healthcare technology portfolio with proprietary and patented products
- enhance innovation and development capabilities
- add new global customers and potential markets
- increase the opportunity to leverage global sales channels providing significant cross-selling opportunities and product development potential
- improve the global manufacturing infrastructure

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair value £m
Net assets acquired	
Separately identifiable intangible assets	**3.2**
Land and buildings	**2.2**
Property, plant and machinery	**0.6**
Inventory	**0.5**
Trade and other debtors	**1.7**
Debt, cash and equivalents	**(2.2)**
Trade and other payables	**(3.7)**
	2.3
Goodwill	**6.7**
Total consideration	**9.0**
Satisfied by cash	**8.8**
Satisfied by deferred consideration	**0.2**

Immediately on acquisition, the Group settled debt to the former owners of First Water Limited with a value of £2.2m. This debt settlement brings the total cost of the acquisition to £11.2m, with £0.2m being deferred consideration.

12. Acquisition of subsidiary continued

In addition to the above, the former owners of the business have the opportunity to earn an additional £4.0m in post combination remuneration based on the performance of First Water Limited. The former owners remain in employment of the Group and are important in the management of the company. The potential undiscounted future payments that the Group could be required to pay based on the performance of the business are £2.0m in 2016, and £1.0m in each of the years 2017 and 2018.

The goodwill of £6.7m arising from the acquisition is not expected to be deductible for income tax purposes. Acquisition related costs (included within exceptionals) amount to £0.5m. First Water Limited contributed £0.6m of revenue and £0.1m to Group profit between the date of acquisition and the Balance Sheet date. If the acquisition of First Water Limited had been completed on the first day of the financial year, Group revenues for the period would have been £242.2m and Group trading profit would have been £19.3m.

13. Goodwill

	2015 £m	2014 £m
Cost		
1 April	**44.0**	49.6
Additions	**6.7**	–
Exchange differences	**5.6**	(5.6)
31 March	**56.3**	44.0
Accumulated amortisation and impairment		
1 April	**(19.9)**	(23.2)
Exchange differences	**(2.5)**	3.3
31 March	**(22.4)**	(19.9)
Net book value at 31 March	**33.9**	24.1

The carrying value of the Group’s goodwill is not subject to annual amortisation and was tested for impairment at March 2015. The recoverable amount has been determined on a value in use basis on each cash-generating unit using the management approved 12-month forecasts for each cash-generating unit. The base 12-month projection is inflated by 3.0% up to year 5, which management believes does not exceed the long-term average growth rate for the industry, and then kept constant for years 6 to 20. These cash flows are discounted at a pre-tax discount rate of 10% and adjusted for specific risk factors that take into account the sensitivities of the projection. Terminal values are not used in the calculations. The Group has conducted a sensitivity analysis on the impairment test. If the assumed growth rate in years 2–5 was reduced to 0%, the recoverable amount of all cash-generating units individually would remain greater than their carrying values. An increase in the pre-tax discount rate to 14% would result in positive headroom on the carrying value of goodwill for each cash-generating unit.

The pre-tax discount rate used by the Group has increased from 9.7% in the prior year to 10.0% for the year ending 31 March 2015. This increase follows a change in risk rates used in calculating the discount rate. The introduction of net debt in the Group had a small impact. As a result, the overall pre-tax discount rate has increased to 10.0%.

Goodwill relates to the Acutek Medical operation £13.1m (2014: £11.5m), Webtec £14.1m (2014: £12.6m) and the recently acquired First Water Limited £6.7m (2014: £Nil).

14. Other intangible assets

	Patents and development costs £m	Contracts in progress £m	Customer relationships £m	Customer lists and sales pipeline £m	Technology and know-how £m	Total £m
Cost						
1 April 2013	–	1.2	3.4	2.3	0.4	7.3
Exchange differences	–	(0.1)	(0.3)	(0.2)	–	(0.6)
31 March 2014 and 1 April 2014	–	1.1	3.1	2.1	0.4	6.7
Exchange differences	–	0.1	0.4	0.3	0.1	0.9
Acquisition of subsidiary	1.2	–	1.6	–	0.4	3.2
31 March 2015	**1.2**	**1.2**	**5.1**	**2.4**	**0.9**	**10.8**
Amortisation						
1 April 2013	–	(0.5)	(0.9)	(0.5)	(0.1)	(2.0)
Exchange differences	–	–	0.1	0.1	–	0.2
Charge for the year	–	(0.4)	(0.7)	(0.3)	(0.1)	(1.5)
31 March 2014 and 1 April 2014	–	(0.9)	(1.5)	(0.7)	(0.2)	(3.3)
Exchange differences	–	(0.1)	(0.3)	(0.1)	–	(0.5)
Charge for the year	–	(0.2)	(0.7)	(0.4)	(0.1)	(1.4)
31 March 2015	**–**	**(1.2)**	**(2.5)**	**(1.2)**	**(0.3)**	**(5.2)**
Carrying amount						
31 March 2015	**1.2**	**–**	**2.6**	**1.2**	**0.6**	**5.6**
31 March 2014	–	0.2	1.6	1.4	0.2	3.4
Remaining useful economic life (years)	2 - 4	–	1.5 - 3	2.75	2.75 - 4	

The acquisition of First Water Limited in February 2015 brought significant benefit to the Group in terms of development, customer relationships and technology know-how. These benefits were valued under IFRS 3 using estimates of useful lives and discounted cash flows of expected income. The values are being amortised over useful economic lives of between three and four years. The brought forward intangible assets relate to the acquisition of Webtec in 2011. No value has been assigned to brand names, as Scapa companies are contract manufacturers and inherent brand value resides with customers rather than the manufacturer.

15. Property, plant and equipment

	Freehold land and buildings £m	Long leasehold buildings £m	Plant and machinery £m	Furniture, fittings and equipment £m	IT systems £m	Assets under construction £m	Total £m
Cost							
1 April 2013	16.6	8.4	93.0	5.4	18.6	1.2	143.2
Exchange differences	(1.3)	(0.1)	(4.8)	(0.2)	(0.5)	–	(6.9)
Additions	0.2	0.3	3.4	0.1	0.2	1.0	5.2
Disposals	–	–	(0.9)	–	(0.1)	–	(1.0)
Transfers	–	–	0.9	–	–	(0.9)	–
31 March 2014 and 1 April 2014	15.5	8.6	91.6	5.3	18.2	1.3	140.5
Exchange differences	0.3	0.1	0.2	0.1	0.2	(0.3)	0.6
Additions	0.6	0.1	2.3	0.1	0.1	4.5	7.7
Acquisition of subsidiary	2.2	–	0.6	–	–	–	2.8
Transfer to assets held for re-sale (note 16)	(0.3)	–	–	–	–	–	(0.3)
Disposals	–	(0.9)	(3.1)	(0.4)	(0.5)	–	(4.9)
Transfers	0.1	–	0.7	–	–	(0.8)	–
31 March 2015	**18.4**	**7.9**	**92.3**	**5.1**	**18.0**	**4.7**	**146.4**
Accumulated depreciation							
1 April 2013	(9.2)	(4.7)	(70.0)	(4.7)	(16.2)	–	(104.8)
Exchange differences	0.5	–	3.1	0.2	0.4	–	4.2
Depreciation	(0.5)	(0.2)	(3.3)	(0.2)	(1.0)	–	(5.2)
Disposals	–	–	0.9	–	0.1	–	1.0
31 March 2014 and 1 April 2014	(9.2)	(4.9)	(69.3)	(4.7)	(16.7)	–	(104.8)
Exchange differences	(0.1)	(0.1)	0.3	0.1	(0.1)	–	0.1
Depreciation	(0.5)	(0.2)	(3.5)	(0.2)	(0.8)	–	(5.2)
Impairment reversal	–	–	0.3	–	–	–	0.3
Transfer to assets held for re-sale (note 16)	0.3	–	–	–	–	–	0.3
Disposals	–	0.9	3.1	0.4	0.5	–	4.9
31 March 2015	**(9.5)**	**(4.3)**	**(69.1)**	**(4.4)**	**(17.1)**	**–**	**(104.4)**
Carrying amount							
31 March 2015	**8.9**	**3.6**	**23.2**	**0.7**	**0.9**	**4.7**	**42.0**
31 March 2014	6.3	3.7	22.3	0.6	1.5	1.3	35.7

The Group has not revalued any item of property, plant and equipment. Impairment of property plant and equipment of £0.3m was reversed in the year following a review of the projected future cash flows relating to an Asian site.

15. Property, plant and equipment continued

Assets held under finance leases, capitalised and included in property, plant and equipment are as follows:

	2015 £m	2014 £m
Cost	0.6	1.1
Accumulated depreciation	(0.1)	(0.3)
Net book amount	0.5	0.8

During the year ending March 2015 there were no events or changes in circumstance that would indicate the carrying value of property, plant and equipment may not be recoverable.

16. Assets classified as held for sale

Assets classified as held for sale	2015 £m	2014 £m
Bellegarde site cost	0.3	–
Bellegarde site depreciation	(0.3)	–
Carrying value at 31 March	–	–

A dormant site in Bellegarde France is currently under offer from a potential buyer. Subject to certain conditions to be met over the forthcoming year the Group expect to dispose of the site during the second half of 2015/16.

17. Inventory

	2015 £m	2014 £m
Raw materials	9.4	8.8
Work in progress	6.3	5.9
Finished goods	9.1	9.4
	24.8	24.1

The material and overhead element of inventory recognised as an expense and included in the Income Statement amounted to £118.4m (2014: £115.0m).

There is no material difference between the Balance Sheet value and the fair value less costs to sell.

18. Trade and other receivables

	2015 £m	2014 £m
Amounts due within one year:		
Trade receivables	44.1	40.2
Less: provisions for impairment	(1.3)	(0.8)
Trade receivables – net	42.8	39.4
Other debtors	1.2	1.3
Prepayments and accrued income	2.0	1.6
Total amounts due within one year	46.0	42.3

18. Trade and other receivables continued

The carrying amounts of these receivables are denominated in the following currencies:

	2015 £m	2014 £m
Pounds Sterling	**4.6**	4.7
US Dollars	**20.0**	16.1
Euros	**14.9**	17.0
Other	**6.5**	4.5
	46.0	42.3

All amounts due after more than one year are denominated in US Dollars. Management review individual receivables and provide for overdue amounts specifically.

At the year end, the following trade receivables balances were overdue but not impaired:

	2015 £m	2014 £m
Less than 1 month	**0.3**	2.2
Between 1 and 3 months	**–**	0.6
	0.3	2.8

Overdue analysis includes impact of foreign exchange movements. Historically customer default is low. The credit quality of the year end receivables balance is considered high. As such all of the above amounts are considered recoverable.

The movement in the impairment provision for trade receivables is as follows:

	2015 £m	2014 £m
Opening provision at 1 April 2014	**0.8**	0.8
Charge for the year	**0.6**	0.1
Receivables written off in the year	**(0.1)**	(0.1)
Closing provision at 31 March 2105	**1.3**	0.8

Included in the impairment provision are individually impaired trade receivables with a gross balance of £1.3m (2014: £1.1m). The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected proceeds.

Ageing of impaired trade receivables:

	2015 £m	2014 £m
Greater than 3 months	**1.3**	0.8
	1.3	0.8

19. Cash and cash equivalents

Cash and bank overdrafts include the following for the purposes of the Cash Flow Statement:

	2015 £m	2014 £m
Cash and cash equivalents	**16.7**	13.6

20. Trade and other payables

	2015 £m	2014 £m
Amounts due within one year:		
Trade payables and trade accruals	**29.5**	30.6
Other taxes and social security	**4.1**	4.3
Other creditors	**11.2**	8.2
	44.8	43.1
Amounts due after more than one year:		
Other creditors	**0.2**	0.2
	0.2	0.2

The carrying amounts of these payables are denominated in the following currencies:

	2015 £m	2014 £m
Amounts due within one year:		
Pounds Sterling	**12.7**	10.5
US Dollars	**11.2**	12.0
Euros	**15.6**	16.3
Other	**5.3**	4.3
	44.8	43.1

	2015 £m	2014 £m
Amounts due after more than one year:		
Pounds Sterling	**–**	0.1
US Dollars	**0.1**	0.1
Euros	**0.1**	–
	0.2	0.2

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 79 days (2014: 85 days), stated using the non-labour element of cost of goods sold. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

21. Borrowings

	2015 £m	2014 £m
Amounts due within one year:		
Finance leases	**0.1**	0.1
Other loans	**1.2**	–
	1.3	0.1
Amounts due after more than one year:		
Bank loan	**18.6**	8.0
Finance leases	**0.2**	0.1
	18.8	8.1
Total borrowings	**20.1**	8.2

21. Borrowings continued

In January 2014 the Group entered into a new committed multi-currency facility with a club of three UK banks. The principal features of the facility are:

- the committed value of the facility is £40m
- there is access to an uncommitted accordion of an additional £20m
- it is unsecured
- it is repayable in June 2018
- the interest payable on drawings under the loan is based on inter-bank interest plus a sliding scale margin determined by the Group's leverage; the margin is currently 1.5%
- the facility has two covenants – the ratio of EBITDA to interest paid must be above 4:1, and the ratio of EBITDA to net debt must be less than 3, reducing to 2.5 over time

The carrying value of borrowings is approximate to their fair value. The effective interest rates (including swap interest rates) at the Balance Sheet date were as follows:

	US and Canadian Dollars
31 March 2015 – Bank loans and overdrafts	2.1%
31 March 2014 – Bank loans and overdrafts	3.6%

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2015 £m	2014 £m
Pounds Sterling	**13.3**	0.1
US Dollars	**6.8**	8.1
	20.1	8.2

The total borrowings figure is presented net of unamortised debt issue costs of £0.4m (2014: £0.5m).

Movements in forward currency contracts used to hedge against the exposure to exchange differences due to the timing of cash flows are taken through the Income Statement as it is not Group policy to hedge account for these instruments. At 31 March 2015 there were no assets or liabilities recognised in the Balance Sheet relating to the fair values of forward foreign exchange contracts in place (2014: asset £0.1m) (see note 22).

The Group has the following undrawn borrowing facilities (this includes committed and uncommitted):

	2015 £m	2014 £m
Bank loan (committed)	**21.0**	31.5
Bank loan ('Accordion' uncommitted)	**20.0**	20.0
Overdrafts	**1.0**	1.6

22. Derivative financial instruments

The Group's activities expose it to a variety of financial risks: foreign exchange risk, interest rate risk, credit risk, liquidity risk and capital risk. The Group's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Group finance department (in close co-operation with the operating units) under policies approved by the Board of Directors.

– Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk, arising from various currency exposures, primarily with respect to the US Dollar, the Canadian Dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. As the Group has certain investments in foreign operations, these net assets are exposed to foreign currency translation risk.

To manage its foreign exchange risk the Group uses foreign currency bank balances, and makes some use of foreign currency forward contracts to avoid short-term fluctuations in currencies. In addition, purchases of large items of capital in foreign currency are covered by forward contracts at the point of authorisation.

22. Derivative financial instruments continued

The Group also enters into forward foreign exchange contracts to cover specific foreign currency payments and receipts. The contracts are primarily denominated in the currencies of the Group's principal markets. At the year end the Group had no forward contracts in place. The fair value of contracts in place at 31 March 2015 is detailed below:

	Notional amount 2015 £m	**Fair value 2015 £m**	Notional amount 2014 £m	Fair value 2014 £m
Current				
Forward foreign exchange contracts	**–**	**–**	3.0	–

– Interest rate risk

The Group is exposed to interest rate risk as it has borrowings at floating rates. Interest rate risk is evaluated periodically to consider interest rate views and defined risk appetite; to seek to ensure that reasonable economic strategies are applied, by either positioning the Balance Sheet or protecting interest expense through different interest rate cycles. Deposit risk is managed by spreading deposits across high credit rated institutions, and capping the maximum deposit with an institution at one time.

The Group entered into an interest rate swap instrument in January 2012. This instrument enabled the Group to mitigate interest rate fluctuation risk. Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing the cash flow exposures on the issued variable rate debt held. The fair value of the interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contracts. The swap instrument matured in 2015 and no further swap has been entered into.

The following table details the notional principal amounts and remaining terms of the interest rate swap contract that was outstanding at 31 March 2014 and has since expired:

	Trade date	Effective date	Termination date	Currency	Notional amount £m	Fair value £m	Fixed rate %
Outstanding receive fixed pay floating contracts	25 January 2012	8 March 2012	9 March 2015	USD	18.0	(0.1)	0.78

The fair value of the interest rate swaps at 31 March 2015 was determined by discounting the future cash flows using yield curve data at the reporting date. The interest rate swaps settle on a quarterly basis. The Group will settle the difference between the fixed and floating interest rates on a net basis. Hedge accounting has not been applied to these derivative instruments.

– Commodity price risk

The Group is exposed to commodity price risk as it buys a number of commodity products that are vital to its production process. The Group mitigates this risk by fixing pricing with its suppliers where possible. The contracts entered into continue to be held for the purpose of the receipt of the commodity in accordance with the Group's expected purchase or usage requirements. There is no intention to re-sell the commodities bought.

– Liquidity risk

The Group maintains a mixture of committed long-term and short-term facilities designed to ensure that the Group has sufficient cash funds available for operations and planned investment.

Liquidity tables

The following tables detail the Group's contractual maturity for financial instruments. The tables are drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Due within one year £m	**One to two years £m**	**Two to five years £m**
2015			
Trade payables and trade accruals	29.5	–	–
Other taxes and social security	4.1	–	–
Other creditors	11.2	0.2	–
Finance leases	0.1	0.2	–
Loans and overdrafts	1.2	–	18.6
	46.1	**0.4**	**18.6**

22. Derivative financial instruments continued

	Due within one year £m	One to two years £m	Two to five years £m
2014			
Trade payables	30.6	–	–
Other taxes and social security	4.3	–	–
Other creditors	8.2	0.2	–
Finance leases	0.1	0.1	–
Loans and overdrafts	–	–	8.0
	43.2	0.3	8.0

There are no items with a maturity greater than five years. The bank loans in the above tables are stated after any unamortised arrangement costs.

The following tables detail the Group's contractual maturity for financial assets. The tables are drawn up based on the undiscounted contracted maturities of those financial assets.

	Due within one year £m	One to two years £m	Two to five years £m
2015			
Receivables	46.0	–	–
Cash and cash equivalents	16.7	–	–
	62.7	**–**	**–**
2014			
Receivables	42.3	–	–
Cash and cash equivalents	13.6	–	–
	55.9	–	–

In accordance with IFRS 7 Improving Disclosures about Financial Instruments, the Group's financial instruments are considered to be classified as Level 2 instruments. Level 2 fair value measurements are those derived from inputs other than unadjusted quoted prices in active markets (Level 1 categorisation) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are spread across a number of financial institutions. The European and North American businesses obtain third party credit insurance on worldwide sales, subject to specific exclusions, excesses and total policy limits.

The credit risk position for our major customers is detailed below. This shows a fairly predictable level of credit utilisation across the regions and years, and highlights that there is no concentration of credit risk with respect to trade receivables.

Europe

The top five customers by balance at 31 March 2015 had a total receivable of £1.8m, versus their cumulative credit limit of £2.4m.
The top five customers at 31 March 2014 had a total receivable of £1.9m, versus their cumulative credit limit of £3.7m.

North America

The top five customers by balance at 31 March 2015 had a total receivable of £9.5m, versus their cumulative credit limit of £19.1m.
The top five customers at 31 March 2014 had a total receivable of £8.0m, versus their cumulative credit limit of £16.6m.

Asia

The top five customers by balance at 31 March 2015 had a total receivable of £1.6m, versus their cumulative credit limit of £1.6m.
The top five customers at 31 March 2014 had a total receivable of £0.6m, versus their cumulative credit limit of £0.8m.

23. Capital risk

The Group defines the capital that it manages as the Group's total equity. The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Group must ensure that sufficient capital resources are available for working capital requirements and meeting principal and interest payments as they fall due. In order to ensure that sufficient capital is available, the Group may adjust the amount of new shares issued, return capital to shareholders, alter its dividend policy or dispose of assets to reduce net debt.

The Group monitors capital using the following main indicators:

Gearing ratio	**2015 £m**	2014 £m
Total equity (£m)	**61.8**	47.7
Total assets (£m)	**178.5**	151.5
Equity % ratio	**35%**	31%

Net debt to EBITDA ratio	**2015 £m**	2014 £m
Net debt (£m)	**(3.4)**	–
EBITDA (£m)	**22.3**	20.1
Net debt to EBITDA ratio	**0.15**	Nil

Net debt to EBITDA comprises net debt divided by operating profit before depreciation, amortisation and impairment charges.

EBITDA interest cover	**2015 £m**	2014 £m
EBITDA (£m)	**22.3**	20.1
Net interest payable (£m)	**(0.7)**	(0.5)
Interest cover (times)	**32**	40

EBITDA interest cover comprises operating profit before depreciation, amortisation and impairment charges divided by net interest payable on bank overdrafts and loans, other loans and bank deposits.

The Group's principal loan covenants are: EBITDA interest cover (EBITDA being at least 4 times the net interest payable); and net debt to EBITDA ratio (net debt being less than 3 times adjusted EBITDA, reducing over time to 2.5).

24. Provisions

	Reorganisation and leasehold commitments	Environmental £m	Total £m
At 1 April 2014	2.8	0.7	3.5
Exchange differences	–	(0.1)	(0.1)
Additions in the year	0.2	0.4	0.6
Release in year	(0.3)	–	(0.3)
Utilised in the year	(1.0)	(0.3)	(1.3)
At 31 March 2015	**1.7**	**0.7**	**2.4**
Analysis of provisions:			
Current	0.4	0.6	1.0
Non-current	1.3	0.1	1.4
At 31 March 2015	**1.7**	**0.7**	**2.4**

24. Provisions continued

	Reorganisation and leasehold commitments £m	Environmental £m	Total £m
At 1 April 2013	2.6	0.3	2.9
Exchange differences	(0.1)	–	(0.1)
Additions in the year	0.7	0.6	1.3
Release in year	–	(0.1)	(0.1)
Utilised in the year	(0.4)	(0.1)	(0.5)
At 31 March 2014	2.8	0.7	3.5
Analysis of provisions:			
Current	0.8	0.6	1.4
Non-current	2.0	0.1	2.1
At 31 March 2014	2.8	0.7	3.5

– Reorganisation and leasehold commitments

The £1.7m (2014: £2.8m) reorganisation provision relates to dilapidations for leasehold property of £1.5m (2014: £1.5m) and £0.2m (2014: £0.6m) in relation to reorganisation costs. The prior year figure included a land value guarantee of £0.7m relating to a disposal in 2007, this was settled during the year.

Whilst the timing of the economic benefits relating to the non-current provisions cannot be ascertained with any degree of certainty, the leasehold commitments are expected to take place within the next two to three years.

– Environmental provisions

Environmental provisions relate to expected costs required to clean up environmental contamination of a number of sites in both Europe of £0.6m (2014: £0.6m) and North America of £0.1m (2014: £0.1m). The Group expects the majority of the spend against the environmental provisions to be incurred over the next four years.

25. Retirement benefit obligations

– Defined contribution schemes

The Group operates a number of defined contribution schemes. Employer's contributions are charged to the Income Statement as incurred. The total pension cost for the Group in respect of these schemes for the year ended 31 March 2015 was £1.8m (2014: £1.8m). The assets of these schemes are held in independently administered funds.

– Defined benefit schemes

The total amounts recognised in the Group financial statements for defined benefit schemes are summarised on pages 95 to 100.

a) UK schemes

By far the largest defined benefit scheme in the Group is in the Scapa Group plc Pension Scheme, which has all the assets and liabilities of the former UK employees. The scheme has been closed to new members and future accrual since 2007/08 and is wholly funded by the sponsoring employer. The assets of the scheme are held separately from the Company under Trust and both the assets and liabilities are held on a non-sectionalised basis. The scheme is managed by a professional trustee.

The IAS 19 Retirement Benefits valuations have been updated from the prior year by the scheme actuaries using formal valuation calculations carried out as at 1 April 2014, in order to assess the liabilities of the schemes at 31 March 2015. Scheme assets are stated at their market value at 31 March 2015.

25. Retirement benefit obligations continued

– Funding arrangement

On 11 March 2013 Scapa Group plc agreed an asset-backed funding arrangement with the Trustees of the UK Pension Funds to help address the UK pension funding deficit. The asset backed funding structure provides £3.75 million cash per annum to the UK Pension Funds. The present value of this funding stream is recognised as an investment of the UK Pension Funds and removes the funding deficit on actuarial valuation.

The contributions under the asset backed structure are as follows:

- the arrangement provides a cash flow of £3.75m per year subject to RPI indexation
- the company pays £0.35m per year subject to RPI indexation, towards the administration costs of the scheme
- the company pays non-administration costs as agreed on a project by project basis with the trustee

Total cash payments in the year were £4.2m (2014: £4.8m). The prior year payments included £0.6m of payments relating to the year 2012/13 that were paid in 2013/14.

b) Overseas schemes

The Group operates a number of pension schemes in different countries. There are several small defined benefit schemes and a number of defined contribution schemes. In addition, in certain countries, the Group must provide for various employee termination benefits. These are accounted for as if they were defined benefit pension schemes. The total defined benefit pension charge to operating profit for the Group in respect of overseas pension schemes for the year ended 31 March 2015 was £0.4m (2014: £0.4m). The forecast future contributions into these schemes are expected to be similar to the current year contributions, but are subject to the number and nature of leavers in any period.

Details of the Group's material overseas defined benefit schemes are as follows:

– North America

The Group operates three pension plans in North America, a funded defined benefit scheme and two unfunded pension plans. The defined benefit scheme was closed during the prior year and all three schemes are therefore now closed to new members and future accrual. The disclosures are based on the most recent actuarial valuations of liabilities and asset market values at 31 March 2015.

– France

The Group operates an unfunded statutory retirement benefit scheme in France (liabilities: £3.5m), with payments made to employees on retirement.

– Italy

There is an unfunded statutory termination indemnity plan in Italy, with payments made to employees on retirement or termination of service. The Italian scheme is closed to future accrual following changes in local legislation in 2013 (liabilities: £0.7m).

– Switzerland

The Group has an insured retirement fund in Switzerland that is accounted for under IAS 19.

Set out below are the key financial assumptions used to calculate scheme liabilities under IAS 19. Given the relative size of the schemes, the age profile and sensitivities are only provided for the UK.

	UK		North America		France		Italy		Switzerland	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Discount rate	**3.40%**	4.40%	**4.67%**	4.67%	**1.35%**	3.00%	**1.75%**	0.6%	**2.60%**	2.60%
Salary rises	**–**	–	**–**	–	**–**	–	**–**	–	**1.85%**	1.85%
Price inflation (RPI)	**2.95%**	3.45%	**3.00%**	3.00%	**2.00%**	2.00%	**2.25%**	2.25%	**1.40%**	1.40%
Price inflation (CPI)	**1.95%**	2.65%	**–**	–	**–**	–	**–**	–	**–**	–
Pension rises	**2.60% to 3.35%**	2.80% to 3.60%	**–**	–	**–**	–	**–**	–	**–**	–
Deferred pension rises	**1.95%**	2.65%	**–**	–	**–**	–	**–**	–	**–**	–

The salary increase assumption is no longer relevant in the UK as all UK schemes are now closed to future accrual. All UK schemes include an allowance for administration expenses and PPF levy in the value of accrued benefits.

25. Retirement benefit obligations continued

The expected investment returns have been calculated using the weighted average of the expected investment returns for the different asset classes. The expected return on investments for the UK schemes are set out in the table below; the expected return on investment for the overseas schemes is not a key judgement given the small asset values.

The assumptions relating to UK longevity underlying the pension liabilities at the Balance Sheet date are based on standard actuarial mortality tables, with adjustments to reflect actual experience. For the year to 31 March 2015, the IAS 19 calculations have been performed using standard actuarial tables known as S2PA with an adjustment or loading to broadly reflect the membership profile of the scheme. The movement to a single loading for the scheme has had a small negative impact on the scheme compared with using multiple loadings for each scheme in the prior year. Future improvements in mortality have been allowed for using the core CMI 2013 model, with a long-term rate of improvement of 1.25% per annum. For a male, currently aged 65, this equates to a life expectancy of 86.8 years and for a female, currently aged 65, a life expectancy of 89.6 years. A male and female reaching age 65 in 2030 would have a life expectancy at that time of 88.1 years and 91.1 years respectively.

Actuarial assumption sensitivities

The calculation of the schemes' deficits is sensitive to changes in the underlying assumptions listed above. The following tables show the approximate effect of changes in the key assumptions on the UK scheme's liabilities (and deficit) at the year end. These are approximate and only show the likely effect of an assumption being adjusted whilst all other assumptions remain the same. Note that sensitivities are not provided for the overseas schemes because the materiality of the results is not significant.

	UK 2015 £m
Rate of inflation	
Change in the year end liabilities from a 0.1% increase in the assumed rate of inflation	**(1.2)**
Change in the year end liabilities from a 0.1% decrease in the assumed rate of inflation	**1.3**
Discount rate	
Change in the year end liabilities from a 0.1% increase in the assumed rate of discount	**(2.5)**
Change in the year end liabilities from a 0.1% decrease in the assumed rate of discount	**2.8**
Mortality	
Life expectancy of members increases by 1 year	**7.5**
Life expectancy of members decreases by 1 year	**(7.4)**
Rate of improvement in life expectancy increases by 0.25% per annum:	
– Life expectancy of both male and female currently aged 65	0.3 years
– Life expectancy of male reaching age 65 in 2030	0.6 years
– Life expectancy of female reaching age 65 in 2030	0.6 years

The amounts recognised in the Balance Sheet are determined as follows:

UK schemes	**2015 Expected rate of return**	**2015 Value £m**	2014 Expected rate of return	2014 Value £m
Equities	**7.50%**	**41.4**	7.50%	50.6
Property	**7.50%**	**2.9**	7.50%	2.6
Debt A and above	**3.60%**	**48.9**	3.10%	48.9
Debt below A	**4.40%**	**22.3**	4.40%	9.8
Debt unrated	**4.40%**	**1.9**	4.35%	0.7
Cash	**3.10%**	**6.3**	3.10%	2.1
Other	**7.50%**	**14.4**	7.50%	5.7
Total market value of assets		**138.1**		120.4
Present value of scheme liabilities		**(169.0)**		(155.9)
Net deficit in the schemes		**(30.9)**		(35.5)

25. Retirement benefit obligations continued

French scheme	2015 Value £m	2014 Value £m
Present value of scheme liabilities	**(3.5)**	(3.1)
Net deficit in the schemes	**(3.5)**	(3.1)

Italian scheme	2015 Value £m	2014 Value £m
Present value of scheme liabilities	**(0.7)**	(0.8)
Net deficit in the scheme	**(0.7)**	(0.8)

Swiss scheme	2015 Value £m	2014 Value £m
Total market value of assets	**11.2**	11.0
Present value of scheme liabilities	**(11.2)**	(11.0)
Net deficit in the scheme	**–**	–

Expected return on plan assets is 2.66% (2014: 2.66%).

North American schemes	2015 Expected rate of return	2015 Value £m	2014 Expected rate of return	2014 Value £m
Equities	**–**	**–**	7.0%	5.4
Bonds	**4.7%**	**5.6**	3.0%	5.1
Other	**4.7%**	**7.3**	3.0%	0.8
Total market value of assets		**12.9**		11.3
Present value of scheme liabilities		**(17.6)**		(12.0)
Net deficit in the schemes		**(4.7)**		(0.7)

The amounts recognised in the Income Statement are as follows:

	2015 £m	2014 £m
Current service cost	**(0.4)**	(0.5)
Settlement	**0.1**	0.2
Total included within staff costs	**(0.3)**	(0.3)
Expected return on scheme assets less interest on scheme liabilities	**(1.6)**	(1.6)
Total included within finance costs	**(1.6)**	(1.6)
Total expenses charged through the Income Statement	**(1.9)**	(1.9)

25. Retirement benefit obligations continued

The amounts recognised in the Statement of Comprehensive Income are as follows:

	2015 £m	2014 £m
Actual return less expected return on scheme assets	**18.6**	(0.8)
Experience gains/(losses) arising on scheme liabilities	**(2.7)**	0.6
Changes in assumptions underlying the present value of the scheme liabilities:		
– Demographic assumptions	**(1.9)**	(2.4)
– Financial assumptions	**(16.2)**	0.4
Total amounts recognised in the Statement of Comprehensive Income	**(2.2)**	(2.2)

The amounts recognised in the Balance Sheet are as follows:

Analysis of movements in scheme assets

	2015 £m	2014 £m
Beginning of the year	**142.7**	143.7
Exchange differences	**1.4**	(1.1)
Expected return on scheme assets	**5.7**	5.6
Actual return less expected return on scheme assets	**18.6**	(0.8)
Contributions paid	**4.3**	5.1
Benefits paid	**(10.5)**	(9.8)
End of the year	**162.2**	142.7

Analysis of movement in scheme liabilities

	2015 £m	2014 £m
Beginning of the year	**(182.7)**	(184.9)
Exchange differences	**(1.4)**	1.3
Current service cost (included within staff costs)	**(0.4)**	(0.5)
Settlement (included within staff costs)	**0.1**	0.2
Interest on scheme liabilities	**(7.3)**	(7.2)
Experience (losses)/gains	**(2.7)**	0.6
Changes in assumptions	**(18.1)**	(2.0)
Benefits paid	**10.5**	9.8
End of the year	**(202.0)**	(182.7)

25. Retirement benefit obligations continued

Analysis of movement in Balance Sheet liability

	2015 £m	2014 £m
Beginning of the year	**(40.0)**	(41.2)
Exchange differences	**–**	0.2
Income Statement expense	**(1.9)**	(1.9)
Statement of Comprehensive Income items	**15.9**	(0.2)
Changes in assumptions	**(18.1)**	(2.0)
Contributions paid	**4.3**	5.1
Net deficit in the schemes	**(39.8)**	(40.0)

Cumulative actuarial losses on pension schemes recognised in reserves total £38.4m (2014: £36.2m).

	2015 IAS19 (revised) £m	2014 IAS 19 (revised) £m	2013 IAS 19 (revised) £m	2012 IAS 19 £m	2011 IAS 19 £m
Present value of defined benefit obligations	**(202.0)**	(182.7)	(184.9)	(172.3)	(150.9)
Fair value of plan assets	**162.2**	142.7	143.7	133.4	115.9
Deficit in the plan	**(39.8)**	(40.0)	(41.2)	(38.9)	(35.0)
Experience adjustments on plan liabilities	**(20.8)**	(1.4)	(24.0)	(24.3)	0.5
	(10.3%)	(0.8%)	(13.0%)	(14.1%)	0.3%
Experience adjustments on plan assets	**18.6**	(0.8)	10.5	13.4	1.8
	(11.5%)	(0.6%)	7.3%	10.0%	1.6%

26. Share capital

	2015 £m	2014 £m
Allotted, issued and fully paid		
147,239,801 (2014: 146,772,675) shares of 5p each	**7.4**	7.3

The movement in share capital relates to the exercise of share options (see below). The Company has one class of ordinary shares which carry no rights to fixed income.

27. Share options

Potential issues of ordinary shares

Certain senior managers and other staff hold options to subscribe for shares in the Company at prices ranging from nil pence per share to 42.6 pence per share under share option schemes approved by shareholders. The number of shares subject to options, the periods in which they were granted, and the periods in which they may be exercised are given below:

Scheme	Year of grant	Average exercise price per share	Exercise period	**Number of options 2015**	Number of options 2014
Executive share option plan	2007	29.25p	up to 20 August 2017	**–**	25,000
Executive share option plan	2007	32.75p	up to 10 December 2017	**–**	75,000
Executive share option plan	2008	27.75p	up to 7 July 2018	**–**	25,000
Performance share plan	2009	nil pence per share	up to 6 September 2019	**400,000**	400,000
Performance share plan	2012	nil pence per share	up to 3 September 2022	**2,917,181**	3,254,681
Performance share plan	2013	nil pence per share	up to 23 July 2023	**1,780,000**	1,905,000
Performance share plan	2014	nil pence per share	up to 24 July 2024	**1,675,093**	–
Sharesave option plan 3 year	2012	42.60p	up to 1 September 2015	**56,617**	517,052
Sharesave option plan 5 year	2012	42.60p	up to 1 September 2017	**45,773**	80,984
				6,874,664	6,282,717

During the year 467,126 options under the 2012 Sharesave option plan were exercised. All other movements from 2014 are expired or lapsed options and new grants.

As at 31 March 2015, 400,000 of the options were exercisable under the 2009 performance share plan and 56,617 options were exercisable under the 2012 Sharesave option plan.

The Group operates several share option schemes. Options are exercisable at a price equal to the average quoted market price of the Group's shares on the date of grant. Options are forfeited if the employee leaves the Group through resignation or dismissal before the options vest.

Equity settled share options are measured at fair value at the date of grant. The fair value determined at the date of grant is expensed on a straight-line basis over the vesting period, based upon the Group's estimate of shares that will eventually vest.

There are no cash-settled share options.

Fair value is measured by use of a Black Scholes model according to the relevant measures of performance. The models include adjustments, based upon management's best estimate, for the effects of exercise restrictions, behavioural considerations and expected dividend payments. The option life is derived from models based upon these assumptions and other assumptions identified below.

The Group recognised total expenses of £1.5m (2014: £0.8m) related to equity-settled share-based payments. This expense includes the charge for new options granted during the year net of release of charge for the options for which it has been concluded that vesting criteria will not be met.

– Long-Term Incentive Plan

The Company has a long-term incentive plan that operates based on the 2004 and 2011 Performance Share Plans.

Options granted in 2009/10, and 2010/11 relate to the incentive plan known as the Scapa Group plc 2004 Performance Share Plan which was approved by shareholders at the Annual General Meeting on 22 July 2004. Awards under the plan take the form of either an annual allocation of ordinary shares or a grant of nil cost options over shares with a market value at the time of grant equivalent to a maximum of 100% of basic salary at that time with vesting taking place at the expiry of the three-year performance period of the plan, subject to attainment of the performance targets.

Awards in the form of an allocation of ordinary shares lapse at the end of the three-year performance period to the extent that the performance conditions have not been met. Awards in the form of a nil cost option remain exercisable until their tenth anniversary of the date of grant, subject to achievement of the performance conditions, after which they lapse.

Options granted in 2011/12, 2012/13, 2013/14 and 2014/15 relate to the 2011 incentive plan known as the Scapa Group plc 2011 Performance Share Plan, details of which can be found in the Directors' Remuneration Report contained in these accounts.

27. Share options continued

– Sharesave

The Scapa Group 2011 Sharesave Scheme is an Inland Revenue approved Save-As-You-Earn (SAYE) share option scheme pursuant to which eligible employees (including Executive Directors) in the United Kingdom who have worked a minimum six-month qualifying period and agree to save a fixed amount for three or five years under an approved savings contract are granted options to subscribe for shares in the Company at a discounted exercise price. The maximum amount that can be saved by a participant is £250 per month. In normal circumstances options are exercisable for six-months following the completion of a savings contract using the proceeds from that contract. The exercise price is based on the market value of the shares as of the date of grant, less a discount of 20%.

– Executive Share Option (2004 plan)

The Company operates an Executive Share Option plan for Senior Executives in the UK and overseas, namely the Scapa Group plc 2004 Executive Share Option Plan which was approved by shareholders at the Company's Annual General Meeting on 22 July 2004.

The 2004 Plan provides a potential reward in shares for improvement in Company performance reflected in the share price. The option provides the opportunity to purchase shares at a fixed exercise price dependent on achievement of predetermined performance targets.

The 2004 Plan has two parts: an Unapproved Discretionary Share Option Plan (the 'Unapproved Part') and an addendum containing an Inland Revenue approved Discretionary Share Option Plan (the 'Approved Part'). The Approved Part of the 2004 Plan can be used to grant options to UK residents with an aggregate value not exceeding £30,000. All other grants of options over and above the £30,000 threshold and those made to overseas employees are granted under the Unapproved Part of the 2004 Plan. Options only become exercisable, in normal circumstances, three years after the date of grant and then may only be exercised if certain performance criteria are met. Options remain exercisable until the tenth anniversary of their date of grant, after which they lapse.

The ability to exercise the option is dependent upon the achievement of predetermined performance targets based on growth in adjusted earnings per share (EPS) over changes in the RPI.

The following tables show the inputs to the model used to calculate the fair value of equity-settled share options granted during the years ended 31 March 2015 and 31 March 2014 respectively:

Year ended 31 March 2015	Performance share plan awarded 22 Jul 2014
Weighted average share price (p)	1.31
Weighted average exercise price (p)	Nil
Weighted average fair value of options granted (p)	1.31
Expected volatility (%)	n/a
Expected life (months)	36
Risk free rate (%)	n/a

Year ended 31 March 2014	Performance share plan awarded 23 Jul 2013
Weighted average share price (p)	84.0
Weighted average exercise price (p)	Nil
Weighted average fair value of options granted (p)	84.0
Expected volatility (%)	n/a
Expected life (months)	36
Risk free rate (%)	n/a

The expected volatility is based upon the historical volatility of the Group's share price over the expected life of the option.

27. Share options continued

The movement in total outstanding options is provided below:

	SAYE plan		Performance share plan	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Outstanding at 1 April 2013	1,048,265	32.1p	5,584,681	1.1p
Granted during the year	–	–	1,905,000	Nil
Exercised during the year	(387,507)	14.2p	–	–
Forfeited and lapsed during the year	(62,722)	42.6p	(1,805,000)	1.0p
Outstanding at 31 March 2014	598,036	42.6p	5,684,681	0.7p
Granted during the year	–	–	1,675,093	Nil
Exercised during the year	(467,126)	42.6p	–	–
Forfeited and lapsed during the year	(28,520)	42.6p	(587,500)	0.7p
Outstanding at 31 March 2015	102,390	42.6p	6,772,274	Nil
Weighted average contractual remaining life:				
31 March 2015		1.3 years		8.0 years
31 March 2014		1.7 years		8.4 years

The weighted average share price at the date of exercise for share options exercised during the year was 140.9p.

28. Reconciliation of operating profit to operating cash flow, and reconciliation of net cash

All on continuing operations	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m
Operating profit	**16.0**	13.4
Adjustments for:		
Depreciation and amortisation	**6.6**	6.7
Profit on disposal of fixed assets	**–**	(1.3)
Impairment reversal, tangible fixed assets	**(0.3)**	–
Pensions payments in excess of charge	**(4.2)**	(4.6)
Pension curtailments and past service charges	**–**	(0.2)
Movement in fair value of financial instruments	**0.1**	(0.2)
Share options charge	**1.5**	0.8
Grant income released	**–**	(0.2)
Changes in working capital:		
– Inventories	**0.2**	(2.2)
– Trade debtors	**(1.8)**	(3.9)
– Trade creditors	**(1.1)**	4.2
Changes in trading working capital	**(2.7)**	(1.9)
Other debtors	**(0.3)**	–
Other creditors	**2.0**	(0.7)
Deferred consideration	**–**	(2.2)
Net movement in environmental provisions	**–**	0.4
Net movement in reorganisation provisions and leasehold commitments	**(0.2)**	0.3
Net movement in other provisions	**(0.9)**	–
Cash generated from operations	**17.6**	10.3

Cash generated from operations before exceptional items	**18.3**	10.1
Cash (outflows)/inflows from exceptional items	**(0.7)**	0.2
Cash generated from operations	**17.6**	10.3

28. Reconciliation of operating profit to operating cash flow, and reconciliation of net cash continued

Analysis of cash and cash equivalents and borrowings

	At 1 April 2014 £m	Cash flow £m	Acquisition £m	Other movements £m	Exchange movement £m	**At 31 March 2015 £m**
Cash and cash equivalents	13.6	2.8	–	–	0.3	**16.7**
	13.6	2.8	–	–	0.3	**16.7**
Borrowings within one year	(0.1)	1.2	(2.2)	–	(0.2)	**(1.3)**
Borrowings after more than one year	(8.1)	(8.4)	(1.4)	(0.1)	(0.8)	**(18.8)**
	(8.2)	(7.2)	(3.6)	(0.1)	(1.0)	**(20.1)**
Total	5.4	(4.4)	(3.6)	(0.1)	(0.7)	**(3.4)**

29. Commitments

Capital commitments

The amount contracted but not provided for in the accounts at 31 March 2015 was £2.1m (2014: £0.9m).

At 31 March 2015 a total of £0.7m (2014: £3.2m) was authorised but not yet contracted.

Operating lease commitments

At 31 March 2015 the Group has lease agreements in respect of various assets for which payments extend as follows:

Commitments under leases:	**2015 Property £m**	**2015 Vehicles, plant and equipment £m**	2014 Property £m	2014 Vehicles, plant and equipment £m
Within one year	**1.7**	**0.6**	1.9	0.6
More than one year and less than five years	**2.2**	**0.8**	2.3	0.8
After five years	**0.2**	**–**	0.1	–
Total operating lease commitments	**4.1**	**1.4**	4.3	1.4

30. Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Within one year	**0.1**	0.1	**0.1**	0.1
In the second to fifth years inclusive	**0.2**	0.1	**0.2**	0.1
Present value of lease obligations	**0.3**	0.2	**0.3**	0.2

The present value of minimum lease payments is denominated in the following currencies:

	Minimum lease payments	
	2015 £m	2014 £m
Pounds Sterling	**0.2**	0.1
US Dollar	**0.1**	0.1
	0.3	0.2

30. Obligations under finance leases continued

It is Group policy to lease certain fixtures and equipment under finance leases. The Group has lease agreements in the USA with lease periods to 2018 and average borrowing rates of 9.3% (2014: 9.4%). Interest rates are fixed at contract date. All leases are on fixed repayment terms and no arrangements have been entered into for contingent rental payments. The fair value of the Group's lease obligations approximates to their carrying amount. The Group's obligations under finance leases are secured by the lessors' rights over the related assets.

31. Post Balance Sheet event

On 9 April 2015 the Group announced that it was initiating a formal process of consultation with employees on the proposed closure of a manufacturing facility in Rorschach, Switzerland. The consultation process is still under way and at the Balance Sheet date it is not possible to estimate the financial impact of the closure given the range of options being considered. The announcement does not represent a situation that existed at the Balance Sheet date and accordingly no adjustments have been made.

Five Year Summaries

Five Year Financial Summary (unaudited)

	2015 £m	2014 restated £m	2013 restated £m	2012 £m	2011 £m
Group revenue	**236.0**	226.1	208.8	195.6	192.3
Group profits/(losses)					
Profit before taxation and exceptional items	**14.2**	11.0	8.5	9.1	6.1
Exceptional items ((charges)/income)	**(0.5)**	0.2	1.1	1.4	–
Profit before taxation	**13.7**	11.2	9.6	10.5	6.1
Taxation					
– Taxation on operating activities	**(4.5)**	(4.4)	(4.9)	(3.4)	(2.1)
– Taxation on exceptional items	**0.3**	(11.7)	(3.2)	–	–
– Impact of change in tax rate	**–**	(1.8)	(0.3)	(0.6)	(0.5)
	(4.2)	(17.9)	(8.4)	(4.0)	(2.6)
Profit/(loss) after taxation	**9.5**	(6.7)	1.2	6.5	3.5
Headline earnings/(loss) per share (p)	**6.5**	(4.6)	0.8	4.5	2.4
Net cash equivalents	**(2.2)**	5.4	2.2	7.0	12.5
Shareholders' funds – equity	**61.8**	47.7	65.6	66.1	68.6
Net assets per share (p)	**42.1**	32.6	44.9	45.3	47.4

The cumulative restatement arising from the adoption during the year of IAS19 (revised) is reflected in 2013 in the table. Years 2011 and 2012 have not been restated.

Exchange rates (unaudited)

	2015	2014	2013	2012	2011
US$					
– Closing	**1.48**	1.67	1.52	1.60	1.60
– Average	**1.61**	1.59	1.58	1.60	1.56
Canadian $					
– Closing	**1.88**	1.84	1.54	1.60	1.56
– Average	**1.84**	1.68	1.59	1.59	1.58
Euro					
– Closing	**1.37**	1.21	1.18	1.20	1.13
– Average	**1.28**	1.19	1.22	1.16	1.17

Scapa Group plc Parent Company Financial Statements

The separate financial statements of Scapa Group plc are presented on pages 109 to 119, as required by the Companies Act 2006 ('the Act'). The Group has elected not to adopt International Financial Reporting Standards in the individual company accounts for the Parent Company and subsidiary undertakings, and accordingly these financial statements have been prepared under UK accounting standards and in accordance with the Act. They are therefore presented separately to the Group consolidated financial statements which have been prepared under International Financial Reporting Standards.

Company Balance Sheet
As at 31 March 2015

	note	31 March 2015 £m	31 March 2014 £m
Fixed assets			
Tangible fixed assets	4	**0.7**	0.7
Investments in subsidiary undertakings	5	**134.8**	151.5
		135.5	152.2
Current assets			
Debtors: amounts due within one year	6	**12.6**	5.3
Cash and cash equivalents		**1.7**	0.6
Debtors: amounts due after more than one year	6	**133.8**	91.6
		148.1	97.5
Creditors – amounts falling due within one year			
Creditors	9	**(6.2)**	(5.3)
Net current assets		**141.9**	92.2
Total assets less current liabilities		**277.4**	244.4
Creditors – amounts falling due after more than one year			
Creditors	9	**(102.2)**	(98.6)
Borrowings	8	**(13.0)**	–
		(115.2)	(98.6)
Provisions for liabilities and charges	10	**–**	(0.7)
Net assets excluding pension liability		**162.2**	145.1
Net pension liability	13	**–**	–
Net assets		**162.2**	145.1
Shareholders' funds			
Called-up share capital	11	**7.4**	7.3
Share premium	12	**0.4**	0.2
Other reserves	12	**10.1**	10.1
Profit and loss account	12	**144.3**	127.5
Shareholders' funds – equity		**162.2**	145.1

The notes on pages 110 to 119 form part of these accounts.

The financial statements of Scapa Group plc, registered number 826179, were approved by the Board of Directors and authorised for issue on 27 May 2015. They were signed on its behalf by:

H R Chae
Group Chief Executive

P Edwards
Group Finance Director

Statement of Accounting Policies

Basis of accounting
These financial statements have been prepared on a going concern basis under the historical cost convention, as modified by revaluation of certain financial instruments in accordance with the Companies Act 2006 and applicable UK accounting standards.

A summary of the Company's principal accounting policies is set out below. These have been applied consistently throughout the year and prior year.

Going concern
The Directors have at the time of approving the financial statements a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further detail is contained in the Directors' Report on page 57.

Tangible fixed assets
Tangible fixed assets are stated at cost less cumulative depreciation and impairment. Depreciation is provided on the basis of writing off the cost of the relevant assets over their expected useful lives. The Company applies the straight-line method. The effect is to reduce the cost of plant, machinery and fixtures to estimated residual value over a period of 5–20 years.

Taxation
Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been substantively enacted by the Balance Sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the Company's taxable profits and losses and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been substantively enacted by the Balance Sheet date. Deferred tax is measured on a non-discounted basis.

Dividends
Dividends proposed by the Board are recognised in the financial statements when they have been approved by shareholders at the AGM. Interim dividends are recognised when they are paid.

Provisions
Provisions are made in accordance with FRS 12 where an obligation exists for a future liability in respect of a past event and where the amount of obligation can be reliably estimated. Provision is made for vacant and sub-let leasehold properties to the extent that future rental payments are expected to exceed future rental income and for all other known liabilities which exist at the Balance Sheet date, based on management's best estimate as to the cost of settling these liabilities.

Pension costs
For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. Actuarial gains and losses are recognised immediately in the Statement of Total Recognised Gains and Losses.

For defined benefit schemes, the Company recognises plan assets where they are separable, solely for payment to the fund or to fund employee benefits, not available to the Company's creditors in bankruptcy and where the assets cannot be returned to the Company unless all employee benefit obligations are met.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained annually and are updated at each Balance Sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the Balance Sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

Fixed asset investments
Fixed asset investments are stated at cost, less provision for any impairment in value. Where circumstances indicate that there may have been impairment in the carrying value of a tangible or intangible fixed asset, an impairment review is carried out using cash flows from approved forecasts and projections discounted at the Group's weighted average cost of capital.

Share-based payments
The fair value of employee share option plans is calculated using the appropriate valuation models in accordance with FRS 20 Share-Based Payments. The resulting cost is charged to the profit and loss account over the vesting period of the options. The value of the charge is adjusted to reflect expected and actual levels of options vesting. Where share options are granted to employees of subsidiary companies, the cost is debited to the carrying value of the subsidiary investments.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange at the Balance Sheet date. Exchange differences on borrowings (including differences arising due to currency swaps) taken out to hedge overseas equity investments and on long-term loans which are considered equivalent to equity are taken to the translation reserve. All other differences are taken to the profit and loss account.

Cash flow statement
The Company is a wholly owned subsidiary of Scapa Group plc and is included in the consolidated financial statements of Scapa Group plc which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 Cash Flow Statements (revised 1996).

Consolidation
Consolidated accounts for the Company are prepared under International Accounting Standards and as a result these financial statements present information about the Company only.

Related parties
The Directors' Annual Remuneration Report can be found in the Annual Report on pages 51 to 56. The pension scheme is a related party to the Company; there were no contributions outstanding at the year end. There are no other related party transactions. The Company is exempt under the terms of FRS 8 from disclosing related party transactions with entities that are wholly owned subsidiaries.

Notes on the Accounts

1. Profit and loss account

The Company's profit for the year is £16.8m (2014: £17.7m). As permitted by section 408 of the Companies Act 2006 a separate profit and loss account has not been presented. Profit/(loss) on ordinary activities before taxation is stated after (charging)/crediting:

	2015 £m	2014 £m
Depreciation of tangible fixed assets, owned	**(0.3)**	(0.3)
Foreign exchange losses	**0.1**	0.2
Directors' and employee costs	**(8.1)**	(6.3)

2. Fees payable to the Company's auditor

For the year ended 31 March 2015

	2015 £'000	2014 £'000
Auditor's remuneration		
– Audit of the Company	**76.0**	80.0
– Taxation advisory services	**23.0**	49.0
– Corporate finance services	**114.0**	226.0
	213.0	355.0

Total audit fees were £76,000 (2014: £80,000). Total non-audit fees were £137,000 (2014: £275,000).

3. Employee benefit expense

	2015 £m	2014 £m
Wages and salaries	**5.9**	4.7
Social security costs	**0.9**	0.7
Share options granted to directors and employees	**1.0**	0.6
Pension costs – defined contribution plans	**0.3**	0.3
	8.1	6.3

	2015	2014
Average employee numbers	**49**	42

4. Tangible fixed assets

	Plant, equipment, fixtures and computer systems £m
Cost	
At 1 April 2014	12.4
Additions	0.3
At 31 March 2015	12.7
Depreciation	
At 1 April 2014	(11.7)
Depreciation	(0.3)
At 31 March 2015	(12.0)
Net book value at 31 March 2015	**0.7**
Net book value at 31 March 2014	0.7

5. Investments

	Shares in Group undertakings £m
Cost	
At 1 April 2014	175.6
Capital contribution	0.5
Acquisitions	8.7
Movement prior to disposals	(50.0)
	134.8
Provision for impairment	
At 1 April 2014	(24.1)
Impairment reversal in the year	7.7
Movement prior to disposals	16.4
At 31 March 2015	–
Net book value at 31 March 2015	**134.8**
Net book value at 31 March 2014	151.5

No further investment impairment was required at 31 March 2015. A non-trading subsidiary has been prepared for liquidation and disposal at March 2015 resulting in movements on investment cost and impairments in the period.

The recoverable amount has been determined on a value in use basis on each cash-generating unit using the management approved 12-month forecasts for each cash-generating unit. The base 12-month projection is inflated by 3.0% up to year 5, which management believes does not exceed the long-term average growth rate for the industry, and then kept constant for years 6 to 20. For one high-growth cash-generating unit growth rate of 10% has been used to reflect the specific circumstances of that unit. These cash flows are discounted at a pre-tax discount rate of 10.0% and adjusted for specific risk factors that take into account the sensitivities of the projection.

The Company’s principal subsidiaries are shown in note 15.

6. Debtors

	2015 £m	2014 £m
Amounts due within one year:		
Amounts owed by subsidiary undertakings	**11.6**	4.0
Group relief receivable	**0.5**	0.9
Other debtors	**0.1**	0.1
Prepayments and accrued income	**0.4**	0.3
Total amounts due within one year	**12.6**	5.3
Amounts due after more than one year:		
Amounts owed by subsidiary undertakings	**133.8**	91.6
Total amounts due after more than one year	**133.8**	91.6

7. Deferred tax

There is no deferred tax recognised in the Company.

8. Bank loans and overdrafts

In January 2014 the Company together with other members of the Group entered into a new committed multi-currency facility with a club of three UK banks. The principal features of the facility are:

- the committed value of the facility is £40.0m
- there is access to an uncommitted accordion of an additional £20.0m
- it is unsecured
- it is repayable in June 2018
- the interest payable on drawings under the loan is based on inter-bank interest plus a sliding scale margin determined by the Group's leverage; the margin is currently 1.5%
- the facility has two covenants – the ratio of EBITDA to interest paid must be above 4:1, and the ratio of EBITDA to net debt must be less than 3, reducing to 2.5 over time.

The borrowings of the Company under the facility at the Balance Sheet date were as follows:

	2015 £m	2014 £m
Bank loans	**13.0**	–

The effective interest rate at the Balance Sheet date was as follows:

	%
31 March 2015	
Bank loans	**2.1%**
31 March 2014	
Bank loans	3.6%

8. Bank loans and overdrafts continued

	2015 £m	2014 £m
Bank loan drawdown	**13.0**	–

The Company, along with other subsidiaries in the Group, has the following undrawn borrowing facilities, being the unused portion of the £40.0m committed facility:

	2015 £m	2014 £m
Floating rate	**21.0**	31.5

9. Creditors

	2015 £m	2014 £m
Amounts due within one year:		
Amounts owed to subsidiary undertakings	**1.2**	1.7
Other creditors, including taxation and social security	**5.0**	3.6
Total amounts due within one year	**6.2**	5.3
Amounts due after more than one year:		
Amounts owed to subsidiary undertakings	**102.2**	98.6
Total amounts due after more than one year	**102.2**	98.6

The terms of loans owed to subsidiary undertakings vary; expiry of these ranges from 2015–2020.

10. Provisions

	2015 £m	2014 £m
At 1 April	**0.7**	0.7
Utilised in the year	**(0.5)**	–
Released in the year	**(0.2)**	–
At 31 March	**–**	0.7

11. Share capital

	2015 £m	2014 £m
Allotted, issued and fully paid		
147,239,801 (2014: 146,772,675) shares of 5p each	**7.4**	7.3

The movement in share capital relates to share options (see note 27 of the Group accounts).

	Number of shares
March 2014	146,772,675
SAYE options exercised in the year	467,126
March 2015	147,239,801

Share options

Potential issues of ordinary shares and share options for the Company are disclosed in note 27 of the Group accounts.

12. Reconciliation of shareholders' funds

	Share capital £m	Share premium £m	Other reserves £m	Profit and loss account £m	Total £m
Balance at 1 April 2014	7.3	0.2	10.1	127.5	145.1
Profit for the year	–	–	–	16.8	16.8
Other movements	0.1	0.2	–	–	0.3
Share options	–	–	–	1.5	1.5
Dividends	–	–	–	(1.5)	(1.5)
Balance at 31 March 2015	**7.4**	**0.4**	**10.1**	**144.3**	**162.2**

Profit for the year includes dividends paid by Group companies of £43.5m (2014: £30.8m).

The Board considers the other reserves to be non-distributable.

13. Pension schemes

The Company operates several defined benefit schemes and a defined contribution scheme for employees in the UK.

UK Pension schemes

(a) Defined contribution scheme

The Company operates a defined contribution scheme in the UK. Employer's contributions are charged to the profit and loss account as incurred. The total pension cost for the Company in respect of this scheme for the year ended 31 March 2015 was £0.3m (2014: £0.3m).

(b) Defined benefit schemes

The UK defined benefit schemes are closed to new members and future accrual and are therefore funded by contributions from members as defined in the scheme rules, and by the employing company at a rate assessed by the scheme actuary as sufficient to meet the balance of costs determined following the triennial fund reviews. The assets of the schemes are held separately from Company assets under Trust.

The FRS 17 Retirement Benefits valuations have been updated by the scheme actuaries, in order to assess the liabilities of the schemes at 31 March 2015. Scheme assets are stated at their market value at 31 March 2015.

The actuarial assumptions and expected return on asset categories that affect the valuations of the schemes are the same as described under note 25 to the Group accounts. The sensitivity of the liability to these assumptions is proportionally the same as described under note 25 to the Group accounts.

The UK pension schemes were merged on an unsectionalised basis in January 2014. As part of this merger, the orphaned liabilities of the old scheme were allocated to the sponsoring companies in the same proportions that would apply under a section 75 debt calculation. The allocation has been accounted for through benefits. As this basis of allocation is different to that used historically, this change resulted in a settlement loss of £6.6m in the Company.

During the year ended 31 March 2013 an asset-backed funding arrangement was entered into as described under note 25 in the Group accounts. The Company committed to make a special contribution of £39.7m to the UK Pension Funds, which in turn invested this amount in a Scottish Limited Partnership called Scapa Scottish Limited Partnership. The special contribution is a plan asset in the pension scheme's accounts. Applying FRS 17, the amount of the plan asset that can be recognised has been restricted to the value of the pension deficit. Of this special contribution, £20.7m (2014: £23.7m) has been recognised as a plan asset.

The financial assumptions used to calculate scheme liabilities under FRS 17 for the UK defined benefit schemes are as follows:

	2015	2014
Discount rate	**3.40%**	4.40%
Price inflation per annum (RPI)	**2.95%**	3.45%
Price inflation per annum (CPI)	**1.95%**	2.65%
Increases to pensions in payment	**2.60% - 3.35%**	2.80% - 3.60%
Increases to deferred pensions	**1.95%**	2.65%

13. Pension schemes continued

The market value of assets in the schemes at the Balance Sheet date, and the expected rates of return and the present value of the scheme liabilities at each Balance Sheet date are as follows:

	At 31 March 2015		At 31 March 2014	
	Expected rate of return	**Market value £m**	Expected rate of return	Market value £m
Equities	**7.50%**	**27.6**	7.5%	33.7
Property	**7.50%**	**1.9**	7.5%	1.7
Debt A and above	**3.60%**	**32.6**	3.60%	32.6
Debt below a	**4.40%**	**14.9**	4.40%	6.5
Debt unrated	**4.40%**	**1.2**	4.40%	0.5
Cash	**3.10%**	**4.2**	3.10%	1.4
Special scheme asset (net of restriction)		**20.7**		23.7
Other	**7.50%**	**9.6**	7.50%	3.8
Total market value of assets		**112.7**		103.9
Present value of scheme liabilities		**(112.7)**		(103.9)
Net deficit in the schemes		**–**		–
Deferred tax asset		**–**		–
Net pension deficit		**–**		–

The expected investment returns have been calculated using the weighted average of the expected investment returns for the different asset classes.

The following amounts have been recognised in the profit and loss account and Statement of Total Recognised Gains and Losses for the year ended 31 March 2015 in respect of the Company's defined benefit schemes:

	2015 £m	2014 £m
Profit and loss account		
UK pension settlement gain/(loss)	**0.1**	(6.6)
Other finance costs:		
– Expected return on pension scheme assets	**4.4**	3.5
– Interest on pension scheme liabilities	**(4.5)**	(3.5)
Net finance charge	**(0.1)**	–
Total expenses charged through the profit and loss account	**–**	(6.6)

13. Pension schemes continued

	2015 £m	2014 £m
Analysis of movements in scheme assets		
Beginning of the year	**103.9**	80.2
Expected return on scheme assets	**4.4**	3.5
Actuarial gains	**13.9**	0.1
Contributions	**–**	0.4
Restriction of pension asset value to pension deficit amount	**(3.0)**	5.7
Benefits paid	**(6.5)**	14.0
End of year	**112.7**	103.9
Analysis of movements in scheme liabilities		
Beginning of the year	**(103.9)**	(80.2)
Interest on scheme liabilities	**(4.5)**	(3.5)
Benefits paid	**6.5**	(14.0)
UK pension settlement gain/(loss)	**0.1**	(6.6)
Actuarial (losses)/ gains	**(10.9)**	0.4
End of year	**(112.7)**	(103.9)

Five Year Summary

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Present value of defined benefit obligations	**(112.7)**	(103.9)	(80.2)	(73.2)	(69.6)
Fair value of plan assets	**112.7**	103.9	80.2	58.0	55.0
Deficit in the plan	**–**	–	–	(15.2)	(14.6)
Experience adjustments on plan liabilities	**(10.9)**	0.4	(9.8)	(4.9)	0.1
Experience adjustments on plan assets	**13.9**	0.1	2.4	0.1	(0.2)

14. Dividend per share

A final dividend of 1.5p per share is proposed for the year ended 31 March 2015 (2014: 1.0p).

15. Principal subsidiaries

As at 31 March 2015 the principal subsidiaries of the Company were:

Holding and management companies	Country of incorporation	
Scapa Group Holdings GmbH	Austria	Holding company
Porritts & Spencer Ltd*	England	Holding company
Scapa Holdings GmbH	Germany	Holding company
Scapa (HK) Holdings Ltd	Hong Kong	Holding company
Scapa North America Inc	USA	Holding company

Technical tapes companies	
Scapa Brasil Ltda	Brazil
Scapa Tapes North America Ltd	Canada
Scapa (Shanghai) International Trading Company Ltd	China
Scapa Tapes (Suzhou) Co. Ltd	China
Scapa UK Ltd	England
Groupe Scapa France SAS	France
First Water Ltd	England
Scapa Deutschland GmbH	Germany
Scapa Hong Kong Ltd	Hong Kong
Scapa Tapes India Private Ltd	India
Scapa Italia SpA	Italy
Scapa Korea Co. Ltd	Korea
Scapa Tapes Malaysia Sdn Bhd	Malaysia
Scapa (Schweiz) AG	Switzerland
Scapa Tapes North America LLC	USA

All the shareholdings are ordinary shares.

* Denotes the undertakings which are held directly by Scapa Group plc. All the subsidiaries listed are wholly owned and are incorporated in and operate from the countries named.

Company Information

Key dates

Next Annual General Meeting	21 July 2015
Next interim results	24 November 2015
Next year end (to be reported)	31 March 2016
Next preliminary announcement	24 May 2016
Next Annual Report due	June 2016

Shareholder information

Shareholder enquiries should be directed to the Company's registrars, Capita Asset Services, at their Customer Support Centre, details as follows:

By phone – UK – 0871 664 0300 (UK calls cost 10p per minute plus network extras).
From overseas – +44 203 728 5000.
Lines are open 9.00am to 5.30pm, Monday to Friday, excluding public holidays.
By email – ssd@capita.co.uk
By post – Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Further information regarding the various services offered by Capita Asset Services, including the Share Portal and Share Dealing Service, can be obtained from the above or directly from Capita's website www.capitaassetservices.com.

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Contact details

Scapa
Americas

Brazil, São Paulo
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Scapa
Asia

China, Hong Kong
China, Shanghai
China, Schenzhen
India, Chennai
Korea, Chungyang
Korea, Seoul
Malaysia, Shah Alam

Scapa Asia

T +852 2439 4330

Scapa North America

T +1 860 688 8000

Scapa South America

T +55 11 2589 6003

Scapa Europe

UK

T +44 (0) 161 301 7400

Switzerland

T +41 71 844 5656

France

T +33 (0) 475 44 80 00

Italy

T +39 0161 867 311