16 March 2016

Cape plc

("Cape" or the "Group")

Preliminary results for the twelve months to 31 December 2015

Cape plc, the international provider of critical support services to the energy and natural resources sectors, announces its results for the twelve months ended 31 December 2015.

Financial summary

Audited	2015	2014 (restated)
Financial highlights		
Continuing operations:		
Revenue	**£711.4m**	£690.5m
Adjusted operating profit	**£52.5m**	£52.3m
Adjusted operating profit margin	**7.4%**	7.6%
Adjusted profit before tax	**£44.7m**	£45.5m
Adjusted diluted earnings per share	**29.9p**	30.0p
Dividend for the year (per share)	**14.0p**	14.0p
Adjusted net debt	**£109.9m**	£101.0m
Statutory results		
Revenue	**£711.4m**	£690.5m
Operating profit	**£39.9m**	£39.7m
Profit before tax	**£29.1m**	£30.0m
Diluted earnings per share	**12.7p**	8.6p

Throughout this statement, various non-statutory measures are used and referred to as 'Adjusted', these are defined and reconciled to their statutory equivalents in note 8, 'Adjusted measures'. Certain amounts do not correspond to the 2014 financial statements and reflect the adjustments detailed in note 4, 'Prior period adjustments'.

Highlights

- Order intake increased by 13% to £841m (2014: £744m); order book at 31 December 2015 was 18% higher at £861m (2014: £731m)
- Revenue increased by 3.0% to £711.4m (2014: £690.5m)
- Adjusted operating profit increased to £52.5m (2014: £52.3m) demonstrating the resilience of the business in challenging markets
- Adjusted operating profit margin fell slightly to 7.4% (2014: 7.6%) due to increasing market pricing pressures
- Adjusted diluted earnings per share of 29.9p (2014: 30.0p) benefitted from a favourable mix of post-tax earnings
- Continued progress on strategy in both operational excellence and target areas for growth including geographic expansion and broadening of service offering
- Operating cash flow up 29% to £43.9m (£2014: £34.1m) resulting in adjusted net debt of £109.9m (2014: £101.0m)
- Full year dividend maintained at 14.0p (2014: 14.0p)
- Market conditions are expected to continue to weaken through 2016 with a resultant pressure on margins

Commenting on the results, Joe Oatley, Chief Executive of Cape said:

"Cape achieved a robust performance in 2015 despite the substantial challenges in the oil and gas industry, demonstrating the progress we have made in implementing our strategy. The results are a testament both to the dedication of all of the people at Cape and the progress we have made in making Cape into a strong and resilient business.

We continue to develop our Operational Excellence programme and are also making progress across a number of our targeted areas for growth including both geographic and service line expansion. Whilst we anticipate that our markets will become tougher in 2016 and this is likely to put pressure on margins across our business, Cape is well positioned to navigate safely through these stormy waters and we remain committed to investing in our strategy which I believe will continue to deliver long term sustainable shareholder value".

Analyst meeting
The Group will be presenting to a meeting of analysts at 9.30 am today. The presentation will be available on the company's website later today at: www.capeplc.com/investors/financial-results-and-presentations.aspx

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Forward looking statements
Any forward looking statements made in this document represent the Board's best judgement as to what may occur in the future. However, the Group's actual results for the current and future fiscal periods and corporate developments will depend on a number of economic, competitive and other factors, some of which will be outside the control of the Group. Such factors could cause the Group's actual results for future periods to differ materially from those expressed in any forward looking statements included in this announcement.

About Cape:
Cape (www.capeplc.com) is an international leader in the provision of critical industrial services principally to the energy and natural resources sectors. Cape provides a multi-disciplinary service offering including the traditional services of access, insulation, coatings and mechanical, and a range of specialist services including oil and gas storage tanks, heat exchanger replacement and refurbishment, and environmental services.

Cape employs c. 16,400 people working across 19 countries and in 2015 reported revenue of £711.4 million.

Chairman's statement 2015

A robust performance

2015 has been another year of good progress for Cape. Not only has the business delivered a strong set of results in challenging markets, but we have also moved forward on a number of our key strategic goals.

The benefits of our Operational Excellence programme have been seen in our performance and have also been recognised by a number of our key clients. The implementation of our new systems and processes has been an important element in a number of our recent successes in securing new work.

Our ambition to grow by expanding our range of services has been supported by the ongoing development of the Motherwell Bridge tank business both in the UK and Middle East and the acquisition during the year of Redhall Engineering Solutions Limited which has now been rebranded as Cape Engineering Services Limited (CESL). The opportunity to expand the services of these businesses further across the Cape Group remains substantial. We have taken the first steps towards growth through geographic expansion by opening operations in Kuwait and Malaysia. I am confident both will deliver positive results in the years ahead.

Safety remains our top priority and is at the top of every Board agenda. We continue to strive for the highest level of safety performance across every one of our operations. I was pleased that we achieved a significant improvement in the number of Lost Time Incidents during the year even though we saw a slight fall off in our Total Recordable Incident Rate.

We expect that 2016 will present additional challenges as market conditions are likely to weaken further. Nonetheless, I firmly believe we have the right strategy and the right team to steer the business through these challenges and to deliver long term growth.

Financial results

In a year of particularly demanding market conditions, it is a pleasure to report that Cape has delivered a stable and robust set of results. Order intake was strong, demonstrating that our clients recognise the value and quality that Cape offers, and as a result we finished 2015 with a robust order book of £861 million, 18% higher than at the end of 2014. We achieved a steady increase in revenue of 3% to £711.4 million (2014: £690.5 million), driven by both a solid performance in a number of our markets such as the Kingdom of Saudi Arabia (KSA), the Wheatstone contract in Australia and the contributions from the new businesses of Motherwell Bridge and CESL. With a slight erosion of margin due to market pricing pressures, we still delivered a steady result in earnings with adjusted diluted EPS only marginally down on the prior year at 29.9p (2014: 30.0p).

Dividend

The Board is recommending a final dividend for 2015 of 9.5 pence (H2 2014: 9.5 pence) reflecting our confidence in the delivery of our strategy and future prospects of the Group. With the interim dividend of 4.5 pence (H1 2014: 4.5 pence) this results in a full year dividend of 14.0 pence (2014: 14.0 pence). This is subject to shareholders' approval at the Annual General Meeting to be held on 11 May 2016 and the final dividend will be payable on 24 June 2016 to shareholders on the register as at 20 May 2016.

Board changes

I am delighted to welcome Samantha Tough, Steve Good and Brian Larcombe to the Board. All three bring a wealth of senior leadership experience across a range of industries and we are fortunate to be able to attract such high quality individuals to the business. Samantha has added experience of Australia's energy, infrastructure and natural resources sectors; Steve has brought recent executive expertise and knowledge of the chemicals and plastics markets; while Brian brings perspectives from private equity and other plc boards.

As previously announced, both Brendan Connolly and Leslie Van de Walle decided to step down from the Board to reduce their travel time and concentrate on other interests. Both Brendan and Leslie played an important part in the transformation of Cape over the last three years and I thank both of them for their commitment and contribution to the Group.

Cape people

I would like to take this opportunity to congratulate all our employees on their skill and hard work during 2015. This is reflected in the delivery of good financial results for our shareholders and vindicates the drive and dedication shown by all our people.

Tim Eggar
Chairman

Chief Executive's review

Overview

I am delighted to announce a robust set of results for 2015 demonstrating the resilience of our business model in testing market conditions. We remain committed to our strategy of investing in both operational excellence in parallel with the pursuit of a number of avenues for growth. Whilst the challenging market conditions have clearly impacted our short-term growth, I am pleased to be able to report that we achieved a strong order intake with a closing order book of £861 million, up 18% on prior year (2014: £731 million).

We have made good progress on a number of our target growth areas. We entered both the Kuwaiti and Malaysian markets in the second half of 2015 with initial activity anticipated in both during 2016. In May 2015 we announced the acquisition of Redhall Engineering Solutions Limited, which adds a range of mechanical and engineering maintenance services to the Group including specialist pipe repair, tank repair and shutdown services. We have established a dedicated team in the MENA region to develop our specialist services and the MENA business has secured its first tank refurbishment maintenance contract from Gasco in the UAE, which is expected to run for a three-year period.

Our joint venture in Azerbaijan is now operating from a firm footing delivering both construction and maintenance work in the country and the Group reported its first profit from this joint venture in 2015. We strengthened our Australian business by both streamlining operations and securing a key contract with Woodside to provide multi-disciplinary services to the Karratha Gas Plant Life Extension project through a newly formed joint venture with UGL.

Although our business has proven to be resilient through 2015, we remain subject to the effects of reduced spending by our key clients across a number of sectors, in particular upstream oil and gas. As oil, gas and iron ore prices continue to remain low, we expect that 2016 will prove to be a challenging year for the business with pressure on both volumes and prices.

Market conditions 2015

The price of crude oil ranged between $47 and $68 per barrel for the first half of the year before falling significantly in the final quarter of 2015 to a low of $36 per barrel in December. This continued low price of oil drove both a reduction in volume and significant pressure on pricing in the upstream oil and gas sector. Demand from the downstream and industrial markets remained solid throughout the year with the refining and petrochemical sectors committing to investment in both maintenance and upgrading of facilities. Overall the Group saw increasing pricing pressure across all of its core geographies in the final quarter of the year.

Overall demand in the UK, Europe & CIS region reduced in 2015, largely driven by the weakening upstream oil and gas sector in the UK. The UK offshore business saw both project and refurbishment work in the North Sea reduce significantly as our clients sought to reduce both capital and operating expenditures. The UK onshore business also experienced a reduction in demand from the UK coal based power generation sector as Longannet, Ferrybridge and Eggborough power stations announced plans for closure in 2016. The refining and petrochemical sector was boosted by the reduced cost of feedstock and this fed through to robust demand for the Group's services from this sector. Demand in Azerbaijan was strong, driven by new projects such as Shah Deniz 2 and Sangachal and steady maintenance activity.

The overall level of demand for our services remained solid in MENA, although there was significant variation across the region. Construction activity remained robust in KSA and whilst we experienced delays to a number of projects within the country, such as the Jizan new refinery, investment remains committed and key projects continue to move forward. Progress on the Sohar refinery expansion and other new projects in Oman have been slower than expected and construction activity in both UAE and Qatar remained low. The construction market in Kuwait continued to grow with major projects such as the KNPC Clean Fuels project moving forward. Demand for maintenance activities remained solid for the region as a whole, although the business experienced an increased focus from its customers on cost and pricing across both construction and maintenance work in the second half of 2015.

Market conditions across Asia Pacific remained mixed. Demand from the LNG construction sector in Australia grew as activity on the Gorgon, Wheatstone and Ichthys projects all increased during the year, with this sector also driving construction demand in Asia where a number of the modules for these projects are being built. The mining sector in Australia continues to be extremely challenging as our clients seek to reduce their operational costs to offset the falling price of commodities, in particular iron ore. Outside of the LNG module construction work in the Asian yards, other construction activity in Asia remained relatively low throughout the year.

2015 operating performance

Despite challenging market conditions, Cape performed well in 2015.

Order intake grew by 13% to £841 million (2014: £744 million) with the UK business securing the key Federal Maintenance contract renewal with BP and a number of new contract wins across the Group including the Karratha Life Extension Project with Woodside in Australia and a multidisciplinary maintenance contract with ExxonMobil at Fawley in the UK. As a result the Group concluded 2015 with a healthy closing order book of £861 million, up 18% on prior year (2014: £731 million) with 56% of that order book due for delivery within 2016. The SOCAR-Cape joint venture in Azerbaijan also secured a number of key contracts, both for maintenance and construction work, not included in the order intake and order book values above, in accordance with our accounting policies.

Revenue was 3% higher than the prior year at £711.4 million, (2014: £690.5 million), as the business benefitted from a full year of the Motherwell Bridge business and the acquisition of Redhall Engineering Solutions Ltd in May 2015. At constant currency, excluding the contribution from acquisitions, underlying revenues decreased by 2% with growth in Australia partly mitigating reductions in demand from the UK, the UAE and Qatar. Adjusted operating profit increased slightly to £52.5 million (2014: £52.3 million) as the benefits of improved performances in Azerbaijan and Australia offset the effects of increased pricing pressures in the UK and, latterly, in the MENA region.

Adjusted net debt increased to £109.9 million (2014: £101.0 million) driven primarily by acquisition costs of £5.5 million and an increase in capital expenditure.

Progress on strategy

The successful implementation of our strategy has delivered a resilient business, well positioned to cope with the current challenging market conditions. Although our markets have changed considerably over the last year, we are convinced that our strategy remains valid and will enable us to continue to deliver shareholder value over the long term. Our ambition remains to be the market leader for our chosen services in each of our key markets. Our strategy to achieve this is built upon five key pillars: Operational excellence; Customer intimacy; Balanced business; Growth through broadening our range of services; and Growth through geographic expansion. We have made progress in all these areas during the last twelve months and as a result the Group is well placed to weather the current challenging market conditions and is also well positioned to capture opportunities as our markets recover.

Operational excellence

The goals of our Operational Excellence programme remain unchanged: to attract, retain and develop the best people; to simplify and standardise our business systems and processes; and to ensure that knowledge and best practice are shared around the Group. Our middle and senior management development programmes are now well established within the business and are enabling us to develop more of our management talent in-house. We have now extended our investment in training and development to a Group-wide programme for all front line supervisors to ensure that all of the people who are responsible for putting our employees to work and for overseeing the delivery of our services at the workface are trained to the same high standard.

We are continuing to develop our systems to ensure that we have the best tools available to measure and manage our work, and drive better productivity. These systems are recognised by many of our clients as industry-leading and they have been instrumental in securing several of the new contracts that the Group has been awarded in the last year. Our improved communications tools and our more open, collaborative culture provide the basis for the sharing of best practice around the Group.

Operational excellence is the bedrock upon which the long-term success of the Group is founded and it continues to provide the basis for high quality delivery to our clients and sustainable returns to our shareholders.

Customer intimacy

We have built long-term relationships with several of our key customers including EDF, BP and SABIC over a number of years. Through these relationships we have developed a deep understanding of their businesses and we use this to develop solutions, both commercial and technical, that deliver real value to these clients. This process of developing a close relationship with our key clients is an important differentiator for our business and enables us to deliver significant benefit to our clients as we develop and extend our range of services with them.

Balanced business

Cape already has a balance of business across a range of geographies, which gives the Group an inherent stability against fluctuations in demand from any one particular region and this will continue to develop as we expand into new countries and regions around the world. In addition, we have been actively growing our maintenance business to provide stability against the natural variability in demand from the construction project market. I am pleased to be able to report that the Group's revenue from maintenance activity has remained stable in absolute terms at £474m, only a slight reduction of 1% compared to £478m in the prior year. The proportion of Cape's business derived from maintenance activities in 2015 was 67% (2014: 69%).

Growth through broadening our range of services

In May we added a new service line to our UK business through the acquisition of Redhall Engineering Solutions Limited, which has since been renamed Cape Engineering Services Limited (CESL). CESL is a highly regarded provider of mechanical and engineering maintenance services in the UK including specialist welding, pipe repairs and shutdown management. The addition of these services to our UK business has significantly expanded our addressable market and we have already achieved revenue synergies by taking these new services to our existing client base.

Cape Specialist Services (CSS) is the grouping of our businesses that have more specialist technical content and we have continued to invest in these businesses during 2015. CSS is progressing well with new project work including the construction of a large liquefied ethane storage tank for a key client in the UK, a project that is utilising the combined strength of the Motherwell Bridge tank construction expertise and the traditional Cape services of insulation, access and coatings. We secured our first storage tank maintenance contract in the UAE in the second half of the year and are now in the process of delivering this contract. We will continue to invest in order to build our specialist services capability across the Cape footprint around the world.

Growth through geographic expansion
We aim to have the leading market share for our services in each of our key geographies. In practice we seek to grow market share wherever possible and to defend our leading positions in our more mature businesses. We have been successful in growing our share of the market in Australia with contract wins such as the Karratha Life Extension project in Australia and have maintained our leading position in the UK with key wins such as the Fawley refinery contract for ExxonMobil. Our KSA business continues to grow both in maintenance and project activities and our SOCAR-Cape joint venture has cemented its leading position in Azerbaijan by securing both key project work and an extension of its core maintenance contract with BP.

We have also established operations in Malaysia and Kuwait, two countries we have been targeting for future growth based upon the expected increase in construction project work in these territories over the medium term. I expect that we will be actively delivering our services in both these countries during the next twelve months.

Organisation and people
As a service provider with over 16,000 employees across Cape's global footprint, our people are central to the current and future success of the business. We continue to invest in developing our people and ensuring that everyone can achieve their potential at Cape. We now have well established management and leadership development programmes both for our current and future senior leaders and we continued to invest in these programmes during 2015. Our biggest new people development effort for 2015 went into a Group-wide comprehensive training programme for all 1,600 of our site supervisors. Every day our supervisors are the individuals who are responsible for ensuring that our work is carried out in a safe, high quality manner, to meet our customers' requirements. As such they are a critical contact point for our customers, the face of our business and at the front line in making sure that we keep our people safe. We now have a programme that ensures all of our supervisors are trained to the same standards wherever they are working in the world.

Safety
The safety of our people and of those people around us is central to everything we do at Cape. We continue to seek out new ways to drive a better safety culture and resultant safety performance. One such initiative during 2015 was a programme called the 'Line of Fire' which we rolled out across every member of the Group. The 'Line of Fire' was a video campaign using employees' family members as a trigger to remind people to stop and assess the safety requirements of their day to day work situations. It has been a very powerful reminder for every one of us about the importance of remaining focussed on safety in everything we do.

In December 2015, a severe storm hit the Caspian Sea resulting in major structural damage to a number of offshore assets and a fire on Shallow Water Gunashli, platform 10. Two of the personnel from our Azerbaijan joint venture are still missing, presumed dead, along with 20 workers employed by other contractors. Our thoughts are with all involved in this tragic situation.

Our Lost Time Injury Frequency record (LTIF) has improved significantly in 2015 almost halving the LTIF rate to 0.184 incidents per 1,000,000 hours worked, from 0.323 in 2014. The business is also now focussing on forward-looking measures of safety performance such as the number of safety orientated senior leadership site tours carried out per month, the delivery of safety inspection programmes and the timely close out of safety observations and incidents. Our energy and focus on safety will be continued in 2016 as we seek to build on the improvements made over the last few years. Cape continues to strive to achieve a safe work environment with zero harm to our employees, partners and third parties.

Outlook
The robust performance in 2015 is a reflection of the resilience of our business. Nonetheless, the Group is not immune to the effects of deteriorating market conditions. Approximately 22% of the Group's revenue is related to the upstream oil and gas sector and it is anticipated that this sector will be particularly challenging in 2016, with oil prices currently remaining near to the lows experienced during the final quarter of 2015. The midstream/downstream oil and gas market, which represents approximately 33% of Group's revenue, is less directly affected by the fall in oil price, with maintenance demand from this sector remaining solid. Nonetheless, we are now seeing a significantly increased focus on cost across all geographies from our customers in the midstream/downstream oil and gas sector and therefore expect that this will translate into downward pressure on pricing and margins across the Group. With the announcement of forthcoming closures of three UK coal-fired power stations, the Group expects the demand for its services from this sector to decline in 2016, with the demand from the nuclear power generation sector remaining robust.

The Board currently anticipates that the 2016 result will be similar to 2015 in terms of volume of activity, with some contraction in margins as our continued drive for operational performance partly mitigates the effects of increased pricing pressure in our core markets. We remain committed to making the investments required to deliver our strategy, both for growth and for continuous improvement in our operational performance.

Whilst the current market conditions are clearly challenging, our business has demonstrated its resilience to short-term volatility and the long-term drivers of demand for our services remain robust. Although the timing of new construction activity is inherently uncertain, the key projects that the Group is targeting across both MENA and Asia Pacific continue to move ahead with committed investment from the end-user. Maintenance demand is intrinsically more stable and the progress we have made over the last three years in increasing our exposure to the maintenance sector has been a key element of the Group's resilience. I remain confident that our strategy will deliver increased shareholder value over the medium to long term through our focus on operational performance and growth in both our service offering and geographic reach.

Joe Oatley
Chief Executive

Business review

UK, Europe & CIS

£m	**2015**	2014	Change
Order intake[1]	**443**	444	0%
Order book[1]	**447**	401	+11%
Revenue[1]	**395.8**	388.5	+1.9%
Adjusted operating profit	**34.5**	38.5	-10.4%
Adjusted operating profit margin	**8.7%**	9.9%	-120bps

1 Excludes value in respect of the SOCAR-Cape joint venture

Order intake remained robust at £443 million, in line with prior year (2014: £444 million), with a number of significant contract awards including the two year renewal of the BP Federal Maintenance contract in the UK and a five year contract with ExxonMobil at the Fawley refinery to provide both access and insulation services. Other important contract awards were the renewal of a five year multi-disciplinary maintenance contract with Sakhalin Energy Investment Company, the BP Clair Ridge contract to support the hook-up and commissioning of BP's two new bridge-linked Clair Ridge platforms, cleaning and tank maintenance at Sullom Voe, a number of contracts with Perenco for scaffold, insulation, painting and mechanical services, and a 60m diameter gasholder for Tata Steel in Scunthorpe. The order intake for 2015 includes the value of the order book from CESL, acquired in May 2015.

Adjusted revenue was 1.9% higher than prior period at £395.8 million (2014: £388.5 million) with a 9.0% benefit from the full period impact of the Motherwell Bridge acquisition completed in March 2014 and the acquisition of CESL in May 2015. At constant currency, organic revenues fell by 6.2% driven by a reduction in demand from the North Sea and UK thermal coal power station sectors. Sakhalin performed well with revenue from maintenance activities growing steadily however organic growth of 12.6% was negated by unfavourable foreign exchange movement.

The business continues to be largely maintenance driven with 81% of revenues (2014: 82%) derived from maintenance and shutdown activities.

The UK business continued to be successful in the energy and power sectors completing a total of 14 power station outages over a nine month period. The work covered both coal fired and nuclear power stations and required over 1,400 additional personnel to complete the work within the required time frame.

CESL has performed exceptionally well and has now been integrated into Cape's UK business. CESL contributed £27.6 million of revenue in the year, spread over a range of blue-chip companies. The business provides a range of maintenance services including specialist pipe welding and repair, tank repair, bundle pulling and shutdown services.

Azerbaijan had a strong performance in 2015 with the award of significant project work through the SOCAR-Cape joint venture in the first half of the year followed by the award of a two year extension contract by BP for the provision of fabric maintenance services in the second half; in line with our accounting policy these orders are excluded from the Group order intake and order book. The SOCAR-Cape joint venture is progressing well with a significant increase in revenue compared to the prior period driven by both project work on Shah Deniz 2 and the Sanaghal terminal upgrade projects, and ongoing steady demand for maintenance work.

Operating margins in the UK were adversely impacted by higher than expected start-up costs on the contract at Fawley and the deterioration in market conditions in the upstream oil and gas sector which led to both pricing pressure and a change in mix with less higher margin specialist services work. This pressure on margins was partly mitigated by cost reduction actions initiated early in the year within the UK and the first profit attributable to Cape from the SOCAR-Cape joint venture of £2.8 million. The decreased operating margin of 8.7% (2014: 9.9%) led to a 10.4% reduction in operating profit compared to the prior year, to £34.5m (2014: £38.5 million).

The continued weakness in the oil price in early 2016 has resulted in continued pressure on pricing and margins in the upstream oil and gas sector in particular. The business continues to both review its own cost base to ensure it is appropriate to current market conditions and also to work with its customers to find ways to reduce their overall operating costs.

Middle East & North Africa (MENA)

£m	**2015**	2014	Change
Order intake	**212**	204	+4%
Order book	**180**	135	+33%
Revenue	**174.6**	175.6	-0.6%
Adjusted operating profit	**25.4**	21.1	+20.4%
Adjusted operating profit margin	**14.5%**	12.0%	+250bps

Order intake increased by 4% compared to the prior year at £212 million (2014: £204 million). The largest proportion of the order intake continues to come from the downstream oil and gas sector across the region with the most significant awards being an extension of the existing maintenance contract with QNFS for RasGas in Qatar, the provision of access and refractory services for SABIC in KSA and insulation services for Bapco in Bahrain. Order intake in the region continues to be made up of a large number of smaller contracts, both maintenance and construction, which provides some stability to the overall performance of the region. In line with the Group's geographic expansion strategy, we secured our first contract in Kuwait to provide blasting and painting works on the Kuwait National Petroleum Company's Clean Fuel Project. Bidding activity remains high in the region. However, the business has experienced some delays to work releases in both maintenance and project work as clients seek to manage their spend.

Revenues were broadly in line with prior period at £174.6 million (2014: £175.6 million) with an 8% benefit from foreign exchange offsetting an underlying decrease of organic revenue of 8%. The reduction in organic revenue was largely driven by a reduction in demand for construction work in UAE and Qatar being partially offset by continued growth in activities in KSA. The KSA business remained strong with 2.6% organic growth on the prior year driven by both maintenance and construction project work with activity continuing on the Petro Rabigh II project and continuing maintenance work with SABIC and the Saudi Arabia Refineries Company.

The region continues to make good progress on the Group's strategy to achieve a balanced business with the proportion of revenue derived from maintenance activities growing to 50% (2014: 47%).

In line with the Group's strategy to drive growth through the internationalisation of its specialist service offering, the business has invested in building a team dedicated to growing these services across the MENA region. The business was successful in securing its first tank refurbishment project in UAE during the year, expected to be delivered over a three-year period. This team continues to build the pipeline of specialist service opportunities across the region.

Operating margins increased to 14.5% (2014: 12.0%), driven by a strong performance in the first half of the year as the business achieved a favourable result from the close out of a number of contracts across the region. Adjusted operating profit grew strongly to £25.4 million, a 20.4% increase compared to the prior year (2014: £21.1 million) due to an 8.7% favourable impact of foreign exchange movement and an underlying organic increase of 10.8%. We continued to make solid progress on the onerous contract in Qatar; as at the end of December the project was 99% complete with only a very small number of personnel involved in its completion of snagging during January 2016.

As a result of the continued weakness in the price of oil, the business is seeing an increased focus from its clients on reducing costs across the region in both construction projects and maintenance. Although the strength of Cape's business in the region gives some resilience to the effects of this, we are experiencing significantly increased pressure on pricing and margins. As a result, we anticipate that operating margins going forward are likely to be lower than the previously targeted 12-13%.

Asia Pacific

£m	2015	Restated 2014	Change
Order intake	**186**	96	+94%
Order book	**234**	196	+19%
Revenue	**141.0**	126.4	+11.6%
Adjusted operating profit	**6.9**	6.8	+1.5%
Adjusted operating profit margin	**4.9%**	5.4%	-50bps

Order intake grew very strongly to £186 million, up 94% on the prior year (2014: £96 million) with important contract wins in both Asia and Australia. Key new awards include a contract with Samsung Heavy Industries in South Korea for the installation of insulation to the cryogenic pipework on Shell's Prelude Floating Liquefied Natural Gas (FLNG) vessel, announced in February 2016; a multi-disciplinary services contract for Mitsui Engineering & Shipbuilding on a large petrochemical plant in Singapore and a contract secured by a newly formed joint venture with UGL for multi-disciplinary services on the Woodside operated Karratha Gas Plant Life Extension Program (KLE) in Western Australia. The formation of a project-specific joint venture with UGL was a key element of securing the contract from Woodside which was won through our innovative approach and combined service offering with our contract partner.

Revenue increased by 11.6% compared to prior year, rising to £141.0 million (2014: £126.4 million) despite an adverse movement of 7.6% due to foreign exchange effects, with the resultant 20.8% organic growth primarily driven by ramp-up of activity on the Wheatstone project. The business anticipates that volumes will continue to increase on Wheatstone to reach peak levels during 2016. Within Australia, activity levels remained low outside the Wheatstone project as the mining sector in particular remained depressed. Within Asia increased volumes on the LNG module work in Thailand for Ichthys and on other projects in Asia partially mitigated the effects of the reduction in volume from completion of projects in 2014 and early 2015 in Singapore and Papua New Guinea.

Overall, the region shifted more towards construction activity due to a reduction in shutdown work combined with an increase in construction work, in particular on the Wheatstone project.

Pricing pressures in the Australian market remain severe, exacerbating the effect of low demand from the resources sector. In order to remain competitive and to mitigate the effects of this pressure, the Australian business carried out a restructuring programme during the year to ensure that it was both able to provide the correct level of support to the growing Wheatstone and KLE contracts whilst remaining competitive for the remainder of the market. The costs of this exercise were expensed during the year with the benefits being delivered in the second half of 2015.

Adjusted operating profit increased slightly to £6.9 million (2014: £6.8 million) with 6.5% being attributable to organic growth with a 5.0% reduction as a result of unfavourable foreign exchange movement. The business achieved a significant improvement in operating margin in the second half of the year compared to the first (H1 2015: 3.0%; H2 2015 6.7%) as the benefits of the restructuring in Australia and increased volumes on Wheatstone offset a negative effect of a shift in mix of work in Asia with more project volume and less shutdown work.

Market conditions remain mixed across the region with weakness in the Australian mining sector and low levels of offshore activity in Asia mitigated by robust activity levels from the LNG sector, particularly from the construction phase of the Wheatstone, Icythys and Prelude projects. Increased volumes in Australia, combined with the benefits of the restructuring already carried out there are expected to offset any weakness in Asia and deliver a continued steady margin performance through 2016.

Chief Financial Officer's review

A summary income statement from continuing operations with explanatory discussion of the key items is provided below:

	2015 £m	Restated 2014 £m
Revenue	**711.4**	690.5
Adjusted operating profit	**52.5**	52.3
Adjusted operating profit %	**7.4%**	7.6%
Other items	**(3.4)**	(11.7)
Exceptional items	**(9.2)**	(0.9)
Operating profit	**39.9**	39.7

Revenue

Revenue from continuing operations increased by 3.0% to £711.4 million (2014: £690.5 million) with a 5.0% increase resulting from the benefit of a full year of Motherwell Bridge and the acquisition of Redhall Engineering Solutions Limited (rebranded Cape Engineering Services Limited (CESL)) in May 2015, and an underlying organic decrease of 2.1%. There were some strong performances across the Group, in particular in KSA, the Wheatstone project in Australia and on other projects in Asia, which taken together compensated for the weaker market conditions seen in the North Sea and Australian mining sector. There was an overall negligible impact of foreign exchange of 0.1%.

We have maintained a good balance between maintenance and construction revenue with £474 million derived from maintenance contracts (2014: £478 million). Maintenance revenue increased in the UK, Europe & CIS to £322 million (2014: £319 million), a similar increase was seen in MENA with revenue from maintenance contracts of £87 million (2014: £82 million). A decrease in maintenance revenues from the mining sector was responsible for a reduction in maintenance in Asia Pacific to £65 million (2014: £77 million). Globally revenue from construction projects increased to £237 million (2014: £212 million) mainly as a result of increased activity on the Wheatstone project in Australia.

Cape's largest client, across numerous individual contracts, represented 12% of Group revenue (2014: 15%) and largely related to activities in the UK, Europe & CIS, with a smaller amount in MENA and Asia Pacific. The Group's top ten clients represented 45% of revenue (2014: 42%).

Adjusted operating profit

Adjusted operating profit from continuing operations increased slightly to £52.5 million (2014: £52.3 million), consisting of a favourable foreign exchange impact of 0.7%, a 4.9% benefit of the Motherwell Bridge and CESL acquisitions, and an organic performance decrease of 5.4%. The Group's organic results are driven by a number of factors including pricing pressure and reduced volume in the North Sea and UK coal power stations, higher than expected start-up costs on the contract at Fawley, the benefit of the Wheatstone project partially offset by pricing pressure in the Australian mining sector, reduced volume of activity in Asia due to a number of project completions, and MENA continuing to record a strong performance across the region.

Revenue split by geography

£m	UK, Europe & CIS	MENA	Asia Pacific	Total
2015				
H1	194.9	95.4	69.1	359.4
H2	200.9	79.2	71.9	352.0
FY 2015	**395.8**	**174.6**	**141.0**	**711.4**
2014 (Restated)				
H1	180.4	89.1	48.8	318.3
H2	208.1	86.5	77.6	372.2
FY 2014	**388.5**	**175.6**	**126.4**	**690.5**

	Revenue £m		**Adjusted operating profit £m**		**Adjusted operating profit margin %**	
Year ended	**2015**	Restated 2014	**2015**	Restated 2014	**2015**	Restated 2014
Region						
UK, Europe & CIS	**395.8**	388.5	**34.5**	38.5	**8.7**	9.9
MENA	**174.6**	175.6	**25.4**	21.1	**14.5**	12.0
Asia Pacific	**141.0**	126.4	**6.9**	6.8	**4.9**	5.4
Central	**-**	-	**(14.3)**	(14.1)	**n/a**	n/a
	711.4	690.5	**52.5**	52.3	**7.4**	7.6

Other items
Other items decreased to £3.4 million (2014: £11.7 million) and comprise £3.6 million (2014: £3.3 million) of post-acquisition charges, including amortisation of acquired intangible assets relating to Motherwell Bridge and CESL and a credit of £0.2 million (2014: £8.4 million charge) comprising IDC expenses of £0.4 million offset by an actuarial adjustment to the IDC provision of a £0.6 million credit.

Share of post-tax result of joint venture
In 2015 the SOCAR-Cape joint venture made a profit with the value attributable to Cape recognised as a post-tax profit of £2.8 million (2014: £nil).

Exceptional items
Exceptional items total £9.2 million (2014: £0.9 million) and comprise of a non-cash £8.8 million goodwill impairment in Asia which is a reflection of the level and distribution of business activity across this geographically diverse regional business, and £0.4 million transaction costs relating to the acquisition of CESL in May 2015.

Operating profit
Operating profit was £39.9 million (2014: £39.7 million) and reflects an adjusted operating profit of £52.5 million (2014: £52.3 million), other items of £3.4 million (2014: £11.7 million) and exceptional items of £9.2 million (2014: £0.9 million).

Finance costs
Net finance costs amounted to £10.8 million (2014: £9.7 million) including the annual £3.3 million (2014: £3.4 million) non-cash charge relating to the unwinding of the discount on the long term IDC provision and interest income in the IDC Scheme funds in the period of £0.3 million (2014: £0.5 million).

Adjusted finance costs increased to £7.9 million (2014: £7.6 million) with interest cover (calculated by dividing adjusted operating profit by the adjusted finance costs) decreasing to 6.6 times (2014: 6.9 times).

Taxation

The tax charge on adjusted profit before tax (which excludes exceptional and other items), excluding share of post-tax result from joint ventures, was £8.0 million (2014: £9.2 million) representing an effective tax rate of 19.1% (2014: 20.2%) which is lower than anticipated primarily as a result of a regional one-off tax incentive being obtained. The cash tax paid during the period was £9.3 million (2014: £8.4 million) which is in line with expectations. The total tax charge on profit before tax was £8.1 million (2014: £7.4 million).

Discontinued operations

Due to limited opportunities of growth within Hong Kong, the Board has taken the decision to exit this geographical market and is pursuing an exit through the sale of its current legal entity. As a result of this decision, the assets and liabilities within Hong Kong have been reclassified as directly associated within a disposal group held for sale in the 2015 results.

A £5.2 million loss has been recognised within loss from discontinued operations in the income statement in 2015 (2014: £12.2 million loss) with £5.8 million relating to Hong Kong, including £3.4 million for impairment of goodwill. The majority of the remaining balance is attributable to the exit from Kazakhstan, which was discontinued in 2014, and was completed within the level of costs estimated and provided for during the prior year, resulting in a credit of £0.9 million to discontinued operations in 2015. The prior year £12.2 million loss primarily relates to the exit from Kazakhstan.

Earnings per share

For continuing operations the adjusted diluted earnings per share (EPS) was 29.9 pence (2014: 30.0 pence) and adjusted basic earnings per share was 30.0 pence (2014: 30.0 pence). EPS was enhanced by the geographic distribution of earnings, which resulted in low earnings attributable to non-controlling interests and a beneficial tax rate, not expected to repeat in 2016. The diluted weighted average number of shares increased to 121.6 million (2014: 121.1 million).

Dividend

After considering the 2015 financial results, current market conditions and the underlying prospects of the Group, the Board is proposing a final dividend for 2015 of 9.5 pence (2014: 9.5 pence) per share in line with the 2014 final dividend. In addition to the interim dividend of 4.5 pence per share (2014: 4.5 pence) paid on 9 October 2015, the total dividend for the year will be 14.0 pence per share (2014: 14.0 pence). Subject to shareholders' approval at the Annual General Meeting on 11 May 2016, the final dividend will be payable on 24 June 2016 to shareholders on the register as at 20 May 2016.

Acquisitions

In line with the Group strategy to expand the range of critical services we offer, Cape announced its acquisition of UK based Redhall Engineering Solutions Limited in May 2015 for an enterprise valuation of £6.2 million including debt of £5.3 million and a working capital contribution of £0.7 million. The business predominantly operates in the process and downstream oil and gas industries and provides a range of maintenance services including specialist pipe repair, tank repair and shutdown services. The fair value of net liabilities acquired was £2.1 million and goodwill of £2.3 million arising from the acquisition is attributable to the value of the assembled workforce, expected synergies and other benefits arising from combining the rebranded CESL operations into the Group.

Operating and free cash flow

	2015 £m	Restated 2014 £m
Adjusted operating profit	**52.5**	52.3
Depreciation	**15.9**	18.1
Adjusted EBITDA	**68.4**	70.4
Non-cash items	**(11.5)**	(3.9)
Decrease/(increase) in working capital*	**4.6**	(18.3)
Net capital expenditure	**(17.6)**	(14.1)
Operating cash flow	**43.9**	34.1
Operating cash flow to adjusted operating profit	**83.6%**	65.2%
Net interest	**(6.9)**	(6.4)
Tax	**(9.3)**	(8.4)
Free cash flow	**27.7**	19.3
Dividends paid	**(17.0)**	(16.9)
Acquisitions (including settlement of debt and working capital)	**(6.2)**	(36.9)
Investment in SOCAR-Cape joint venture	**(1.0)**	(3.6)
Net transfer to restricted funds	**(5.8)**	-
Discontinued operations	**0.3**	5.8
Other movements in adjusted net debt	**(6.9)**	(8.5)
Movement in adjusted net debt	**(8.9)**	(40.8)
Opening adjusted net debt	**(101.0)**	(60.2)
Closing adjusted net debt	**(109.9)**	(101.0)

* At average rates of exchange

Working capital

Trade and other receivables and inventories decreased by £3.8 million to £211.5 million (2014: £215.3 million) which, along with a decrease in trade and other payables of £3.5 million to £120.8 million (2014: £124.3 million), resulted in an overall decrease in net working capital of £0.3 million (at balance sheet rates) to £90.7 million (2014: £91.0 million). Working capital, as expected, reduced by £28.3 million in the second half of 2015.

Capital expenditure

The Group continues to manage its capital expenditure carefully whilst investing in upgrading and replacing equipment where appropriate. The Asset Replacement Ratio (calculated by dividing gross capex spend by the depreciation charge) increased to 126% (2014: 84%), in line with expectations with scaffold asset purchases to meet clients' demands largely across MENA and in the UK.

Free cash flow

The Group's free cash flow of £27.7 million (2014: £19.3 million) is more than sufficient to fund, in cash terms, the full value of the proposed dividend of £17.0 million (2014: £16.9 million).

Financing and banking facilities

The Group's adjusted net debt increased year-on-year by £8.9 million to £109.9 million (2014: £101.0 million) including finance lease obligations of £3.0 million (2014: £2.2 million). Balance sheet gearing (calculated by dividing adjusted net debt by total equity), excluding ring-fenced IDC Scheme funds, increased to 85.0% (2014: 79.2%).

The ratio of adjusted net debt to adjusted EBITDA increased to 1.6 times (2014: 1.4 times). A reconciliation of adjusted net debt and adjusted EBITDA can be found in note 8, 'Adjusted measures'.

In 2014 the Group entered into an interest rate cap for a period of three years, commencing in 2015 and terminating in February 2018. The derivative is for £70 million and gives protection to the Group against its Sterling borrowings when LIBOR exceeds the strike price of 2.5%.

Provision for pension
The defined benefit pension schemes had a net surplus of £11.3 million (2014: £11.8 million) as at 31 December 2015 which continues to be restricted to nil in the accounts under IFRIC 14. The agreed monthly contribution rate of £14,600 ceased in June 2015.

Provision for estimated future asbestos related liabilities and IDC Scheme funds
The discounted provision decreased to £95.5 million (2014: £98.2 million) reflecting the unwinding of the discount of £3.3 million in the year (2014: £3.4 million), credit of £0.6 million for actuarial adjustments (2014: £8.2 million charge) and £5.4 million (2014: £7.7 million) of settlements. The actuarial adjustment of £0.6 million relates to the changes in significant external economic variables. The level of Scheme cash settlements remains in line with actuarial assumptions. The ring-fenced IDC Scheme funds increased to £32.1 million (2014: £29.3 million) benefiting from a cash injection from the Group's funds of £6.2 million (2014: nil), interest received of £0.3 million (2014: £1.7 million) and offset by the cash settlements on scheme claims in the year of £3.7 million (2014: £3.7 million).

Currencies
The vast majority of operating costs are matched with corresponding revenues of the same currency and as such there is very little transactional currency risk in the Group. Currency translation favourably impacted both revenue and operating profit in 2015 by 0.1% and 1.1% respectively. In 2015, 25% (2014: 28.5%) of revenues were contracted in US dollars or US dollar pegged currencies and 16% (2014: 13.8%) in Australian dollars.

The following significant exchange rates applied:

	2015		2014	
	Closing	**Average**	Closing	Average
AUD	**2.03**	**2.09**	1.91	1.83
USD	**1.48**	**1.51**	1.56	1.65

Treasury policies
Cape has a centralised treasury function whose objectives are to monitor and manage the treasury risks across the Group and to ensure that sufficient liquidity is available to meet the requirements of the business. Group treasury is not a profit centre and operates within a framework of policies and procedures. All hedging is carried out centrally and speculative trading is specifically prohibited by Group treasury policies.

Return on invested capital
Return on invested capital is defined at Group level as adjusted operating profit divided by the accounting value of equity plus adjusted net debt. Return on invested capital in 2015 was 21.9%, slightly down on the prior year (2014: 22.9%).

Principal risks
Cape operates globally in the energy and natural resources sectors and in varied geographic markets. Cape's performance and prospects may be affected by risks and uncertainties in relation to the industry and the environments in which it undertakes its operations around the world. Those risks range from external geo-political, security and economic conditions such as geo-political events, sanctions, terrorist events, disease outbreaks or environmental hazards; key client and market dependency risks; operational risks including HSE, contracting, project execution; and generic financial risks. In 2015 the price of oil has remained low; the Group has assessed this risk and will continue to monitor the situation closely and respond with mitigating actions as appropriate.

There are two specific sources of risk associated with the Group's historical IDC legacy liabilities. The first relates to the inherent uncertainty in predicting the future level of asbestos related industrial disease claims and of the costs arising from such claims relating to the existing liabilities for which the Board believes the Group to be liable. There can be no guarantee that the assumptions used to estimate the provision will result in an accurate prediction of the actual costs that may be incurred. As such, the provision may be subject to potentially material revisions from time to time if new information becomes available as a result of future events.

The second source of IDC risk relates to any change in legal precedent or judgement that leads to a material expansion of the scope of liability for which the Group is held to be liable in the future. The Group has previously disclosed an increase in the number of product liability claims received from insurance companies (Insurer PL Claims) that have been experienced by the Group. The Board has received legal advice from leading counsel that these Insurer PL Claims place very substantial evidential burdens upon the insurer claimants, are based upon novel legal arguments and are without precedent. Accordingly, the Board believes these claims to be without merit and the Group is vigorously defending them. The risks relating to industrial disease claims and the associated impact on the Group and its stakeholders are described in note 22 'Industrial disease claim provision and contingent liabilities'.

We operate across a number of economies and jurisdictions which therefore exposes the Group to a range of tax laws that vary significantly and are rapidly evolving toward global transparency and harmonisation. Uncertainty may occur when the Group is required to interpret laws and treaties.

The Group is alert to the challenges of managing risk and has systems and procedures in place across the Group to identify, assess and mitigate major business risks. As part of the long term, strategic Operational Excellence programme the Group continues to improve its detailed process of project risk identification and mitigation from contract tender through to project completion.

The directors have reviewed the principal risks and uncertainties and are satisfied that they are relevant. A full review of the Group's principal risks and uncertainties is given in the strategic report within the Group's Annual Report.

Michael Speakman
Chief Financial Officer

Condensed consolidated income statement
for the year ended 31 December 2015

		2015			Restated* 2014		
	Note	**Business performance £m**	**Exceptional and other items £m**	**Total £m**	Business performance £m	Exceptional and other items £m	Total £m
Revenue from continuing operations	7	**711.4**	**–**	**711.4**	690.5	–	690.5
Operating profit before other items		**49.7**	**–**	**49.7**	52.3	–	52.3
Other items	9	**–**	**(3.4)**	**(3.4)**	–	(11.7)	(11.7)
Operating profit before exceptional items		**49.7**	**(3.4)**	**46.3**	52.3	(11.7)	40.6
Share of post-tax result of joint ventures		**2.8**	**–**	**2.8**	–	–	–
Exceptional items	9	**–**	**(9.2)**	**(9.2)**	–	(0.9)	(0.9)
Operating profit		**52.5**	**(12.6)**	**39.9**	52.3	(12.6)	39.7
Finance income	10	**0.1**	**0.3**	**0.4**	0.8	0.5	1.3
Finance costs	10	**(7.9)**	**(3.3)**	**(11.2)**	(7.6)	(3.4)	(11.0)
Net finance costs		**(7.8)**	**(3.0)**	**(10.8)**	(6.8)	(2.9)	(9.7)
Profit before tax		**44.7**	**(15.6)**	**29.1**	45.5	(15.5)	30.0
Income tax (expense)/credit	11	**(8.0)**	**(0.1)**	**(8.1)**	(9.2)	1.8	(7.4)
Profit from continuing operations		**36.7**	**(15.7)**	**21.0**	36.3	(13.7)	22.6
(Loss) from discontinued operations	9,12	**(0.3)**	**(4.9)**	**(5.2)**	(1.3)	(10.9)	(12.2)
Profit for the year		**36.4**	**(20.6)**	**15.8**	35.0	(24.6)	10.4
Attributable to:							
Owners of Cape plc				**15.5**			10.4
Non-controlling interests				**0.3**			–
				15.8			10.4

Earnings per share attributable to the owners of Cape plc		**Pence**	**Pence**	Pence	Pence
Basic					
Continuing operations		**30.0**	**17.1**	30.0	18.7
Discontinued operations		**(0.3)**	**(4.3)**	(1.1)	(10.1)
Total operations	13	**29.7**	**12.8**	28.9	8.6
Diluted					
Continuing operations		**29.9**	**17.0**	30.0	18.7
Discontinued operations		**(0.3)**	**(4.3)**	(1.1)	(10.1)
Total operations	13	**29.6**	**12.7**	28.9	8.6

*Certain amounts shown here do not correspond to the 2014 condensed consolidated financial statements and reflect adjustments made to reclassify the results of discontinued operations.

Condensed consolidated statement of comprehensive income for the year ended 31 December 2015

	2015 £m	2014 £m
Profit for the year	**15.8**	10.4
Other comprehensive income/(expense)		
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods		
Currency translation differences	**3.2**	(0.1)
Net other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods	**3.2**	(0.1)
Other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods		
Re-measurement of defined benefit pension plan	**(0.8)**	(4.9)
Tax effect	**–**	–
	(0.8)	(4.9)
Movement in restriction of retirement benefit asset in accordance with IFRIC 14	**0.9**	4.0
Movement in restriction of interest income in accordance with IFRIC 14	**0.4**	–
Tax effect	**(0.1)**	1.0
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**0.4**	0.1
Other comprehensive income for the year	**3.6**	–
Total comprehensive income for the year	**19.4**	10.4
Attributable to:		
Owners of Cape plc	**19.0**	10.2
Non-controlling interests	**0.4**	0.2
	19.4	10.4

Condensed consolidated statement of financial position
at 31 December 2015

	Note	2015 £m	2014 £m
Assets			
Non-current assets			
Intangible assets	15	**138.6**	148.1
Investment property		**2.0**	2.0
Property, plant and equipment	16	**80.2**	77.3
Investments accounted for using the equity method		**2.8**	–
Derivative financial assets		–	0.2
Deferred tax assets		**20.7**	24.3
Restricted deposits		**9.0**	9.0
Total non-current assets		**253.3**	260.9
Current assets			
Inventories		**12.7**	15.0
Trade and other receivables		**198.8**	200.3
Cash and cash equivalents		**81.4**	78.0
Restricted deposits		**23.3**	20.9
Assets directly associated with disposal group held for sale	12	**1.0**	2.6
Total current assets		**317.2**	316.8
Total assets		**570.5**	577.7
Equity			
Share capital	18	**30.3**	30.3
Share premium account		**1.0**	1.0
Special reserve	18	**1.0**	1.0
Other reserves	18	**9.6**	9.5
Translation reserve	18	**99.4**	96.3
Retained (losses)		**(14.9)**	(13.4)
Equity attributable to equity holders of the parent		**126.4**	124.7
Non-controlling interests		**2.9**	2.8
Total equity		**129.3**	127.5
Liabilities			
Non-current liabilities			
Borrowings		**190.2**	177.1
Retirement benefit obligations		**13.3**	12.4
Deferred tax liabilities		**5.4**	7.5
Provision for industrial disease claims	17	**90.2**	93.5
Other provisions	17	**2.7**	2.9
Total non-current liabilities		**301.8**	293.4
Current liabilities			
Borrowings		**0.1**	–
Derivative financial instruments		**–**	0.2
Trade and other payables		**120.8**	124.3
Current income tax liabilities		**6.0**	7.6
Provision for industrial disease claims	17	**5.3**	4.7
Other provisions	17	**5.5**	17.7
Liabilities directly associated with disposal group held for sale	12	**1.7**	2.3
Total current liabilities		**139.4**	156.8
Total liabilities		**441.2**	450.2
Total equity and liabilities		**570.5**	577.7

Condensed consolidated statement of changes in equity for the year ended 31 December 2015

	Share capital £m	Share premium account £m	Special reserve £m	Other reserves £m	Translation reserve £m	Retained earnings £m	Total attributable to parent £m	Non-controlling interests £m	Total equity £m
At 1 January 2015	**30.3**	**1.0**	**1.0**	**9.5**	**96.3**	**(13.4)**	**124.7**	**2.8**	**127.5**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**15.5**	**15.5**	**0.3**	**15.8**
Other comprehensive (expense)/income:									
Currency translation differences	**–**	**–**	**–**	**–**	**3.1**	**–**	**3.1**	**0.1**	**3.2**
Re-measurement of defined benefit pension plan	**–**	**–**	**–**	**–**	**–**	**(0.8)**	**(0.8)**	**–**	**(0.8)**
Movement in restriction of retirement benefit asset in accordance with IFRIC 14	**–**	**–**	**–**	**–**	**–**	**0.9**	**0.9**	**–**	**0.9**
Movement in restriction of interest income in accordance with IFRIC 14	**–**	**–**	**–**	**–**	**–**	**0.4**	**0.4**	**–**	**0.4**
Tax effect on retirement benefit asset	**–**	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**	**–**	**(0.1)**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**3.1**	**15.9**	**19.0**	**0.4**	**19.4**
Transactions with owners									
Dividends	**–**	**–**	**–**	**–**	**–**	**(17.0)**	**(17.0)**	**–**	**(17.0)**
Transfer to disposal group liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.3)**	**(0.3)**
Share options – value of employee services	**–**	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**	**–**	**(0.4)**
– deferred tax on options	**–**	**–**	**–**	**0.1**	**–**	**–**	**0.1**	**–**	**0.1**
	–	**–**	**–**	**0.1**	**–**	**(17.4)**	**(17.3)**	**(0.3)**	**(17.6)**
At 31 December 2015	**30.3**	**1.0**	**1.0**	**9.6**	**99.4**	**(14.9)**	**126.4**	**2.9**	**129.3**

for the year ended 31 December 2014

	Share capital £m	Share premium account £m	Special reserve £m	Other reserves £m	Translation reserve £m	Retained earnings £m	Total attributable to parent £m	Non-controlling interests £m	Total equity £m
At 1 January 2014	30.3	1.0	1.0	9.3	96.6	(7.6)	130.6	2.6	133.2
Profit for the year	–	–	–	–	–	10.4	10.4	–	10.4
Other comprehensive (expense)/income:									
Currency translation differences	–	–	–	–	(0.3)	–	(0.3)	0.2	(0.1)
Re-measurement of defined benefit pension plan	–	–	–	–	–	(4.9)	(4.9)	–	(4.9)
Movement in restriction of retirement benefit asset in accordance with IFRIC 14	–	–	–	–	–	4.0	4.0	–	4.0
Tax effect on retirement benefit asset	–	–	–	–	–	1.0	1.0	–	1.0
Total comprehensive income/(expense) for the year	–	–	–	–	(0.3)	10.5	10.2	0.2	10.4
Transactions with owners									
Dividends	–	–	–	–	–	(16.9)	(16.9)	–	(16.9)
Share options:									
– value of employee services	–	–	–	–	–	0.6	0.6	–	0.6
– deferred tax on options	–	–	–	0.2	–	–	0.2	–	0.2
	–	–	–	0.2	–	(16.3)	(16.1)	–	(16.1)
At 31 December 2014	30.3	1.0	1.0	9.5	96.3	(13.4)	124.7	2.8	127.5

Condensed consolidated cash flow statement
for the year ended 31 December 2015

	Note	2015 £m	Restated* 2014 £m
Operating activities			
Cash generated from operating activities – continuing operations	19a	**51.6**	44.7
Interest received		**0.1**	0.8
Interest paid		**(7.0)**	(7.2)
Tax paid		**(9.3)**	(8.4)
Net cash flows from operating activities – continuing operations		**35.4**	29.9
Net cash flows from operating activities – discontinued operations	19a	**0.3**	1.2
Net cash flows from operating activities		**35.7**	31.1
Investing activities			
Continuing operations			
Proceeds from sale of property, plant and equipment		**2.9**	1.3
Purchase of property, plant and equipment	16	**(20.1)**	(15.3)
Purchase of intangibles	15	**–**	(0.1)
Net transfer to restricted funds	19b	**(5.8)**	(0.6)
Acquisition of subsidiaries net of cash acquired	21	**(0.2)**	(30.2)
Loans (to) joint ventures		**(1.0)**	(3.6)
Cash paid into escrow for deferred consideration		**–**	(2.1)
Net cash used in investing activities – continuing operations		**(24.2)**	(50.6)
Discontinued operations			
Proceeds from sales of assets held for sale		**–**	3.6
Net cash realised from investing activities – discontinued operations		**–**	3.6
Financing activities			
Continuing operations			
Repayment of facility		**–**	(130.6)
Settlement of debt arising on acquisition	21	**(5.3)**	–
Drawing on borrowings	20	**13.2**	167.9
Finance lease principal payments		**–**	(0.1)
Dividends paid to shareholders		**(17.0)**	(16.9)
Net cash flows used in financing activities – continuing operations		**(9.1)**	20.3
Net cash flows used in financing activities – discontinued operations		**–**	–
Net foreign exchange difference		**1.0**	–
Net increase in cash and cash equivalents	20	**3.4**	4.4
Cash and cash equivalents at 1 January		**78.0**	73.6
Cash and cash equivalents at 31 December		**81.4**	78.0

*Certain amounts shown here do not correspond to the 2014 condensed consolidated financial statements and reflect adjustments made to reclassify the results of discontinued operations and the presentation of cash flows relating to joint ventures as detailed in note 4.

Notes to the condensed consolidated financial statements

1. General information
The Group has prepared its condensed consolidated financial statements for the year ending 31 December 2015 in accordance with the Companies (Jersey) Law 1991 and International Financial Reporting Standards (IFRS) as adopted by the European Union. These statements do not constitute accounts prepared for the purpose of Article 105 of the Companies (Jersey) Law 1991.

The comparative financial information is based on the statutory accounts to 31 December 2014 which have been delivered to the Jersey Financial Services Commission. The report of the auditors on those accounts was unqualified.

The preliminary announcement for the year ending 31 December 2015 was approved by the Board of directors on 15 March 2016.

Copies of this preliminary report will be available from the offices of Cape plc, 47 Esplanade, St Helier, Jersey, JE1 0BD and on the Group's website at www.capeplc.com. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

2. Basis of preparation

The condensed consolidated financial statements for the year ending 31 December 2015 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority.

2.1 Discontinued operations
The Group classifies an asset or disposal group as a discontinued operation when it has been either disposed of or classified as held for sale; or it represents a single major line of business or geographical area of operation or is part of a coordinated plan for disposal.

In the period an asset or disposal group has been disposed of, or is classified as held for sale, the results of the operation are reported as discontinued operations in the current and prior periods.

2.2 Accounting policies
The accounting policies and methods of computation adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual audited consolidated financial statements, which will be available on the Group's website at www.capeplc.com.

2.3 Going concern basis
After making enquiries, the directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated financial statements.

3. New and amended standards and interpretations adopted by the Group

Several new standards and amendments apply for the first time in 2015, however they do not have a significant impact on the annual financial statements of the Group. These new standards and amendments are listed below:

- Amendments to IAS 19: Defined Benefit Plans: Employee Contributions (early adopted)
- Annual Improvements to IFRSs 2010-2012 Cycle (early adopted)
- Annual Improvements to IFRSs 2011-2013 Cycle

Except as noted above, the Group has not yet early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

b) New standards and interpretations not yet adopted
The following standards and interpretations in issue which will have an effect for the Group, have not yet been adopted by the Group:

	Effective dates
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
Annual Improvements to IFRSs 2012-2104 Cycle	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016

The Group is currently assessing the impact of these standards and plans to adopt the new standards on the required effective date.

4. Prior period adjustments

As a result of the discontinuation of operations in Hong Kong during 2015, the prior period figures in the condensed consolidated income statement have been restated, together with any associated notes.

The comparative amounts in the condensed cash flow statement for the year ended 31 December 2014 have been restated to include loans to joint ventures of £3.6 million within investing activities.

5. Group specific accounting measures

To be able to provide readers with clear, meaningful and consistent presentation of financial performance, the Group reflects its underlying financial results in the 'business performance' column within the condensed consolidated income statement. Business performance excludes 'Other items' and 'Exceptional items', which are considered non-operational in their nature and which are reported separately in a different column within the condensed consolidated income statement.

a) Other items

Other items are those items which the directors believe are relevant to the understanding of the results for the year and which are excluded from the adjusted measures. Other items include administration expenses, financial incomes and financial costs associated with industrial disease claims and certain post-acquisition charges, including amortisation of acquired intangibles arising from business combinations.

b) Exceptional items

Exceptional items are those items which are of a non-recurring nature and, in the judgement of the directors, need to be disclosed separately by virtue of their nature, size or incidence. Items which may be considered exceptional in nature include significant write-downs of goodwill and other assets, significant changes in asset values as a result of changes in accounting estimates, business acquisition costs and restructuring costs.

6. Significant judgements and estimates

Certain of the Group's accounting policies require critical accounting estimates that involve subjective judgements and the use of assumptions, some of which may relate to matters that are inherently uncertain and susceptible to change.

a) Judgements

Areas of judgement that have the most significant effect on the amounts recognised in the condensed consolidated financial statements are:

(i) Revenue recognition and assessment of long term contract performance

The Group generally accounts for long term construction contracts using the percentage of completion method as performance of the contract progresses. This method requires judgement to determine accurate estimates of the extent of progress towards contract completion and may involve estimates of the total contract costs, remaining costs to completion, total revenues, contract risks and other judgements.

(ii) Carrying value of property, plant and equipment

Assessing whether property, plant and equipment may be impaired requires a review for indicators of impairment and, where such indicators exist, an estimate of the asset's recoverable amount by reference to value in use. Management are required to exercise significant judgement in reviewing for and identifying asset indicators of impairment and subsequently calculating value in use.

(iii) Trade and other receivables

The Group provides for likely non-recovery of receivables to the extent that the carrying value is more than the present value of expected future cash flows. Assessing the value of the provision requires significant management judgement and review of individual receivables based upon individual customer creditworthiness, current economic trends and analysis of historical bad debts.

(iv) Deferred tax assets

The Group recognises deferred tax assets on all applicable temporary differences where it is probable that future taxable profits will be available for utilisation. This requires management to make judgements and assumptions regarding the amount of deferred tax that can be recognised based on the magnitude and likelihood of future taxable profits.

(v) Defined benefit pension plans

The cost and the obligation of the Group's defined benefit pension plan is based on a number of selection assumptions. These include the discount rate, inflation rate, salary growth, longevity and expected return on the assets of the plan. Differences arising from actual experience or future changes in assumptions will be reflected in future periods.

b) Estimates

The key assumptions affected by future uncertainty that have a significant risk of causing material adjustment to the carrying value of assets and liabilities within the next financial year are:

(i) Onerous contracts

Provision is made for future losses on long term contracts where it is considered that the contract costs are likely to exceed revenues in future years. Estimating future losses involves assumptions of contract performance targets and likely levels of future cost escalation over time. A provision for onerous contracts of £3.1 million is recorded at 31 December 2015 (2014: £9.7 million).

(ii) Impairment of goodwill

Goodwill is tested at least annually for impairment. This requires estimation of the value in use of the cash-generating units to which the goodwill is allocated. Calculation of value in use requires estimation of expected future cash flows from each of the cash-generating units and also to determine a suitable discount rate to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was £118.0 million (2014:£127.2 million).

(iii) Provision for industrial disease claims

To the extent that such costs can be reliably estimated as at 31 December 2015, a provision has been made for the costs which the

6. Significant judgements and estimates (continued)

Group is expected to incur in respect of lodged and future industrial disease claims for which the Board believes the Group to be liable arising on alleged exposure to previously manufactured asbestos products, notwithstanding the matters disclosed under note 22 'Industrial disease claim provision and contingent liabilities'. The most recent full actuarial valuation was performed in 2013 and the next full valuation is scheduled to be completed in early 2017 in respect of the period up to 31 December 2016. The amount of the provision is based on historic patterns of claim numbers and monetary settlements as well as published tables of projected disease incidence. Key assumptions made in assessing the appropriate level of provision include the period over which future claims can be expected, the nature of claims received, the rate at which claims will be filed, the rate of successful resolution as well as future trends in both compensation payments and legal costs. Management monitors claims received on an ongoing basis as well as any other factors which would require a change to the assumptions or trigger a full actuarial review in the current year. When determining the appropriate level of provision, the Board has considered various potential, threatened and actual claim types which, relying on appropriate legal advice, it does not believe to have legal merit and which are, accordingly, not provided for.

During 2015, changes in macroeconomic conditions necessitated a revision to the discount rate and inflation rate assumptions, giving rise to a decrease in the amount of the provision of £0.6 million (2014: increase of £8.2 million) with an equivalent credit to profit or loss (2014: charge). The value of the provision at 31 December 2015 is £95.5 million (2014: £98.2 million). See note 17 for details of movements on the provision during the year.

(iv) Income tax

Group entities can be subject to routine tax audits and also a process whereby tax computations are discussed and agreed with the appropriate authorities. Whilst the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of required tax provisions on the basis of professional advice and the nature of current discussions with the tax authority concerned.

7. Segment information

Management has determined the operating segments based on the reports reviewed by the Board (Chief Operating Decision Maker 'CODM') that are used to make strategic decisions. The CODM considers the business from a geographic perspective and the Group reports three regional segments and a central support function. The main profit measure used by the CODM in its review is adjusted operating profit.

Each regional segment derives its revenues from the provision of critical industrial services focussed on the energy and natural resources sectors. No operating segments have been aggregated.

The segment information for the year ended 31 December 2015 is as follows:

2015	UK, Europe & CIS £m	MENA £m	Asia Pacific £m	Central £m	Group £m
Continuing operations					
Revenue	**395.8**	**174.6**	**141.0**	**–**	**711.4**
Adjusted operating profit /(loss) before joint ventures	**31.7**	**22.0**	**2.6**	**(6.6)**	**49.7**
Share of post-tax profit from joint ventures	**2.8**	**–**	**–**	**–**	**2.8**
Adjusted operating profit/(loss) after franchise fees	**34.5**	**22.0**	**2.6**	**(6.6)**	**52.5**
Other and exceptional items					**(12.6)**
Net finance costs					**(10.8)**
Profit before tax					**29.1**

2014 Restated	UK, Europe & CIS £m	MENA £m	Asia Pacific £m	Central £m	Group £m
Continuing operations					
Revenue	388.5	175.6	126.4	–	690.5
Adjusted operating profit /(loss) before joint ventures	38.5	16.6	1.6	(4.4)	52.3
Share of post-tax profit from joint ventures	–	–	–	–	–
Adjusted operating profit/(loss) after franchise fees	38.5	16.6	1.6	(4.4)	52.3
Other and exceptional items					(12.6)
Net finance costs					(9.7)
Profit before tax					30.0

Segmental adjusted operating profit/(loss) in the table above is shown after charging franchise fees. Adjusted operating profit before franchise fees is set out in note 8.

There were no significant sales between segments in either year.

7. Segment information (continued)

Other segment items included in the condensed consolidated income statement are as follows:

2015	UK, Europe & CIS £m	MENA £m	Asia Pacific £m	Central £m	Group £m
Depreciation (excluding discontinued operations)	**5.2**	**6.5**	**4.2**	**–**	**15.9**
Amortisation	**3.4**	**–**	**–**	**–**	**3.4**

2014	UK, Europe & CIS £m	MENA £m	Asia Pacific £m	Central £m	Group £m
Depreciation (excluding discontinued operations)	5.0	6.3	6.7	0.1	18.1
Amortisation	2.6	-	-	-	2.6

The geographical origin of revenue based on location of the entity is analysed as follows:

	Note	2015 £m	Restated 2014 £m
Continuing operations			
United Kingdom		**385.7**	378.4
Australia		**113.6**	96.7
Abu Dhabi		**34.6**	39.5
Qatar		**54.6**	56.6
Kingdom of Saudi Arabia		**70.0**	63.2
Singapore		**0.8**	2.9
Rest of the world		**52.1**	53.2
Revenue from continuing operations		**711.4**	690.5
Discontinued operations	12	**5.3**	10.3
Total revenue		**716.7**	700.8

The strategic report section in the Annual Report provides an analysis of revenues between maintenance support services (being services to plant operators to assist with their maintenance and production support activities) and construction support services (being services to engineering and contracting companies to support major construction projects). This split in customer base and revenue does not represent an operating segment as multi-discipline services are provided to all customers and as such the segmental analysis is only presented by geographic segments.

Revenue from continuing operations derived from maintenance support services was £474 million (67%) (2014: £478 million (69%)) and revenue derived from construction support services was £237 million (33%) (2014: £212 million (31%)).

Revenue from the largest client represented 12% of total revenue (2014: 15%) relating to activity across all geographic segments and the top ten clients represented 45% of revenue (2014: 42%).

The segment assets and liabilities at 31 December 2015 and capital expenditure for the year are as follows:

2015	UK, Europe & CIS £m	MENA £m	Asia Pacific £m	Central £m	Unallocated £m	Group £m
Assets – continuing	**174.5**	**162.6**	**74.4**	**23.6**	**134.4**	**569.5**
Assets directly associated with disposal group held for sale (note 12)	**0.2**	**–**	**0.8**	**–**	**–**	**1.0**
Total assets	**174.7**	**162.6**	**75.2**	**23.6**	**134.4**	**570.5**
Non-current assets included in total assets						
Goodwill and intangibles – continuing	**61.6**	**48.3**	**28.6**	**0.1**	**–**	**138.6**
Other – continuing	**35.5**	**30.9**	**18.4**	**0.2**	**29.7**	**114.7**
Total – continuing	**97.1**	**79.2**	**47.0**	**0.3**	**29.7**	**253.3**
Non-current assets – discontinued operations	**–**	**–**	**–**	**–**	**–**	**–**
Total non-current assets	**97.1**	**79.2**	**47.0**	**0.3**	**29.7**	**253.3**
Liabilities - continuing	**59.2**	**55.6**	**23.5**	**102.4**	**198.7**	**439.4**
Liabilities – discontinued operations	**–**	**0.1**	**–**	**–**	**–**	**0.1**
Liabilities directly associated with disposal group held for sale (note 12)	**0.5**	**–**	**1.2**	**–**	**–**	**1.7**
Total liabilities	**59.7**	**55.7**	**24.7**	**102.4**	**198.7**	**441.2**
Capital expenditure – property, plant and equipment (note 16)	**8.5**	**9.1**	**2.5**	**–**	**–**	**20.1**

7. Segment information (continued)

Included within Asia Pacific's total non-current assets of £47.0 million (2014: £65.8 million) is £2.1 million (2014: £2.1 million) that is located in Singapore. The geographical origin of non-current assets held by the Group has not been disclosed as the necessary information is not available and the cost to develop it would be excessive.

Liabilities of discontinued operations of £0.1 million (2014: £0.3 million) relate to liabilities held in India. Assets and liabilities held for sale in both 2015 and 2014 relate to the discontinuation of operations in Hong Kong and Kazakhstan respectively.

The segment assets and liabilities at 31 December 2014 and capital expenditure for the year are as follows:

2014	UK, Europe & CIS £m	MENA £m	Asia Pacific £m	Central £m	Unallocated £m	Group £m
Assets – continuing	120.8	115.6	82.3	124.0	132.4	575.1
Assets directly associated with disposal group held for sale (note 12)	2.6	–	–	–	–	2.6
Total assets	123.4	115.6	82.3	124.0	132.4	577.7
Non-current assets included in total assets						
Goodwill and intangibles – continuing	59.5	47.1	41.4	0.1	–	148.1
Other – continuing	29.8	25.3	24.4	–	33.3	112.8
Total – continuing	89.3	72.4	65.8	0.1	33.3	260.9
Non-current assets – discontinued operations	–	–	–	–	–	–
Total non-current assets	89.3	72.4	65.8	0.1	33.3	260.9
Liabilities - continuing	59.2	55.1	27.4	115.7	190.2	447.6
Liabilities – discontinued operations	–	0.3	–	–	–	0.3
Liabilities directly associated with disposal group held for sale (note 12)	2.3	–	–	–	–	2.3
Total liabilities	61.5	55.4	27.4	115.7	190.2	450.2
Capital expenditure – property, plant and equipment (note 16)	8.3	2.9	3.9	0.2	–	15.3

Segment assets consist primarily of property, plant and equipment, investments, intangible assets, inventories and trade and other receivables. Segment liabilities consist of operating liabilities.

Unallocated assets and liabilities comprise:

	2015		2014	
	Assets £m	**Liabilities £m**	Assets £m	Liabilities £m
Deferred tax	**20.7**	**5.4**	24.3	7.5
Current tax	**–**	**6.0**	–	7.6
Cash	**81.4**	**–**	78.0	–
Restricted funds: current	**23.3**	**–**	20.9	–
Restricted funds: non-current	**9.0**	**–**	9.0	–
Current borrowings	**–**	**–**	–	–
Non-current borrowings	**–**	**187.3**	–	174.9
Derivatives	**–**	**–**	0.2	0.2
Total unallocated	**134.4**	**198.7**	132.4	190.2

8. Adjusted measures

The Group seeks to present a measure of underlying performance which is not impacted by exceptional or other items, both considered non-operational in nature. These measures are described as 'adjusted' and are used by management to measure and monitor performance. Other items and exceptional items have been excluded from the adjusted measures:

	Note	2015 £m	Restated 2014 £m
Profit before tax		**29.1**	30.0
Other items	9a	**3.4**	11.7
Exceptional items	9b	**9.2**	0.9
Interest income on restricted funds	10	**(0.3)**	(0.5)
Unwind of discount on provision for industrial disease claims	10	**3.3**	3.4
Adjusted profit before tax		**44.7**	45.5

	Note	2015 £m	Restated 2014 £m
Operating profit		**39.9**	39.7
Other items	9a	**3.4**	11.7
Exceptional items	9b	**9.2**	0.9
Adjusted operating profit		**52.5**	52.3
Adjusted operating profit margin		**7.4%**	7.6%

	Note	2015 £m	Restated 2014 £m
Adjusted operating profit		**52.5**	52.3
Depreciation – continuing operations	16	**15.9**	18.1
Adjusted EBITDA		**68.4**	70.4

	Note	2015 £m	Restated 2014 £m
Net debt		**76.6**	69.2
Unamortised borrowing arrangement costs		**2.0**	2.9
Restricted funds		**32.3**	29.9
Less: cash transferred to assets of disposal group held for sale	12	**(1.0)**	(1.0)
Adjusted net debt		**109.9**	101.0

	Note	2015 £m	Restated 2014 £m
Finance costs		**(11.2)**	(11.0)
Unwind of discount on provision for industrial disease claims		**3.3**	3.4
Adjusted finance costs		**(7.9)**	(7.6)

Certain central operations and management are based in the Group's International Headquarters (IHQ) in Singapore with responsibility for management and development of non-UK intellectual property. Franchise agreements facilitate the charging of franchise fees from IHQ to the Group's non-UK trading businesses with such costs being reported through segment operating profit.

The segmental adjusted operating profit before franchise fee charges is as follows:

2015	**UK, Europe & CIS £m**	**MENA £m**	**Asia Pacific £m**	**Central £m**	**Group £m**
Revenue	**395.8**	**174.6**	**141.0**	**–**	**711.4**
Adjusted operating profit /(loss) before joint ventures	**31.7**	**25.4**	**6.9**	**(14.3)**	**49.7**
Share of post-tax result of joint ventures	**2.8**	**–**	**–**	**–**	**2.8**
Adjusted operating profit /(loss)	**34.5**	**25.4**	**6.9**	**(14.3)**	**52.5**

2014 Restated	UK, Europe & CIS £m	MENA £m	Asia Pacific £m	Central £m	Group £m
Revenue	388.5	175.6	126.4	–	690.5
Adjusted operating profit /(loss) before joint ventures	38.5	21.1	6.8	(14.1)	52.3
Share of post-tax result of joint ventures	–	–	–	–	–
Adjusted operating profit /(loss)	38.5	21.1	6.8	(14.1)	52.3

9. Other items and exceptional items

a) Other items

	2015 £m	2014 £m
Continuing operations		
In operating profit:		
Amortisation of intangibles arising on business acquisitions	**3.4**	2.6
Post-acquisition management compensation	**0.2**	0.7
Actuarial (credit)/charge to provision for industrial disease claims	**(0.6)**	8.2
Other industrial disease claims expenses	**0.4**	0.2
Other items from continuing operations included within operating profit	**3.4**	11.7

b) Exceptional items

	Note	2015 £m	2014 £m
(i) Continuing operations			
Acquisition related costs	21	**0.4**	0.9
Impairment of goodwill		**8.8**	-
Exceptional items from continuing operations included within operating profit		**9.2**	0.9

	2015 £m	2014 £m
(ii) Discontinued operations		
In loss from discontinued operations		
Impairment of goodwill	**3.4**	6.1
Impairment of investment in joint venture	**-**	0.8
Impairment of assets held for sale	**1.8**	2.8
Other	**0.4**	-
(Release)/charge of provision for exit costs	**(0.7)**	1.2
Exceptional items included within loss from discontinued operations	**4.9**	10.9

10. Finance income and costs

	2015 £m	2014 £m
Interest income		
Short-term bank deposits	**0.1**	0.1
Interest on pension assets	**-**	0.7
Interest on restricted funds (included in other items)	**0.3**	0.5
Finance income	**0.4**	1.3
Interest expense		
Bank borrowings	**(7.7)**	(7.4)
Finance leases	**(0.2)**	(0.2)
Unwind of discount on provision for industrial disease claims (included in other items)	**(3.3)**	(3.4)
Finance costs	**(11.2)**	(11.0)
Net finance costs	**(10.8)**	(9.7)

11. Income tax

	2015 £m	Restated 2014 £m
Current tax		
UK	**2.1**	1.5
Overseas	**6.8**	6.2
Adjustments in respect of prior years	**(1.1)**	(0.4)
Deferred tax		
UK	**1.0**	0.5
Overseas	**(0.2)**	(0.7)
Adjustments in respect of prior years	**(0.5)**	0.3
Income tax expense	**8.1**	7.4

The difference between the actual tax charge and the charge that would have arisen using Jersey's standard corporate income tax rate of 0% (2014: 0%) is explained in the table below:

	2015 £m	Restated 2014 £m
Profit before tax	**29.1**	30.0
Tax calculated at the standard rate of corporate income tax in Jersey of 0% (2014: 0%)	**-**	-
Adjustments in respect of prior year	**(1.6)**	(0.1)
Share option charge	**-**	0.1
Effect of different overseas tax rates	**6.1**	5.5
Goodwill write-off	**1.8**	-
Unrelieved overseas tax	**2.2**	0.2
Deferred tax asset not recognised in respect of losses	**(0.3)**	0.3
Tax in respect of joint ventures	**(0.6)**	0.1
Expenses non-deductible	**1.1**	2.2
Income not taxable	**(0.8)**	(0.8)
Change in tax rates	**0.2**	(0.1)
Tax charge	**8.1**	7.4

Included within the tax charge of £8.1 million (2014: £7.4 million) is a tax charge of £0.1 million (2014: credit of £1.8 million) relating to exceptional and other items. The local tax rate is applied to the underlying costs or income however certain exceptional costs due to their very nature will not have an associated tax charge or credit. The overall effective rate applied to these costs will vary year upon year depending on the location and the nature of the cost.

Factors affecting current and future tax charges
As a Group involved in worldwide operations, Cape is subject to several factors that may affect future tax charges, principally the levels and mix of profitability in different jurisdictions, tax rates imposed and tax regime reforms. Legislation has been enacted in the UK to reduce the standard rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. Any UK deferred tax balances have therefore been measured at an appropriate rate depending on when the deferred tax balance is expected to unwind.

12. Discontinued operations and assets held for sale

Analysis of the result of discontinued operations and the result recognised on the re-measurement of assets and liabilities of the disposal group is as follows:

	2015 £m	Restated 2014 £m
Revenue	**5.3**	10.3
Expenses	**(5.6)**	(11.9)
(Loss) before tax of discontinued operations	**(0.3)**	(1.6)
Deferred income tax (charge)/credit	**(0.2)**	0.3
Exclude: share of loss attributable to non-controlling interest	**0.2**	–
(Loss) after tax of discontinued operations before exceptional items	**(0.3)**	(1.3)
Exceptional items:		
Impairment of goodwill	**(3.4)**	(6.1)
Impairment of investment in joint venture	**–**	(0.8)
Impairment of assets held for sale	**(1.8)**	(2.8)
Other	**(0.4)**	–
Release/(charge) of provision for exit costs	**0.7**	(1.2)
(Loss) after tax of discontinued operations after exceptional items	**(5.2)**	(12.2)

Discontinued operations in 2015 and 2014 primarily relate to the planned termination of operations in Hong Kong and Kazakhstan respectively.

The major classes of assets and liabilities directly associated with the disposal group classified as held for sale are split as follows:

Assets directly associated with disposal group held for sale	Note	2015 £m	Restated 2014 £m
Property, plant and equipment	16	**–**	1.8
Investment held in joint venture		**–**	0.8
Trade and other receivables		**1.8**	2.6
Cash		**1.0**	1.0
Goodwill	15	**3.4**	6.1
Assets directly associated with disposal group held for sale before impairment		**6.2**	12.3
Impairment of assets associated with disposal group held for sale		**(5.2)**	(9.7)
Assets directly associated with disposal group held for sale after impairment		**1.0**	2.6

Liabilities directly associated with disposal group held for sale	2015 £m	2014 £m
Trade and other payables	**(1.2)**	(1.1)
Liabilities directly associated with disposal group held for sale before impairment	**(1.2)**	(1.1)
Provision for exit costs	**(0.5)**	(1.2)
Liabilities directly associated with disposal group held for sale after impairment	**(1.7)**	(2.3)
Net (liabilities)/ assets of disposal group held for sale	**(0.7)**	0.3

The net liabilities (2014: net assets) of the disposal group classified as held for sale of £0.7 million (2014: £0.3 million asset) at 31 December 2015 is stated after the Group recognised an impairment charge of £5.1 million (2014: £9.7 million) on those assets and the recognition of a provision for exit costs of £0.5 million (2014: £1.2 million).

13. Earnings per ordinary share

Basic earnings per share (EPS) for the year equals the profit after tax attributable to the Company's ordinary shareholders of £15.5 million (2014: profit of £10.4 million) divided by the weighted average number of issued ordinary shares of 121,072,777 (2014: 121,040,516).

When the Group makes a profit from continuing operations, diluted EPS equals the profit attributable to the Company's ordinary shareholders divided by the diluted weighted average number of issued ordinary shares. When the Group makes a loss from continuing operations, diluted EPS equals the loss attributable to the Company's ordinary shareholders divided by the basic (undiluted) weighted average number of issued ordinary shares. This ensures that EPS on losses is shown in full and not diluted by unexercised share options or awards.

Share options and awards are considered dilutive when the average share price during the year is higher than the average exercise price of the option or award and attainment of attaching performance criteria can be determined with appropriate certainty. Out of the 1,237,636 options granted in the current period, 1,040,113 options are not considered dilutive.

	2015	2014
	Shares	Shares
Basic weighted average number of shares	**121,072,777**	121,040,516
Adjustments:		
Weighted average number of outstanding share options	**563,679**	61,245
Diluted weighted average number of shares	**121,636,456**	121,101,761

The basic weighted average number of shares excludes shares that the Company holds in an employee benefit trust. The weighted average number of shares held in the trust during the year was 31,160 (2014: 63,421).

	2015		Restated 2014	
	Earnings £m	**EPS pence**	Earnings £m	EPS pence
Basic earnings/(loss) per share				
Continuing operations	**20.7**	**17.1**	22.6	18.7
Discontinued operations	**(5.2)**	**(4.3)**	(12.2)	(10.1)
Basic earnings per share	**15.5**	**12.8**	10.4	8.6
Diluted earnings/(loss) per share				
Continuing operations	**20.7**	**17.0**	22.6	18.7
Discontinued operations	**(5.2)**	**(4.3)**	(12.2)	(10.1)
Diluted earnings per share	**15.5**	**12.7**	10.4	8.6
Adjusted basic earnings per share – continuing operations				
Earnings from continuing operations	**20.7**	**17.1**	22.6	18.7
Amortisation of intangibles	**3.4**	**2.8**	2.6	2.1
Post-acquisition management compensation	**0.2**	**0.2**	0.7	0.6
Exceptional items	**9.2**	**7.5**	0.9	0.8
Industrial disease related costs and interest income	**2.8**	**2.3**	11.3	9.3
Tax effect of adjusting items	**0.1**	**0.1**	(1.8)	(1.5)
Adjusted basic earnings per share	**36.4**	**30.0**	36.3	30.0
Adjusted diluted earnings per share – continuing operations				
Earnings from continuing operations	**20.7**	**17.0**	22.6	18.7
Amortisation of intangibles	**3.4**	**2.8**	2.6	2.1
Post-acquisition management compensation	**0.2**	**0.2**	0.7	0.6
Exceptional items	**9.2**	**7.5**	0.9	0.8
Industrial disease related costs and interest income	**2.8**	**2.3**	11.3	9.3
Tax effect of adjusting items	**0.1**	**0.1**	(1.8)	(1.5)
Adjusted diluted earnings per share	**36.4**	**29.9**	36.3	30.0

The adjusted earnings per share calculations have been calculated after excluding the impact of amortisation of intangibles, non-recurring costs, exceptional items, industrial disease claims related costs and interest income and the tax impact of these items.

14. Dividends per share

An interim dividend was paid on 9 October 2015 amounting to 4.5 pence per share (2014: 4.5 pence per share). Interim dividends are recognised when paid. A final dividend in respect of the year ended 31 December 2015 of 9.5 pence per share (2014: 9.5 pence per share), amounting to £11.5 million, is to be proposed at the Annual General Meeting convened for 11 May 2016, making a total dividend of 14.0 pence per share for the year (2014: 14.0 pence per share).

These condensed consolidated financial statements do not reflect this final dividend payable.

15. Intangible assets

	Goodwill £m	Trademarks £m	Supply agreements £m	Other customer related intangibles £m	Other £m	Total £m
Cost						
At 1 January 2014	243.5	–	–	–	5.7	249.2
Acquired through business combination	20.1	6.8	2.6	13.8	–	43.3
Additions	–	–	–	–	0.1	0.1
Exchange adjustments	(0.5)	–	–	–	–	(0.5)
Transfer to assets held for sale (note 12)	(6.1)	–	–	–	–	(6.1)
At 31 December 2014	257.0	6.8	2.6	13.8	5.8	286.0
Acquired through business combination (note 21)	2.3	–	–	3.1	–	5.4
Disposals	–	–	–	–	(0.1)	(0.1)
Exchange adjustments	(7.1)	–	–	–	–	(7.1)
Transfer to assets held for sale (note 12)	(3.4)	–	–	–	–	(3.4)
At 31 December 2015	**248.8**	**6.8**	**2.6**	**16.9**	**5.7**	**280.8**
Amortisation and impairment						
At 1 January 2014	129.8	–	–	–	5.5	135.3
Amortisation charge	–	0.3	0.7	1.5	0.1	2.6
At 31 December 2014	129.8	0.3	0.7	1.5	5.6	137.9
Amortisation charge	–	0.3	0.9	2.1	0.1	3.4
Impairment	8.8	–	–	–	–	8.8
Disposals	–	–	–	–	(0.1)	(0.1)
Exchange adjustments	(7.8)	–	–	–	–	(7.8)
At 31 December 2015	**130.8**	**0.6**	**1.6**	**3.6**	**5.6**	**142.2**
Net book amount:						
At 1 January 2014	113.7	–	–	–	0.2	113.9
At 31 December 2014	127.2	6.5	1.9	12.3	0.2	148.1
At 31 December 2015	**118.0**	**6.2**	**1.0**	**13.3**	**0.1**	**138.6**

Impairment tests for goodwill

As required by IAS 36 'Impairment of assets', the Group tests goodwill for impairment on an annual basis. The recoverable amounts of each cash-generating unit (CGU) is based on a value in use calculation.

£8.8m of goodwill was impaired in the year in relation to the Asia CGU, reflecting a downward revision in the shorter-term cash flow projections in light of current market conditions.

Each CGU's value in use was calculated by taking the Group's five-year cash flow forecasts and then applying a long term growth rate to the periods beyond the fifth year, discounted back using a pre-tax discount rate. These present values were then compared to the combined carrying value of the CGUs' assets (goodwill, intangible assets and property, plant and equipment). The key assumptions used in preparing the discounted cash flows were as follows:

EBITDA and cash flow projections

EBITDA and capital expenditure in the five-year forecast commenced with the most recently approved annual budget, years two to five were prepared on a country by country basis by considering past performance, long- term market share and estimates of market growth by sector. All cash flows associated with future capital expenditure that would enhance the performance of the CGUs were then removed from the discounted cash flows. Cash flow projections were calculated in real rather than nominal terms.

15. Intangibles (continued)

Discount rate

The discount rate reflects the estimated post-tax rate of return that would be expected from a rational investor over the period of the forecast, which is then adjusted to a pre-tax discount rate by reference to the Group's five-year cash tax forecast. The post-tax discount rate was calculated using the Capital Asset Pricing Model approach, with the risk free rate based on UK Government gilts, the beta derived via weekly observations over a five year period and the risk premium based on a consistent long term average return on shares. Adjustments were then made to the discount rate of each CGU to reflect different risks associated with those CGUs (both specific risk premiums and in respect of local risk free rates). The pre-tax discount rates applied are set out in the table below.

Long-term growth rates

Long term growth rates were also applied to each CGU separately. Considerations to derive the growth rates included long-term GDP growth and projected growth rates in the supply and demand for energy. The long-term growth rates applied are also set out below.

Given the current uncertainty surrounding market conditions, management have taken a prudent view on the real long-term growth rates applied to the cash flow projections for the purpose of impairment testing, as indicated below. Management are of the opinion that over the short to medium term, actual growth rates will be in excess of those used in the projections.

The assumptions used in the value-in-use calculations were as follows:

	Goodwill £m	Discount rate	Long term growth rate	Headroom £m
UK	18.9	10.2%	–	101.4
MENA	48.2	11.1%	–	173.6
Australia	19.2	11.4%	–	9.5
Asia	9.3	13.0%	–	–
Motherwell Bridge	20.1	9.7%	–	77.1
Cape Engineering Services	2.3	10.0%	–	13.0
	118.0			374.6

Sensitivities

The table below discloses what changes in the key assumptions would cause the carrying value of the CGUs to exceed their recoverable amounts:

	Discount rate to reach impairment	**Long term growth rate to reach impairment**
UK	35.1%	Note*
MENA	36.2%	Note*
Australia	14.9%	(6.3%)
Asia	–	–
Motherwell Bridge	25.9%	(45.4%)
Cape Engineering Services	38.4%	Note*

* Note: while the level of headroom is significant, it is not practicable to calculate.

Sensitivities were also applied to the five year EBITDA compound annual growth rates, again there was sufficient headroom in each of the CGUs with flat or negative growth rates still providing headroom.

16. Property, plant and equipment

During the year ended 31 December 2015, the Group acquired assets with a cost of £20.1 million (2014: £15.3 million) and received proceeds from asset sales of £2.9 million (2014: £1.3 million) as shown in the condensed consolidated cash flow statement representing the actual cash outflow.

	Land and buildings £m	Fixtures and fittings £m	Plant and machinery £m	Assets under course of construction £m	Total £m
Cost					
At 1 January 2014	19.8	9.4	167.4	–	196.6
Exchange adjustments	0.2	–	3.0	–	3.2
Additions	–	0.9	14.1	0.3	15.3
Acquired through business combination	1.7	–	0.6	–	2.3
Disposals	(0.8)	(0.2)	(18.4)	–	(19.4)
Transfer to assets held for sale (note 12)	–	–	(5.9)	–	(5.9)
At 31 December 2014	20.9	10.1	160.8	0.3	192.1
Exchange adjustments	–	–	2.8	–	2.8
Additions	0.6	0.6	18.1	0.8	20.1
Reclassification	(0.2)	–	–	0.2	–
Acquired through business combination (note 21)	0.5	–	0.1	–	0.6
Disposals	(0.7)	(1.4)	(9.7)	–	(11.8)
At 31 December 2015	**21.1**	**9.3**	**172.1**	**1.3**	**203.8**
Accumulated depreciation and impairment					
At 1 January 2014	4.4	8.1	102.8	–	115.3
Exchange adjustments	0.1	(0.1)	2.4	–	2.4
Charge for the year	0.9	0.8	16.6	–	18.3
Impairment loss	–	–	0.1	–	0.1
Disposals	(0.2)	(0.1)	(16.9)	–	(17.2)
Transfer to assets held for sale (note 12)	–	–	(4.1)	–	(4.1)
At 31 December 2014	5.2	8.7	100.9	–	114.8
Exchange adjustments	0.1	0.2	2.0	–	2.3
Charge for the year	1.1	0.8	14.0	–	15.9
Disposals	(0.3)	(1.3)	(7.8)	–	(9.4)
At 31 December 2015	**6.1**	**8.4**	**109.1**	**–**	**123.6**
Net book amount					
At 1 January 2014	15.4	1.3	64.6	–	81.3
At 31 December 2014	15.7	1.4	59.9	0.3	77.3
At 31 December 2015	**15.0**	**0.9**	**63.0**	**1.3**	**80.2**

Included within the depreciation charge for the year of £15.9 million (2014: £18.3 million) is an amount of £nil (2014: £0.2 million) relating to discontinued operations. The remaining £15.9 million (2014: £18.1 million) relating to continuing operations has been charged to cost of sales in the condensed consolidated income statement.

Exchange adjustments relate to the translation of assets held by foreign operations into the presentation currency.

The Group leases property, plant and equipment under finance lease agreements. At 31 December 2015, the net carrying amount of property, plant and equipment includes the following amounts held under finance lease: plant and machinery £0.6 million (2014: £0.7 million) and land and buildings £1.8 million (2014: £1.5 million). Additions during the year include £nil of plant and machinery under finance leases.

17. Provisions

	Onerous contracts £m	Legal £m	Other £m	Total £m	Industrial disease claims £m	Total Group £m
At 1 January 2015	9.7	6.6	4.3	**20.6**	98.2	**118.8**
Acquired through business combinations (note 21)	–	–	0.6	**0.6**	–	**0.6**
Utilised	(5.9)	(2.9)	(1.5)	**(10.3)**	(5.4)	**(15.7)**
Charged to the income statement	1.4	–	0.7	**2.1**	–	**2.1**
Released to the income statement	(2.3)	(2.3)	(0.3)	**(4.9)**	(0.6)	**(5.5)**
Discount unwind	–	–	–	–	3.3	**3.3**
Foreign exchange	0.2	–	(0.1)	**0.1**	–	**0.1**
At 31 December 2015	**3.1**	**1.4**	**3.7**	**8.2**	**95.5**	**103.7**
2015						
Current provisions	2.3	1.4	1.8	**5.5**	5.3	**10.8**
Non-current provisions	0.8	–	1.9	**2.7**	90.2	**92.9**
	3.1	**1.4**	**3.7**	**8.2**	**95.5**	**103.7**
2014						
Current provisions	8.8	6.6	2.3	**17.7**	4.7	**22.4**
Non-current provisions	0.9	–	2.0	**2.9**	93.5	**96.4**
	9.7	**6.6**	**4.3**	**20.6**	**98.2**	**118.8**

Onerous contracts

A provision is made for onerous contracts where it is considered that the contract costs are likely to exceed revenues in future years. Inherent uncertainties in measuring the provision relate to estimates of the future costs expected to be incurred and of revenues expected to be received. The majority of this is expected to be settled in 2016, with the remaining balance expected to be settled in 2017.

Legal

The Group is involved in a number of legal and other disputes, including notification of possible claims. The directors, having considered the facts and circumstances of each item, including legal advice where appropriate, have established provisions to cover the costs of future settlements. Uncertainties relate to whether the Group is successful in defending any action. These are expected to be settled in 2016.

Other

Other provisions comprise of various provisions including disposal costs on businesses being divested, restructuring provisions, property related provisions and contingent consideration on acquisitions. Inherent uncertainties in measuring the provision relate to estimates of disposal costs associated with any businesses being divested, estimates of expected restructuring costs and expected property costs and estimates of contingent consideration on acquisitions. The costs are expected to be settled in 2016 and 2017.

Industrial disease claims

To the extent that such costs can be reliably estimated as at 31 December 2015, a provision has been made for the costs, which the Group is expected to incur in respect of lodged and future industrial disease claims for which the Board believes the Group to be liable, arising on alleged exposure to previously manufactured asbestos products, notwithstanding the matters disclosed under note 22 'Industrial disease claim provision and contingent liabilities'. The most recent full actuarial valuation was performed in 2013 and the next full valuation is scheduled to be completed in early 2017 in respect of the period up to 31 December 2016. The amount of the provision is based on historic patterns of claim numbers and monetary settlements as well as published tables of projected disease incidence. Key assumptions made in assessing the appropriate level of provision include the period over which future claims can be expected, the nature of claims received, the rate at which claims will be filed, the rate of successful resolution as well as future trends in both compensation payments and legal costs. Management monitors claims received on an ongoing basis as well as any other factors which would require a change to the assumptions or trigger a full actuarial review in the current year. When determining the appropriate level of provision, the Board has considered various potential, threatened and actual claim types which, relying on appropriate legal advice, it does not believe to have legal merit and which are, accordingly, not provided for.

The provision for industrial disease claims is discounted at 2.67% (2014: 2.5%) being the appropriate risk free rate as at the balance sheet date, over the term of the liabilities, being approximately 40 years.

The directors anticipate that, assuming no material deterioration in trading performance, the Group will be able to sufficiently fund its subsidiary Cape Claims Services Limited to satisfy all claims that will be settled under the Scheme of Arrangement and will be sufficiently funded to satisfy all other UK claims settled outside of the Scheme of Arrangement.

18. Share capital and reserves

Ordinary shares of 25p each	**2015 Number of shares**	**2015 £m**	2014 Number of shares	2014 £m
Authorised	**200,000,000**	**50.0**	200,000,000	50.0
Issued and fully paid:				
At 1 January	**121,103,937**	**30.3**	121,103,937	30.3
Issue of shares	**–**	**–**	–	–
Exercise of share options	**–**	**–**	–	–
At 31 December	**121,103,937**	**30.3**	121,103,937	30.3
plc Scheme share				
Authorised, issued and fully paid at 1 January and 31 December	**1**	**–**	1	–

As at 31 December 2015, 31,160 (2014: 31,160) shares were held in an employee benefit trust.

Special reserve
The special reserve was created in 2008 by court order upon cancellation of the share premium and retained earnings. The special reserve is not distributable and restrictions exist over its use.

Translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of financial statements of foreign operations.

Other reserves
Other reserves relates to hedging reserves held in respect of net investment hedges.

plc Scheme Share
The plc Scheme Share is held by the Law Debenture Trust Corporation plc on behalf of the Scheme creditors.

The rights attaching to the share are designed to ensure that Scheme assets are only used to settle Scheme claims and ancillary costs and do not confer any right to receive a distribution or return of surplus capital save that the holder will have the right to require the Company to redeem the share at par value on or at any time after the termination of the Scheme.

The share carries two votes for every vote which the holders of the other classes of shares in issue are entitled to exercise on any resolution proposed during the life of the Scheme to engage in certain activities specified in the Company's Articles of Association.

The Company will not be permitted to engage in certain activities specified in the Company's Articles of Association without the prior consent of the holder of the share.

Share based payments
The Performance Share Plan (PSP) is the conditional award of ordinary shares granted at no cost to the participant employees or executive directors of the Group. Awards are made upon the terms set out in the plan and such other additional terms as the Board shall determine. Depending on the scheme, vesting of these awards is subject to Cape plc's Adjusted Diluted Earnings Per Share (DEPS) meeting the specified performance criteria over a three year vesting period.

The final year performance criteria for the 2012 awards were: adjusted diluted EPS growth of RPI plus 3% for employees and RPI plus 5% for executive directors for the minimum of 30% of the shares awarded to vest, and EPS growth of RPI plus 10% for employees and RPI plus 12% for executive directors for all of the shares awarded to vest, calculated on an annually compounded basis. The contractual life of the award is three years and is subject to continued employment.

For the 2013 award specific EPS targets for the final year of the vesting period were set to 29 pence for the minimum of 30% of the shares awarded to vest and 36 pence for all of the shares awarded to vest. The contractual life of the award is three years and is subject to continued employment.

The final year performance criteria for the 2014 awards are based on the 2013 adjusted diluted EPS growth of the Retail Price Index (RPI) plus 3% for the minimum of 30% of the shares awarded to vest, and EPS growth of RPI plus 10% for all the shares awarded to vest, calculated on an annual compounded basis. The contractual life of the award is three years and is subject to continued employment.

The final year performance criteria for the 2015 awards are based on the 2014 adjusted diluted EPS growth of the Retail Price Index (RPI) plus 3% for the minimum of 30% of the shares awarded to vest, and EPS growth of RPI plus 10% for all the shares awarded to vest, calculated on an annual compounded basis. The contractual life of the award is three years and is subject to continued employment.

The shares issued under the PSP have an exercise price of £nil and under the fair value model used by the Company are deemed to have a fair value equivalent to the share price on the day of grant less the fair value of the dividends forgone during the vesting period. Therefore, the shares granted at 19 March 2015 have a fair value of 201.5 pence (2014 restated: 273.2 pence).

The Employee Incentive Plan (EIP) allows the Group to grant options to directors and senior employees. The last tranche of this scheme was awarded in 2008. The EIP carries a non-market based performance criteria. The contractual life of the options is ten years. The options become exercisable on the third anniversary of the date of grant, subject to a growth in earnings per share over that period

18. Share capital and reserves (continued)

exceeding an average 3% compounded annually above the growth in the consumer price index over the same period. Exercise of an option is subject to continued employment.

Options are valued using the Black-Scholes option pricing model. The fair value per option granted and the assumptions used in the calculation for the current year are as follows:

	Employee Incentive Plan
Weighted average fair value at measurement date	80.9p
Share price at grant date	269.0p
Exercise price	269.0p
Vesting period	3 years
Expected option life	3.95 years
Risk free interest rate	2.18%
Expected share price volatility	28%

The expected share price volatility is based on historic volatility. The expected option life is the average expected period to exercise. The risk free rate of return is the yield on a five-year zero coupon UK Government bond. The assumed dividend yield is zero.

The number and weighted average exercise price of the share options under the PSP and the share awards under the EIP are as follows:

Performance Share Plan	**Number of share options 2015**	Number of share options 2014
Outstanding at 1 January	**2,352,771**	1,823,127
Exercised	**–**	(194,470)
Granted	**1,237,636**	1,091,088
Forfeited	**(246,279)**	(117,735)
Lapsed	**(286,498)**	(249,239)
Outstanding at 31 December	**3,057,630**	2,352,771

Out of the 3,057,630 outstanding PSP awards (2014: 2,352,771), nil shares were exercisable (2014: nil). Nil awards vested in 2015 (2014: nil). All PSP share options are at no cost to the participant.

Employee Incentive Plan	**Weighted average exercise price 2015 pence**	**Number of share options 2015**	Weighted average exercise price 2014 pence	Number of share options 2014
Outstanding at 1 January	**269.0**	**10,000**	269.0	85,000
Exercised	**–**	**–**	–	–
Forfeited	**–**	**–**	269.0	(75,000)
Outstanding at 31 December	**269.0**	**10,000**	269.0	10,000

All of the options outstanding at 31 December 2015 were exercisable (2014: all were exercisable). No options were exercised in the year (2014: none).

Share options and awards outstanding at the end of the year have the following expiry date and exercise prices:

Performance Share Plan expiry date	**2015**	2014
20 April 2017	**–**	192,016
29 June 2017	**–**	96,522
31 March 2018	**913,798**	985,874
31 March 2019	**943,980**	1,078,359
19 March 2020	**1,199,852**	–
	3,057,630	2,352,771

On 19 March 2015, 1,237,636 share options were awarded to executive directors and employees under the Performance Share Plan which vest after three years subject to performance criteria being met (2014: 1,091,088). If the criteria are met, the awards vest at no cost to the employees and executive directors.

Employee Incentive Plan expiry dates	Exercise price per share pence	**2015**	2014
22 March 2017	269.0	**10,000**	10,000
		10,000	10,000

18. Share capital and reserves (continued)

The total credit for the year relating to employee share based payment plans was £0.4 million (2014: charge of £0.6 million), all of which related to equity settled share based payment transactions.

At 31 December 2015, there is an amount of £0.3 million (2014: £0.4 million) included within 'other' provisions of £3.7 million (2014: £4.3 million) as per note 17, which relates to national insurance payable on share based payment charges.

19. Cash generated from operations

a) Reconciliation of Group profit before tax to cash generated from continuing and discontinued operations

	2015 £m	Restated 2014 £m
Cash flows from operating activities		
Continuing operations		
Profit before tax	**29.1**	30.0
Finance costs – net	**10.8**	9.7
Share of post-tax result of joint ventures	**(2.8)**	-
Other items	**(2.1)**	(0.2)
Payments made on behalf of IDC Scheme	**(2.2)**	(3.4)
Exceptional items – impairment of goodwill	**8.8**	-
Share option (credit)/charge	**(0.4)**	0.6
Depreciation and amortisation	**19.3**	20.7
Difference between pension charge and cash contributions	**0.8**	1.3
(Gain)/loss on sale of property, plant and equipment	**(0.4)**	0.1
Decrease/(increase) in inventories	**2.7**	(2.0)
(Increase) in trade and other receivables	**(7.9)**	(18.9)
Increase in trade and other payables	**9.0**	2.6
(Decrease)/Increase in provisions	**(13.1)**	4.2
Cash generated from continuing operations	**51.6**	44.7
Discontinued operations		
Loss before tax	**(0.3)**	(1.6)
Other items	**(4.9)**	(10.6)
Impairment of goodwill and assets held for sale	**5.2**	9.7
Depreciation	**-**	0.2
Loss on sale of property, plant and equipment	**-**	0.8
Decrease in inventories	**-**	1.1
Decrease in trade and other receivables	**1.1**	2.9
(Decrease)/increase in trade and other payables	**(0.8)**	0.6
Cash reclassified to disposal group held for sale	**(0.1)**	(1.0)
Tax paid	**-**	(0.3)
Increase/(decrease) in provisions	**0.1**	(0.6)
Cash used in discontinued operations	**0.3**	1.2

In the condensed consolidated cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2015 £m	2014 £m
Net book amount	**2.5**	2.2
Gain/(loss) on disposal of property, plant and equipment – continuing operations	**0.4**	(0.1)
(Loss) on disposal of property, plant and equipment – discontinued operations	**-**	(0.8)
Proceeds from disposal of property, plant and equipment – continuing operations	**2.9**	1.3

b) Analysis of cash flows relating to restricted deposits

	2015 £m	2014 £m
At 1 January	**29.9**	31.3
Payment of Scheme creditors	**(3.7)**	(3.7)
Interest received	**0.3**	1.7
Receipt of funds	**6.2**	0.6
Transfer of funds	**(0.4)**	-
At 31 December	**32.3**	29.9

Restricted deposits include funds held to settle a tax liability and scheme cash which is used to fund industrial disease claims.

20. Reconciliation of net cash flow to movement in net debt (excluding restricted deposits)

	2015 £m	2014 £m
Net increase in cash and cash equivalents	**3.4**	4.4
Movement in obligations under finance leases	**-**	-
Repayment on revolving facility	**-**	130.6
Drawing on borrowings	**(13.2)**	(167.9)
Finance leases and borrowings on acquisition	**(0.8)**	(5.6)
Foreign exchange movements	**1.8**	(0.4)
Net movement in unamortised borrowing arrangement costs	**-**	(2.9)
Cash transferred to disposal group held for sale	**(0.1)**	1.0
Movements in adjusted net debt during the year	**(8.9)**	(40.8)
Adjusted net debt excluding restricted deposits – opening	**(101.0)**	(60.2)
Adjusted net debt excluding restricted deposits – closing	**(109.9)**	(101.0)

Adjusted net debt excluding restricted deposits is calculated by deducting current and non-current borrowings from cash and cash equivalents.

21. Business acquisitions

On 13 May 2015, the Group acquired 100% of the voting shares of Redhall Engineering Solutions Limited, a UK incorporated entity that provides a range of maintenance services including specialist pipe repair, tank repair and shutdown services to the process and downstream oil and gas industries. On 8 July 2015, the entity's name was changed to Cape Engineering Services Limited (CESL).

The Group acquired the business to supplement both its product portfolio and customer base. The acquisition has been accounted for using the acquisition method.

The fair value of the identifiable assets and liabilities of the acquired entity as at the date of acquisition were:

	Fair value recognised on acquisition £m
Assets	
Property, plant and equipment	**0.6**
Trade and other receivables	**6.9**
Deferred tax asset	**0.4**
Intangible assets	**3.1**
	11.0
Liabilities	
Trade and other payables	**(5.8)**
Provision	**(0.6)**
Borrowings	**(6.1)**
Deferred tax liabilities	**(0.6)**
	(13.1)
Total identifiable net liabilities at fair value	**(2.1)**
Goodwill arising on acquisition	**2.3**
Purchase consideration transferred	**0.2**
Analysis of cash flows on acquisition:	
Purchase consideration	**0.2**
Settlement of debt	**5.3**
Working capital contribution	**0.7**
Total cash outflows	**6.2**

The acquired intangible assets comprise customer-related intangibles of £3.1 million. At the date of acquisition, both the gross contractual value and the fair value of receivables was £6.9 million.

21. Business acquisitions (continued)

The condensed consolidated financial statements include the results of CESL from the date of acquisition, contributing £27.6 million of revenue and £1.8 million to profit before tax from continuing operations of the Group. Had the acquisition taken place on 1 January 2015, it would have contributed revenue of £37.6 million and profit before tax for the Group from continuing operations of £2.1 million.

The goodwill recognised on the acquisition is attributable to the value of the assembled workforce, expected synergies and other benefits arising from combining the CESL operations into the Group. The goodwill is not deductible for income tax purposes.

Acquisition-related costs of £0.4 million have been charged to exceptional items through continuing operations. Amortisation of intangible assets acquired as part of the transaction of £0.4 million has been charged to other items through continuing operations.

22. Industrial disease claim provision and contingent liabilities

The Board considers that the provision of £95.5 million for industrial disease claims as at 31 December 2015 captures all expected material industrial disease scheme liabilities for which the Board believes the Group to be liable at the balance sheet date.

The Group continues to receive claims, from both individuals and insurance companies, in connection with historical alleged exposure to asbestos. Where claims are determined to have merit, the costs are provided for and claims are settled in the ordinary course, otherwise, claims are defended. As legal precedent in the area of industrial disease claims continues to evolve, new developments and new types of claims give rise to inherent uncertainty in both the future level of asbestos-related disease claims and of the legal and other costs arising from such claims. If any such claim were to be successful, it might lead to future claims against the Group which may result in significant additional liability over and above that recognised under the current provision.

The Group has previously disclosed an increase in the number of product liability claims experienced by the Group. In particular, Cape Intermediate Holdings Limited (CIH) has received claims from both Aviva plc and RSA Group in respect of historic and current payments made by them in their capacity as providers of employer liability insurance in relation to claims by employees and former employees of third-party companies arising from asbestos-related diseases (Insurer PL Claims). All the Insurer PL Claims relate to damages and costs paid by the relevant insurer in respect of claims arising in respect of mesothelioma disease.

A six-week trial in respect of the Insurer PL Claims has been listed to commence on 16 January 2017. The Board has received legal advice from leading counsel that the Insurer PL Claims place very substantial evidential burdens upon the claimants, are based upon novel legal arguments and are without precedent. As a result of the legal advice received, the Board continues to believe that these Insurer PL claims are without merit and they are therefore being vigorously defended; accordingly no provision has been made. The Board has also received legal advice from leading counsel that these Insurer PL Claims would constitute scheme claims as defined in the Cape Scheme, a copy of which has been filed with the Registrar of Companies, which is also on the Cape plc website www.capeplc.com/investors/shareholder-information/shareholder-documents.

Cape's potential liability in respect of the Insurer PL Claims outlined above and from any potential further claims and associated costs cannot be accurately estimated at this time. Notwithstanding that the Board believes that the Insurer PL claims do not have a realistic chance of succeeding, an adverse decision of the court could have material and continuing impacts on the Group and its stakeholders, including but not limited to the implementation of the Group's strategic plans, potentially including the Company's capacity to pay a dividend, and a reduction in the percentage of each claim paid out to individual claimants under the Scheme.

During 2014, a fatality of a Cape employee was suffered at a client's offshore installation. The investigation by the enforcing authorities is ongoing. At the date of the statement of financial position no amounts have been provided in respect of this matter. It is not practicable to provide an estimate of the financial effect and there is uncertainty relating to the amount or timing of any outflow.

Cape plc is responding to an enquiry by HMRC with regard to the UK tax consequences of a transfer of intellectual property to Singapore in 2011. HMRC has challenged the accounting treatment adopted in the audited financial statements, and the gain arising thereon. Cape's analysis is that the accounting treatment applied is correct and in line with the relevant accounting standards. A recent tax tribunal determined that the accounting treatment adopted in a case which has similarities with the accounting for the transfer of the Cape intellectual property was in line with the accounting standards being applied, and that a company cannot be forced to apply a different interpretation where the treatment adopted is valid. The Board expects to successfully defend against the HMRC challenge based on tax and accounting advice received. The possible UK corporation tax liability that may arise in connection with the enquiry is up to £14 million as at 31 December 2015.

The Group is required to issue trade finance instruments to certain customers. These include tender bonds, performance bonds, retention bonds, advance payment bonds and standby letters of credit. At 31 December 2015, the Group's bank facilities relating to the issue of bonds, guarantees and letters of credit amounted to £59.3 million (2014: £60.7 million).

23. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Other related party transactions are disclosed below.

As at the year-end there was a net balance of £7.4 million (2014: £6.4 million) owed by joint ventures. These amounts are unsecured, have no fixed date of repayment and are repayable on demand. Amounts owed by joint ventures are assessed for recoverability and, where necessary, provided in line with normal commercial transactions. Revenue of joint ventures in 2015 was £20.6 million (2014: £17.8 million).