The Alumasc Group plc
Report and Accounts 2013

Premium building and engineering products for global markets

The Alumasc Group

Alumasc is a UK based supplier of premium building and precision engineering products. The majority of the group's business is in the area of sustainable building products which enable customers to manage energy and water use in the built environment. We believe that growth rates in these businesses, through the construction cycle, will exceed UK industry averages.

All Alumasc businesses have strong UK market positions within their individual market niches and several are market leaders. Alumasc sustains this strong strategic positioning by offering customers quality products, service and trust. For certain chosen brands, Alumasc is selectively seeking to leverage UK successes in international markets, with particular focus in North America, parts of the Middle East and South East Asia, and Europe.

Alumasc fosters an entrepreneurial, achievement orientated culture whereby businesses are empowered to innovate and respond quickly to local market needs within a cohesive group strategic and management framework. Alumasc businesses also benefit from the group's financial strength and access to capital.

Your Report and Accounts...

www.alumasc.co.uk

The latest online...

Certain information and topics may be covered in greater detail in different sections of this report. The arrow above indicates where further detail may be found online.

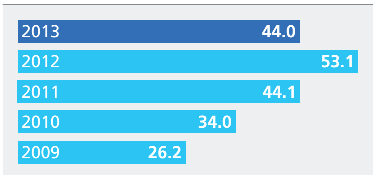
Other information is outside the scope of this report, but may be found on or accessed through the Alumasc website, **www.alumasc.co.uk**

Financial highlights

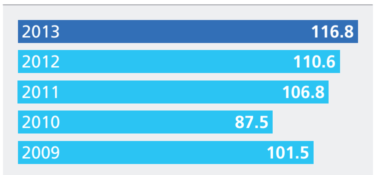
	2012/13	2011/12
Order book at 30 June (£m)	**44.0**	53.1
Revenue (£m)	**116.8**	110.6
Underlying profit before tax (£m)*	**5.1**	1.6
Underlying earnings per share (pence)*	**10.7**	3.0
Profit before tax (£m)	**3.4**	0.4
Basic earnings per share (pence)	**6.6**	1.2
Dividends per share (pence)	**4.5**	2.0
Net debt at 30 June (£m)	**7.7**	13.2

* Underlying profits and earnings are stated prior to deducting amortisation of intangible assets of £0.3 million (2011/12: £0.3 million), restructuring and acquisition costs of £0.8 million (2011/12: £0.9 million) and impairment charges of £0.6 million (2011/12: £nil).

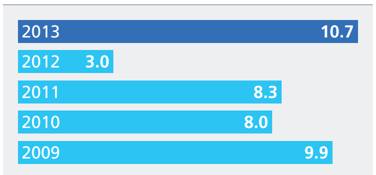
Year End Order Book
£m



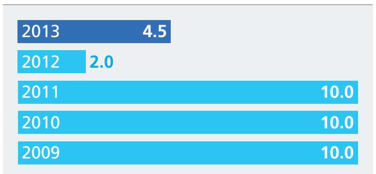
Revenue
(continuing operations) £m



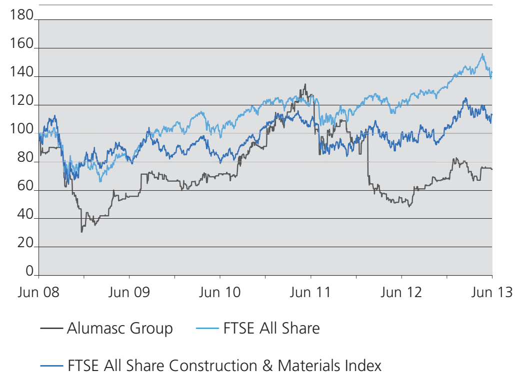
Underlying earnings per share
(continuing operations) pence



Dividends per share
pence



Total shareholder return
(Indexed)



Source: Perfect Information

Forward-looking statements
This Report includes forward-looking statements that involve risk and uncertainties that could cause actual results to differ materially from those predicted by such forward-looking statements. These risks and uncertainties include international, national and local conditions, as well as competition. The company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Alumasc at a glance
Divisional analysis

Building products

Energy management products are designed either to increase the efficiency of, or to reduce energy use within, the built environment, improve the life cycle costs of a building, and in some cases improve the comfort of building occupants.

Energy management

Operating segments
- Solar shading and screening
- Roofing & walling

Key product groups
- Solar shading and screening
- Waterproofing systems
- Green roofing
- Roofing services support systems
- Insulated render systems

Principal brands
- Levolux (Solar shading and screening)
  www.levolux.com
- Euroroof (Roofing)
  www.alumascwaterproofing.co.uk
- Blackdown Greenroofs (Roofing)
  www.blackdown.co.uk
- Roof-Pro Systems (Roofing)
  www.roof-pro.co.uk
- Hydrotech (Roofing)
  Derbigum (Roofing)
  BluRoof (Roofing)
  www.alumascwaterproofing.co.uk
- Alumasc Insulated Renders (Walling)
  www.alumascfaçades.co.uk

Water management products promote the more efficient use, retention and recycling of water within the built environment.

Water management & other

Operating segments
- Construction products
- Rainwater, drainage, plastics and casings

Key product groups
- Engineered access covers
- Line drainage systems
- Roof, shower and floor drainage systems
- Metal rainwater systems
- Ventilation products, access panels, cavity trays
- Interior casing systems
- Building and access products

Principal brands
- Gatic (Engineered access covers)
  www.gatic.com
- Gatic Slotdrain (Line drainage systems)
  www.gatic.com/slotdrain
- Alumasc Rainwater (Metal rainwater systems)
  www.alumascrainwater.co.uk
- Rainclear (Rainwater and drainage systems)
  www.rainclear.co.uk
- Harmer (Roof, shower and floor drainage systems) www.harmerdrainage.co.uk
- Timloc (Ventilation products, access panels/doors, cavity closers)
  www.timloc.co.uk
- Pendock (Interior casing systems)
  www.pendock.co.uk
- SCP (Building and access products)
  www.scp-props.co.uk

Engineering products

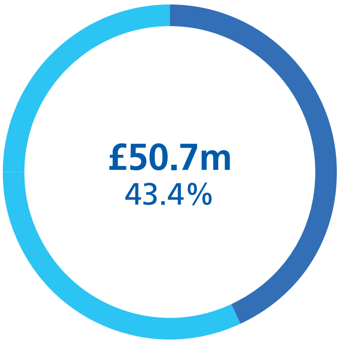
Alumasc Precision supplies high quality, precision engineered and machined aluminium and zinc die cast components mainly to customers operating in the off-highway diesel, premium automotive and industrial sectors.

Operating segments
- Alumasc Precision

Key product groups
- Timing cases
- Sumps
- Transmission system components
- Valve cover bases
- Interior vehicle trim components
- Audio components

Principal brands
- Alumasc Precision Components
  www.alumasc-precision.co.uk
- Dyson Diecasting
  www.dyson-diecasting.co.uk

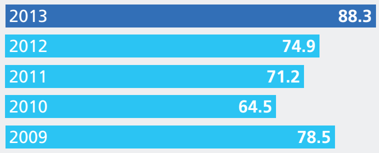
Contribution to Group revenue



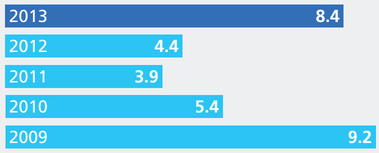
Major projects
- Chiswick Park (Shading)
- Swindon Car Park (Screening)
- Kitimat Smelter (Standing seam roof)

New products
- Levolux lighting control systems
- BluRoof
- Wider range of Euroroof products

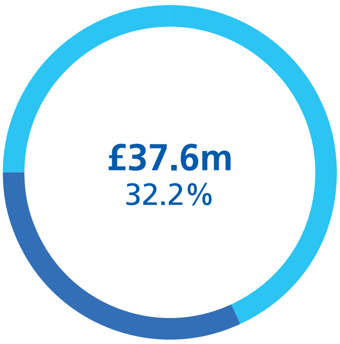
Revenue (£m)



Underlying operating profit (£m)



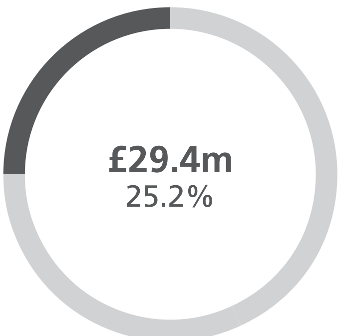
Contribution to Group revenue



Major projects
- London Gateway Port (Access covers and Gatic slotdrain)
- Birmingham Airport (Access covers and Gatic slotdrain)
- Changi Airport, Singapore (Access covers)
- Chek Lap Kok Airport, Hong Kong (Access covers)

New products
- Assist Lift access covers
- Pro-Slot line drainage
- Streetwise street furniture
- AX range of Alumasc aluminium rainwater systems
- Timloc access panels
- Steel rainwater system range
- Extended Harmer roof drainage range

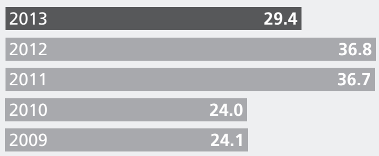
Contribution to Group revenue*



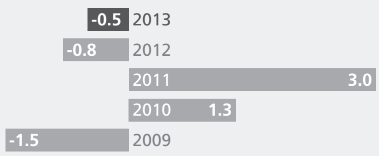
Major customers
- Caterpillar
- Perkins
- Deutz
- Rotork
- TRW
- Jaguar
- Bentley

* Note: prior to the elimination of intercompany sales to the Building Products division.

Revenue* (£m)



Underlying operating profit/loss (£m)



Web Links
alumasc.co.uk
alumasc.co.uk/operations/building-products
alumasc.co.uk/operations/precision-engineering-products

Alumasc around the World
Export Strategy and Export Sales

North America
A key focus for export development

£14.2m sales

> pages 11 and 12

Exports to North America included Alumasc Precision Components, Levolux solar shading products, Gatic Slotdrain and supplies to the Kitimat project (see below).

£11m

Kitimat smelter refurbishment

Alumasc is part way through a major contract to supply Armaseam roofing and ancillary products to a major aluminium smelter refurbishment at Kitimat in Canada.

Levolux in the USA

+200%

> pages 10 and 11

Levolux's exports to the USA trebled in 2012/13.

Building on Success

Levolux recently recruited a West Coast sales manager to build on successes on the East Coast including Bay House, New York (above).

Global opportunities

The group has identified sales potential in certain export markets and is actively developing strategic and operational plans to realise these opportunities.

Our strategic ambition is to grow exports towards 30% of group sales. Particular target markets for growth are North America for Levolux and Gatic, the Middle East for Levolux and South East Asia for a number of group companies.

Europe

£6.6m sales

> page 19

Europe is a long standing export market for Alumasc.

A Key Market for Alumasc Precision

Alumasc Precision has grown European export sales through the economic cycle, particularly to customers in Germany and Central Europe.

Alumasc's Export Sales Development (£m)
Compound Annual Growth Rate 14.5%

	£m
2012/13	27.7
2011/12	23.3
2010/11	21.6
2009/10	16.9
2008/09	16.1

South East Asia

£4.2m sales

> page 15

Both of Alumasc's divisions are growing sales in South East Asia.

Record Exports to South East Asia

Included sales of Gatic access covers, Gatic Slotdrain and Alumasc Precision Components.

Middle East

£1.5m sales

> page 11

Levolux aiming to emulate Gatic's success

The Middle East has long been a strong market for Gatic, and Levolux is becoming increasingly successful in the UAE and Saudi Arabia.

Chairman's Statement

A strong recovery

Alumasc has recovered strongly, growing revenues, profits and cash generation in the year. As a result, the Board is recommending an increased final dividend of 2.5 pence per share.

John McCall
Chairman

Alumasc recovered strongly from the poor performance of the previous year, growing revenues, profits and cash generation. As a result, the Board is recommending an increased final dividend of 2.5 pence per share (2012: 1 penny).

The improved group result reflects the outperformance by our Building Products companies, where underlying operating profits rose 91% above the previous year to £8.4 million, on revenues 18% higher at £88.3 million.

The success achieved across our Building Products division was in contrast to a UK domestic market, reportedly still in decline, particularly in the commercial sector where the group has a strong presence. This is a testament to the product and brand quality built up by our businesses over many years, in conjunction with a greater recent emphasis on innovation and service. The major projects that have been won as a result of these attributes have been well executed and there have been significant shifts in regional and sectoral activity in response to market conditions.

This improving performance has enabled the group to continue developing the management teams critical to its future success, while investing in additional resources and marketing initiatives. The development of overseas markets in particular requires both resource and patience, and we are encouraged by the progress that is being made. Our export activity for building products rose to 20% of the divisional total during the year (2011/12: 13%).

The acquisition in December 2012 of Rainclear, an internet-based supplier of rainwater products, is consistent with the thrust of our development activity, in opening up new channels in a mature market place, while adding to our existing product range. This approach more generally, coupled with the wider initiatives referred to above, set the foundation for maintaining the momentum achieved in the most recent year.

Despite weakness in the global market served by our OEM customer base, our Engineering division reduced underlying operating losses from £0.8 million to £0.5 million in the year, thanks to a good performance by Dyson Diecasting and progress in the recovery at Alumasc Precision Components. The latter had to contend with an unexpected reduction of 23% in customer demand, principally reflecting the revised outlook for Chinese growth that emerged during the year.

It is probable that the current triennial valuation of our pension schemes will produce a higher actuarial deficit at the valuation date of March 2013. However, if gilt yields continue to rise as they have since that date as reflected in our statutory accounts at the year end, this may prove to have been an unrepresentatively low point from a pensions valuation point of view.

The group's improving performance, and consequent strength of balance sheet, enables the Board to maintain its strategy of developing our niche building product businesses through determined organic initiatives coupled with selective add-on acquisitions. This endeavour can only be enhanced by an eventual recovery in market demand. Meanwhile, our Engineering division remains focused on a return to sound profitability across the division, building on its traditional strengths of high customer service and added value.

The Board expects the improvements of the past year to flow through to our new financial year. While confident of the rewards to be had from our own actions, uncertainties inevitably remain as to external demand and the effectiveness of government stimulus programmes. On balance, we expect the recovery achieved in the past year to continue.

John McCall
Chairman

Sustained growth both in the UK and abroad

The improved group result reflects the outperformance by our Building Products companies where operating profits almost doubled. Export activity rose from 13% to 20% of divisional revenues in the year.

Building Products division

£8.4m profit

> page 11

Building Products' divisional underlying profit rose by 91% to £8.4 million.

Chiswick Park Building 6

£3.4m sales

> page 11

Levolux successfully completed the £3.4m project on Building 6 at Chiswick Park during the year.

London Gateway port

£2.5m sales

> page 14

Gatic largely completed a significant project to supply access covers and Gatic Slotdrain products to the London Gateway port development.

Business Review
Chief Executive's Operating Review

Building on this year's success

The investment made in experienced and motivated management, new products and markets, increased exports and the strengthening of our established brands, has placed the Building Products division in a strong position. Meanwhile, the ongoing progress made by the new management team in the Engineering Products division will continue to benefit the current year.

Paul Hooper
Chief Executive

Strategic value

Alumasc's strategy is to grow shareholder value by:

further growing our sustainable Building Products activities;

recovering profitability in the group's Precision Engineering division;

and

exploiting further significant growth potential through the development of innovative new products and leveraging UK successes in export markets.

Strategic developments
Building Products division
Our strategic intention is to build on the success of the Building Products division in recent years by continuing to retain strategic focus on products and systems used for the management of the finite resources of energy and water.

The execution of the strategy will be delivered through:

- Developing further the group's well established brands including the launch of new products.
- Maintaining leading positions in chosen market niches through the differentiation of products and services.
- Market development, with an emphasis on those businesses with scalability. Export sales are targeted to grow sustainably to over 20% of total division sales.
- Developing new routes to market, of which the acquisition of Rainclear is an example.
- Seeking related acquisitions with a good product or service fit, or the ability to widen routes to market, or to give a geographical presence that could assist a faster market development for our current businesses.
- Building on the strength of management teams, both individually and through the greater interaction between businesses.
- Bringing innovation to the forefront of activities. The commencement of a new Group Innovation Best Practice Day will assist this focus.
- Fostering an entrepreneurial and innovative culture.

Performance Overview

	2012/13	2011/12
Revenue (£m)	**116.8**	110.6
Underlying operating profit (£m)	**6.6**	2.6
Underlying operating margin (%)	***5.7***	*2.3*
Net financing costs (£m)	**(1.5)**	(1.0)
Underlying profit before tax (£m)	**5.1**	1.6
Non-recurring items and brand amortisation (£m)	**(1.7)**	(1.2)
Profit before tax (£m)	**3.4**	0.4

- Incremental investment in people, innovation and market development. There will also be the requirement to invest in some strategic capacity expansion, infrastructure renewal and to drive efficiency improvements.

The strategic goal for the Building Products division continues to be to outperform the UK construction market.

Engineering Products division

The Engineering Products division will continue to exploit its strength and reputation as a pre-eminent manufacturer and supplier of complex aluminium and zinc components to blue chip customers. With environmental pressure to reduce energy use and to increase metal recycling, the global use of aluminium has increased and is likely to continue to do so.

The execution of the strategy will involve:
- Maintaining our leading position in high and low pressure diecasting and precision machining while building on the efficiency improvements achieved to date.
- Developing further business with global customers to target exports representing over 30% of divisional sales.
- Assisting customers to 'on-shore' production back to the UK.

Health, Safety and Environment

The group's number one priority continues to be to provide a safe place of work for employees. Significant progress has been made and the performance rate index in this year improved to 3.5 from 5.3 in the prior year. The performance rate index in 2006/07 was 9.5. There has been a major and successful focus on near misses in the year which is expected to improve the current Health and Safety performance. Further details on Health, Safety and the Environment are given in the Corporate and Social Responsibility statement on page 26.

Performance Overview

The group result for the year has seen a significant improvement over the prior year. Group revenues grew by £6.2 million (6%) to £116.8 million. Underlying profit before tax grew by 229% to £5.1 million (2011/12: £1.6 million).

Building Products divisional revenues grew by £13.4 million (18%) to £88.3 million. Of this growth, £6.9 million came from delivering products to the Rio Tinto Alcan Kitimat project in Canada. Nevertheless, all but one of the Building Product operating segments grew their revenues, a commendable effort against significant reductions in UK construction activity, which Experian estimates saw commercial construction output decline by 10% in 2012. Divisional underlying operating profit rose by £4 million, or 91%, to £8.4 million, giving a 9.5% return on sales. All of the Building Product operating segments grew their underlying operating profits.

In the Engineering Products division, Alumasc Precision's revenue reduced significantly by £7.4 million (20%) to £29.4 million following a slowdown in demand in our customers' markets, in particular in the mining sector. Nevertheless, successful initiatives to improve the commercial arrangements with several customers, combined with the benefits of significant operational efficiencies and cost savings, improved the overall performance at Alumasc Precision Components. Dyson Diecasting continued to perform strongly. The divisional underlying loss for the year was reduced by £0.3 million to £0.5 million.

Net financing costs increased to £1.5 million (2011/12: £1.0 million) principally linked to a £0.5 million increase in the pension interest charge.

The group generated a net cash inflow of £5.5 million, with year end net debt reducing to £7.7 million, the lowest level for seven years. This was the result of the improvement in profitability, good control over working capital and capital expenditure and some cash received in advance of profit recognised on construction contracts.

Reported profit before tax increased to £3.4 million (2011/12: £0.4 million) despite the increase in non-recurring costs relating to a number of restructurings, including merging two smaller roofing companies into our mainstream waterproofing business, and the £0.6 million impairment charge taken at the half-year relating to Blackdown Greenroofs.

The group finished the year with a strong order book of £44 million (30 June 2012: £53.1 million, including £9 million of outstanding orders relating to the Kitimat contract).

Web Links
alumasc.co.uk
levolux.com

Business Review
Chief Executive's Operating Review

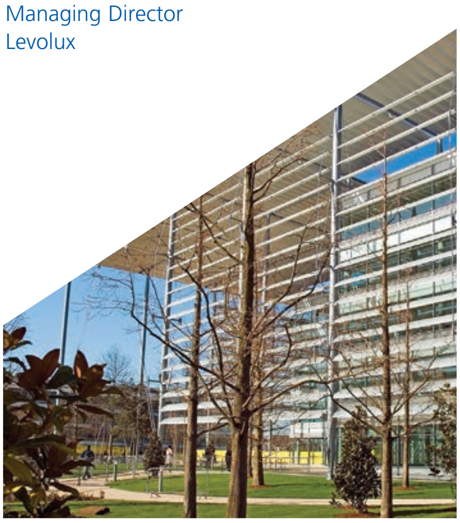
LEVOLUX
DESIGNED TO CONTROL

Levolux's export sales gaining traction

Levolux, the UK's leading solar shading company, is continuing to support the group's growth strategy as its export sales development initiatives gain traction. In 2012/13, 8.5% of sales were exported, mainly to the USA and the Middle East.

"Levolux's success in the year was attributable to sales growth, efficient execution of large projects, export sales development and focus on cost efficiency and operational improvements."

Giovanni Simoni
Managing Director
Levolux



www.levolux.com

Levolux gets on top in New York

Originally dating back to 1842, Topping Rose House hotel in Bridgehampton, New York, now boasts a new 'studio' building and four luxury cottages. These are all equipped with an attractive Timber Fin solar shading and screening solution from Levolux.

As a global leader in the design and delivery of solar shading and screening solutions, Levolux was invited to work closely with acclaimed architects from Roger Ferris + Partners, to provide solar control and privacy screening for the new buildings, applied externally.

Manufactured from Western Red Cedar, Timber Fins were supplied with a custom 'rhomboid' shaped profile. The Fins, each measuring 150mm wide by 45mm thick, are arranged horizontally, incorporated into vertical and horizontal panels.

In total, 96 vertical panels have been applied across each new building. While panels applied to the 'studio' building stop at roof level, the panels fixed to the cottages continue upwards to form a 1 metre high balustrade, surrounding private roof terraces.

Timber Fins have also been incorporated into 20 horizontal panels, applied to the 'studio' building to form two shading canopies above sliding glass doors.

For more information, please visit **www.levolux.com**.

Building Products' Divisional Performance

	2012/13	2011/12
Revenue (£m)	**88.3**	74.9
Underlying operating profit (£m)	**8.4**	4.4
Underlying operating margin (%)	***9.5***	*5.9*
Brand amortisation (£m)	**(0.3)**	(0.3)
Restructuring costs (£m)	**(0.7)**	(0.3)
Impairment (£m)	**(0.6)**	–
Reported operating profit (£m)	**6.8**	3.8

Building Products division

Divisional revenues grew by 18% to £88.3 million with operating profit up by 91% to £8.4 million.

This was a strong performance, particularly when set against the background of further falls in UK construction activity particularly in the commercial construction sector where this division has its highest proportion of end user market sales. According to Experian, UK commercial activity fell in 2012 by 10% and is forecast to fall by a further 8% in 2013.

The Building Products division's outperformance against this difficult UK background has been due to sustained execution of the strategy to introduce new products, grow export sales, enter new markets and build further on our strong brands, all underpinned by the reinvestment in, and development of, strong management teams. The year benefited from shipment of the majority of product to the group's £11 million contract to supply the aluminium smelter refurbishment at Kitimat in Canada. In total, Building Products divisional exports grew by 81% to £18.8 million. Excluding Kitimat, divisional exports grew by 17% to £10.7 million.

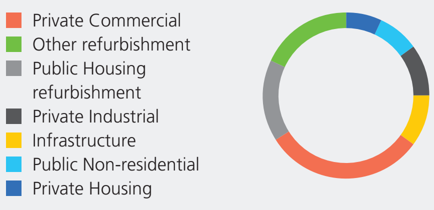
Energy Management

Solar Shading and Screening

Both in the UK and its export markets Levolux had a much improved year which resulted in a £1.3 million revenue increase to £18.1 million. In the UK, revenue was bolstered by the project for Chiswick Park Building 6. In addition, Levolux completed a significant project to screen a multi-storey car park in the UK with terracotta fins. Increased use of Levolux's innovative solutions to screen buildings is a growing trend. The previously announced £4.7 million order for a major non-commercial project in Central London will benefit the forthcoming year. Levolux's underlying operating profit increased by 240% to £0.8 million.

Levolux carried out its strategic plans to develop its international presence and it is pleasing to report a trebling of sales to North America. Focus on the Middle East resulted in a first order for Saudi Arabia which is likely to lead to further work. New products launched in the year included a Lighting Control solution linked to Levolux's solar shading systems. The first project for such a system has been secured at an art gallery.

Building Products' Divisional Revenue analysed by End Use Segment 2012/13



Web Links
alumasc.co.uk
alumascwaterproofing.co.uk
roofpro.co.uk
blackdown.co.uk

Business Review
Chief Executive's Operating Review

Strong performance at Alumasc roofing

Alumasc roofing had a strong year, underpinned by the Kitimat Contract (see right), and a widening of the product range under Euroroof branding.

"The roofing division was strengthened during the year by leveraging the Euroroof brand, restructuring our other roofing brands under common management and increasing our penetration of refurbishment markets."

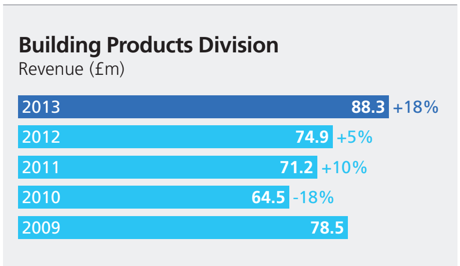
Gilbert Jackson
Managing Director
Alumasc Roofing

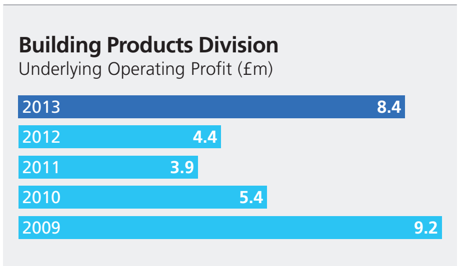
Kitimat aluminium smelter refurbishment project is now over 50% complete

Significant progress was made during the year on the Rio Tinto Alcan Aluminium Smelter Modernisation Project in Canada, which will increase Rio Tinto Alcan's productive capacity by almost half and is scheduled for completion in 2014/15. Alumasc is supplying its Armaseam standing seam roofing system and various other roofing and walling systems to the project.

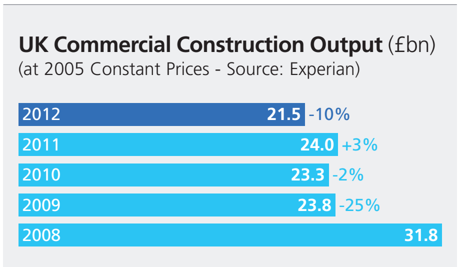
Alumasc was awarded this contract due to its in-house technical and design expertise, its commitment to the highest standards for safety, environment and quality management systems and its proven track record following a number of very successful installations on similar projects including the Fjardaal Aluminium Smelter for Alcoa in Iceland.

The Armaseam standing seam roofing system is particularly suited to this project with its lightweight and corrosion resistant properties, maintenance free long lifespan and weatherproofing through its non-penetrative design features. In addition, bespoke on-site panel construction reduces logistics requirements (and hence carbon emissions), dramatically improves final product lead time and affords greater flexibility in works programming.





The Building Products division is outperforming the UK construction market.



Roofing & Walling

Despite the inclement weather in the UK at the start of the calendar year, which impacted installation of roofing and walling products in particular, the Roofing and Walling segment had a good year overall. This operating segment increased its revenue by £10.2 million (46%). Of this increase £6.9 million was attributable to the shipments made to the Rio Tinto Alcan Kitimat project in Canada.

The supply of insulated render systems was buoyed by the CESP (Community Energy Saving Programme) that completed in the third quarter of our financial year. This helped to drive a record revenue performance by Alumasc Insulated Renders in the year. This business should now benefit from ECO (Energy Company Obligation) funding, which is expected to build momentum in the current financial year, and the Green Deal in future years.

New roofing products were launched in the year, again leveraging the strong Euroroof brand. Towards the year end, the launch of the BluRoof system, an innovative concept in stormwater management using attenuation at roof level, was well received.

Markets have continued to be particularly difficult and highly competitive for our smaller roofing brands, Blackdown and Roof-Pro, and both have been restructured accordingly. The supply to the significant £0.7 million Blackdown project to the Scottish National Arena is now underway, following project delays on site.

Record year at Timloc

Timloc had a record year, benefiting from new product launches enabling access to new channels supported by improved operational efficiencies.

"Timloc's success is attributable to our strengthened management team who enabled us to execute and deliver successfully a cohesive marketing strategy allied to operational improvements."

Michael Leaf
Managing Director
Timloc

Web Links
alumasc.co.uk
gatic.com
alumascrainwater.co.uk
alumascdrainage.co.uk
timloc.co.uk
pendock.co.uk
scp-props.co.uk

Business Review
Chief Executive's Operating Review

GATIC
Specialised Engineering.
Special Advice.

SCP
Access, Support & Site Safety Solutions

Strong execution of large projects worldwide

Gatic further enhanced its worldwide reputation for supplying high quality products and performance on prestigious projects across the globe.

> "Gatic's success is attributable to market share growth in the UK and internationally, strong execution of major projects and the introduction of innovative new products such as CastSlot, ProSlot and Assist Lift access covers."

Nick Buckingham
Managing Director
Alumasc Construction Products

www.gatic.com
www.scp-props.co.uk

Strong performance at Gatic

Gatic was successful in securing a significant order for both Gatic access covers and Gatic Slotdrain to the London Gateway Port development. Due to open in the final quarter of 2013, London Gateway is the UK's first 21st century major deep sea container port, currently being constructed on the north bank of the River Thames. When fully operational the port will be the most efficient in the country, adding an additional 3.5 million TEU (standard twenty foot equivalent cargo units) to the nation's port capacity. This will help meet recognised demand for extra capacity in the UK.

Around 700 Gatic multi part access covers have been designed and supplied to withstand extreme wheel loadings from reach stackers and other sophisticated container handling equipment. Gatic covers will provide secure, removable uninterrupted access to HV and LV cable draw pits, fire hydrants, potable water, communications, cold ironing and storm tie down pits. In addition some 2500 metres of Slotdrain has been installed including pre-formed catch pits with Gatic drainage gratings to facilitate surface drainage of the quayside area.

Water Management and Other
Construction Products
Revenues advanced strongly by £2 million (13%) to a record year of £17.1 million. The growth was driven by the supply of Gatic access covers and Gatic Slotdrain products to the large London Gateway project, combined with strong sales of Gatic access covers in international markets including the Middle East, South East Asia and Africa. Delays to a number of projects, particularly overseas, resulted in a slight reduction on Slotdrain sales. Construction Products' segmental underlying operating profit grew strongly by 28% to £2.4 million.

During the year, Gatic successfully launched assist lift access covers. This helped the business win orders for Birmingham Airport and Changi Airport in Singapore. Towards the year end Pro-Slot, a Slotdrain product developed for small project use and distributed via merchants in the UK, was launched successfully. Another new product range is StreetWise, a suite of stainless steel street furniture, that complements Slotdrain when installed in areas such as pedestrian walkways in city centres. Updates of the website and literature, combined with focused marketing, assisted the improved communication of this company's capability to its target audiences. Gatic continues to be in the early stages of developing its Slotdrain business in the USA. This has resulted in a number of specifications that should lead to stronger sales next year.

SCP, our building and access products business, grew its revenues by 12% and made satisfactory returns in an increasingly competitive environment. This business is working on further differentiating its product range while maintaining its excellent reputation for customer service.

Elkington China had a strong revenue and record profit year driven by good airport and other activity in Hong Kong. The business is well placed to benefit from the current uplift in Hong Kong construction activity which is anticipated to last for up to five years.

Rainwater, Drainage, Plastics and Casings
The group's rainwater, drainage, plastics and casings brands delivered a strong performance, with revenues broadly in line with the prior year. Segmental profit grew by 12% to £2.0 million, assisted by a seven month contribution by Rainclear, acquired during the year. Excluding Rainclear, there was still a double digit percentage profit growth.

During the year much activity focused on the launch of new products which, in particular, assisted the renaissance of the Harmer drainage range. In addition, Rainclear's steel rainwater product range was added to Alumasc's range. Other products are planned for launch next year. Another key development was the launch of successful rainwater and drainage calculators for specifiers.

Rainclear was acquired in December 2012 and has subsequently traded in line with expectations. It has taken Alumasc into the internet building products distribution market and brought with it the steel rainwater range referred to above. Rainclear is widening the distribution of Alumasc's building products' range and this evolution will continue into next year.

Pendock, the group's pre-formed plywood pipe boxing brand, experienced a slowdown in its principal market of social housing refurbishment following the cuts in council budgets, which commenced in the final quarter of the prior year. Management responded swiftly with cost reduction action at that time and achieved further efficiencies in the year under review. This largely offset the impact of the revenue reduction.

Timloc, which supplies ventilation products, cavity trays, access panels and similar products, had a record year, winning market share, launching new products, including a full range of metal access panels. New channels of distribution were established, particularly with light-side merchants and a significant rebranding exercise took place. These actions together with operational efficiency improvements led to an improved gross margin. Timloc operates mainly in the house building market, one of the few UK sectors so far to show some sign of recovery. In 2012/13 Timloc reported its highest ever revenue and profit either before or after its acquisition by Alumasc.

The Building Products division finished the year with an order book of £21 million (30 June 2012: £29 million including the record £9 million order from the Kitimat project).

Web Links
alumasc.co.uk
alumascrainwater.co.uk
rainclear.co.uk
alumascdrainage.co.uk
alumascfacades.co.uk

Business Review
Chief Executive's Operating Review

Improving service for new markets

Customer service was further enhanced during the year through a widened product range, shorter lead times and further improvement in on-time deliveries.

"The acquisition of Rainclear accelerates the ongoing development of our existing Alumasc Rainwater and Harmer Drainage brands where we continue to enhance product ranges and routes to market."

Paul Hetherington
Managing Director
Alumasc Rainwater & Drainage

Strengthening our position in the UK rainwater products market

In December 2012, Alumasc acquired Rainclear Systems limited for initial consideration of £0.4 million.

Rainclear is an internet based business offering metal rainwater products to the building industry and has a reputation for exceptional service and product availability.

In recent years Rainclear has seen significant growth in its steel rainwater products range. This competes effectively with plastic, the dominant material used for rainwater goods in the UK.

Alumasc Rainwater is a major supplier of metal rainwater products, and the acquisition of Rainclear will complement the group's existing product range whilst broadening routes to market, particularly via independent merchants and the high growth internet sector.

Segmental sales should now benefit from the combination of Alumasc Rainwater's established and newly widened distribution channels.

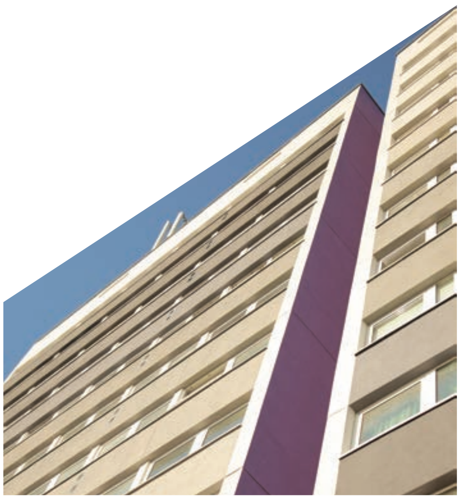
ALUMASC
INSULATED RENDERS

Alumasc transforms a Private House into an 'Eco-Home'

Alumasc's Swisslab External Wall Insulation (EWI) system played a key part in the transformation of a private residence into a retrofit 'Eco-Home' and helping to achieve a virtual carbon neutral status. Project architects, YMD Boon, had not used EWI on a private residential refurbishment before and following detailed research into a number of options, they specified Swisslab due to its levels of energy efficiency and the quality of finish offered.

"We received excellent feedback from the architect who told us the Swisslab system offered a thermal capacity that exceeded traditional build standards without compromising the internal layout of the existing building."

John Carter
Managing Director
Alumasc Insulated Renders



www.alumascfacades.co.uk

Supporting the Green Deal

In January 2013, the Department of Energy and Climate Change launched the Green Deal, giving people the opportunity to transform their homes by paying for energy efficient home improvements with the savings from their energy bills.

UK buildings are amongst the least efficient in the world, and the Green Deal gives homes and businesses a new way of paying for energy efficient improvements, such as insulation and new heating systems.

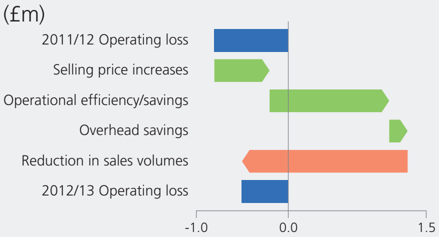
To help households benefit from the Green Deal, Alumasc offers External Wall Insulation Systems and offer improved energy efficiency, weather protection and building aesthetics. They totally encapsulate the building structure which is the most effective way of insulating a building, with least risk of cold bridging and condensation.

Web Links
alumasc.co.uk
alumasc-precision.co.uk
dyson-diecasting.co.uk

Business Review
Chief Executive's Operating Review

alumasc PRECISION LIMITED

Alumasc Precision
Reconciliation of year-on-year operating loss (£m)



Encouraging progress in Alumasc Precision's recovery plan

The graph above shows the positive impact of the recovery plan, partly offset by reduced global demand in the second half of the year.

"Whilst there is still much work to do, progress in Alumasc Precision Components' recovery plan has been encouraging. Meanwhile Dyson goes from strength to strength."

Les White
Managing Director
Alumasc Precision

Dyson continues strong performance

As part of its strategy to supply a wide range of market sectors, Dyson has developed a sound customer base within the high-end music systems and luxury car markets, as well as cross-overs between these sectors.

The benefits of zinc for sound resonation has attracted the prestigious marque of B&W for speakers and housings, but also for the fascia's of esteemed brands such as Naim Audio and Linn Products. For the past 10 years the supply of the majority of bright work to Aston Martin has led a manufacturing model that allows the mass-production economics of pressure die casting to be available to the niche market of luxury cars. Modular tooling to keep investment affordable, as well as casting economic batch sizes whilst keeping added value to committed levels, has brought increased volume from Aston Martin and also McLaren & Bentley to the portfolio. The benefits of such aesthetic parts within the business have also led to a culture at Dyson of valuing the appearance of the casting and not just the function.

Engineering Products' Divisional Performance

	2012/13	2011/12
Revenue (£m)	**29.4**	36.8
Underlying operating loss (£m)	**(0.5)**	(0.8)
Underlying operating margin (%)	***(1.6)***	*(2.1)*
Restructuring costs (£m)	**(0.1)**	(0.6)
Reported operating loss (£m)	**(0.6)**	(1.4)

Alumasc has a well developed strategy that continues to drive performance and should enable the group to make further progress in the year ahead.

Engineering Products division
Alumasc Precision's revenues reduced by 20% to £29.4 million due to a softening in global customer demand last winter. This impacted both Alumasc Precision Components and Dyson Diecasting. Demand started to recover in the final quarter of the year. However, this was not sufficient to enable the division as a whole to recover fully back to profit in the year, with an underlying operating loss of £0.5 million reported.

The new divisional management team put in place at the end of the prior financial year quickly put in place a number of key actions with the objective of returning Alumasc Precision Components back to sustainable profitability. These included improving selling prices and commercial terms with a number of customers, significant cost reductions, improving operational efficiencies and strengthening engineering and new product development processes. These initiatives are ongoing. In addition, selective investment has been made in factory equipment to remove specific capacity bottlenecks and further improve customer service, quality and operational efficiency.

Whilst these initiatives initially led to recovery to run rate profit earlier in the financial year, it was not possible to sustain this performance due to the subsequent reduction in global demand described above.

Meanwhile, Dyson Diecasting remained strongly profitable and delivered another double digit percentage return on sales, with operating profit at a similar level to the prior year on revenues that reduced by 10%. This performance followed strong cost control and operational efficiencies. It remained busy in new product development with new projects being won mainly with existing customers. There is increasing evidence that Dyson Diecasting, in particular, is benefiting from an increasing trend to 'on shoring' where customers are bringing work back into the UK.

Prospects
The investment made in experienced and motivated management, new products, and markets, increased exports, and the strengthening of our established brands, has placed the Building Products division in a strong position. Meanwhile, the ongoing progress being made by the new management team in the Engineering Products division will continue to benefit the current year.

Alumasc has a well developed strategy that continues to drive performance, despite the challenging market conditions. The Board expects the group to continue to deliver these plans and make further progress in the year ahead.

Paul Hooper
Chief Executive

Business Review
Group Finance Director's Review

Better all-round performance

Most of the KPIs in the table below show significant improvement this financial year, reflecting the strong recovery in profitability and cash generation compared with a year ago.

Andrew Magson
Group Finance Director

Key performance indicators

The group's key performance indicators (KPIs) are summarised in the table. Cross references have been provided from the table to the pages in this Annual Report where each KPI is discussed. Most KPIs show significant improvement this financial year, reflecting the strong recovery in group profitability and cash generation compared with a year ago.

Key performance indicators	2012/13	2011/12	Annual Report cross reference
Safety performance index	**3.5**	5.3	Pages 9 and 26
Year end order book (£m)	**44.0**	53.1	Page 1 and 9
Group revenues (£m)	**116.8**	110.6	Pages 9 and 21
Underlying operating margin (%)	**5.7**	2.3	Page 9
Underlying EBITDA (£m)	**9.2**	5.4	Page 22
Underlying PBT (£m)	**5.1**	1.6	Pages 9 and 21
Underlying earnings per share (pence)	**10.7**	3.0	Pages 1 and 21
Average trade working capital % sales	**11.1**	13.9	Page 22
Net cash inflow/(outflow) (£m)	**5.5**	(2.5)	Page 22
Shareholders' funds (£m)	**22.4**	18.9	Page 23
Year end net debt (£m)	**7.7**	13.2	Page 22
Capital invested (£m)	**37.9**	43.2	Page 23
Return on investment (post tax) (%)	**12.2**	4.0	Page 23
Gearing (%)	**34.3**	70.0	Page 23
Underlying EBITDA interest cover (times)	**12.0**	7.6	Page 23
Net debt/Underlying EBITDA (times)	**1.0**	2.5	Page 23

Reconciliation of underlying to reported profit before tax

	2012/13	2011/12
	£m	£m
Underlying profit before tax	**5.1**	1.6
Brand amortisation	**(0.3)**	(0.3)
Restructuring costs	**(0.8)**	(0.9)
Impairment charge	**(0.6)**	–
Reported profit before tax	**3.4**	0.4

Underlying financial performance
Details of the group's trading performance are set out in the Chief Executive's Business Review.

Group revenues grew by 5.6% to £116.8 million, reflecting an 18% increase in the revenues of the Building Products division to £88.3 million, partly offset by a 20% contraction in revenue from Engineering Products to £29.4 million.

Group underlying operating profit improved to £6.6 million (2011/12: £2.6 million) mainly due to the growth in Building Products revenues, assisted by progress in the recovery plan at Alumasc Precision.

Group underlying profit before tax was £5.1 million (2011/12: £1.6 million), all attributable to improved underlying operating profit.

Non-recurring items and brand amortisation
Total costs excluded from the calculation of both underlying operating profit and underlying profit before tax were £1.7 million (2011/12: £1.2 million). These costs comprised restructuring costs and brand amortisation in both 2011/12 and 2012/13 and an impairment charge in 2012/13. An analysis of these items is shown in the table above.

The impairment charge of £0.6 million in 2012/13 was recognised at the half year stage and related to a write down of acquired goodwill at Blackdown Greenroofs. This followed a change of management and a restructuring that will make the business stronger and more competitive, particularly in the current economic environment.

Restructuring costs for the year amounted to £0.8 million and related mainly to re-organising the group's two smaller roofing businesses, Blackdown (as described above) and Roof-Pro to enable them to compete more effectively in the current market place. The group's two engineering products businesses were also re-organised to enhance the performance of the division as a whole, including through greater use of cross-divisional management resources and expertise.

Brand amortisation charges, mainly relating to acquisitions made in prior years, were similar overall to the prior year at £0.3 million.

Reported profit before tax
Reported profit before tax was £3.4 million (2011/12: £0.4 million) reflecting the higher level of underlying profit, offset a little by the higher non-recurring and brand amortisation charges.

Tax
The group's underlying tax rate reduced significantly from 31.6% in the prior year to 25.7%. This was due to the recovery in group profitability which reduced the significantly dilutive prior year impact of non-tax allowable charges on the overall tax rate; and also reflected the reduced UK statutory tax rate. The blended average UK tax rate for Alumasc's 2012/13 financial year was 23.75% (2011/12: 25.5%).

After non-recurring items, the group's overall effective tax rate for the year was 30.3%. The overall effective tax rate in 2012/13 was higher than the underlying rate mainly due to the impairment charge being a non-tax allowable cost.

Underlying and basic earnings per share
Underlying earnings per share were 10.7 pence (2011/12: 3.0 pence) and basic earnings per share were 6.6 pence (2011/12: 1.2 pence), both reflecting higher group profit after tax. The average number of shares used in the calculation of earnings per share remained unchanged over the year at 35.6 million.

Business Review
Group Finance Director's Review

Summarised Cash Flow Statement

	2012/13 £m	2011/12 £m
EBITDA*	**9.2**	5.4
Underlying change in working capital	**1.7**	1.7
Cash received in advance of profit recognised on construction contracts	**1.8**	(0.9)
Operating cash flow	**12.7**	6.2
Capital expenditure	**(1.4)**	(1.9)
Pension deficit & scheme expenses funding	**(2.3)**	(2.4)
Interest	**(0.7)**	(0.9)
Tax	**(0.3)**	(0.1)
Dividends	**(1.1)**	(2.8)
Reorganisation costs	**(0.9)**	(0.6)
Acquisitions, disposals & other	**(0.5)**	–
Decrease/(increase) in net debt	**5.5**	(2.5)

* EBITDA: Underlying earnings before interest, tax, depreciation and amortisation.

Cash flow
The group's cash performance in the year was strong, benefiting from higher profit, further gains from working capital management and carefully prioritised and controlled capital spend. The overall net cash inflow for the year (including changes in drawn debt) was £5.5 million (2011/12: outflow of £2.5 million), leading to a reduction in net debt from £13.2 million on 30 June 2012 to £7.7 million at 30 June 2013. A summary of the group's cash flow performance is shown in the table above.

The group's ratio of average trade working capital to sales reduced from 13.9% to 11.1%. This was the fourth year of successive improvement. Approximately half of the gain in the year was attributable to further underlying efficiency initiatives. The remainder related to strong cash control on larger construction contracts, where the group had received cash payments of some £0.9 million in advance of cumulative profits recognised at 30 June 2013. This cash flow benefit, which initially had been expected to reverse prior to the financial year end, is now expected to do so during the 2013/14 financial year.

The group made capital investments of £1.8 million during the year, of which £1.4 million related to property, plant, equipment and software and £0.4 million initial consideration for the acquisition of Rainclear Systems. This compares with combined depreciation and amortisation charges for the year of £2.9 million. Other than the purchase of Rainclear, which is described in the Chief Executive's review, the principal capital investments made were the completion of projects to alleviate specific capacity constraints at Alumasc Precision Components, improvements to capacity and operational efficiency at Gatic and various infrastructure improvements across the group. Current operating plans suggest a need to increase capital spend in the coming years to support further growth in the business, however, this is unlikely to be to levels that would on average exceed combined annual depreciation and amortisation charges.

Pensions
The pension deficit recorded on the group's balance sheet, calculated under IAS19 accounting conventions, reduced from £14.5 million at 30 June 2012, to £10.1 million at 30 June 2013. This improvement was driven principally by ongoing deficit reduction payments of £2.0 million made by the group during the year and higher long dated AA-corporate bond yields at the year end. This partly reversed the significant increase in the deficit recorded in the prior financial year, which was caused largely by a fall in bond yields at that time. This illustrates the significant volatility that can be inherent in short term pension fund valuations. In Alumasc's case a 0.1 percentage point decrease or increase in the gilt or bond rate used to discount future pension liabilities to present values can increase or decrease (respectively) the liabilities of the scheme and therefore the pension deficit by £1.4 million.

The group's defined benefit pension funds are currently undergoing their formal triennial valuation, with a valuation date of 31 March 2013. This valuation uses a more prudent methodology than the accounting valuation described above with, for example, future liabilities to pay pensions are discounted using adjusted long dated gilt yields, as opposed to the (higher and more favourable) AA corporate bond yields used under IAS19. As gilt yields have fallen significantly overall in the three years to 31 March 2013, despite subsequent improvement and changes in actuarial assumptions such as mortality rates, it is likely that the group's actuarial pension deficit will have increased from the £11.5 million at 31 March 2010. The company has until 30 June 2014 to agree the new valuation and associated deficit reduction plan with the Pension Trustees. The new valuation, when agreed, will be the basis for calculating future deficit reduction contributions paid by the company in cash each year, which currently amount to £2.0 million per annum as part of a six year recovery plan. In view of the above, it is possible that company contributions may need to increase in 2014/15.

The group's defined benefit pension plans are both closed to future accrual, and therefore the group now contributes to defined contribution plans for current employees who benefit from company pension provision. The defined contribution scheme has recently been enhanced giving employees online access to the value of their pension savings and a wider range of investment options all at a lower average administrative cost. The group is making preparations to meet the legislative requirements of pensions auto-enrolment, which will become effective for Alumasc on 1 April 2014.

Capital structure, capital invested and shareholders' funds

The group defines its capital invested as the sum of shareholders' funds, bank debt and the (net of tax) pension deficit.

Capital invested decreased over the year from £43.2 million to £37.9 million, because capital expenditure was lower than the annual charge for depreciation and amortisation, and working capital efficiency was further enhanced during the year. Underlying post-tax return on average capital invested improved significantly from 4.0% to 12.2% for the year, well in excess of the group's weighted average cost of capital of circa 8%. This reflected the significant increase in underlying operating profit for the year combined with the reduction in average capital invested.

Shareholders' funds increased from £18.9 million to £22.4 million during the year, mainly due to retained profit after tax of £2.4 million and post-tax actuarial gains on pension schemes of £2.2 million. Underlying post-tax return on average shareholders' funds also improved substantially from 4.2% to 18.4%.

The combination of the significantly lower level of net debt and increased shareholder funds resulted in a substantial reduction in financial gearing from 70% to 34% during the year. Using the definitions in the group's committed banking facility agreement, interest cover improved year on year from 7.6 times to 12.0 times and ratio of year end net debt to EBITDA improved from 2.5 times to 1.0 times. These ratios all indicate that, after addressing the issues experienced last year, Alumasc is now recovering its traditional balance sheet strength.

Going concern

Taking into account business plans, pension funding commitments and the group's banking facilities, and having made appropriate enquiries, the Directors consider that the group has adequate financial resources to continue in operation for the foreseeable future.

The group's banking facilities comprise a £20 million revolving credit facility and a £5 million finance lease facility that expire in June 2016. In addition, overdraft facilities of £3 million have just been secured for a further year.

Dividends

In the light of the much improved trading performance, strong balance sheet, and expectation of further progress in the current financial year, the Board is proposing a final dividend of 2.5 pence per share, to be paid on 30 October 2013 to shareholders on the register on 4 October 2013. This will give a total dividend for the year of 4.5 pence per share (2011/12: 2.0 pence per share).

More broadly, the Board intends to continue to grow the dividend in conjunction with future earnings growth, having regard to the cash required to invest in the business to support its strategic development and to continue to meet pension funding commitments.

Impairment review

The Board conducted an impairment review which covered all assets that contributed to the goodwill figure on the group balance sheet at the financial year end, together with any other assets where indicators of impairment existed. Other than the impairment of goodwill at Blackdown recognised at the half year stage and described above, no further impairments of goodwill or other assets were identified. In most cases, the headroom between value in use calculations and capital invested was substantial. However, headroom was more limited at Alumasc Precision Components, in view of the ongoing recovery of that business, and also the group's two small roofing businesses, Blackdown and Roof-Pro, both of which have been impacted by the recent recession and were recently restructured to improve business performance and financial returns. Further details are given in note 13 to the financial statements.

Business risk and internal control

The group made further progress in improving both business risk management and internal control processes during the year. A summary of principal business risks and mitigating actions and controls is set out on pages 24 and 25. Internal audit activities during the year had particular focus on the higher risk areas, such as inventory control and costing. The overall number of remediation points outstanding from internal and external audits has further reduced compared with prior years.

Following the issues of last year, and as part of the recovery plan at Alumasc Precision Components, business risk management and improving internal control has been an area of priority for the new management team. Business risks were re-evaluated in depth, with key mitigating controls identified and either already implemented or (if not possible to do so in the timescale) are under development. A full review of product costings and cycle times was carried out during the year and inventory is counted every month. The inventory, costing and planning module of the business system has been updated, simplified and has recently been re-implemented. All significant new business proposals for longer term supply agreements are subject to a business case review and risk assessment at divisional (and where appropriate group) board level prior to pricing commitments being given, and such new work being accepted.

Future changes in presentation of group underlying profit before tax

With effect from 1 July 2013, IAS19 (revised) no longer permits the group to assume that investment returns on pension scheme assets will exceed the yield on AA-rated corporate bonds used to discount estimated future pension liabilities. This is contrary to the current investment strategy for our pension schemes, where the majority of investments are in equities or return seeking assets. Further, pension scheme running costs, including the levies of the Pension Protection Fund, will now form part of the financing charge. Together, and in isolation, these changes are expected to add between £0.7 million and £1.0 million to the group's overall financing charge in the 2013/14 financial year.

In view of management's inability to directly control a charge that is more driven by capital market factors, and also the non-cash nature of the majority of the charge, the Board has decided to exclude net pension financing costs from calculation of underlying profit before tax and underlying earnings per share in 2013/14 and in future years.

At the same time, the Board decided that it will not in future exclude more routine restructuring costs from calculations of underlying operating profit and profit before tax, unless the restructuring is significant in relation to the group profit in the year. The level of restructuring costs incurred in total each year will continue to be disclosed in financial information published by the group, regardless of its treatment in presenting underlying results.

The impact that the above changes would have had on previously published group results is illustrated in the revised five year financial summary on page 92.

Andrew Magson
Group Finance Director

Business Review
Principal Risks and Uncertainties

Alumasc has invested considerable time in improving and developing risk management practices in the group in recent years, both through formal risk reviews at subsidiary and group board level, and embedding risk management thinking in routine day to day business activities and decision making. Alumasc's portfolio of niche businesses generate sales in a variety of building/construction and industrial markets. This reduces the group's exposure to any single end-market or third party customer or supplier.

Risks	Mitigating actions taken
Group-wide and corporate risks	
Loss of key employees *Comment* *Generally, staff turnover is low.*	• Market competitive remuneration and incentive arrangements • Changes in numbers of people employed monitored in monthly subsidiary board meetings, with staff turnover a KPI in some businesses • Key and high potential employees identified and monitored on a local company and group basis • Focused training and development programmes for key and high potential people • Exit interviews held for senior people who leave the business
Product/service differentiation relative to competition not developed or maintained *Comment* *Innovation and an entrepreneurial spirit is encouraged in all group companies.*	• Group-wide innovation best practice days recently introduced • Innovation and new product development workshops held in most group companies • Annual group strategic planning meetings encourage innovation and "blue sky" thinking, with group resources allocated and prioritised as appropriate to support approved ideas
Economic/market and customer retention risks *Comment* *Alumasc is a UK-based group of businesses. The UK economy has recently been in recession, with the UK construction market still contracting in size. Risks associated with the future of the Eurozone remain.*	• Develop and retain strong management teams (see above) • Ensure Alumasc products are market leading and differentiated against the competition to improve specification to protect margin (see above) • Develop export sales (particularly in the USA, Middle & South East Asia) • Increase sales to the more resilient building refurbishment (relative to new build) markets in the current economic environment • Increase mix of UK sales towards the stronger London & South East regional markets • Develop and maintain strong relationships with key customers through regular contact and superior service • Good project tracking and enquiry/quote conversion rate tracking • Increasing use of, and investment in, customer relationship management (CRM) software
Pension obligations *Comment* *Alumasc's pension obligations are material relative to its market capitalisation and net asset value.*	• Continue to grow the business so the relative affordability of pension contributions is improved over time • Maintain a good, constructive and open relationship with Pension Trustees • Meet agreed pension funding commitments • Pension scheme management is a regular group board agenda item • The board engages specialist advisors on both actuarial and investment matters • Monitor and seek market opportunities to reduce gross pension liabilities
Health & safety risks *Comment* *The group has a strong overall track record of health & safety performance, with the number of lost time accidents significantly reduced over the last 10 years. Health & safety risks are inherently higher in the Engineering Products businesses, particularly foundry operations, and this is an area of specific focus.*	• Health & Safety is the number one priority of management and the first agenda item on all subsidiary and group board agendas • Risk assessments are carried out and safe systems of work documented and communicated • All safety incidents and near misses reported to board level with appropriate remedial action taken • Group health & safety best practice days are held twice a year and chaired by the Chief Executive • Annual audit of health & safety in all group businesses by independent consultants • Specific focus on improving health & safety in foundry environments • All safety incidents and near misses reported monthly
Product warranty/recall risks *Comment* *The group has a relatively good track record with regard to the management of these risks and does not have a history of significant claims.*	• Internal quality systems, compliance with relevant industry standards (eg ISO, BBA etc) and close co-operation with customers in their design and specification of the group's products • Group insurance programme to cover larger potential risks and exposures • Back to back warranties from suppliers, where appropriate • Seek to manage contractual liabilities to ensure potential consequential losses are minimised and proportionate, and overall liabilities are capped, where possible
Reliance on key suppliers *Comment* *Whilst the group does not have undue concentration on any single or small group of suppliers, some individual Alumasc businesses do have key strategic suppliers, some of whom are located in the Far East.*	• Annual reviews of supplier concentration as part of strategic planning/formal business risk review process, with alternative suppliers sought and developed where practicable • Regular visits to key suppliers, good relationships maintained and quality control checks/training carried out • Regular reviews as to whether work should be brought back to the UK (or elsewhere) as economic conditions evolve • Selling price adjustment mechanisms built into longer term sales contracts wherever possible, or material, to mitigate input cost inflation risk

Risks	Mitigating actions taken
Loss of key production facilities/business continuity *Comment* *The group has not experienced any significant loss of production facilities causing business continuity issues. Whilst the likelihood of a catastrophic loss is low, the impact if it were to happen could be high.*	• Business continuity plans have been prepared at subsidiary level, having regard to the specific risk factors • Advice is being taken from insurers on continuous improvement of these plans • IT disaster recovery plans are in place, with close to real time back up arrangements using either off-site servers or cloud technology • Critical plant and equipment is identified, with associated breakdown/recovery plans, including assessment of engineering spares held on site
Business systems change *Comment* *Alumasc is part way though implementing common business (ERP) systems. Experience so far has been generally positive. Following wider issues at Alumasc Precision Components last year, the inventory/planning/costing module of that ERP system was re-implemented in the current year.*	• Ensure use of proven, reliable software solutions and implementation consultants with industry specific track record of success • Implementation projects are governed by a Steering Committee sponsored by the managing director of the business, with group executive director involvement, supported by independent consultants • Project boards established. The project manager reports to the Steering Committee • Careful documentation and challenge of legacy business processes prior to implementation to avoid bespoking of software wherever possible • Pre-implementation testing, training and communication, with go-live delayed if necessary
Credit risk *Comment* *The group has a generally good record in managing credit risks. Risks are higher amongst smaller building contractor customers, who are often installers of the group's products. Group results were impacted by the insolvency of one such customer in 2011.*	• Most credit risks in the building products division are insured. Customers in the engineering products division tend to be large, well-funded international OEM's and therefore generally lower risk. • Large export contracts are backed by letters of credit or similar. • Any risks taken above insured limits in the Building Products division are subject to strict delegated authority limit sign offs, including group executives' sign off for risks above £50k. • Credit checks when accepting new customers/prior to accepting new work • The group employs experienced credit controllers, and debt reports are reviewed in monthly Board meetings
Additional Building Products risks	
Failure of or delays in large construction contracts *Comment* *Most of Alumasc's business is product supply only, so many risks associated with large construction contracts involving installation of product are avoided. However, Levolux and Blackdown do install their own products in the UK. Alumasc can experience construction project delays beyond its control.*	• Experienced, specialist resources manage construction contract risks in the relevant Alumasc businesses • Inherent risks of consequential loss though delay in caused by Alumasc businesses are somewhat mitigated as solar shading and green roofing products tend to be installed towards the end of the construction of the overall building • Risk reviews are carried out on significant or unusual contracts, and are submitted to local boards, and in some cases the group board, as appropriate for approval before the work is accepted • Close and collaborative relationships are maintained with customers so any issues are resolved as soon as possible as and when they arise • Robust contract terms negotiated with indemnity and consequential loss clauses managed to acceptable levels and overall limits of liability agreed wherever possible/practicable • Close relationships with customers to understand latest project developments • Appropriate contingency allowances built into business and financial plans
Additional Engineering Products' risks	
Customer concentration *Comment* *There is a higher level of customer concentration in the Engineering Products division than for Building Products. The Caterpillar Group is the group's largest customer and accounts for c.10% of group sales and around one third of the Engineering Products division's sales.*	• Seek to diversify the business into a wider variety of end use markets and develop a wider customer base over time • Maintain good and close relationships with larger customers as strategic partners • Maintain Alumasc Precision's differentiation through engineering expertise, and a "one stop shop" for a range of diecasting and machining solutions • Continuous improvement of quality and service levels • Seek to achieve robust customer contracts with liability clauses that are proportionate to the work being undertaken and avoidance of "cost down" commitments to protect margin over time
Project risk *Comment* *Some engineering products contracts can potentially last a number of years, and any issues relating to inaccurate pricing and costing of work at the outset and/or not optimising up-front tooling development can cause lower than expected margins.*	• Specialist engineering, operational and commercial resources with significant industry experience are employed in the engineering businesses to manage the specific risks • The Engineering Products division has its own specialist non-executive director representation at divisional board level • Formal project risk reviews are carried out on all significant new or unusual/higher risk contracts, requiring divisional or group board approval, as appropriate prior to committing to the work • Strong engineering functions to ensure tooling is properly developed in collaboration with the customer to deliver mutual benefit • Close and collaborative relationships are maintained with customers so any issues are resolved as soon as possible as and when they arise

Web Links
alumasc.co.uk
alumasc.co.uk/investors/corporate-and-social-responsibility

Business Review
Corporate and Social Responsibility

Health and Safety

The group's number one priority continues to be to provide a safe place of work for employees, and health and safety remains the first agenda item for all subsidiary and group board meetings. The majority of directors and many senior managers within the group have been trained to Institution of Occupational Safety and Health (IOSH) accreditation standard. The group holds regular health and safety best practice days. In addition, each group business has local health and safety committees that meet regularly and each operation is subject to at least an annual health and safety audit, with consequential action plans being monitored in board meetings. Each operational location is subject to an annual Independent Environmental Compliance audit.

The group is committed to a programme of continuous improvement in its health and safety performance. Continued areas of focus in the year have been driving improvements in our systems for the reporting of "near-misses" and the way in which the health and safety performance and culture throughout the group is communicated.

The principal key performance indicator of health and safety performance is the safety performance rate. This is a relative measure, capturing the total number of lost time and other safety incidents, weighting each one in terms of its severity and relating the result to the overall number of hours worked. The group's weighted average safety performance rate decreased to 3.5 for the year, compared with 5.3 in the previous year. The current year's performance was encouraging and the underlying trend of safety improvements continues.

Environment

Many of our building products businesses are strongly focused on providing effective solutions to enhance sustainability in the built environment. The group has established leading positions in energy and water management, through brands such as Alumasc, Levolux, Gatic and Blackdown Greenroofs. We are committed to complementing this leadership by adopting environmentally sound business practices throughout our operations.

Subscription to the BREEAM Points System, as a framework for analysis and scoring, allows the designer to differentiate between those products with true ecological credentials and those not achieving the benchmark. Indicative ratings for building materials given in the BRE Green Guide to Specification also

allows designers to choose those products or construction methods that will be most beneficial in contributing to a high BREEAM points score. Alumasc are able to offer a wide variety of A+ rated solutions that allow designers and specifiers to achieve the highest standards of sustainability and make BREEAM 'Excellent' and 'Outstanding' designs eminently possible.

Levolux is well-placed to contribute to the Green Building Council's campaigning. Its products are fully recyclable and help maintain a naturally cool and energy efficient environment.

Our programme of environmental audits, carried out by external consultants, has continued through the year. These audits are designed not only to highlight areas in which we can do better, but also to form a basis for our achieving ISO14001 accreditation in a number of our businesses. ISO14001 establishes a framework of control for an Environmental Management System, against which an organization can be certified by a third party.

The group has an ongoing programme to monitor progress against a number of criteria against which improvements in environmental performance can be measured in operating businesses. This programme has delivered continuous year-on-year improvements against measures from the use of recycled paper to energy usage and efficiency.

As new environmental regulations come into force, the group takes active steps to comply. We continue to ensure compliance with the REACH Regulations on the manufacture and import of chemicals in the EU.

All operational sites segregate their process waste to allow direct recovery and recycling. Our obligations to recover and recycle packaging waste are discharged by membership of an independent compliance scheme operated by Valpak.

Carbon Management

We recognise that improving our energy consumption, particularly within our more energy-intensive operations in the Engineering Products division, is a key way in which we can improve both our environmental and financial performance. This success has been driven by investments in more energy-efficient equipment and improvements in management practices. Our two foundry sites continue the improvements they began in 2001, targeting and achieving energy savings each year to benefit from rebates on their electricity bills under Climate Change Levy agreements. In addition the group has registered as a participant in the CRC Energy Efficiency Scheme and has just completed its annual report and purchased the necessary allowances.

Carbon Reporting

The group works with Carbon Footprint Ltd, the carbon and sustainability management specialists, as part of its commitment to continuously improve our environmental and sustainability credentials.

Work in progress with Carbon Footprint Ltd includes a thorough baseline assessment of all our subsidiaries' greenhouse gas emissions.

This assessment is being made:

- Following the Green House Gas (GHG) Protocol and ISO14064-1 processes.
- Using the latest fully traceable emission conversion factors
- Including:
  - All Scope 1 and 2 GHG emissions (e.g. direct building and vehicle fuel/gas use and bought in electricity)
  - Scope 3 GHG emissions as relates to flights, public transport.

This will provide the business with the most thorough, appropriate and actionable assessment of operations.

We are completing this baseline work to help us to further improve carbon management within the group, to set targets and reduction strategies that will help us to reduce operational costs, Carbon Reduction Commitment (CRC) costs and aid competitive position in our markets. In addition, our work prepares the group businesses for upcoming Mandatory Greenhouse Gas reporting requirements.

In line with other fully listed public companies the group will be subject to mandatory Greenhouse Gas emission reporting from October 2013.

Sustainability

The wider group is well-positioned to benefit from environmentally-driven changes in policy and regulation. In particular, the growing awareness of sustainability and life-cycle cost amongst building and construction specifiers should assist those group businesses that assist their customers to manage energy and water use in the built environment.

Community

In addition to the wider community benefits arising from our environmental programme, the group is committed to supporting local community initiatives and a number of charitable donations have been made throughout the year as described in the Director's Report on page 33.

carbon footprint™

Board of Directors
and Company Advisors






John McCall MA (Cantab) (68)
Chairman [a]

John McCall was appointed Chairman and Chief Executive on the foundation of the company in 1984. He was called to the Bar in 1968. His previous employment was with the mining finance house Consolidated Gold Fields plc with whom he gained extensive international experience in the fields of mining and construction materials.

Paul Hooper BSc, MBA, DipM (57)
Chief Executive

Paul Hooper was appointed Chief Executive in March 2003 having joined Alumasc as Group Managing Director in April 2001. His earlier career included a first Managing Director role with BTR plc in 1992. He subsequently joined Williams Holdings plc in Special Operations, implementing acquisitions in Europe and North America, prior to joining Rexam PLC as a Divisional Managing Director with responsibility for operations in Europe and South East Asia.

Andrew Magson BSc, FCA (46)
Group Finance Director and Company Secretary

Andrew Magson joined Alumasc as an executive director in October 2006. Andrew qualified as a chartered accountant with, and spent his earlier career at, PricewaterhouseCoopers. Prior to its acquisition by Saint Gobain in December 2005, Andrew was the Group Financial Controller of BPB plc, a FTSE 100 company. More recently he was a divisional financial controller at Saint Gobain.

Jon Pither MA (Cantab) (79)
Deputy Chairman [abc]

Jon Pither holds directorships in numerous companies and is a past council member of the CBI and a past President of The Aluminium Federation. He was appointed to the Alumasc Board in 1992 and became Deputy Chairman in 1995. He is the senior independent non-executive director on the Alumasc Board.

Philip Gwyn MA (Cantab) (69)
Non-Executive Director [abc]

Philip Gwyn has been a non-executive director since 1984. He was called to the Bar in 1968 and after a period with merchant bankers, Dawnay, Day & Co, started to invest in businesses in which he was involved in executive and non-executive capacities. These include Christie Group plc (currently Chairman), The Soho Group (Chairman from 1990 to 2001), GrandVision SA., a French retail group, of which he is a founder director, and other UK enterprises..

Richard Saville BSc (64)
Non-Executive Director [abc]

Richard Saville joined the Board as a non-executive director at the beginning of 2002. His early career was in the City, where he became a partner of Phillips & Drew in 1980 and a director of Morgan Grenfell Securities in 1987. He joined George Wimpey plc in 1988 becoming Group Finance Director at the beginning of 1994, a position he held until May 2001. After 2001 he served for a time as Director of Finance of Halfords plc and at Craegmoor Limited. He is currently a director of a number of companies.

Committees:
[a] Nomination Committee
[b] Audit Committee
[c] Remuneration Committee

John McCall Chairman	**Andrew Magson** Group Finance Director	**Philip Gwyn** Non-Executive Director	**John Pilkington** Non-Executive Director
Paul Hooper Chief Executive	**Jon Pither** Deputy Chairman	**Richard Saville** Non-Executive Director	**Keith Walden** Non-Executive Director

John Pilkington MA (Cantab) (64)
Non-Executive Director bc

John Pilkington joined the Board in March 2009. He has spent his career working in the construction industry, most recently at Amey UK plc from 2000 to 2008, latterly as an Executive Director responsible for PFI Investments. He is currently the Executive Chairman of Spring Rehabilitation Centres Limited and a Director of GB Social Housing Limited and a Non-Executive Director of Fortel Construction Group Limited.

Keith Walden CEng, MIEE (73)
Non-Executive Director

Keith Walden was appointed as a Non-Executive Director on 4 September 2012. He is a Chartered Manufacturing Engineer with a lifetime career in the engineering industry. He originally started with the group in 1964 and became a Director in 1986 with specific responsibility for Alumasc Precision until his retirement in 2002. He is the Non-Executive Chairman of Alumasc Precision.

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Peel Hunt LLP
Moor House
120 London Wall
London EC2Y 5ET

Directors' Report

The Directors present their Annual Report and the consolidated financial statements for The Alumasc Group plc for the financial year ended 30 June 2013.

Principal activities and business review

The principal activities of the group are the design, manufacture and marketing of products for the building and construction industries and the manufacture of engineering products and components for major OEMs. A review of the group's operations, future prospects and Key Performance Indicators are included in the Business Review on pages 8 to 27.

The following sections are incorporated by reference into the Directors' Report.

- Business, Financial Review and Risk Review (pages 8 to 25)
- Corporate Social Responsibility (pages 26 to 27)
- Board of Directors (page 28 to 29)
- Statement of Corporate Governance (pages 35 to 38)
- Remuneration Report (pages 39 to 44)

Key Performance Indicators are set out in the Group Finance Director's Review on page 20. Information on potential future developments in the group is set out on pages 7 and 19.

Results and dividends

The group reported profit before tax of £3.4 million (2011/12: £0.4 million). The Directors recommend a final dividend of 2.5p per ordinary share payable on 30 October 2013 to members on the register at the close of business on 4 October 2013 which, together with the interim dividend, makes a total of 4.5p for the year (2011/12: 2.0p).

The Company operates a Dividend Re-Investment Plan, details of which are available from Capita Registrars.

The right to receive any dividend has been waived by the Trustee of the company's Employee Benefit Trust over any shares that the Trustees may hold from time to time. At the year end, the Trustees' holding was 485,171 shares (2011/12 485,171). The shares held in Trust are to meet commitments under the company's performance based executive share plans.

Share capital

The present capital structure of the company is set out in note 25 to the group financial statements.

Purchase of own shares by the company

At last year's Annual General Meeting, authority was granted to the Directors to purchase, in the market, the company's own shares, up to the limit of 14.9% of the issued share capital. The authority is expressed to run until the company's next Annual General Meeting at which it will expire. No purchases pursuant to this authority have been made during the year. Renewal of this authority will be proposed at the forthcoming Annual General Meeting. The Directors do not propose to exercise the authority unless satisfied that a purchase would be in the best interests of shareholders and could be expected to result in an increase in earnings per share.

Directors

The current Directors are listed below and their biographies are set out on pages 28 and 29. All of these Directors served throughout the year save for Keith Walden who was appointed on the 4 September 2012.

In accordance with the Articles of Association, John McCall and Paul Hooper retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Jon Pither, Philip Gwyn and Richard Saville, having served on the Board for more than nine years, also retire and offer themselves for re-election.

Details of Directors' service agreements are given in the Remuneration Report on pages 39 to 44.

Directors' share interests

	Shares	
	At 30 June 2013	At 30 June 2012
J S McCall	**4,359,668**	4,359,668
J P Pither	**286,631**	286,631
P H R Gwyn	**3,057,605**	3,057,605
G P Hooper	**360,487**	360,487
A Magson	**25,000**	25,000
J Pilkington	**9,186**	9,186
R C C Saville	**53,000**	53,000
W K Walden*	**713,462**	713,462*

*Mr Walden held 713,462 shares at the date of his appointment as a director on the 4 September 2012.

The Directors' interests are beneficial with the exception of 434,000 shares (2012: 434,000) in which John McCall has a non-beneficial interest. Details of options granted to the Directors can be found in the Remuneration Report on pages 39 to 44.

There has been no change in the Directors' interests in the share capital of the Company from 30 June 2013 to 3 September 2013.

Substantial shareholders

In addition to those of the Directors, the analysis of the company's share register showed the following interests in 3 per cent or more of the company's issued ordinary shares as at 30 June 2013:

	Shares	% of issued share capital
AXA Investment Management	5,040,684	13.95
Delta Lloyd Asset Management	4,112,702	11.38
E W O'Loughlin Esq	1,550,962	4.29
Unicorn Asset Management	1,197,500	3.31
Schroder Investment Management	1,089,167	3.01

The Directors are not aware of any other notifiable interest in the share capital of the company.

There has been no change to substantial shareholders since the year end.

Shareholders' statistics

Ordinary shareholders on the register at 30 June 2013:

	Number of shareholders	Ordinary shares Number
Shareholding range:		
1 – 999	401	194,074
1,000 – 9,999	618	1,643,780
10,000 – 99,999	142	3,712,597
100,000 – 999,999	43	13,286,872
1,000,000 and over	9	17,296,235
	1,213	36,133,558

Directors' Report

Information required for shareholders

The following provides additional information for shareholders as a result of the implementation of The Takeovers Directive into UK law.

The details of the company's share capital structure are given in note 25 to the group financial statements. With the exception of 485,171 ordinary shares held in the employee trust being subject to a waiver of the right to a dividend, all shares carry equal rights and no restrictions other than those imposed from time to time by laws and regulations and pursuant to the Listing Rules of the Financial Conduct Authority.

Significant interests

Director's interests in the share capital of the company are shown on page 31. Major interests (i.e. those above 3%) of which the company has been notified are shown on page 31.

Change of control

The group's committed financing facility agreement includes a change of control provision. Under this provision, a change in ownership/control of the company would result in withdrawal of these facilities.

There are no other material agreements which take effect, alter or terminate upon a change of control of the company following a takeover bid.

There are no additional agreements between the company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

Environmental matters

The Board aims to conduct its business so as to minimise as far as practicable any adverse effects that its operations may have on the environment and to find alternative ways of operating where its activities may have an environmental impact. The group requires that each operating business achieves minimum standards of environmental efficiency in accordance with group policy.

The Board is committed to applying best practice environmental standards throughout the business. This is achieved through a variety of methods, including product process development, promoting use of recycled materials, waste minimisation and energy efficiency.

More information regarding the group's approach to Environmental matters is given in the Corporate and Social Responsibility Statement on pages 26 and 27.

Health and safety

The Alumasc Group plc places the highest priority on health and safety matters and seeks to achieve high standards for the well-being of its employees. There is a clear group policy to this effect. Achieving an embedded health and safety culture and the reduction of accident risk is the responsibility of management and employees alike.

All operating companies ensure compliance with legislation and have developed and implemented action plans with the objective of achieving continuous improvement in health & safety performance which is systematically reviewed by local management and at group Board level.

More information regarding the group's approach to health and safety matters is given in the Corporate and Social Responsibility statement on page 26.

Creditor payment policy

While the company does not follow a specific code of practice, it is the company's policy to settle the terms and conditions of payment with suppliers when agreeing each transaction, to make sure that suppliers are made aware of such terms and, providing the supplier meets its contractual obligations, to abide by them. At the year end the Company had no trade creditors (2012: none). The group's average number of creditor days as at 30 June 2013 was 73 (2012: 76).

Research and development

The group continues to devote effort and resources to the research and development of new processes and products. Research and development expenditure during the year totalled £0.3 million (2011/12: £0.2 million).

Employees

Through regular company announcements and other staff communications employees are kept informed on the group's financial performance, future prospects and other matters affecting them.

The group is an equal opportunities employer and its policies for recruitment, training, career development and promotion are based on the aptitude and abilities of the individual. Those who are disabled are given equal treatment with the able-bodied. Should employees become disabled after joining the company, every effort is made to ensure that employment continues and appropriate training is given.

Employees are kept informed of changes in the business and general financial and economic factors influencing the group, this is done through briefing sessions and presentations. The group values the views of its employees and consults with them and their representatives on a regular basis about matters that may affect them.

Donations

The Group made charitable donations of £1,300 during the year (2011/12: £1,900).

No political donations were made during the year.

Auditors

Our auditors, KPMG Audit Plc, have instigated an orderly wind down of business. The Board has decided to put KPMG LLP forward to be appointed as auditors and a resolution concerning their appointment will be put to the forthcoming AGM of the company.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Annual General Meeting

The notice convening the Annual General Meeting, to be held on 24 October 2013, is included with this document together with an explanation of the business to be conducted at the meeting and a form of proxy.

The Directors believe that the proposals set out for approval at the AGM will promote the success of the company. Accordingly, they recommend unanimously that members vote in favour of each resolution. Members who are in any doubt as to what action to take are advised to consult appropriate independent advisers.

By order of the Board

Andrew Magson
Company Secretary

3 September 2013

Directors' Report

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- for the group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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

Responsibility Statement

We confirm that to the best of our knowledge:

a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the group and the company; and

b) the Directors' Report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that the group faces.

On behalf of the Board

Paul Hooper
Chief Executive

Andrew Magson
Group Finance Director

3 September 2013

Statement of Corporate Governance

There is a commitment to high standards of corporate governance throughout the group. The Board endorses the general principles set out in The UK Corporate Governance Code September 2012 ("The Code") (which is available on www.frc.org.uk) and is accountable to the group's shareholders for good governance. This report, together with the information contained in the Remuneration Report on pages 39 to 44 explains how the Directors seek to apply the requirements of The Code to procedures within the group.

Directors

During the year, the Board consisted of a Chairman, Chief Executive, Group Finance Director and five Non-Executive Directors. Keith Walden was appointed to the Board on 4 September 2012.

Three of the Board's Non-Executive Directors, Jon Pither, Philip Gwyn and Richard Saville who served during the year, have been members of the Board for more than the recommended nine years. In addition, Philip Gwyn and Keith Walden have significant shareholdings, detailed in the Directors' Report on page 31 and Keith Walden is a Pension Trustee and receives a pension from the Company. The Board has reviewed the role of each of these Directors and concluded that each is independent in character and free from any relationship that could affect exercise of their independent judgement. It is felt that their knowledge and understanding are fundamental to the Board's deliberations.

Jon Pither is the Senior Independent Director.

No individual or group of individuals dominates the Board's decision-making.

The Non-Executive Directors' interests in the shares of the Company are set out on page 31 and they receive a fixed fee for their services.

Profiles of the Board members appear on pages 28 and 29 of this report. These indicate the high level and range of business experience which enables the group to be managed effectively.

The Board meets at least seven times a year and more frequently where business needs require. Two of these meetings are focused upon strategy specific discussions. The Board has a schedule of matters reserved for its decision which includes material capital commitments, commencing or settling major litigation, business acquisitions and disposals and Board appointments. Directors are given appropriate information for each Board meeting, including reports on the current financial and trading position.

Any Director appointed is required to retire and seek election by shareholders at the next Annual General Meeting following their appointment. Additionally, one-third of the Directors retire by rotation each year and seek re-election at the Annual General Meeting. The Directors required to retire are those in office longest since their previous re-election.

All Directors have access to independent professional advice if required and at the company's expense. This is in addition to the access that every Director has to the Company Secretary. The Secretary is charged by the Board with ensuring that Board procedures are followed.

Statement of Compliance

During the year ended 30 June 2013 the group has complied with the requirements of The Code save for the following:

Under the provisions of the Code a small company should have at least two independent Non-Executive Directors. Under the Code John Pilkington is classed as independent however Jon Pither, Philip Gwyn and Richard Saville have been in office for longer than the prescribed nine years and are therefore not classed as independent under the Code. Keith Walden who was appointed to the board on the 4 September 2012 receives a pension from the company and is therefore also not classed as independent under the code.

Therefore under the Code provisions B.1.2, C.3.1 and D.2.1 the company or committee in question only had one independent Non-Executive Director during the year and not two as defined by the Code and under Code provision B.2.1 the nominations committee did not comprise of a majority of independent Non-Executive Directors.

B.3.2 where not all Non-Executive Directors have a service contract or letter of appointment, further details are given in the Remuneration Report on pages 39 to 44.

Chairman and Chief Executive

There is a clear division of responsibilities between the roles of the Chairman and of the Chief Executive.

The role of the Chairman is to conduct Board meetings and to ensure that all Directors are properly briefed in order to take a full and constructive part in Board discussions. He is responsible for evaluating the performance of the Board and of the Executive Management and of the other Non-Executive Directors and has active involvement in all key strategic decisions taken by the group.

The role of the Chief Executive is to oversee the day to day running of the group's business including the development of business strategies and processes to enable the group to meet shareholder requirements. The role involves leading the executive team and evaluating the performance of the Executive Management. Together with the Group Finance Director, he is also responsible for dealing with investor and public relations, external communications and corporate governance.

Statement of Corporate Governance

Board Evaluation

In line with The Code, a formal evaluation of the performance and effectiveness of the Board, its Committees and individual Directors was carried out during the year. A briefing paper was prepared by the Chairman and formed the basis of one-to-one discussions between each of the Directors and the Chairman and, in the case of the Chairman, between the Chairman and the Senior Independent Director. Issues arising from this process were discussed with the Board with recommendations for actions where appropriate. The Senior Independent Director in conjunction with the Non-Executive Directors is responsible for evaluating the performance of the Chairman.

Board Committees

The Board has delegated authority to the following committees and there are written terms of reference for each committee outlining its authority and duties. All terms of reference comply with The Code and are available on the company's website www.alumasc.co.uk.

Audit Committee

The members of the Audit Committee throughout the year were Richard Saville (Chairman), Jon Pither, Philip Gwyn and John Pilkington. The Board considers that Richard Saville has relevant, recent financial experience. The Committee meets at least three times a year and its main duties are as follows:

i. monitoring the integrity of and reviewing the financial reporting process and statements;

ii. the appointment of and the review of the effectiveness and independence of the external auditors;

iii. approval of the scope and monitoring the effectiveness of the group's internal controls and risk management processes;

The Chairman, Chief Executive, Group Finance Director, Group Financial Controller, Mr Walden, and the group's external auditors were invited to and attended a number of meetings of the Audit Committee. During the year the members of the Audit Committee meet with the external auditors without members of the management team being present.

The Audit Committee keeps the scope and cost effectiveness of the external audit under review, with the external auditors having access to the Committee Chairman.

KPMG have reported to the Audit Committee that, in their professional judgement, they are independent within the meaning of regulatory and professional requirements and the objectivity of the audit Director and audit staff is not impaired.

The independence and objectivity of the external auditors are also considered on a regular basis, with particular regard to the level of other assurance services fees. The provision of other assurance services fees is reviewed on a case-by-case basis. During the year other assurance services fees of £900 were paid to KPMG (2011/12: £9,000).

The Committee's view is that the size and complexity of the group and the close involvement of the Executive Directors make it unnecessary for the group to have a dedicated internal audit function, although a major part of the Group Financial Controller's role is to lead an annual internal audit programme. This position is kept under annual review.

Remuneration Committee

The Remuneration Committee members throughout the year were Jon Pither (Chairman), Philip Gwyn, Richard Saville and John Pilkington. The Committee meets at least twice a year to review the remuneration of the Executive Directors. It is also responsible for determining the fees of the Chairman. Full details of the Directors' remuneration and a statement of the company's remuneration policy are set out in the Remuneration Report on pages 39 to 44. The Chairman and Chief Executive attend meetings of the Committee as necessary but take no part in deliberations relating to their own position.

The Executive Directors abstain from any discussion or voting at full Board meetings on Remuneration Committee recommendations where the recommendations have a direct bearing on their own remuneration package.

The Non-Executive Directors' fees are reviewed by the Board, excluding the Non-Executives.

Nominations Committee

The Nomination Committee members throughout the year were John McCall (Chairman), Jon Pither, Philip Gwyn and Richard Saville. The Committee meets when appropriate to consider appointments to the Board of both Executive and Non-Executive Directors. Generally, external search consultants are used to ensure that a wide range of candidates is considered. An induction to the group's business and training is available for all Directors on appointment.

Attendance at Board meetings

	Board – 7 meetings	Audit Committee – 3 meetings	Remuneration Committee – 3 meetings	Nomination Committee – 3 meetings
J S McCall	7	3†	3†	3
J P Pither	6	3	3	3
P H R Gwyn	6	3	3	2
J Pilkington	7	3	2	N/A
R C C Saville	6	2	2	2
W K Walden*	7	1†	N/A	N/A
G P Hooper	7	3†	N/A	N/A
A Magson	7	3†	N/A	N/A

† By invitation as an attendee

*Keith Walden was appointed to the board on 4 September 2012.

Internal control and risk management

The Board acknowledges that it is responsible for the group's systems of internal control and for reviewing its effectiveness. The system is designed to manage the risk of failure to achieve business objectives. However, this risk cannot be wholly eliminated and therefore the system can only provide reasonable and not absolute assurance against the risk of material misstatement, fraud or loss.

In accordance with the Turnbull Guidance on Internal Control, the group has an ongoing process for identifying, evaluating and managing the significant risks faced by the business. This process was in place during the year and remained in place on the date that the Annual Report and financial statements were approved by the Board. The main elements of the group's internal control process are as follows:

(i) Risk management

Risk management is a continuing activity throughout the year, dealt with through the board meetings of operating companies. In addition, a formal business risk review exercise is conducted every year at each operating company and for the group as a whole. This identifies the most important risks, their likelihood of occurrence and possible business and financial implications and the effectiveness of mitigating controls. Each operating company has implemented procedures for controlling the relevant risks of their business.

Based on their attendance at the board meetings of each operating subsidiary, the Executive Directors report periodically to the Board on the risk management processes that have been in place during the year and the effectiveness of the level of control in managing the identified risks. The Board is able to confirm that these procedures are ongoing.

(ii) Financial Reporting and Monitoring

The Board receives regular financial reports, including monthly management accounts, quarterly re-forecasts, annual budgets and five year strategic plans. These procedures are intended to ensure that the Board maintains full and effective control over all financial issues. An Executive Committee, comprising the group's Executive Directors and the Managing Directors of the group's operating segments within the Building Products division reviews that division's trading activities and addresses matters of common interest with regard to safety, strategic development, performance, risk and other matters of mutual group interest. A similar process is followed as part of divisional Engineering Products board meetings.

Day to day management of the group companies is delegated to operational management with a clearly defined system of control, including:

- An organisational structure with an appropriate delegation of authority within each company;
- The identification and appraisal of business and financial risks both formally, within the annual process of preparing business plans and budgets and informally through close monitoring of operations;
- A comprehensive financial reporting system within which actual results are compared with approved budgets, quarterly re-forecasts and previous years' figures on a monthly basis and reviewed at both local and group level; and
- An investment evaluation procedure to ensure an appropriate level of scrutiny and approval for all significant items of capital expenditure.

(iii) Internal Audit

Whilst the group, due to its size, does not have a full-time internal audit function, this position is kept under annual review. The group has, in recent years, increased the level of resource available for internal audit work and, during the year, the Audit Committee agreed a formal programme of work which was carried out under the leadership of the Group Financial Controller. Specialist external resource is used to carry out parts of this work, where appropriate.

Statement of Corporate Governance

Whistleblowing policy

The group has a whistleblowing policy, which provides a formal mechanism whereby every group employee can, on a confidential basis, raise concerns over potential malpractice or impropriety within the group. A copy of the whistleblowing policy can be found on the group website www.alumasc.co.uk.

Bribery and corruption policy

The group has in place a policy with regard to compliance with the Bribery Act. The group's anti-bribery policy and guidelines reflect the Directors' zero tolerance approach to bribery and corruption of all kinds.

This policy has been cascaded down into the operating companies and training held at Head Office and subsidiary level. Any matters of particular concern whether arising from due diligence or otherwise with regard to related parties as defined in the Act are raised and discussed at monthly operating board meetings.

Business ethics policy

The group has in place a business ethics policy, setting out the standards of business conduct that the group expects from its executives and employees. This policy is subject to periodic review to ensure it reflects the operation of the group and the business environment in which it operates.

Internal controls assurance

The Audit Committee on behalf of the Board has reviewed during the year the effectiveness of the system of internal control from information provided by management and the group's external auditors. The review included an assessment by the Board of the key risks affecting the group in the delivery of its long-term strategies, and a summary of those risks and mitigating actions is given on pages 24 and 25.

As described in the Financial Review on page 23, whilst significant progress has been made in strengthening the control environment at Alumasc Precision Components following events of last year, work to further improve risk management and control is ongoing.

Going Concern

The Board is satisfied that the Group has adequate resources to continue for the foreseeable future for the reasons given on page 23.

Shareholder relations

The company is committed to maintaining good communications with its shareholders. Shareholders have direct access to the company via its website, alumasc.co.uk, where material of interest to shareholders is displayed. Additionally, the company responds to numerous individual enquiries from shareholders on a wide range of issues.

There is regular dialogue with individual institutional shareholders, analysts and private shareholders with large share holdings, as well as presentations after the announcement of results. These presentations are also available on the group website. The Board receives regular updates on all the meetings and communications with major shareholders, who are offered the opportunity to meet with the Non-Executive Directors from time to time. The Senior Independent Director is available to shareholders if they have concerns that cannot be addressed through regular channels such as The Chairman, Chief Executive or Group Finance Director.

All shareholders have the opportunity to raise questions at the Annual General Meeting when the company also highlights the latest key business developments.

Directors' Remuneration Report

This report, which is prepared by the Remuneration Committee ('the Committee') and approved by the Board for the financial year ended 30 June 2013, sets out the remuneration policy for the Directors of the Company. In response to the UK Government's proposed new legislation regarding the reporting of directors' remuneration, the Committee has agreed to adopt a number of the changes early.

The Remuneration Committee's overall approach remains unchanged. We are focused on ensuring the group's remuneration policy is aligned with shareholders' interests while also enabling us to attract, retain and motivate high quality executive management.

In making remuneration decisions, the Committee considers the group's overall performance against its long-term goals. For the year to 30 June 2013, the group has delivered a positive set of results as described in both the Chairman's statement and Business Review. Particular highlights include:

- Revenue growth of 5.6% to £116.8 million
- Underlying profit before tax up by over 100% to £5.1 million
- Net debt reduced to £7.7 million

During the year the Committee reviewed executive remuneration packages and concluded that these are in line with market norms in terms of both structure and level, whilst also meeting the preference for simplicity outlined in recent institutional guidance. As a result, for the year ahead, the remuneration policy remains largely unchanged but will be kept under review. The detail of the Directors' remuneration is contained in the report that follows, but in summary:

Base Salary

For the financial year to 30 June 2013 Executive Directors salaries were not increased.

Annual Bonus

Performance against the underlying profit before tax target for the annual bonus was assessed carefully by the Remuneration Committee and annual bonuses of 32.1% of base salary have been proposed for the year ended 30 June 2013, to be paid in cash. For the year to 30 June 2014, the maximum opportunity of the annual bonus will remain at 50% of base salary for the Chief Executive and 45% of base salary for the Finance Director and the Remuneration Committee has determined that financial performance against budget continues to provide the best measure of short term performance.

Long Term Incentive

The Remuneration Committee considers that the current long-term incentive based on achieving TSR and profit growth targets over a three-year performance period continues to provide an effective alignment between the Directors and the long-term interests of all of our shareholders. Awards to the Chief Executive and Finance Director of 75% and 50% of base salary, respectively, were made in the year.

The remuneration committee has followed the widespread debate on executive reward and welcomes the proposals for transparent remuneration reporting to ensure clear and concise information for shareholders. During the current year it will continue preparations to implement the forthcoming regulations on Directors' remuneration reporting for the year to 30 June 2014.

Risk

The Committee is satisfied that the current arrangements do not inadvertently encourage undue risk-taking, given the clear long-term focus in our policy.

Jon P Pither

Chairman of the Remuneration Committee

Directors' Remuneration Report

Remuneration policy report

This part of the Directors' Remuneration Report sets out the remuneration policy for the group.

Policy overview

In setting the remuneration policy for the Executive Directors, the Committee takes into account the following:

- The need to attract retain and motivate Executive Directors and senior management;
- Internal pay and benefits practice and employment conditions within the group as a whole; and
- Periodic external comparisons to examine current market trends and practices and equivalent roles in similar companies.

There are five main elements of the remuneration package for Executive Directors:

- Base salary
- Annual bonus
- Long-term incentives
- Pension provision
- Benefits

The key principles of the policy are:

- Base salaries set at around median level, but with the potential to earn upper-quartile rewards for sustained exceptional performance.
- A reward structure that balances short-term and long-term performance

Competitive incentive arrangements are underpinned by a balance of financial performance measures linked to corporate and individual performance, ensuring a focus on profitable growth and alignment with the interests of shareholders.

As a result, the Committee has determined that the remuneration of Executive Directors will provide an appropriate balance between fixed and performance-related elements. The Committee will continue to review the remuneration policy to ensure it takes due account of best remuneration practice and that it remains aligned with the interests of shareholders.

Executive Director policy table

Element of pay	Objective	Award level	Performance criteria	Performance period
Base salary	To attract and retain high performing individuals to lead the company	Our policy is to pay salaries at market rates that reflect the role, skill levels, experience and performance	An appraisal of the performance of the individual is taken into account when salary levels are reviewed each year	Not applicable
Benefits	To operate a competitive benefits structure that provides adequate protection to our directors and aids in recruitment and retention	– Car allowance – Medical insurance – Disability cover – Life cover	Not applicable	Not applicable
Pension	To attract and retain high performing individuals to lead the company	Defined contribution CEO – 20% of salary FD – 15% of salary	Not applicable	Not applicable
Annual Bonus	To drive delivery of short-term business objectives	CEO – up to 50% of base salary FD – up to 45% of base salary	Mainly, achievement of financial objectives linked to financial performance relative to budget	One year
Long Term Incentive Plan (LTIP)	To drive and reward longer term business performance	CEO – Up to 75% of base salary each year FD – up to 50% of base salary each year	Achievement of TSR and EPS growth measures	Three years with no re-testing

How the pay of group employees is taken into account

Pay and conditions elsewhere in the group were considered when assessing the remuneration for Executive Directors and continues to be reviewed in relation to the implementation of this policy. In order to do so, the committee assesses the wider pay and employment conditions in other parts of the group.

How the Executive Directors' remuneration policy relates to the wider group

The remuneration policy as set out provides an overview of the structure that operates for the most senior executives in the group. Employees below executive level have lower proportions of their total remuneration subject to incentive based rewards. Long term incentives are reserved for those judged as having the greatest potential to influence the group's earnings growth and share price performance.

How shareholders' views are taken into account

The committee considers shareholder feedback received in relation to the AGM each year. This, plus other feedback received during the year, is then considered as part of the group's annual review of remuneration policy. At the 2012 AGM over 99% of those voting chose to vote in favour of the Directors' Remuneration Report and the Committee is grateful to receive this level of support.

Detailed remuneration policy

Base salary

Base salary for each Executive Director is reviewed annually by the Committee, taking account of the Director's performance, experience and responsibilities. The Committee has regard to salary levels paid by UK listed companies of a similar size and nature. This approach ensures that the appropriate benchmark data is used. When determining Executive Directors, base salaries, the Committee also considers wider economic factors, the performance of the group as a whole and the general level of salary increases across the group.

Benefits in kind and pension

The group operates a policy whereby Executive Directors are given a cash alternative to a company car, health insurance, disability insurance and life cover. Pension provision is provided by company and executive contributions into a defined contribution scheme. The group has two closed defined benefit schemes and there are no plans to reintroduce such schemes.

Bonus arrangements

The Committee's general policy is that Executive Directors should receive a bonus in relation to the achievement of stretching performance targets which reflect how well the group has performed against budget. The committee wishes to retain the flexibility to set bonus targets which reward outperformance against predetermined performance objectives and which reflect the needs of the business.

Long-term incentive Plan

The group operates the Long Term Incentive Plan (the "Plan") which was approved by shareholders in October 2008. The purpose of the Plan is to motivate key individuals to take the company upon a programme of long term growth and to reward them for exceptional performance. Under the Plan each participant is allocated a number of shares. The vesting of shares under the Plan is subject to the achievement of performance criteria, which are described below.

Each award is dependent partially on an EPS performance condition and partially on total shareholder return ("TSR") meaning a measure of the growth in value of the ordinary shares of the Company over the performance period, assuming that all dividends are reinvested to purchase additional shares. The relative weighting to be attributed to EPS and TSR in a particular award is decided upon by the Remuneration Committee.

Directors' Remuneration Report

Service contracts

The Committee's policy on service contracts for Executive directors is that they should provide for termination of employment by either side giving 12 months' notice. The group's policy going forward will be that no Executive Director should be entitled to a notice period or payments in excess of their contractual arrangements.

No Executive Director has the benefit of provisions in their service contract for the payment of pre-determined compensation in the event of termination of employment.

Provision	Contractual terms
Contract Dates	G P Hooper – 28 January 2001 A Magson – 7 August 2006
Notice period	12 months
Termination payment	Base salary plus pension contributions and benefits. Any bonus accrued up to cessation may also be included.

Non-Executive Directors

The remuneration of the Non-Executive Directors is set by the Executive Directors. The policy of the Board is that the remuneration of the Non-Executive Directors should be consistent with the levels or remuneration paid by companies of a similar size and complexity. Non-Executive Directors receive an annual fee and are reimbursed expenses incurred in performing their duties. They do not receive any performance related remuneration or pension contributions. Current fee levels are as follows:

	Role	Committee chairman role	Fee to 30 June 2013 £000
J McCall	Chairman	Nomination	100
J Pither	Senior Independent Director	Remuneration	28
P Gwyn	Non-Executive Director	–	23
R Saville	Non-Executive Director	Audit	28
J Pilkington	Non-Executive Director	–	23
W K Walden	Non-Executive Director	–	23*

*Fee from date of appointment 4 September 2012 – included in the figure is an element of remuneration for chairing the board of Alumasc Precision.

The Chairman and Non-Executive Directors do not have contracts of service but their terms are set out in letters of appointment. Appointments are subject to earlier termination by three months' notice on either side.

Implementation report

Committee role and membership

The Remuneration Committee comprises four Non-Executive Directors. Jon Pither (Chairman), Philip Gwyn, Richard Saville and John Pilkington. Biographies of the committee members are set out on pages 28 and 29.

Name	Position	Attendance
J Pither	Committee Chairman	3/3
P Gwyn	Non-Executive Director	3/3
R Saville	Non-Executive Director	2/3
J Pilkington	Non-Executive Director	2/3

At the invitation of the Committee Chairman, the Chairman of the Board, the Chief Executive and the Group Finance Director may attend meetings of the committee, except when their own remuneration is under discussion.

The Committee's principal functions are to advise the Board on the company's policy on executive remuneration and to approve the specific remuneration of Executive Directors, including their service contracts. Its remit therefore includes, but is not limited to, basic salary, benefits in kind, performance-related bonus awards, share options and awards, long-term incentive plans, pension rights and any other compensation or termination payments. The detailed terms of reference for the Committee are displayed on the company's web-site www.alumasc.co.uk.

Advisers

The members of the Committee can, where they judge it necessary, obtain independent professional advice at the group's expense. During the year under review there were no changes to policy or practice and therefore no specific external advice was sought.

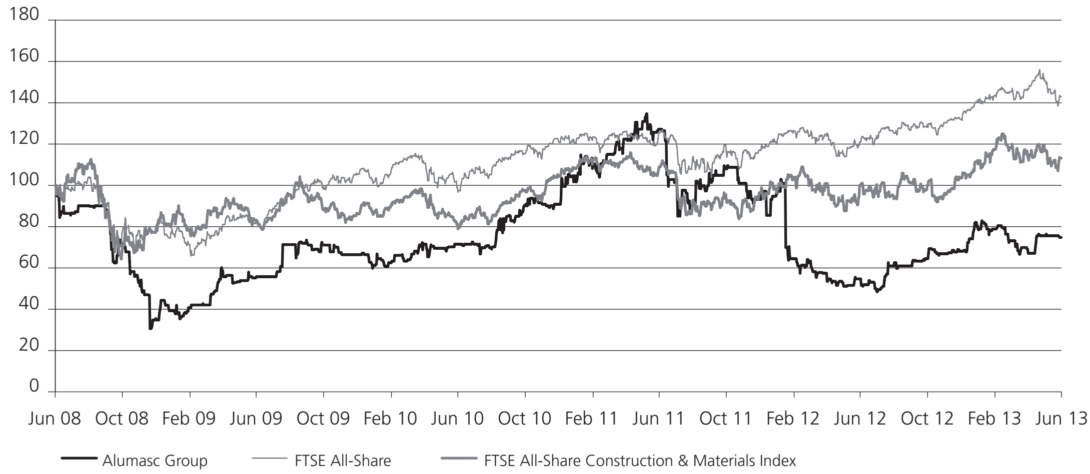
Shareholder voting at AGM

At last year's AGM (2012) the Directors' Remuneration Report received the following votes from shareholders.

	Total number of votes cast	% of votes cast
For	22,913,213	99.8
Against	55,341	0.2
Total votes cast (for and against)	22,968,554	100
Votes withheld	1,413	n/a
Total votes cast (including withheld votes)*	22,969,967	–

*A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast 'For' or 'Against' a resolution.

Historical Total Shareholder Return Performance



The graph shows the total shareholder return on a hypothetical holding of shares in the company compared with a broad equity market. The Directors have chosen to illustrate TSR against the FTSE All Share Index and the All Share Construction & Materials index. These indexes have been selected as, in the opinion of the Directors, they provide a more sound comparison than any subset of the market.

Payments to the Executive Directors

Executive Directors	Basic salary £000	Benefits £000	Bonuses £000	Pension £000	LTIP £000	**Total 2012/13 £000**	Total 2011/12 £000
G P Hooper	222	18	70	45	–	**355**	306
A Magson	152	13	49	23	–	**237**	189

Pension provision

The defined benefit pension schemes are closed and neither Mr Hooper nor Mr Magson have benefits provided under these schemes. The group makes provision to pay 20% of Mr Hooper's base salary and 15% of Mr Magson's base salary into a defined contribution pension scheme of the executives' choosing.

Bonus

The maximum bonus opportunity was set at 50% for Mr Hooper and 45% for Mr Magson. The maximum bonus achievable would only be paid on exceeding stretching targets relative to budgeted results for the year. Following assessment of the financial targets set at the start of the financial year total bonus payments of £70,000 were made to the Chief Executive and £48,852 to the Finance Director.

Long term Incentive Plan

Under the Long Term Incentive Plan which was approved by shareholders in October 2008 the Chief Executive and Finance Director were granted LTIP's. At the date of the remuneration committee meeting in August 2012 the granting of LTIP's was discussed and provisional awards were assessed which were finally made in March 2013, this was done to align the Executive Directors interests more closely with those of the shareholders. The Chief Executive was given an LTIP award over 174,519 shares and the Finance Director was given an LTIP award over 73,076 shares which equated to 75% and 50% of salary respectively.

The performance measures set out comprises 50% TSR and 50% Group earnings per share.

Following the performance review of the LTIP's awarded in November 2010, no shares will vest under this grant.

Directors' Remuneration Report

Executive share option scheme

Executives have in the past, been able to participate in the Executive Share Option Scheme approved by shareholders in 2004. This scheme is designed to encourage the matching of interests between management and shareholders. No awards under the scheme were made to Executive Directors during the year. The Chief Executive continues to participate by virtue of an award made in 2006, which may be exercised until 2016 on condition that the growth in Earnings per Share (EPS) exceeds the increase in the Retail Price Index (RPI) by 7.5% over the course of a continuous three year period.

Executive share option scheme

	Exercise price	Earliest exercise date	Expiry date	**As at 1 July 2012**	Exercised in year	Granted in year	Lapsed in year	**At 30 June 2013**
G P Hooper	171.2p	April 2009	April 2016	**39,878**	–	–	–	**39,878**

Long Term Incentive Plans

	Date of award	Market price at award date*	Earliest exercise date	**As at 1 July 2012**	Vested in year	Market price at vesting date	Granted in year	Lapsed in year	**At 30 June 2013**
G P Hooper									
2008 Plan	Oct 2009	102.5p	Oct 2012	**152,426**	–	–	–	152,426	**–**
	Nov 2010	129.5p	Oct 2013	**153,261**	–	–	–	–	**153,261**
	Nov 2011	140p	Nov 2014	**135,448**	–	–	–	–	**135,448**
	Mar 2013	98p	Mar 2016	**–**	–	–	174,519	–	**174,519**
Total 2008 Plan				**441,135**			174,519	152,426	**463,228**
A Magson									
2008 Plan	Oct 2009	102.5p	Oct 2012	**62,737**	–	–	–	62,737	**–**
	Nov 2010	129.5p	Oct 2013	**63,043**	–	–	–	–	**63,043**
	Nov 2011	140p	Nov 2014	**56,716**	–	–	–	–	**56,716**
	Mar 2013	98p	Mar 2016	**–**	–	–	73,076	–	**73,076**
Total 2008 Plan				**182,496**	–	–	73,076	62,737	**192,835**

All awards under the 2008 Plan have a £nil exercise price.

The aggregate of gains made by directors on the exercise of share options during the year was £nil (2012: £nil).

* The market price at the award date is based on the price at the date the employee trust granted the award. This price differs from the market value at the date the Remuneration Committee recommended the award to the trust.

Employee Trust

At the year end the employee trust held 485,171 ordinary shares. The market value of the shares held in trust at 30 June 2013 was £446,357.

Company share price

The closing mid-market price of the shares on Friday the 28 June 2013 was 92p and ranged between 61.5p and 104p per share during the year.

On behalf of the Board

J P Pither
Chairman
Remuneration Committee

3 September 2013

Independent Auditor's Report

To the members of The Alumasc Group plc

We have audited the financial statements of The Alumasc Group plc for the year ended 30 June 2013 set out on pages 46 to 89. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 34, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2013 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 38, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 35 to 38 relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Peter Selvey (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
Altius House
1 North Fourth Street
Central Milton Keynes
MK9 1NE
3 September 2013

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2013

		2012/13			2011/12		
	Notes	**Before non-recurring items and brand amortisation £000**	**Non-recurring items and brand amortisation £000**	**Total £000**	Before non-recurring items and brand amortisation £000	Non-recurring items and brand amortisation £000	Total £000
Revenue	3,4	**116,769**	**–**	**116,769**	110,619	–	110,619
Cost of sales		**(86,087)**	**–**	**(86,087)**	(84,501)	–	(84,501)
Gross profit		**30,682**	**–**	**30,682**	26,118	–	26,118
Net operating expenses before non-recurring items and brand amortisation		**(24,033)**	**–**	**(24,033)**	(23,540)	–	(23,540)
Brand amortisation	5	**–**	**(273)**	**(273)**	–	(299)	(299)
Restructuring and acquisition costs	5	**–**	**(814)**	**(814)**	–	(866)	(866)
Impairment	5,13	**–**	**(625)**	**(625)**	–	–	–
Net operating expenses		**(24,033)**	**(1,712)**	**(25,745)**	(23,540)	(1,165)	(24,705)
Operating profit	4	**6,649**	**(1,712)**	**4,937**	2,578	(1,165)	1,413
Finance income	8	**3,407**	**–**	**3,407**	4,402	–	4,402
Finance expenses	8	**(4,942)**	**–**	**(4,942)**	(5,425)	–	(5,425)
Profit before taxation		**5,114**	**(1,712)**	**3,402**	1,555	(1,165)	390
Tax (expense)/income	9	**(1,314)**	**282**	**(1,032)**	(491)	514	23
Profit for the year		**3,800**	**(1,430)**	**2,370**	1,064	(651)	413
Other comprehensive income							
Items that will not be recycled to profit or loss:							
Actuarial gain/(loss) on defined benefit pensions	23			**2,969**			(13,818)
Tax on actuarial (gain)/loss on defined benefit pensions	9			**(780)**			3,250
				2,189			(10,568)
Items that are or may be recycled subsequently to profit or loss:							
Effective portion of changes in fair value of cash flow hedges				**5**			(7)
Exchange differences on retranslation of foreign operations				**15**			7
Tax on cash flow hedge	9			**5**			(59)
				25			(59)
Other comprehensive income/(loss) for the year, net of tax				**2,214**			(10,627)
Total comprehensive income/(loss) for the year, net of tax				**4,584**			(10,214)
Earnings per share				**Pence**			Pence
Basic earnings per share	11			**6.6**			1.2
Diluted earnings per share	11			**6.6**			1.2

Consolidated Statement of Financial Position

At 30 June 2013

	Notes	**2013 £000**	**2013 £000**	2012 £000	2012 £000
Assets					
Non-current assets					
Property, plant and equipment	12	**12,872**		13,826	
Goodwill	13	**16,488**		16,888	
Other intangible assets	14	**2,976**		2,976	
Financial asset investments	15	**17**		17	
Deferred tax assets	9	**2,314**		3,489	
			34,667		37,196
Current assets					
Inventories	16	**12,131**		14,136	
Biological assets	17	**163**		91	
Trade and other receivables	18	**23,529**		26,451	
Cash and cash equivalents	28	**9,147**		6,550	
Income tax receivable		**–**		161	
Derivative financial assets	22	**63**		82	
			45,033		47,471
Total assets			**79,700**		84,667
Liabilities					
Non-current liabilities					
Interest bearing loans and borrowings	21,28	**(16,834)**		(19,779)	
Employee benefits payable	23	**(10,062)**		(14,539)	
Provisions	24	**(572)**		(469)	
Deferred tax liabilities	9	**(1,515)**		(1,694)	
			(28,983)		(36,481)
Current liabilities					
Trade and other payables	19	**(27,162)**		(28,739)	
Provisions	24	**(528)**		(516)	
Income tax payable		**(584)**		–	
Derivative financial liabilities	22	**–**		(3)	
			(28,274)		(29,258)
Total liabilities			**(57,257)**		(65,739)
Net assets			**22,443**		18,928
Equity					
Called up share capital	25	**4,517**		4,517	
Share premium	26	**445**		445	
Capital reserve – own shares	26	**(618)**		(618)	
Hedging reserve	26	**(12)**		(22)	
Foreign currency reserve	26	**51**		36	
Profit and loss account reserve		**18,060**		14,570	
Total equity			**22,443**		18,928

G P Hooper
Director

A Magson
Director

3 September 2013

Company number 1767387

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Notes	**2012/13 £000**	2011/12 £000
Operating activities			
Operating profit		**4,937**	1,413
Adjustments for:			
Depreciation	12	**2,331**	2,444
Amortisation	14	**543**	652
Impairment	13	**625**	–
Gain on disposal of property, plant and equipment		**(67)**	(19)
Decrease/(increase) in inventories		**2,236**	(1,693)
(Increase)/decrease in biological assets		**(72)**	279
Decrease/(increase) in receivables		**3,188**	(2,599)
(Decrease)/increase in trade and other payables		**(1,951)**	4,789
Movement in provisions		**15**	392
Cash contributions to retirement benefit schemes	23	**(2,276)**	(2,449)
Share based payments	27	**–**	(60)
Cash generated from operations		**9,509**	3,149
Tax paid		**(267)**	(68)
Net cash inflow from operating activities		**9,242**	3,081
Investing activities			
Purchase of property, plant and equipment		**(1,476)**	(1,877)
Payments to acquire intangible fixed assets		**(43)**	(72)
Proceeds from sales of property, plant and equipment		**83**	48
Acquisition of subsidiary, net of cash acquired	13	**(399)**	–
Interest received		**16**	12
Net cash outflow from investing activities		**(1,819)**	(1,889)
Financing activities			
Interest paid		**(764)**	(866)
Equity dividends paid		**(1,069)**	(2,763)
Draw down of amounts borrowed		**–**	5,000
Repayment of amounts borrowed		**(3,000)**	–
Purchase of financial instrument		**–**	(7)
Net cash (outflow)/inflow from financing activities		**(4,833)**	1,364
Net increase in cash and cash equivalents	28	**2,590**	2,556
Net cash and cash equivalents brought forward		**6,550**	3,993
Effect of foreign exchange rate changes		**7**	1
Net cash and cash equivalents carried forward	28	**9,147**	6,550
Net cash and cash equivalents comprise:			
Cash and cash equivalents	28	**9,147**	6,550

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

	Notes	Share capital £000	Share premium £000	Capital reserve – own shares £000	Hedging reserve £000	Foreign currency reserve £000	Profit and loss account reserve £000	Total equity £000
At 1 July 2011		4,517	445	(618)	44	29	27,548	31,965
Profit for the period		–	–	–	–	–	413	413
Exchange differences on retranslation of foreign operations		–	–	–	–	7	–	7
Net loss on cash flow hedges		–	–	–	(7)	–	–	(7)
Tax on derivative financial liability		–	–	–	(59)	–	–	(59)
Actuarial loss on defined benefit pensions, net of tax		–	–	–	–	–	(10,568)	(10,568)
Dividends	10	–	–	–	–	–	(2,763)	(2,763)
Share based payments	27	–	–	–	–	–	(60)	(60)
At 1 July 2012		4,517	445	(618)	(22)	36	14,570	18,928
Profit for the period		**–**	**–**	**–**	**–**	**–**	**2,370**	**2,370**
Exchange differences on retranslation of foreign operations		**–**	**–**	**–**	**–**	**15**	**–**	**15**
Net gain on cash flow hedges		**–**	**–**	**–**	**5**	**–**	**–**	**5**
Tax on derivative financial liability		**–**	**–**	**–**	**5**	**–**	**–**	**5**
Actuarial gain on defined benefit pensions, net of tax		**–**	**–**	**–**	**–**	**–**	**2,189**	**2,189**
Dividends	10	**–**	**–**	**–**	**–**	**–**	**(1,069)**	**(1,069)**
At 30 June 2013		**4,517**	**445**	**(618)**	**(12)**	**51**	**18,060**	**22,443**

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

1 Basis of preparation

The Alumasc Group plc is incorporated and domiciled in England and Wales. The company's ordinary shares are traded on the London Stock Exchange.

The group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union as they apply to the financial statements of the group for the year ended 30 June 2013, and the Companies Act 2006.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business Review on pages 8 to 27. The financial position of the group, its cashflows, liquidity position and borrowing facilities are described within note 22.

The group has £23 million of banking facilities, of which £20 million is committed until June 2016. In addition, the group has recently renewed overdraft facilities totalling £3 million for another year. At 30 June 2013 the group's net indebtedness was £7.7 million (2012: £13.2 million).

On the basis of the group's financing facilities, pension deficit recovery plan commitments and current financial plans and sensitivity analyses, the Board is satisfied that the group has adequate resources to continue in operational existence for the foreseeable future and accordingly continues to adopt the going concern basis in preparing the financial statements.

2 Summary of significant accounting policies

Changes in accounting policy

The accounting policies adopted are consistent with those of the previous financial year.

The below are the new standards or amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 that have an impact on the group or company financial statements:

The group has adopted the Amendments to IAS 1: Presentation of Other Items of Other Comprehensive Income (mandatory for periods commencing on or after beginning 1 July 2012). The effect of adoption of this amendment is to present the items of other comprehensive income that may be recycled to profit or loss in the future (if certain conditions are met) separately from those that would never be recycled to profit or loss. Consequently, as the group presents items of other comprehensive income before related income tax effects the aggregated income tax amount has been allocated between those sections. The comparatives have been presented on the same basis.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and each of its subsidiaries made up to 30 June each year.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. Control in this context means the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights. The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated.

Judgements and estimates

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement and valuation of intangible assets and goodwill and the measurement and valuation of defined benefit pension obligations. The measurement of intangible assets other than goodwill on a business combination involves estimation of future cash flows and the selection of a suitable discount rate. The group determines whether goodwill is impaired on an annual basis and this requires an estimation of the value in use of the cash generating units to which the intangible assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate (see note 13).

Measurement of defined benefit pension obligations requires estimation of future changes in inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate (see note 23).

The group may from time to time become involved in legal action which could give rise to contingent assets or liabilities. The group accounts for these under IAS 37 and will only accrue costs when it is probable that there will be a transfer of economic benefits based on independent legal advice and the Directors' judgement.

Revenue recognised on construction contracts is determined by the assessment of completion stage of each contract. The requirement for Directors' judgement is limited in most cases due to the involvement of quantity surveyors during the assessment process as detailed within the revenue recognition accounting policy.

2 Summary of significant accounting policies (continued)

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures.

As part of its transition to IFRS, the group elected to re-state only those business combinations that occurred on or after 1 July 2004. In respect of acquisitions prior to 1 July 2004, goodwill represents the amount recognised under the group's previous accounting framework, UK GAAP. For acquisitions on or after 1 July 2004, goodwill represents the excess of the cost of the acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the income statement.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment at least annually, and whenever events or changes in circumstances indicate that the carrying value may be impaired. The carrying amount of goodwill allocated to a cash-generating unit is taken into account when determining the gain or loss on disposal of the unit, or of an operation within it.

Other intangible assets

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Expenditure on internally developed intangible assets, excluding development costs, is taken to the income statement in the year in which it is incurred.

Development expenditure is recognised as an intangible asset only after all the following criteria are met:

– the project's technical feasibility and commercial viability can be demonstrated;
– the availability of adequate technical and financial resources and an intention to complete the project have been confirmed; and
– the correlation between development costs and future revenues has been established.

Intangible assets with a finite life are amortised on a straight line basis over their expected useful lives, as follows:

– computer software	2 to 5 years
– development expenditure	7 years
– brands	3 to 20 years

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. In addition, the carrying value of capitalised development expenditure is reviewed for impairment annually and before being brought into use.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Under IFRS transitional provisions, the group elected to bring in previous valuations of freehold and long leasehold land and buildings at a valuation frozen under FRS 15, and these amounts are carried forward at deemed cost.

Freehold land is not depreciated.

The cost of other property, plant and equipment is written off by equal monthly instalments over their estimated useful lives as follows:

Freehold buildings	–	25 to 50 years
Long leasehold property	–	over the period of the lease to a maximum of 50 years
Short leasehold improvements	–	over the period of the lease
Plant and equipment	–	3 to 15 years
Motor vehicles	–	4 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, each part is accounted for as a separate item. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2 Summary of significant accounting policies (continued)

Impairment of fixed assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management, usually at business segment level or business level as the case may be.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

Leased assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the group are classified as finance leases and are capitalised with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. The interest element of the rental obligation is charged to the statement of comprehensive income in proportion to the reducing capital element outstanding.

Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases and rentals payable are charged in the statement of comprehensive income on a straight line basis over the life of the lease.

Financial assets

When financial assets are recognised initially under IAS39, they are measured at fair value, being the transaction price plus directly attributable transaction costs.

The group's investments are classified as available-for-sale financial assets. As there is no active market for these investments their fair value cannot be reliably measured subsequent to initial recognition, and they are therefore held at cost less impairment.

Inventories

Inventories are valued at the lower of cost and net realisable value on a first in first out basis after making due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads. The allocation of manufacturing overheads has regard to normal production.

The group holds certain raw materials from suppliers on an inventory held on consignment basis, which are accounted for as consumed. This inventory remains the property of the supplier until used.

Biological assets

Biological assets relate to the value of horticultural inventories at Blackdown Horticultural Consultants, which form part of the green roof systems supplied by this business. The assets are measured at fair value, being discounted market value less estimated point-of-sale costs, with any change therein recognised in the statement of comprehensive income. Point-of-sale costs include all costs that would be necessary to sell the assets.

Pension costs

The group operates both defined benefit and defined contribution pension schemes as follows:

(i) Defined benefit pensions

The group operates two principal defined benefit schemes which require deficit reduction contributions to be made to separately administered funds. One of the schemes was closed to future benefit accrual in 2009, the other in 2010, with neither closure resulting in a curtailment gain or loss. Prior to this, benefits were accrued under the career average revalued earnings (CARE) basis.

Prior to the closure of these schemes to future benefit accrual, the cost of providing benefits under the defined benefit plans was determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and is based on actuarial advice.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year.

2 Summary of significant accounting policies (continued)

Pension costs (continued)

The interest cost on the liabilities is charged to finance costs and the expected return on plan assets is credited to finance revenue.

Actuarial gains and losses are recognised in full in the consolidated statement of comprehensive income. These comprise, for scheme assets, the difference between the expected and actual return on assets, and, for scheme liabilities, the difference between the actuarial assumptions and actual experience, and the effect of changes in actuarial assumptions.

The defined benefit pension asset or liability in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the sum of any unrecognised past service costs and the present value of any amount the group expects to recover by way of refunds from the plan or reductions in the future contributions.

(ii) Defined contribution pensions

The pension cost charge to the statement of comprehensive income of the group's defined contribution schemes represents the contributions payable by the group to the funds. The assets of the schemes are held separately from those of the group in independently administered funds.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

– where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;

– in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and

– deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the consolidated statement of comprehensive income.

Foreign currencies

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Exchange differences resulting from the settlement of such transactions and from the translation at exchange rates ruling at the year end date of monetary assets and liabilities denominated in currencies other than the functional currency are recognised in the consolidated income statement.

Own shares

The Alumasc Group plc shares held by the group are classified in shareholders' equity as 'own shares' and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to reserves. No gain or loss is recognised in the performance statements on the purchase, sale, issue or cancellation of equity shares.

Equity settled share based payment transactions

The fair value of long term incentive awards and share options granted to employees is recognised as an employee expense from the date of grant, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of shares for which the related service and non-market vesting conditions are met.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

2 Summary of significant accounting policies (continued)

Derivative financial instruments and hedging

The group uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risk.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the statement of comprehensive income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The fair value of interest rate cap contracts is determined by reference to market values for similar instruments.

For those derivatives designated as hedges and for which hedge accounting is desired, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how effectiveness will be measured throughout its duration. Such items are expected at inception to be highly effective.

For the purpose of hedge accounting, the hedges used by the group are classified as cash flow hedges, as they hedge exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

Any gains or losses arising from changes in the fair value of derivatives that do not qualify for hedge accounting are taken to the income statement.

The portion of the gain or loss on a cash flow hedge that is determined to be an effective hedge is initially recognised directly in equity, while the ineffective portion is recognised in the statement of comprehensive income.

Amounts taken to equity are transferred to the income statement at the time when the underlying transaction being hedged affects profit or loss, such as when the forecast sale or purchase of the hedged item occurs. Where the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to profit or loss.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction being hedged occurs and are transferred to the income statement or to the initial carrying amount of a non-financial asset or liability as above. If the related transaction is not expected to occur, the amount is taken to profit or loss.

Information regarding both the qualitative and quantitative characteristics of the group's treasury activities is presented to enable the improved evaluation of the group's exposure to risks arising from financial instruments.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, and is stated net of rebates, and before VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods.

Tooling

Revenue generated on tooling work is recognised when work on the tool has been completed and it has been accepted by the customer.

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statement in proportion to the stage of completion of the contract.

The stage of completion, in most cases, is assessed by reference to surveys of work performed. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the statement of comprehensive income.

2 Summary of significant accounting policies (continued)

Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the group will not be able to recover balances in full.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance costs. Borrowing costs are recognised as an expense over the period to the maturity of the underlying instrument.

Provisions

A provision is recognised when the group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the group expects some or all of a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

New standards and interpretations not applied

The following Adopted IFRS has been issued but has not been applied by the group in these financial statements:

Amendments to IAS 19 ‘Employee Benefits’ (mandatory for financial years commencing on or after 1 January 2013). For defined benefit schemes, the amendments introduce various changes:

(i) Past service costs are recognised immediately and no longer deferred.

(ii) The expected return on plan assets and the interest cost on liabilities in the income statement are replaced by interest on the net defined benefit asset/liability using the discount rate used to measure the defined benefit obligation; this changes the allocation of the total return on plan assets between the income statement and other comprehensive income.

(iii) Asset management costs are recognised in other comprehensive income while other administrative costs are charged to operating profits. Both were previously split between finance income and other comprehensive income.

(iv) The removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the group, as it already recognises these immediately in other comprehensive income.

These changes are expected to add between £700,000 and £1,000,000 to the group’s overall financing charge in the 2013/14 financial year.

In view of these prospective changes, the group is planning to amend its definition of underlying profit in 2013/14 and thereafter. Please see page 23 of the Finance Director’s review and the illustrative re-statement of the Five Year Summary on page 92.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

3 Revenue

Revenue disclosed in the statement of comprehensive income is analysed as follows:

	2012/13 £000	2011/12 £000
Revenue arising from:		
Sales of goods	**87,450**	86,898
Sales of tooling	**2,384**	3,612
Recognised on construction contracts	**26,935**	20,109
Revenue (per statement of comprehensive income)	**116,769**	110,619
Rental income	**147**	147
Finance income (note 8)	**3,407**	4,402
Total revenue	**120,323**	115,168

4 Segmental analysis

In accordance with IFRS8 "Operating Segments", the segmental analysis below follows the group's internal management reporting structure.

The Chief Executive reviews internal management reports on a monthly basis, with performance being measured based on segmental operating result as disclosed below. Performance is measured on this basis as management believes this information is the most relevant when evaluating the impact of strategic decisions.

Inter-segment transactions are entered into applying normal commercial terms that would be available to third parties. Segment results, assets and liabilities include those items directly attributable to a segment. Unallocated assets comprise cash and cash equivalents, deferred tax assets, income tax recoverable and corporate assets that cannot be allocated on a reasonable basis to a reportable segment. Unallocated liabilities comprise borrowings, employee benefit obligations, deferred tax liabilities, income tax payable and corporate liabilities that cannot be allocated on a reasonable basis to a reportable segment.

Analysis by reportable segment 2012/13

	Revenue			
	External £000	**Inter-segment £000**	**Total £000**	**Segmental Operating Result £000**
Solar Shading & Screening	18,086	–	18,086	841
Roofing & Walling	32,569	–	32,569	3,094
Energy Management	**50,655**	**–**	**50,655**	**3,935**
Construction Products	17,109	–	17,109	2,415
Rainwater, Drainage, Plastics & Casings	20,448	77	20,525	2,029
Water Management & Other	**37,557**	**77**	**37,634**	**4,444**
Building Products	**88,212**	**77**	**88,289**	**8,379**
Alumasc Precision	28,557	859	29,416	(461)
Engineering Products	**28,557**	**859**	**29,416**	**(461)**
Elimination/Unallocated costs	–	(936)	(936)	(1,269)
Total	**116,769**	**–**	**116,769**	**6,649**

	£000
Segmental operating result	6,649
Brand amortisation	(273)
Restructuring and acquisition costs	(814)
Impairment	(625)
Total operating profit	**4,937**

4 Segmental analysis (continued)

Analysis by reportable segment 2012/13 (continued)

	Segment Assets £000	Segment Liabilities £000	Capital expenditure: Property, Plant & Equipment £000	Capital expenditure: Other Intangible Assets £000	Depreciation £000	Amortisation £000
Solar Shading & Screening	17,999	(5,047)	13	10	67	168
Roofing & Walling	11,260	(6,413)	156	10	148	169
Energy Management	**29,259**	**(11,460)**	**169**	**20**	**215**	**337**
Construction Products	7,768	(3,595)	300	1	192	1
Rainwater, Drainage, Plastics & Casings	12,324	(5,082)	175	13	513	139
Water Management & Other	**20,092**	**(8,677)**	**475**	**14**	**705**	**140**
Building Products	**49,351**	**(20,137)**	**644**	**34**	**920**	**477**
Alumasc Precision	18,413	(7,131)	729	9	1,178	53
Engineering Products	**18,413**	**(7,131)**	**729**	**9**	**1,178**	**53**
Unallocated	11,936	(29,989)	2	–	233	13
Total	**79,700**	**(57,257)**	**1,375**	**43**	**2,331**	**543**

Analysis by reportable segment 2011/12

	Revenue: External £000	Revenue: Inter-segment £000	Revenue: Total £000	Segmental Operating Result £000
Solar Shading & Screening	16,751	–	16,751	247
Roofing & Walling	22,369	–	22,369	437
Energy Management	**39,120**	**–**	**39,120**	**684**
Construction Products	15,135	–	15,135	1,894
Rainwater, Drainage, Plastics & Casings	20,598	64	20,662	1,806
Water Management & Other	**35,733**	**64**	**35,797**	**3,700**
Building Products	**74,853**	**64**	**74,917**	**4,384**
Alumasc Precision	35,766	1,038	36,804	(770)
Engineering Products	**35,766**	**1,038**	**36,804**	**(770)**
Elimination/Unallocated costs	–	(1,102)	(1,102)	(1,036)
Total	**110,619**	**–**	**110,619**	**2,578**

	£000
Segmental operating result	2,578
Brand amortisation	(299)
Restructuring costs	(866)
Total operating profit	**1,413**

Notes to the Consolidated Financial Statements
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4 Segmental analysis (continued)

Analysis by reportable segment 2011/12 (continued)

	Segment Assets £000	Segment Liabilities £000	Capital expenditure: Property, Plant & Equipment £000	Capital expenditure: Other Intangible Assets £000	Depreciation £000	Amortisation £000
Solar Shading & Screening	18,235	(4,116)	28	1	84	170
Roofing & Walling	15,809	(8,278)	102	41	138	120
Energy Management	**34,044**	**(12,394)**	**130**	**42**	**222**	**290**
Construction Products	6,715	(3,012)	130	2	202	1
Rainwater, Drainage, Plastics & Casings	11,831	(4,341)	353	1	551	256
Water Management & Other	**18,546**	**(7,353)**	**483**	**3**	**753**	**257**
Building Products	**52,590**	**(19,747)**	**613**	**45**	**975**	**547**
Alumasc Precision	21,406	(9,261)	1,079	27	1,237	92
Engineering Products	**21,406**	**(9,261)**	**1,079**	**27**	**1,237**	**92**
Unallocated	10,671	(36,731)	2	–	232	13
Total	**84,667**	**(65,739)**	**1,694**	**72**	**2,444**	**652**

Analysis by geographical segment 2012/13

	United Kingdom £000	Europe £000	North America £000	Middle East £000	South East Asia £000	Rest of World £000	Total £000
Sales to external customers	**89,111**	**6,609**	**14,191**	**1,518**	**4,190**	**1,150**	**116,769**
Segment non-current assets	**32,303**	**–**	**7**	**–**	**43**	**–**	**32,353**

Analysis by geographical segment 2011/12

	United Kingdom £000	Europe £000	North America £000	Middle East £000	South East Asia £000	Rest of World £000	Total £000
Sales to external customers	87,298	8,743	9,375	1,863	1,958	1,382	110,619
Segment non-current assets	33,664	–	–	–	43	–	33,707

Segment revenue by geographical segment represents revenue from external customers based upon the geographical location of the customer. The analyses of segment non-current assets are based upon location of the assets.

5 Brand amortisation and non-recurring items

	2012/13 £000	2011/12 £000
Brand amortisation	**(273)**	(299)
Restructuring and acquisition costs	**(814)**	(866)
Impairment	**(625)**	–
	(1,712)	(1,165)

Restructuring costs relate to restructuring and redundancy costs in both years. Acquisition costs relate to the costs of acquiring Rainclear Systems Limited during the year to 30 June 2013.

The impairment charge of £625,000 relates to the carrying value of goodwill in Blackdown Greenroofs, which has been reduced from £1,251,000 to £626,000 for the reasons described on page 64.

6 Expenses by nature

The following items have been charged/(credited) in arriving at operating profit:

	2012/13 £000	2011/12 £000
Raw materials and consumables	**59,175**	54,621
Decrease/(increase) in stocks of finished goods and WIP	**32**	(47)
Depreciation of property, plant and equipment	**2,331**	2,444
Intangible assets amortisation	**270**	353
Brand amortisation	**273**	299
Impairment	**625**	–
Gain on disposal of property, plant and equipment	**(67)**	(19)
Foreign exchange losses	**20**	222
Employee benefit expense	**26,011**	26,148
Operating lease payments – plant	**768**	753
Income from property operating leases	**(147)**	(147)
Research and development	**291**	243
Auditors' remuneration:		
Audit of these financial statements	**56**	56
Audit of financial statements of subsidiaries pursuant to legislation	**94**	91
Other assurance services	**1**	9
Other operating charges	**22,099**	24,180
	111,832	109,206

7 Employee costs and numbers

	2012/13 £000	2011/12 £000
Employee benefit expense:		
Wages and salaries	**23,041**	23,090
Social security	**2,360**	2,412
Pension costs (note 23)		
– defined contribution plans	**610**	646
– defined benefit plans	**768**	317
	26,779	26,465

Pension costs – defined benefit plans includes net pension finance costs of £768,000 (2011/12: £317,000).

	2012/13 Number	2011/12 Number
Average number of employees:		
Building products	**449**	468
Engineering products	**319**	308
	768	776

Notes to the Consolidated Financial Statements

For the year ended 30 June 2013

8 Net finance costs

		2012/13 £000	2011/12 £000
Finance income	– Bank interest	(16)	(12)
	– Expected return on pension scheme plan assets	(3,391)	(4,390)
		(3,407)	(4,402)
Finance costs	– Bank loans and overdrafts	106	101
	– Revolving credit facility	677	617
		783	718
	– Pension scheme liability interest	4,159	4,707
		4,942	5,425

9 Tax expense

(a) Tax on profit on ordinary activities

Tax charged/(credited) in the statement of comprehensive income

	2012/13 £000	2011/12 £000
Current tax:		
UK corporation tax charge/(credit)	909	(177)
Overseas tax	40	37
Amounts over provided in previous years	(21)	(9)
Total current tax	928	(149)
Deferred tax:		
Origination and reversal of temporary differences	145	291
Tax over provided in previous years	–	(4)
Rate change adjustment	(41)	(161)
Total deferred tax	104	126
Total tax expense/(credit)	1,032	(23)

Tax recognised in other comprehensive income		
Deferred tax:		
Actuarial gains/(losses) on pension schemes	780	(3,250)
Cash flow hedge	(5)	59
Tax charged/(credited) to other comprehensive income	775	(3,191)
Total tax charge/(credit) in the statement of comprehensive income	1,807	(3,214)

(b) Reconciliation of the total tax charge

The total tax rate applicable to the tax expense shown in the statement of total comprehensive income of 30.3% is higher than (2011/12: (5.9)% was lower than) the standard rate of corporation tax in the UK of 23.75% (2011/12: 25.5%). The differences are reconciled below:

	2012/13 £000	2011/12 £000
Profit before taxation	3,402	390
Current tax at the UK standard rate of 23.75% (2011/12: 25.5%)	808	99
Expenses not deductible for tax purposes	286	52
Rate change adjustment	(41)	(161)
Tax over provided in previous years – corporation tax	(21)	(9)
Tax over provided in previous years – deferred tax	–	(4)
	1,032	(23)

9 Tax expense (continued)

(c) Unrecognised tax losses

The group has agreed tax capital losses in the UK amounting to £21 million (2012: £21 million) that relate to prior years. Under current legislation these losses are available for offset against future chargeable gains. A deferred tax asset has not been recognised in respect of these losses, as they do not meet the criteria for recognition.

Revaluation gains on land and buildings amount to £1 million (2012: £1 million). These may be offset against the capital losses detailed above, therefore net capital losses carried forward amount to £20 million (2012: £20 million). The capital losses are able to be carried forward indefinitely.

(d) Deferred tax

A reconciliation of the movement in deferred tax during the year is as follows:

	Accelerated capital allowances £000	Short term temporary differences £000	Brands £000	Hedging £000	Total deferred tax liability £000	Pension deferred tax asset £000
At 1 July 2011	1,335	(22)	739	(40)	2,012	(742)
(Credited)/charged to the statement of comprehensive income – current year	(249)	(9)	(115)	–	(373)	503
Charged/(credited) to the statement of comprehensive income – prior year	8	(12)	–	–	(4)	–
Debited/(credited) to equity	–	–	–	59	59	(3,250)
At 1 July 2012	1,094	(43)	624	19	1,694	(3,489)
(Credited)/charged to the statement of comprehensive income – current year	**(201)**	**(1)**	**(89)**	**–**	**(291)**	**395**
Debited/(credited) to equity	**–**	**–**	**–**	**(5)**	**(5)**	**780**
Acquired in business combination	**2**	**–**	**115**	**–**	**117**	**–**
At 30 June 2013	**895**	**(44)**	**650**	**14**	**1,515**	**(2,314)**

Deferred tax assets and liabilities are presented as non-current in the consolidated statement of financial position.

Deferred tax assets have been recognised where it is probable that they will be recovered. Deferred tax assets of £4.6 million (2012: £4.8 million) have not been recognised in respect of net capital losses of £20 million (2012: £20 million).

(e) Factors affecting the tax charge in future periods

The Chancellor's Autumn Statement on 5 December 2012 announced that the UK corporation tax rate will reduce to 21% by 2014.
A reduction in the rate from 24% (effective from 1 April 2012) to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012.

Finance Bill 2013, which includes the reduction in the UK corporation tax rate to 21 percent with effect from 1 April 2014 and to 20 percent from 1 April 2015, reached substantive enactment on 2 July 2013. This will reduce the group's future current tax charge accordingly. Deferred tax assets and liabilities have been calculated based on the rate of 23% substantively enacted at the balance sheet date.

Notes to the Consolidated Financial Statements

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10 Dividends

	2012/13 £000	2011/12 £000
Interim dividend for 2013 of 2.0p paid on 9 April 2013	**712**	–
Final dividend for 2012 of 1.0p paid on 31 October 2012	**357**	–
Interim dividend for 2012 of 1.0p paid on 10 April 2012	**–**	357
Final dividend for 2011 of 6.75p paid on 31 October 2011	**–**	2,406
	1,069	2,763

A final dividend of 2.5p per equity share, at a cash cost of £891,000, has been proposed for the year ended 30 June 2013, payable on 30 October 2013. In accordance with IFRS accounting requirements this dividend has not been accrued in these consolidated financial statements.

11 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period, after allowing for the exercise of outstanding share options. The following sets out the income and share data used in the basic and diluted earnings per share calculations:

	2012/13 £000	2011/12 £000
Profit attributable to equity holders of the parent	**2,370**	413

	000s	000s
Basic weighted average number of shares	**35,648**	35,648
Dilutive potential ordinary shares – employee share options	**–**	–

Calculation of underlying earnings per share:

	2012/13 £000	2011/12 £000
Profit before taxation	**3,402**	390
Add back brand amortisation	**273**	299
Add back restructuring and acquisition costs	**814**	866
Add back impairment	**625**	–
Underlying profit before taxation	**5,114**	1,555
Tax at underlying group tax rate of 25.7% (2011/12: 31.6%)	**(1,314)**	(491)
Underlying earnings	**3,800**	1,064
Basic weighted average number of shares	**35,648**	35,648
Underlying earnings per share	**10.7p**	3.0p

12 Property, plant and equipment

	Freehold land and buildings £000	Long leasehold property £000	Short leasehold improvements £000	Plant & equipment £000	Total £000
Cost:					
At 1 July 2011	10,606	235	420	35,082	46,343
Additions	142	–	10	1,542	1,694
Disposals	–	–	–	(479)	(479)
At 1 July 2012	10,748	235	430	36,145	47,558
Acquisition through business combinations	**–**	**–**	**–**	**18**	**18**
Additions	**119**	**–**	**15**	**1,241**	**1,375**
Disposals	**(17)**	**–**	**–**	**(1,357)**	**(1,374)**
At 30 June 2013	**10,850**	**235**	**445**	**36,047**	**47,577**
Accumulated depreciation and impairment losses:					
At 1 July 2011	4,343	146	323	26,926	31,738
Depreciation charge for year	338	8	39	2,059	2,444
On disposals	–	–	–	(450)	(450)
At 1 July 2012	4,681	154	362	28,535	33,732
Depreciation charge for year	**356**	**7**	**24**	**1,944**	**2,331**
On disposals	**(17)**	**–**	**–**	**(1,341)**	**(1,358)**
At 30 June 2013	**5,020**	**161**	**386**	**29,138**	**34,705**
Net book value at 30 June 2013	**5,830**	**74**	**59**	**6,909**	**12,872**
Net book value at 30 June 2012	6,067	81	68	7,610	13,826
Net book value at 1 July 2011	6,263	89	97	8,156	14,605

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For the year ended 30 June 2013

13 Goodwill

	2013 £000	2012 £000
Cost:		
At 1 July	**16,986**	16,986
Acquisition of Rainclear Systems	**225**	–
At 30 June	**17,211**	16,986
Impairment:		
At 1 July	**98**	98
Impairment	**625**	–
At 30 June	**723**	98
Net book value at 30 June	**16,488**	16,888

Goodwill acquired through acquisitions has been allocated to cash generating units for impairment testing as set out below:

	2013 £000	2012 £000
Building Products Division:		
Roof-Pro	**3,194**	3,194
Timloc	**2,264**	2,264
Levolux	**10,179**	10,179
Blackdown	**626**	1,251
Rainclear Systems	**225**	–
At 30 June	**16,488**	16,888

Partial impairment of Blackdown goodwill

The green roof market has continued to be particularly challenging and this market is still relatively immature in the UK. Whilst we continue to believe in the longer term potential of the Blackdown Greenroofs business, the current UK market place is crowded, with no firm regulations governing either environmental performance or quality standards. Against this background, green roofs have been susceptible to de-specification and value engineering, with revenues and margins significantly eroded as a consequence. In response, we have restructured Blackdown, which should result in a stronger and more competitive business. This triggered a non-recurring impairment charge against the carrying value of goodwill of £625,000, based on a discount rate of 11%, leaving remaining goodwill of £626,000.

Impairment testing of acquired goodwill

The group considers each of the operating businesses that have goodwill allocated to them, which are those units for which a separate cashflow is computed, to be a cash generating unit (CGU). Each CGU is reviewed annually for indicators of impairment. In assessing whether an asset has been impaired, the carrying amount of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. In the absence of any information about the fair value of a CGU, the recoverable amount is deemed to be its value in use. Each of the CGUs are either operating segments as shown in note 4, or sub-sets of those operating segments.

For the purpose of impairment testing, the recoverable amount of CGUs is based on value in use calculations. The value in use is derived from discounted management cash flow forecasts for the businesses, based on budgets and strategic plans covering a five year period.

The growth rate used to extrapolate the cash flows beyond this period was 1% (2012: 1%) for each CGU.

Key assumptions included in the recoverable amount calculation include:

(i) Revenues
(ii) Gross margins
(iii) Overhead costs

Each assumption has been considered in conjunction with the local management of the relevant operating businesses who have used their past experience and expectations of future market and business developments in arriving at the figures used.

13 Goodwill (continued)

Impairment testing of acquired goodwill (continued)

The range of pre-tax rates used to discount the cash flows of these cash generating units with on balance sheet goodwill was between 10% and 13% (2012: between 10% and 13%). These rates were based on the group's estimated weighted average cost of capital (W.A.C.C.), which was risk-adjusted for the specific circumstances of each CGU. The group's W.A.C.C. in 2013 was similar to the rate used in 2012. The surplus headroom above the carrying value of goodwill at 30 June 2013 was significant in the case of Timloc, Levolux and Rainclear Systems, with no impairment arising from either a 2% increase in the discount rate; a growth rate of -1% used to extrapolate the cash flows; or a reduction of 25% in the cash flow generated in the terminal year for any CGU.

However, headroom was more limited at Blackdown and Roofpro, both of which have been impacted by the recent recession and were recently restructured to improve business performance and financial returns.

Blackdown's goodwill would be at risk of impairment based on current forecasts if the discount rate was increased by 2% or there was a reduction of 20% in the cash flow generated in the terminal year. The main assumptions on which the forecasts were based include sales volumes and profit margins.

Roofpro's goodwill would be at risk of impairment based on current forecasts if the discount rate was increased by 1% or there was a reduction of 10% in the cash flow generated in the terminal year. The main assumptions on which the forecasts were based include sales volumes.

Business combinations

Rainclear Systems Limited

On 30 November 2012 the group acquired 100% of the ordinary shares of Rainclear Systems Limited ("Rainclear") for initial gross cash consideration of £851,000, or £399,000 net of £452,000 cash acquired. The investment in Rainclear has been included in the group's balance sheet at its fair value at the date of acquisition.

An analysis of the provisional fair value of the Rainclear net assets acquired and the fair value of the consideration paid is set out below:

Net assets at date of acquisition:

	Book value £000	Fair value adjustments £000	Fair value to group £000
Property, plant and equipment	21	(3)	18
Inventories	166	65	231
Trade and other receivables	270	(6)	264
Cash	452	–	452
Trade and other payables	(216)	–	(216)
Income tax payable	(76)	(10)	(86)
Property dilapidations provision	–	(100)	(100)
Deferred tax liabilities	(2)	(115)	(117)
Net assets	615	(169)	446
Goodwill			225
Brand acquired on acquisition			500
			1,171
Satisfied by:			
Initial purchase consideration settled in cash			851
Deferred consideration			320
			1,171
Less cash acquired			(452)
Enterprise value			719

Deferred consideration is payable in two tranches, subject to Rainclear achieving a profit before tax of £250,000 in the year to December 2013, and profit before tax of £270,000 in the year to April 2014. £320,000 is the maximum amount of deferred consideration payable within 12 months of the balance sheet date and, based on post-acquisition performance to date, is management's best estimate of the amount likely to be paid.

From the date of acquisition to 30 June 2013 (seven months), Rainclear reported a profit of £118,000 which, after the post-acquisition reversal of the acquisition accounting adjustment to revalue inventories to fair value less costs to sell at the date of acquisition of £65,000, resulted in a net profit under IFRS3 conventions of £53,000.

If the combination had taken place at the beginning of the year, 1 July 2012, the revenue for the group for the 2012/13 financial year would have been £117,588,000 and the profit before taxation would have been £3,524,000.

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14 Other intangible assets

	Brands £000	Development expenditure £000	Computer software £000	Total £000
Cost:				
At 1 July 2011	4,015	166	2,040	6,221
Additions	–	–	72	72
Disposals	–	–	(30)	(30)
At 1 July 2012	4,015	166	2,082	6,263
Acquisition of subsidiaries	**500**	**–**	**–**	**500**
Additions	**–**	**–**	**43**	**43**
Disposals	**–**	**–**	**(7)**	**(7)**
At 30 June 2013	**4,515**	**166**	**2,118**	**6,799**
Accumulated amortisation:				
At 1 July 2011	1,115	102	1,448	2,665
Amortisation for the year	299	64	289	652
On disposals	–	–	(30)	(30)
At 1 July 2012	1,414	166	1,707	3,287
Amortisation for the year	**273**	**–**	**270**	**543**
On disposals	**–**	**–**	**(7)**	**(7)**
At 30 June 2013	**1,687**	**166**	**1,970**	**3,823**
Net book value at 30 June 2013	**2,828**	**–**	**148**	**2,976**
Net book value at 30 June 2012	2,601	–	375	2,976
Net book value at 1 July 2011	2,900	64	592	3,556

The Levolux brand is being amortised over a life of 20 years from May 2007.

The Blackdown brand is being amortised over a life of 5 years from March 2008 and became fully amortised during the year.

The Rainclear brand is being amortised over a life of 5 years from December 2012.

15 Financial asset investments

	£000
Cost:	
At 1 July 2012 and 30 June 2013	**17**

The group holds 20% of the share capital of Amorim Isolamentos SA, a specialist cork insulation product manufacturer and distributor, which is incorporated and operates in Portugal. In the Directors' opinion, the degree of influence exercised over Amorim Isolamentos SA is insufficient to justify its treatment as an associate.

16 Inventories

	2013 £000	2012 £000
Raw materials	**4,084**	4,948
Work in progress	**3,225**	3,144
Finished goods	**4,822**	6,044
	12,131	14,136

During the year the group's inventory provision increased by £72,000 (2012: increased by £48,000). At 30 June 2013 the group's inventory provision was £1,140,000 (2012: £1,068,000).

17 Biological assets

	2013 £000	2012 £000
At 1 July	**91**	370
Increases from purchases	**62**	47
Decreases from sales	**(35)**	(283)
Gain from change in fair value less costs to sell	**57**	(11)
Decrease due to natural damage	**(12)**	(32)
At 30 June	**163**	91

18 Trade and other receivables

	2013 £000	2012 £000
Trade receivables	**16,596**	17,013
Construction contracts	**4,755**	7,373
Other receivables	**400**	427
Prepayments and accrued income	**1,778**	1,638
	23,529	26,451

Trade receivables are non-interest bearing, are generally on terms of 30-90 days and are shown net of provisions for impairment. As at 30 June 2013, trade receivables at nominal value of £318,000 (2012: £408,000) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	2013 £000	2012 £000
At 1 July	**408**	490
Acquisition of subsidiaries	**6**	–
Charge for the year	**181**	258
Amounts written off	**(277)**	(340)
At 30 June	**318**	408

Included within the total provision for impairment is £153,000 (2012: £205,000) in relation to provisions against construction contracts.

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19 Trade and other payables

	2013 £000	2012 £000
Trade payables	**17,942**	20,710
Other taxation and social security	**1,980**	1,657
Other payables	**1,012**	1,096
Construction deposits received on account	**148**	93
Accruals	**2,941**	1,761
Deferred income	**2,819**	3,422
Deferred consideration	**320**	–
	27,162	28,739

20 Construction contracts

Details of amounts due from and to customers for contract work as at 30 June are included in notes 18 and 19 above.

For contracts in progress at 30 June 2013, the amount of contract costs incurred plus recognised profits less recognised losses to date, ie; contract revenue recognised, was £16,918,000 (2012: £8,350,000). These contracts were on average 60% complete at 30 June 2013 (2012: 31%).

The cumulative level of payments received in advance of profit recognised at 30 June 2013 was £912,000 (2011/12: cumulative cash outflow in advance of profit recognition £904,000).

21 Borrowings

	2013 £000	2012 £000
Non-current liabilities:		
Non-current instalments due on bank loan	**16,834**	19,779

The bank loan outstanding at 30 June 2013 is part of an unsecured committed £20 million revolving credit facility currently drawn down against six month LIBOR. The following financial covenants apply to the facility: group interest cover, based on underlying EBITDA (ie. before non-recurring items), to be at least four times; and net debt as a multiple of underlying EBITDA (ie. before non-recurring items) to be below three times. Group interest cover was 12.0 times at June 2013 (2012: 7.6 times) whilst the net debt multiple was 1.0 times at June 2013 (2012: 2.5 times.) The group has the option to cancel and repay elements of this facility at short notice should it wish to do so. The facility has a final maturity date of 23 June 2016.

22 Financial instruments

Financial risk management

The group's treasury activities are carried out in accordance with policies set by the Board. The purpose of treasury policies is to ensure that adequate, cost effective funding is available to the group at all times and that exposure to interest rate, foreign exchange and counterparty risks are managed within acceptable levels. The group uses derivative financial instruments as economic hedges to manage foreign exchange and interest rate risks. It is the group's policy that no trading in financial instruments is undertaken. Hedge accounting treatment has been applied to all of these hedging activities. All derivative financial instruments are measured at fair value at each balance sheet date.

Financial assets and liabilities

Set out below is a comparison by category of carrying amounts and fair values of all the group's financial assets and liabilities:

	30 June 2013		30 June 2012	
	Carrying amount £000	**Fair value £000**	Carrying amount £000	Fair value £000
Financial assets:				
Available-for-sale financial assets	**17**	**17**	17	17
Cash and cash equivalents	**9,147**	**9,147**	6,550	6,550
Trade receivables	**16,596**	**16,596**	17,013	17,013
Construction contracts	**4,755**	**4,755**	7,373	7,373
Other receivables	**400**	**400**	427	427
Derivative financial assets	**63**	**63**	82	82
	30,978	**30,978**	31,462	31,462
Financial liabilities:				
Bank loans	**16,834**	**16,834**	19,779	19,779
Trade and other payables	**25,034**	**25,034**	26,989	26,989
Derivative financial liabilities	**–**	**–**	3	3
	41,868	**41,868**	46,771	46,771

Available-for-sale financial assets have been valued at cost. Market values have been used to determine the fair value of bank borrowings. The fair value of interest rate cap transactions has been determined by marking those contracts to market against prevailing/forecast future interest rates. The fair value of forward foreign exchange contracts has been determined by marking those contracts to market against prevailing forward foreign exchange rates.

Trade and other payables balances do not include other taxation and social security costs or construction deposits received on account, as these balances do not meet the definition of financial liabilities in IAS39.

The table below summarises the maturity profile of the group's financial liabilities at 30 June 2013 and 2012 based on contractual undiscounted payments. The total interest bearing loans and borrowings value in the table below includes future unaccrued interest, whilst the bank overdraft and loans balance in the table above shows only the carrying amount at the year end date.

Year ended 30 June 2013	**On demand £000**	**Less than 3 months £000**	**3 to 12 months £000**	**1 to 5 years £000**	**Total £000**
Interest bearing loans and borrowings	**–**	**163**	**488**	**17,957**	**18,608**
Trade and other payables	**6,392**	**16,997**	**1,637**	**8**	**25,034**
	6,392	**17,160**	**2,125**	**17,965**	**43,642**

Year ended 30 June 2012	On demand £000	Less than 3 months £000	3 to 12 months £000	1 to 5 years £000	Total £000
Interest bearing loans and borrowings	–	208	623	22,033	22,864
Trade and other payables	10,482	15,706	756	45	26,989
	10,482	15,914	1,379	22,078	49,853

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22 Financial instruments (continued)

Liquidity and interest rate risk

The group manages liquidity and interest rate risk by monitoring its net debt position regularly and ensuring that banking facilities are in place to provide adequate headroom for anticipated future cash flows. At the year end date of 30 June the group had £23 million (2012: £26 million) of banking facilities. The facilities comprise a committed £20 million revolving credit facility (2012: £20 million), and unsecured overdraft facilities of £3 million (2012: £6 million.) In addition, the group has £5 million of finance leasing facilities currently unutilised. The group's £20 million committed debt facility and finance lease facility expires in June 2016. The uncommitted overdrafts are repayable on demand and the facility agreements are reviewed annually.

The group's net debt at 30 June 2013 was £7.7 million (2012: £13.2 million), equivalent to 39% (2012: 66%) of committed debt facilities, and 33% (2012: 51%) of total debt facilities.

Details of the group's policies and procedures for managing capital are given within the Financial Review on page 23.

The maturity profile of the group's interest bearing financial liabilities is as follows:

	2013 £000	2012 £000
Floating rate interest bearing financial liabilities:		
In two to five years	**16,834**	19,779

The group continues to hold a three year £5 million interest rate cap and a five year £7.5m interest rate cap. These hedges have the objective of ensuring that the majority of the group's net indebtedness at any time is protected against a significant increase in LIBOR interest rates above 5%.

The group's overall pre-tax cost of debt finance at interest rates in place at 30 June 2013 is approximately 4.5% (2012: 4.5%).

The floating rate financial liabilities comprise a revolving credit facility that bears interest based on LIBOR and the unamortised premiums on two interest rate caps that have a LIBOR strike rate of 5%.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the group's profit before tax (through the impact of floating rate borrowings).

		Basis Points	Effect on profit before tax £000
2013	**Increase**	**+300**	**(336)**
	Decrease	**–50**	**56**
2012	Increase	+300	(405)
	Decrease	–50	67

The effect of the above changes to the interest rate on the group's equity is not considered material.

22 Financial instruments (continued)

Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the group provides goods and services on deferred terms. There are no concentrations of credit risk which amount to more than 10% of group revenues. The maximum credit risk exposure relating to financial assets is represented by its carrying value less amounts recoverable from credit insurance contracts, where applicable, as at the balance sheet date and is limited to the value of trade and other receivables. In addition the group may from time to time have credit exposures relating to bespoke inventories. The group's cash deposits are only lodged with approved institutions that have strong credit ratings.

Group policies are aimed at minimising credit losses, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit terms to ensure that the group's exposure to bad debts is minimised. Goods may be sold on a payment with order basis to mitigate credit risk. Most group businesses purchase credit insurance and the group increased its overall levels of credit insurance during the 2012/13 financial year.

At 30 June, the analysis of trade and other receivables that were past due but not impaired is as follows:

			Past due but not impaired			
Year ended 30 June 2013	**Total £000**	**Not past due £000**	**< 30 days £000**	**30-60 days £000**	**60-90 days £000**	**> 90 days £000**
Trade receivables	**16,596**	**12,389**	**3,258**	**658**	**55**	**236**
Construction contracts	**4,755**	**3,457**	**642**	**414**	**161**	**81**
Other receivables	**400**	**383**	**9**	**8**	**–**	**–**
	21,751	**16,229**	**3,909**	**1,080**	**216**	**317**

			Past due but not impaired			
Year ended 30 June 2012	Total £000	Not past due £000	< 30 days £000	30-60 days £000	60-90 days £000	> 90 days £000
Trade receivables	17,013	13,514	2,710	637	30	122
Construction contracts	7,373	5,851	935	418	–	169
Other receivables	427	427	–	–	–	–
	24,813	19,792	3,645	1,055	30	291

Foreign currency risk

The group has transactional currency exposures. Such exposures arise from sales or purchases by operating companies in currencies other than the companies' operating currency (mainly Pounds Sterling). Transactional currency risks are managed by offsetting as far as possible purchases and sales by group companies in the same currency. A proportion of the residual risk is managed, where appropriate, through the use of forward currency contracts.

None of the derivative financial instruments held at 30 June 2013 or 30 June 2012 related to derivative trading activity. Where cash flow hedge accounting is applied, gains or losses on the financial instrument hedges are held in equity and only recognised in the consolidated income statement when the losses or gains on the hedged transactions are recognised in the consolidated income statement.

The following shows the amounts of foreign currency denominated receivables, payables and cash balances at 30 June stated in local currency:

			2013			2012
	Receivable 000	**Payable 000**	**Cash 000**	Receivable 000	Payable 000	Cash 000
Euros	**309**	**(317)**	**176**	379	(868)	84
US Dollars	**844**	**(2,640)**	**958**	1,316	(1,978)	52
Hong Kong Dollars	**2,688**	**(16)**	**4,889**	1,798	(701)	4,251
Chinese Yuan	**1,684**	**(5,446)**	**877**	258	(1,629)	27

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For the year ended 30 June 2013

22 Financial instruments (continued)

The following table demonstrates the impact on the group's profit after tax and equity when the fair value of monetary asset and liabilities at 30 June are retranslated at exchange rates either 10% above or below the year end exchange rate:

			Effect on profit after tax and equity			
		Exchange rate change	US $ £000	Euro £000	Hong Kong $ £000	Chinese Yuan £000
2013	**Increase**	**+10%**	**50**	**(13)**	**(58)**	**28**
	Decrease	**–10%**	**(61)**	**16**	**71**	**(34)**
2012	Increase	+10%	35	30	(40)	12
	Decrease	–10%	(43)	(36)	49	(15)

Hedging activities

The net fair values of the group's derivative financial instruments at 30 June designated as hedging instruments are set out below:

	2013	2012
	Cash flow hedges £000	Cash flow hedges £000
Interest rate cap instruments	**61**	82
Forward foreign exchange contracts	**2**	(3)
	63	79

Cash flow hedges

At 30 June 2013 the group had two interest rate caps, one with a notional principal amount of £7.5 million and a maturity date of 23 June 2016, another with a notional principal amount of £5.0 million and a maturity date of 18 May 2015. The cash flows associated with the interest rate cap hedges are expected to occur over the term of the instruments, therefore these instruments are deemed effective hedges and deemed to address the risk they are intended to address.

At 30 June 2013 the group had forward foreign exchange contracts with principal amounts equivalent to £133,000 (2012: £1,030,000). The forward foreign exchange contracts hedge foreign currency price risks of various currency purchases and sales across the group. The cash flows associated with the forward foreign exchange hedges are generally expected to occur within the next 12 months.

The derivative financial instruments carried at fair value have been valued using directly observable market inputs and therefore they are all considered to have been valued at Level 2, as described in the amendments to IFRS7.

23 Retirement benefit obligations

(a) The group's pension schemes

The group operates a number of defined contribution and defined benefit pension schemes, funded by the payment of contributions into separately administered funds. The defined benefit schemes, which have been closed to future accrual since 2010, provide defined benefits based on a career average revalued earnings (CARE) basis.

Defined contribution schemes
Of the amount charged to operating profit in the statement of comprehensive income for pension contributions, £610,000 (2012: £646,000) was in respect of defined contribution schemes. At 30 June 2013 there was an accrual of £74,000 payable in respect of defined contribution schemes (2012: £77,000).

Defined benefit schemes
The two principal defined benefit schemes are The Alumasc Group Pension Scheme and The Benjamin Priest Group Pension Scheme. The rate of contributions to fund the deficits in the schemes is assessed by the scheme's actuary on a triennial basis.

Deficit reduction contributions to these pension schemes are not expected to exceed £2 million in aggregate in the 2013/14 financial year.

The group's defined benefit pension funds are currently undergoing their formal triennial valuation, with a valuation date of 31 March 2013. The company has until 30 June 2014 to agree the new valuation and deficit reduction plan with the Pension Trustees. Further details can be found in the Group Finance Director's Review on page 22.

Disclosures in accordance with IAS19 are set out below in respect of the defined benefit schemes.

Pension charges are determined with the advice of an independent qualified actuary on the basis of annual valuations using the projected unit credit method. Under the projected unit method, for closed schemes the amounts allocated to service cost in future periods will tend to be higher as the members of the schemes approach retirement.

The principal assumptions used for the purpose of the IAS19 valuations are set out below.

To develop the expected long term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments, (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long term rate of return on assets assumption for the portfolio. An allowance for the expected administration expenses of the schemes over the forthcoming year was deducted from the expected return on each class.

	The Alumasc Group Scheme 2013 %	**The Benjamin Priest Group Scheme 2013 %**	The Alumasc Group Scheme 2012 %	The Benjamin Priest Group Scheme 2012 %
Discount rate	**4.8**	**4.8**	4.5	4.5
Expected rate of deferred pension increases	**2.3**	**2.3**	1.8	1.8
Future pension increases	**1.7 – 3.7**	**1.7 – 3.7**	1.5 – 3.5	1.5 – 3.5
Retail Price Index inflation rate	**3.1**	**3.1**	2.6	2.6
Consumer Price Index inflation rate	**2.3**	**2.3**	1.8	1.8
Expected return on plan assets:				
Equities	**6.8**	**6.8**	6.2	6.2
Gilts	**3.3**	**3.3**	2.7	2.7
Bonds	**4.2**	**4.2**	4.5	4.5
Absolute return	**6.1**	**6.1**	5.6	5.6
	Years	**Years**	Years	Years
Post retirement mortality				
Current pensioners at 65 – male	**22.2**	**21.4**	22.0	21.2
Current pensioners at 65 – female	**24.6**	**23.7**	23.7	22.8
Future pensioners at 65 in 2033 – male	**23.8**	**22.9**	24.4	23.6
Future pensioners at 65 in 2033 – female	**25.2**	**24.3**	25.1	24.2

A discount rate of 4.8% has been used in calculating the present value of liabilities of the pension schemes at 30 June 2013. A 0.1% change to this rate would have changed the present value of the pension fund liabilities at that date by approximately £1,421,000 before tax.

A Retail Price Index inflation rate of 3.1% and a Consumer Price Index inflation rate of 2.3% has been used in calculating the present value of liabilities of the pension schemes at 30 June 2013. A 0.1% change to these rates would have changed the present value of the pension fund liabilities at that date by approximately £640,000 before tax.

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23 Retirement benefit obligations (continued)

In valuing the liabilities of the pension schemes at 30 June 2013, mortality assumptions have been assumed as indicated above. If life expectancy had been changed to assume that all members of the schemes live for one year longer on average, the value of the reported liabilities at 30 June 2013 would have increased by approximately £3,230,000 before tax.

The combined assets and liabilities of the schemes at 30 June are:

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Scheme assets at fair value:					
Equities	**34,503**	31,475	37,422	30,098	36,716
Government bonds	**11,417**	11,823	10,836	10,185	16,863
Corporate bonds and insured annuities	**9,738**	10,145	8,889	8,437	4,708
Absolute return fund	**26,948**	23,646	24,215	22,650	–
Property	**672**	719	1,185	1,140	1,145
Cash	**672**	2,077	2,117	3,496	4,200
	83,950	79,885	84,664	76,006	63,632
Present value of scheme liabilities	**(94,012)**	(94,424)	(87,517)	(87,632)	(76,136)
Defined benefit pension deficit	**(10,062)**	(14,539)	(2,853)	(11,626)	(12,504)

The whole of the defined benefit pension deficit is shown as a non-current liability.

Amounts recognised in the statement of comprehensive income in respect of the defined benefit plans, before taxation, are as follows:

	2012/13 £000	2011/12 £000
Included in net finance cost:		
Expected return on plan assets	**3,391**	4,390
Interest cost	**(4,159)**	(4,707)
	(768)	(317)
Included in other comprehensive income:		
Actuarial gain/(loss) on plan assets	**2,947**	(5,935)
Actuarial gain/(loss) on retirement benefit obligations	**22**	(7,883)
	2,969	(13,818)
Total recognised in the statement of comprehensive income	**2,201**	(14,135)

The actual return on plan assets for 2012/13 was a gain of £6,338,000 (2011/12: loss of £1,545,000).

Changes in the present value of the defined benefit obligation before taxation are as follows:

	2013 £000	2012 £000	2011 £000
At 1 July	**(94,424)**	(87,517)	(87,632)
Interest cost	**(4,159)**	(4,707)	(4,606)
Benefits paid	**4,549**	5,683	4,580
Actuarial gain/(loss)	**22**	(7,883)	141
At 30 June	**(94,012)**	(94,424)	(87,517)

23 Retirement benefit obligations (continued)

Changes in the fair value of plan assets before taxation are as follows:

	2013 £000	2012 £000	2011 £000
At 1 July	**79,885**	84,664	76,006
Expected return on plan assets	**3,391**	4,390	3,861
Actuarial gain/(loss)	**2,947**	(5,935)	5,449
Contributions by employer	**2,276**	2,449	3,928
Defined benefit actual benefit payments	**(4,549)**	(5,683)	(4,580)
At 30 June	**83,950**	79,885	84,664

	2012/13	2011/12	2010/11	2009/10	2008/09
Experience adjustments on scheme liabilities:					
Amount (£000)	**(3)**	2	662	(3,391)	115
Percentage of scheme liabilities (%)	**–**	–	0.76	(3.87)	0.15
Experience adjustments on scheme assets:					
Amount (£000)	**2,947**	(5,935)	5,449	8,765	(8,912)
Percentage of scheme assets (%)	**3.51**	(7.43)	6.44	11.53	(14.01)

During the year ended 30 June 2013 £1,992,000 of contributions to the scheme deficit were paid into the defined benefit plans (2012: £1,992,000) to eliminate the past service shortfall over ten years. Further contributions of £284,000 (2012: £457,000) were made by the company to fund the administration expenses and the Pension Protection Fund Levies on the schemes.

The cumulative amount of actuarial losses recognised since 1 July 2004 in the group statement of comprehensive income is £515,000 (2011/12: losses of £3,484,000).

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24 Provisions

	Dilapidations £000 Note (i)	Warranty £000 Note (ii)	Restructuring £000 Note (iii)	Total £000
At 1 July 2011	490	103	–	593
Charge for the year	24	176	866	1,066
Utilised	(38)	(100)	(536)	(674)
At 1 July 2012	476	179	330	985
Acquisition of subsidiary	**100**	**–**	**–**	**100**
Charge for the year	**115**	**190**	**207**	**512**
Utilised	**(100)**	**(67)**	**(330)**	**(497)**
At 30 June 2013	**591**	**302**	**207**	**1,100**
At 30 June 2013				
Current liabilities	**125**	**196**	**207**	**528**
Non-current liabilities	**466**	**106**	**–**	**572**
	591	**302**	**207**	**1,100**
At 30 June 2012				
Current liabilities	113	73	330	516
Non-current liabilities	363	106	–	469
	476	179	330	985

(i) Dilapidations

The provision is in respect of a number of the group's leased premises where the group has obligations to make good dilapidations.

The non-current liabilities are estimated to be payable over periods from one to eight years.

(ii) Warranty

Warranty provisions are generally utilised within five years and relate to certain products supplied by the Building Products division.

Provisions are not discounted since the impact of reflecting the time value of money on these balances is not considered to be material.

(iii) Restructuring

The provision for restructuring costs relates mainly to the Roofing & Walling operating segment.

25 Called up share capital

	2013 £000	2012 £000
Allotted, called up and fully paid:		
36,133,558 (2012: 36,133,558) ordinary shares of 12.5p each	**4,517**	4,517

26 Movements in equity

Share capital and share premium

The balances classified as share capital and share premium are the proceeds of the nominal value and premium value respectively on issue of the company's equity share capital net of issue costs.

Capital reserve – own shares

The capital reserve – own shares relates to 485,171 (2012: 485,171) ordinary own shares held by the company. The market value of shares at 30 June 2013 was £446,357 (2012: £337,194). These are held to help satisfy the exercise of awards under the company's Long Term Incentive Plans. A Trust holds the shares in its name and shares are awarded to employees on request by the company. The company bears the expenses of the Trust.

Hedging reserve

This reserve records the post-tax portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Foreign currency reserve

This foreign currency reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

27 Share based payments

The company operates two types of share based payment schemes, the main features of each scheme as detailed in the Remuneration Report on pages 39 to 44.

	As at 1 July 2012	Weighted average exercise price (pence)	Granted	Weighted average exercise price (pence)	Exercised	Weighted average exercise price (pence)	Lapsed	Weighted average exercise price (pence)	**As at 30 June 2013**	Weighted average exercise price (pence)
LTIP (i)	880,862	n/a	391,825	n/a	–	n/a	(290,272)	n/a	**982,415**	n/a
ESOS (ii)	503,878	1.30	200,000	0.80	–	–	(184,000)	1.10	**519,878**	1.18

	As at 1 July 2011	Weighted average exercise price (pence)	Granted	Weighted average exercise price (pence)	Exercised	Weighted average exercise price (pence)	Lapsed	Weighted average exercise price (pence)	As at 30 June 2012	Weighted average exercise price (pence)
LTIP (i)	994,375	n/a	322,761	n/a	–	n/a	(436,274)	n/a	880,862	n/a
ESOS (ii)	416,878	1.30	130,000	1.35	–	–	(43,000)	1.41	503,878	1.30

(i) Long term incentive plan
(ii) Executive share option scheme

ESOS

For the share options outstanding at 30 June 2013 the weighted average remaining contractual life is 1.6 years (30 June 2012: 1.5 years). The exercise price of the options outstanding ranges between 80p and 180p. 60,000 share options are exercisable at 30 June 2013 (30 June 2012: 84,000) with a weighted average option price of 177p (2012: 167p).

Included within the balance outstanding at 30 June 2013 are options over no shares (30 June 2012: 24,000) that have not been recognised in accordance with IFRS2 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS2.

Fair value of awards

The fair values of awards granted in the year, together with the other inputs into the option pricing model are shown below. The Black-Scholes and the Cox Ross Rubenstein Binomial option pricing models have been used to calculate the fair value of the options and the amount to be expensed in the statement of comprehensive income.

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27 Share based payments (continued)

	ESOS		LTIP	
	Black Scholes 2013	Black Scholes 2012	**Black Scholes & Binomial 2013**	Black Scholes & Binomial 2012
Share price at grant date	**97p**	140p	**97p**	140p
Exercise price	**80p**	135p	**nil**	nil
Expected volatility	**35%**	40%	**35%**	40%
Expected life (years)	**3**	3	**3**	3
Risk free rate	**0.5%**	0.8%	**0.5%**	0.8%
Dividend yield at date of grant	**2.3%**	7.0%	**2.3%**	7.0%
Fair value per option	**16p**	23p	**91p**	113p

The expected volatility is based on historical volatility over the last three years. The risk free rate of return is based on the yield on government bonds due to mature on the expected maturity of the award.

The net charge recognised for share based payments in respect of employee services rendered during the year to 30 June 2013 was £nil (2011/12: £60,000).

28 Movement in net borrowings

	Cash and bank overdrafts £000	**Bank loans £000**	**Net borrowings £000**
At 1 July 2011	3,993	(14,724)	(10,731)
Cash flow movements	2,556	(5,000)	(2,444)
Non-cash movements	–	(55)	(55)
Effect of foreign exchange rates	1	–	1
At 1 July 2012	6,550	(19,779)	(13,229)
Cash flow movements	**2,590**	**3,000**	**5,590**
Non-cash movements	**–**	**(55)**	**(55)**
Effect of foreign exchange rates	**7**	**–**	**7**
At 30 June 2013	**9,147**	**(16,834)**	**(7,687)**

29 Financial commitments

(i) Capital commitments

At 30 June 2013, £211,000 (2012: £92,000) of capital expenditure had been authorised and £211,000 (2012: £162,000) of capital expenditure had been authorised and contracted but not provided for by the group.

(ii) Operating lease commitments

The group has entered into commercial leases on certain properties, motor vehicles and items of plant and equipment. The leases have varying terms and renewal rights.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Property 2012/13 £000	**Plant and vehicles 2012/13 £000**	Property 2011/12 £000	Plant and vehicles 2011/12 £000
Less than one year	**823**	**497**	777	546
Between one and five years	**1,106**	**486**	1,621	554
After five years	**1,177**	**–**	1,243	–
	3,106	**983**	3,641	1,100

The total future minimum sublease receipts under non-cancellable operating leases are as follows:

	Property 2012/13 £000	Property 2011/12 £000
Less than one year	**38**	121
Between one and five years	**–**	38
	38	159

30 Related party disclosure

The group's principal subsidiaries are listed below:

Principal subsidiaries	Principal activity	Country of incorporation	% of equity interest and votes held 2013	% of equity interest and votes held 2012
Alumasc Precision Limited	Engineering products	England	**100**	100
Alumasc Exterior Building Products Limited	Building products	England	**100**	100
Alumasc Limited	Building products	England	**100**	100
Levolux Limited and Levolux AT Limited	Building products	England	**100**	100

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made at arms-length market prices. Outstanding balances at the year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables.

Transactions with other related parties

Key management personnel are determined as the Directors of The Alumasc Group plc. Details of transactions with the Directors and their compensation are detailed in the Remuneration Report on pages 39 to 44.

Keith Walden is a non-executive Director of The Alumasc Group plc and also a trustee of The Alumasc Group Pensions Scheme. Details of transactions with The Alumasc Pension Scheme are disclosed within note 23.

31 Contingent liabilities

At the balance sheet date there existed contingent liabilities amounting to £1,308,000 (2012: £300,000) in relation to outstanding Guarantees and £236,000 (2012: £111,000) in relation to outstanding Performance Bonds.

Company Balance Sheet

At 30 June 2013

	Notes	2013 £000	2012 £000
Fixed assets			
Tangible assets	4	**2,546**	2,643
Investments in subsidiary undertakings	5	**74,522**	74,542
		77,068	77,185
Current assets			
Debtors	6	**563**	505
Financial assets	7	**61**	82
Cash	13	**14**	
		637	601
Creditors: amounts falling due within one year	8	**(11,394)**	(11,389)
Net current liabilities		**(10,757)**	(10,788)
Total assets less current liabilities		**66,311**	66,397
Creditors: amounts falling due in more than one year	9	**(23,634)**	(26,579)
Deferred tax liabilities	10	**(26)**	(29)
Pension liability	11	**(363)**	(535)
Net assets		**42,288**	39,254
Capital and reserves			
Called up share capital	12	**4,517**	4,517
Share premium	13	**445**	445
Revaluation reserve	13	**2,265**	2,265
Merger reserve	13	**10,606**	10,606
Capital reserve – own shares	13	**(618)**	(618)
Profit and loss account reserve	13	**25,073**	22,039
Shareholders' funds		**42,288**	39,254

G P Hooper
Director

A Magson
Director

3 September 2013

Company number 1767387

Notes to the Company Financial Statements

For the year ended 30 June 2013

1 Accounting policies

Basis of accounting

The accounts are prepared under UK GAAP using the historical cost convention as modified by the revaluation of the investment in certain subsidiaries, and in accordance with applicable accounting standards. As permitted by Section 408 of the Companies Act 2006, the profit and loss account is not presented.

The company has taken advantage of the exemption in paragraph 20 of FRS29 Financial Instruments: Disclosures, and has not disclosed information required by that standard, as the group's consolidated financial statements, in which the company is included, provide equivalent disclosures for the group under IFRS7 Financial Instruments: Disclosures.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business Review on pages 8 to 27. The financial position of the group, its cashflows, liquidity position and borrowing facilities are described within note 22 of the group financial statements.

The group has £23 million of banking facilities, of which £20 million is committed until June 2016. At 30 June 2013 the group's net indebtedness was £7.7 million (2012: £13.2 million).

On the basis of the group's financing facilities and current financial plans and sensitivity analyses, the Board is satisfied that the group and company have adequate resources to continue in operational existence for the foreseeable future and accordingly continue to adopt the going concern basis in preparing the financial statements.

Depreciation of tangible fixed assets

Freehold land is not depreciated. The cost or valuation of other tangible fixed assets is written off by equal monthly instalments over their expected useful lives as follows:

Freehold buildings	–	25 to 50 years
Long leasehold property	–	over the period of the lease to a maximum of 50 years
Plant and equipment	–	3 to 15 years

Valuation of fixed assets

The company elected to adopt the transitional provisions of FRS15 under which previous valuations of freehold and long leasehold land and buildings are retained and treated as 'cost' for future accounting purposes. The majority of the company's properties have been acquired as a result of the acquisition of related businesses; in these cases, the fair value of the freehold and long leasehold land and buildings at acquisition is already treated as 'cost' for all purposes.

Leased assets

Leases where the lessor retains substantially all the risks and rewards of ownership of the asset are classified as operating leases and rentals payable are charged to the profit and loss account as incurred.

Pensions

The company operates a defined benefit pension scheme, which is constituted as a separately administered fund and which is closed to future accrual. Deficit reduction contributions are agreed with the pension trustees on the basis of actuarial advice to fund this scheme. The company also operates a defined contribution scheme where agreed contractual contributions are paid into a separately administered fund.

In accounting for defined benefit schemes under FRS17, the pension scheme assets are measured using fair values whilst the pension scheme liabilities are measured using a projected unit credit method and discounted using an appropriate discount rate. The company's share of the pension scheme deficit is recognised net of the related deferred tax asset on the face of the balance sheet. The movement on the deficit is split between operating and finance charges in the profit and loss account and also in the statement of total recognised gains and losses. Prior to The Alumasc Group Pension Scheme closure to future accrual in April 2010, the employer's portion of the current service cost was charged to operating profit. The interest cost on scheme liabilities and the expected return on scheme assets is charged or credited to other financing costs.

The actuarial gain or loss is charged directly to equity through the statement of total recognised gains and losses. This arises from the difference between the expected return on assets and those actually achieved, and also any changes in the assumptions and experiences used in the valuations.

For defined contribution schemes the amount charged to the profit and loss account represents the contributions payable to the plans in the accounting period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Notes to the Company Financial Statements

For the year ended 30 June 2013

1 Accounting policies (continued)

Deferred taxation

Provision is made for deferred taxation in accordance with FRS19.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

– provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

– deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Own shares

The Alumasc Group plc shares held by the group are classified in shareholders' equity as 'own shares' and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to revenue reserves. No gain or loss is recognised in the performance statements on the purchase, sale, issue or cancellation of equity shares.

Equity settled share based payment transactions

The fair value of long term incentive awards and share options granted to employees is recognised as an employee expense at the date of grant, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the actual number of shares for which the related service and non-market vesting conditions are met. Awards granted to employees of subsidiary undertakings are treated as capital contributions within investments.

Investment in subsidiaries

Investments in subsidiaries are stated at cost, or revalued amount, less provisions for impairment where appropriate.

Dividends

Under FRS21, final ordinary dividends payable to shareholders are recognised in the period that they are approved by the shareholders. Interim ordinary dividends payable are recognised in the period that they are paid. Dividends receivable are recognised when the company's right to receive payments is established.

Financial assets

When financial assets are recognised initially under FRS26, they are measured at fair value, being the transaction price plus directly attributable transaction costs.

2 Operating profit

Operating profit is stated after charging:

	2012/13 £000	2011/12 £000
Auditors' remuneration – audit of the financial statements of the company	**16**	16
Depreciation of tangible fixed assets	**99**	99
Hire of plant and machinery	**1**	1

3 Dividends

	2012/13 £000	2011/12 £000
Interim dividend for 2013 of 2.0p paid on 9 April 2013	**712**	–
Final dividend for 2012 of 1.0p paid on 31 October 2012	**357**	–
Interim dividend for 2012 of 1.0p paid on 10 April 2012	**–**	357
Final dividend for 2011 of 6.75p paid on 31 October 2011	**–**	2,406
	1,069	2,763

A final dividend of 2.5p per equity share, at a cash cost of £891,000, has been proposed for the year ended 30 June 2013, payable on 30 October 2013. In accordance with IFRS accounting requirements this dividend has not been accrued in these consolidated financial statements.

4 Tangible fixed assets

	Freehold land and buildings £000	Long leasehold property £000	Plant and equipment £000	Total £000
Cost:				
At 1 July 2012	3,775	235	300	4,310
Additions	–	–	2	2
At 30 June 2013	**3,775**	**235**	**302**	**4,312**
Depreciation:				
At 1 July 2012	1,260	154	253	1,667
Charge for the year	75	8	16	99
At 30 June 2013	**1,335**	**162**	**269**	**1,766**
Net book value:				
At 30 June 2013	**2,440**	**73**	**33**	**2,546**
At 1 July 2012	2,515	81	47	2,643

Included within freehold land and buildings is land of £1,909,000 (2012: £1,909,000) which is not depreciated.

5 Investments in subsidiary undertakings

	£000
Cost:	
At 1 July 2012	74,942
Acquisitions in year	1,171
Dividend in year	(491)
At 30 June 2013	**75,622**
Provisions:	
At 1 July 2012	400
Provided in year	700
At June 2013	**1,100**
Net book value:	
At 30 June 2013	**74,522**
At 30 June 2012	74,542

Notes to the Company Financial Statements

For the year ended 30 June 2013

5 Investments in subsidiary undertakings (continued)

On 30 November 2012 the company acquired the entire share capital of Rainclear Systems Limited for £1,171,000.

During the year £700,000 was provided against the investment in Blackdown Greenroofs following the annual impairment testing, based on a discount rate of 11%.

At 30 June 2013 the principal subsidiary undertakings and related classes of business are as follows: Alumasc Precision Limited, (engineering products), Alumasc Exterior Building Products Limited, (building products), Alumasc Limited, (building products), Levolux Limited and Levolux A.T. Limited (building products).

All subsidiary companies are wholly owned and owned directly by The Alumasc Group plc.

6 Debtors

	2013 £000	2012 £000
Other debtors	**16**	46
Prepayments and accrued income	**547**	459
	563	505

7 Financial assets

	2013 £000	2012 £000
Interest rate cap instrument	**61**	82

The group continues to hold an interest rate cap with a notional principal amount of £5.0 million and a maturity date of 18 May and a £7.5 million interest rate cap with a maturity date of 23 June 2016. The interest rate caps bear a floating rate of interest up to LIBOR of 5% and above that becomes fixed at LIBOR of 5%. The cash flows, if any, associated with the interest rate caps are expected to occur over the term of the instruments.

8 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Bank overdraft	**5,290**	8,112
Other creditors	**973**	1,214
Accruals	**461**	270
Deferred consideration	**320**	–
Amounts due to subsidiary undertakings	**4,350**	1,793
	11,394	11,389

9 Creditors: amounts falling due after more than one year

	2013 £000	2012 £000
Bank loan	**16,834**	19,779
Amounts due to subsidiary undertakings	**6,800**	6,800
	23,634	26,579

10 Deferred tax liabilities

	£000
At 1 July 2012	29
Deferred tax credit – current year	(3)
At 30 June 2013	**26**

The deferred tax liability included in the balance sheet comprises:

	2013 £000	2012 £000
Accelerated capital allowances	**27**	30
Short term timing differences	**(1)**	(1)
	26	29

11 Employee benefit expense

Defined benefit schemes

The company participates in the defined benefit scheme, The Alumasc Group Pension Scheme, which has been closed to future accrual since 2010.

The defined benefit scheme maintained by the company is a multi-employer scheme. For the purpose of allocating the total assets and liabilities of the scheme between the various group companies, the Directors have used as a basis the existing participating employer or the participating employer at the point of the employee leaving employment.

Deficit reduction contributions to the pension scheme are not expected to exceed £90,000 in aggregate in the 2013/14 financial year.

The latest actuarial valuation was performed on 31 March 2010.

The group's defined benefit pension funds are currently undergoing their formal triennial valuation, with a valuation date of 31 March 2013. The company has until 30 June 2014 to agree the new valuation and deficit reduction plan with the Pension Trustees. Further details can be found in the Group Finance Director's Review on page 22.

The principal assumptions used by the actuary in valuing the assets and liabilities of the Scheme for FRS17 purposes were:

	The Alumasc Group 2013 %	The Alumasc Group 2012 %
Discount rate	**4.8**	4.5
Expected rate of deferred pension increases	**2.3**	1.8
Future pension increases	**1.7 – 3.7**	1.5 – 3.5
Retail Price Index inflation rate	**3.1**	2.6
Consumer Price Index inflation rate	**2.3**	1.8
Expected return on plan assets:		
Equities	**6.8**	6.2
Gilts	**3.3**	2.7
Bonds	**4.2**	4.5
Absolute return	**6.1**	5.6
	Years	Years
Post retirement mortality:		
Current pensioners at 65 – male	**22.2**	22.0
Current pensioners at 65 – female	**24.6**	23.7
Future pensioners at 65 in 2033 – male	**23.8**	24.4
Future pensioners at 65 in 2033 – female	**25.2**	25.1

Notes to the Company Financial Statements

For the year ended 30 June 2013

11 Employee benefit expense (continued)

The following information relates to the company's element of the assets and liabilities of the scheme.

The assets in the scheme and the expected rate of return were:

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Equities	**1,433**	1,298	1,596	1,296	1,505
Gilts	**474**	487	462	438	691
Bonds	**404**	418	379	363	139
Absolute return fund	**1,118**	975	1,033	975	–
Property and cash	**56**	116	141	200	274
Total market value of assets	**3,485**	3,294	3,611	3,272	2,609
Actuarial value of liability	**(3,957)**	(3,998)	(3,762)	(3,756)	(3,081)
Pension liability before taxation	**(472)**	(704)	(151)	(484)	(472)
Related deferred tax asset	**109**	169	39	136	132
Net pension liability	**(363)**	(535)	(112)	(348)	(340)

Components of defined benefit cost for the year to 30 June were:

	2012/13 £000	2011/12 £000
Amounts charged to other finance costs:		
Expected return on pension scheme assets	**143**	186
Interest on pension liabilities	**(176)**	(197)
Net interest cost	**(33)**	(11)

Analysis of amounts recognised in statement of total recognised gains and losses:

	2012/13 £000	2011/12 £000
Actual return less expected return on assets	**125**	(352)
Experience gains	**–**	2
Changes in assumptions	**41**	(300)
Actuarial gain/(loss) to be recognised in statement of total recognised gains and losses	**166**	(650)

Changes in the present value of the defined benefit obligation before taxation are as follows:

	2013 £000	2012 £000
At 1 July	**(3,998)**	(3,762)
Interest cost	**(176)**	(197)
Benefits paid	**176**	259
Actuarial gain/(loss)	**41**	(298)
At 30 June	**(3,957)**	(3,998)

11 Employee benefit expense (continued)

Changes in the fair value of plan assets before taxation are as follows:

	2013 £000	2012 £000
At 1 July	**3,294**	3,611
Expected return on plan assets	**143**	186
Actuarial gain/(loss)	**125**	(352)
Contributions by employer	**99**	108
Defined benefit actual benefit payments	**(176)**	(259)
At 30 June	**3,485**	3,294

History of experience gains and losses:

	2012/13	2011/12	2010/11	2009/10	2008/09
Difference between expected and actual return on scheme assets:					
– Amount (£000)	**125**	(352)	185	459	(331)
– Percentage of company's allocation of scheme assets (%)	**4**	(11)	5	14	(12)
Experience gains and losses on scheme liabilities:					
– Amount (£000)	**–**	2	33	(203)	5
– Percentage of company's allocation of scheme liabilities (%)	**–**	0.1	0.9	(5)	0.2
Total amount recognised in statement of total recognised gains and losses					
– Amount (£000)	**166**	(650)	182	(190)	193
– Percentage of company's allocation of scheme liabilities (%)	**4**	(16)	5	(5)	6

Defined contribution schemes

During the year £82,000 was charged to the profit and loss account in respect of such schemes (2011/12: £86,000). At 30 June 2013 contributions of £5,000 were outstanding in relation to the month of June 2013 (2011/12: £8,000 in relation to the month of June 2012).

12 Called up share capital

	2013 £000	2012 £000
Allotted, called up and fully paid:		
36,133,558 (2012: 36,133,558) ordinary shares of 12.5p each	**4,517**	4,517

Notes to the Company Financial Statements

For the year ended 30 June 2013

13 Reserves

	Share capital £000	Share premium account £000	Revaluation reserve £000	Merger reserve £000	Capital reserve – own shares £000	Profit and loss account reserve £000	Total £000
At 1 July 2012	4,517	445	2,265	10,606	(618)	22,039	39,254
Retained profit for the year	–	–	–	–	–	3,979	3,979
Dividends	–	–	–	–	–	(1,069)	(1,069)
Actuarial gain on defined benefit pensions net of tax	–	–	–	–	–	124	124
At 30 June 2013	**4,517**	**445**	**2,265**	**10,606**	**(618)**	**25,073**	**42,288**

The company has not presented its own profit and loss account in accordance with the exemption allowed by Section 408 of the Companies Act 2006. The profit for the year after tax was £3,979,000 (2012: loss of 333,000).

Capital reserve – own shares

The capital reserve – own shares relates to 485,171 (2012: 485,171) ordinary own shares held by the company. The market value of shares at 30 June 2013 was £446,357 (2012: £337,194). These are held to help satisfy the exercise of awards under the company's Long Term Incentive Plans. A Trust holds the shares in its name and shares are awarded to employees on request by the company. The company bears the expenses of the Trust.

Distributable reserves

In connection with the capital reorganisation in 2007, the company reached agreement with the Pension Trustees that £14.0 million of the profit and loss account reserve shown above would be retained as a non-distributable reserve until the group's pension deficits reduced further (as determined by full actuarial valuations). Therefore the directors consider that £14.0 million of the company profit and loss account reserve remains non-distributable.

In addition, cumulative actuarial losses relating to defined benefit pension Schemes of £432,000 within the profit and loss account reserve are non-distributable (2012: losses of £597,000).

14 Share based payments

The company operates two types of share based payment schemes, the main features of each scheme as detailed in the Remuneration Report on pages 39 to 44.

	As at 1 July 2012	Weighted average exercise price (pence)	Granted	Weighted average exercise price (pence)	Exercised	Weighted average exercise price (pence)	Lapsed	Weighted average exercise price (pence)	**As at 30 June 2013**	Weighted average exercise price (pence)
LTIP (i)	623,631	n/a	247,595	n/a	–	n/a	(215,163)	n/a	**656,063**	n/a
ESOS (ii)	79,878	1.47	10,000	0.8	–	–	(10,000)	1.04	**79,878**	1.44

	As at 1 July 2011	Weighted average exercise price (pence)	Granted	Weighted average exercise price (pence)	Exercised	Weighted average exercise price (pence)	Lapsed	Weighted average exercise price (pence)	As at 30 June 2012	Weighted average exercise price (pence)
LTIP (i)	679,936	n/a	192,164	n/a	–	n/a	(248,469)	n/a	623,631	n/a
ESOS (ii)	59,878	1.51	20,000	1.35	–	–	–	–	79,878	1.47

(i) Long term incentive plan
(ii) Executive share option scheme

14 Share based payments (continued)

ESOS

For the share options outstanding at 30 June 2013 the weighted average remaining contractual life is 2.0 years (30 June 2012: 2.6 years). The exercise price of the options outstanding ranges between 80p and 171.2p. No share options are exercisable at 30 June 2013 (30 June 2012: nil).

Fair value of awards

The fair values of awards granted in the year, together with the other inputs into the option pricing model are shown below. The Black-Scholes and the Cox Ross Rubenstein Binomial option pricing models have been used to calculate the fair value of the options and the amount to be expensed in the income statement.

	ESOS		**LTIP**	
	Black Scholes 2013	Black Scholes 2012	**Black Scholes & Binomial 2013**	Black Scholes & Binomial 2012
Share price at grant date	**97p**	140p	**97p**	140p
Exercise price	**80p**	135p	**nil**	nil
Expected volatility	**35%**	40%	**35%**	40%
Expected life (years)	**3**	3	**3**	3
Risk free rate	**0.5%**	0.8%	**0.5%**	0.8%
Dividend yield	**2.3%**	7.0%	**2.3%**	7.0%
Fair value per option	**16p**	23p	**91p**	113p

The expected volatility is based on historical volatility over the last three years. The risk free rate of return is based on the yield on government bonds due to mature on the expected maturity date of the award.

The net charge recognised for share based payments in respect of employee services rendered during the year to 30 June 2013 is £nil (2011/12: £60,000).

15 Financial commitments

The company had no financial commitments at the year end (2012: £nil).

16 Related party disclosures

The company has taken advantage of the exemption granted by paragraph 3c of FRS 8 not to disclose transactions with other group companies. There were no other related party transactions during the period (2012: nil).

17 Contingent liabilities

The company is party to, together with subsidiary undertakings, cross guarantee banking arrangements in favour of the group's relationship banks. At the year end, subsidiary undertakings had utilised £2,900,000 (2012: £1,450,000) of the overdraft facilities guaranteed by the company.

Five Year Summary

	2012/13 £'000	2011/12 £'000	2010/11 £'000	2009/10 £'000	2008/09 £'000
Income Statement Summary					
Revenue (continuing operations)					
Building products	88,289	74,917	71,219	64,528	78,518
Engineering products	29,416	36,804	36,744	23,954	24,127
Less intercompany	(936)	(1,102)	(1,158)	(994)	(1,133)
Total revenue (continuing operations)	**116,769**	**110,619**	**106,805**	**87,488**	**101,512**
Underlying operating profit (continuing operations)					
Building products	8,379	4,384	3,914	5,351	9,210
Engineering products	(461)	(770)	2,978	1,311	(1,503)
Unallocated costs	(1,269)	(1,036)	(1,213)	(967)	(1,063)
Underlying operating profit (continuing operations)	**6,649**	**2,578**	**5,679**	**5,695**	**6,644**
Net interest cost on borrowings	(767)	(706)	(662)	(676)	(626)
Net pension interest	(768)	(317)	(745)	(908)	(900)
Underlying profit before tax (continuing operations)	**5,114**	**1,555**	**4,272**	**4,111**	**5,118**
Brand amortisation	(273)	(299)	(320)	(315)	(252)
Restructuring costs	(814)	(866)	(241)	(320)	(933)
Impairment (charge)/reversal	(625)	–	1,220	–	(2,176)
Profit on disposal of property	–	–	759	–	–
Refinancing costs	–	–	(307)	–	–
Profit before tax (continuing operations)	3,402	390	5,383	3,476	1,757
Profit/(loss) before tax (discontinued operations)	–	–	(269)	(98)	47
Profit before taxation	**3,402**	**390**	**5,114**	**3,378**	**1,804**
Taxation	(1,032)	23	(1,469)	(1,138)	(744)
Profit on ordinary activities after taxation	2,370	413	3,645	2,240	1,060
Non-controlling interest	–	–	–	(6)	(8)
Profit for the financial year attributable to equity holders of the parent	**2,370**	**413**	**3,645**	**2,234**	**1,052**
Return on sales (underlying)					
Building products	9.5%	5.9%	5.5%	8.3%	11.7%
Engineering Products	(1.6%)	(2.1%)	8.1%	5.5%	(6.2%)
Group	5.7%	2.3%	5.3%	6.5%	6.5%
Underlying tax rate	25.7%	31.6%	30.3%	30.4%	30.4%
Underlying earnings per share (on continuing operations) (pence) **(note a)**	**10.7**	**3.0**	**8.3**	**8.0**	**9.9**

Notes

a) Underlying earnings per share is calculated as described in note 11 of the group's financial statements

		2012/13 £'000	2011/12 £'000	2010/11 £'000	2009/10 £'000	2008/09 £'000
Balance Sheet Summary						
Shareholders' funds		22,443	18,928	31,965	27,743	30,796
Non-controlling interests		–	–	–	33	33
Net debt		7,687	13,229	10,731	9,317	10,318
Pension deficit (net of associated deferred tax asset)		7,748	11,050	2,111	8,371	9,003
Capital Invested		37,878	43,207	44,807	45,464	50,150
Return on capital invested (post-tax)	(note a)	12.2%	4.0%	8.8%	8.3%	8.8%
Return on shareholders' funds (post-tax)	(note b)	18.4%	4.2%	10.0%	9.8%	11.5%
Gearing	(note c)	34.3%	70.0%	33.6%	33.5%	33.5%
Group interest cover	(note d)	12.0	7.6	12.3	12.4	15.6
Net debt/underlying EBITDA	(note e)	1.0	2.5	1.3	1.1	1.1
Other Statistics						
Earnings per share (on continuing operations) (pence)		6.6	1.2	10.7	6.4	2.8
Total earnings per share (pence)		6.6	1.2	10.2	6.2	2.9
Dividends per share (pence)		4.5	2.0	10.0	10.0	10.0
Order Book at 30 June (continuing operations)						
Building products		21,385	28,608	13,624	15,920	15,001
Engineering products		22,636	24,448	30,481	18,078	11,210
Group		44,021	53,056	44,105	33,998	26,211

Notes

a) Underlying operating profit after tax (calculated using the underlying tax rate) as a percentage of average capital invested
b) Underlying profit after tax (calculated using the underlying tax rate) as a percentage of average shareholders funds
c) Net borrowings as a percentage of shareholders' funds plus non-controlling interests
d) Underlying EBITDA divided by net interest cost on borrowings
e) Net debt/underlying EBITDA

Five Year Summary – Re-stated

For information purposes, the group's five year summary has been re-stated below using the revised definition of underlying earnings that the group intends to apply from 1 July 2013 onwards. In future, financing charges relating to pensions under IAS19 (revised) will be excluded from underlying earnings and routine/immaterial restructuring costs will be included. Further details are given in the Finance Director's review on page 21.

Numbers and ratios that differ from the previous presentation on pages 90-91 are highlighted.

		2012/13 £'000	2011/12 £'000	2010/11 £'000	2009/10 £'000	2008/09 £'000
Income Statement Summary						
Revenue (continuing operations)						
Building products		88,289	74,917	71,219	64,528	78,518
Engineering products		29,416	36,804	36,744	23,954	24,127
Less intercompany		(936)	(1,102)	(1,158)	(994)	(1,133)
Total revenue (continuing operations)		**116,769**	**110,619**	**106,805**	**87,488**	**101,512**
Underlying operating profit (continuing operations)						
Building products		8,379	4,384	3,914	5,351	9,210
Engineering products		(461)	(770)	2,978	991	(1,503)
Unallocated costs		(1,269)	(1,036)	(1,213)	(967)	(1,063)
Underlying operating profit (continuing operations)		**6,649**	**2,578**	**5,679**	**5,375**	**6,644**
Net interest cost on borrowings		(767)	(706)	(662)	(676)	(626)
Underlying profit before tax (continuing operations)		**5,882**	**1,872**	**5,017**	**4,699**	**6,018**
Brand amortisation		(273)	(299)	(320)	(315)	(252)
Net pension interest		(768)	(317)	(745)	(908)	(900)
Restructuring costs		(814)	(866)	(241)	–	(933)
Impairment (charge)/reversal		(625)	–	1,220	–	(2,176)
Profit on disposal of property		–	–	759	–	–
Refinancing costs		–	–	(307)	–	–
Profit before tax (continuing operations)		3,402	390	5,383	3,476	1,757
Profit/(loss) before tax (discontinued operations)		–	–	(269)	(98)	47
Profit before taxation		**3,402**	**390**	**5,114**	**3,378**	**1,804**
Taxation		(1,032)	23	(1,469)	(1,138)	(744)
Profit on ordinary activities after taxation		2,370	413	3,645	2,240	1,060
Non-controlling interest		–	–	–	(6)	(8)
Profit for the financial year attributable to equity holders of the parent		**2,370**	**413**	**3,645**	**2,234**	**1,052**
Return on sales (underlying)						
Building products		9.5%	5.9%	5.5%	8.3%	11.7%
Engineering Products		(1.6%)	(2.1%)	8.1%	4.1%	(6.2%)
Group		5.7%	2.3%	5.3%	6.1%	6.5%
Underlying tax rate		25.5%	30.6%	29.9%	30.1%	30.0%
Underlying earnings per share (on continuing operations) (pence)	**(note a)**	**12.3**	**3.6**	**9.8**	**9.1**	**11.7**
Return on capital invested (post-tax)	(note b)	12.2%	4.1%	8.8%	7.9%	8.9%
Return on shareholders' funds (post-tax)	(note c)	21.2%	5.1%	11.8%	11.2%	13.6%

Notes

a) Underlying earnings per share is calculated as described in note 11 of the group's financial statements

b) Underlying operating profit after tax (calculated using the underlying tax rate) as a percentage of average capital invested

c) Underlying profit after tax (calculated using the underlying tax rate) as a percentage of average shareholders' funds

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of The Alumasc Group plc (the "Company") will be held at Founder's Hall, No.1 Cloth Fair, London EC1A 7HT at 10.30 am on Thursday 24 October 2013 for the following purposes:

Ordinary business

1 To receive the reports of the Directors and auditors and the accounts for the year ended 30 June 2013

2 To receive the report of the Remuneration Committee for the year ended 30 June 2013

3 To declare a final dividend of 2.5p per share

4 To re-elect Jon Pither as a Director[123]

5 To re-elect Phillip Gwyn as a Director[123]

6 To re-elect Richard Saville as a Director[123]

7 To re-elect John McCall as a Director[1]

8 To re-elect Paul Hooper as a Director

9 KPMG Audit Plc have notified the company that they are not seeking reappointment. It is proposed that KPMG LLP be and are hereby appointed auditors of the company and will hold office from the conclusion of this meeting until the conclusion of the next general annual meeting at which accounts are laid before the company, and that their remuneration be fixed by the Directors

[1]Member of Nomination Committee
[2]Member of Remuneration Committee
[3]Member of Audit Committee

Special business

To consider, and if thought fit, to pass the following Resolutions. Resolution 10 shall be proposed as an Ordinary Resolution and Resolutions 11 and 12, shall be proposed as Special Resolutions.

10 Renewal of Directors' authorities to allot shares

That the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 to exercise all the powers of the company to allot shares in the company or to grant rights to subscribe for or to convert any security into shares in the company up to an aggregate nominal amount of £1,505,564 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the company, save that the Directors shall be entitled to make offers or agreements before the expiry of this authority which would or might require shares to be allotted or rights to be granted pursuant to any such offers or agreements after this authority had expired; and all unexercised authorities previously granted to the Directors are hereby revoked.

11 Disapplication of statutory pre-emption rights

That the Directors be and hereby they are empowered pursuant to Section 571 of the Companies Act 2006 to allot equity securities as defined in Section 560(1) of that Act for cash pursuant to the authority conferred by Resolution 10 above as if Section 561(1) of that Act did not apply to any such allotment provided that this power shall be limited to:

(i) the allotment of equity securities in connection with a rights issue or other offer of securities in favour of the holders of ordinary shares on the register of members at such dates as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on such record dates subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depository receipts or any other matter whatever; and

(ii) the allotment (otherwise than pursuant to sub paragraph (i) above) to any person or persons of equity securities up to an aggregate nominal amount of £225,835; and shall expire on the date of expiry of the authority conferred by Resolution 10 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

In respect of an allotment of equity securities by virtue of Section 560(2b) of the Act, the words "pursuant to the authority conferred in Resolution 10 above" shall be deemed to be omitted from the power conferred by this Resolution.

12 Company's authority to purchase its own shares

That the company be generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of ordinary shares of 12.5p each in the Company provided that;

(i) the maximum number of ordinary shares hereby authorised to be acquired is 5,383,900 which represents 14.9% of the issued share capital of the company on 2 September 2013;

(ii) the minimum price (exclusive of taxes and expenses) which may be paid for such ordinary shares is 12.5p per share;

Notice of Annual General Meeting

(iii) the maximum price (exclusive of taxes and expenses) which may be paid for such ordinary shares is an amount equal to 105% of the average of the middle market quotations for ordinary shares (derived from the Daily Official List of the London Stock Exchange Plc) for the five dealing days immediately preceding the day on which such ordinary shares are contracted to be purchased;

(iv) the authority hereby conferred shall expire on 23 October 2014, or, if earlier, on the date of the next Annual General Meeting of the company except that the expiry of such authority shall not exclude any purchase of ordinary shares made pursuant to a contract concluded before the authority expired and which would or might be executed wholly or partly after its expiration;

(v) this authority supersedes the company's authority to make market purchases granted by Special Resolution passed on 25 October 2012.

By order of the Board

A Magson
Company Secretary

3 September 2013

Registered Office
Burton Latimer
Kettering
Northamptonshire
NN15 5JP
Registered No
1767387

Notes to the Notice of Annual General Meeting

1. Holders of ordinary shares, or their duly appointed representatives, are entitled to attend and vote at the AGM. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and speak and vote on their behalf at the meeting. A shareholder can appoint the Chairman of the meeting or anyone else to be his/her proxy at the meeting. A proxy need not be a shareholder. More than one proxy can be appointed in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different ordinary share or shares held by that shareholder. To appoint more than one proxy, the Proxy Form should be photocopied and completed for each proxy holder. The proxy holder's name should be written on the Proxy Form together with the number of shares in relation to which the proxy is authorised to act. The box on the Proxy Form must also be ticked to indicate that the proxy instruction is one of multiple instructions being given. All Proxy Forms must be signed and, to be effective, must be lodged with the company's registrar Capita Registrars PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not later than 48 hours before the time of the meeting, or in the case of an adjournment 48 hours before the adjourned time.
2. The return of a completed Proxy Form or other such instrument or will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
3. Any person to whom this Notice is sent who is a person nominated under Section 146 of the CA 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
4. Only shareholders whose names appear on the register of members of the company as at 48 hours before the time of the meeting shall be entitled to attend the AGM either in person or by proxy and the number of ordinary shares then registered in their respective names shall determine the number of votes such persons are entitled to cast on a poll at the AGM.
5. The statement of the rights of shareholders in relation to the appointment of proxies in note 1 does not apply to Nominated Persons. The rights described in that note can only be exercised by shareholders of the company.
6. As at 2 September 2013, being the latest practicable date prior to the publication of this document, the company's issued share capital consists of 36,133,558 ordinary shares with voting rights.
7. Copies of the Directors' service contracts with the company will be available to members for inspection at the registered office during business hours on any week day (public holidays excepted) and will be available at the place of the Annual General Meeting for fifteen minutes prior to and during the Annual General Meeting.

Explanatory notes to Resolutions 4, 5, 6, 7, 8, 10, 11 and 12 to be proposed at the Annual General Meeting

(1) Resolution 4, 5 and 6 – Re-election of Jon Pither, Philip Gwyn and Richard Saville

Your Board recommends that Jon Pither, Philip Gwyn and Richard Saville be re-elected as Directors of the company. As they have served on the Board for longer than nine years, and in order to comply with the best practice provisions of The Code, they offer themselves for re-election.

(2) Resolution 7 – Re-election of John McCall

Your Board recommends that John McCall be re-elected as a Director of the company.

(3) Resolution 8 – Re-election of Paul Hooper

Your Board recommends that Paul Hooper be re-elected as a Director of the company.

The board has concluded that the retiring five Directors are effective, committed to their role, and subject to shareholder approval, should continue in office. The biographical details of each Director is set out on pages 28 and 29 of the Annual Report 2013.

(4) Resolution 10 – Renewal of Directors' authority to allot shares

By virtue of Section 551 of the Companies Act 2006 the Directors require the authority of shareholders of the company to allot shares or other relevant securities of the company, Resolution 10 authorises the Directors to make allotments of up to an additional 12,044,519 shares (being approximately one third of the issued share capital of the company as at 2 September 2013). This authority will lapse at the conclusion of the next Annual General Meeting, unless renewed earlier. The Directors have no present intention to exercise the authority proposed to be conferred by Resolution 10.

(5) Resolution 11 – Disapplication of statutory pre-emption rights

By virtue of Section 561 of the Companies Act 2006 any issue by the company of equity capital for cash made otherwise than to existing shareholders on a proportional basis requires the consent of the shareholders of the company unless the company has obtained the authority of the shareholders under Section 571 of the Act. The purpose of Resolution 11 is to authorise the Directors to allot shares by way of rights or pursuant to an open offer or otherwise than strictly pro rata when they consider it expedient to do so and allows them to issue for cash up to 1,806,677 shares other than on a pre-emptive basis (representing 5% of the issued share capital of the company as at 2 September 2013.

(6) Resolution 12 – Company's authority to purchase its own shares

The Directors consider it desirable that the company should have the authority to make market purchases of its own shares. The purpose of Resolution 12 is to authorise the Directors generally to purchase up to 5,383,900 ordinary shares in the market (being 14.9% of the issued share capital of the company as at 2 September 2013). The Directors will only exercise the authority granted by Resolution 12 (if passed) if to do so would result in an increase in earnings per share and is in the best interests of shareholders generally.

The Alumasc Group – Major Brands and Operating Locations

Building Products

Energy Management

Solar shading & screening
Levolux Limited
Forward Drive
Harrow
Middlesex HA3 8NT
Tel: +44 (0) 20 8863 9111
Fax: +44 (0) 20 8863 8760
Email: info@levolux.com
Web: www.levolux.com

Levolux AT Limited
24 Eastville Close
Eastern Avenue
Gloucester GL4 3SJ
Tel: +44 (0) 1452 500007
Fax: +44 (0) 1452 527496
Email: info@levolux.com
Web: www.levolux.com

Waterproofing systems
Alumasc Exterior Building Products
White House Works
Bold Road
Sutton
St Helens
Merseyside WA9 4JG
Tel: +44 (0) 1744 648400
Fax: +44 (0) 1744 648401
Email: info@alumasc-exteriors.co.uk
Web: www.alumascwaterproofing.co.uk

Green roofing
Blackdown Horticultural Consultants
Street Ash Nursery
Combe St. Nicholas
Chard
Somerset TA20 3HZ
Tel: +44 (0) 1460 234582
Fax: +44 (0) 845 0760267
Email: enquiries@blackdown.co.uk
Web: www.blackdown.co.uk

Roofing services support systems
Roof-Pro Systems
PO Box No 505
Kempston
Beds MK42 7LQ
Tel: +44 (0) 1234 843790
Fax: +44 (0) 1234 856259
Email: info@roof-pro.co.uk
Web: www.roof-pro.co.uk

Insulated render systems
Alumasc Exterior Building Products
White House Works
Bold Road
Sutton
St Helens
Merseyside WA9 4JG
Tel: +44 (0) 1744 648400
Fax: +44 (0) 1744 648401
Email: info@alumasc-exteriors.co.uk
Web: www.alumascfacades.co.uk

Water Management

Engineered access covers
Elkington Gatic
Hammond House
Holmestone Road
Poulton Close
Dover
Kent CT17 0UF
Tel: +44 (0) 1304 203545
Fax: +44 (0) 1304 215001
Email: info@gatic.com
Web: www.gatic.com

Gatic Slotdrain
Elkington Gatic
Hammond House
Holmestone Road
Poulton Close
Dover
Kent CT17 0UF
Tel: +44 (0) 1304 203545
Fax: +44 (0) 1304 215001
Email: info@gatic.com
Web: www.slotdrain.com

Metal rainwater systems
Alumasc Exterior Building Products
White House Works
Bold Road
Sutton
St Helens
Merseyside WA9 4JG
Tel: +44 (0) 1744 648400
Fax: +44 (0) 1744 648401
Email: info@alumasc-exteriors.co.uk
Web: www.alumascrainwater.co.uk

Rainclear systems
Unit 34A
Techno Trading Estate
Ganton Way
Swindon SN2 8ES
Tel: +44 (0) 844 4142266
Fax: +44 (0) 844 4142277
Email: sales@rainclear.co.uk
Web: www.rainclear.co.uk

Roof, shower and floor drainage systems
Alumasc Exterior Building Products
White House Works
Bold Road
Sutton
St Helens
Merseyside WA9 4JG
Tel: +44 (0) 1744 648400
Fax: +44 (0) 1744 648401
Email: info@alumasc-exteriors.co.uk
Web: www.alumascdrainage.co.uk

Ventilation products, access panels/doors cavity closers
Timloc Building Products
Rawcliffe Road
Goole
East Yorkshire DN14 6UQ
Tel: +44 (0) 1405 765567
Fax: +44 (0) 1405 720479
Email: sales@timloc.co.uk
Web: www.timloc.co.uk

Interior casing systems
Pendock
Alumasc Interior Building Products
Halesfield 19
Telford
Shropshire TF7 4QT
Tel: +44 (0) 1952 580590
Fax: +44 (0) 1952 587805
Email: sales@pendock.co.uk
Web: www.pendock.co.uk

Building and access products
Scaffold & Construction Products
Unit 1
Station Court
Girton Road
Cannock
Staffordshire WS11 0EJ
Tel: +44 (0) 1543 467800
Fax: +44 (0) 1543 467993
Email: acp@scpburton.co.uk
Web: www.scp-props.co.uk

Engineering Products

Alumasc Precision

Alumasc Precision Components
Burton Latimer
Kettering
Northants NN15 5JP
Tel: +44 (0) 1536 383849
Fax: +44 (0) 1536 723835
Email: info@alumascprecision.co.uk
Web: www.alumasc-precision.co.uk

Dyson Diecasting
Second Avenue
Bletchley
Milton Keynes MK1 1EA
Tel: +44 (0) 1908 279200
Fax: +44 (0) 1908 279219
Email: info@alumascprecision.co.uk
Web: www.dyson-diecasting.co.uk

ckd

Design & production
www.carrkamasa.co.uk

MIX
Paper from responsible sources
FSC® C016713
www.fsc.org

Printed on Revive 50:50. This paper comes from sustainable forests and is fully recyclable and biodegradable. Made from 25% post-consumer waste, 25% pre-consumer waste and 50% virgin wood fibre. The paper mill and the printer are accredited with the ISO 14001 environmental management standard. The printer is also carbon neutral.

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www.alumasc.co.uk