The Alumasc Group plc
Report and Accounts 2014

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 sectors, 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 brands, Alumasc is seeking to leverage UK successes in international markets, with particular focus in North America, parts of the Middle East and Far East, and Europe.

Alumasc fosters an entrepreneurial, achievement orientated culture whereby businesses are encouraged 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.

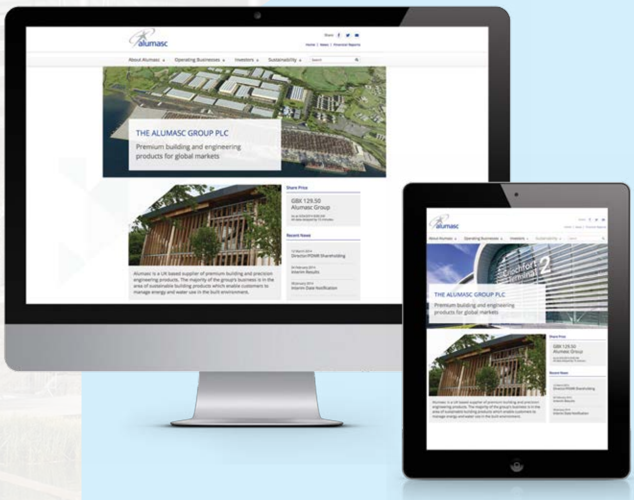
Inside your Report and Accounts…

Strategic Report

Governance

Financial Statements & Company Information

www.alumasc.co.uk



The latest online…

Certain information and topics may be covered in greater detail online. The arrow above indicates where further detail may be found.

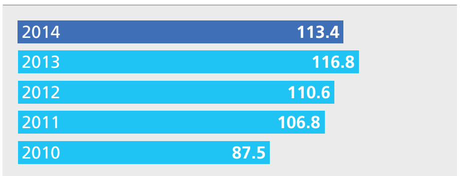
Other information is outside the scope of this report, but may be found on or accessed through the Alumasc website, www.alumasc.co.uk

Strategic Report
Financial highlights

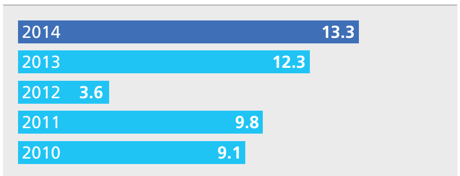
	2013/14	2012/13**
Revenue (£m)	**113.4**	116.8
Underlying profit before tax (£m)*	**6.3**	5.9
Underlying earnings per share (pence)*	**13.3**	12.3
Profit before tax (£m)	**5.1**	2.8
Basic earnings per share (pence)	**11.3**	5.3
Dividends per share (pence)	**5.0**	4.5
Net debt at 30 June (£m)	**7.7**	7.7

* Underlying profits and earnings are stated prior to the deduction of IAS19 (revised) pension costs of £0.9 million (2012/13: £1.4 million), brand amortisation of £0.3 million (2012/13: £0.3 million), restructuring and acquisition costs of £nil (2012/13: £0.8 million) and impairment charges of £nil (2012/13: £0.6 million).
** 2012/13 figures have been re-stated in accordance with IAS19 (revised) relating to pension costs.

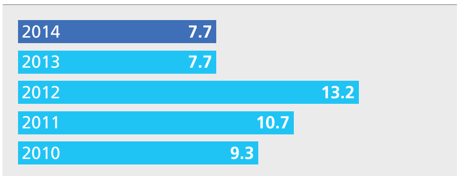
Revenue
(continuing operations) £m



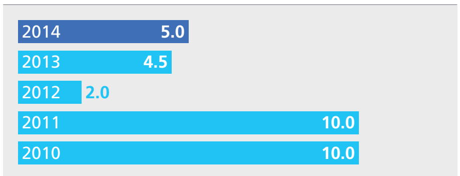
Underlying earnings per share
(continuing operations) pence



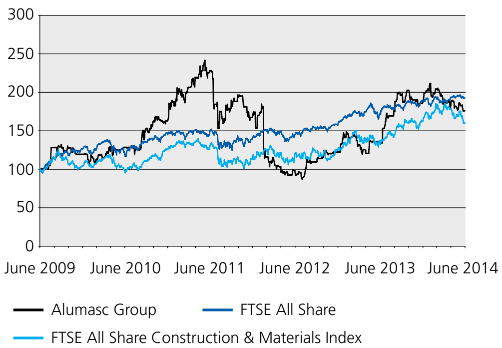
Net debt
£m



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 economic and market 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.

Strategic Report
Alumasc at a glance
Divisional, Segmental and Principal Brand 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 and 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)
Hydrotech (Roofing)
Derbigum (Roofing)
BluRoof (Roofing)
www.alumascwaterproofing.co.uk

Blackdown Greenroofs (Roofing)
www.blackdown.co.uk

Roof-Pro Systems (Roofing)
www.roof-pro.co.uk

Alumasc Insulated Renders (Walling)
www.alumascfaçades.co.uk

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

Water management & other

Operating segments
Construction products
Rainwater, drainage and house building products

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

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

SCP (Building and access products)
www.scp-props.co.uk

Pendock (Interior casing systems)
www.pendock.co.uk

Engineering products

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

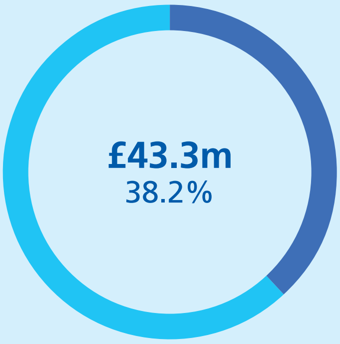
Operating segments
Alumasc Precision

Key product groups
Timing cases
Sumps
Valve cover bases
Actuator components
Interior vehicle trim components
Audio system components
Lighting system components

Principal brands
Alumasc Precision Components
www.alumasc-precision.co.uk

Dyson Diecasting
www.dyson-diecasting.co.uk

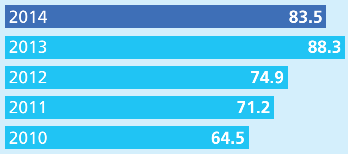
Contribution to Group revenue



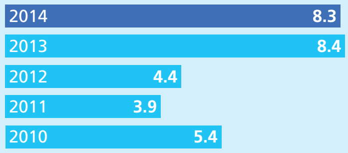
Major markets
UK
North America
Middle East
France

New products
Levolux lighting control systems
BluRoof
Surefoot support systems
Alumasc base coat render
Alumasc facades Vented System

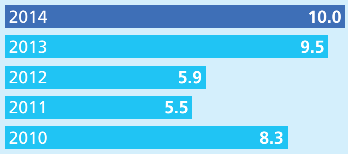
Revenue (£m)



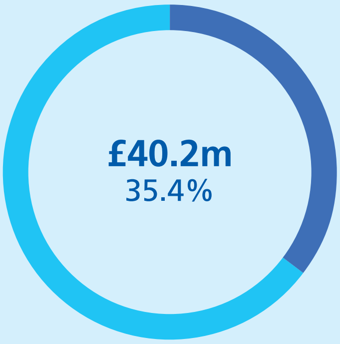
Underlying operating profit (£m)



Underlying operating margin (%)



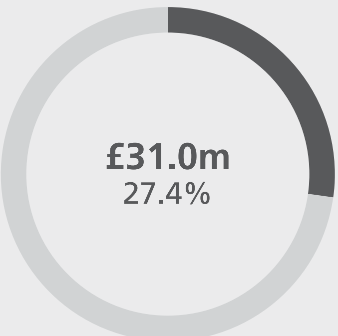
Contribution to Group revenue



Major markets
UK
Middle East
Hong Kong & Singapore
North America

New products
Assist Lift access covers
Pro Slot line drainage
Gatic Trench Drain
Bespoke & contemporary Alumasc rainwater ranges
AX range of Alumasc aluminium rainwater systems
Harmer stainless steel floor drains

Contribution to Group revenue*



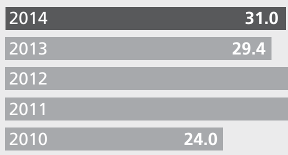
Major markets
UK
USA
Germany

Major customers

Caterpillar	TRW
Perkins Lawrence	Orangebox
Deutz	Automotive
Rotork	Jaguar
GPM	Bentley

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

Revenue* (£m)



Underlying operating profit/loss (£m)

Strategic Report
Chairman's Statement

Alumasc continued to build on the recovery of the prior year and against this backdrop it is pleasing to observe a general improvement in the prospects for the large majority of our business.

John McCall
Chairman

Results
Alumasc continued to build on the recovery of the prior year, growing underlying profit before tax to £6.3 million (2013: £5.9 million), the highest for five years and in line with our expectations. This reflects a continuing out-performance by the group's Building Products division against the background of modest growth in UK construction activity.

The growth in profit was matched by another strong cash performance. As a result, the Board is recommending a final dividend of 2.8 pence per share (2013: 2.5 pence), to give a total for the year of 5 pence (2013: 4.5 pence), an increase of 11%.

Trading
The underlying operating profit from our Building Products division of £8.3 million (2013: £8.4 million) was a good result in the light of market conditions and the greater contribution from major construction projects in the prior year. While the much publicised recovery in new-build housing was a welcome boost, the group's major commercial market place did little more than stabilise in the UK during the year and remains some 30% below the pre-recession level of 2008.

Our Engineering Products division reduced operating losses further, from £0.5 million in 2013 to £0.2 million in 2014, but failed to achieve the targeted return to profitability. This was despite another excellent performance by Dyson Diecastings and generally more favourable market demand. There was further progress in the recovery at Alumasc Precision Components, not least in its service to customers.

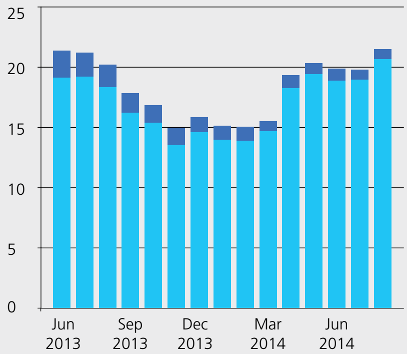
Strategy
For a number of years, the strategy of Alumasc has been to optimise the performance of each business while seeking actively to grow our presence in the markets for sustainable building products. The financial crisis, still felt by many sectors of the UK economy after six years, has had an inevitable impact on our progress. Despite this, there are references elsewhere in this Strategic Report to the consistent management actions taken in recent years to develop and innovate our products and markets, while strengthening our management teams, and to the outperformance achieved as a result.

Against this backdrop, it is pleasing to observe a general improvement in the prospects for the large majority of our businesses. This is a welcome development as the Board refreshes its appraisal of where the best opportunities lie for directing our resources in building value for shareholders and may lead to an acceleration and focusing of our strategy for growth, discussed in greater detail later in this review.

Board
Keith Walden, who stepped in to be Chairman of Alumasc Precision Limited two years ago, retires from the Board following the announcement of these results. I am immensely grateful to Keith for his support during this period and his continuing presence as a non-executive director of the Engineering division will be greatly appreciated.

I am delighted to announce the appointment of David Armfield to the Board of The Alumasc Group, with effect from 1 October 2014. David began his career as a solicitor at Wilde Sapte, moved to Lehman Brothers, in its Investment Banking group in 1987 and later became a Partner at PwC, where he led their Industrial Corporate Finance Team. With his increasing specialisation in the emerging fields of the Cleantech Industry and Renewable Energy, David became a founding partner of Kinetix Corporate Finance LLP, established in 2010 to provide corporate finance services to businesses seeking to grow in these fields. I am certain that David's experience will be of great value to the group in the pursuit of its growth ambitions.

Building Products Division – Orders in Hand (£m)



Prospects
There is evidence that the recovery in demand in the UK construction sector is becoming more widespread. In particular, the private commercial sector is forecast to grow steadily from its still diminished base. This will benefit the group and will hopefully be complemented by an equally steady growth in specification for our products in export markets. Against this background, it is reasonable to look for further progress in the coming year.

John McCall
Chairman

Alumasc's rainwater, drainage and house building products businesses achieved record results in the year.

> The analysis on pages 8 and 9 illustrates the consistent management actions taken in recent years to develop and innovate our products and markets, while strengthening our management teams, and to the outperformance achieved as a result.

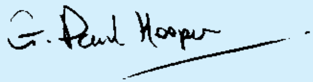
John McCall
Chairman

Note: a reconciliation of underlying to reported profit is provided on page 14.

Strategic Report
Chief Executive's Strategic and Performance Overview

Alumasc reported its highest annual profit for five years, with underlying profit before tax advancing to £6.3 million, statutory profit before tax increasing substantially to £5.1 million and basic earnings per share more than doubling to 11.3 pence.

Paul Hooper
Chief Executive



Strategic overview
Alumasc's strategic priorities are to:

- continue to invest in and grow our market leading portfolio of building products businesses, both organically and through acquisition; and
- continue to improve shareholder value from the Engineering Products division.

In the light of generally improving prospects, the Board is refreshing its appraisal of where Alumasc's best opportunities lie for directing our resources in building value for shareholders. This may lead to further focusing of our strategy for growth described in more detail in the pages that follow.

The business model and KPIs for Alumasc's building products activities, which represent approximately 75% of group revenues, are set out on pages 8 to 9.

This demonstrates:

- strong positioning in sustainable building products markets which, combined with high quality management teams and a devolved operating model, is allowing us consistently to outperform growth rates in the UK construction market;
- success in expanding our Building Products division through:

  (a) extending our international reach as evidenced by a growing underlying trend of export sales (in 2013/14, exports amounted to some 13% of divisional sales, with enquiries for export contracts at record levels at the year end); and

  (b) investing in innovation and new product development as described further in the Review of Operations on page 10;

- we continue to invest in people and innovation to underpin delivery of the medium to longer term growth potential of our business. The associated average annual charge absorbed within our operating profit over the last five years amounted to £0.6 million, with a similar investment planned for our 2014/15 financial year.

Health and Safety
The group's number one priority continues to be providing a safe place of work for our employees. Progress has been made during the year in ensuring our strong health and safety ethos is fully embedded throughout our businesses. Our principal health and safety KPI, the performance rate index, was 4.9 versus 3.5 in the previous year. The increase was mainly due to a specific incident in the Engineering Products division which resulted in a number of days being lost earlier in the year. However the 2013/14 PRI result was better than two years ago and in previous years and is therefore consistent with the longer term trend of improvement in the group's health and safety performance over time. We were successful in increasing the reporting of near miss incidents throughout the group during the year and we are using this information to take action to prevent potential future accidents. We have also taken specific action to update and strengthen risk assessments, safe systems of work and training in those areas of our businesses judged to be those capable of causing the most serious accidents.

Performance overview
The Board is pleased to report the group's highest annual profit for five years. Underlying profit before tax advanced to £6.3 million compared with £5.9 million last year and statutory profit before tax increased substantially to £5.1 million (2012/13: £2.8 million).

This result was underpinned by strong growth in our "early cycle" building products businesses as the UK construction market began to recover, particularly those businesses serving the house building and refurbishment markets, and by a reduction in operating losses in our Engineering Products division. Underlying profit before tax was also assisted by reduced bank interest costs, as Alumasc's average level of net borrowings was the lowest since the acquisition of Levolux in 2007. Statutory profit before tax benefited from lower non-recurring charges in 2013/14, as described further below.

Group revenues reduced to £113.4 million (2012/13: £116.8 million) mainly as a result of a lower level of activity on the significant £13 million aluminium smelter refurbishment project at Kitimat in Canada, where our works are now drawing towards completion, and the non-repeat of high prior year sales of insulated renders to Community Energy Savings Plan ("CESP") projects that ceased early in 2013.

Performance Overview

	2013/14	2012/13
Revenue (£m)	**113.4**	116.8
Underlying operating profit (£m)	**6.8**	6.6
Underlying operating margin (%)	***6.0***	*5.7*
Net interest on borrowings (£m)	**(0.5)**	(0.7)
Underlying profit before tax (£m)	**6.3**	5.9
IAS19 (revised) pension interest, brand amortisation and non-recurring items (£m)	**(1.2)**	(3.1)
Profit before tax (£m)	**5.1**	2.8

Excluding the impact of these projects, the remaining Building Products divisional revenues grew by 2%. Engineering Products revenues increased by 5% overall to £31.0 million (2012/13: £29.4 million), following customer de-stocking in the prior year.

Across the group, operating margins advanced by 0.3 percentage points compared to the prior financial year, mainly as a result of management action taken to eliminate prior year operating losses in our roofing business and to reduce operating losses in the Engineering Products division. Margins also benefited from successful execution of the large Kitimat project and from strong performances in our Rainwater, Drainage and Timloc businesses, described further in the review of operations on page 10. Together, this led to an improvement in Building Products' divisional underlying operating margins to 10.0% (2012/13: 9.5%).

The group's underlying operating profit increased to £6.8 million (2012/13: £6.6 million). In view of the lower Kitimat activity and revenues from Energy Company Obligation ("ECO") projects falling well short of prior year sales to CESP projects, the Building Products division performed well overall in almost matching prior year operating profits of £8.4 million, thereby achieving management's expectations set at the beginning of the financial year. Engineering Products divisional operating losses reduced from £0.5 million to £0.2 million, with another strong performance from Dyson Diecastings and the benefit from some additional direct sales in China.

Interest costs on borrowings reduced by £0.2 million to £0.5 million with average levels of net debt on a cleared funds basis reducing from £13.7 million in the prior financial year to £11.1 million in 2013/14.

The resultant group underlying profit before tax improved to £6.3 million (2012/13: £5.9 million).

A reconciliation of underlying to reported profit before tax is shown on page 14.

Reported profit before tax of £5.1 million was a significant improvement on the prior year's £2.8 million, mainly due to the non-repeat of £0.8 million of restructuring and acquisition costs and the £0.6 million impairment charge in the prior year.

Group cash generation for the year was again strong with group EBITDA (earnings before interest, tax, depreciation and amortisation) amounting to £9.0 million. A more detailed review of the group's cash flow performance is provided in the Financial Review on page 14.

Earnings per share
Underlying earnings per share improved from 12.3 pence in 2012/13 to 13.3 pence, reflecting the higher underlying profit before tax combined with a reduction in the underlying tax rate from 26% to 24%, broadly in line with the reduction in UK corporation tax rates. The average number of shares in issue was unchanged in the year.

Reported earnings per share more than doubled from 5.3 pence to 11.3 pence, again reflecting higher profit before tax at a reduced tax rate.

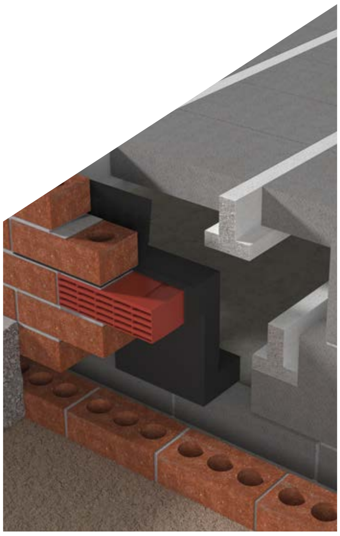
Future prospects
Group order books began to rise again in the final quarter of the year driven by an uplift in orders for building products. This trend has continued to date in the current financial year. External industry forecasts for UK construction activity are for further recovery and growth.

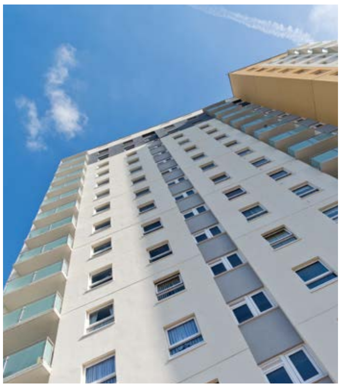
Against this background, with the strength of Alumasc's niche market positions and management teams, and with our ongoing investment in innovation, new product development and increasing export sales opportunities, Alumasc is well positioned to further grow its building products activities and improve shareholder value from its Engineering Products division.

Dividends
In view of the improved group results for the year and strong cash generation, the Board is proposing an increased final dividend of 2.8 pence per share (2012/13: 2.5 pence), to be paid on 5 November 2014 to shareholders on the register on 10 October 2014. This would give a total dividend for the year of 5.0 pence per share (2012/13: 4.5 pence). More broadly, the Board confirms its previous intention to grow the dividend in conjunction with future earnings growth, having regard to the cash required to invest in the business to support delivery of the group's strategic growth potential and its pension scheme funding commitments.

Strategic Report
Building Products' Divisional Strategy and Business Model

The strategic positioning of our Building Products businesses has enabled growth to exceed UK construction market averages during the recession, making us well positioned to benefit from the forecast broader upturn in market activity.





Strategic objectives
To grow shareholder value through the development of a portfolio of premium building products activities, each a leading player in its individual market niche. These activities are mainly focused on managing the scarce resources of energy and water in the built environment, where we expect growth rates to outperform the UK construction sector on average through the economic cycle.

Market outlook
Market commentators are predicting the UK construction market will recover steadily after a period of significant contraction during the recent recession. Alumasc plans to augment this opportunity through growth in export sales, particularly in our solar shading and construction products businesses, targeting divisional export revenues of 20% (currently just above 10%, excluding the Kitimat project) over the medium term.

Divisional strategy
The divisional strategy is to harness our key strengths of strong market positions, strong management teams and well respected brands, together with a culture of innovation, service, quality and trust to deliver market leading and differentiated solutions to customers, specifiers and end users of buildings. These differentiated solutions should improve our capability to command strong margins and operating cash flows.

Divisional business model
The Building Products' operating model is to recruit, retain, empower and motivate high quality, experienced management teams in each of our businesses; to ensure each business has an in-depth understanding of its market niche, customer base and routes to market; and is able to evolve and adapt rapidly to market developments and exploit opportunities for growth.

Re-investment to support growth
Throughout the recent recession we have re-invested c.£0.6 million pa, mainly in high quality people to drive innovation, new product development and further penetration of UK and international markets.

Approach
Management teams are encouraged to take an entrepreneurial, dynamic and innovative approach to developing their niche market positions.

Aim
To grow faster than the UK construction market, on average, generating strong operating margins and returns on capital and to convert this efficiently into free cash flow

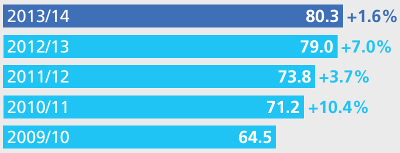
Operating models
Operating models are designed to be flexible to gear revenues up or down in line with short term demand and to keep a close control of overheads such that the businesses benefit from operational gearing, whilst outsourcing capital intensive manufacturing activities where appropriate.

Progress against Building Products' Divisional Strategy

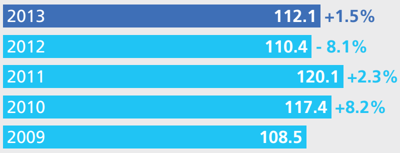
In order to illustrate underlying trends, the impact of two abnormally large projects (Kitimat and CESP) has been extracted from the divisional data. This data illustrates the ongoing success in the execution of our strategy:

- Revenue growth rates are ahead of UK construction market averages
- We are generating strong operating margins, cash flows and returns on investment
- We continue to invest to support future growth

Revenues (£m)



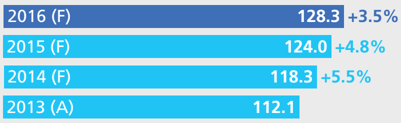
UK Construction Output (£bn)



2010 constant prices
Source: Experian

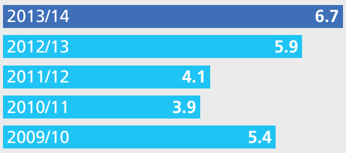
Divisonal revenues have been growing consistently faster than UK construction market averages.

UK Construction Output Forecasts (£bn)



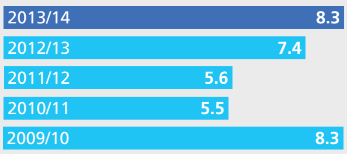
2010 constant prices
Source: Experian

Underlying Operating Profit £m)

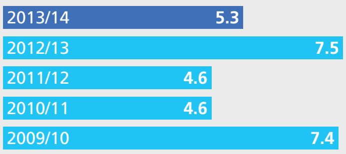


Both the Construction Products Association and Experian are forecasting UK construction output to grow over the next four years. Divisional order books are beginning to increase again (see page 5) ahead of the anticipated UK construction market growth shown in the chart to the left. Alumasc aims to continue its recent track record of growing faster than the UK construction market on average.

Underlying Operating Margin (£m)

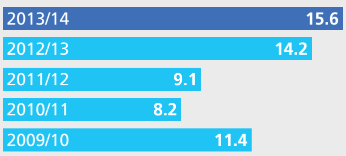


Operating Cash Flow (£m)

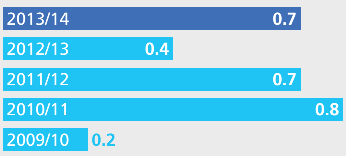


Divisional operating margins and cash flows have been growing in conjunction with divisional revenues and profits.

Post-tax ROI (%)



Re-investment to Support Growth (£m)

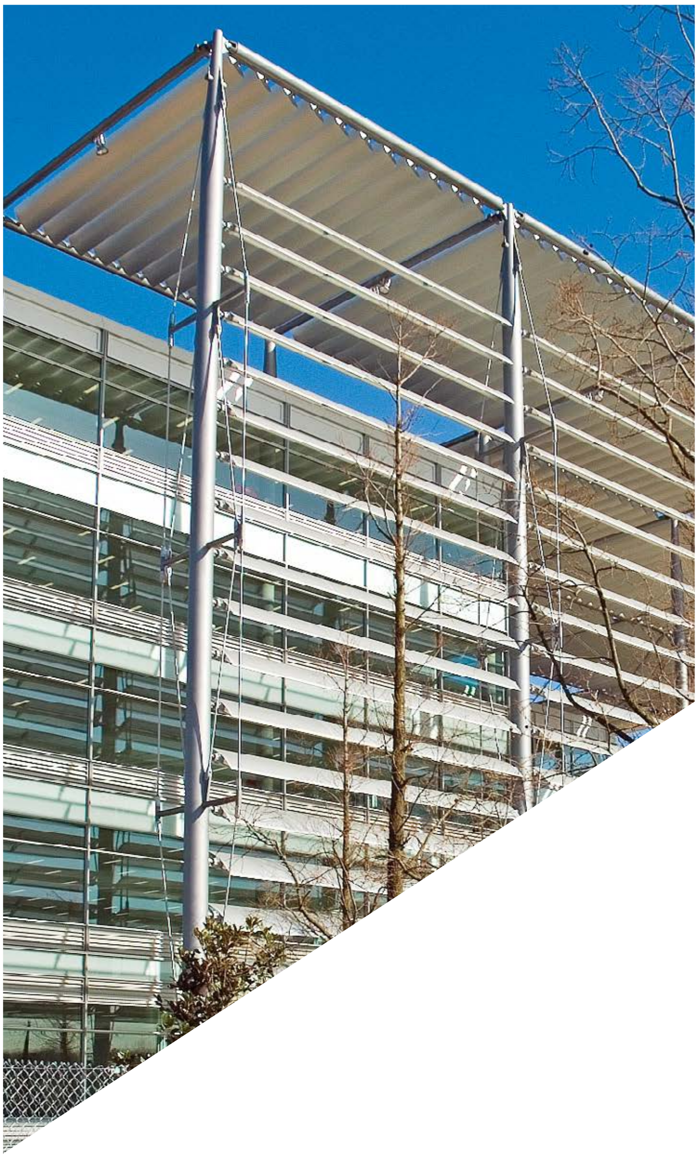


Divisional return on investment is strong, reflecting the improving profitability of the division and the relatively low capital intensity of our building products businesses.

Alumasc has consistently invested in people and new product development through the recession to help underpin continued realisation of the medium to longer term growth potential of the business.

Note: Alumasc data relates to financial years ended 30 June.

Strategic Report
Chief Executive's Review of Operations



LEVOLUX DESIGNED TO CONTROL

HYDROTECH

euroroof roofing systems

DERBIGUM® MAKING BUILDINGS SMART

blackdown greenroofs

BlůRoof STORMWATER MANAGEMENT SYSTEMS

ROOF-PRO

ALUMASC INSULATED RENDERS

Building Products division
The performance of the division in the year benefited from:

- strategic actions taken by our management teams to grow market share through the introduction of new products and services and the penetration of export markets; and
- the initial stages of a broader recovery in UK construction activity which benefited our Rainwater, Drainage and House Building Products business segment, in particular, during the year.

Solar Shading and Screening
With UK new build commercial construction levels still over 30% below their peak in 2008, Levolux had a relatively quiet year, particularly outside London. In preparation for the anticipated upturn in activity, the opportunity was taken to consolidate certain management functions in the UK, strengthen regional sales teams and invest further to develop the significant international potential we see for this business. Levolux's largest construction project during the year was to supply and install a sophisticated solar shading system incorporating photovoltaic panels to a high profile non-commercial building in central London. Our works on this project were originally expected to be complete in April. However, delays beyond our control have resulted in completion moving to Autumn 2014. This major project will be followed later in the 2014/15 financial year by another multi-million pound, high profile project at Chiswick Park in West London. Levolux's strategy to grow export sales, particularly in North America, the Middle East and France, began to gain traction with enquiry levels and order books for export projects going into the current financial year reaching new record levels.

Roofing and Walling
Our roofing business had a much improved year with its strategy of increased penetration of refurbishment markets, spearheaded by the resurgent Euroroof waterproofing brand and growing sales in London and the South East being rewarded by a double digit percentage growth in year on year revenues and the elimination of prior year operating losses. The group's smaller roofing brands, Blackdown and Roof-Pro, were successfully integrated into the wider roofing business, yielding both revenue and cost synergies.

Blackdown Greenroofs had a much better year, including the successful delivery of two very large projects: the SSE Hydro Arena in Glasgow ahead of the Commonwealth Games and pictured on the front cover of this report, and Greenwich University. Towards the end of the year, a new lower cost and more generic roofing services support system, Surefoot, was launched targeting simpler roofing applications. This will broaden the product range and complement the bespoke Roof-Pro Systems solution. Enquiry levels and order books were strong across our roofing brands as we entered the current financial year. This included some work that had been delayed, again beyond our control, from the final quarter of the 2013/14 financial year.

The £13 million project to supply roofing and walling products to the Kitimat smelter refurbishment in Canada has been a great success and a significant project for the group over the last two years. Alumasc's original project was substantially complete by the financial year end. However, further work was won last Spring, which is now anticipated to extend our involvement on site until early 2015.

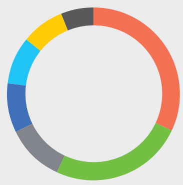
Our walling business, Alumasc Insulated Renders, performed with great resilience and delivered another strong performance, despite a volatile and unpredictable market background where government and energy company funding for exterior wall insulation projects was reduced following the Chancellor's Autumn Statement in 2013. The impact was that revenues from ECO-funded schemes during the year neither attained the levels originally anticipated nor came close to matching prior year revenues from the predecessor CESP programme. In these circumstances, our existing strategy of diversifying sales away from those areas reliant on government funding proved to be sound. Opportunities in the commercial new build market were exploited and were assisted by the launch of the new Alumasc Base Coat product and the Alumasc Vented System which helped us to win work in refurbishing and improving the insulation of timber-framed and pre-fabricated homes.

Construction Products

Gatic had a strong year in the UK market including the completion of a large project at the London Gateway port development, enabling the business to perform well overall. This was despite the absence of any large projects in the Far East that had contributed to the record prior year. The year benefited from recent investments in new product development, with impressive growth in sales of the ProSlot product launched last year. A new grated drainage system is now developed and tested, and will be ready for launch in the USA later in 2014. International sales were somewhat muted during the year with little activity in the Southern European markets, where Gatic Slotdrain has a strong market positioning, and a temporary lull in project activity at ports and airports in our Far Eastern markets. However, there are increasing early signs of success for Gatic Slotdrain in the USA, with order intake improving towards the end of the financial year and we are now seeing a number of opportunities to win work in the Middle East. After the financial year end, a multi million US dollar project was secured at Doha Port.

Our scaffolding and safety equipment business, SCP, had an excellent year, leveraging more buoyant UK construction market activity through a widened product range including ladders, beams, scaffold gates, scaffold sheeting and netting, and also a broadening of routes to market including on-line sales.

Building Products' Divisional Revenue analysed by End Use Segment 2013/14



- Private commercial
- Non public housing R&M
- Public housing R&M
- Private industrial
- Infrastructure
- Public non-residential
- Private housing

Note: R&M-Repair & Maintenance

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Another strong performance by Gatic

Gatic had another strong year, particularly in the UK market, including the completion of a large project at the London Gateway port development.

Strategic Report
Chief Executive's Review of Operations

Rainwater, Drainage and House Building Products

This business segment recorded an underlying operating profit of over £3 million representing a year on year increase in profit of over 50%. This success was attributable to a combination of management's successful execution of strategic growth plans including new product launches, broadening of routes to market (including the successful acquisition of Rainclear Systems in December 2012) and the uplift in new house building activity in the UK.

Alumasc Rainwater achieved success in exploiting new sales opportunities for contemporary and bespoke products, including the Skyline range and supporting this with shorter lead times, in part enabled by a more flexible manufacturing and fabrication operation at our factory near Kettering. The product offering was further enhanced by the launch of the new AX gutter range earlier in the financial year and also steel rainwater products added to the product range following the acquisition of Rainclear. Rainclear itself had a highly successful first full year in the group and exceeded all its post-acquisition earn out targets. This business is now poised for greater success including further development of its on-line offering.

The Harmer drainage brand continued its recent resurgence and is now starting to benefit from the launch of a new floor drainage range during the year including the addition of stainless steel products intended to exploit sales opportunities in clean room environments, such as catering. The performance of this business was further enhanced by success in a number of school and hospital projects, where SML products were specified.

Timloc, our house building products business, had yet another record performance with actions taken by the management team over recent years, including strengthening the sales team, particularly in London and the South East and an improved marketing and sales focus enabling us to leverage the recovery in UK house building activity and maximise other channel opportunities. Investments in tooling, factory capacity and new product development are being made to enable Timloc to further enhance its reputation for excellent customer service to meet the forecast increased construction market demand.

Pendock, the group's pre-formed plywood casing business, also had a successful year growing revenues and profit and further enhancing operational efficiencies, an achievement which is of great credit to the local management team.

Engineering Products division

Divisional revenues grew by 5% to £31.0 million and divisional operating losses were more than halved to £0.2 million compared with the prior year. In addition, the division delivered a positive cash flow performance in the year. The division comprises two businesses, Alumasc Precision Components ("APC") and Dyson Diecastngs.

A key focus of the group in the last two years has been to recover profitability at APC. Investments have been made to strengthen management and in new plant and equipment, whilst eliminating loss making and peripheral work, to enable us to deliver better quality and service to customers, thereby improving operational efficiency and returns to shareholders. Considerable progress has been made and the improvement in customer service and quality in the last twelve months has been a particular highlight.

However, the business continues to face margin pressures as our large OEM customers strive to achieve their own business objectives in a highly competitive marketplace during a period when Sterling strengthened. Therefore, whilst APC has recently been operating at around EBITDA break even levels, it is taking longer than previously anticipated to return to positive operating profits.

Dyson Diecastings remains an excellent business with a strong engineering, design and tool room capability. 2013/14 was another impressive year for Dyson, in which operating profits of over £1 million were recorded. Dyson has a broader customer base, with a greater range of end use applications for its products than is the case at APC. It offers smaller components, where the quality and finish of the part can be a key differentiator.

Paul Hooper
Chief Executive

alumasc
PRECISION LIMITED

Financial Review

The group's balance sheet remains strong with around £10 million of headroom between drawn debt and committed banking facilities that could be used to finance acquisitions in the Building Products division.

Andrew Magson
Group Finance Director

The group's financial KPIs are summarised in the table below, together with comment on their year on year evolution.

Financial KPIs	2013/14	2012/13	Comment/explanation
Year end group order books (£m)	**36.8**	44.0	Building Products order books began to grow again in Q4 2013/14. Year end order book schedules for Alumasc Precision Components were some 20% lower
Group revenues (£m)	**113.4**	116.8	Non-repeat of some Kitimat and CESP project revenues in 2013/14, see pages 6 and 7
Underlying operating margin (%)	**6.0**	5.7	Improvement driven mainly by elimination of prior year losses in Roofing activities and reduced losses in Engineering Products, see page 7
Underlying profit before tax (£m)	**6.3**	5.9	Growth in operating profit, reduced bank interest charges
Underlying earnings per share (pence)	**13.3**	12.3	Growth in underlying profit before tax, lower underlying group tax rate
Average trade working capital % sales – excluding Kitimat	**12.2**	12.1	No significant change following a substantial reduction over recent years
Net cash inflow (£m)	**–**	5.5	Significant payments in advance on construction contracts, including Kitimat, received in 2012/13 reversed in 2013/14
Year end net debt (£m)	**7.7**	7.7	Neutral net cash flow for the 2013/14 year for the reasons described above
Year end shareholders' funds (£m)	**17.0**	22.4	Reduced due to a higher IAS19 pension deficit in 2013/14 for the reasons explained on page 15
Return on investment (post-tax) (%)	**13.4**	12.2	ROI grew in conjunction with improved operating profit on similar levels of capital invested
Underlying EBITDA interest cover (times) – banking covenant > 4 times	**17.2**	12.0	Improved mainly due to lower bank interest costs
Net debt/underlying EBITDA (times) – banking covenant < 3 times	**1.0**	1.0	No material change

Strategic Report
Financial Review

Cash flow and net debt
The group's cash flow performance is summarised in the table below. Year end net debt of £7.7 million remained unchanged when compared to the prior year end, but the average level of net debt during the year improved by £2.6 million and was the lowest since the acquisition of Levolux in 2007.

Cash generation was strong with group EBITDA reaching £9 million for the second year in succession. Tight control was maintained over working capital with the net investment in working capital required to finance higher sales during the year (excluding Kitimat) amounting to £0.4 million. Average trade working capital as a percentage of sales (excluding Kitimat) remained broadly stable at 12.2%.

Capital expenditure of £1.5 million was just ahead of prior year levels. Investments were made to expand capacity in businesses where we are experiencing strongest growth, in particular Alumasc Rainwater, Harmer Drainage, Timloc and Gatic, together with more routine replacement of assets across the group.

In addition, the group continues to invest in business systems to improve management information, operational efficiency, and the robustness of processes and controls across the group.

Capital spend was below the level of the annual charge for depreciation and non-brand amortisation of £2.2 million, as investment at APC was focused on areas necessary to support the turnaround in view of the ongoing operating losses in that business.

Pensions
The group concluded negotiations with the Pension Trustees with regard to the 2013 triennial actuarial valuation of the group's two defined benefit pension schemes, both of which are closed to future accrual. The result of this review was largely as anticipated at the time of our interim report. In view of the significant reduction in gilt yields used to discount pension liabilities to present values in the period between the previous triennial review in March 2010 and the latest review in March 2013, and their partial subsequent

Summarised Cash Flow Statement

	2013/14 £m	2012/13 £m
EBITDA*	**9.0**	9.2
Underlying change in working capital	**(0.4)**	1.7
Cash received in advance of profit recognised on construction contracts	**(1.1)**	1.8
Operating cash flow	**7.5**	12.7
Capital expenditure	**(1.5)**	(1.4)
Pension deficit & scheme expenses funding	**(2.4)**	(2.3)
Interest	**(0.5)**	(0.7)
Tax	**(1.1)**	(0.3)
Dividends	**(1.7)**	(1.1)
Reorganisation costs	**–**	(0.9)
Acquisitions, disposals & other	**(0.3)**	(0.5)
Reduction in net debt	**–**	5.5

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

Reconciliation of Underlying to Reported Profit Before Tax

	2013/14 £m	2012/13 £m
Underlying profit before tax	**6.3**	5.9
IAS19 (revised) pension costs	**(0.9)**	(1.4)
Brand amortisation	**(0.3)**	(0.3)
Restructuring and acquisition costs	**–**	(0.8)
Impairment charge	**–**	(0.6)
Reported profit before tax	**5.1**	2.8

recovery, the Trustees allowed the use of average yields in the period January to March 2014 in determining the level of pension deficit to be used for recovery plan purposes.

This resulted in a deficit of £26.3 million (2010: £11.5 million). In view of the increase, the company agreed to raise annual cash contributions to the schemes from £2.0 million pa to £2.5 million pa with effect from 1 July 2014. The consequential deficit recovery plan period increased to thirteen years and seven months from 1 July 2014. In addition, the company will continue to meet pension fund scheme running expenses, including the payment of the annual Pension Protection Fund levy which, together, typically amount to circa £0.5 million pa.

Meanwhile, the group's pension deficit calculated under IAS19 conventions for accounting purposes increased during the year to £17.9 million (30 June 2013: £10.1 million). This reflects the reduction in AA corporate bond yields which are used to discount future pension liabilities to present values under IAS19's methodology, where each 10 basis point change in yields impacts the present value of the group's pension liabilities (up or down) by £1.4 million.

The reduction in the risk premium between corporate bond and gilt yields during our 2013/14 financial year is the main reason why the present value of pension liabilities for accounting purposes increased under IAS19 whilst those for triennial review purposes reduced during the year.

With effect from 1 July 2014, all group employees based in the UK who had qualifying earnings within the bands set out in the relevant legislation now participate in a defined contribution workplace pension scheme unless they have opted not to do so.

Capital structure, capital invested and shareholders' funds

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

Capital invested remained broadly stable during the year at just under £40 million. Post tax returns on investment continued to grow in line with group operating profits from 12.2% in 2012/13 to 13.4% in 2013/14.

Period end shareholders' funds reduced from £22.4 million a year ago to £17.0 million, largely as a result of the increased pension deficit calculated under IAS19, described above.

The group's balance sheet remains strong, with around £10 million of headroom between drawn debt and committed banking facilities at the year end, that could be used to finance acquisitions in the Building Products division should suitable opportunities arise at the right price.

Going concern

The Board's assessment of going concern is set out on page 52.

Impairment reviews

The Board conducted impairment reviews covering 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. No impairments were identified. Further information on the impairment reviews is given in the Audit Committee report on page 29 and in note 13 to the group financial statements.

Business risk and internal control

A summary of the group's principal risks and mitigating controls is set out on pages 16 to 17.

As evidenced by the results of internal and external audits, the group's internal financial controls strengthened further during the year.

Work is ongoing to improve day to day inventory control and to refine costings in the Engineering Products businesses, but risks to the balance sheet and reported financial results are mitigated by full monthly stock takes.

Andrew Magson
Group Finance Director

Strategic Report
Principal Risks and Uncertainties

Alumasc's portfolio of 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 most 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 introduced last year. • Innovation and new product development workshops held regularly 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 and market risks *Comment* *Alumasc is a UK-based group of businesses and the UK construction sector contracted significantly in size during the recent recession. Construction forecasts now anticipate some recovery.*	• 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 and France). • Increase sales to the more resilient building refurbishment (relative to new build) markets. • Increase mix of UK sales towards the stronger London & South East regional markets.
Risk of loss of customers.	• 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.
International Business Development risk *Comment* *International business development plans might take longer to succeed than initially anticipated or, in some instances, not succeed as intended.*	• Group board involvement in export development programme planning and monitoring. • Monthly agenda item (where relevant) in Operating Company board meetings. • Employ people with knowledge of both local markets and our products/systems. • Take appropriate UK and local professional advice. • Regular monitoring/tracking of progress against plans and forecasts, adapting management action accordingly.
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 and 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 and safety risks are inherently higher in the Engineering Products businesses, particularly foundry operations, and this is an area of specific focus.*	• Health and 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 and safety best practice days are held twice a year and chaired by the Chief Executive. • Annual audit of health and safety in all group businesses by independent consultants. • Specific focus on improving health and safety in foundry environments and higher risk operations. • All safety incidents and near misses reported monthly.
Product warranty/recall risks *Comment* *The group has a good track record with regard to the management of these risks and does not have a history of significant claims.*	• Robust 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, where available. • 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.

Risks	Mitigating actions taken
Reliance on key suppliers *Comment* *Whilst the group does not have undue concentration on any single or small group of suppliers, certain 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 and, where possible, foreign exchange risk.
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 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.*	• Ensure use of proven, reliable software solutions and implementation consultants with industry specific track record of success. • Implementation projects are governed by Steering Committees 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 implementation risk is judged to be too high.
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.*	• 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 are therefore generally lower risk. • Large export contracts are backed by letters of credit, performance bonds, guarantees 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 aged 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 through installation delay 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, which are reviewed regularly.
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 Alumasc's largest customer.*	• 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, wherever possible, 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.

Strategic Report
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.

Our principal health and safety KPI, the performance rate index (PRI), was 4.9 versus 3.5 in the previous year, mainly due to a specific incident in the Engineering Products division which resulted in a number of days being lost earlier in the year. However the 2013/14 PRI result was better than two years ago and in previous years and is therefore consistent with the longer term trend of improvement in the group's health and safety performance over time. We were successful in increasing the reporting of near miss incidents throughout the group during the year and we are using this information to take action to prevent potential future accidents. We have also taken specific action to update and strengthen risk assessments, safe systems of work and training on those risks in our business judged to be those capable of causing the most serious accidents.

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 sustainable 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 is 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 improve, but also to form a basis for our achieving ISO 14001 accreditation in a number of our businesses. ISO 14001 establishes a framework of control for an Environmental Management System, against which an organisation 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 and submitted the necessary allowances.

Greenhouse gas ("GHG") emissions
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.

Methodology
We report in the table opposite on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. We do not have responsibility for any other material emission sources.

We have used the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition), ISO 14064:2006 and emission factors from UK Government's Conversion Factors for Company Reporting 2014.

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.

Global Green House Gas emissions data for the year ended 30 June 2014

Emmisions from:	Tonnes of CO^2e
Scope 1: Combustion of fuel & operation of facilities	6,760
Scope 2: Electricity, heat, steam and cooling purchased for own use	7,677
Scope 3: Other transport related activities and electricity transmission & distribution	1,044
Scope 1 & 2 emissions normalised per employee	19
Scope 1 & 2 emissions normalised per £ million turnover	127

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 Directors' Report on page 25.

Human Rights
As Alumasc comprises a number of relatively small businesses operating from the UK and exporting to mainly developed countries, the Board does not consider it necessary for the group to have a formal human rights policy. However, Alumasc has long had a culture of seeking to treat people fairly and of being honest and straightforward in its business relationships. The group's policies on the related topics of equal rights employment policies, communication with employees, our business ethics policy, our anti-bribery and corruption policy and our whistleblowing policy are detailed elsewhere in this Annual Report.

Gender Analysis
An analysis of our employees by gender appears below:

Role	Male	Female
Non-executive director	6	0
Executive director	2	0
Senior managers	39	9
Employees	575	150
	622	**159**

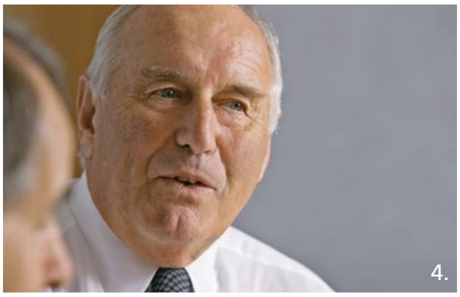
blackdown greenroofs

carbon footprint™

www.alumasc.co.uk

"Blackdown Greenroofs supplies systems that assist in managing the scarce resources of both energy and water in the built environment.

Governance
Board of Directors and Company Advisors



1. John McCall MA (Cantab)
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.

2. Paul Hooper BSc, MBA, DipM
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.

3. Andrew Magson BSc, FCA
Group Finance Director and Company Secretary
Andrew Magson joined Alumasc as an executive director in October 2006. Andrew spent his earlier career in the business assurance and corporate finance practices of PwC, where he qualified as a chartered accountant. He subsequently held a number of senior finance roles, latterly group financial controller at BPB plc, a FTSE 100 company. He then became a divisional financial controller at Saint Gobain following its acquisition of BPB.

4. Jon Pither MA (Cantab)
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.

5. Philip Gwyn MA (Cantab)
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.

6. Richard Saville BSc
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

7. John Pilkington MA (Cantab)
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.

8. Keith Walden CEng, MIEE
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. Keith intends to retire from the Alumasc Group Board on 2 September 2014 but will remain as a non-executive director of Alumasc Precision Limited.

9. David Armfield
Proposed Non-Executive Director
David Armfield began his career as a solicitor at Wilde Sapte, moved to Lehman Brothers in its Investment Banking group in 1987 and later became a partner PwC, where he led their industrial corporate finance team. With his increasing specialisation in the emerging fields of Cleantech Industry and Renewable Energy, David became a founding partner of Kinetix Corporate Finance LLP, established in 2010 to provide corporate finance services to businesses seeking to grow in these fields. David will join the Board on 1 October 2014.

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Brokers
Peel Hunt LLP
Moor House
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London EC2Y 5ET

Governance
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 2014.

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 a variety of industrial markets. A review of the group's operations, future prospects and Key Performance Indicators are included in the Strategic Report on pages 1 to 19.

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

- Strategic Report (pages 1 to 19)
- Board of Directors (page 20 to 21)
- Statement of Corporate Governance (pages 27 to 28)
- Audit Committee report (pages 29 to 32)
- Directors' Remuneration Report (pages 33 to 44)

In compliance with the provisions of the Companies Act 2006, principal risk factors are discussed under the section "Principal risks and uncertainties" on pages 16 to 17. Key Performance Indicators are set out on pages 9 and 13. Information on potential future developments in the group is set out in the "Prospects" sections on pages 5 and 7.

Results and dividends

The group reported profit before tax of £5.1 million (2012/13 re-stated: £2.8 million). The Directors recommend a final dividend of 2.8 pence (2012/13: 2.5 pence) per ordinary share payable on 5 November 2014 to members on the register at the close of business on 10 October 2014 which, together with the interim dividend, makes a total of 5.0 pence for the year (2012/13: 4.5 pence).

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 (2012/13: 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 the company's own shares in the market up to the limit of 14.9% of the issued share capital. The authority continues 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 interest of shareholders and could be expected to result in an increase in earnings per share.

Directors

The Directors who served throughout the financial year are listed opposite and their biographies are set out on pages 20 to 21.

Following his proposed appointment as a director on 1 October 2014, in accordance with the Articles of Association, David Armfield will retire from office and offer himself for election at the forthcoming Annual General Meeting. His biography is set out on page 21.

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.

Keith Walden has confirmed that he will retire from office following the announcement of the group's annual results on 2 September 2014, but will remain as a director of Alumasc Precision Limited.

Details of Directors' service agreements are given in the Remuneration Report on page 39.

Directors' share interests

	Shares	
	At 30 June 2014	At 30 June 2013
J S McCall	**4,359,668**	4,359,668
J P Pither	**270,131**	286,631
P H R Gwyn	**3,057,605**	3,057,605
G P Hooper	**86,782**	360,487
A Magson	**25,000**	25,000
J Pilkington	**12,123**	11,731
R C C Saville	**53,000**	53,000
W K Walden	**713,462**	713,426

The Directors' interests are beneficial with the exception of 434,000 shares (2013: 434,000) in which John McCall has a non-beneficial interest. Details of Long Term Incentive Plans and options granted to the Executive Directors can be found in the Remuneration Report on page 44.

There has been no change in the Directors' interests in the share capital of the Company from 30 June 2014 to 2 September 2014.

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 2014:

	Shares	% of issued share capital
AXA Investment Management	5,034,684	13.93
Delta Lloyd Asset Management	4,304,855	11.91
E W O'Loughlin Esq	1,550,962	4.29
Unicorn Asset Management	1,284,764	3.56
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 2014:

	Number of shareholders	Ordinary shares Number
Shareholding range:		
1 – 999	452	245,675
1,000 – 9,999	568	1,775,571
10,000 – 99,999	108	3,634,707
100,000 – 999,999	37	12,999,753
1,000,000 and over	9	17,477,852
	1,174	36,133,558

Governance
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 23 together with major interests (i.e. those above 3%) of which the company has been notified.

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 18 and 19.

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 pages 18 and 19.

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 (2013: none). The group's average number of creditor days as at 30 June 2014 was 74 (2013: 73).

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 £0.2 million (2012/13: £0.3 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 £2,463 during the year (2012/13: £1,300).

No political donations were made during the year.

Auditors

The auditors, KPMG LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the AGM.

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.

Fair, balanced and understandable

The Board has concluded that the 2014 Annual Report is fair, balanced and understandable and provides the necessary information for shareholders and other readers of the Report and Accounts to assess the group's performance, business model and strategy.

Annual General Meeting

The notice convening the Annual General Meeting, to be held on 30 October 2014, 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

2 September 2014

Governance
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 Strategic Report, 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 Strategic Report and the Directors' Report include 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

2 September 2014

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 Audit Committee Report on pages 29 to 32 and the Remuneration Report on pages 33 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. The Chairman, John McCall, has a significant shareholding detailed in the Directors' Report on page 23.

Three of the Board's non-executive Directors, Jon Pither, Philip Gwyn and Richard Saville have been members of the Board for more than the recommended nine years. In addition, Philip Gwyn has a significant shareholding, detailed in the Directors' Report on page 23 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 and these Directors also have other significant commercial commitments.

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 23 and they receive a fixed fee for their services.

Profiles of the Board members appear on pages 20 and 21. 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 strategic matters. 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 2014 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. 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 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 and/or committee in question only had one independent non-executive Director during the year and not two as defined by The Code. Also, under Code provision B.2.1 the nominations committee did not comprise of a majority of independent non-executive Directors.

Under The Code provision B.3.2, where not all non-executive Directors had a service contract or letter of appointment during the year, further details are given in the Remuneration Report on page 39.

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.

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.

(i) Audit Committee

Details of the composition of the Audit Committee and its activities during the year are given in the Audit Committee Report on page 29.

(ii) Remuneration Committee

Details of the composition of the Remuneration Committee and its activities during the year are given in the Remuneration Committee's Report on page 33.

(iii) 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. Where necessary, 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 and Committee meetings

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

† By invitation as an attendee.

Shareholder relations

The company is committed to maintaining good communications with its shareholders. Shareholders have direct access to the company via its website 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 and private shareholders with large holdings, as well as general presentations after the announcement of results. 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.

Audit Committee Report

Introduction

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 per year and its main duties are as follows:

(i) monitoring the integrity of and reviewing the financial reporting process and reviewing the financial statements, including the appropriateness of judgments and estimates taken in preparing the financial statements;

(ii) the appointment of, and the review of the effectiveness and independence of the external auditors; and

(iii) monitoring the effectiveness of the group's internal controls and risk management processes, including approval of the scope and review of the results of internal audit activities.

The Group Chairman, Chief Executive, Group Finance Director, Group Financial Controller and the group's external auditors attended the meetings of the Committee. In addition, during the year, the members of the Committee met with the external auditors without members of the management team being present.

Activities of the Committee in the 2013/14 financial year

The main activities of the Committee during the year were:

(i) reviewing the interim and full year results announcements and financial statements, with particular focus on the key estimates and judgments taken by management in the preparation of those statements and the external auditor's comments in those areas;

(ii) review and approval of the audit plan of the external auditor, including the scope of the work, the key areas of focus in terms of audit risk and judgment, and the basis on which the auditor assesses materiality;

(iii) considering the effectiveness of the external audit and the independence of the auditors, and recommending the re-appointment of KPMG LLP as external auditor;

(iv) review and approval of the plan and scope of internal audit work, including consideration of internal audit reports issued during the year and discussion of the key matters and improvement points arising from those audits with management;

(v) specific review of the progress in improving internal controls at Alumasc Precision Components ("APC"), in conjunction with the business recovery programme, which includes strengthening of internal control following prior misstatements of management and financial information in that business. This review included attendance by the management team of APC in one of the Committee's meetings during the year;

(vi) consideration of the contents and drafting of this new Audit Committee report, to reflect changes to the Combined Code on Corporate Governance during the year; and

(vii) review and update of the Committee's terms of reference (available at www.alumasc.co.uk/governance).

Significant issues considered in relation to the financial statements

The committee considered, in conjunction with management and the external auditor, the significant areas of estimation and judgment in preparing the financial statements and disclosures, discussed how these were addressed and approved the conclusions of this work. The principal areas of focus in this regard were:

(i) Risk of Goodwill and Asset Impairment

As described in the Strategic Report and operational reviews on pages 6 to 15, a key area of management focus over the last couple of years has been on turning around the performances of APC and the group's two smaller roofing businesses, Blackdown and Roof-Pro. The carrying value of plant and equipment in the case of APC, and the carrying value of acquired goodwill in the cases of Blackdown and Roof-Pro, were highlighted in the group's 2013 Annual Report as being at ongoing risk of impairment. As APC has continued to incur operating losses, the Committee reviewed management's plans to recover profitability in the business and sensitivity analyses around those plans. It also considered an analysis of the second hand market value of plant and equipment. The conclusion was that no impairment in value was identified. Blackdown's performance improved during the year and the business returned to profit. Roof-Pro was restructured during the year and its ongoing performance should now benefit from recent product launches, including the new Surefoot range, and from a lower overhead base. The assumptions used in the various Goodwill impairment reviews and related sensitivity analyses are detailed in note 14 to the financial statements. The headroom between value in use and capital employed at each of APC, Blackdown and Roof-Pro remains limited and delivery against performance improvement plan targets is needed in the 2014/15 financial year and beyond to avoid future impairment charges. In view of all the above, the Committee was satisfied that there was no impairment to the carrying value of the relevant assets at 30 June 2014.

Governance
Audit Committee Report

(ii) Revenue and Profit Recognition on Construction Contracts

Revenue and profit recognition on construction contracts that span more than one accounting period is an inherently judgmental area, involving estimation of the percentage of contract completion, and estimates of costs to complete the work. As part of continuous improvement activities during the year, the Committee supported management in strengthening its internal guidance with regard to construction accounting to provide greater robustness and consistency of approach throughout the group. Most of the larger, more material construction contracts spanning the 30 June 2014 year end were substantially complete, thereby reducing the degree of estimation and judgment required. Accordingly, the Committee was satisfied with the level of revenue and profit recognised on construction contracts at the year end.

(iii) Defined Benefit Pensions Scheme valuation

As described in the risk review on pages 16 to 17, Alumasc has relatively significant legacy defined benefit pensions obligations in the context of the overall size of the group. Therefore, quite small changes to the market assumptions (particularly the discount rate and inflation rate) used to value defined benefit pension obligations under IAS19 can have a material impact on the group's Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income. Further details are given in note 23 to the financial statements. Having reviewed the valuation assumptions adopted by management, in conjunction with actuarial advice received and the review of those assumptions by the external auditors, the Committee was satisfied that the assumptions used give rise to an appropriate valuation of the group's pension obligations using IAS19's valuation methodology.

(iv) Inventory Valuation

The Committee retains a focus on inventory valuation, partly because these valuations are dependent on the application of up to date costing rates and judgments with regard to both the level of labour and production overheads absorbed into the valuation and slow moving and obsolete inventory provisions. In addition, the accuracy of the inventory valuation receives particular focus at APC, where there have been previous mis-statements of management and financial information in this area. The Committee seeks confirmation at each year end that physical quantities of stock have been verified through full inventory counts at each Alumasc manufacturing site and, via feedback from management, internal audit and external audit, that appropriate costing rates have been applied and appropriate inventory provisions have been made. No particular issues or exceptions were noted from this work either at the 30 June 2013 or 30 June 2014 year ends.

Assessment of the effectiveness of external audit

The Committee assesses the performance of KPMG both through formal Committee meetings, KPMG's reports to the Committee and in more informal interaction throughout the year. The Committee also receives structured feedback from senior group and operational management on the robustness, value added and efficiency of the various external audits across the group during the year.

Having considered this information, the Committee concluded that the external audit process continues to operate effectively and that KMPG continued to be effective in their role.

Assessment of the independence of the external auditor

The group's policy on the independence of auditors is consistent with the ethical standards published by the Auditing Practices Board.

The firm carrying out the group's external audit was last changed six years ago, and the Committee assesses the effectiveness and independence of the external auditor every year.

Any non-audit services proposed to be carried out by the external auditor are discussed and approved in advance by the Committee. During the financial year under review no non-audit services were provided by KPMG.

In accordance with best practice and professional standards, KPMG's audit partner retired by rotation from the audit team at the beginning of the financial year, having served five years, and was replaced by a new audit partner who previously had not been involved in providing any audit or non-audit services to Alumasc.

KPMG have confirmed to the Committee that they consider themselves to be independent within the meaning of regulatory and professional requirements.

In view of all the above, the Committee remains satisfied with the independence of the external auditor.

Re-appointment of the external auditor

Having reviewed the performance and independence of the external auditors during the year, the Committee has recommended to the Board to propose to shareholders that KPMG LLP are re-appointed until the conclusion of the AGM in 2015.

Effective internal control and risk management

The Alumasc Board as a whole acknowledges that it is responsible for the group's system 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.

The group has an ongoing process for identifying, evaluating and managing the significant risks faced by the business. The 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. A group level summary of these risk reviews is provided on pages 16 and 17. Each operating company has implemented procedures for controlling the relevant risks of its 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, regular 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, re-forecasts and the previous year's 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 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, the group's external auditors and the results from internal audits. The review included an assessment by the Board of the key risks affecting the group in the delivery of its long-term strategies, as summarised on pages 16 and 17.

Significant progress has been made in strengthening the control environment at Alumasc Precision Components following issues identified in 2012. Work to further improve risk management and standards of internal control continued during the year, and work to improve day to day inventory control is ongoing.

(iv) Internal Audit

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 Alumasc to have a dedicated internal audit function, although part of the Group Financial Controller's and Group Reporting Manager's roles are to carry out internal audits in each of the group's principal operating locations each year. This position is kept under annual review by the Committee.

The principal focus of this internal audit work is to check the existence and effective operation of key internal financial controls.

The Committee reviews and approves the proposed scope of internal audit activities each year, and ensures that key risk areas are covered, and that agreed recommendations arising from previous internal and external audits are re-reviewed to assess whether they have been implemented.

Governance
Audit Committee Report

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 web site 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.

Going concern

The Board is satisfied that the group has adequate resources to continue for the foreseeable future for the reasons given in the going concern review on page 52.

Richard Saville
Chairman of the Audit Committee

Directors' Remuneration Report

This report prepared by the Remuneration Committee (The Committee) and approved by the Board for the financial year ending 30 June 2014 is prepared in accordance with the new reporting regulations that took effect on 1 October 2013.

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. The Chairman and Chief Executive attend meetings of the Committee as requested 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.

This report is comprised of three sections:

- The Remuneration Committee Chairman's Annual Statement
- The Remuneration Policy Report
- The Annual Remuneration Report, explaining how our remuneration policy has been implemented during 2013/14.

The first and third sections will be subject to an advisory vote by shareholders, while the Remuneration Policy will be subject to shareholder approval at the company's Annual General Meeting on 30 October 2014.

The Remuneration Committee's overall approach remains unchanged from prior years. 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 2014, the group has delivered a positive set of results as described in the Stategic Report.
Particular highlights include:

- Underlying profit before tax increased by 6.4% to £6.3 million
- Reported profit before tax increased substantially to £5.1 million (2012/13: £2.8 million) and basic earnings per share more than doubled to 11.3 pence.

During the year the Committee reviewed executive director remuneration packages and concluded that an increase of 5% of base pay was appropriate to reflect changes in scope of role and to align with market norms. As set out on page 43 bonus payments equivalent to 12.5% of Executive Directors' base salaries were earned in the year. No LTIP shares vested in the year. In October 2013 the Committee approved conditional grant of Alumasc ordinary shares under the Company's LTIP plan. Details are set out on page 44. The Committee also approved the new Executive Share Option Scheme (following the expiry of the old scheme) which will be put for approval before shareholders at the AGM in October. It is not currently proposed that the Executive Directors will participate in this scheme.

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.

Jon Pither
Chairman of the Remuneration Committee

Governance
Directors' Remuneration Report

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 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:

- A reward structure that balances short-term and long-term performance.
- Base salaries set at around median level for a group of Alumasc's size, complexity and industry sectors, but with the potential to earn upper-quartile rewards for sustained medium to longer term exceptional performance.
- Competitive incentive arrangements underpinned by a balance of financial measures and linked to corporate performance, ensuring a focus on business performance 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.

Remuneration policy report

This part of the Directors' Remuneration Report sets out the remuneration policy for the group which will become effective at the AGM on 30 October 2014.

Executive Director policy table

Element of pay and purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Base salary Help recruit and retain Executive Directors. Provides fixed remuneration for the Executive Directors, which reflects the individual's experience and the size and scope of the executive's responsibilities.	Normally reviewed annually on 1 July and fixed for twelve months. Salaries are determined by the Remuneration Committee taking account of those paid by other companies of a comparable size and complexity, but also takes into account a range of factors, including any change in responsibilities or the scope of the role.	Ordinarily salary increases will not exceed the range of salary increases to other employees in the group. However, salary increases may be above this level in certain circumstances as required, for example, to reflect: Increase in scope or responsibility; Performance in role; or An executive director being moved to align with changing market rates. No absolute maximum level of base salary has been set.	Not applicable.
Benefits Help recruit and retain Executive Directors. Ensures the overall package is competitive.	Executive Directors are entitled to a range of benefits, including but not limited to, membership of the group's healthcare scheme, ill health and life assurance, and car plus fuel (or equivalent cash) allowances. Other benefits may be provided based on individual circumstances. Such benefits may include but are not limited to relocation allowances.	Whilst the Remuneration Committee has not set an absolute maximum on the level of benefits executive directors receive, the value of benefits is set at a level which the Remuneration Committee considers is appropriately positioned against companies of a similar size and complexity in the relevant market.	Not applicable.

Element of pay and purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Pension To provide competitive post-retirement benefits and reward sustained contribution to the performance of the group.	The group may make payment either into a defined contribution plan and/or as a separate cash allowance. Group contributions are determined as a percentage of base salary and set at a level which the Remuneration Committee considers to be appropriately positioned against comparable roles in companies of a similar size and complexity.	Contribution rates (or equivalent cash allowances) are up to a maximum of 20% of base salary.	Not performance related.
Annual Bonus Rewards the achievement of annual financial and/or strategic business objectives.	Performance measures and targets are reviewed and set annually by the Remuneration Committee. Bonus pay-out is determined by the Remuneration Committee after the relevant year end.	Up to 100% of base salary could be earned. However, the usual bonus opportunity is up to 50% of salary based on achievement of results well ahead of target.	The bonus will principally be based on the achievement of targets related to key business objectives. The performance measures will include at least one of the following: Underlying profit before tax relative to budget; Achievement of cash flow performance including average working capital as a percentage of sales, relative to budget; or Other performance metrics that the Remuneration Committee considers appropriate from time to time, including personal objectives. The majority of the potential bonus will be based on achievement of profit targets. The Remuneration Committee will determine an appropriate performance range for each measure used. Below the threshold level of profit performance, 0% of maximum opportunity will be paid and a straight line entitlement will usually apply between this threshold and the target performance. Up to 12.5% of the normal maximum opportunity will be earned for target performance and 100% for maximum performance. There is usually straight line vesting between these performance points.

Governance
Directors' Remuneration Report

Element of pay and purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Long Term Incentive Plan (LTIP) Incentivises Executive Directors to achieve higher returns for shareholders over a longer time frame. A claw back applies to unvested awards enabling the company to mitigate risk.	Subject to the limits set out in the schemes the Remuneration Committee may grant awards over conditional share awards, nil cost share options or such other form as has the same economic effect. Awards are typically granted annually and vesting is subject to achievement of performance measures normally over at least three years. The share scheme rules allow for LTIP awards to vest early on a change of control (or other relevant events) subject to the satisfaction of performance conditions and pro-rating for time, although the Remuneration Committee has discretion to increase the extent of vesting having due regard to performance over the period to the change of control. Future LTIP awards and vesting will be subject to a claw back provision such that, at the discretion of the Remuneration Committee, unvested awards may lapse for material errors or the misstatement of results or information coming to light which, had it been known, would have affected the award or vesting decision or caused reputational damage to the group.	The annual LTIP maximum opportunity is 75% of base salary in respect of each financial year.	Awards vest subject to the achievement of performance measures assessed over more than one financial year (normally three years). The performance measures for new awards are reviewed annually to ensure they remain relevant and aligned to the group's strategy. Performance measures will be based on growth in EPS and shareholder return. A minimum threshold of growth in EPS must be reached before any vesting occurs. 25% of the maximum opportunity will vest at the minimum threshold. Above the minimum threshold, the performance measures for 2014 will be 50% based on EPS growth and 50% based on total shareholder return (TSR). For achievement of the upper target 100% of the maximum opportunity will vest; there is straight line vesting between the performance points of 25% and 100%.

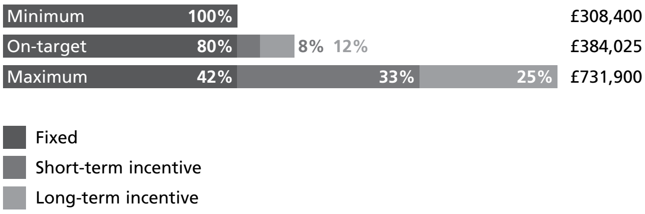
Policy for Non-Executive Chairman and Directors' fees

Element of pay and purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Non-executive Chairman and Director fees The sole element of non-executive Director remuneration is fees, set at a level that reflects market conditions and sufficient to attract individuals with appropriate knowledge and experience.	Fees are reviewed periodically and are determined by the Chairman and the executive directors in the case of the non-executive Directors and the Remuneration Committee in respect of the Chairman. The fee structure is as follows: The Chairman is paid a single consolidated fee; The non-executive Directors are paid a basic fee plus additional fees for chairmanship of a committee, or for any additional work undertaken on behalf of the company; The non-executive Directors do not participate in any of the group's share incentive plans nor do they receive any pension contributions. Non-executive Directors may be eligible to benefits/expenses such as the use of secretarial support, travel costs or other benefits that may be appropriate.	Fees are subject to an overall cap as set out in the company's Articles of Association. Fees are based on the time commitment and responsibilities of the role. Fees are appropriately positioned against comparable roles in companies of a similar size and complexity in the relevant market.	No performance-related element of remuneration.

Governance
Directors' Remuneration Report

Remuneration Scenarios

Group Chief Executive – Paul Hooper



Minimum performance

Fixed elements of remuneration only (being base salary, pension and benefits) of £308,400 in 2014/15.

"On-target" performance

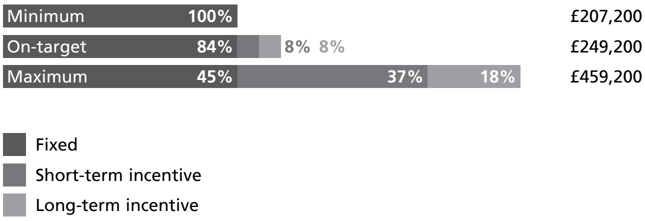
Fixed elements of remuneration plus:

- 12.5% of salary paid in bonus (12.5% of maximum opportunity); and
- 25% of LTIP award (18.75% of salary).

Maximum performance

Fixed elements of remuneration plus the full payout of both short and long-term incentives.

Group Finance Director – Andrew Magson



Minimum performance

Fixed elements of remuneration only (being base salary, pension and benefits) of £207,200 in 2014/15.

"On-target" performance

Fixed elements of remuneration plus:

- 12.5% of salary paid in bonus (12.5% of maximum opportunity); and
- 25% of LTIP award (12.5% of salary).

Maximum performance

Fixed elements of remuneration plus the full payout of both short and long-term incentives.

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 2013 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.

How employees' pay is taken into account

Pay and conditions elsewhere in the group were considered when finalising the current policy for Executive Directors and continues to be considered 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

Both executives, and employees below executive level, have their base pay reviewed each year taking into account wage and general inflation, affordability to the group/relevant operating company, performance/development of the individual in their role and general market rates for specific skills. 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.

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 at the discretion of the Committee.

Recruitment policy for directors

The remuneration package for a new Executive Director would be set in accordance with the terms of the company's prevailing approved remuneration policy at the time of appointment and takes into account the skills and experience of the individual, the market rate for a candidate of that experience and the importance of securing the relevant individual.

Salary would be provided at such a level as is required to attract the most appropriate candidate. It may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance has been proven and sustained. The specific individual annual bonus potential is limited to 100% of base salary and conditional awards under the Long Term Incentive Plan may be up to the plan maximum of 75% of salary. In addition, the Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an executive leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions.

For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue. For external and internal appointments, the Committee may agree that the company will meet certain relocation and other incidental expenses as appropriate.

If appropriate the Committee may agree on the recruitment of a new executive to a notice period in excess of twelve months, but to reduce it to twelve months over a specified period.

The fees for a new Chairman or non-executive Director will be reflective of experience, time commitment, responsibility and scope of the role, and will be consistent with the approved remuneration policy at the time.

Chairman and non-executive Directors

The non-executive Directors are engaged for fixed terms, with no notice period, with an entitlement to accrued fees and expenses only up to the date of termination. These appointments are subject to the Articles of Association. Directors submit themselves for re-election at the Annual General Meeting in accordance with the UK Corporate Governance Code and the company's articles.

The dates of the current letters of appointment for the non-executive Directors are as follows:

Name	Date of letter of appointment	Date term due to expire
R C C Saville	1 January 2014	31 December 2014
P H R Gwyn	1 July 2014	30 June 2015
J P Pither	1 July 2014	30 June 2015
J Pilkington	1 March 2014	28 February 2015
W K Walden	2 September 2012	30 October 2015*

*Mr Walden will retire from the Board following the announcement of group results on 2 September 2014.

The Remuneration Committee is permitted to make remuneration decisions within the above policy prior to the policy becoming effective on 30 October 2014.

Governance
Directors' Remuneration Report

Annual Report on Remuneration

The following sections show how the policy described above will be applied in 2014/15.

Salary:

Salaries for Executive Directors at 30 June 2014 were as follows;

Chief Executive: £230,000
Group Finance Director: £160,000

The Chief Executive's salary was raised by 5% with effect from 1 July 2014 to £242,000.
The Group Finance Director's salary was raised by 5% with effect from 1 July 2014 to £168,000.
These increases were awarded to reflect changes in scope of role and alignment to market rates.

Non-executive Directors

The remuneration of the non-executive Directors is set by the Chairman and 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:

Name	Role	Committee Chairman role	Fee to 30 June 2014 £000	Additional for Committee Chairmanships	Total
J S McCall	Chairman	Nomination	100	–	100
J P Pither	Senior Independent Director	Remuneration	28	5	33
P H R Gwyn	Non-Executive Director	–	28	–	28
R C C Saville	Non-Executive Director	Audit	28	5	33
J Pilkington	Non-Executive Director	–	28	–	28
W K Walden	Non-Executive Director	–	28	5*	33

*Remuneration for directorship of Alumasc Precision Limited.

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 20 and 21.

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

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 website www.alumasc.co.uk.

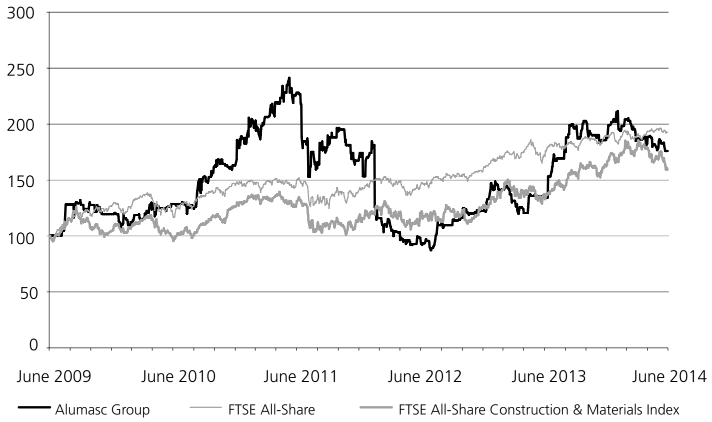
Shareholder voting at AGM

At last year's AGM (2013) the Directors' Remuneration Report received the following votes from shareholders:

	Total number of votes cast	% of votes cast
For	23,285,936	99.9
Against	29,478	0.1
Total votes cast (for and against)	23,315,414	100
Votes withheld	9,558	n/a
Total votes cast (including withheld votes)*	23,324,972	–

*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



This 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 and 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.

Table of historic data

The following table sets out the total remuneration and the amount vesting under short-term and long-term incentives (as a percentage of the maximum that could have been achieved) in each of the past five years for the Chief Executive.

Year	Chief Executive single figure of total remuneration £000	Annual bonus payout against maximum opportunity %	Long-term incentive vesting rates against maximum opportunity %
2013/14	**323**	**12.5%**	**0%**
2012/13	355	63%	0%
2011/12	306	0%	0%
2010/11	349	43%	0%
2009/10	367	65%	0%

	Base salaries/fees		Bonuses		Benefits in kind		Pension contributions or payments in lieu of pension contributions		Long-term incentives with performance period ending during the year		Single figure of total remuneration	
Director	**2013/14 £000**	2012/13 £000	**2013/14 £000**	2012/13 £000	**2013/14 £000**	2012/13 £000	**2013/14 £000**	2012/13 £000	**2013/14 £000**	2012/13 £000	**2013/14 £000**	2012/13 £000
G P Hooper	**230**	222	**29**	70	**18**	18	**46**	45	**–**	–	**323**	355
A Magson	**160**	152	**20**	49	**14**	13	**24**	23	**–**	–	**218**	237
J S McCall	**100**	100	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**100**	100
J P Pither	**33**	28	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**33**	28
P H R Gwyn	**28**	23	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**28**	23
R C C Saville	**33**	28	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**33**	28
J Pilkington	**28**	23	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**28**	23
W K Walden	**33**	23	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**n/a**	n/a	**33**	23
Total	**645**	599	**49**	119	**32**	31	**70**	68	**–**	–	**796**	817

Governance
Directors' Remuneration Report

Relative importance of spend on pay

	Total remuneration of all employees of The Alumasc Group plc £000	Dividends paid £000
2013/14	**24,108**	1,675
2012/13	**23,651**	1,069

Percentage change in Chief Executive's remuneration

	2013/14 £000	2012/13 £000	% change
Salary	**230**	222	+3.6%
Benefits	**18**	18	–
Bonus	**29**	70	-58.6%
Pension	**46**	45	+2.2%
Total	**323**	355	-9.1%

Percentage change in average remuneration of all the company's employees

	2013/14 £000	2012/13 £000	% change
Salary	**29**	29	–
Benefits	**1**	1	–
Bonus	**–**	–	–
Pension	**1**	1	–
Total	**31**	31	–

Long Term Incentive Plan awards granted in October 2013

	Scheme	Basis of award granted	Face value of award†	Maximum vesting (% of face value)	Percentage vesting for threshold performance	Vesting and performance period
G P Hooper	2008 Plan LTIP	75% of base pay	£170,486	100%	25%	3 years
A Magson	2008 Plan LTIP	50% of base pay	£79,067	100%	25%	3 years

Further details regarding the Long Term Incentive Plan, together with the performance conditions applying to the above awards are set out on page 43.

† Based on share price of 127p on the day before the date of grant.

Annual bonus

For 2014/15 100% of the annual bonus for Executive Directors will be determined by growth in group underlying profit before tax. The Board considers that the targets for the 2013/14 bonus are commercially sensitive and full details will not therefore be fully disclosed until the 2014/15 report.

Long Term Incentive Plan

Awards will be made in 2014 for the Chief Executive, to the extent of 75% of base salary, and to the Group Finance Director, to the extent of 50% of base salary. The performance measures for these awards (relative TSR, and EPS growth) will be the same as those which applied to grants made in 2013/14, as set out on page 43.

Pension and other benefits

The pension and benefits arrangements are as set out in the policy table above.

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 defined contribution schemes. 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.

In October 2013 the Chief Executive was given an LTIP award of 134,241 shares and the Group Finance Director was given an LTIP award of 62,257 shares which equated to 75% and 50% of base salary respectively.

The performance measures set out comprises 50% TSR and 50% group earnings per share above a minimum threshold as described in the policy table above.

Following the performance review of the LTIP's awarded in November 2011 no shares will vest under this grant.

External appointments

Neither of the Executive Directors has any external paid directorships. Executive Directors are permitted to accept external board or committee appointments provided they do not interfere with the Executive Directors' obligations to the company. The Board will decide at the time of appointment whether the Executive Director may retain the fees for such appointments.

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 each executive's choosing.

Bonus

The maximum bonus opportunity was set at 50% for Mr Hooper and Mr Magson. The maximum bonus achievable would only be paid on significantly exceeding budget targets. Following assessment of the financial targets set at the start of the financial year a total payment of £28,750 was made to the Chief Executive and £20,000 to the Group Finance Director.

Governance
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. A resolution to adopt a further ten year Executive Share Option scheme will be put to shareholders at the forthcoming AGM.

Executive Share Option Scheme

	Exercise price	Earliest exercise date	Expiry date	**As at 1 July 2013**	Exercised in year	Granted in year	Lapsed in year	**At 30 June 2014**
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 2013**	Vested in year	Market price at vesting date	Granted in year	Lapsed in year	**At 30 June 2014**
G P Hooper									
2008 Plan	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**
	Oct 2013	127p	Oct 2017	**–**	–	–	134,241	–	**134,241**
Total 2008 Plan				**463,228**			134,241	153,261	**444,208**
A Magson									
2008 Plan	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**
	Oct 2013	127p	Oct 2017	**–**	–	–	62,257	–	**62,257**
Total 2008 Plan				**192,835**	–	–	62,257	63,043	**192,049**

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 (2013: £nil)

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

Directors' holdings in shares

There is no requirement of directors to hold a specific number of shares in the company. Details of Directors' holdings are set out on page 23 of the Directors' Report.

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 2014 was £565,224.

Company share price

The closing mid-market price of the shares on 30 June 2014 was 116p and ranged between 89p and 140p per share during the year.

On behalf of the Board

J P Pither
Chairman
Remuneration Committee

2 September 2014

Financial Statements

Independent Auditor's Report

To the members of The Alumasc Group plc only

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of The Alumasc Group plc for the year ended 30 June 2014 set out on pages 48 to 91. 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 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

2 Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Carrying value of goodwill (£16.5m)

Refer to page 29 (Audit Committee Report), page 53 (accounting policy) and pages 66 to 67 (financial disclosures)

- *The risk:* There is a risk of impairment of the group's goodwill balances in Roof-Pro and Blackdown due to recent trading within these divisions. The group uses a discounted cash flow model to support the carrying value of goodwill in each case. This model uses certain key assumptions including revenues, margins and cost base forecasts. In the case of Blackdown, a partial impairment of goodwill was recognised in December 2012 following a restructuring of the business. Since that time the business has returned to profit, and a continuation of this improving trend will be needed to support the residual goodwill value of £0.6 million. Roof-Pro, which has a carrying value of goodwill of £3.2 million, has been restructured more recently and has launched a major new product line in the last few months. Should the forecasts that underpin these discounted cash flow models not be achieved, this could result in the recoverable amounts of goodwill balances falling below their respective carrying amounts. Due to the inherent uncertainty involved in forecasting future cash flows, which are the basis of the assessment of recoverability, this is one of the key judgemental areas that our audit is focused on.

- *Our response:* Our audit procedures included, amongst others, testing the principles and integrity of the group's budgets and discounted cash flow models. We critically assessed the appropriateness of the assumptions and methodologies used by the group. In particular the assumptions relating to the forecast revenue growth and profit margins within Roof-Pro and Blackdown were assessed by reference to historical profit margins and through challenging the assumptions applied. We performed sensitivity analysis on the key inputs such as projected economic growth and cost inflation and on discount rates. We also assessed whether the group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill.

Contract revenue recognition (£21.3m)

Refer to page 30 (Audit Committee Report), page 57 (accounting policy) and pages 69 to 70 (financial disclosures)

- *The risk:* The group recognises contract revenue on the stage of completion method by reference to the achievement of contractual milestones. The point at which the contract outcome can be estimated reliably and the measurement of the stage of completion both involve significant judgements. For instance significant judgements around the point at which the contract outcome can be estimated reliably include assumptions made in conjunction with the complexity of the contractual arrangements in relation to variations and claims. There is a risk that revenue may have been recognised incorrectly where it could not be reliably estimated. Further, there is a risk that the judgements taken when determining the achievement of contractual milestones in the stage of completion method were incorrect and as such the amount of revenue recognised could be incorrect. Both of these risks could lead to material misstatements within the financial statements.

- *Our response:* Our audit procedures included, amongst others, detailed testing of controls over the matching of invoices to quantity surveyor certificates. To do this we identified all contracts with high values or unusual terms and tested a sample of these to assess the appropriateness of the judgements made in determining the outcome of contracts. We compared the levels of revenue recognised to the quantity surveyor assessments and milestones detailed within the contracts. We also analysed correspondence with customers around variations and claims and considered whether this information was consistent with the estimates made by the directors. We also considered the adequacy of the group's disclosures about the degree of judgement involved in arriving at the contract revenues.

Financial Statements
Independent Auditor's Report
To the members of The Alumasc Group plc only

Post retirement benefits (gross liability – £104m; net liability – £17.9m)

Refer to page 30 (Audit Committee Report), page 55 (accounting policy) and pages 75 to 77 (financial disclosures)

- *The risk:* Due to the materiality of the defined benefit pension obligation, small changes in the key assumptions, being the discount rate, inflation and mortality rates, can have a significant effect on the group's results and financial position.

- *Our response:* Our audit procedures included, amongst others, assessing the key assumptions, being the discount rate, inflation and mortality rates, used in the group's valuation of the defined benefit pension obligation with the support of our own actuarial specialists. This included critically assessing the key assumptions used by comparison with those used by other comparable companies and with externally derived market data. We also considered the adequacy of the group's disclosures of the assumptions and the sensitivities of these.

Carrying value of inventory (£12.5m)

Refer to page 30 (Audit Committee Report), page 54 (accounting policy) and page 69 (financial disclosures)

- *The risk:* The specialist nature of the group's inventory means that it can be slow moving and therefore the group's inventory provision is an inherently judgmental area, in need of careful review. In addition, changes in production and in the cost base of raw materials impact the carrying amount of work in progress that is recognised at cost plus absorbed overheads. Management have identified late adjustments in prior years at Alumasc Precision Components in these areas. Due to the level of judgment involved, there is a risk that the carrying value of inventory could be misstated.

- *Our response:* Our procedures included, amongst others, testing the controls in place over the matching of invoices to purchase orders. We critically assessed the ageing of inventory by challenging the appropriateness of the directors' approach for providing against aged/obsolete items and by comparing the group provisioning policy with the nature of the inventory being provided against. We attended the year end inventory counts and challenged the inventory provisioning in line with our observations of potentially obsolete inventory. We tested a sample of the inventory and compared the carrying value to recent sales invoices to ensure provisions were appropriately applied. We tested the calculation of overhead absorption by critically assessing the method of calculation and challenging the levels of overhead absorbed compared to actual overhead costs incurred and in comparison to prior year levels. We have also considered the adequacy of the group's disclosures about the degree of estimation involved in arriving at the provision and the required disclosures in relation to the amount of write down of inventory recognised as an expense in the year.

3 Our application of materiality and an overview of the scope of our audit

The materiality for the group financial statements as a whole was set at £550,000. This has been determined with reference to a benchmark of group revenue (of which it represents 0.5%), which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the group.

We agreed with the audit committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £30,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The group audit team performed audits for group reporting purposes over Alumasc Precision Components, Dyson, AEBP, Blackdown, Elkington Gatic, Levolux, Levolux AT, Benjamin Priest and The Alumasc Group plc. These entities are all located in the UK. In addition, the group audit team performed specified audit procedures over the remaining five components being Roof-Pro, Elkington China, SCP, AIBP and Timloc. These group procedures covered 99% of group revenue, 99% of group profit before tax, and 99% of group assets.

The audits undertaken for group reporting purposes at the key reporting components of the group were all performed to materiality levels set by the group audit team. These materiality levels were set individually for each component and ranged from £79,000 to £431,000.

4 Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 27 to 28 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.

5 We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the audit committee.

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 26, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 27 to 28 relating to the company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2013a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Mark Matthewman (Senior Statutory Auditor)
for and on behalf of KPMG Audit LLP, Statutory Auditor

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

2 September 2014

Financial Statements
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2014

	Notes	2013/14 Underlying £000	2013/14 Non-underlying £000	2013/14 Total £000	2012/13 (re-stated)* Underlying £000	2012/13 (re-stated)* Non-underlying £000	2012/13 (re-stated)* Total £000
Revenue	3,4	**113,402**	**–**	**113,402**	116,769	–	116,769
Cost of sales		**(82,778)**	**–**	**(82,778)**	(86,087)	–	(86,087)
Gross profit		**30,624**	**–**	**30,624**	30,682	–	30,682
Net operating expenses before non-underlying items		**(23,846)**	**–**	**(23,846)**	(24,033)	–	(24,033)
Brand amortisation	5	**–**	**(268)**	**(268)**	–	(273)	(273)
IAS19 (revised) – pension scheme administration costs	5	**–**	**(452)**	**(452)**	–	(400)	(400)
Restructuring and acquisition costs	5	**–**	**–**	**–**	–	(814)	(814)
Impairment	5,13	**–**	**–**	**–**	–	(625)	(625)
Net operating expenses		**(23,846)**	**(720)**	**(24,566)**	(24,033)	(2,112)	(26,145)
Operating profit	4	**6,778**	**(720)**	**6,058**	6,649	(2,112)	4,537
Finance income	8	**10**	**–**	**10**	16	–	16
Finance expenses	8	**(531)**	**(448)**	**(979)**	(783)	(996)	(1,779)
Profit before taxation		**6,257**	**(1,168)**	**5,089**	5,882	(3,108)	2,774
Tax (expense)/income	9	**(1,514)**	**466**	**(1,048)**	(1,512)	624	(888)
Profit for the year		**4,743**	**(702)**	**4,041**	4,370	(2,484)	1,886
Other comprehensive income							
Items that will not be recycled to profit or loss:							
Actuarial (loss)/gain on defined benefit pensions	23			**(9,350)**			3,597
Tax on actuarial loss/(gain) on defined benefit pensions	9			**1,618**			(924)
				(7,732)			2,673
Items that are or may be recycled subsequently to profit or loss:							
Effective portion of changes in fair value of cash flow hedges				**(70)**			5
Exchange differences on retranslation of foreign operations				**(19)**			15
Tax on cash flow hedge	9			**20**			5
				(69)			25
Other comprehensive (loss)/income for the year, net of tax				**(7,801)**			2,698
Total comprehensive (loss)/income for the year, net of tax				**(3,760)**			4,584
Earnings per share				**Pence**			Pence
Basic earnings per share	11			**11.3**			5.3
Diluted earnings per share	11			**11.2**			5.3

*Pension costs in 2012/13 have been re-stated in accordance with IAS19 (revised), which became effective this financial year. Further details are provided in note 2.

Consolidated Statement of Financial Position

At 30 June 2014

	Notes	**2014 £000**	**2014 £000**	2013 £000	2013 £000
Assets					
Non-current assets					
Property, plant and equipment	12	**12,039**		12,872	
Goodwill	13	**16,488**		16,488	
Other intangible assets	14	**2,770**		2,976	
Financial asset investments	15	**17**		17	
Deferred tax assets	9	**3,584**		2,314	
			34,898		34,667
Current assets					
Inventories	16	**12,523**		12,131	
Biological assets	17	**171**		163	
Trade and other receivables	18	**23,693**		23,529	
Cash and cash equivalents	28	**2,224**		9,147	
Derivative financial assets	22	**40**		63	
			38,651		45,033
Total assets			**73,549**		79,700
Liabilities					
Non-current liabilities					
Interest bearing loans and borrowings	21,28	**(9,890)**		(16,834)	
Employee benefits payable	23	**(17,922)**		(10,062)	
Provisions	24	**(1,047)**		(572)	
Deferred tax liabilities	9	**(1,220)**		(1,515)	
			(30,079)		(28,983)
Current liabilities					
Trade and other payables	19	**(25,694)**		(27,162)	
Provisions	24	**(221)**		(528)	
Income tax payable		**(445)**		(584)	
Derivative financial liabilities	22	**(68)**		–	
			(26,428)		(28,274)
Total liabilities			**(56,507)**		(57,257)
Net assets			**17,042**		22,443
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	**(62)**		(12)	
Foreign currency reserve	26	**32**		51	
Profit and loss account reserve		**12,728**		18,060	
Total equity			**17,042**		22,443

G P Hooper
Director

A Magson
Director

2 September 2014

Company number 1767387

Financial Statements

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Notes	**2013/14 £000**	2012/13 (re-stated) £000
Operating activities			
Operating profit		**6,058**	4,537
Adjustments for:			
Depreciation	12	**2,059**	2,331
Amortisation	14	**381**	543
Impairment	13	**–**	625
Gain on disposal of property, plant and equipment		**(3)**	(67)
(Increase)/decrease in inventories		**(394)**	2,236
Increase in biological assets		**(8)**	(72)
(Increase)/decrease in receivables		**(164)**	3,188
Decrease in trade and other payables		**(998)**	(1,835)
Movement in provisions		**168**	15
Cash contributions to retirement benefit schemes	23	**(1,992)**	(1,992)
Share based payments		**34**	–
Cash generated from operations		**5,141**	9,509
Tax paid		**(1,114)**	(267)
Net cash inflow from operating activities		**4,027**	9,242
Investing activities			
Purchase of property, plant and equipment		**(1,319)**	(1,476)
Payments to acquire intangible fixed assets		**(175)**	(43)
Proceeds from sales of property, plant and equipment		**10**	83
Acquisition of subsidiary, net of cash acquired	13	**(320)**	(399)
Interest received		**10**	16
Net cash outflow from investing activities		**(1,794)**	(1,819)
Financing activities			
Interest paid		**(465)**	(764)
Equity dividends paid		**(1,675)**	(1,069)
Repayment of amounts borrowed	28	**(7,000)**	(3,000)
Net cash outflow from financing activities		**(9,140)**	(4,833)
Net (decrease)/increase in cash and cash equivalents	28	**(6,907)**	2,590
Net cash and cash equivalents brought forward		**9,147**	6,550
Effect of foreign exchange rate changes		**(16)**	7
Net cash and cash equivalents carried forward	28	**2,224**	9,147
Net cash and cash equivalents comprise:			
Cash and cash equivalents	28	**2,224**	9,147

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	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 2012		4,517	445	(618)	(22)	36	14,570	18,928
Profit for the period		–	–	–	–	–	1,886	1,886
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		–	–	–	–	–	2,673	2,673
Dividends	10	–	–	–	–	–	(1,069)	(1,069)
At 1 July 2013		4,517	445	(618)	(12)	51	18,060	22,443
Profit for the period		**–**	**–**	**–**	**–**	**–**	**4,041**	**4,041**
Exchange differences on retranslation of foreign operations		**–**	**–**	**–**	**–**	**(19)**	**–**	**(19)**
Net loss on cash flow hedges		**–**	**–**	**–**	**(70)**	**–**	**–**	**(70)**
Tax on derivative financial liability		**–**	**–**	**–**	**20**	**–**	**–**	**20**
Actuarial loss on defined benefit pensions, net of tax		**–**	**–**	**–**	**–**	**–**	**(7,732)**	**(7,732)**
Dividends	10	**–**	**–**	**–**	**–**	**–**	**(1,675)**	**(1,675)**
Share based payments	27	**–**	**–**	**–**	**–**	**–**	**34**	**34**
At 30 June 2014		**4,517**	**445**	**(618)**	**(62)**	**32**	**12,728**	**17,042**

Financial Statements
Notes to the Consolidated Financial Statements
For the year ended 30 June 2014

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 2014, 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 Strategic Report on pages 1 to 19. The financial position of the group, its cashflows and liquidity position are set out in these financial statements. Details of the group's 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 2014 the group's net indebtedness was £7.7 million (2013: £7.7 million).

On the basis of the group's financing facilities, pension deficit recovery plan commitments, 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, except as noted below, which are the new standards or amendments to standards mandatory for the first time for the financial year beginning 1 July 2013 that have had an impact on the group or company financial statements:

The group has adopted amendments to IAS19 (revised) Employee Benefits in the current financial year and has re-stated the prior year's results accordingly, reducing PBT by £628,000 and increasing the actuarial gain in Other comprehensive income by the same amount. There was no impact on the statement of financial position. As a consequence, the group has changed its accounting policies with respect to the basis for accounting for finance income/expense on the value of the defined benefit pension schemes' assets/liabilities and with respect to the costs of administering defined benefit pension schemes. The group now determines finance income/expense for the period relating to defined benefit pension schemes by applying the discount rate used for valuing the schemes' liabilities to the value of the net pension asset/liability at the beginning of the year. Previously, the group calculated finance income by applying the expected return on assets to the value of the schemes' assets at the beginning of the year and finance expense by applying the discount rate to the value of the schemes' liabilities at the beginning of the year (taking in to account any changes during the period as a result of contributions and benefit payments). Additionally, the expense of administering the pension schemes is now charged separately to operating profit within the income statement. Previously it was accounted for as a reduction in the expected return on schemes' assets.

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.

2 Summary of significant accounting policies (continued)

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, the measurement and valuation of defined benefit pension obligations and, to a lesser degree, recognition of revenues and profit on construction contracts.

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, mortality rates and the selection of a suitable discount rate (see note 23).

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.

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	up to 10 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.

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2 Summary of significant accounting policies (continued)

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 FRS15, 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.

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.

2 Summary of significant accounting policies (continued)

Biological assets

Biological assets relate to the value of horticultural inventories at Blackdown Greenroofs, 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 group determines finance income/expense for the period relating to defined benefit pension schemes by applying the discount rate used for valuing the schemes' liabilities to the value of the net pension liability at the beginning of the year.

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

The expense of administering the pension schemes is recognised in the statement of comprehensive income.

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.

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2 Summary of significant accounting policies (continued)

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.

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.

2 Summary of significant accounting policies (continued)

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.

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 statement of financial position 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 group has considered all new standards and interpretations that are endorsed but not effective at the year end and views that there will be no significant impact on the financial statements next year.

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3 Revenue

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

	2013/14 £000	2012/13 (re-stated) £000
Revenue arising from:		
Sales of goods	**90,468**	87,450
Sales of tooling	**1,679**	2,384
Recognised on construction contracts	**21,255**	26,935
Revenue (per statement of comprehensive income)	**113,402**	116,769
Rental income	**70**	147
Finance income (note 8)	**10**	16
Total revenue	**113,482**	116,932

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 2013/14

	Revenue			
	External £000	**Inter-segment £000**	**Total £000**	**Segmental Operating Result £000**
Solar Shading & Screening	16,339	–	16,339	507
Roofing & Walling	26,927	–	26,927	2,929
Energy Management	**43,266**	**–**	**43,266**	**3,436**
Construction Products	15,534	–	15,534	1,676
Rainwater, Drainage & Other	24,626	60	24,686	3,196
Water Management & Other	**40,160**	**60**	**40,220**	**4,872**
Building Products	**83,426**	**60**	**83,486**	**8,308**
Alumasc Precision	29,976	1,068	31,044	(198)
Engineering Products	**29,976**	**1,068**	**31,044**	**(198)**
Elimination/Unallocated costs	–	(1,128)	(1,128)	(1,332)
Total	**113,402**	**–**	**113,402**	**6,778**

	£000
Segmental operating result	6,778
Brand amortisation	(268)
IAS19 (revised) – pension scheme administration costs	(452)
Total operating profit	**6,058**

4 Segmental analysis (continued)

Analysis by reportable segment 2013/14 (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	17,914	(4,818)	16	50	49	168
Roofing & Walling	12,387	(6,208)	203	12	132	10
Energy Management	**30,301**	**(11,026)**	**219**	**62**	**181**	**178**
Construction Products	7,291	(2,947)	211	97	176	38
Rainwater, Drainage & Other	13,095	(5,319)	378	7	460	133
Water Management & Other	**20,386**	**(8,266)**	**589**	**104**	**636**	**171**
Building Products	**50,687**	**(19,292)**	**808**	**166**	**817**	**349**
Alumasc Precision	16,791	(6,643)	424	8	1,017	19
Engineering Products	**16,791**	**(6,643)**	**424**	**8**	**1,017**	**19**
Unallocated	6,071	(30,572)	1	1	225	13
Total	**73,549**	**(56,507)**	**1,233**	**175**	**2,059**	**381**

Analysis by reportable segment 2012/13

	Revenue: External £000	Revenue: Inter-segment £000	Revenue: 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 & Other	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)
IAS19 (revised) – pension scheme administration costs	(400)
Restructuring and acquisition costs	(814)
Impairment	(625)
Total operating profit	**4,537**

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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 & Other	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 geographical segment 2013/14

	United Kingdom £000	Europe £000	North America £000	Middle East £000	Far East £000	Rest of World £000	Total £000
Sales to external customers	**91,607**	**9,003**	**7,642**	**1,795**	**2,342**	**1,013**	**113,402**
Segment non-current assets	**31,279**	**–**	**–**	**–**	**35**	**–**	**31,314**

Analysis by geographical segment 2012/13

	United Kingdom £000	Europe £000	North America £000	Middle East £000	Far East £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

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 Non-underlying items

	2013/14 £000	2012/13 (re-stated) £000
Brand amortisation	**(268)**	(273)
IAS19 (revised) – pension scheme administration costs	**(452)**	(400)
IAS19 (revised) – net pension scheme finance costs (note 8)	**(448)**	(996)
Restructuring and acquisition costs	**–**	(814)
Impairment	**–**	(625)
	(1,168)	(3,108)

Restructuring and acquisition costs in the prior year related to both restructuring and redundancy costs and the costs of acquiring Rainclear Systems Limited.

The impairment charge in the prior year of £625,000 related to a partial write down of the carrying value of goodwill in Blackdown Greenroofs. Goodwill relating to Blackdown Greenroofs was reduced from £1,251,000 to £626,000 at 31 December 2012.

6 Expenses by nature

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

	2013/14 **£000**	2012/13 (re-stated) £000
Raw materials and consumables	**57,425**	59,207
Depreciation of property, plant and equipment	**2,059**	2,331
Intangible assets amortisation	**113**	270
Brand amortisation	**268**	273
Impairment	**–**	625
Gain on disposal of property, plant and equipment	**(3)**	(67)
Foreign exchange losses	**75**	20
Employee benefit expense	**26,530**	26,011
Pension scheme administration costs	**452**	400
Operating lease payments - plant	**1,122**	768
Income from property operating leases	**(70)**	(147)
Research and development	**236**	291
Auditors' remuneration:		
Audit of these financial statements	**56**	56
Audit of financial statements of subsidiaries pursuant to legislation	**91**	94
Other assurance services	**–**	1
Other operating charges	**18,990**	22,099
	107,344	112,232

7 Employee costs and numbers

	2013/14 **£000**	2012/13 (re-stated) £000
Employee benefit expense:		
Wages and salaries	**23,524**	23,041
Social security	**2,422**	2,360
Pension costs (note 23)		
– defined contribution plans	**584**	610
– IAS19 (revised) – pension scheme administration costs	**452**	400
– IAS19 (revised) – net pension scheme finance costs	**448**	996
	27,430	27,407

Pension costs include total defined benefit pension scheme costs of £900,000 (2012/13: £1,396,000).

	2013/14 **Number**	2012/13 Number
Average number of employees:		
Building products	**464**	449
Engineering products	**311**	319
	775	768

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8 Net finance costs

		2013/14 £000	2012/13 (re-stated) £000
Finance income	– Bank interest	**(10)**	(16)
Finance costs	– Bank loans and overdrafts	**68**	106
	– Revolving credit facility	**463**	677
		531	783
	– IAS19 (revised) – net pension scheme finance costs	**448**	996
		979	1,779

9 Tax expense

(a) Tax on profit on ordinary activities

Tax charged in the statement of comprehensive income

	2013/14 £000	2012/13 (re-stated) £000
Current tax:		
UK corporation tax charge	**971**	909
Overseas tax	**30**	40
Amounts over provided in previous years	**(26)**	(21)
Total current tax	**975**	928
Deferred tax:		
Origination and reversal of temporary differences	**249**	1
Rate change adjustment	**(176)**	(41)
Total deferred tax	**73**	(40)
Total tax expense	**1,048**	888

Tax recognised in other comprehensive income		
Deferred tax:		
Actuarial (losses)/gains on pension schemes	**(1,618)**	924
Cash flow hedge	**(20)**	(5)
Tax (credited)/charged to other comprehensive income	**(1,638)**	919
Total tax (credit)/charge in the statement of comprehensive income	**(590)**	1,807

(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 20.6% is lower than (2012/13: 32.0% was higher than) the standard rate of corporation tax in the UK of 22.5% (2012/13: 23.75%). The differences are reconciled below:

	2013/14 £000	2012/13 (re-stated) £000
Profit before taxation	**5,089**	2,774
Current tax at the UK standard rate of 22.5% (2012/13: 23.75%)	**1,145**	659
Expenses not deductible for tax purposes	**105**	291
Rate change adjustment	**(176)**	(41)
Tax over provided in previous years – corporation tax	**(26)**	(21)
	1,048	888

9 Tax expense (continued)

(c) Unrecognised tax losses

The group has agreed tax capital losses in the UK amounting to £21 million (2013: £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 (2013: £1 million). These may be offset against the capital losses detailed above, therefore net capital losses carried forward amount to £20 million (2013: £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 2012	1,094	(43)	624	19	1,694	(3,489)
(Credited)/charged to the statement of comprehensive income – current year	(201)	(1)	(89)	–	(291)	251
Debited/(credited) to equity	–	–	–	(5)	(5)	924
Acquired in business combination	2	–	115	–	117	–
At 1 July 2013	895	(44)	650	14	1,515	(2,314)
(Credited)/charged to the statement of comprehensive income – current year	**(171)**	**34**	**(138)**	**–**	**(275)**	**348**
Credited to equity	**–**	**–**	**–**	**(20)**	**(20)**	**(1,618)**
At 30 June 2014	**724**	**(10)**	**512**	**(6)**	**1,220**	**(3,584)**

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 £4.0 million (2013: £4.6 million) have not been recognised in respect of net capital losses of £20 million (2013: £20 million).

(e) Factors affecting the tax charge in future periods

The Finance Bill 2013, which includes the reduction in the UK corporation tax rate to 21% with effect from 1 April 2014 and to 20% 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 20% substantively enacted at the balance sheet date.

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10 Dividends

	2013/14 £000	2012/13 £000
Interim dividend for 2014 of 2.2p paid on 8 April 2014	**784**	–
Final dividend for 2013 of 2.5p paid on 31 October 2013	**891**	–
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
	1,675	1,069

A final dividend of 2.8p per equity share, at a cash cost of £998,000, has been proposed for the year ended 30 June 2014, payable on 5 November 2014. 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:

	2013/14 £000	2012/13 (re-stated) £000
Profit attributable to equity holders of the parent	**4,041**	1,886

	000s	000s
Basic weighted average number of shares	**35,648**	35,648
Dilutive potential ordinary shares – employee share options	**447**	–
	36,095	35,648

Calculation of underlying earnings per share:

	2013/14 £000	2012/13 (re-stated) £000
Profit before taxation	**5,089**	2,774
Add: brand amortisation	**268**	273
Add: IAS19 (revised) – pension scheme administration costs	**452**	400
Add: IAS19 (revised) – net pension scheme finance costs	**448**	996
Add: restructuring and acquisition costs	**–**	814
Add: impairment	**–**	625
Underlying profit before taxation	**6,257**	5,882
Tax at underlying group tax rate of 24.2% (2012/13: 25.7%)	**(1,514)**	(1,512)
Underlying earnings	**4,743**	4,370
Basic weighted average number of shares	**35,648**	35,648
Underlying earnings per share	**13.3p**	12.3p

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 2012	10,748	235	430	36,145	47,558
Acquisitions through business combinations	–	–	–	18	18
Additions	119	–	15	1,241	1,375
Disposals	(17)	–	–	(1,357)	(1,374)
At 1 July 2013	10,850	235	445	36,047	47,577
Additions	**124**	**–**	**19**	**1,090**	**1,233**
Disposals	**–**	**–**	**(24)**	**(895)**	**(919)**
At 30 June 2014	**10,974**	**235**	**440**	**36,242**	**47,891**
Accumulated depreciation and impairment losses:					
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 1 July 2013	5,020	161	386	29,138	34,705
Depreciation charge for year	**335**	**20**	**26**	**1,678**	**2,059**
On disposals	**–**	**–**	**(24)**	**(888)**	**(912)**
At 30 June 2014	**5,355**	**181**	**388**	**29,928**	**35,852**
Net book value at 30 June 2014	**5,619**	**54**	**52**	**6,314**	**12,039**
Net book value at 30 June 2013	5,830	74	59	6,909	12,872
Net book value at 1 July 2012	6,067	81	68	7,610	13,826

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13 Goodwill

	2014 £000	2013 £000
Cost:		
At 1 July	**17,211**	16,986
Acquisition of Rainclear Systems	**–**	225
At 30 June	**17,211**	17,211
Impairment:		
At 1 July	**723**	98
Impairment	**–**	625
At 30 June	**723**	723
Net book value at 30 June	**16,488**	16,488

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

	2014 £000	2013 £000
Building Products division:		
Roof-Pro	**3,194**	3,194
Timloc	**2,264**	2,264
Levolux	**10,179**	10,179
Blackdown	**626**	626
Rainclear Systems	**225**	225
At 30 June	**16,488**	16,488

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% (2013: 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% (2013: 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 2014 was similar to the rate used in 2013. The surplus headroom above the carrying value of goodwill at 30 June 2014 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 Roof-Pro and Blackdown, both of which have been impacted by the recent recession and were recently restructured to improve business performance and financial returns.

Roof-Pro'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 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. Should revenue growth or margin assumptions prove to be optimistic, the cost base of the business could be adjusted, at least to some extent, to compensate.

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. Should revenue growth or margin assumptions prove to be optimistic, the cost base of the business could be adjusted, at least to some extent, to compensate.

Business combinations

Rainclear Systems Limited
On 30 November 2012 the group acquired 100% of the ordinary shares of Rainclear Systems Limited ("Rainclear") for gross cash consideration of £1,171,000. This comprised an enterprise value of £719,000, plus £452,000 of cash acquired. The gross cash consideration was settled by an initial payment of £851,000 in 2012/13, plus deferred consideration of £320,000 in 2013/14 following achievement of earn-out targets set at acquisition.

An analysis of the 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 in 2012/13			851
Deferred consideration settled in cash in 2013/14			320
			1,171
Less cash acquired			(452)
Enterprise value			719

The fair value of certain assets and liabilities associated with the purchase of Rainclear were provisional for the 2013 year end and have now been finalised with no adjustments required.

From the date of acquisition to 30 June 2013 (seven months), Rainclear reported a profit of £118,000 which, after the acquisition accounting adjustment relating to the reversal of the fair value adjustment that revalued inventory 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 that year, on 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 2012	4,015	166	2,082	6,263
Acquisition of subsidiaries	500	–	–	500
Additions	–	–	43	43
Disposals	–	–	(7)	(7)
At 1 July 2013	4,515	166	2,118	6,799
Additions	**–**	**–**	**175**	**175**
Disposals	**–**	**–**	**(110)**	**(110)**
At 30 June 2014	**4,515**	**166**	**2,183**	**6,864**
Accumulated amortisation:				
At 1 July 2012	1,414	166	1,707	3,287
Amortisation for the year	273	–	270	543
On disposals	–	–	(7)	(7)
At 1 July 2013	1,687	166	1,970	3,823
Amortisation for the year	**268**	**–**	**113**	**381**
On disposals	**–**	**–**	**(110)**	**(110)**
At 30 June 2014	**1,955**	**166**	**1,973**	**4,094**
Net book value at 30 June 2014	**2,560**	**–**	**210**	**2,770**
Net book value at 30 June 2013	2,828	–	148	2,976
Net book value at 1 July 2012	2,601	–	375	2,976

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

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

The Blackdown brand is fully amortised.

15 Financial asset investments

	£000
Cost:	
At 1 July 2013 and 30 June 2014	**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

	2014 £000	2013 £000
Raw materials	**3,489**	4,084
Work in progress	**2,823**	3,225
Finished goods	**6,211**	4,822
	12,523	12,131

During the year the group's inventory provision increased by £108,000 (2013: increased by £72,000). At 30 June 2014 the group's inventory provision was £1,248,000 (2013: £1,140,000).

17 Biological assets

	2014 £000	2013 £000
At 1 July	**163**	91
Increases from purchases	**40**	62
Decreases from sales	**(32)**	(35)
Gain from change in fair value less costs to sell	**6**	57
Decrease due to natural damage	**(6)**	(12)
At 30 June	**171**	163

18 Trade and other receivables

	2014 £000	2013 £000
Trade receivables	**16,798**	16,596
Construction contracts	**4,089**	4,755
Other receivables	**470**	400
Prepayments and accrued income	**2,336**	1,778
	23,693	23,529

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 2014, trade receivables at nominal value of £204,000 (2013: £318,000) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	2014 £000	2013 £000
At 1 July	**318**	408
Acquisition of subsidiaries	**–**	6
(Credit)/charge for the year	**(94)**	181
Amounts written off	**(20)**	(277)
At 30 June	**204**	318

Included within the total provision for impairment is £107,000 (2013: £153,000) in relation to provisions against construction contracts.

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19 Trade and other payables

	2014 £000	2013 £000
Trade payables	**18,620**	17,942
Other taxation and social security	**1,547**	1,980
Other payables	**997**	1,012
Construction deposits received on account	**226**	148
Accruals	**2,545**	2,941
Deferred income	**1,759**	2,819
Deferred consideration	**–**	320
	25,694	27,162

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.

For contracts in progress at 30 June 2014, the amount of contract costs incurred plus recognised profits less recognised losses to date, i.e. contract revenue recognised, was £22,812,000 (2013: £16,918,000). These contracts were on average 70% complete at 30 June 2014 (2013: 60%). The level of payments received in advance of profit recognised at 30 June 2014 was £nil (2013: £912,000).

21 Borrowings

	2014 £000	2013 £000
Non-current liabilities:		
Non-current instalments due on bank loan	**9,890**	16,834

The bank loan outstanding at 30 June 2014 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 (i.e. before non-recurring items), to be at least four times; and net debt as a multiple of underlying EBITDA (i.e. before non-recurring items) to be below three times. Group interest cover was 17.2 times at 30 June 2014 (2013: 12.0 times) whilst the net debt multiple was 1.0 times at 30 June 2014 (2013: 1.0 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 2014		30 June 2013	
	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	**2,224**	**2,224**	9,147	9,147
Trade receivables	**16,798**	**16,798**	16,596	16,596
Construction contracts	**4,089**	**4,089**	4,755	4,755
Other receivables	**470**	**470**	400	400
Derivative financial assets	**40**	**40**	63	63
	23,638	**23,638**	30,978	30,978
Financial liabilities:				
Bank loans	**9,890**	**9,890**	16,834	16,834
Trade and other payables	**23,841**	**23,841**	25,034	25,034
Derivative financial liabilities	**68**	**68**	–	–
	33,799	**33,799**	41,868	41,868

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 2014 and 2013 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 2014	**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	**–**	**160**	**512**	**10,507**	**11,179**
Trade and other payables	**2,525**	**20,828**	**480**	**8**	**23,841**
	2,525	**20,988**	**992**	**10,515**	**35,020**

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

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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 (2013: £23 million) of banking facilities. The facilities comprise a committed £20 million revolving credit facility (2013: £20 million), and unsecured overdraft facilities of £3 million (2013: £3 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 2014 was £7.7 million (2013: £7.7 million), equivalent to 38% (2013: 39%) of committed debt facilities (excluding the finance lease facility), and 33% (2013: 33%) of total debt facilities (excluding the finance lease facility).

Details of the group's policies and procedures for managing capital are given within the Financial Review on page 15.

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

	2014 £000	2013 £000
Floating rate interest bearing financial liabilities:		
In two to five years	**9,890**	16,834

The group continues to hold a three year £5.0 million interest rate cap and a five year £7.5 million interest rate cap, both of which run coterminously with the group's committed banking facility expiring in 2016. 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 marginal pre-tax cost of debt finance at interest rates in place at 30 June 2014 is approximately 3.7% (2013: 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
2014	**Increase**	**+300**	**(365)**
	Decrease	**–50**	**61**
2013	Increase	+300	(336)
	Decrease	–50	56

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, other than the Caterpillar Group, which represented approximately 12% of group sales in the 2013/14 financial year (2012/13: 9%). 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 prior 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 2014	**Total £000**	**Not past due £000**	**< 30 days £000**	**30-60 days £000**	**60-90 days £000**	**> 90 days £000**
Trade receivables	**16,798**	**12,278**	**3,516**	**647**	**198**	**159**
Construction contracts	**4,089**	**2,695**	**453**	**311**	**236**	**394**
Other receivables	**470**	**400**	**36**	**34**	**–**	**–**
	21,357	**15,373**	**4,005**	**992**	**434**	**553**

			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

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 2014 or 30 June 2013 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:

			2014			2013
	Receivable 000	**Payable 000**	**Cash 000**	Receivable 000	Payable 000	Cash 000
Euros	**896**	**(337)**	**218**	309	(317)	176
US Dollars	**1,620**	**(1,799)**	**247**	844	(2,640)	958
Hong Kong Dollars	**198**	**(18)**	**1,509**	2,688	(16)	4,889
Chinese Yuan	**1,710**	**(307)**	**978**	1,684	(5,446)	877

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22 Financial instruments (continued)

Foreign currency risk (continued)

The following table demonstrates the impact on the group's profit after tax and equity when the fair value of monetary assets 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
2014	**Increase**	**+10%**	**(195)**	**(106)**	**(12)**	**(26)**
	Decrease	**–10%**	**238**	**129**	**14**	**31**
2013	Increase	+10%	50	(13)	(58)	28
	Decrease	–10%	(61)	16	71	(34)

Hedging activities

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

	2014 £000	2013 £000
Interest rate cap instruments	**40**	61
Forward foreign exchange contracts	**(68)**	2
	(28)	63

At 30 June 2014 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 in addressing the risk intended.

At 30 June 2014 the group had forward foreign exchange contracts with principal amounts equivalent to £2,599,000 (2013: £133,000). 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, £584,000 (2013: £610,000) was in respect of defined contribution schemes. At 30 June 2014 there was an accrual of £21,000 payable in respect of defined contribution schemes (2013: £74,000).

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.

Following the conclusion of the 2013 triennial actuarial review in the 2013/14 financial year, deficit reduction contributions will increase from £2.0 million to £2.5 million per year, with effect from 1 July 2014. Further details are given in the Financial Review on pages 14 and 15.

Disclosures in accordance with IAS19 (Revised) 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 (Revised) valuations are set out below:

	The Alumasc Group Scheme 2014 %	**The Benjamin Priest Group Scheme 2014 %**	The Alumasc Group Scheme 2013 %	The Benjamin Priest Group Scheme 2013 %
Discount rate	**4.3**	**4.3**	4.8	4.8
Expected rate of deferred pension increases	**2.5**	**2.5**	2.3	2.3
Future pension increases	**1.8 – 3.8**	**1.8 – 3.8**	1.7 - 3.7	1.7 - 3.7
Retail Price Index inflation rate	**3.3**	**3.3**	3.1	3.1
Consumer Price Index inflation rate	**2.5**	**2.5**	2.3	2.3
	Years	**Years**	Years	Years
Post retirement mortality				
Current pensioners at 65 – male	**22.3**	**21.5**	22.2	21.4
Current pensioners at 65 – female	**23.7**	**22.9**	24.6	23.7
Future pensioners at 65 in 2034 – male	**24.1**	**23.2**	23.8	22.9
Future pensioners at 65 in 2034 – female	**24.8**	**23.9**	25.2	24.3

A discount rate of 4.3% has been used in calculating the present value of liabilities of the pension schemes at 30 June 2014. A 0.1% change to this rate would have changed the present value of the pension fund liabilities at that date by approximately £1,440,000 before tax.

A Retail Price Index inflation rate of 3.3% and a Consumer Price Index inflation rate of 2.5% has been used in calculating the present value of liabilities of the pension schemes at 30 June 2014. A 0.1% change to these rates would have changed the present value of the pension fund liabilities at that date by approximately £680,000 before tax.

In valuing the liabilities of the pension schemes at 30 June 2014, 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 2014 would have increased by approximately £4,020,000 before tax.

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For the year ended 30 June 2014

23 Retirement benefit obligations (continued)

(a) The group's pension schemes (continued)

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

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Scheme assets at fair value:					
Equities	**40,949**	34,503	31,475	37,422	30,098
Government bonds	**8,224**	11,417	11,823	10,836	10,185
Corporate bonds and insured annuities	**10,302**	9,738	10,145	8,889	8,437
Absolute return fund	**21,557**	26,948	23,646	24,215	22,650
Property	**4,762**	672	719	1,185	1,140
Cash	**779**	672	2,077	2,117	3,496
	86,573	83,950	79,885	84,664	76,006
Present value of scheme liabilities	**(104,495)**	(94,012)	(94,424)	(87,517)	(87,632)
Defined benefit pension deficit	**(17,922)**	(10,062)	(14,539)	(2,853)	(11,626)

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:

	2013/14 £000	2012/13 (re-stated) £000
Included in net finance cost:		
Net pension scheme finance costs	**(448)**	(996)
Administration costs	**(452)**	(400)
	(900)	(1,396)
Included in other comprehensive income:		
Actuarial gain on plan assets	**1,894**	3,859
Actuarial loss on retirement benefit obligations	**(11,244)**	(262)
	(9,350)	3,597
Total recognised in the statement of comprehensive income	**(10,250)**	2,201

The actual return on plan assets for 2013/14 was a gain of £5,848,000 (2012/13: gain of £6,622,000).

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

	2013/14 £000	2012/13 (re-stated) £000
At 1 July	**(94,012)**	(94,424)
Administration costs	**(452)**	(400)
Interest cost	**(4,402)**	(3,759)
Administrative expenses	**398**	284
Benefits paid	**5,217**	4,549
Actuarial loss	**(11,244)**	(262)
At 30 June	**(104,495)**	(94,012)

23 Retirement benefit obligations (continued)

(a) The group's pension schemes (continued)

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

	2013/14 **£000**	2012/13 (re-stated) £000
At 1 July	**83,950**	79,885
Expected return on plan assets	**3,954**	2,763
Actuarial gain	**1,894**	3,859
Contributions by employer	**2,390**	2,276
Administrative expenses	**(398)**	(284)
Defined benefit actual benefit payments	**(5,217)**	(4,549)
At 30 June	**86,573**	83,950

During the year ended 30 June 2014 £1,992,000 of contributions to the scheme deficit were paid into the defined benefit plans (2013: £1,992,000) to eliminate the past service shortfall over ten years. Further contributions of £398,000 (2013: £284,000) 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 £9,865,000 (2012/13: losses of £515,000).

24 Provisions

	Dilapidations £000 Note (i)	Warranty £000 Note (ii)	Restructuring £000 Note (iii)	Total £000
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 1 July 2013	591	302	207	1,100
Charge for the year	**404**	**29**	**12**	**445**
Utilised	**(54)**	**(4)**	**(219)**	**(277)**
At 30 June 2014	**941**	**327**	**–**	**1,268**

At 30 June 2014				
Current liabilities	**–**	**221**	**–**	**221**
Non-current liabilities	**941**	**106**	**–**	**1,047**
	941	**327**	**–**	**1,268**
At 30 June 2013				
Current liabilities	125	196	207	528
Non-current liabilities	466	106	–	572
	591	302	207	1,100

(i) Dilapidations
The provision is in respect of a number of the group's leased properties where the group has obligations to make good dilapidations.

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

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

(iii) Restructuring
The provision for restructuring costs related mainly to the Roofing & Walling operating segment.

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

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For the year ended 30 June 2014

25 Called up share capital

	2014 £000	2013 £000
Allotted, called up and fully paid:		
36,133,558 (2013: 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 (2013: 485,171) ordinary own shares held by the company. The market value of shares at 30 June 2014 was £565,224 (2013: £446,357). 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 33 to 44.

	As at 1 July 2013	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 2014**	Weighted average exercise price (pence)
LTIP (i)	982,415	n/a	289,882	n/a	–	n/a	(360,108)	n/a	**912,189**	n/a
ESOS (ii)	519,878	1.18	170,000	1.29	–	–	(136,000)	1.25	**553,878**	1.19

	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

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

ESOS

For the share options outstanding at 30 June 2014 the weighted average remaining contractual life is 1.4 years (30 June 2013: 1.6 years). The exercise price of the options outstanding ranges between 80p and 180p. 34,000 share options are exercisable at 30 June 2014 (30 June 2013: 60,000) with a weighted average option price of 180p (2013: 177p).

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.

27 Share based payments (continued)

Fair value of awards (continued)

	ESOS		LTIP	
	Black Scholes 2014	Black Scholes 2013	**Black Scholes & Binomial 2014**	Black Scholes & Binomial 2013
Share price at grant date	**127p**	97p	**127p**	97p
Exercise price	**129p**	80p	**nil**	nil
Expected volatility	**35%**	35%	**35%**	35%
Expected life (years)	**3**	3	**3**	3
Risk free rate	**1.0%**	0.5%	**1.0%**	0.5%
Dividend yield at date of grant	**3.3%**	2.3%	**3.3%**	2.3%
Fair value per option	**25p**	16p	**115p**	91p

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 2014 was £34,000 (2012/13: £nil).

28 Movement in net borrowings

	Cash and bank overdrafts £000	**Bank loans £000**	**Net borrowings £000**
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 1 July 2013	9,147	(16,834)	(7,687)
Cash flow movements	**(6,907)**	**7,000**	**93**
Non-cash movements	**–**	**(56)**	**(56)**
Effect of foreign exchange rates	**(16)**	**–**	**(16)**
At 30 June 2014	**2,224**	**(9,890)**	**(7,666)**

29 Financial commitments

(i) Capital commitments

At 30 June 2014, £156,000 (2013: £211,000) of capital expenditure had been authorised and £53,000 (2013: £211,000) 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 2013/14 £000	**Plant and vehicles 2013/14 £000**	Property 2012/13 £000	Plant and vehicles 2012/13 £000
Less than one year	**913**	**564**	823	497
Between one and five years	**912**	**936**	1,106	486
After five years	**1,107**	**25**	1,177	–
	2,932	**1,525**	3,106	983

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For the year ended 30 June 2014

29 Financial commitments (continued)

(ii) Operating lease commitments (continued)

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

	Property 2013/14 £000	Property 2012/13 £000
Less than one year	**32**	38
Between one and five years	**–**	–
	32	38

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	
			2014	2013
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
Alumasc Precision Limited	Engineering 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 33 to 44.

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

31 Contingent liabilities

At the balance sheet date there existed contingent liabilities amounting to £1,300,000 (2013: £1,308,000) in relation to outstanding Guarantees and £187,000 (2013: £236,000) in relation to outstanding Performance Bonds.

Company Balance Sheet

At 30 June 2014

	Notes	**2014 £000**	2013 £000
Fixed assets			
Tangible assets	4	**2,440**	2,546
Investments in subsidiary undertakings	5	**74,522**	74,522
		76,962	77,068
Current assets			
Debtors	6	**1,488**	563
Financial assets	7	**40**	61
Cash		**–**	13
		1,528	637
Creditors: amounts falling due within one year	8	**(16,984)**	(11,394)
Net current liabilities		**(15,456)**	(10,757)
Total assets less current liabilities		**61,506**	66,311
Creditors: amounts falling due in more than one year	9	**(16,690)**	(23,634)
Deferred tax liabilities	10	**(17)**	(26)
Provisions for liabilities	11	**(59)**	–
Pension liability	12	**(663)**	(363)
Net assets		**44,077**	42,288
Capital and reserves			
Called up share capital	13	**4,517**	4,517
Share premium	14	**445**	445
Revaluation reserve	14	**2,265**	2,265
Merger reserve	14	**10,606**	10,606
Capital reserve – own shares	14	**(618)**	(618)
Profit and loss account reserve	14	**26,862**	25,073
Shareholders' funds		**44,077**	42,288

G P Hooper
Director

A Magson
Director

2 September 2014

Company number 1767387

Financial Statements

Notes to the Consolidated Financial Statements

For the year ended 30 June 2014

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 Strategic Report on pages 1 to 19. The financial position of the group, its cashflows and liquidity position are set out in the consolidated financial statements. Details of the group's 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 2014 the group's net indebtedness was £7.7 million (2013: £7.7 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.

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.

Financial Statements

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For the year ended 30 June 2014

2 Operating profit

Operating profit is stated after charging:

	2013/14 £000	2012/13 £000
Auditors' remuneration – audit of the financial statements of the company	**16**	16
Depreciation of tangible fixed assets	**111**	99
Hire of plant and machinery	**1**	1

3 Dividends

	2013/14 £000	2012/13 £000
Interim dividend for 2014 of 2.2p paid on 8 April 2014	**784**	–
Final dividend for 2013 of 2.5p paid on 31 October 2013	**891**	–
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
	1,675	1,069

A final dividend of 2.8p per equity share, at a cash cost of £998,000, has been proposed for the year ended 30 June 2014, payable on 5 November 2014. In accordance with UK GAAP 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 2013	3,775	235	302	4,312
Additions	–	–	5	5
Disposals	–	–	(8)	(8)
At 30 June 2014	**3,775**	**235**	**299**	**4,309**
Depreciation:				
At 1 July 2013	1,335	162	269	1,766
Charge for the year	75	19	17	111
Disposals	–	–	(8)	(8)
At 30 June 2014	**1,410**	**181**	**278**	**1,869**
Net book value:				
At 30 June 2014	**2,365**	**54**	**21**	**2,440**
At 1 July 2013	2,440	73	33	2,546

Included within freehold land and buildings is land of £1,909,000 (2013: £1,909,000) which is not depreciated.

5 Investments in subsidiary undertakings

	£000
Cost:	
At 1 July 2013 and 30 June 2014	**75,622**
Provisions:	
At 1 July 2013 and 30 June 2014	**1,100**
Net book value:	
At 30 June 2013 and 30 June 2014	**74,522**

At 30 June 2014 the principal subsidiary undertakings and related classes of business are as follows: Alumasc Exterior Building Products Limited, (building products), Alumasc Limited, (building products), Levolux Limited, (building products), Levolux AT Limited (building products) and Alumasc Precision Limited, (engineering products).

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

6 Debtors

	2014 £000	2013 £000
Other debtors	**70**	16
Prepayments and accrued income	**699**	547
Amounts due from subsidiary undertakings	**719**	–
	1,488	563

7 Financial assets

	2014 £000	2013 £000
Interest rate cap instrument	**40**	61

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 2016 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.

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8 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Bank overdraft	**15,299**	5,290
Other creditors	**1,229**	973
Accruals	**456**	461
Deferred consideration	**–**	320
Amounts due to subsidiary undertakings	**–**	4,350
	16,984	11,394

9 Creditors: amounts falling due after more than one year

	2014 £000	2013 £000
Bank loan	**9,890**	16,834
Amounts due to subsidiary undertakings	**6,800**	6,800
	16,690	23,634

10 Deferred tax liabilities

	£000
At 1 July 2013	26
Deferred tax credit – current year	(9)
At 30 June 2014	**17**

The deferred tax liability included in the balance sheet comprises:

	2014 £000	2013 £000
Accelerated capital allowances	**18**	27
Short term timing differences	**(1)**	(1)
	17	26

11 Provision for liabilities

	£000
At 1 July 2013	–
Charged to profit and loss account	59
At 30 June 2014	**59**

The company has provided £59,000 in relation to the anticipated cost of dilapidations required under the terms of the lease of the company's business premises.

12 Employee benefit expense

Defined benefit schemes

The company participates in a 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.

Following the conclusion of the 2013 triennial actuarial review in the 2013/14 financial year, deficit reduction contributions will increase from £90,000 to £110,000 per year, with effect from 1 July 2014. Further details are given in the Financial Review on pages 14 and 15.

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

	The Alumasc Group 2014 %	The Alumasc Group 2013 %
Discount rate	**4.3**	4.8
Expected rate of deferred pension increases	**2.5**	2.3
Future pension increases	**1.8 – 3.8**	1.7 – 3.7
Retail Price Index inflation rate	**3.3**	3.1
Consumer Price Index inflation rate	**2.5**	2.3
	Years	Years
Post retirement mortality:		
Current pensioners at 65 – male	**22.3**	22.2
Current pensioners at 65 – female	**23.7**	24.6
Future pensioners at 65 in 2034 – male	**24.1**	23.8
Future pensioners at 65 in 2034 – female	**24.8**	25.2

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12 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:

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Equities	**1,707**	1,433	1,298	1,596	1,296
Gilts	**343**	474	487	462	438
Bonds	**429**	404	418	379	363
Absolute return fund	**899**	1,118	975	1,033	975
Property and cash	**231**	56	116	141	200
Total market value of assets	**3,609**	3,485	3,294	3,611	3,272
Actuarial value of liability	**(4,438)**	(3,957)	(3,998)	(3,762)	(3,756)
Pension liability before taxation	**(829)**	(472)	(704)	(151)	(484)
Related deferred tax asset	**166**	109	169	39	136
Net pension liability	**(663)**	(363)	(535)	(112)	(348)

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

	2013/14 £000	2012/13 £000
Amounts charged to other finance costs:		
Expected return on pension scheme assets	**164**	143
Interest on pension liabilities	**(204)**	(176)
Net interest cost	**(40)**	(33)

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

	2013/14 £000	2012/13 £000
Actual return less expected return on assets	**98**	125
Experience gains	**(167)**	–
Changes in assumptions	**(353)**	41
Actuarial (loss)/gain to be recognised in statement of total recognised gains and losses	**(422)**	166

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

	2014 £000	2013 £000
At 1 July	**(3,957)**	(3,998)
Interest cost	**(204)**	(176)
Benefits paid	**243**	176
Actuarial (loss)/gain	**(520)**	41
At 30 June	**(4,438)**	(3,957)

12 Employee benefit expense (continued)

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

	2014 £000	2013 £000
At 1 July	**3,485**	3,294
Expected return on plan assets	**164**	143
Actuarial gain	**98**	125
Contributions by employer	**105**	99
Defined benefit actual benefit payments	**(243)**	(176)
At 30 June	**3,609**	3,485

History of experience gains and losses:

	2013/14	2012/13	2011/12	2010/11	2009/10
Difference between expected and actual return on scheme assets:					
– Amount (£000)	**98**	125	(352)	185	459
– Percentage of company's allocation of scheme assets (%)	**3**	4	(11)	5	14
Experience gains and losses on scheme liabilities:					
– Amount (£000)	**(167)**	–	2	33	(203)
– Percentage of company's allocation of scheme liabilities (%)	**(4)**	–	0.1	0.9	(5)
Total amount recognised in statement of total recognised gains and losses					
– Amount (£000)	**(422)**	166	(650)	182	(190)
– Percentage of company's allocation of scheme liabilities (%)	**(10)**	4	(16)	5	(5)

Defined contribution schemes

During the year £86,000 was charged to the profit and loss account in respect of such schemes (2012/13: £82,000). At 30 June 2014 contributions of £3,000 were outstanding in relation to the month of June 2014 (2012/13: £5,000 in relation to the month of June 2013).

13 Called up share capital

	2014 £000	2013 £000
Allotted, called up and fully paid:		
36,133,558 (2013: 36,133,558) ordinary shares of 12.5p each	**4,517**	4,517

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For the year ended 30 June 2014

14 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 2013	4,517	445	2,265	10,606	(618)	25,073	42,288
Retained profit for the year	–	–	–	–	–	3,781	3,781
Dividends	–	–	–	–	–	(1,675)	(1,675)
Actuarial loss on defined benefit pensions net of tax	–	–	–	–	–	(351)	(351)
Share based payments	–	–	–	–	–	34	34
At 30 June 2014	**4,517**	**445**	**2,265**	**10,606**	**(618)**	**26,862**	**44,077**

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 £3,781,000 (2013: £3,979,000).

Capital reserve – own shares

The capital reserve – own shares relates to 485,171 (2013: 485,171) ordinary own shares held by the company. The market value of shares at 30 June 2014 was £565,224 (2013: £446,357). 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 £854,000 within the profit and loss account reserve are non-distributable (2013: losses of £432,000).

15 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 33 to 44.

	As at 1 July 2013	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 2014**	Weighted average exercise price (pence)
LTIP (i)	656,063	n/a	196,498	n/a	–	n/a	(216,304)	n/a	**636,257**	n/a
ESOS (ii)	79,878	1.44	20,000	1.29	–	–	(10,000)	1.15	**89,878**	1.43

	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

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

15 Share based payments (continued)

ESOS

For the share options outstanding at 30 June 2014 the weighted average remaining contractual life is 1.5 years (30 June 2013: 2.0 years). The exercise price of the options outstanding ranges between 80p and 171.2p. No share options are exercisable at 30 June 2014 (30 June 2013: 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 2014	Black Scholes 2013	**Black Scholes & Binomial 2014**	Black Scholes & Binomial 2013
Share price at grant date	**127p**	97p	**127p**	97p
Exercise price	**129p**	80p	**nil**	nil
Expected volatility	**35%**	35%	**35%**	35%
Expected life (years)	**3**	3	**3**	3
Risk free rate	**1.0%**	0.5%	**1.0%**	0.5%
Dividend yield at date of grant	**3.3%**	2.3%	**3.3%**	2.3%
Fair value per option	**25p**	16p	**115p**	91p

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 2014 is £34,000 (2012/13: £nil).

16 Financial commitments

The company had no financial commitments at the year end (2013: £nil).

17 Related party disclosures

The company has taken advantage of the exemption granted by paragraph 3c of FRS8 not to disclose transactions with other group companies. There were no other related party transactions during the period (2013: nil).

18 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 £4,167,000 (2013: £2,900,000) of the overdraft facilities guaranteed by the company.

Financial Statements
Five Year Summary

	2013/14 £000	2012/13 £000	2011/12 £000	2010/11 £000	2009/10 £000
Income Statement Summary					
Revenue (continuing operations)					
Building products	83,486	88,289	74,917	71,219	64,528
Engineering products	31,044	29,416	36,804	36,744	23,954
Less intercompany	(1,128)	(936)	(1,102)	(1,158)	(994)
Total revenue (continuing operations)	**113,402**	**116,769**	**110,619**	**106,805**	**87,488**
Underlying operating profit (continuing operations)					
Building products	8,308	8,379	4,384	3,914	5,351
Engineering products	(198)	(461)	(770)	2,978	991
Unallocated costs	(1,332)	(1,269)	(1,036)	(1,213)	(967)
Underlying operating profit (continuing operations)	**6,778**	**6,649**	**2,578**	**5,679**	**5,375**
Net interest cost on borrowings	(521)	(767)	(706)	(662)	(676)
Underlying profit before tax (continuing operations)	**6,257**	**5,882**	**1,872**	**5,017**	**4,699**
Brand amortisation	(268)	(273)	(299)	(320)	(315)
IAS 19 (revised) – pension scheme administration costs **(note a)**	(452)	(400)	–	–	–
Net pension interest	(448)	(996)	(317)	(745)	(908)
Restructuring costs	–	(814)	(866)	(241)	–
Impairment (charge)/reversal	–	(625)	–	1,220	–
Profit on disposal of property	–	–	–	759	–
Refinancing costs	–	–	–	(307)	–
Profit before tax (continuing operations)	5,089	2,774	390	5,383	3,476
Profit/(loss) before tax (discontinued operations)	–	–	–	(269)	(98)
Profit before taxation	**5,089**	**2,774**	**390**	**5,114**	**3,378**
Taxation	(1,048)	(888)	23	(1,469)	(1,138)
Profit on ordinary activities after taxation	4,041	1,886	413	3,645	2,240
Non-controlling interest	–	–	–	–	(6)
Profit for the financial year attributable to equity holders of the parent	**4,041**	**1,886**	**413**	**3,645**	**2,234**
Return on sales (underlying)					
Building products	10.0%	9.5%	5.9%	5.5%	8.3%
Engineering products	(0.6%)	(1.6%)	(2.1%)	8.1%	4.1%
Group	6.0%	5.7%	2.3%	5.3%	6.1%
Underlying tax rate	24.2%	25.7%	30.6%	29.9%	30.1%
Underlying earnings per share (continuing operations) (pence)	**13.3**	**12.3**	**3.6**	**9.8**	**9.1**

Notes

a) Pension interest and scheme administration costs have been re-stated under IAS 19 (revised) for 2012/13 only, as the information is not available for prior years

		2013/14 £000	2012/13 £000	2011/12 £000	2010/11 £000	2009/10 £000
Balance Sheet Summary						
Shareholders' funds		17,042	22,443	18,928	31,965	27,743
Non-controlling interests		–	–	–	–	33
Net debt		7,666	7,687	13,229	10,731	9,317
Pension deficit (net of associated deferred tax asset)		14,338	7,748	11,050	2,111	8,371
Capital Invested		39,046	37,878	43,207	44,807	45,464
Return on capital invested (post-tax)	**(note b)**	13.4%	12.2%	4.1%	8.8%	7.9%
Return on shareholders' funds (post-tax)	**(note c)**	24.0%	21.1%	5.1%	11.8%	11.2%
Gearing	**(note d)**	45.0%	34.3%	70.0%	33.6%	33.5%
Group interest cover	**(note e)**	17.2	12.0	7.6	12.3	12.4
Net debt/underlying EBITDA	**(note f)**	1.0	1.0	2.5	1.3	1.1
Other Statistics						
Earnings per share (on continuing operations) (pence)		11.3	5.3	1.2	10.7	6.4
Total earnings per share (pence)		11.3	5.3	1.2	10.2	6.2
Dividends per share (pence)		5.0	4.5	2.0	10.0	10.0
Order Book at 30 June (continuing operations)						
Building products		19,868	21,385	28,608	13,624	15,920
Engineering products		16,956	22,636	24,448	30,481	18,078
Group		36,824	44,021	53,056	44,105	33,998

Notes

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
d) Net borrowings as a percentage of shareholders' funds plus non-controlling interests
e) EBITDA divided by net interest cost on borrowings
f) Net debt plus contingent liabilities divided by underlying EBITDA

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 30 October 2014 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 2014

2 To receive the report of the Remuneration Committee for the year ended 30 June 2014

3 To approve the Directors Remuneration Policy

4 To declare a final dividend of 2.8p per share

5 To elect David Armfield as a Director

6 To re-elect Jon Pither as a Director[1][2][3]

7 To re-elect Philip Gwyn as a Director[1][2][3]

8 To re-elect Richard Saville as a Director[1][2][3]

9 To confirm the appointment of KPMG LLP as auditors and to authorise the Directors to fix their remuneration

[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. Resolutions 10 and 11 shall be proposed as Ordinary Resolutions and Resolutions 12 and 13, shall be proposed as Special Resolutions.

10 Adoption of The Alumasc 2014 Executive Share Option Scheme

That the rules of the Alumasc 2014 Executive Share Option Scheme in the form produced to the meeting and initialled by the Chairman of the meeting for purposes of identification (the "Option Scheme"), the principal terms of which are summarised in the Appendix, be and are hereby approved and the Directors of the Company be and are hereby authorised to adopt the Option Scheme and do all acts necessary and things which they may, in their absolute discretion, consider necessary or expedient to give effect to the Option Scheme.

A summary of the Alumasc 2014 Executive Share Option Scheme is set out in the Appendix to this Notice.

11 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.

12 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 11 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 11 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 11 above" shall be deemed to be omitted from the power conferred by this Resolution.

13 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 1 September 2014;

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

(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 29 October 2015, 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 24 October 2013.

By order of the Board

A Magson
Company Secretary

2 September 2014

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 Asset Services, 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 1 September 2014, 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.

Notice of Annual General Meeting

Explanatory notes to Resolutions 3, 5, 6, 7,8,11,12 and 13 to be proposed at the Annual General Meeting

(1) Resolution 3 – Approval of Directors Remuneration Policy

If the Directors' Remuneration Policy is approved, then all payments by the Company to its Directors and any former Directors must be made in accordance with that Policy (or approved by a separate shareholder resolution). If approved, the Directors' Remuneration Policy will be valid for up to 3 financial years without shareholder approval. Should the Company wish to change any aspect of the Policy in that 3 year period, it will need to obtain shareholder approval before it can implement the proposed changes.

(2) Resolution 5 – Election of David Armfield

Following his appointment to the Board on the 1 October 2014 David Armfield in accordance with the articles offers himself for election as a Director. Mr Armfield's biography is provided on page 21.

(3) Resolution 6, 7 and 8 – 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.

The board has concluded that the retiring four 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 20 and 21 of the Annual Report 2014.

(4) Resolution 11 – 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 11 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 1 September 2014). 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 11.

(5) Resolution 12 – 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 12 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 1 September 2014.

(6) Resolution 13 – 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 13 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 1 September 2014). The Directors will only exercise the authority granted by Resolution 13 (if passed) if to do so would result in an increase in earnings per share and is in the best interests of shareholders generally.

Appendix

The Alumasc 2014 Executive Share Option Scheme

A summary of the principal terms of the Alumasc 2014 Executive Share Option Scheme (the "**Option Scheme**"), see Resolution 10, is outlined below.

The Option Scheme

1 Eligibility

Any employee of The Alumasc Group plc ("The Company") or any of its subsidiaries will be eligible to participate in the Option Scheme at the discretion of the Remuneration Committee. Although the Option Scheme will permit the grant of options to executive directors of the Company, the Remuneration Committee does not currently intend to grant options to those directors and any future grant of options to such an executive director will be consistent with the Company's shareholder approved policy on directors' remuneration.

2 Form of awards

Awards under the Option Scheme will be granted in the form of options to acquire ordinary shares in the Company, with a per share exercise price equal to the market value of a share at the date of grant. The Option Scheme includes an appendix under which it is proposed that options which satisfy the requirements of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 ("**Qualifying Options**") can be granted, up to the limit permitted by that legislation. Qualifying Options offer beneficial tax treatment to the participant and the member of the group employing the participant.

Options may be granted over newly issued Shares, treasury Shares or Shares purchased in the market. Options are not transferable (other than on death). No payment will be required for the grant of an option. Options will not form part of pensionable earnings.

3 Performance conditions

Options will be subject to the satisfaction of a performance condition which will determine the proportion (if any) of the option which will vest following the end of a performance period. Unless the Remuneration Committee determines otherwise, a performance period shall be at least three years long. If options are granted to executive directors of the Company in the future, the applicable performance conditions would be consistent with the Company's shareholder approved policy on directors' remuneration.

4 Individual limits

Options will not be granted to a participant under the Option Scheme over shares with a market value in excess of 100 per cent of salary in respect of any financial year. If options are granted to executive directors of the Company in the future, the quantum of any grant would be consistent with the Company's shareholder approved policy on directors' remuneration.

5 Grant of options

Options may only be granted within the six week period following approval of the Option Scheme by shareholders, announcement of the Company's results for any period, in relation to any person the day on which that person first joins the group, any day on which changes to legislation affecting employee share schemes are proposed or made or on any day on which the Remuneration Committee determines that exceptional circumstances exist. However, if the Company is restricted from granting options during any such period, options may be granted in the period of six weeks following the relevant restriction being lifted.

6 Overall limits

The Option Scheme is subject to the following overall limits.

(a) In any 10 year period, the number of Shares which may be issued under the Option Scheme and under any other employee share plan adopted by the Company may not exceed 10 per cent of the issued ordinary share capital of the Company from time to time.

(b) In any 10 year period, the number of Shares which may be issued under the Option Scheme and under any other discretionary share plan adopted by the Company, other than Shares subject to an award the vesting of which is dependent on the achievement of a particularly stretching performance condition, may not exceed 5 per cent of the issued ordinary share capital of the Company from time to time.

Treasury Shares will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise. Existing Shares, other than treasury Shares, which are transferred to an employee pursuant to an award or to which an award relates (such as Shares bought in the market by the Company's employee benefit trust) shall not count towards these limits.

Appendix

7 Reduction for malus

The Remuneration Committee may, in its absolute discretion, determine at any time prior to the vesting of an option (other than a Qualifying Option) to:

(a) reduce the number of shares to which an option relates;

(b) cancel an option; or

(c) impose further conditions on an option;

in circumstances in which the Remuneration Committee considers such action is appropriate.

Such circumstances include, but are not limited to:

(a) a material misstatement of the Company's audited financial results; or

(b) serious reputational damage to the Company, any group member or a relevant business unit as a result of the participant's misconduct or otherwise.

In accordance with HMRC practice, malus shall not apply to Qualifying Options.

8 Vesting and exercise

Options that are subject to a performance condition will normally vest at the end of any performance period (or if later on the third anniversary of the grant date) and then only to the extent that any performance condition has been satisfied. Options will then normally be exercisable until the tenth anniversary of the grant date on payment of the aggregate exercise price.

At any time before or after the point at which an option (other than a Qualifying Option) has been exercised, but the underlying shares have yet to be issued or transferred to the participant, the Remuneration Committee may decide:

(a) to transfer a number of Shares to the participant equal in value to the difference between the aggregate value of the Shares over which the option is exercised and the aggregate exercise price of the option that would have been payable for those Shares; or

(b) to pay a participant a cash amount equal in value to the difference between the aggregate value of the Shares over which the option is exercised and the aggregate exercise price that would have been payable for those Shares.

9 Cessation of employment

If a participant dies, any unvested option he holds will, unless the Remuneration Committee determines otherwise, vest as soon as reasonably practicable after the participant's death to the extent that the Remuneration Committee determines, taking into account the satisfaction of any performance condition at that time and, if the Remuneration Committee so determines, the period of time that has elapsed since the option was granted until the date of death. Where options vest in these circumstances, they will normally be exercisable for 12 months after vesting.

If a participant ceases to be employed by the group by reason of ill-health, injury, disability, redundancy, sale of the entity that employs him out of the group, in the case of a Qualifying Option retirement, or for any other reason at the Remuneration Committee's discretion (except where a participant is summarily dismissed), any unvested options he holds which are not Qualifying Options will usually continue until the normal vesting date unless the Remuneration Committee determines that the option will vest as soon as reasonably practicable following the date on which the participant ceases to be employed by the group. To reflect HMRC practice, Qualifying Options will vest as soon as reasonably practicable following the date on which the participant ceases to be employed by the group.

The Remuneration Committee will decide the extent to which an unvested option vests in these circumstances, taking into account the extent to which any performance condition is satisfied at the end of any performance period or, as appropriate, at the date on which the participant ceases to be employed by the group. Unless the Remuneration Committee in its discretion determines otherwise, the period of time that has elapsed since the option was granted until the date on which the participant ceases to be employed by the group will also be taken into account. Where options vest in these circumstances, they will normally be exercisable for six months after vesting.

If a participant ceases employment with the group in any other circumstances, any option he holds shall lapse on the date on which the participant ceases employment.

10 Corporate events

In the event of a change of control of the Company, the Remuneration Committee will determine the extent to which options will vest taking into account the extent to which any performance condition has been satisfied, and, unless the Remuneration Committee determines otherwise, the period of time which has elapsed between the grant date and the relevant event. Alternatively, the Remuneration Committee may permit or, in the case of an internal reorganisation, require options to be exchanged for equivalent options which relate to shares in another company.

If other corporate events occur such as a winding-up of the Company, or a demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee may affect the current or future value of Shares, the Remuneration Committee may determine that options will vest taking into account the satisfaction of any relevant performance condition and, unless the Remuneration Committee determines otherwise, pro-rating to reflect the period from the grant date to the date of the relevant event. The Remuneration Committee will determine in these circumstances the length of time during which options can then be exercised.

11 Adjustments

In the event of a variation of the Company's share capital or a demerger, delisting, special dividend, rights issue or other event, which may, in the Remuneration Committee's opinion, affect the current or future value of Shares, the number of Shares subject to an option and/or any performance condition attached to options and/or the exercise price applying to an option under the Option Scheme, may be adjusted, provided that any adjustment to a Qualifying Option under the Option Scheme may only be made in accordance with the requirements of the applicable tax legislation.

12 Amendment and termination

The Remuneration Committee may amend the Option Scheme at any time, provided that prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of eligible employees or participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash comprised in an option and the impact of any variation of capital.

However, any minor amendment to benefit the administration of the Option Scheme, to take account of legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the Remuneration Committee without shareholder approval.

No amendment may be made to the material disadvantage of participants in the Option Scheme unless consent is sought from the affected participants and given by a majority of them.

The Option Scheme will usually terminate on the tenth anniversary of its approval by shareholders but the rights of existing participants will not be affected by any termination.

13 Documents available for inspection

The rules of the Option Scheme will be available for inspection at the office of Deloitte LLP (Company Secretarial Department), 2 New Street Square, London EC4A 3BZ during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded) until the close of the Annual General Meeting, and will also be available at the place of the Annual General Meeting for at least 15 minutes before and during the meeting.

The Alumasc Group – Major Product Groups 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
Polwell Lane
Burton Latimer
Northamptonshire NN15 5PS
Tel: +44 (0) 1536 383865
Fax: +44 (0) 1536 726859
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
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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

Design & production
www.carrkamasa.co.uk

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Printed on Regency Silk. This paper comes from sustainable forests and is fully recyclable and biodegradable. The paper mill and the printer are accredited with ISO 14001 environmental management standard. The Printer is also carbon neutral.

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