The Alumasc Group plc
Report and Accounts 2009




Premium building and engineering products

The Alumasc Group

Alumasc is a UK-based supplier of premium building and precision engineering products. An increasing majority of the business is in the area of sustainable building products, especially relating to energy and water management.

All Alumasc's trading operations enjoy considerable autonomy within the strategic framework set by the group, and benefit from Alumasc's financial strength, and its achievement-orientated and overhead-resistant culture.

Alumasc seeks to grow its business and to achieve market leading positions by offering its customers quality products, service and trust.

In your Report and Accounts...

Overview

Strategy and Performance

Governance

Financial Statements & Company Information

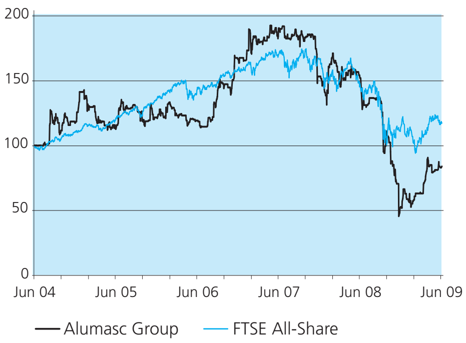
Forward-looking statements
This Report includes forward-looking statements that involve risk and uncertainties that could cause actual results to differ materially from those predicted by such forward-looking statements. These risks and uncertainties include international, national and local conditions,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

Financial highlights

	2008/09	2007/08	% change
Revenue (£m)	**109.1**	125.8	–13%
Underlying profit before tax (£m)*	**5.2**	9.6	–46%
Underlying earnings per share (pence)*	**10.0**	18.3	–45%
Profit before tax (£m)	**1.8**	10.0	–82%
Basic earnings per share (pence)	**2.9**	20.3	–86%
Dividends per share (pence)	**10.0**	10.0	
Net borrowings at 30 June (£m)	**10.3**	9.4	

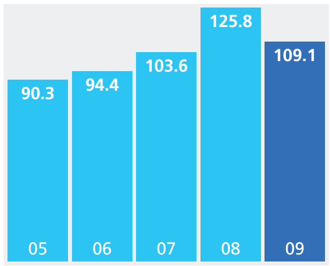
*Underlying profits and earnings are stated before deducting non-recurring restructuring costs of £0.9 million (2007/08: £0.4 million), amortisation of brands £0.3 million (2007/08: £0.4 million), impairment of assets £2.2 million (2007/08: £nil); and prior to gains from disposal of properties £nil (2007/08: £1.2 million).

Total shareholder return

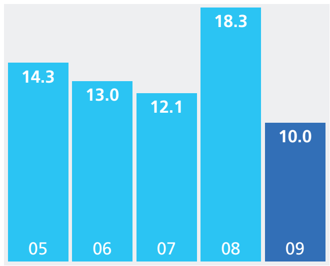


Source: Perfect Information

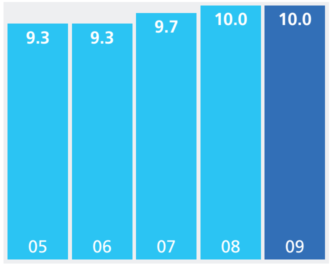
Revenue
(continuing operations) £m



Underlying earnings per share
(continuing operations) pence



Dividends per share
pence

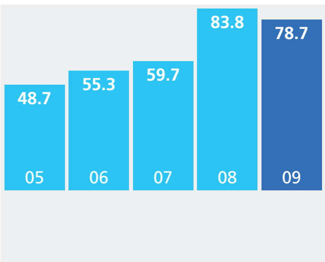


Alumasc at a glance
Continuing operations

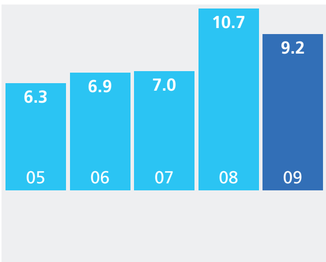
Divisional analysis
Over 70% of group revenues are now derived from the Building Products division, of which almost 90% relates to sustainable building products where Alumasc believes demand will grow faster than construction market averages through the economic cycle.

Building products
Revenue £78.7m

Revenue
£m



Underlying operating profit
£m



Sustainable building products –
Energy management

Major applications and brands

Solar Shading
Levolux

Insulation
MR Façades

Green Roofs
Blackdown Horticultural Consultants
ZinCo

Roofing Services Support Systems
Roof-Pro

Sustainable building products –
Water management

Major applications and brands

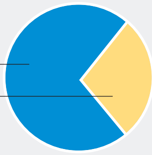
Engineered Access Covers
Elkington Gatic

Rainwater & Drainage
Gatic Slotdrain
Alumasc
Harmer
SML

Roofing & Waterproofing
Derbigum
Hydrotech
Armaseam

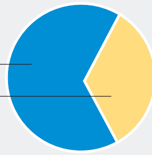
Revenue in 2008/09 analysed by business

Building Products	£78.7m	71.3%
Engineering Products	£31.7m	28.7%



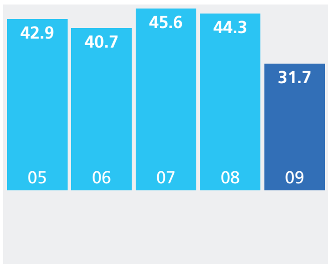
Revenue in 2007/08 analysed by business

Building Products	£83.8m	65.4%
Engineering Products	£44.3m	34.6%

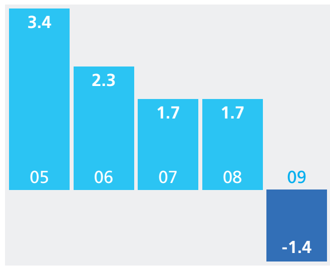


Engineering products
Revenue £31.7m

Revenue
(continuing operations) £m



Underlying operating profit
(continuing operations) £m



Premium
building products

Major applications and brands

Interior Casing Systems
Pendock

Housebuilding Products
Timloc

Scaffolding
Scaffold and Construction Products

Engineering
products

Major applications and brands

Precision Engineering
Alumasc Precision Components
Dyson Diecastings

Drinks Dispensing
Alumasc Dispense

Chairman's Statement

The Business and Financial Reviews on the following pages of this report demonstrate that Alumasc has shown resilience in the difficult circumstances of the past year. Underlying[1] profit before tax of £5.2 million and cash outflow of £0.9 million after necessary restructuring attest to this.

In the light of this performance and the group's strong balance sheet, the Board is recommending an unchanged final dividend of 6.75p per share, giving an unchanged total of 10p per share for the year as a whole, covered 1.0 times by underlying[1] earnings.

Turning to the future, I have never attempted to make general economic forecasts and I certainly make no attempt to do so now. However, the Board closely observes developments in its own markets and makes judgements based on local trends, to the extent they may be visible. For industrial companies, the decline in activity from the end of 2008 until the Spring of 2009 was precipitate. Within this decline, destocking by OEMs was clearly a major factor, but also a finite factor. It appears that the destocking phase at least of the present recession has run its course. The severity of the decline, however, means that the degree to which activity picks up following this phase remains uncertain.

There also remains uncertainty as to the more cyclical aspects of the recession, with commercial construction and housebuilding obvious cases in point. It is positive that Alumasc's relative success in this downturn would appear to have benefitted from its strategic participation in the growing environmental dimension of construction activity, and its relatively minor exposure to housebuilding. To borrow a cliché that we all understand, however, we are not yet out of the woods.

While a maintained dividend is clearly of importance to shareholders, the Board has also remained focused on meeting the needs of the business and of our pensions obligations. Keeping this balance has been possible through a determined grip on costs and working capital, both of which have been tightly managed through the year. It is a matter of regret that, by the year end, we employed 187 fewer people and, for those still employed, there has been a freeze on earnings, with part-time working in some cases. I would like to thank all employees for co-operating so fully under the exceptional pressures of the past year.

I have felt for some time that our Board should reflect more closely the strategic direction in which we are taking the business. With this thought in mind, we appointed John Pilkington as an additional non-executive director in March. John brings to the Board the experience of a career in the construction industry, with such leading organisations as Arups, Tarmac/Carillion and Amey.

[1]A reconciliation between underlying and reported profit before tax is given on page 16.

John McCall Chairman

Alumasc has shown resilience in the difficult circumstances of the past year which, together with the group's strong balance sheet, has placed us in a position to recommend an unchanged dividend.

The events of the past year have clearly interrupted some of our development plans for the group. However, they have not given us cause to doubt our strategy for developing further in the exciting field of sustainable building products, while refining the excellence of our engineering services. Indeed, the significance of the greening of building techniques in combating the effects of climate change and rising energy costs continues to gain recognition. We are fortunate that we see opportunities for organic development in this market place, which are discussed in more detail in the business review that follows.

While commentators are split on the pace and timing of economic recovery in the UK and elsewhere, we would be wise to remain prepared for a range of scenarios. In all events, we will remain focused on maintaining our strong balance sheet, on meeting the needs of our customers and on preparing to grasp the opportunities that will arise for well positioned businesses in due course.

John McCall
Chairman

Business Review
Chief Executive's Operating Review

Overview
2008/09 was a challenging year for Alumasc, as worsening global economic conditions increasingly impacted the group's markets for niche building and engineering products. Nonetheless, the group's recent strategic development of a portfolio of modern, sustainable building product businesses, all of which have continued to perform well, underpinned a relatively resilient underlying performance for the year as a whole when compared with a number of our peers in the construction and building materials sector.

Alumasc's strategy is to generate shareholder value by focusing on the sale of niche, premium building and engineering products into specialised markets. The group's products are increasingly specified by architects or engineers because they give particular performance benefits to customers and end-users. In Alumasc's chosen market niches, these specifications are often backed by building or environmental regulations designed to encourage lower energy use, and to promote the more efficient use, retention and recycling of water in the built environment. Examples are:

- Levolux's UK market-leading solar shading products, which lower energy use in buildings whilst reducing glare and, in some cases, improving the utilisation of natural light for building occupants;

- Blackdown and Zinco, which together give Alumasc leadership in the fast-expanding UK green roof market. Green roofs improve the insulation of buildings, whilst retaining water (thereby reducing run-off), as well as improving bio-diversity, mitigating the heat island effect in urban areas and, in some cases, providing an amenity;

- market leading Alumasc and Gatic branded rainwater and drainage products, with Gatic Slotdrain in particular becoming increasingly specified in UK and export markets as a premium line drainage system allowing efficient removal of surface water in accordance with increasingly stringent regulations relating to water and storm water management and control; and

- aluminium precision engineering components which facilitate weight reduction and lower energy use in combustion engines and other industrial applications.

In the year to 30 June 2009, almost two-thirds of group revenue (2007/08: 55%) and all of group operating profit (2007/08: 88%) was generated by the group's sustainable building products businesses, where revenues were similar to prior period levels at a time when UK construction activity reduced by approximately 10%. This performance is further evidence of the success of Alumasc's recent strategic focus on growing shareholder value though development of our leading positions in market niches for environmentally sustainable products that we believe will grow faster than the market as a whole through the economic cycle.

Performance Overview

	2008/09	2007/08	% Change
Revenue (£m)	**109.1**	125.8	–13.3
Underlying operating profit (£m)	**6.7**	11.2	–40.4
Operating margin (%)	***6.1***	*8.9*	
Net financing costs (£m)	**(1.5)**	(1.6)	
Underlying profit before tax (£m)	**5.2**	9.6	–46.4
Restructuring costs (£m)	**(0.9)**	(0.4)	
Amortisation of brands and impairment (£m)	**(2.5)**	(0.4)	
Property disposal gains (£m)	**–**	1.2	
Profit before tax (£m)	**1.8**	10.0	–81.9

Operating Performance
Group revenue was 13.3% lower in the year to 30 June 2009, mainly due to the significant downturn in demand from OEM customers in the Engineering Products division, which in some individual cases exceeded 50%. This began to impact just prior to the calendar year end as the global economy moved more clearly into recession. Despite the rapid management action taken to reduce costs by around £6 million on an annualised basis across all areas of the group impacted by the economic downturn, these measures were insufficient to offset fully the profit impact of the significant reduction in revenue.

As a consequence, the group's underlying operating profit reduced by just over 40% to £6.7 million. A reconciliation of prior year to current year underlying operating profit is illustrated in the graph on page 7. In addition to the impact of lower sales volumes partly mitigated by cost savings, this shows that the other main impact on profit performance for the year was the weakness of Sterling against the US Dollar and Euro which added around £1.2 million to the cost of imported products and materials. After slightly lower net financing costs, the reduction in underlying operating profit described above was also reflected in underlying profit before tax, which at £5.2 million was some 46% lower than reported in the prior year.

Paul Hooper Chief Executive

The group's recent strategic development of a portfolio of modern, sustainable building products businesses, all of which have continued to perform well, underpinned a relatively resilient underlying performance for the year as a whole when compared to a number of our peers in the construction and building materials sector.

In the absence of any property disposal gains in 2008/09, after higher restructuring charges associated with cost reduction initiatives, and after amortisation and impairment charges mainly relating to the write-down in the value of capital invested in Alumasc Precision Components, explained below, the group's reported profit before tax was £1.8 million (2007/08: £10.0 million).

Despite the reduced level of profit, the group's cash performance remained robust, due to the high level of cash generated by the Building Products division in particular, and also management's tight control over capital expenditure and working capital. The group's overall cash out-flow for the year was restricted to £0.9 million, with net debt increasing as a consequence from £9.4 million to £10.3 million, which represented utilisation of only 52% of the group's committed banking facilities of £20 million. Gearing remained modest at 33.5% and the net cash interest cost was covered by underlying operating profit by a satisfactory 10.7 times.

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 group's health and safety performance rate index improved significantly from 9.4 in 2007/08 to 4.4 in 2008/09. Further details on the group's health, safety and environmental performance are given in the Corporate and Social Responsibility statement on pages 20 and 21.

Reconciliation of 2007/08 to 2008/09 underlying operating profit
£m

2007/08 underlying operating profit	11.2
Profit effect of volume & mix changes	-6.5
Net currency exchange impact	-1.2
Net cost inflation & other	-1.0
Cost savings and efficiencies	+4.2
2008/09 underlying operating profit	6.7

Business Review
Chief Executive's Operating Review

Building Products' Divisional Operating Performance

	2008/09	2007/08	% Change
Revenue (£m)	**78.7**	83.8	–6.1
Underlying operating profit (£m)	**9.2**	10.7	–14.1
Operating margin (%)	***11.7***	*12.8*	
Restructuring costs (£m)	**(0.4)**	–	
Amortisation/impairment (£m)	**(0.3)**	(0.4)	
Reported operating profit (£m)	**8.5**	10.3	–17.5

Building Products Division
Divisional revenues remained ahead of prior period comparators until the final quarter of the financial year, with activity levels remaining healthy for infrastructure and public sector construction projects, and as new private sector commercial buildings mainly funded prior to the credit crunch were progressed to completion. However, despite the continued growth in a number of the group's sustainable building product businesses, the first signs of the anticipated slow down in spend in private sector new build commercial construction were observed in a more patchy demand profile towards the end of the financial year. This, when measured against strong comparators towards the end of the prior year, caused a reduction in full year divisional revenues by some 6% to £78.7 million. The lower revenues towards the end of the year, combined with the adverse currency exchange impact on profit which cost the division around £1.1 million on imported products, are the principal factors explaining the reduced divisional profitability for the year.

Sustainable building products
Within the division, revenues from sustainable building product activities were broadly unchanged at £68.8 million, representing 88% of divisional sales in the year (2007/08: 83%). Underlying profits reduced by 6% to £9.3 million, largely as a result of the currency translation effect described above. Excluding this, profits were ahead by 6%, a very good performance in view of market conditions. The group's strongest performing brands during the year were those that assist in managing energy use in buildings. In particular:

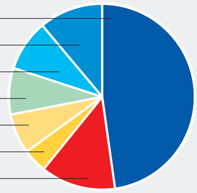
- Levolux, the UK's leading solar shading company, acquired by Alumasc in May 2007, delivered another outstanding performance and again reported record results. Notable successes were the completion of a major project for the headquarters of a financial institution in the USA and winning an innovative project for another head office building in the UK that will for the first time incorporate solar panels in the shading system. This will make the shading system self-sufficient in energy use, as well as contributing to the reduction in the energy consumption of the building as a whole;

- Green roof sales grew by 25% on a like-for-like basis, as the embryonic UK market for green roof systems continued to expand despite the difficult economic background. Alumasc's overall sales of green roofs more than doubled on the prior year, with Zinco intensive green roofs having a record year, but also reflecting the first full year contribution from Blackdown Horticultural Consultants, acquired in March 2008. Blackdown had a very successful first year in the group and completed two large, high profile projects in the second-half, the new bus garage being built for the 2012 Olympic Games at West Ham in London (illustrated on page 9) and the Snow Dome at Hemel Hempstead. Blackdown is also the UK's leader in the horticultural aspects of green roof systems, and benefits from being the UK's leading source of quality plant material in its sector; and

- MR Façade systems, which mainly provide exterior wall insulation in social housing refurbishment projects, had another strong year, underpinned by UK government spending as part of the Decent Homes Initiative. The group continues to benefit from work on large projects in Glasgow and along the M62 corridor in particular.

Building Products' divisional revenue in 2008/09 analysed by end-user market

Private commercial	48%
Public housing repair & maintenance	11%
Public non-residential	9%
Infrastructure	8%
Private housing	7%
Private industrial	4%
Other repair and maintenance	13%



Source: Alumasc estimates

Brand strength

The Blackdown Horticultural Consultants and ZincCo brands give Alumasc the number 1 market position in the embryonic but rapidly expanding market for green roofs.

greenroof
Blackdown Horticultural Consultants

Above: Designed to be lightweight and low maintenance, Blackdown Horticultural Consultants planted roofs are naturalistic with the objective of establishing self-sustaining plant and animal communities.

Right: The supply and installation of the green roof at the new bus garage in East London for the 2012 Olympic Games was a major project success for Blackdown Horticultural Consultants during the year.

Business Review
Chief Executive's Operating Review

Sustainable building products that assist in managing and controlling water delivered a resilient performance, but could not match the record achievements of the prior year due to a lower level of large export project sales and the slow down in commercial construction activity which impacted the Alumasc rainwater and drainage brands, in particular towards the end of the year. Nonetheless, notable successes during the year included:

- buoyant sales of high performance Gatic access covers to the domestic and international infrastructure markets. UK sales of access covers reached record levels, boosted by work related to the Olympics;
- continued high levels of Gatic Slotdrain sales, albeit below prior year record levels, with the more competitive UK exchange rate assisting increased penetration into European export markets more generally through the distribution agreement with Saint-Gobain, although no single export contract came close to matching the scale of the Barcelona airport project in the prior year; and
- increased sales of structural waterproofing products, typically Hydrotech, with demand often driven by specification as part of a Zinco green roof system.

Premium building products

Alumasc's premium building product brands experienced more challenging trading conditions in 2008/09, when compared with the sustainable building products brands. Despite revenues in this segment being over 30% down on the prior year, break-even was achieved. Both Timloc and Pendock brands were impacted by lower sales to the new house building market, where demand was low throughout the year, although there have been signs of modest improvement in recent months. Scaffold and Construction Products had a very quiet year, reflecting the lack of new building projects commencing in the period, exacerbated by merchant de-stocking. Costs have been reduced in these businesses as far as possible to align with the lower levels of activity. However, care has been taken to retain sufficient knowledge and flexibility necessary to continue to provide customers with a quality service and to benefit from recovery when it comes.

A combination of the impact of the recession and higher import costs caused by the weakness of Sterling led to an opportunity to purchase the brand and assets of Contour-Ply, a competitor of Pendock's in the pre-formed pipe boxing market. The deal was completed on 1 May for an initial consideration of £101,000. Manufacture has since been relocated to Alumasc Interior Building Products' factory in the UK. This acquisition allows Alumasc to offer customers a wider choice of products in this market niche. More recently, in line with the group's strategy of developing sustainable building products, Pendock has been further differentiated as the premium brand in this market following the award of FSC (Forest Stewardship Council) accreditation for its use of materials from sustainable sources.

The ORBIS Energy Centre, Lowestoft, is a BREEAM 'excellent' rated building and a worldwide centre of excellence for offshore renewable energy. To protect the building's occupants against solar heat gain and glare from direct sunlight, Levolux devised an innovative, bespoke solution, comprising a range of solar shading systems and a custom-designed integrated balustrade system with a walkway. The completed solution, with its natural silver anodised finish, gives the building a striking, modern appearance while protecting it against the harsh natural coastal environment.

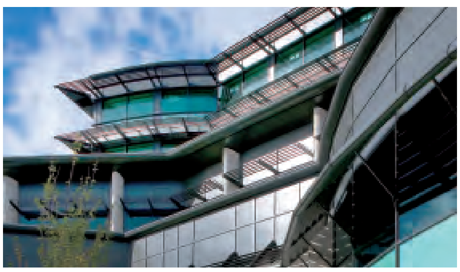
Langley Academy's design is a model of sustainable development and Levolux's state-of-the-art system, incorporating timber fins derived from a sustainable source, provides a highly effective method of solar shading while enhancing the building's stunning aesthetics.

High performance

The group's business is focused on high performance building and engineering solutions, with Levolux contributing strongly in the past year, adding significantly to our presence in the sustainable building products sector.

LEVOLUX
DESIGNED TO CONTROL

Visitors to the new South Stand at Twickenham Stadium, the home of English Rugby, will remain comfortable and cool at all times, due to the Levolux solar shading system. Working across the South Stand at multiple levels, the Levolux solution complements the overall scheme and creates a modern, stylish aesthetic.



Business Review
Chief Executive's Operating Review

Engineering Products' Divisional Operating Performance

	2008/09	2007/08	% Change
Revenue (£m)	**31.7**	44.3	–28.5
Underlying operating (loss)/profit (£m)	**(1.4)**	1.7	–100+
Restructuring costs (£m)	**(0.6)**	(0.5)	
Impairment charges (£m)	**(2.1)**	–	
Property disposal gains (£m)	**–**	1.0	
Reported operating (loss)/profit (£m)	**(4.1)**	2.2	–100+

Engineering Products Division
2008/09 was a very tough year for the Engineering Products division. Alumasc Precision suffered a significant reduction in demand from OEM customers towards the end of the first half which led to a reduction in second-half revenues by some 45% compared with one year ago. Demand at Alumasc Dispense fell sharply after a strong final quarter last year with brand investment cut, and in some cases frozen, by customers to conserve cash as a period of significant consolidation in the global brewing industry was followed immediately by the economic downturn.

Alumasc Precision
Alumasc Precision began the year well, benefiting from new work wins. However, demand from international OEM customers, which serve principally the non-automotive diesel and premium automotive markets, reduced significantly in December, which had a fundamental impact on the profitability of the business. Swift management action was taken at that time, and further action has been taken more recently, to re-align shift patterns, eliminate overtime, extend holidays and, regrettably, reduce numbers employed by over 30%. In May, agreement was reached with employees to move to a four day week over the quieter summer period. Whilst Dyson Diecastings has remained comfortably in profit, Alumasc Precision Components reported an operating loss for the year as a whole. In view of this, and relatively low levels of expected future utilisation of certain assets in that business caused by the significant reduction in volumes that we anticipate it will take some time to recover fully, the decision was taken to take an exceptional, non-cash impairment charge to reduce the carrying value of assets at Alumasc Precision Components under IAS36 by some £2.1 million.

Despite the difficult economic and market background, 2008/09 was a year of significant progress at Alumasc Precision. Some £6 million of new work has been won, including from Mak, a subsidiary of Caterpillar based in Germany, and Edwards High Vacuum, with additional work gained from a number of our established customers, Caterpillar in the USA, Rotork, Aston Martin and Deutz. Mak is a manufacturer of engines used in passenger ships. In addition, Dyson Diecastings has recently completed the tooling work for a suite of new interior components for Jaguar (pictured opposite), and component production, which commenced recently, will benefit the new financial year. In addition to the new work won, levels of enquiries for potential new work are currently running at higher levels than seen for a number of years. We believe this reflects the financial strength of Alumasc compared with some competing component suppliers, and more favourable exchange rates increasing the competitiveness of potential export sales.

Warren Roberts, who was formerly the managing director of Mahle Powertrain, joined the business as managing director in February, and has since led a number of business improvement initiatives that are already yielding benefits in terms of quality, cost and efficiency. Alumasc Precision has recently been nominated to receive a bronze award for quality from Caterpillar, a major customer, and a project to introduce a new business-wide information and control system was completed successfully just after the year end.

Alumasc Dispense
Alumasc Dispense had a quiet year, due to the spend restrictions by major brewers on branding and point of sale equipment, as described above. Major projects in the year included an upgraded Carlsberg Draughtmaster system and a new ceramic font for Britvic. The latter represents a key success in Alumasc Dispense's strategy to diversify sales into the soft drinks market, using innovative designs and materials. The use of ceramics is a further example of Alumasc's strategy of seeking to incorporate sustainable and recyclable materials in its products, where feasible. Towards the end of the year, an innovative illuminated font system for cask beer was developed (illustrated on page 3) and is now being trialled by Wells and Youngs for its Bombardier brand.

This ceramic font, supplied to Britvic, represents a major success in Alumasc Dispense's strategy of broadening its target market into the soft drinks arena. The use of ceramics is a further example of Alumasc's strategy of seeking to incorporate sustainable and recyclable materials into its products.

Key strengths

Alumasc Precision has invested heavily in technology to extend the quality, flexibility and speed of its services and is well positioned to meet the challenges that market conditions continue to bring.

alumasc
PRECISION LIMITED

Above: Dyson Diecastings has leveraged successes with Aston Martin by winning work for a suite of aluminium substrates which support the interior wooden veneers in the new Jaguar XJ series.

Right: Alumasc Precision Components has won new projects for Mak, Aston Martin, Caterpillar, Deutz and Rotork (pictured).

Business Review
Chief Executive's Operating Review

Business Development
The group has taken a number of steps during the year to continue to develop the business and take advantage of opportunities that are arising from the recession. Initiatives, which we expect to be ongoing into the current year and beyond, include:

- progress in development of opportunities to grow export sales, where market research suggests we have the ability to repeat UK successes with certain of our brands in North America and the Middle East. Current exchange rates are also helpful in this regard;
- product innovation, with exciting new products in the Harmer and Gatic ranges under development and due to be launched in the current year;
- further development of our leading position in the UK green roof market, a niche which continues to expand despite current economic pressures;
- further development of partnership deals with key merchants and distributors to broaden routes to market; and
- broadening Alumasc Precision's sales into wider industrial applications, including power generation, micro-electronics and actuators, and further growing sales by Alumasc Dispense into the soft drinks market.

Prospects
Alumasc has begun the current financial year with trading continuing at similar levels to those observed towards the end of the 2008/09 financial year, albeit significantly lower than one year ago. Factors likely to affect performance in the remainder of the year are:

- the level of UK construction activity, particularly for new private commercial buildings, new public buildings, such as schools and hospitals, and demand from social housing refurbishment projects;
- the level of demand from OEM customers in the Engineering Products division and extent of further new work wins at Alumasc Precision;
- whether market share gains arise as customers look to consolidate their supplier base during the recession to increase security of supply and manage credit risks;
- the speed and degree of success in Alumasc's ambitions to grow export sales of certain brands, particularly in the USA;
- the level of success in winning major project work generally, including work related to the London Olympics in particular; and
- whether or not there is a return to Alumasc's traditional bias towards stronger second half trading results, which will depend on prevailing market and economic conditions later in the year.

Whilst any sort of forecasting in the current environment is not easy, on the basis of current order books and construction industry forecasts, we expect the new financial year to be more challenging than its predecessor for the Building Products division, with lower levels of commercial new build construction activity anticipated. We would expect the Engineering Products division to benefit from cost reduction actions already taken and the numerous business improvement and efficiency initiatives ongoing, particularly at Alumasc Precision under the new management team.

With its leading brands and market positions, continued careful management of cash resources and strong balance sheet, Alumasc remains well placed to manage through the rest of the recession, benefit from the opportunities that this will bring and emerge a stronger group when economic conditions improve.

Paul Hooper
Chief Executive

Main picture: The lightweight façade system at the award-winning Tindal Towers residence in County Durham combines aesthetic benefits with longevity, weather resistance and UV stability. The building won a 'property oscar' at the RICS Annual Renaissance award ceremony in 2008.

Right: Roof-Pro roofing support systems facilitate easier maintenance of service equipment such as air-conditioning units, thereby lowering the life cycle cost of a flat roof.

Far right: Gatic Slotdrain was specified at the Smithsonian Museum, Washington D.C. and was Gatic's first major success in the U.S. market.

Alumasc Heritage painted cast iron rainwater products were used in the refurbishment of St. Pancras International Station in London.

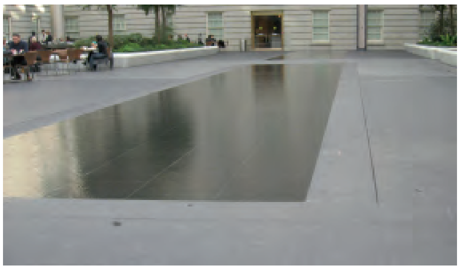
alumasc
EXTERIOR BUILDING PRODUCTS

Innovative approach

The building products illustrated on this page provide innovative solutions enabling customers, property owners and occupiers to better manage energy and water in the built environment.

ROOF-PRO
Products, Systems & Designs

ELKINGTON GATIC



Business Review
Group Finance Director's Review

Underlying results
The group's operating and financial performance is explained in detail in the Chief Executive's Operating review. Group revenues decreased by 13.3% to £109.1 million (2007/08: £125.8 million) reflecting the impact of the economic recession on Alumasc and the Engineering Products division in particular. The revenue performance in the Building Products division was more robust, underpinned by continued growth in demand for sustainable building products, although demand for products used in new commercial buildings weakened towards the end of the year and new house building activity remained subdued throughout the year. The lower level of revenues, combined with the higher cost of certain imported materials due to the weakness of Sterling against the US Dollar and Euro more than offset management actions taken to reduce costs and improve efficiencies, which on an annualised basis will give substantial savings of around £6 million. These factors, when combined, resulted in underlying profit before tax reducing to £5.2 million, compared with £9.6 million in the prior year.

Non-recurring items and profit before tax
The overall net charge in the group income statement for non-recurring items was £3.4 million (2007/08 net credit of £0.4 million), reflecting:

- increased restructuring costs associated with cost reduction initiatives, £0.9 million (2007/08: £0.4 million);
- non-cash impairment charges of £2.2 million, almost all of which related to Alumasc Precision Components, explained further below (2007/08: £nil);
- the absence of any property disposal gains in 2008/09 (2007/08: £1.2 million); and
- brand amortisation of £0.3 million (2007/08: £0.4 million, including acquisition accounting adjustments).

After charging brand amortisation and a higher level of non-recurring costs, reported profit before tax reduced to £1.8 million (2007/08: £10.0 million). A reconciliation of underlying to reported profit before tax is shown below.

Analysis of performance by half year
An analysis of performance by half year is set out on page 84. This illustrates the extent to which the economic recession impacted the second half of the 2008/09 financial year.

Tax
The underlying group tax rate of 30.4% was around 1 percentage point lower than in the prior year reflecting the current year impact of the reduction in the UK corporation tax rate to 28% with effect from 6 April 2008.

After charging the non-recurring costs described above, the group's overall tax rate increased to 41.2% (2007/08: 26.6%) mainly due to the one-off impact of the abolition of industrial buildings allowances and the benefit in the prior year of gains on property disposals which were tax-free.

Earnings per share
Underlying earnings per share were 10.0 pence, some 45% lower than the prior year, broadly in line with the decrease in underlying profit before tax. Total reported earnings per share of 2.9 pence were 86% below the prior year reflecting the lower underlying level of profit, the greater level of non-recurring charges and the higher overall tax rate, described above.

Reconciliation of underlying to reported profit before tax

	2008/09	2007/08
	£m	£m
Underlying profit before tax	**5.2**	9.6
Impairment charges	**(2.2)**	–
Restructuring costs	**(0.9)**	(0.4)
Property disposal gains	**–**	1.2
Brand amortisation[1]	**(0.3)**	(0.4)
Reported profit before tax	**1.8**	10.0

[1]Brand amortisation includes a £250,000 acquisition accounting adjustment in 2007/08

Andrew Magson Group Finance Director

The group continues to manage working capital and capital expenditure carefully, and this led to a robust cash flow performance during the year. At the year end, the group had utilised only 52% of its committed banking facilities and 40% of total banking facilities.

Dividends
The Board has proposed an unchanged final dividend of 6.75 pence per share, to be paid on 30 October 2009 to shareholders on the register on 2 October 2009. This will give an unchanged total dividend for the year of 10.0 pence per share. The full year dividend is covered 1.0 times by underlying earnings.

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

The group's average capital invested in the year decreased slightly to around £52 million. Post-tax return on average capital invested[1] reduced from 13.9% in 2007/08 to 8.9% in 2008/09, consistent with the lower level of profitability.

Shareholders' funds and return on shareholders' funds
Shareholders' funds decreased marginally from £30.9 million at 30 June 2008 to £30.8 million at 30 June 2009, with the post-tax actuarial gain reported on defined benefit pension obligations of £2.8 million not quite offsetting an adverse movement on retained earnings after payment of dividends. Post-tax return on average shareholders' funds[1] reduced from 21.3% in 2007/08 to 11.6% in 2008/09, again consistent with the lower level of profitability.

[1]Return on investment and return on shareholders' funds are calculated using underlying profit figures.

Business Review
Group Finance Director's Review

Impairment review
The Board conducted an impairment review which covered all assets that contribute to the goodwill figure on the group balance sheet, together with any other assets where indicators of impairment existed. In view of the losses incurred during the year at Alumasc Precision Components, and a review of future expected cash flows in that business, it was concluded that a one-off, non-cash impairment charge of £1.9 million should be booked under IAS36 at the year end. Taken together with other more minor write-downs of assets recognised at the interim stage in this and one other group business, the total impairment charge for the year was £2.2 million. Further details of the impairment review are given in note 12 on page 56.

Cash flow, working capital and capital expenditure
A summary of the group cash flow statement is given on page 19. The net cash out-flow for the year was £0.9 million, and consequently group net debt increased from £9.4 million to £10.3 million. When non-recurring cash flows such as restructuring costs are added back, the group's underlying net cash flow after dividends for the year was broadly neutral. This was a robust performance given the reduced level of profit.

Operating cash flows (excluding non-recurring items) reduced from £15.6 million in the prior year to £11.7 million, with reduced operating profits partially offset by lower levels of working capital as revenues and costs reduced.

Capital expenditure of £2.1 million in the year was below the level of annual depreciation and amortisation of £3.3 million (excluding amortisation of acquired brands), despite all major capital investment proposals from group businesses being approved. The largest capital projects during the year were an essential factory roof refurbishment at Alumasc Precision Components, investments related to the new work won by Dyson Diecastings for Jaguar, and two significant business systems improvement projects.

Capital structure and financing
The group's capital structure remained broadly unchanged during the year. Gearing at 30 June 2009 increased to 33.5% compared with 30.3% on 30 June 2008.

In view of the reduced general availability of credit in the financial markets following the turbulence of the last two years, the group has managed its liquidity position carefully. Overdraft facilities with each of the group's two relationship banks were renewed in November, and in June some £5 million of uncommitted overdraft facilities were converted to committed facilities. The group now has a total of £20 million of committed facilities which do not expire until May 2012, with a further £6 million of uncommitted overdraft facilities.

Based on net debt of £10.3 million at 30 June 2009, the group had utilised only 52% of its committed facilities and 40% of its total banking facilities. In the 2008/09 financial year:

- interest on borrowings was covered 10.7 times by underlying operating profit. This compares with the group's banking covenant of a minimum of 3 times; and
- the group's ratio of net debt to EBITDA was just above one. This compares with the group's banking covenant of not more than 3 times.

Based on current budgets and forecasts, the group expects to continue to operate within its banking facilities and banking covenants for the foreseeable future.

Summarised Cash Flow Statement

	2008/09 £m	2007/08 £m
EBITDA[1]	**10.0**	14.8
Change in working capital	**1.7**	0.8
Operating cash flow	**11.7**	15.6
Capital expenditure	**(2.1)**	(2.5)
Pension deficit funding	**(4.3)**	(3.6)
Interest	**(0.7)**	(1.1)
Tax	**(0.5)**	(2.5)
Recurring free cash flow	**4.1**	5.9
Dividends	**(3.6)**	(3.6)
Restructuring and other one-off cash flows	**(1.4)**	–
Acquisitions	**(0.1)**	(3.0)
Property and asset disposal proceeds	**0.1**	2.3
Discontinued operations	**–**	1.9
(Increase)/decrease in net debt	**(0.9)**	3.5

[1] EBITDA: Earnings before interest, tax, depreciation, amortisation, property disposal gains and restructuring costs.

Pensions
The group's overall pre-tax pension deficit measured under IAS19 decreased from £19.8 million at 30 June 2008 to £12.5 million at 30 June 2009, reflecting contributions of £4.8 million made by the group during the year and actuarial gains arising mainly from an increase in corporate bond yields which are used to discount future pension liabilities to present values. The increase in contributions made by the group during the year follows the conclusion of the actuarial review of The Alumasc Group Pension Scheme, which included recognition of the expected increased longevity of scheme members.

In view of the relatively high and increasing cost of defined benefit pension obligations for the group, and the increasing market, demographic and regulatory risks that these arrangements have experienced recently and remain exposed to in the future, consultations have commenced with the remaining active members of The Alumasc Group Pension Scheme with regard to a proposal by the company to close the scheme to future accrual. The Benjamin Priest Group Pension Scheme already has no active members.

Auditors
In accordance with good corporate governance practice, during the year the Board decided to conduct a periodic review of the group's external audit arrangements and placed the audit out to tender. Having seen presentations from four tendering firms, including the previous auditor, Ernst & Young LLP, it was decided to appoint KPMG Audit Plc as auditors. A resolution to ratify this appointment is to be proposed at the forthcoming Annual General Meeting.

Internal control
The group's approach to internal control is described in the Statement of Corporate Governance on pages 31 and 32. In view of the growth in the Building Products division and the changing nature of some of the risks the group faces, the Board decided two years ago to increase the level of both internal and external resource allocated to internal control and audit activities to provide further assurance on the effectiveness of the group's internal control systems. Significant progress has been made in the current year, including the completion of the first formal full year's programme of internal audits led by the Group Financial Controller and the successful implementation of two new business systems, at Alumasc Exterior Building Products and Alumasc Precision Components. The group intends to further leverage and build on these successes in the current financial year.

Andrew Magson
Group Finance Director

Business Review
Corporate and Social Responsibility

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

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

The principal key performance indicator of health and safety performance is the safety performance rate. This is a relative measure, capturing the total number of lost time and other safety incidents, weighting each one in terms of its severity and relating the result to the overall number of hours worked.

The group's weighted average safety performance rate followed the trend of improvement, reducing to 4.4 for the year, compared with 9.4 in the previous year. This is an outstanding achievement of which our businesses can be justifiably proud.

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 Levolux, Elkington Gatic and our green roof operations, Blackdown and ZinCo. We are committed to complementing this leadership by adopting environmentally sound business practices throughout our operations.

Our programme of environmental audits, carried out by external consultants, has continued through the year. These audits are designed to not only identify areas in which we can do better, but also to form a basis for our achieving ISO14001 accreditation throughout our businesses. ISO14001 establishes a framework of control for an Environmental Management System, against which an organisation can be certified by a third party. Turning the output from these audits into tangible improvements and accreditation for our businesses will be a major theme into 2009/10 and beyond.

As new environmental regulations come into force, the group takes active steps to be at the forefront of compliance. Moves are already under way to ensure that we are fully able to participate in the Carbon Reduction Commitment, the UK government's carbon emissions trading scheme that will start in April 2010. 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.

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. 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. This success has been driven by investments in more energy-efficient equipment and improvements in management practices.

Promoting biodiverse solutions is becoming an increasingly important driver for the specification of green roof systems. Shown here is one of several birds nests on the green roof at Aberporth Technology Park, Aberporth, Mid Wales.

Levolux is a member of the UK Green Building Council. This high-profile group, launched in 2007, campaigns for sustainability in the built environment and has drawn members from across the construction industry, government agencies, academic institutions and other non-government bodies. As a leader in solar shading products, 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. Levolux promotes green working practices throughout and is a supporter of a major rainforest plantation project in Kenya's Great Rift Valley.

During the year, our Pendock branded products were awarded Forest Stewardship Council certification, showing our commitment to sustainability in the use of forest products and demonstrating compliance with the highest social and environmental standards on the market.

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

Community

In addition to the wider community benefits arising from our environmental programme, the group is committed to supporting local community initiatives and a number of charitable donations have been made throughout the year as described in the Director's Report on page 27.

Sound environmental principles

In line with its focus on environmentally sustainable products, the group manages its businesses within sound environmental principles.

Above: Green roofs, appropriately designed and fitted, greatly reduce the impact of a building on the environment, at the same time making it a more pleasant place in which to live and work.

Board of Directors
and Company Advisors






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

Registered Office
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Northamptonshire NN15 5JP

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Fax: +44(0) 1536 725069
www.alumasc.co.uk
info@alumasc.co.uk
Registered No: 1767387

Operating Units
The operating units and key brands of the Alumasc Group are set out on page 88.

Registrars
Capita Limited
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA

Auditors
KPMG Audit Plc
Altius House
One North Fourth Street
Milton Keynes MK9 1NE

Merchant Bank
Close Brothers Corporate Finance Limited
10 Crown Place
Clifton Street
London EC2A 4FT

Solicitors
Herbert Smith LLP
Exchange House
Primrose Street
London EC2A 2HS

Pinsent Masons LLP
3 Colmore Circus
Birmingham, B4 6BH

Brokers
KBC Peel Hunt Limited
111 Old Broad Street
London EC2N 1PH

John McCall MA (Cantab) (64)
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.

Jon Pither MA (Cantab) (75)
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.

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

Paul Hooper BSc, MBA, DipM (53)
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.

Philip Gwyn MA (Cantab) (65)
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.

Andrew Magson BSc, FCA (42)
Group Finance Director

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

Richard Saville BSc (60)
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.

John Pilkington MA (Cantab) (60)
Non-Executive Director

John Pilkington joined the Board on 1 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. His earlier appointments were with the Arup Group, the world's leading engineering consultancy, from 1971 to 1994, latterly as Managing Director of its German business, and at Tarmac plc/Carillion plc from 1994 to 2000, latterly as Development Director of the Carillion Private Finance Unit.

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 2009.

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 industrial customers. A review of the group's operations, future prospects and Key Performance Indicators are included in the Business and Financial Reviews on pages 6 to 19.

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

- Business and Financial Reviews (pages 6 to 19)
- Corporate Social Responsibility statement (pages 20 to 21)
- Board of Directors (pages 22 to 23)
- Statement of Corporate Governance (pages 29 to 32)
- Remuneration Report (pages 33 to 36)

In compliance with the business review provisions of the Companies Act 2006, principal risk factors are discussed under the section "Principal risks and uncertainties" on page 26. Information on potential future developments in the group is set out under the sections "Business Development" and "Prospects" on page 14.

The group's Key Performance Indicators ("KPIs") are referred to throughout the Business and Financial Reviews. These are:

- The Safety Performance Rate
- Revenue
- Underlying and reported operating profit
- Operating margin
- Underlying and reported profit before tax
- The group tax rate
- Underlying and reported earnings per share
- EBITDA, operating cash flow and free cash flow
- Net debt
- Interest cover, net debt/EBITDA and gearing
- Return on investment
- Return on shareholders' funds

In addition, the group monitors, on an individual operating company basis, sales orders, enquiry levels, orders supplied on time in full, and a number of operational KPIs such as capacity utilisation, plant availability, yield and productivity. These latter KPIs are measured, given the diversity of the group's operations, using definitions appropriate to each business in the group and are therefore not reported on a consolidated basis in the group's annual report.

Results and dividends

The group reported profit before tax from continuing operations of £1.8 million (2007/08: £10.0 million). The directors recommend a final dividend of 6.75p per ordinary share payable on 30 October 2009 to members on the register at the close of business on 2 October 2009 which, together with the interim dividend, makes a total of 10.0p for the year (2007/08: 10.0p).

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

The right to receive any dividend has been waived by the trustee of the company's Employee Benefit Trust over any shares that the Trustees may hold from time to time. At the year end, the Trustees' holding was 135,171 shares. The shares held in Trust are to meet commitments under the Company's Long Term Incentive Share Plans.

Share capital

The present capital structure of the Company is set out in note 24 to the group financial statements.

Purchase of own shares by the company

At last year's Annual General Meeting, authority was granted to the Directors to purchase, in the market, the Company's own shares, up to the limit of 14.9% of the issued share capital as permitted under Regulation 46 of the Company's Articles of Association. The authority is expressed to run until the Company's next Annual General Meeting at which it will expire. No purchases pursuant to this authority have been made during the year. Renewal of this authority will be proposed at the forthcoming Annual General Meeting. The Directors do not propose to exercise the authority unless satisfied that a purchase would be in the best interest of shareholders and could be expected to result in an increase in earnings per share.

Directors

The current Directors are listed below and their biographies are set out on page 23. All of these Directors served throughout the year, with the exception of John Pilkington who was appointed on 1 March 2009.

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

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

Details of directors' service agreements are given in the Remuneration Report on page 34.

Directors' share interests

	Shares	
	At 30 June 2009	At 30 June 2008
J S McCall	**4,111,458**	4,111,458
J P Pither	**286,631**	286,631
P H R Gwyn	**3,057,605**	3,057,605
G P Hooper	**225,893**	185,023
A Magson	**5,000**	5,000
J Pilkington	**9,186**	–
R C C Saville	**13,000**	13,000

The Directors' interests are beneficial with the exception of 434,000 shares (2008: 434,000) in which John McCall has a non-beneficial interest. John Pilkington held no shares on his appointment as a director.

There has been no change in the Directors' interests in the share capital of the company from 30 June 2009 to 8 September 2009 (being the last practicable date before publication of this document).

Details of the Directors' interests in share-based incentive plans can be found in the Remuneration Report on pages 33 to 36.

Substantial shareholders

In addition to those of the Directors, the company's register of substantial shareholdings showed the following interests in 3 per cent or more of the Company's issued ordinary shares as at 28 August 2009:

	Shares	% of share capital
Axa Investment Management	4,874,684	13.49
Delta Lloyd Asset Management	3,636,702	10.06
Schroder Investment Management	2,383,288	6.60
Mrs J Inwood	1,696,000	4.69
E W O'Loughlin Esq	1,600,962	4.43
Aberdeen Asset Management	1,397,000	3.87

The directors are not aware of any other notifiable interest in the share capital of the Company.

Shareholders' statistics

Ordinary shareholders at 30 June 2009

	Shareholders Number	Ordinary shares Number
Shareholding range:		
1 – 999	437	212,503
1,000 – 9,999	743	1,926,596
10,000 – 49,999	102	2,037,774
50,000 – 99,999	25	1,700,532
100,000 and over	43	30,256,153
	1,350	36,133,558

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 are given in note 24 to the group financial statements on page 69 of this report. With the exception of 135,171 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 Services Authority.

Change of control

The company is not party to any material agreements which take effect, alter or terminate upon a change of control of the company following a takeover bid.

Directors' Report

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.

Principal risks and uncertainties

Alumasc's portfolio of niche businesses generate sales in a variety of building and construction, and industrial markets. This reduces the group's exposure to any one end-market segment or single third party. The group's major risks are:

UK and Global Economy
All of Alumasc's operations are based in the UK, and the majority of the group's sales are made to UK customers, with the remainder mostly to customers in the USA and Europe. Any significant change in economic conditions in these locations and particularly those that impact the building, construction, vehicle manufacturing and brewing sectors could affect Alumasc's future revenues and profits.

Customers
Certain of the group's businesses derive a significant proportion of their revenues from key customers. The management teams of these businesses and group management, where appropriate, maintain regular contact with all key customers to manage and develop these important business relationships. Whilst the loss of any key customer could have a significant impact on the performance of an individual business within the group, it is unlikely to have as material an impact on the group as a whole.

People
The loss of key management and employees could impact operating performance through loss of know-how. These risks are mitigated as far as possible through succession planning for key executives, teamwork and ensuring that key individuals are appropriately motivated and incentivised.

Supply chain
The loss or failure of key suppliers, or the prolonged loss of a major manufacturing site within Alumasc, could impact our ability to deliver to customer expectations. The increase over the last few years in Alumasc's raw materials, components or sub-assemblies that are being sourced from the Far East, whilst reducing costs, has introduced additional supply chain risks that are being carefully managed by senior personnel within each business.

Credit Risk
As global economic conditions have become more challenging, credit risks have increased. Credit risks are monitored carefully in all group businesses, including at monthly board meetings and, in certain specific cases where judged cost-effective, these risks are insured. The group has a wide range of customers reflecting the variety of end user markets served and this mitigates the group's exposure to any one end-market segment or single third party. The group does make some significant sales to customer segments reported in the media during the year to be under pressure in current economic circumstances, including US and UK car manufacturers and UK house builders.

Foreign exchange rate risk
The group is exposed to movements in foreign exchange rates, particularly in relation to purchases made in Euros and US Dollars. These risks are mitigated wherever possible by internal hedging between group businesses and external forward foreign exchange contracts. Such hedging can only protect the group against relatively short-term volatility in exchange rates and not against more structural changes to the relative strength of these currencies against Sterling. The group's recent results have been impacted adversely by the recent appreciation of the Euro and US Dollar against Sterling and would continue to be impacted, when compared to last year, should prevailing rates not recover.

Liquidity risk
The group has £20 million of committed banking facilities which expire in May 2012. These facilities are almost double the level of the group's net indebtedness at 30 June 2009. In addition, the group has a further £6 million of uncommitted overdraft facilities. The Board believes these facilities are sufficient to meet the group's funding requirements for the foreseeable future.

Product quality
The reputation of Alumasc products and brands could be impacted by significant product quality issues. The group's quality control procedures are designed to ensure that own-manufactured products and, where applicable, bought-in products perform to specification, provided they have been correctly installed. In circumstances where the group installs its own products, careful project management processes seek to ensure that any potential issues are pro-actively identified, managed and resolved on-site as far as possible. Residual risks are, where possible, insured. Based on past experience, it is not considered likely that quality claims on any individual product or contract would be fundamental to the group's performance as a whole.

Acquisitions
An important part of the group's growth strategy is to acquire niche building product businesses, where we consider these will increase shareholder value. Poor execution of this strategy or poor management after acquisition could, conversely, erode value. All acquisitions are approved by the group's main board. Senior management from both group and operating businesses, as appropriate to each case, are involved in all key aspects of acquisition execution and post acquisition management. In most cases, Alumasc seeks to retain key staff within acquired businesses and develop their responsibilities within the group.

Pensions
The group has a relatively significant pension deficit, which is being carefully managed and reduced over a number of years through funding plans agreed with the Pension Trustees. The value of the group's pension obligations and the consequential impact on the future levels of funding that will be required are affected by changes in demographic, capital market and regulatory factors over time, many of which are beyond the group's control. These factors, and developments in the pensions industry more generally, are closely monitored by management and its advisors in order that the group can continue to reduce its pension deficit over time, without this in any way affecting the management of the group's trading operations.

Environmental matters

The Board aims to conduct its business so as to minimise 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 20 and 21.

Health and safety

The Alumasc Group plc is a health and safety conscious group that 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 and 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 20 and 21.

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 (2008: nil). The group average number of creditor days as at 30 June 2009 was 52 (2008: 63).

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 £0.4 million (2007/08: £0.5 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. When employees are 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 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 £3,000 during the year (2007/08: £5,000).

No political donations were made during the year.

Auditors

Following the result of an audit tender exercise during the year, Ernst & Young LLP resigned as auditors to the Company, and the Directors appointed KPMG Audit Plc to fill the casual vacancy.

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

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.

Directors' Report

Annual General Meeting

The notice convening the Annual General Meeting, to be held on 29 October 2009, is included with this document together with an explanation of the business to be conducted at the meeting, a circular in respect of the proposed adoption of new articles of association 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 unanimously recommend 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 advisors.

By order of the Board

Andrew Magson
Company Secretary

10 September 2009

Statement of Directors' Responsibilities

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

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

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

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

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

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

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

Responsibility Statement

We confirm that to the best of our knowledge:

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

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

On behalf of the Board

Paul Hooper
Chief Executive

Andrew Magson
Group Finance Director

10 September 2009

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 Combined Code and is accountable to the group's shareholders for good governance. This report, together with the information contained in the Directors' Remuneration Report on pages 33 to 36 explains how the Directors seek to apply the requirements of the Combined Code to procedures within the group.

Statement of Compliance

During the year ended 30 June 2009 the group has complied with the requirements of the Code save for the following provision:

A7.2 where not all Non-Executive Directors have a service contract or letter of appointment, further details are given in the Remuneration Report on page 34.

Directors

The Board consists of a Non-Executive Chairman, Chief Executive, Group Finance Director and four Non-Executive Directors.

Two of the Board's Non-Executive Directors, Jon Pither and Philip Gwyn, have served on the Board for more than the recommended nine years. In addition, Philip Gwyn has a significant shareholding, detailed in the Directors' Report on page 25. The Board has reviewed the role of each of these Directors and concluded that each is independent in character and judgement. It is felt that their knowledge and understanding are fundamental to the Board's deliberations. These two Directors have other significant commercial commitments.

The Non-Executive Directors are considered by the Board to be independent of management and free from any relationship that could materially interfere with the exercise of their independent judgement. Jon Pither is the Senior Independent Director.

No individual or group of individuals dominates the Board's decision-making and the requirement of the Combined Code that at least half of the board (excluding the chairman) should comprise independent Non-Executive Directors is satisfied.

The Non-Executive Directors' interests in the shares of the Company are set out on page 25 and they receive a fixed fee for their services.

Profiles of the Board members appear on page 23 of this report. These indicate the high level and range of business experience which enables the group to be managed effectively.

The Board meets at least 7 times a year and more frequently where business needs require. Two of these meetings are focused upon strategy specific discussions. The Board has a schedule of matters reserved for its decision which includes material capital commitments, commencing or settling major litigation, business acquisitions and disposals and Board appointments. Directors are given appropriate information for each Board meeting, including reports on the current financial and trading position of each business.

Any Director appointed is required to retire and seek re-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.

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. The Senior Independent Director is responsible for evaluating the performance of the Chairman.

In line with the Combined Code, a formal evaluation of the performance and effectiveness of the Board, its Committees and individual Directors was carried out during the year. A brief questionnaire covering the main areas of the evaluation 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. The evaluation questionnaire included questions about the effectiveness of the Executive and Non-Executive Directors. Issues arising from this process were discussed with the Board with recommendations for actions where appropriate.

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

Statement of Corporate Governance

Board Committees

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

Audit Committee

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

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

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

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

John Pilkington, the Chief Executive, Group Finance Director, Group Financial Controller and the group's external auditors were invited to and attended a number of meetings of the Audit Committee.

The Audit Committee keeps the scope and cost effectiveness of the external audit under review, with the external auditors having access to the Committee chairman. In accordance with good corporate governance practice, during the year the Board decided to conduct a periodic review of the group's external audit arrangements, and placed the audit out to tender. Having seen presentations from four tendering firms, including the previous auditor, Ernst &Young LLP, it was decided to appoint KPMG Audit Plc ("KPMG") as auditors.

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

A resolution for shareholders to ratify the appointment of KPMG will be put to shareholders at the Annual General Meeting to be held on 29 October 2009.

The independence and objectivity of the external auditors are also considered on a regular basis, with particular regard to the level of non-audit fees. The provision of non-audit fees is reviewed on a case-by-case basis. During the year, no non-audit fees were paid to KPMG and £78,000 was paid to Ernst and Young LLP in respect of taxation services. These fees were not considered by the Committee to affect the auditors' independence or objectivity.

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

Remuneration Committee

The Remuneration Committee members are Jon Pither (Chairman), Philip Gwyn and Richard Saville. The Committee meets at least twice a year to review the remuneration of the Executive Directors. It is also responsible for determining the fees of the Chairman. Full details of the Directors' remuneration and a statement of the Company's remuneration policy are set out in the Directors' Remuneration Report on pages 33 to 36. The Chief Executive attends meetings of the Committee as necessary to discuss the performance of the other Executive Directors and make proposals relating to them, but takes no part in deliberations when his own position is discussed.

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

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

Nomination Committee

The Nomination Committee members are 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. When considering appointments, 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.

John Pilkington was appointed as a Non-Executive Director during the year. The Board considers that his appointment will provide further strength to the Board's expertise in the construction sector.

Attendance at Board meetings

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

*Mr Pilkington has attended all board meetings called since his appointment as a director
† By invitation as an attendee
‡ Mr McCall did not attend the meeting called to consider the renewal of his service contract

Internal control and risk management

The Board acknowledges that it is responsible for the company'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.

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

(i) Risk Management

Risk management is a continuing process throughout the year, dealt with through the monthly 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 financial implications and the effectiveness of mitigating controls. Each operating company has implemented procedures for controlling the relevant risks of their business.

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

(ii) Financial Reporting and Monitoring

The Board receives regular financial reports, including monthly management accounts, quarterly re-forecasts, annual budgets and 5-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 operating companies, oversees the group's trading activities and addresses matters of common interest with regard to safety, development, performance and risk.

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

(iii) Internal Audit

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

Having reviewed the scope and results of internal control activities for the year and from information provided by management and the group's external auditors, the Board was satisfied with the process of risk identification, management and control during the year.

Statement of Corporate Governance

Whistleblowing Policy

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

Business Ethics Policy

During the year, a business ethics policy was developed setting out the standards of business conduct that the group expects from its executives and employees. This policy has been formally adopted effective for the year commencing 1 July 2009.

Internal controls assurance

The Audit Committee on behalf of the Board has reviewed during the year the effectiveness of the system of internal control from information provided by management and the group's external auditors. The review included an assessment by the Board of the key risks affecting the group in the delivery of its long-term strategies.

Whilst, as a result of the increased focus on internal control described above, the group's internal control processes and monitoring mechanisms continued to improve during the year, management remains committed to delivering further improvements in certain group businesses, in particular completing the final stages of the business systems and controls improvement project started at Alumasc Precision in May 2008.

Going concern

The Directors, having taken account of the group's net cash resources and bank facilities and having made appropriate enquiries, consider that the Company and the group have adequate resources to continue operations for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the financial statements.

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, analysts and private shareholders with large holdings, as well as general presentations after the announcement of results. All shareholders have the opportunity to raise questions at the Annual General Meeting when the Company also highlights the latest key business developments.

Remuneration Report

Introduction

The Remuneration Committee has adopted the principles of good governance relating to Directors' remuneration as set out in the 2008 Combined Code on Corporate Governance. This report has been prepared in accordance with the Companies Act 2006 and Schedule 8 of the Large and Medium–sized Companies and Groups (Accounts and Reports) Regulations 2008.

It is a requirement that the Company's auditors report to shareholders on certain parts of this Report and state whether in their opinion those parts of it have been properly prepared. Accordingly, the Report has been divided into separate sections consisting of unaudited and audited information.

As required by the Companies Act 2006, a resolution to approve this Report will be proposed at the Annual General Meeting of the Company on 29 October 2009.

This Report has been prepared by the Remuneration Committee on behalf of the Board.

Unaudited information

The Remuneration Committee

The Remuneration Committee is entirely non-executive and its membership is set out on page 30. The Committee's principal functions are to advise the Board on the Company's policy on executive remuneration and to approve the specific remuneration of executive directors, including their service contracts. Its remit therefore includes, but is not limited to, basic salary, benefits in kind, performance-related bonus awards, share options and awards, long-term incentive plans, pension rights and any other compensation or termination payments. The detailed terms of reference for the Committee are displayed on the Company's web-site www.alumasc.co.uk.

Advisors to the Committee

In exercising its responsibilities during the year, advice has been provided to the Committee by Howes Percival LLP in relation to Long Term Incentive Plans.

Remuneration policy

The Company's policy is that current and future remuneration arrangements should be sufficiently competitive to attract, retain and motivate high quality executives capable of achieving the group's objectives thereby enhancing shareholder value. The Committee considers the arrangements described below are reasonable and necessary to achieve this purpose. In determining the remuneration of directors for the year, the Committee took careful account of the pay and conditions of the employees throughout the group.

The Committee has decided that, in view of current economic conditions, the basic salary entitlement of Executive Directors for the year commencing 1 July 2009 will be frozen at 30 June 2009 levels and that no bonuses shall be payable to Executive Directors for the year ended 30 June 2009. The Committee retains discretion to review these decisions should circumstances dictate.

There are four main elements which make up the executive remuneration package, basic salary, bonuses, benefits and share-based incentive schemes.

Salaries
Salaries are reviewed annually on the basis of market comparisons with positions of similar responsibility and scope in companies of a similar size in comparable industries. In reviewing directors' salaries the Remuneration Committee takes into account both company pay awards and personal performance and information from external salary survey sources including Monks Partnership (part of PriceWaterhouseCoopers).

Fees for Non-Executive Directors are determined by the Board on the basis of market comparisons with positions of similar responsibility and scope in companies of a similar size in comparable industries. They are not eligible for pension scheme membership and do not participate in any of the group's bonus, share option or incentive schemes.

Bonuses
Annual bonuses are determined as a percentage of basic salary by a formula agreed with the Remuneration Committee. A zero threshold is set each year above which bonuses increase in line with profits and cash generation, to a maximum of 50% in relation to Paul Hooper and 45% in relation to Andrew Magson. The bonus targets are set at levels which the Remuneration Committee believes provide a major challenge for management in the bonus year.

Benefits
During the year, Paul Hooper and Andrew Magson participated in defined contribution pension arrangements. Additional benefits available to directors include health insurance and a car allowance.

Share-based Incentive Schemes
Long term incentive awards and awards under the group's executive share option plan are designed to reward the achievement of long-term performance targets and to align the interests of management with those of the shareholders.

Remuneration Report

1 - Executive Share Option Plan
Executives have, in the past, been able to participate in the Executive Share Option Scheme approved by shareholders in 2004. This scheme was designed to encourage the matching of interests between management and shareholders, and has now been largely superseded by the Long Term Incentive Plans outlined below. However, Paul Hooper 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.

2 - Long Term Incentive Plans
The group operates two Long Term Incentive Plans (the "Plans") which were approved by shareholders in October 1997 and at the last AGM held in October 2008 respectively. The purpose of the Plans 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 Plans each participant is allocated a number of shares. The vesting of shares under the Plans is subject to the achievement of performance criteria, which are described for each plan below.

The 1997 Plan
The 1997 Plan has expired and thus no new awards were made during the year. However, awards remain outstanding from previous years and the interests of Directors in such awards are set out in the table in the section of this Report that is subject to audit.

Awards vest pro rata between nil and 100%, conditional upon achieving targeted growth in earnings per share ('EPS') over a fixed 3 year period following the making of the award.

There will be 10% vesting when the group reaches the lower target of 2.5% growth per annum in EPS above the rate of increase in RPI. 100% of awards will vest on achieving 10% growth per annum in EPS above the rate of increase in RPI.

In between the higher and the lower target the awards vest on a straight line basis.

The 2008 Plan
Details of the awards made to individual directors are set out in the table in the section of this Report that is subject to audit.

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.

No part of any award will vest unless the average annual growth of EPS equals or exceeds RPI plus 2.5% measured over a fixed 3 year period following the making of the award.

On the attainment of this 2.5% average annual growth threshold, 25% of the whole award will vest.

The whole of the remaining part of an award dependent on EPS will vest if the average annual growth in EPS equals or exceeds RPI plus 10%.

The vesting of the remainder of any part of an award dependent on TSR will depend on the percentage movement of the Company's share price at least equalling the median performance of the FTSE All Share Index, up to 100% vesting if the percentage movement is equivalent to upper quartile performance.

In between the higher and the lower targets for both EPS and TSR, the awards vest on a straight line basis.

Service contracts

The Remuneration Committee has determined to respect current best practice in respect of service contracts issued on all new appointments.

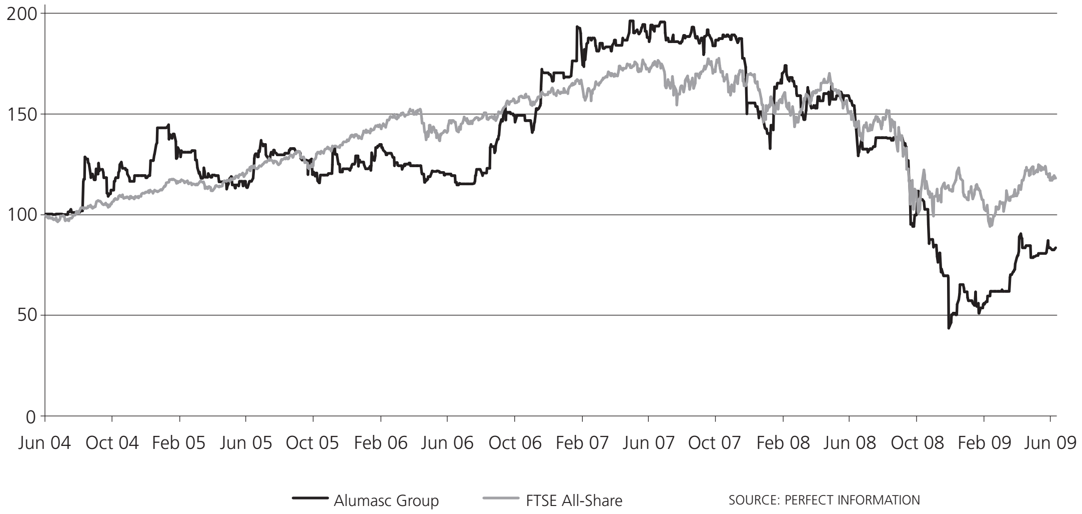
Executive directors are employed under rolling service contracts, with notice periods of 12 months in either direction. Paul Hooper's contract is dated 28 January 2001 and Andrew Magson's contract is dated 7 August 2006.

None of the Non-Executive Directors have service contracts except for John McCall who has a service contract dated 9 May 1986. Mr McCall's contract, which was substantially amended in 2006 on his move to a part-time role, was renewed during the year for a further three year term expiring on 30 April 2012. It is subject to a notice period of 12 months in either direction.

There are no specific contractual provisions dealing with compensation payable to directors for early termination of service contracts. Under the service contracts, the company has the right to terminate employment on paying basic salary in lieu of the contractual notice period. In the event of such early termination, the Remuneration Committee would give careful consideration to the amount to be paid, taking into account the circumstances of the particular case and the responsibility and ability of the individual to mitigate.

In accordance with current best practice, since 1999 all new Non-Executive Directors have been appointed on the basis of letters of appointment providing for an initial period of three years, subject to review. There are no such letters of appointment in respect of Messrs Gwyn and Pither, who were appointed prior to 1999. Mr Saville's letter of appointment was renewed for a further one-year period during the year.

Historical Total Shareholder Return Performance



The graph shows the total shareholder return on a hypothetical holding of shares in the company compared with a broad equity market. The Directors have chosen to illustrate TSR against the FTSE All Share Index. This Index has been selected as, in the opinion of the Directors, it provides a more sound comparison than any subset of the market.

Information subject to audit

Directors' remuneration

	Basic salary and fees £000	Benefits and other payments £000	Bonuses £000	**Total 2009 £000**	Total 2008 £000
Executive Directors					
G P Hooper	230	14	–	**244**	301
A Magson	142	14	–	**156**	189
Non-Executive Directors					
J S McCall	100	2	–	**102**	94
J P Pither	28	–	–	**28**	25
P H R Gwyn	23	–	–	**23**	20
J Pilkington (appointed 1.03.09)	8	–	–	**8**	–
R C C Saville	28	–	–	**28**	20

Benefits include health insurance, the provision of a car and fuel allowance and payment of professional subscriptions.

Pension arrangements

The company paid contributions for Paul Hooper and Andrew Magson into executive pension schemes which are defined contribution arrangements.

Contributions paid during the year were £46,800 (2007/08: £41,000) and £21,300 (2007/08: £20,400) respectively. The contributions paid in respect of Mr Hooper during the year included the sum of £1,950 relating to a shortfall in contributions made during 2007/08.

Share-based Incentive Plans

The performance criteria for all awards under Share-based Incentive Plans are consistent with the remuneration policy and the summary of the schemes set out on pages 33 and 34.

There were no variations in the terms and conditions applicable to any award during the year.

Remuneration Report

Executive Share Option Scheme

	Exercise price	Earliest exercise date	Expiry date	**As at 1 July 2008**	Exercised in year	Granted in year	Lapsed in year	**At 30 June 2009**
G P Hooper	171.2p	April 2009	April 2016	**39,878**	Nil	Nil	Nil	**39,878**

Long Term Incentive Plans

	Date of award	Market price at award date	Earliest exercise date	**As at 1 July 2008**	Vested in year	Market price at vesting date	Granted in year	Lapsed in year	**At 30 June 2009**
G P Hooper									
1997 Plan	Oct 2005	158p	Oct 2008	**53,459**	12,643	148.5p	–	40,816	**–**
	Nov 2006	171p	Nov 2009	**53,699**	–	–	–	–	**53,699**
	Oct 2007	208p	Oct 2010	**45,652**	–	–	–	–	**45,652**
Total 1997 Plan				**152,810**	12,643		–	40,816	**99,351**
2008 Plan	Dec 2008	79p	Dec 2011	**–**	–	–	176,020	–	**176,020**
Total all LTIPs				**152,810**	12,643		176,020	40,816	**275,371**
A Magson									
1997 Plan	Nov 2006	171p	Nov 2009	**23,744**	–	–	–	–	**23,744**
	Oct 2007	208p	Oct 2010	**22,609**	–	–	–	–	**22,609**
Total				**46,353**	–		–	–	**46,353**
2008 Plan	Dec 2008	79p	Dec 2011	**–**	–	–	72,449	–	**72,449**
Total all LTIPs				**46,353**	–		72,449	–	**118,802**

All awards under the 1997 and the 2008 Plans have a £nil exercise price.

The aggregate of gains made by directors on the exercise of LTIP awards during the year was £18,775.

Company share price

The closing mid market price of the shares on 30 June 2009 was 89.5p and ranged between 176p and 51.5p per share during the year.

Employee Trust

At the year end the employee trust held 135,171 ordinary shares. The market value of the shares held in trust at 30 June 2009 was £120,000.

On behalf of the Board

J P Pither
Chairman
Remuneration Committee

10 September 2009

Independent Auditors' Report

To the members of The Alumasc Group plc

We have audited the financial statements of The Alumasc Group Plc for the year ended 30 June 2009 set out on pages 38 to 82. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 28, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2009 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 32, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

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

Chartered Accountants
Altius House
1 North Fourth Street
Central Milton Keynes
MK9 1NE
10 September 2009

Consolidated Income Statement

For the year ended 30 June 2009

	Notes	2008/09 Before non-recurring items and brand amortisation £000	2008/09 Non-recurring items and brand amortisation £000	2008/09 Total £000	2007/08 Before non-recurring items and brand amortisation £000	2007/08 Non-recurring items and brand amortisation £000	2007/08 Total £000
Revenue	3	**109,088**	**–**	**109,088**	125,808	–	125,808
Cost of sales		**(73,337)**	**–**	**(73,337)**	(84,145)	–	(84,145)
Cost of sales – Impairment charges	5	**–**	**(2,176)**	**(2,176)**	–	–	–
Gross profit		**35,751**	**(2,176)**	**33,575**	41,663	–	41,663
Net operating expenses before non-recurring items and brand amortisation		**(29,053)**	**–**	**(29,053)**	(30,430)	–	(30,430)
Brand amortisation and fair value adjustments	5	**–**	**(252)**	**(252)**	–	(428)	(428)
Profit on disposal of property	5	**–**	**–**	**–**	–	1,240	1,240
Restructuring costs	5	**–**	**(940)**	**(940)**	–	(465)	(465)
Net operating expenses		**(29,053)**	**(1,192)**	**(30,245)**	(30,430)	347	(30,083)
Operating profit	4	**6,698**	**(3,368)**	**3,330**	11,233	347	11,580
Finance income	8	**4,424**	**–**	**4,424**	4,480	–	4,480
Finance expenses	8	**(5,950)**	**–**	**(5,950)**	(6,071)	–	(6,071)
Profit before taxation		**5,172**	**(3,368)**	**1,804**	9,642	347	9,989
Tax expense	9	**(1,572)**	**828**	**(744)**	(3,032)	376	(2,656)
Profit for the year		**3,600**	**(2,540)**	**1,060**	6,610	723	7,333

	Notes	2008/09 £000	2007/08 £000
Profit for the year attributable to:			
Equity holders of the parent		**1,052**	7,315
Minority interest		**8**	18
		1,060	7,333

	Notes	**Pence**	Pence
Earnings per share			
– Basic	11	**2.9**	20.3
– Diluted	11	**2.9**	20.2

Consolidated Statement of Recognised Income and Expense

For the year ended 30 June 2009

	Notes	**2008/09 £000**	2007/08 £000
Income and expense recognised directly in equity			
Actuarial gain/(loss) on defined benefit pensions	22	**3,938**	(6,557)
Movement in cash flow hedging position	25	**(501)**	(60)
Exchange differences on retranslation of foreign operations	25	**63**	7
Tax on items taken directly to or transferred from equity	9	**(974)**	1,836
Net income/(loss) recognised directly in equity for the year		**2,526**	(4,774)
Profit for the year		**1,060**	7,333
Total recognised income for the year		**3,586**	2,559
Attributable to:			
Equity holders of the parent		**3,551**	2,541
Minority interest		**35**	18
		3,586	2,559

Consolidated Balance Sheet

At 30 June 2009

	Notes	2009 £000	2009 £000	2008 £000	2008 £000
Assets					
Non-current assets					
Property, plant and equipment	12	**16,704**		20,078	
Goodwill	13	**16,888**		16,888	
Other intangible assets	14	**4,538**		4,496	
Financial assets	15	**17**		17	
Deferred tax assets	9	**3,501**		5,549	
			41,648		47,028
Current assets					
Inventories	16	**12,524**		12,929	
Biological assets	17	**341**		131	
Trade and other receivables	18	**19,474**		29,740	
Cash and short term deposits		**1,019**		5,529	
Income tax receivable		**161**		–	
Derivative financial assets	21	**25**		48	
			33,544		48,377
Total assets			**75,192**		95,405
Liabilities					
Non-current liabilities					
Interest bearing loans and borrowings	20	**(11,331)**		(14,881)	
Employee benefits payable	22	**(12,504)**		(19,818)	
Provisions	23	**(499)**		(831)	
Deferred tax liabilities	9	**(1,905)**		(2,291)	
			(26,239)		(37,821)
Current liabilities					
Interest bearing loans and borrowings	20	**(6)**		(15)	
Trade and other payables	19	**(17,657)**		(26,307)	
Provisions	23	**–**		(116)	
Income tax payable		**–**		(237)	
Derivative financial liabilities	21	**(461)**		–	
			(18,124)		(26,675)
Total liabilities			**(44,363)**		(64,496)
Net assets			**30,829**		30,909
Equity					
Called up share capital	24	**4,517**		4,517	
Share premium	25	**452**		383	
Revaluation reserve	25	**951**		1,101	
Capital reserve – own shares	25	**(178)**		(106)	
Hedging reserve	25	**(332)**		40	
Foreign currency reserve	25	**37**		1	
Profit and loss account reserve	25	**25,349**		24,951	
Equity attributable to equity holders of the parent			**30,796**		30,887
Minority interest	25		**33**		22
Total equity			**30,829**		30,909

G P Hooper
Director

A Magson
Director

10 September 2009

Consolidated Cash Flow Statement

For the year ended 30 June 2009

	Notes	2008/09 £000	2007/08 £000
Operating activities			
Operating profit		**3,330**	11,580
Adjustments for:			
Depreciation	12	**3,004**	3,427
Amortisation	14	**541**	399
Impairments	12	**2,176**	–
Gain on disposal of property, plant and equipment		**(49)**	(1,259)
Decrease in inventories		**329**	325
Increase in biological assets		**(210)**	(131)
Decrease/(increase) in receivables		**10,290**	(2,412)
(Decrease)/increase in trade and other payables		**(8,627)**	3,392
Movement in provisions		**(448)**	(92)
Movement in retirement benefit obligations		**(4,276)**	(3,651)
Share based payments	25	**20**	8
Cash generated from continuing operations		**6,080**	11,586
Movement in working capital from discontinued operations		**–**	1,204
Cash generated from discontinued operations	27	**–**	1,204
Tax paid		**(454)**	(2,451)
Tax payments settling liabilities of subsidiaries on acquisition		**–**	(1,004)
Net cash inflow from operating activities		**5,626**	9,335
Investing activities			
Purchase of property, plant and equipment		**(1,727)**	(2,124)
Payments to acquire intangible fixed assets		**(430)**	(379)
Proceeds from sales of plant and equipment		**51**	1,651
Proceeds from sales of other intangible assets		**73**	–
Proceeds from the sale of non-current assets classified as held for sale		**–**	678
Acquisition of subsidiary undertakings net of cash acquired		**–**	(2,039)
Acquisition of brand	13	**(126)**	–
Proceeds from sale of business activities	27	**–**	710
Interest received		**149**	159
Net cash outflow from investing activities		**(2,010)**	(1,344)
Financing activities			
Interest paid		**(854)**	(1,268)
Equity dividends paid		**(3,607)**	(3,550)
Equity dividends paid to minority interests		**(24)**	(34)
Repayment of amounts borrowed		**(5,017)**	(14)
Purchase of own shares	25	**(124)**	–
Proceeds from issue of share capital		**–**	421
Proceeds from refund of share issue costs	25	**69**	–
Net cash outflow from financing activities		**(9,557)**	(4,445)
Net (decrease)/increase in cash and cash equivalents		**(5,941)**	3,546
Cash and cash equivalents brought forward		**5,529**	1,977
Effect of foreign exchange rate changes		**7**	6
Cash and cash equivalents carried forward		**(405)**	5,529
Cash and cash equivalents comprise:			
Cash and short term deposits		**1,019**	5,529
Bank overdrafts		**(1,424)**	–
		(405)	5,529

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

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 2009, and the Companies Act 2006.

The fair values of certain assets and liabilities acquired as part of the Blackdown Horticultural Consultants Limited business combination in March 2008 have been revised (refer to note 13). In accordance with IFRS 3 (Business Combinations) the 2008 Balance Sheet has been re-presented.

Prior year comparatives have been re-stated to reflect current year disclosures where applicable.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business Review on pages 6 to 21. The financial position of the group, its cashflows, liquidity position and borrowing facilities are described within note 21.

The group has £26 million of banking facilities, of which £20 million is committed until May 2012. At 30 June 2009 the group's net indebtedness was £10.3 million.

On the basis of the group's financing facilities and current financial plans and sensitivity analyses, the Board is satisfied that the group has adequate resources to continue in operational existence for the foreseeable future and accordingly continue 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 that the group has adopted IAS 41 – Agriculture during the year, which relates to the valuation of biological assets. The impact of this accounting policy is disclosed within note 17.

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.

Minority interests represent the portion of profit or loss and net assets in subsidiaries that is not owned by the group and is presented separately within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Judgements and estimates

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement and valuation of intangible assets and goodwill and the measurement and valuation of defined benefit pension obligations. The measurement of intangible assets other than goodwill on a business combination involves estimation of future cash flows and the selection of a suitable discount rate. The group determines whether goodwill is impaired on an annual basis and this requires an estimation of the value in use of the cash generating units to which the intangible assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate (see note 13). Measurement of defined benefit pension obligations requires estimation of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate (see note 22).

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

2 Summary of significant accounting policies (continued)

Goodwill

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

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

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	3 to 5 years
– development expenditure	over the life of the project
– brands	over the assessed life of each brand

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

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended. Under IFRS transitional provisions the group elected to bring in previous valuations of freehold and long leasehold land and buildings at a valuation frozen under FRS 15, and these amounts are carried forward as 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	–	5 to 15 years
Motor vehicles	–	4 to 5 years

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

2 Summary of significant accounting policies (continued)

Impairment of fixed assets

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

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement 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 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 income statement 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 income statement 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 fixed and variable overheads. The allocation of manufacturing fixed overheads has regard to budgeted normal production.

The group holds certain raw materials from suppliers on a consignment stock basis, which is accounted for as consumed. This stock remains the property of the supplier until used.

Biological assets

Biological assets relate to the value of horticultural inventories at Blackdown Horticultural Consultants, which form part of the green roof systems supplied by this business. The assets are measured at discounted market value less estimated point-of-sale costs, with any change therein recognised in profit or loss. 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 contributions to be made to separately administered funds. Benefits accrue under the career average revalued earnings (CARE) basis.

The cost of providing benefits under the defined benefit plans is 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 to the current and prior periods and is based on actuarial advice.

The employer's portion of the current service costs, past service costs related to employee service in prior periods, and any curtailment gains or losses are charged to the income statement within cost of sales, selling and distribution costs or administrative expenses as appropriate.

2 Summary of significant accounting policies (continued)

Pension costs (continued)

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

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

Actuarial gains and losses are recognised in full in the consolidated statement of recognised income and expense. 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 balance sheet 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 income statement 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 balance sheet 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 balance sheet 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 income statement.

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 balance sheet 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 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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

2 Summary of significant accounting policies (continued)

Derivative financial instruments and hedging

Derivative financial instruments

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 profit or loss. 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 swap 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 is 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 profit or loss.

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.

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 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 income statement.

2 Summary of significant accounting policies (continued)

Trade and other receivables

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

Cash and cash equivalents

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

For the purpose of the consolidated cash flow statement, 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 income statement net of any reimbursement.

New standards and interpretations not applied

IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS / IFRSs)	**Effective date***
IFRS 2 Amendment to IFRS 2 – Vesting conditions and Cancellations	1 January 2009
IFRS 3 Business Combinations – revised	1 July 2009
IFRS 8 Operating Segments	1 January 2009
IAS 1 Presentation of Financial Statements – revised	1 January 2009
IAS 27 Consolidated and Separate Financial Statements	1 July 2009
International Financial Reporting Interpretations Committee (IFRIC)	
IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2009

* The effective dates stated here are those given in the original IASB/IFRIC standards and interpretations and relate to accounting periods starting on or after that date. As the group has elected to prepare its financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the group's discretion to early adopt standards.

The amendment to IFRS 2 restricts the definition of vesting conditions to include only service conditions (requiring a specified period of service to be completed) and performance conditions (requiring the other party to achieve a personal goal or contribute to achieving a corporate target). All other features are not vesting conditions, and whereas a failure to achieve such a condition was previously regarded as a forfeiture (giving rise to a reversal of amounts previously charged to profit) it must be reflected in the grant date fair value of the award and treated as a cancellation, which results in either an acceleration of the expected charge, or a continuation over the remaining vesting period, depending on whether the condition is under the control of the entity or counterparty. The amendment is mandatory for periods beginning on or after 1 January 2009 and the group is currently assessing its impact on the financial statements, although it is not expected to be material.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

2 Summary of significant accounting policies (continued)

New standards and interpretations not applied (continued)

The group does not anticipate early adopting the revised IFRS 3 and so will apply it prospectively to all business combinations on or after 1 July 2009. Whilst it is not possible to estimate the outcome of adoption, the key features of the revised IFRS 3 include a requirement for acquisition-related costs to be expensed and not included in the purchase price; and for contingent consideration to be recognised at fair value on the acquisition date (with subsequent changes recognised in the income statement and not as a change to goodwill). The standard also changes the treatment of non-controlling interests (formerly minority interests) with an option to recognise these at full fair value as at the acquisition date and a requirement for previously held non-controlling interests to be fair valued as at the date control is obtained, with gains and losses recognised in the income statement.

IFRS 8 requires disclosure based on information presented to the Board. This is likely to give rise to changes in the presentation of certain business segments. Also, the secondary segment information will be replaced by group-wide analysis of revenues and non-current assets by major geographic area.

Whilst the revised IAS 1 will have no impact on the measurement of the group's results or net assets it is likely to result in certain changes in the presentation of the group's financial statements from 2009/10 onwards.

IAS 27 revised is effective for annual periods beginning on or after 1 July 2009, with earlier application only permitted when the revised IFRS 3 is applied. The revised standard applies retrospectively with some exceptions. IAS 27 revised no longer restricts the allocation to minority interest of losses incurred by a subsidiary to the amount of the non-controlling equity investment in the subsidiary. A partial disposal of equity interest in a subsidiary that does not result in a loss of control will be accounted for as an equity transaction and will have no impact on goodwill nor will it give rise to any gain or loss. Where there is loss of control of a subsidiary, any retained interest will have to be remeasured to fair value, which will impact the gain or loss recognised on disposal. The group is currently assessing the impact on its financial statements from adopting IAS 27 revised.

IFRIC 14 is effective from 1 July 2009 and clarifies the requirements of IAS 19 paragraph 58 which limits the measurement of a defined benefit asset to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The IFRIC also addresses when refunds or reductions in future contributions should be regarded as available, how a minimum funding requirement might affect the availability of reductions in future contributions and when a minimum funding requirement might give rise to an additional liability. The group is currently assessing the impact on its financial statements from adopting IFRIC 14.

3 Revenue

Revenue from continuing operations disclosed in the income statement is analysed as follows:

	2008/09 £000	2007/08 £000
Sales of goods	**82,752**	103,777
Contract sales	**26,336**	22,031
Revenue	**109,088**	125,808
Rental income	**117**	162
Finance revenue (Note 8)	**4,424**	4,480
Total revenue	**113,629**	130,450

4 Segmental analysis

Segment information is presented in respect of the group's business segments. The primary format, business segments, is based on the group's management and internal reporting structure. The allocation of the group's brands to business segments is shown on pages 2 and 3 and a description of each segment's activities and brands is given in the business review on pages 6 to 19.

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 as well as those that can be allocated on a reasonable basis. Unallocated assets comprise deferred tax assets, income tax recoverable and corporate assets that cannot be allocated on a reasonable basis. 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 business segment.

Analysis by business segment 2008/09

	Sustainable: Energy Management £000	Sustainable: Water Management £000	Premium Building Products £000	Building Products Total £000	Precision Components £000	Alumasc Dispense £000	Engineering Products Total £000	Unallocated Items £000	Elimination £000	Total £000
Sales to external customers	38,938	29,743	9,806	78,487	23,025	7,576	30,601	–	–	109,088
Inter-segment revenue	126	32	11	169	1,102	–	1,102	–	(1,271)	–
	39,064	29,775	9,817	78,656	24,127	7,576	31,703	–	(1,271)	109,088
Underlying segmental operating profit	6,430	2,830	(50)	9,210	(1,503)	54	(1,449)	(1,063)		6,698
Cost of sales – Impairment charges	–	(80)	–	(80)	(2,096)	–	(2,096)	–		(2,176)
Brand amortisation	(240)	–	(12)	(252)	–	–	–	–		(252)
Restructuring costs	(81)	(230)	(72)	(383)	(550)	(7)	(557)	–		(940)
Segment operating result	6,109	2,520	(134)	8,495	(4,149)	47	(4,102)	(1,063)		3,330
Finance revenue										4,424
Finance costs										(5,950)
Profit before tax										1,804
Tax										(744)
Profit after tax										1,060
Segment assets	26,221	17,977	8,087	52,285	15,658	3,527	19,185	3,722		75,192
Segment liabilities	(4,768)	(6,223)	(2,566)	(13,557)	(2,995)	(963)	(3,958)	(26,848)		(44,363)
Other segment information										
Capital and acquisition expenditure:										
Property, plant and equipment	148	313	288	749	1,007	47	1,054	5		1,808
Goodwill	–	–	–	–	–	–	–	–		–
Other intangible assets	15	232	238	485	144	27	171	–		656
Depreciation	137	664	356	1,157	1,609	145	1,754	93		3,004
Amortisation of intangible assets	247	166	47	460	45	36	81	–		541

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For the year ended 30 June 2008

4 Segmental analysis (continued)

Analysis by business segment 2007/08

	Sustainable: Energy Management £000	Sustainable: Water Management £000	Premium Building Products £000	Building Products Total £000	Precision Components £000	Alumasc Dispense £000	Engineering Products Total £000	Unallocated Items £000	Elimination £000	Total £000
Sales to external customers	35,477	33,737	14,271	83,485	30,369	11,954	42,323	–	–	125,808
Inter-segment revenue	–	314	–	314	1,994	–	1,994	–	(2,308)	–
	35,477	34,051	14,271	83,799	32,363	11,954	44,317	–	(2,308)	125,808
Underlying segmental operating profit	4,849	4,984	887	10,720	1,002	662	1,664	(1,151)		11,233
Brand amortisation	(178)	–	–	(178)	–	–	–	–		(178)
Fair value adjustments	(250)	–	–	(250)	–	–	–	–		(250)
Restructuring costs	–	–	–	–	(315)	(150)	(465)	–		(465)
Property disposal gains	–	–	–	–	–	990	990	250		1,240
Segment operating result	4,421	4,984	887	10,292	687	1,502	2,189	(901)		11,580
Finance revenue										4,480
Finance costs										(6,071)
Profit before tax										9,989
Tax										(2,656)
Profit after tax										7,333
Segment assets	28,022	24,724	8,961	61,707	24,204	5,948	30,152	3,546		95,405
Segment liabilities	(5,961)	(9,511)	(2,964)	(18,436)	(6,025)	(2,211)	(8,236)	(37,824)		(64,496)
Other segment information										
Capital and acquisition expenditure:										
Property, plant and equipment	222	617	450	1,289	560	321	881	–		2,170
Goodwill	1,251	–	–	1,251	–	–	–	–		1,251
Other intangible assets	345	238	19	602	121	1	122	–		724
Depreciation	110	722	388	1,220	1,987	220	2,207	–		3,427
Amortisation of intangible assets	188	109	48	345	42	12	54			399

4 Segmental analysis (continued)

Analysis by geographical segment 2008/09

	United Kingdom £000	**Rest of Europe – EU £000**	**Europe – Non EU £000**	**Rest of World £000**	**Total £000**
Sales to external customers	**91,317**	**9,888**	**287**	**7,596**	**109,088**
Segment assets	**71,445**	**–**	**–**	**25**	**71,470**
Unallocated assets					**3,722**
					75,192
Capital and acquisition expenditure:					
Property, plant and equipment	**1,808**	**–**	**–**	**–**	**1,808**
Goodwill	**–**	**–**	**–**	**–**	**–**
Other intangible assets	**656**	**–**	**–**	**–**	**656**

Analysis by geographical segment 2007/08

	United Kingdom £000	Rest of Europe – EU £000	Europe – Non EU £000	Rest of World £000	Total £000
	£000	£000	£000	£000	£000
Sales to external customers	103,509	12,790	2,144	7,365	125,808
Segment assets	91,786	–	–	73	91,859
Unallocated assets					3,546
					95,405
Capital and acquisition expenditure:					
Property, plant and equipment	2,170	–	–	–	2,170
Goodwill	1,251	–	–	–	1,251
Other intangible assets	724	–	–	–	724

Segment revenue by geographical segment represents revenue from external customers based upon the geographical location of the customer. The analysis of segment assets and capital expenditure are based upon location of the assets.

5 Non-recurring items and amortisation

	2008/09 £000	2007/08 £000
Cost of sales – Impairment charges	**2,176**	–
Brand amortisation and fair value adjustments	**252**	428
Profit on disposal of property	**–**	(1,240)
Restructuring costs	**940**	465
	3,368	(347)

Further detail to the impairment charge is given in Note 12.

Restructuring costs relate to redundancy costs during 2008/09 and 2007/08. See note 4 for segmental detail of these costs.

In the prior year, the group made a profit of £1,240,000 disposing of properties in Borehamwood and Cannock. The profit on the Cannock freehold property of £250,000 arose from the contribution of the property into the group's defined benefit pension schemes at market value.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

6 Expenses by nature

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

	2008/09 £000	2007/08 £000
Raw materials and consumables	**51,484**	59,826
Changes in stocks of finished goods and WIP	**761**	14
Depreciation of property, plant and equipment	**3,004**	3,427
Amortisation of intangible assets	**289**	221
Brand amortisation	**252**	178
Impairment	**2,176**	–
Gain on disposal of plant and equipment	**(49)**	(19)
Employee benefit expense	**26,255**	28,313
Operating lease payments	**1,184**	1,191
Income from property operating leases	**(117)**	(162)
Research and development	**391**	458
Auditors' remuneration:		
Audit of these financial statements	**48**	53
Audit of financial statements of subsidiaries pursuant to legislation	**77**	121
Accounting investigation	**–**	115
Other services relating to taxation	**–**	97
Other operating charges	**20,003**	21,635
	105,758	115,468

7 Employee costs and numbers

	2008/09 £000	2007/08 £000
Employee benefit expense:		
Wages and salaries	**22,954**	24,785
Social security	**2,359**	2,528
Pension costs (note 22)		
– defined contribution plans	**415**	475
– defined benefit plans	**1,427**	1,026
	27,155	28,814

Pension costs – defined benefit plans includes other finance expense – pensions of £900,000 (2007/08: £501,000).

	2009 Number	2008 Number
Average number of employees:		
Building products	**485**	492
Engineering products	**350**	405
	835	897

Included in wages and salaries is a total charge for share based payments of £20,000 (2007/08: £8,000) which arises in both years from transactions accounted for as equity settled share based payment transactions.

8 Net finance costs

		2008/09 £000	2007/08 £000
Finance revenue	– Bank interest	**(174)**	(159)
	– Expected return on pension scheme plan assets	**(4,250)**	(4,321)
		(4,424)	(4,480)
Finance costs	– Bank loans and overdrafts	**154**	190
	– Revolving credit facility	**644**	1,057
	– Finance charges payable under finance leases	**2**	2
		800	1,249
	– Pension scheme liability interest	**5,150**	4,822
		5,950	6,071

9 Tax expense

(a) Tax on profit on ordinary activities

Tax charged in the income statement

	2008/09 £000	2007/08 £000
Current tax:		
UK corporation tax	**338**	1,581
Amounts overprovided in previous years	**(282)**	–
Total current tax	**56**	1,581
Deferred tax:		
Origination and reversal of temporary differences	**567**	1,125
Tax under/(over) provided in previous years	**121**	(50)
Total deferred tax	**688**	1,075
Tax charge in the income statement	**744**	2,656

Tax relating to items charged/(credited) to equity		
Deferred tax:		
Actuarial gains/(losses) on pension schemes	**1,103**	(1,836)
Cash flow hedge	**(129)**	–
Tax charged/(credited) in the statement of recognised income and expense	**974**	(1,836)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

9 Tax expense (continued)

(b) Reconciliation of the total tax charge

The total tax rate in the income statement of 41.2% is higher than (2007/08: 26.6% was less than) the standard rate of corporation tax in the UK of 28% (2007/08: 29.5%). The differences are reconciled below:

	2008/09 £000	2007/08 £000
Profit before taxation	**1,804**	9,989
Current tax at the UK standard rate of 28% (2007/08: 29.5%)	**505**	2,947
Expenses not deductible for tax purposes	**125**	186
Tax effect of share options	**(7)**	–
Deferred tax arising on abolition of Industrial Buildings Allowances	**282**	–
Profit on disposal of property	**–**	(366)
Tax overprovided in previous years – corporation tax	**(282)**	–
Tax under/(over)provided in previous years – deferred tax	**121**	(50)
Rate change adjustment	**–**	(61)
	744	2,656

(c) Unrecognised tax losses

The group has agreed tax capital losses in the UK amounting to £21million (2008: £21million) that relate to prior years, and 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.

Deferred tax on revaluation gains on land and buildings that are available for offset against capital losses amount to £1 million (2008 restated: £1 million). After this offset net capital losses carried forward amount to £20 million (2008 restated: £20 million). The capital losses are able to 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	Losses £000	Hedging £000	Total £000	Pension £000
At 1 July 2008	1,481	(187)	997	–	–	2,291	(5,549)
(Credited)/charged to the income statement - current year	(490)	179	(67)	–	–	(378)	945
Charged/(credited) to the income statement - prior year	218	32	–	(129)	–	121	–
(Credited)/charged to equity	–	–	–	–	(129)	(129)	1,103
At 30 June 2009	1,209	24	930	(129)	(129)	1,905	(3,501)

Deferred tax assets and liabilities are presented as non-current in the consolidated balance sheet.

Deferred tax assets have been recognised where it is probable that they will be recovered. Deferred tax assets of £5.9 million (2008: £5.9million) have not been recognised in respect of tax capital losses of £21million (2008: £21million).

10 Dividends

	2008/09 £000	2007/08 £000
Interim dividend for 2009 of 3.25p paid on 7 April 2009	**1,170**	–
Final dividend for 2008 of 6.75p paid on 29 October 2008	**2,437**	–
Interim dividend for 2008 of 3.25p paid on 7 April 2008	**–**	1,172
Final dividend for 2007 of 6.6p paid on 31 October 2007	**–**	2,378
	3,607	3,550

A final dividend per equity share of 6.75p has been proposed for 2009, payable on 30 October 2009. 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:

	2008/09 £000	2007/08 £000
Profit attributable to equity holders of the parent	**1,052**	7,315

	000s	000s
Basic weighted average number of shares	**36,023**	36,063
Dilutive potential ordinary shares – employee share options	**–**	63
	36,023	36,126

Reconciliation to underlying earnings per share:

	2009 £000	2008 £000
Profit before taxation	**1,804**	9,989
Less profit on property sale	**–**	(1,240)
Add back acquisition accounting adjustments and brand amortisation	**252**	428
Add back restructuring costs	**940**	465
Add back impairment charges	**2,176**	–
	5,172	9,642
Tax at underlying group tax rate of 30.4% (2007/08: 31.4%)	**(1,572)**	(3,032)
Underlying earnings	**3,600**	6,610
Underlying earnings per share	**10.0p**	18.3p

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

12 Property, plant and equipment

	Freehold land and buildings £000	Long leasehold property £000	Short leasehold improvements £000	Plant, equipment and motor vehicles Owned £000	Plant, equipment and motor vehicles Leased £000	Total £000
Cost:						
At 1 July 2007	12,295	235	286	43,116	3,577	59,509
Acquisition of subsidiaries	–	–	–	46	–	46
Additions	57	–	157	1,910	–	2,124
Reclassification	–	–	–	3,546	(3,546)	–
Disposals	(1,637)	–	–	(2,807)	–	(4,444)
At 1 July 2008	10,715	235	443	45,811	31	57,235
Additions	**364**	**–**	**7**	**1,432**	**5**	**1,808**
Reclassification	**22**	**–**	**–**	**(10)**	**(12)**	**–**
Disposals	**–**	**–**	**(69)**	**(2,902)**	**–**	**(2,971)**
At 30 June 2009	**11,101**	**235**	**381**	**44,331**	**24**	**56,072**
Accumulated depreciation and impairment losses:						
At 1 July 2007	3,388	118	141	30,484	2,501	36,632
Depreciation charge for year	299	7	44	3,066	11	3,427
Reclassification	–	–	–	2,500	(2,500)	–
On disposals	(178)	–	–	(2,724)	–	(2,902)
At 1 July 2008	3,509	125	185	33,326	12	37,157
Depreciation charge for year	**319**	**7**	**41**	**2,628**	**9**	**3,004**
Impairment charges	**53**	**–**	**–**	**2,123**	**–**	**2,176**
Reclassification	**18**	**–**	**–**	**(12)**	**(6)**	**–**
On disposals	**–**	**–**	**(69)**	**(2,900)**	**–**	**(2,969)**
At 30 June 2009	**3,899**	**132**	**157**	**35,165**	**15**	**39,368**
Net book amount at 30 June 2009	**7,202**	**103**	**224**	**9,166**	**9**	**16,704**
Net book amount at 30 June 2008	7,206	110	258	12,485	19	20,078
Net book amount at 1 July 2007	8,907	117	145	12,632	1,076	22,877

During the year an impairment review was performed at Alumasc Precision Components as the business reported an operating loss in the year. The result of the review led to a write down in property, plant and equipment of £2,096,000. For the purpose of impairment testing, the recoverable amount of the cash generating unit was based on value in use calculations. The value in use was derived from discounted management cash flow forecasts for the business, based on budgets and strategic plans covering a five year period. A pre-tax discount rate of 11.6% (2008: 10%) was used. The growth rate used to extrapolate the cash flows beyond this period is 1% (2008: 1%). A 1% change in the discount rate used would result in approximately a £1m change in the value of the impairment. A 0.5% change in the growth rate used to extrapolate the cash flows beyond the five year period would result in the impairment changing by £300,000.

In addition an impairment charge of £80,000 was recognised in connection with plant and machinery relating to the Armaseam brand within the Building Products division.

13 Goodwill

	2009 £000	2008 £000
Cost:		
At 1 July	**16,986**	15,735
Acquisition of Blackdown	**–**	1,251
At 30 June	**16,986**	16,986
Impairment:		
At 1 July and 30 June	**98**	98
Net book value at 30 June	**16,888**	16,888
Net book value at 1 July	**16,888**	15,637

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

	2009 £000	2008 £000
Building Products Division:		
Roof-Pro	**3,194**	3,194
Timloc	**2,264**	2,264
Levolux	**10,179**	10,179
Blackdown	**1,251**	1,251
At 30 June	**16,888**	16,888

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) and 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.

For the purpose of impairment testing, the recoverable amount of cash generating units 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 four year period. The growth rate used to extrapolate the cash flows beyond this period was 1% (2008: between 1% and 3%) for each CGU.

Key assumptions included in the recoverable amount calculation relate to:

(i) Sales and gross margins
(ii) Raw materials and overhead costs

The range of pre-tax rates used to discount the cash flows of these cash generating units with on balance sheet goodwill was between 10.1% and 11.0% (2008: 8.9%). The increase in the discount rate is explained by an increased risk premium applied to costs of finance in the current economic environment. The surplus headroom above the carrying value of goodwill at 30 June 2009 was significant in the case of each relevant CGU, with no impairment arising from a 1% increase in the discount rate, a growth rate of 0% used to extrapolate the cash flows or a reduction of 20% in the cash flow generated in the terminal year for any CGU.

Business combinations

2009
Contour-Ply brand

On 1 May 2009, the group purchased the brand of Contour-Ply for an initial payment of £101,000 to be followed by future additional deferred consideration payments, which management currently estimates to be £100,000. £25,000 of legal costs were capitalised in respect of this acquisition.

As a consequence, £226,000 has been capitalised on acquisition of this brand. (See Note 14).

Revenues subsequent to acquisition in the two month period to 30 June were £90,000. The impact on the group's results had the acquisition taken place at the beginning of the year is not practicable to determine.

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13 Goodwill (continued)

Business combinations

2008
Blackdown Horticultural Consultants Limited

On 31 March 2008 the group acquired 100% of the ordinary shares of Blackdown Horticultural Consultants Limited ("Blackdown"). The investment in Blackdown has been included in the group's balance sheet at its fair value at the date of acquisition.

An analysis of the fair value of the Blackdown 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	56	(10)	46
Brands	–	345	345
Inventories	211	250	461
Trade and other receivables	506	(50)	456
Cash	(32)	–	(32)
Trade and other payables	(213)	–	(213)
Provisions	–	(50)	(50)
Obligations under hire purchase agreements	(7)	–	(7)
Income tax payable	(138)	85	(53)
Deferred tax liabilities	(7)	(97)	(104)
Net assets	376	473	849
Goodwill arising on acquisition			1,251
			2,100
Satisfied by:			
Cash purchase consideration			1,750
Deferred consideration			250
Enterprise value			2,000
Costs associated with the acquisition settled in cash			100
			2,100

£250,000 is the maximum amount of deferred consideration payable and is management's best estimate of the amount likely to be paid.

The fair value of certain assets and liabilities associated with the purchase of Blackdown were provisional for the 2008 year end and have been revised due to increased management information in the 12 months following acquisition. The fair value of trade and other receivables has been decreased from £506,000 to £456,000 and the fair value of provisions has increased from £nil to £50,000. There has been an increase of £100,000 to the value of goodwill associated with this acquisition as a result of the fair value adjustments.

From the date of acquisition to 30 June 2008 (three months), Blackdown reported a profit of £77,000 which, after the acquisition accounting adjustments related to the reversal of the fair value adjustment in respect of profit in inventory at the date of acquisition, £250,000, and brand amortisation, £10,000, resulted in a net loss under IFRS3 conventions of £183,000.

If the combination had taken place at the beginning of the year, 1 July 2007, the revenue for the group from continuing operations for the 2007/08 financial year would have been £127,175,000 and the profit from continuing operations would have been £7,648,000. In the three month period since acquisition, Blackdown contributed £58,000 to the group's net operating cash flows.

Included in the £1,251,000 of goodwill recognised above are certain intangible assets that cannot be individually, separately and reliably measured from the acquiree due to their nature. These items include the know-how of the management and workforce.

14 Other intangible assets

	Brands £000	Development expenditure £000	Computer software £000	Total £000
Cost:				
At 1 July 2007	3,444	166	2,369	5,979
Acquisition of subsidiaries	345	–	–	345
Additions	–	–	379	379
Disposals	–	–	(28)	(28)
At 1 July 2008	3,789	166	2,720	6,675
Acquisition	**226**	**–**	**–**	**226**
Additions	**–**	**–**	**430**	**430**
Disposals	**–**	**–**	**(196)**	**(196)**
At 30 June 2009	**4,015**	**166**	**2,954**	**7,135**
Accumulated amortisation:				
At 1 July 2007	50	–	1,758	1,808
Amortisation for the year	178	26	195	399
On disposals	–	–	(28)	(28)
At 1 July 2008	228	26	1,925	2,179
Amortisation for the year	**252**	**26**	**263**	**541**
On disposals	**–**	**–**	**(123)**	**(123)**
At 30 June 2009	**480**	**52**	**2,065**	**2,597**
Carrying value at 30 June 2009	**3,535**	**114**	**889**	**4,538**
Carrying value at 30 June 2008	3,561	140	795	4,496
Carrying value at 1 July 2007	3,394	166	611	4,171

Amortisation for the year is included within administrative expenses.

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

The Blackdown brand is being amortised over a life of 5 years.

The Contour-Ply brand is being amortised over a life of 3 years.

15 Financial asset investments

	£000
Cost:	
At 1 July 2008 and 30 June 2009	**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.

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For the year ended 30 June 2009

16 Inventories

	2009 £000	2008 £000
Raw materials	**5,565**	5,209
Work in progress	**2,341**	3,187
Finished goods	**4,618**	4,533
	12,524	12,929

During the year the group's stock provision decreased by £457,000 (2008: increased by £745,000). At 30 June 2009 the group's stock provision was £1,157,000 (2008: £1,614,000).

17 Biological assets

	2009 £000	2008 £000
Biological assets	**341**	131

Included within biological assets of £341,000 is a change in fair value of £140,000 (2008: £nil). The amount of £131,000 was included within inventory in 2008.

18 Trade and other receivables

	2009 £000	2008 £000
Trade receivables	**12,693**	21,276
Construction contracts	**4,194**	5,334
Other receivables	**1,027**	1,063
Prepayments and accrued income	**1,560**	2,067
	19,474	29,740

Trade receivables are non-interest bearing, are generally on 30-90 days' terms and are shown net of a provision for impairment. As at 30 June 2009, trade receivables at nominal value of £593,000 (2008: £406,000) were impaired and fully provided for. Movements in the provision for impairment of receivables were as follows:

	2009 £000	2008 £000
At 1 July	**406**	249
Charge for the year	**346**	153
Amounts written off	**(159)**	(46)
Acquisition of subsidiary undertaking	**–**	50
At 30 June	**593**	406

19 Trade and other payables

	2009 £000	2008 £000
Trade payables	**11,606**	16,982
Other taxation and social security	**1,387**	3,088
Other payables	**2,084**	2,232
Construction deposits received on account	**168**	410
Accruals	**2,412**	3,595
	17,657	26,307

20 Borrowings

	2009 £000	2008 £000
Current liabilities:		
Obligations under finance leases and hire purchase contracts	**6**	15
	6	15
Non-current liabilities:		
Obligations under finance leases and hire purchase contracts:		
Bank overdraft	**1,424**	–
Obligations under finance leases and hire purchase contracts	**–**	3
Non-current instalments due on bank loans	**9,907**	14,878
	11,331	14,881

The bank loan comprises a committed £15 million revolving credit facility partly drawn down against three month LIBOR. In addition the group has a £5 million committed overdraft facility. Neither the loan nor the committed overdraft facility are secured, but both are subject to group interest cover, based on underlying operating profit, being maintained at above three times and net debt/EBITDA being below three times. The group has the option to cancel and repay elements of these facilities at short notice should it wish to do so. The loan and committed overdraft facility have a final maturity date of 22 May 2012.

	2009 £000	2008 £000
Obligations under finance leases and hire purchase contracts:		
Less than one year	**6**	15
Between one and five years	**–**	3
Less: future finance charges	**–**	–
	6	18
Present value of lease/hire purchase agreements:		
Less than one year	**6**	15
Between one and five years	**–**	3
	6	18

The liabilities at 30 June 2009 and 30 June 2008 relate to lease/hire purchase financing over vehicles which were inherited by the group on acquisition of Levolux and Blackdown.

The obligations under lease/hire purchase agreements have fixed interest rates varying from 6.8% to 9.9%.

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For the year ended 30 June 2009

21 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 treasury and financial risks is reduced to acceptable levels. The main risks arising from the group's activities are liquidity risk, interest rate risk, credit risk and foreign currency risk. The group uses derivative financial instruments as economic hedges to manage foreign exchange and certain interest rate risks. It is the group's policy that no trading in financial instruments is undertaken. Hedge accounting treatment has been applied to some of these hedging activities. All derivative financial instruments are measured at fair value at each balance sheet date.

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

	30 June 2009		30 June 2008	
	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 short term deposits	**1,019**	**1,019**	5,529	5,529
Trade receivables	**12,693**	**12,693**	21,276	21,276
Construction contracts	**4,194**	**4,194**	5,334	5,334
Other receivables	**1,027**	**1,027**	1,063	1,063
Derivative financial instruments	**25**	**25**	48	48
	18,975	**18,975**	33,267	33,267
Financial liabilities:				
Bank overdraft	**1,424**	**1,424**	–	–
Bank loans	**9,907**	**9,907**	14,878	14,878
Obligations under lease/hire purchase agreements	**6**	**6**	18	18
Trade and other payables	**17,657**	**17,657**	26,307	26,307
Derivative financial instruments	**461**	**461**	–	–
	29,455	**29,455**	41,203	41,203

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 values of fixed rate secured borrowings and finance leases/hire purchase agreements have been determined by discounting their cash flows at prevailing interest rates. The fair value of interest rate swap and 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.

Liquidity risk

The group manages liquidity risk by regularly monitoring its net debt position and ensuring that banking facilities are in place to provide adequate headroom for anticipated future cash flows. At 30 June 2009, the group had £26 million (2008: £34 million) of banking facilities, of which £20 million (2008: £15 million) was committed. The facilities comprise a committed five year £15 million revolving credit facility (2008: £15 million) a committed overdraft facility of £5 million (2008: £nil) and unsecured overdraft facilities of £6 million (2008: £19 million). All of the group's committed debt facilities expire in May 2012. Uncommitted overdraft facilities are repayable on demand.

The group's net debt at 30 June 2009 was £10.3 million (2008: £9.4 million) equivalent to 52% (2008: 63%) of committed debt facilities and 40% (2008: 28%) of total debt facilities. The unutilised element of the group's facilities at 30 June 2009 was £14.6 million (2008: £19 million).

21 Financial instruments (continued)

Liquidity risk (continued)

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

	2009 £000	2008 £000
Fixed rate financial liabilities:		
In one year or less	**6**	15
In one to two years	**–**	3
In two to three years	**5,000**	–
In three to four years	**–**	5,000
	5,006	5,018
Floating rate financial liabilities:		
In two to three years	**6,331**	–
In three to four years	**–**	9,878
	6,331	9,878

The interest rate risk profile of the group's financial liabilities is as follows:		
Fixed rate financial liabilities:		
Weighted average interest rate – %	**6.7**	6.7
Weighted average period for which interest rate is fixed – years	**2.9**	3.9

The fixed rate financial liabilities comprise an interest rate swap, and also finance leases/hire purchase contracts over vehicles. Interest rates vary from 6.7% to 9.9%.

The floating rate financial liabilities comprise a revolving credit facility, that bears interest based on LIBOR, an interest rate cap that is floating up to an interest of 6%, and above that becomes fixed, and bank overdrafts that bear interest based on a margin over the Bank of England base rate.

The table below summarises the maturity profile of the group's financial liabilities at 30 June 2009 and 2008 based on contractual undiscounted payments, including interest.

Year ended 30 June 2009	**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	**–**	**110**	**328**	**10,735**	**11,173**
Overdraft	**–**	**–**	**–**	**1,424**	**1,424**
Trade and other payables	**3,465**	**11,925**	**2,267**	**–**	**17,657**
	3,465	**12,035**	**2,595**	**12,159**	**30,254**

Year ended 30 June 2008	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	–	262	785	17,891	18,938
Trade and other payables	3,343	20,251	2,713	–	26,307
	3,343	20,513	3,498	17,891	45,245

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21 Financial instruments (continued)

Interest rate risk

In order to manage the interest rate risk arising on drawn debt facilities, the group has entered into interest rate swap and cap transactions to hedge £10 million of group borrowings, with the objective of ensuring that the majority of the group's net indebtness at any time is protected against interest rates rising above the level fixed by hedging instruments. These instruments become effective when the LIBOR is above 6%.

The group's overall pre tax cost of debt finance at interest rates in place at 30 June 2009 is approximately 6.4% (2008: 6.9%).

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
2009	**Increase**	**+300**	**(165)**
	Decrease	**–50**	**28**
2008	Increase	+100	(2)
	Decrease	–100	47

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

Credit risk

The risk of financial loss due to a counterparty's failure to honour its obligations arises principally in relation to transactions where the group provides goods and services on deferred terms. There are no concentrations of credit risk which amount to more than 10% of group revenues. The maximum credit risk exposure relating to financial assets is represented by its carrying value as at the balance sheet date 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 cash with order basis to mitigate credit risk. Some operating units purchase credit insurance where the cost is not excessive when compared to the risks covered.

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 2009	**Total £000**	**Not past due £000**	**<30 days £000**	**30-60 days £000**	**60-90 days £000**	**>90 days £000**
Trade receivables	**12,693**	**8,534**	**2,595**	**1,061**	**222**	**281**
Construction contracts	**4,194**	**1,864**	**1,835**	**295**	**184**	**16**
Other receivables	**1,027**	**1,027**	**–**	**–**	**–**	**–**
	17,914	**10,884**	**4,749**	**995**	**476**	**810**
Year ended 30 June 2008						
Trade receivables	21,276	16,249	3,952	773	197	105
Construction contracts	5,334	5,192	102	1	39	–
Other receivables	1,063	1,063	–	–	–	–
	27,673	22,504	4,054	774	236	105

21 Financial instruments (continued)

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 (or 'functional') currency. Operating companies can use forward currency contracts to hedge foreign currency risk at the time of committing to significant transactions denominated in foreign currencies, and a proportion of the exposure is hedged by offsetting purchase and sale transactions by group companies.

None of the derivative financial instruments held at 30 June 2009 or 30 June 2008 related to derivative trading activity. Where IFRS cashflow 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 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 varied exchange rates.

		Exchange rate change	Effect on profit after tax and equity US$ £000	Euro £000
2009	**Increase**	**+10%**	**(40)**	**(19)**
	Decrease	**–10%**	**50**	**24**
2008	Increase	+10%	72	72
	Decrease	–10%	(72)	(72)

Hedging activities

The net fair values of the group's derivative financial instruments at 30 June 2009 designated as hedging instruments are set out below.

	2009		2008		
	Cash flow hedges £000	**Total £000**	Non-hedge accounted £000	Cash flow hedges £000	Total £000
Interest rate cap instrument	**25**	**25**	–	14	14
Interest rate swap instrument	**(453)**	**(453)**	–	26	26
Forward foreign exchange contracts	**(8)**	**(8)**	8	–	8
	(436)	**(436)**	8	40	48

Cash flow hedges

At 30 June 2009 the group had an interest rate swap with a notional principal amount of £5 million (2008: £5 million) and an interest rate cap with a notional principal amount of £5 million (2008: £5 million), each with a maturity date of 22 May 2012. The cash flows associated with the interest swap and cap hedges are expected to occur in the next three years.

At 30 June 2009 the group had forward foreign exchange contracts with principal amounts equivalent to £322,000 (2008: £1,040,000). 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 expected to occur within the next 12 months.

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For the year ended 30 June 2009

22 Retirement benefit obligations

(a) The group's pension schemes

The group operates a number of defined benefit and defined contribution schemes, funded by the payment of contributions into separately administered funds. The defined benefit schemes, which were closed to new members in October 1999, provide defined benefits based on a career average revalued earnings (CARE) basis. Pension contributions are determined with the advice of an independent qualified actuary on the basis of triennial valuations using the projected unit credit method.

Defined contribution schemes

Of the amount charged to operating profit in the Income Statement for pension contributions, £415,000 (2008: £475,000) was in respect of defined contribution schemes. At 30 June 2009 there was an accrual of £21,000 payable in respect of defined contribution schemes, (2008: £28,000).

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 is reassessed regularly in accordance with actuarial advice.

The group expects to contribute a further £2,772,000 to The Alumasc Group Pension Scheme and £1,152,000 to The Benjamin Priest Group Pension Scheme in the next year, on the basis that The Alumasc Group Pension Scheme remains open to future accrual. Consultations with active members of The Alumasc Group Pension Scheme commenced in July with regard to a proposal by the company to close the scheme to future accrual. The Benjamin Priest Group Scheme has no active members.

The group's future pension contributions to The Alumasc Group and Benjamin Priest Group Pension Schemes will be reviewed as part of the actuarial reviews of both schemes.

(b) IAS 19

Disclosures in accordance with IAS 19 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 IAS 19 valuations are set out below.

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

	The Alumasc Group 2009 %	**The Benjamin Priest Group 2009 %**	The Alumasc Group 2008 %	The Benjamin Priest Group 2008 %
Discount rate	**6.5**	**6.5**	6.15	6.15
Expected rate of salary increases	**3.4**	**n/a**	4.70	n/a
Future pension increases	**3.1**	**3.0**	3.60	3.60
Inflation rate	**3.3**	**3.3**	3.70	3.70
Expected return on plan assets:				
Equities	**8.5**	**8.5**	7.60	8.10
Gilts	**4.5**	**4.5**	4.10	4.60
Bonds	**6.5**	**6.5**	5.50	6.00
	Years	**Years**	Years	Years
Post retirement mortality				
Current pensioners at 65 – male	**21.7**	**20.8**	21.4	21.4
Current pensioners at 65 – female	**24.2**	**23.3**	23.9	23.9
Future pensioners at 65 in 2029 – male	**23.6**	**22.6**	24.1	24.1
Future pensioners at 65 in 2029 – female	**25.4**	**24.5**	25.8	25.8

A discount rate of 6.5% has been used in evaluating the value of liabilities of the pension schemes at 30 June 2009. A 0.1% change to this rate would have changed the value of the pension fund liabilities at that date by approximately £1,100,000 before tax.

An inflation rate of 3.3% has been used in evaluating the value of liabilities of the pension schemes at 30 June 2009. A 0.1% change to this rate would have changed the value of the pension fund liabilities at that date by approximately £800,000 before tax.

22 Retirement benefit obligations (continued)

(b) IAS 19 (continued)

In valuing the liabilities of the pension schemes at 30 June 2009, 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 2009 would have increased by approximately £2,200,000 before tax.

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

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Scheme assets at fair value:					
Equities	**36,716**	34,649	40,525	36,879	31,790
Government bonds	**16,863**	18,688	17,416	17,472	16,895
Corporate bonds and insured annuities	**4,708**	12,205	11,420	9,605	9,250
Property	**1,145**	1,351	–	–	–
Cash	**4,200**	676	–	–	–
	63,632	67,569	69,361	63,956	57,935
Present value of scheme liabilities	**(76,136)**	(87,387)	(86,922)	(88,263)	(87,512)
Defined benefit pensions deficit	**(12,504)**	(19,818)	(17,561)	(24,307)	(29,577)

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

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

	2008/09 £000	2007/08 £000
Included within operating profit:		
Current service cost	**500**	525
Past service cost	**27**	–
Included in net finance cost:		
Expected return on plan assets	**(4,250)**	(4,321)
Interest cost	**5,150**	4,822
	900	501
Total recognised in the consolidated income statement	**1,427**	1,026

The actual return on plan assets for 2008/09 was a loss of £4,662,000 (£2008: a loss of £3,553,000).

Amounts recognised in the statement of recognised income and expense are as follows:

	2008/09 £000	2007/08 £000
Actuarial loss on plan assets	**(8,912)**	(7,874)
Actuarial gain on retirement benefit obligations	**12,850**	1,317
Amounts recognised in the statement of recognised income and expense	**3,938**	(6,557)

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

	2009 £000	2008 £000	2007 £000
At 1 July	**(87,387)**	(86,922)	(88,263)
Current service cost	**(500)**	(525)	(672)
Past service cost	**(27)**	–	–
Interest cost	**(5,150)**	(4,822)	(4,488)
Benefits paid	**4,293**	3,802	3,923
Actuarial gains	**12,850**	1,317	2,880
Contributions by plan participants	**(215)**	(237)	(302)
At 30 June	**(76,136)**	(87,387)	(86,922)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

22 Retirement benefit obligations (continued)

(b) IAS 19 (continued)

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

	2009 £000	2008 £000	2007 £000
At 1 July	**67,569**	69,361	63,956
Expected return on plan assets	**4,250**	4,321	4,088
Actuarial (loss)/gain	**(8,912)**	(7,874)	1,796
Contributions by plan participants	**215**	237	302
Contributions by employer	**4,803**	5,326	3,142
Defined benefit actual benefit payments	**(4,293)**	(3,802)	(3,923)
At 30 June	**63,632**	67,569	69,361

	2008/09	2007/08	2006/07	2005/06	2004/05
Experience adjustments on scheme liabilities:					
Amount (£000)	**115**	1,317	2,880	468	(3,379)
Percentage of scheme liabilities (%)	**0.15**	1.51	3.31	0.53	(3.86)
Experience adjustments on scheme assets:					
Amount (£000)	**(8,912)**	(7,874)	1,796	3,316	4,340
Percentage of scheme assets (%)	**(14.01)**	(11.65)	2.59	5.18	7.49

During the year ended 30 June 2009 £3,431,000 of contributions to the scheme deficit were paid into the defined benefit plans (2007/08: £3,026,000) to eliminate the past service shortfall over ten years.

The calculation of the 2008/09 experience adjustment on scheme liabilities has been refined to exclude gains or losses attributable to changes in assumptions.

The cumulative amount of actuarial gains recognised since 1 July 2004 in the group statement of recognised income and expenses is £6,802,000 (2007/08: £2,864,000).

23 Provisions

	Dilapidations £000 Note (i)	Warranty £000 Note (ii)	Costs of discontinuance £000	Total £000
At 1 July 2007	695	281	13	989
Charge for the year	–	132	–	132
On acquisition	–	50	–	50
Utilised	–	(211)	(13)	(224)
At 1 July 2008	695	252	–	947
Charge for the year	–	**72**	–	**72**
Utilised	**(446)**	**(74)**	–	**(520)**
At 30 June 2009	**249**	**250**	–	**499**
At 30 June 2009				
Current liabilities	–	–	–	–
Non-current liabilities	**249**	**250**	–	**499**
	249	**250**	–	**499**
At 30 June 2008				
Current liabilities	116	–	–	116
Non-current liabilities	579	252	–	831
	695	252	–	947
At 30 June 2007				
Current liabilities	201	–	13	214
Non-current liabilities	494	281	–	775
	695	281	13	989

(i) Dilapidations

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

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

(ii) Warranty

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

24 Called up share capital

	2009 £000	2008 £000
Authorised:		
54,800,000 (2008: 54,800,000) ordinary shares of 12.5p each	**6,850**	6,850
Allotted, called up and fully paid:		
36,133,558 (2008: 36,133,558) ordinary shares of 12.5p each	**4,517**	4,517

During the year ended 30 June 2008, 299,000 shares were issued for an aggregate amount of £421,000 in respect of share options exercised.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

25 Reconciliation of net movements in equity

	Share capital £000	Share premium £000	Revaluation reserve £000	Capital reserve – own shares £000	Hedging reserve £000	Foreign currency reserve £000	Profit and loss account reserve £000	Minority interest £000	Total equity £000
At 1 July 2007	4,479	–	1,251	(133)	100	(6)	25,701	38	31,430
New shares issued	38	383	–	–	–	–	–	–	421
Excess depreciation on previously revalued assets	–	–	(150)	–	–	–	150	–	–
Net losses on cash flow hedges	–	–	–	–	(60)	–	–	–	(60)
Vesting of own shares	–	–	–	27	–	–	(27)	–	–
Exchange differences on retranslation of foreign operations	–	–	–	–	–	7	–	–	7
Actuarial loss on defined benefit pensions net of tax	–	–	–	–	–	–	(4,721)	–	(4,721)
Dividends	–	–	–	–	–	–	(3,550)	(34)	(3,584)
Profit for the period	–	–	–	–	–	–	7,315	18	7,333
Share based payments	–	–	–	–	–	–	8	–	8
Tax on share options	–	–	–	–	–	–	75	–	75
At 1 July 2008	4,517	383	1,101	(106)	40	1	24,951	22	30,909
Shares premium costs refund	**–**	**69**	**–**	**–**	**–**	**–**	**–**	**–**	**69**
Excess depreciation on previously revalued assets	**–**	**–**	**(150)**	**–**	**–**	**–**	**150**	**–**	**–**
Net losses on cash flow hedges	**–**	**–**	**–**	**–**	**(501)**	**–**	**–**	**–**	**(501)**
Vesting of own shares	**–**	**–**	**–**	**52**	**–**	**–**	**(52)**	**–**	**–**
Acquisition of own shares	**–**	**–**	**–**	**(124)**	**–**	**–**	**–**	**–**	**(124)**
Exchange differences on retranslation of foreign operations	**–**	**–**	**–**	**–**	**–**	**36**	**–**	**27**	**63**
Actuarial gain on defined benefit pensions net of tax	**–**	**–**	**–**	**–**	**–**	**–**	**2,835**	**–**	**2,835**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(3,607)**	**(24)**	**(3,631)**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**1,052**	**8**	**1,060**
Share based payments	**–**	**–**	**–**	**–**	**–**	**–**	**20**	**–**	**20**
Tax on derivative financial liability	**–**	**–**	**–**	**–**	**129**	**–**	**–**	**–**	**129**
At 30 June 2009	**4,517**	**452**	**951**	**(178)**	**(332)**	**37**	**25,349**	**33**	**30,829**

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, see note 24. During the year there was a refund of VAT on previously incurred share issue costs of £69,000.

Capital reserve – own shares

The capital reserve – own shares relates to 135,171 (2008: 68,526) ordinary own shares held by the company. The market value of shares at 30 June 2009 was £120,000 (2008: £121,000). 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.

25 Reconciliation of net movements in equity (continued)

Revaluation reserve

This reserve was created when, under IFRS transitional provisions, the group elected to bring in previous valuations of freehold and long leasehold land and buildings at a valuation frozen under FRS 15. The £150,000 (2008: £150,000) movement between the revaluation reserve and profit and loss reserve relates to the excess depreciation on the revaluation uplift realised during the period.

26 Share based payments

The company operates two types of share based payment schemes, the main features of each scheme are as detailed in the Remuneration Report on pages 33 to 36.

	As at 1 July 2008	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 2009**	Weighted average exercise price (pence)
LTIP (i)	349,659	n/a	365,203	n/a	33,355	n/a	71,287	n/a	**610,220**	n/a
ESOS (ii)	224,401	165.7	–	–	–	–	41,523	154.6	**182,878**	168.2

	As at 1 July 2007	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 2008	Weighted average exercise price (pence)
LTIP (i)	397,732	n/a	134,347	n/a	22,155	n/a	160,265	n/a	349,659	n/a
ESOS (ii)	551,603	152.0	–	–	299,202	140.6	28,000	167.7	224,401	165.7

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

ESOS

For the share options outstanding at 30 June 2009 the weighted average remaining contractual life is 5.04 years (30 June 2008: 5.75 years). The exercise price of the options outstanding ranges between 140p and 180p. 143,000 share options are exercisable at 30 June 2009 (30 June 2008: 184,523) with a weighted average option price of 179p (2008: 169p).

Included within the balance outstanding at 30 June 2009 are options over 24,000 (30 June 2008: 41,773) shares that have not been recognised in accordance with IFRS 2 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.

LTIP

The fair values of awards granted in the year, together with the other inputs into option pricing models, 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.

	LTIP	
	Black Scholes & Binomial 2009	Black Scholes 2008
Share price at grant date	79p	208p
Exercise price	nil	nil
Expected volatility	30%	35%
Expected life (years)	3	3
Risk free rate	2.8%	5.98%
Dividend yield	10%	4.66%
Fair value per option	58p	180p

No grants have been made under the ESOS in the current or prior year.

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on the £SWAP rate over six years.

The charge recognised for share based payments in respect of employee services received during the year to 30 June 2009 was £20,000 (2007/08: £8,000).

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

27 Notes to the cash flow statement

Cash flows relating to discontinued operations

	2008/09 £000	200708 £000
Working capital movements:		
Receivables	**–**	1,330
Trade and other payables	**–**	(126)
Cash flows from operating activities	**–**	1,204
Investing activities:		
Receivable relating to completion accounts adjustment	**–**	710
Cash flows from discontinued operations	**–**	1,914

28 Financial commitments

(i) Capital commitments

At 30 June 2009 £24,000 (2008: £20,000) 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 2008/09 £000	**Plant and vehicles 2008/09 £000**	Property 2007/08 £000	Plant and vehicles 2007/08 £000
Less than one year	**807**	**326**	1,154	447
Between one and five years	**2,496**	**387**	2,632	506
After five years	**2,209**	**–**	3,590	23
	5,512	**713**	7,376	976

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

	Property 2008/09 £000	Property 2007/08 £000
Less than one year	**32**	189
Between one and five years	**69**	336
	101	525

29 Related party disclosure

The group's principal subsidiaries are listed below:

Principal subsidiaries	Principal activity	Country of incorporation	% of equity interest and votes held 2009	2008
Alumasc Precision Limited	Engineering products	England	100	100
Alumasc Exterior Building Products Limited	Building products	England	100	100
Alumasc Limited	Engineering and building products	England	100	100
Levolux Limited and Levolux A.T. Limited	Building products	England	100	100
Blackdown Horticultural Consultants Limited	Building products	England	100	100
Elkington China Limited	Building products	Hong Kong	70	70

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 36.

30 Contingent liabilities

At the balance sheet date there existed contingent liabilities amounting to £274,000 (2008: £237,000) in relation to outstanding Performance Bonds and £130,000 (2008: £94,000) in relation to outstanding Letters of Credit.

Company Balance Sheet

At 30 June 2009

	Notes	2009 £000	2008 £000
Fixed assets			
Tangible assets	5	**2,860**	2,949
Investments in subsidiary undertakings	6	**69,874**	69,856
Deferred tax assets	10	**91**	–
		72,825	72,805
Current assets			
Debtors	7	**998**	1,173
Creditors: amounts falling due within one year			
Borrowings	9	**(765)**	(2,373)
Other creditors	8	**(6,360)**	(8,197)
		(7,125)	(10,570)
Net current liabilities		**(6,127)**	(9,397)
Total assets less current liabilities		**66,698**	63,408
Creditors: amounts falling due in more than one year			
Borrowings	9	**(11,331)**	(14,878)
Deferred tax liabilities	10	**–**	(40)
Pension liability	3	**(340)**	(682)
Other creditors	8	**(6,800)**	–
Net assets		**48,227**	47,808
Capital and reserves			
Called up share capital	11	**4,517**	4,517
Share premium	12	**452**	383
Revaluation reserve	12	**2,265**	2,265
Merger reserve	12	**10,606**	10,606
Capital reserve – own shares	12	**(178)**	(106)
Profit and loss account reserve	12	**30,565**	30,143
Shareholders' funds		**48,227**	47,808

G P Hooper
Director

A Magson
Director

10 September 2009

Notes to the Company Financial Statements

For the year ended 30 June 2009

1 Accounting policies

(a) 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.

(b) 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	–	5 to 15 years
Motor vehicles	–	4 to 5 years

(c) Valuation of fixed assets

The company elected to adopt the transitional provisions of FRS 15 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.

(d) Leased assets

Assets held under leasing arrangements that transfer substantially all the risks and rewards of ownership to the company are capitalised. The capital element of the related rental obligation is included in creditors. The interest element of the rental obligation is charged to the profit and loss account in proportion to the reducing capital element outstanding. Rentals in respect of all other leases are charged to the profit and loss account as incurred.

(e) Pensions

The company operates two principal defined benefit pension schemes and two defined contribution schemes which require contributions to be made to separately administered funds.

In accounting for defined benefit schemes under FRS 17, 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. The full service cost of the pension scheme is 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. It compares the difference between the expected return on assets and those actually achieved, and also any changes in the assumptions and experiences used in the valuations.

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

Notes to the Company Financial Statements

For the year ended 30 June 2009

1 Accounting policies (continued)

(f) Deferred taxation

Provision is made for deferred taxation in accordance with FRS 19.

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.

(g) 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.

(h) 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.

(i) Investment in subsidiaries

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

(j) Dividends

Under FRS 21, 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.

2 Operating profit

Operating profit is stated after charging:

	2008/09 £000	2007/08 £000
Auditors' remuneration – audit of the financial statements of the company	**15**	22
Depreciation of plant, property and equipment	**93**	100
Hire of plant and machinery	**1**	1
	109	123

Fees paid to KPMG Audit Plc (2008: Ernst and Young LLP) and its associates for non-audit services to the Company itself are not disclosed here because they are disclosed on a consolidated basis within note 6 on page 52.

3 Employee benefit expense

Defined benefit schemes

The company participates in the two principal defined benefit schemes, The Alumasc Group Pension Scheme and The Benjamin Priest Group Pension Scheme.

The defined benefit schemes maintained by the company are multi-employer schemes. For the purpose of allocating the total assets and liabilities of the schemes 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.

The actuarial valuations performed on 1 April 2008 and 6 April 2007 were updated to 30 June 2009 by a qualified independent actuary. The major assumptions used by the actuary were:

	The Alumasc Group 2009 %	**The Benjamin Priest Group 2009 %**	The Alumasc Group 2008 %	The Benjamin Priest Group 2008 %
Discount rate	**6.5**	**6.5**	6.15	6.15
Expected rate of salary increases	**3.4**	**n/a**	4.70	n/a
Future pension increases	**3.1**	**3.0**	3.60	3.60
Inflation rate	**3.3**	**3.3**	3.70	3.70
Expected return on plan assets:				
Equities	**8.5**	**8.5**	7.60	8.10
Gilts	**4.5**	**4.5**	4.10	4.60
Bonds	**6.5**	**6.5**	5.50	6.00
	Years	**Years**	Years	Years
Post retirement mortality:				
Current pensioners at 65 – male	**21.7**	**20.8**	21.4	21.4
Current pensioners at 65 – female	**24.2**	**23.3**	23.9	23.9
Future pensioners at 65 in 2029 – male	**23.6**	**22.6**	24.1	24.1
Future pensioners at 65 in 2029 – female	**25.4**	**24.5**	25.8	25.8

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

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

	2009 £000	2008 £000	2007 £000	2006 £000	2005 £000
Equities	**1,505**	1,465	1,687	1,584	1,351
Gilts	**691**	672	633	618	614
Bonds	**139**	536	394	244	220
Property and cash	**274**	–	–	–	–
Total market value of assets	**2,609**	2,673	2,714	2,446	2,185
Actuarial value of liability	**(3,081)**	(3,623)	(3,555)	(3,572)	(3,510)
Pension liability before taxation	**(472)**	(950)	(841)	(1,126)	(1,325)
Related deferred tax asset	**132**	268	252	338	398
Net pension liability	**(340)**	(682)	(589)	(788)	(927)

Components of defined benefit cost for the year to 30 June 2009 were:

	2008/09 £000	2007/08 £000
Amounts charged to operating profit:		
Current service cost	**54**	57
Amounts charged to other finance costs:		
Expected return on pension scheme assets	**(167)**	(167)
Interest on pension liabilities	**209**	198
Net interest cost	**42**	31
Total profit and loss charge before taxation	**96**	88

Notes to the Company Financial Statements

For the year ended 30 June 2009

3 Employee benefit expense (continued)

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

	2008/09 £000	2007/08 £000
Actual return less expected return on assets	**(331)**	(325)
Experience gains/(losses)	**5**	–
Changes in assumptions	**519**	36
Actuarial gain/(loss) to be recognised in statement of total recognised gains and losses	**193**	(289)

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

	2009 £000	2008 £000
At 1 July	**(3,623)**	(3,555)
Current service cost	**(54)**	(57)
Interest cost	**(209)**	(198)
Benefits paid	**298**	163
Actuarial gains	**524**	36
Contributions by plan participants	**(17)**	(12)
At 30 June	**(3,081)**	(3,623)

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

	2009 £000	2008 £000
At 1 July	**2,673**	2,714
Expected return on plan assets	**167**	167
Actuarial loss	**(331)**	(325)
Contributions by plan participants	**17**	12
Contribution by employer	**381**	268
Defined benefit actual benefit payments	**(298)**	(163)
At 30 June	**2,609**	2,673

History of experience gains and losses:

	2008/09	2007/08	2006/07	2005/06	2004/05
Difference between expected and actual return on scheme assets:					
– Amount (£000)	**(331)**	(325)	88	150	222
– Percentage of company's allocation of scheme assets	**(12)%**	(12)%	3%	6%	10%
Experience gains and losses on scheme liabilities:					
– Amount (£000)	5	–	–	(45)	13
– Percentage of company's allocation of scheme liabilities	0.2%	–	–	(1)%	–
Total amount recognised in statement of total recognised gains and losses					
– Amount (£000)	**193**	(289)	196	173	(212)
– Percentage of company's allocation of scheme liabilities	**6%**	(8)%	5%	5%	(6)%

The calculation of the 2008/09 experience adjustment on scheme liabilities has been refined to exclude gains or losses attributable to changes in assumptions.

Defined contribution schemes

During the year £72,000 was charged to the profit and loss account in respect of such schemes (2007/08: £76,000). At 30 June 2009 contributions of £4,000 were outstanding in relation to the month of June 2009 (2007/08: £6,000 in relation to the month of June 2008).

4 Dividends

	2008/09 £000	2007/08 £000
Interim dividend for 2009 of 3.25p paid on 7 April 2009	**1,170**	–
Final dividend for 2008 of 6.75p paid on 29 October 2008	**2,437**	–
Interim dividend for 2008 of 3.25p paid on 7 April 2008	**–**	1,172
Final dividend for 2007 of 6.6p paid on 31 October 2007	**–**	2,378
	3,607	3,550

A final dividend per equity share of 6.75p has been proposed for the 2008/09 financial year, payable on 30 October 2009. In accordance with accounting requirements this dividend has not been accrued in these consolidated financial statements.

5 Tangible fixed assets

	Freehold land and buildings £000	Long leasehold property £000	Plant, equipment and motor vehicles £000	Total £000
Cost:				
At 1 July 2008	3,775	235	318	4,328
Additions	–	–	5	5
Disposals	–	–	(59)	(59)
At 30 June 2009	**3,775**	**235**	**264**	**4,274**
Depreciation:				
At 1 July 2008	952	124	303	1,379
Charge for the year	78	7	8	93
On disposals	–	–	(58)	(58)
At 30 June 2009	**1,030**	**131**	**253**	**1,414**
Net book value:				
At 30 June 2009	**2,745**	**104**	**11**	**2,860**
At 1 July 2008	2,823	111	15	2,949

Included within freehold land and buildings is land of £1,909,000 (2008: £1,909,000) which is not depreciated.

6 Investments in subsidiary undertakings

	£000
Cost or valuation:	
At 1 July 2008 and at 30 June 2009	69,856
Additions during the year – capital contributions in respect of share options	18
At 30 June 2009	**69,874**
Provisions:	
At 1 July 2008 and 30 June 2009	**–**
Written down value:	
At 30 June 2009	**69,874**
At 30 June 2008	69,856

Notes to the Company Financial Statements

For the year ended 30 June 2009

6 Investments in subsidiary undertakings (continued)

At 30 June 2009 the principal subsidiary undertakings and related classes of business are as follows: Alumasc Precision Limited, (engineering products), Alumasc Exterior Building Products Limited, (building products), Alumasc Limited, (engineering and building products), Levolux Limited and Levolux A.T. Limited (building products) and Blackdown Horticultural Consultants Limited (building products). All subsidiary companies are owned 100%, and are registered and operated in England, with the exception of Elkington China Limited, which is 70% owned, incorporated in Hong Kong and operates in the People's Republic of China. All shareholdings relate to ordinary shares. The company's investment in Alumasc Limited was revalued in 1985 to reflect the subsidiary's net assets at that date and its investment in Benjamin Priest Group Limited was re-stated in 1999 and 2005 to reflect permanent diminutions in value.

All major subsidiary companies are owned directly by the Alumasc Group plc.

7 Debtors

	2009 £000	2008 £000
Amounts falling due within one year:		
Other debtors	**442**	314
Prepayments and accrued income	**47**	859
Corporation tax debtor	**509**	–
	998	1,173

8 Other creditors

	2009 £000	2008 £000
Amounts falling due within one year:		
Other creditors	**752**	447
Accruals	**338**	661
Amounts due to subsidiary undertakings	**5,270**	7,089
	6,360	8,197
Amounts falling due after more than one year:		
Amounts due to subsidiary undertakings	**6,800**	–

9 Borrowings

	2009 £000	2008 £000
Unsecured:		
Bank overdraft	**2,189**	2,373
Bank loans	**9,907**	14,878
	12,096	17,251
Amounts falling due after more than one year:		
Between two and five years	**11,331**	14,878
Amounts falling due within one year	**765**	2,373
	12,096	17,251

10 Deferred tax

	Losses £000	Accelerated capital allowances £000	Total £000
At 1 July	–	(40)	(40)
Deferred tax credit prior year	129	2	131
At 30 June 2009	**129**	**(38)**	**91**

11 Called up share capital

	2009 £000	2008 £000
Authorised:		
54,800,000 (2008: 54,800,000) ordinary shares of 12.5p each	**6,850**	6,850
Allotted, called up and fully paid:		
36,133,558 (2008: 36,133,558) ordinary shares of 12.5p each	**4,517**	4,517

During the year ended 30 June 2008, 299,000 shares were issued for an aggregate amount of £421,000 in respect of share options exercised.

12 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 2008	4,517	383	2,265	10,606	(106)	30,143	47,808
Share premium costs refund	–	69	–	–	–	–	69
Retained profit for the year	–	–	–	–	–	3,922	3,922
Dividends	–	–	–	–	–	(3,607)	(3,607)
Share based payments	–	–	–	–	–	20	20
Vesting of own shares	–	–	–	–	52	(52)	–
Acquisition of own shares	–	–	–	–	(124)	–	(124)
Actuarial gain on defined benefit pensions net of tax	–	–	–	–	–	139	139
At 30 June 2009	**4,517**	**452**	**2,265**	**10,606**	**(178)**	**30,565**	**48,227**

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 £3,922,000 (2008: £364,000).

Capital reserve – own shares

The capital reserve – own shares relates to 135,171 (2008: 68,526) ordinary own shares held by the company. The market value of shares at 30 June 2009 was £120,000 (2008: £121,000). These are held to help satisfy the exercise of awards under the company's Long Term Incentive Plans. An employee 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.

Notes to the Company Financial Statements

For the year ended 30 June 2009

13 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 36.

	As at 1 July 2008	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 2009**	Weighted average exercise price (pence)
LTIP (i)	199,163	n/a	248,469	n/a	12,643	n/a	40,816	n/a	**394,173**	n/a
ESOS (ii)	47,878	169.9	–	–	–	–	–	–	**47,878**	169.9

	As at 1 July 2007	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 2008	Weighted average exercise price (pence)
LTIP (i)	180,346	n/a	68,261	n/a	5,488	n/a	43,956	n/a	199,163	n/a
ESOS (ii)	166,000	137.8	–	–	118,122	124.8	–	–	47,878	169.9

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

ESOS

For the share options outstanding at 30 June 2009 the weighted average remaining contractual life is 6.28 years (30 June 2008: 7.34 years). The exercise price of the options outstanding ranges between 163.5p and 171.2p. 8,000 share options are exercisable at 30 June 2009 (30 June 2008: 8,000) with a weighted average option price of 163.5p (2008: 163.5p).

LTIP

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.

	LTIP	
	Black Scholes & Binomial 2009	Black Scholes 2008
Share price at grant date	79p	208p
Exercise price	nil	nil
Expected volatility	30%	35%
Expected life (years)	3	3
Risk free rate	2.8%	5.98%
Dividend yield	10%	4.66%
Fair value per award	58p	180p

The expected volatility is based on historical volatility over the last three years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on the Sterling SWAP rate over six years.

The charge recognised for share based payments in respect of employee services rendered during the year to 30 June 2009 is £2,000 (2008: charge of £4,000).

14 Financial commitments

The Company had no financial commitments at the year end (2008: £nil).

15 Related party disclosures

The Company has taken advantage of the exemption granted by paragraph 3c of FRS 8 not to disclose transactions with other group companies. There were no other related party transactions during the period (2008: nil).

16 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 £158,000 (2008: £415,000) of the group's overdraft facilities.

Five Year Summary

	2008/09 £000	2007/08 £000	2006/07 £000	2005/06 £000	2004/05 £000
Profit and Loss Account Summary					
Revenue (continuing operations)					
Building products	**78,656**	83,799	59,679	55,342	48,694
Engineering products	**31,703**	44,317	45,565	40,688	42,907
Less intercompany	**(1,271)**	(2,308)	(1,643)	(1,604)	(1,340)
	109,088	125,808	103,601	94,426	90,261
Underlying operating profit (continuing operations)					
Building products	**9,210**	10,720	6,960	6,869	6,349
Engineering products	**(1,449)**	1,664	1,660	2,269	3,390
Unallocated costs	**(1,063)**	(1,151)	(1,075)	(1,072)	(851)
Underlying operating profit (continuing operations)	**6,698**	11,233	7,545	8,066	8,888
Brand amortisation and fair value adjustments	**(252)**	(428)	(370)	–	–
Restructuring costs	**(940)**	(465)	–	–	–
Impairment	**(2,176)**	–	–	–	–
Profit on property disposals	**–**	1,240	637	242	–
Share of operating profit in associates	**–**	–	–	23	24
Operating profit (continuing operations)	**3,330**	11,580	7,812	8,331	8,912
Net interest cost (on borrowings)	**(626)**	(1,090)	(811)	(546)	(395)
Net pension interest	**(900)**	(501)	(400)	(786)	(1,201)
Profit before tax (continuing operations)	**1,804**	9,989	6,601	6,999	7,316
Profit/(loss) before tax (discontinued)	**–**	–	2,351	(1,497)	(3,682)
Profit before taxation	**1,804**	9,989	8,952	5,502	3,634
Taxation	**(744)**	(2,656)	(2,686)	(1,681)	(1,469)
Profit on ordinary activities after taxation	**1,060**	7,333	6,266	3,821	2,165
Equity minority interest	**(8)**	(18)	(35)	(16)	–
Profit for the financial year attributable to equity holders of the parent	**1,052**	7,315	6,231	3,805	2,165
Return on sales (underlying)					
Building products	**11.7%**	12.8%	11.7%	12.4%	13.0%
Engineering products	**-4.6%**	3.8%	3.6%	5.6%	7.9%
Group	**6.1%**	8.9%	7.3%	8.5%	9.8%
Underlying profit before tax (continuing operations)	**5,172**	9,642	6,334	6,757	7,316
Underlying tax rate	**30.4%**	31.4%	32.7%	31.4%	33.6%

Five Year Summary

		2008/09 £000	2007/08 £000	2006/07 £000	2005/06 £000	2004/05 £000
Balance Sheet Summary						
Shareholders' funds		**30,796**	30,887	31,392	24,162	20,974
Minority interests		**33**	22	38	34	28
Net debt		**10,318**	9,352	12,908	3,372	3,332
Pension deficit (net of associated deferred tax asset)		**9,003**	14,269	12,644	17,015	20,704
Capital invested		**50,150**	54,530	56,982	44,583	45,038
Return on capital invested (post-tax)	(note a)	**8.9%**	13.9%	13.2%	10.1%	7.7%
Return on shareholders' funds (post-tax)	(note b)	**11.6%**	21.3%	15.2%	20.5%	23.2%
Gearing	(note c)	**33.5%**	30.3%	41.1%	13.9%	15.9%
Group interest cover	(note d)	**10.7**	10.3	9.3	14.8	22.5
Other Statistics						
Earnings per share (continuing operations) (pence)		**2.9**	20.3	13.2	13.4	14.3
Underlying earnings per share (continuing operations) (pence)	(note e)	**10.0**	18.3	12.1	13.0	14.3
Total earnings per share (pence)		**2.9**	20.3	17.6	10.8	6.2
Dividends per share (pence)		**10.0**	10.0	9.7	9.3	9.3

Notes

a) Underlying operating profit after tax (calculated using the underlying tax rate) as a percentage of average capital invested
b) Underlying profit after tax (calculated using the underlying tax rate) as a percentage of average shareholders' funds
c) Net borrowings as a percentage of shareholders' funds plus minority interests
d) Underlying operating profit divided by net interest cost on borrowings
e) Underlying earnings per share is calculated as per note 11

Analysis of performance by half year in 2008/09 and 2007/08

	6 months to 31 December			6 months to 30 June		
	2008 £m	2007 £m	% change	**2009 £m**	2008 £m	% change
Revenue						
Building Products	**42.7**	40.3	6.1	**36.0**	43.5	-17.5
Engineering Products	**18.8**	20.4	-7.7	**12.9**	23.9	-46.2
Intercompany	**(0.8)**	(0.8)		**(0.5)**	(1.5)	
	60.7	59.9	1.4	**48.4**	65.9	-26.7
Underlying operating profit						
Building Products	**5.2**	4.8	7.0	**4.0**	5.9	-31.4
Engineering Products	**(0.3)**	0.3	-100+	**(1.1)**	1.4	-100+
Unallocated	**(0.6)**	(0.7)		**(0.5)**	(0.5)	
	4.3	4.4	-2.2	**2.4**	6.8	-65.4

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 29 October 2009 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 2009

2 To receive the report of the Remuneration Committee for the year ended 30 June 2009

3 To declare a final dividend of 6.75 pence per share

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

5 To re-elect Philip Gwyn as a director[123]

6 To re-elect Andrew Magson as a director

7 To re-elect John Pilkington as a director

8 To re-appoint KPMG Audit Plc 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. Resolution 9 shall be proposed as an Ordinary Resolution and Resolutions 10, 11, 12 and 13 shall be proposed as Special Resolutions.

9 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 £1,528,425 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.

10 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 9 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 9 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 9 above" shall be deemed to be omitted from the power conferred by this Resolution.

11 Company's authority to purchase its own shares

That the Company pursuant to Article 46 of the Company's Articles of Association 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 such a number as represents 14.9% of the issued share capital of the Company on 29 October 2009;

(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;

Notice of Annual General Meeting

(iv) the authority hereby conferred shall expire on 28 October 2010, 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 23 October 2008.

12 New articles of association

That with effect from the close of the meeting:

(i) the Articles of Association of the Company be amended by deleting all of the provisions of the Company's Memorandum of Association which, by virtue of Section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

(ii) the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

13 Notice of general meetings

That a general meeting other than an annual general meeting may be called on not less than fourteen clear days' notice.

By order of the Board

A Magson
Company Secretary
10 September 2009

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, ask questions relating to the business being dealt with 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. Please indicate if the proxy instruction is one of multiple instructions being given. All Proxy Forms must be signed and, to be effective, must be lodged with the company's registrar Capita Registrars (Proxies), 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 Companies Act 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. If you are a user of the CREST system (including a CREST personal member), you may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint a proxy or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, the CREST message must be received by Capita Registrars (ID number RA10) not later than 10.30am on Tuesday 27 October 2009. For this purpose the time of receipt will be taken to be the time (as generated by the timestamp generated by the CREST system) from which Capita Registrars are able to retrieve the message. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider should contact their CREST sponsor or voting service provider for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings please refer to the CREST manual (available at www.euroclear.com/CREST). The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulations 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. As at 8 September 2009, 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.
8. 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.
9. Statutory information connected with this notice may be found on the Company's web-site www.alumasc.co.uk.

Explanatory notes to Resolutions 4, 5, 9, 10, 11, 12 and 13 to be proposed at the Annual General Meeting

(1) Resolution 4 – Re-election of Jon Pither

Your Board recommends that Jon Pither be re-elected as a director of the Company. As he has served on the Board for longer than nine years, in order to comply with the best practice provisions of the Combined Code, he offers himself for re-election.

(2) Resolution 5 – Re-election of Philip Gwyn

Your Board recommends that Philip Gwyn be re-elected as a director of the Company. As he has served on the Board for longer than nine years, in order to comply with the best practice provisions of the Combined Code, he offers himself for re-election.

(3) Resolution 9 – 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 9 authorises the directors to make allotments of up to an additional 12,227,397 shares (representing approximately 34% of the issued share capital of the Company as at 10 September 2009 (including existing commitments under the Company's share schemes)). 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 9.

(4) Resolution 10 – 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 10 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 10 September 2009.

(5) Resolution 11 – 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 11 is to authorise the directors generally to purchase up to 14.9% of the issued share capital of the Company as at 29 October 2009. The directors will only exercise the authority granted by Resolution 11 (if passed) if to do so would result in an increase in earnings per share and is in the best interests of shareholders generally.

(6) Resolution 12 – New Articles of Association

It is proposed in Resolution 12 to adopt new articles of association (the "New Articles") in order to update the Company's current articles of association (the "Current Articles"), primarily to take account of the implementation of 1 October 2009 of the final parts of the Companies Act 2006. If Resolution 12 is passed, the New Articles will become effective at the close of the meeting.

The principal changes introduced in the New Articles are summarised in the circular accompanying this Notice. The New Articles are available for inspection as noted in such circular.

(7) Resolution 13 – Notice of general meetings

This resolution is required to reflect the implementation in August 2009 of the Shareholder Rights Directive (the "Directive"). The statutory instrument implementing the Directive increases the notice period for general meetings of the Company to 21 days. The Company has been able to call general meetings (other than an AGM on fourteen clear days' notice and your Directors would like to preserve this ability. In order to be able to do so following implementation of the Directive, shareholders must have approved the calling of general meetings on fourteen days' notice. Resolution 13 seeks such approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on fourteen day' notice.

The Alumasc Group – Major Brands and Operating Locations

Sustainable Building Products

Energy Management

Solar Shading
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

M R Façades and Exterior Wall Insulation
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.alumasc-exteriors.co.uk

Green Roofs
Blackdown / Greenroofs
Blackdown Horticultural Consultants
Street Ash Nursery
Combe St. Nicholas
Chard
Somerset TA20 3HZ
Tel. +44 (0) 1460 234582
Email: enquiries@greenroof.co.uk
Web: www.greenroof.co.uk

ZinCo
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.alumasc-exteriors.co.uk

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

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: acp@gaticdover.co.uk
Web: www.gatic.com

Rainwater & Drainage
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: acp@gaticdover.co.uk
Web: www.gatic.com

Alumasc / Harmer / SML
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.alumasc-exteriors.co.uk

Roofing & Waterproofing
Derbigum / Hydrotech / Armaseam
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.alumasc-exteriors.co.uk

Premium Building Products

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@alumascinteriors.com
Web: www.pendock.co.uk

Housebuilding Products
Timloc
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

Scaffolding
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.com

Engineering Products

Precision Engineering
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 Diecastings
Second Avenue
Bletchley
Milton Keynes MK1 1EA
Tel: +44 (0) 1908 279200
Fax: +44 (0) 1908 279201
Email: info@alumascprecision.co.uk
Web: www.alumasc-precision.co.uk
Web: www.dyson-diecasting.co.uk

Drinks Dispensing
Alumasc Dispense
Unit 3 Acan Business Park
Garrard Way
Telford Industrial Estate
Kettering
Northants NN16 8TD
General Enquiries:
Tel: +44 (0) 1536 311888
Fax: +44 (0) 1536 311880
Sales Enquiries:
Tel: +44 (0) 1536 311860
Email: sales@alumascdispense.com
Web: www.alumascdispense.com

ckd

Design & production
www.ckdcorp.co.uk

Print
www.thecolourhouse.com

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Product group from well-managed forests, controlled sources and recycled wood or fiber
FSC
www.fsc.org Cert no. SGS-COC-003349
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