

Welcome

The Alumasc Group

Alumasc's strategy is to supply premium building products, systems and solutions with the objectives of:

- Building leading positions in niche markets where specifiers and customers recognise the value added by our products and services
- Growing group revenues at a faster rate than the UK construction market on average
- Generating consistently superior financial returns, underpinned by strong operating margins and returns on investment



How we achieve this is explained in our business model on page 14 (

Our track record of delivering these objectives is summarised on page 16 ()

01

Governance Financial Statements

Financial Highlights

Revenue 90.3 92.2 (continuing operations) (£m) £92.2m 2015 2016 (2015: £90.3m) Underlying earnings per share (continuing operations) (pence) 16.9 18.4 2015 2016 (2015: 16.9p) Net cash (fm) £8.6m 2015 2016 (2015: £0.9m)



"Our strategic concentration on premium building products allows us to focus resources where our strengths lie and build on a winning formula"

John McCall Chairman

	2016	2015	Change
Continuing operations:			
Order book at 30 June (£m)	26.6	24.0	+11%
Revenue (fm)	92.2	90.3	+2%
Underlying profit before tax (fm)*	8.3	7.7	+7%
Underlying earnings per share (pence)*	18.4	16.9	+9%
Dividends per share (pence)	6.5	6.0	+8%
Net cash at 30 June (fm)	8.6	0.9	
Total group (including discontinued operations):			
Profit before tax (£m)	7.7	4.8	+59%
Basic earnings per share (pence)	18.2	12.3	+48%

* Underlying profits and earnings from continuing operations are stated prior to the deduction of IAS 19 pension charges of £1.2 million (2014/15: £1.2 million) and brand amortisation of £0.3 million (2014/15: £0.3 million).
A full reconciliation of statutory to underlying profits and earnings is provided in note 5 to the financial statements.

Forward-looking statements

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

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Unlocking our Potential

In the last ten years Alumasc has fully transformed from a diversified group into a focused niche Building Products business



The latest online...

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

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



Alumasc at a Glance

Our Business Segments

Each business segment has dedicated management and sales focus to serve their individual market niches.

Each business segment also benefits from the key strengths and growth opportunities summarised opposite.

SOLAR SHADING & SCREENING



Levolux's innovative architectural solutions are used to shade and screen buildings, save energy and achieve aesthetic effect. We also create bespoke balcony and balustrading solutions.

ROOFING & WALLING



We provide premium waterproofing systems for flat roofs, roofing support services, exterior wall insulation systems and innovative façade systems.

CONTRIBUTION TO GROUP REVENUE

£17.4m

(2015: £16.0m)

KEY STRENGTHS

- Market leader with unique systems and solutions
- Innovative
- Architect specified solutions
- Strong brand.

CONTRIBUTION TO GROUP REVENUE

£40.1m

(2015: £40.6m)

- · Design and service led

KEY STRENGTHS

- Strong brands
- Premium systems for performance & longevity
- · Reputation and track record
- · Innovative solutions: Green Roofs, BluRoofs, Alumasc Ventilated System
- · Service ethos.

GROWTH DRIVERS

- Energy management
- Building regulations
- Bespoke solutions to architect design
- International development particularly North America & Middle East.

GROWTH DRIVERS

- Water and energy management
- New product introductions and range expansion
- Expansion of geographical reach
- Building regulations.

OPPORTUNITIES

- International development particularly North America & Middle East
- Development of the UK bespoke balcony business
- Continued UK commercial market recovery
- Development of related areas e.g. intelligent lighting and electronic controls.

OPPORTUNITIES

- Roofing market share from expansion of sales team and greater geographical reach
- Roofing intra-group synergies, especially 'Rain to Drain' concept with Alumasc Water Management
- Walling market share in new build applications including off-site construction.

WATER MANAGEMENT



We provide a range of industry-leading solutions to help manage and attenuate water originating inside or outside of buildings and convey it in a controlled and safe way to discharge into water courses, sewers or the ground.

HOUSE BUILDING & ANCILLARY PRODUCTS



We supply premium house building and ancillary items such as ventilation products, cavity closers and trays, access panels, loft doors and dry roof verge products.

CONTRIBUTION TO GROUP REVENUE

£27.6m

(2015: £27.0m)

KEY STRENGTHS

- Premium systems for performance & longevity
- Strong brands
- Reputation and track record
- Service ethos
- Solutions specified by engineers.

CONTRIBUTION TO GROUP REVENUE

£8.6m

(2015: £7.8m)

KEY STRENGTHS

- Strong service ethos (next day delivery)
- Strong routes to market/distribution
- Strong brand
- Manufacturing capability and operating efficiency.

GROWTH DRIVERS

- Water management in and around buildings from 'Rain to Drain'
- Building regulations including the forthcoming UK Flood & Water Management Act
- International growth potential.

GROWTH DRIVERS

- Growth in UK new house building demand
- New products (e.g. 'Above the Roofline' range)
- Consolidation in merchants and merchant category sales
- Building regulations.

OPPORTUNITIES

- Fostering a more holistic approach to water and flood management
- Intra group synergies including with Alumasc Roofing
- Routes to market synergies (specification and distribution)
- International development.

OPPORTUNITIES

- Range expansion
- Growth and consolidation of distribution channels
- Margin improvement through growth, scale and manufacturing excellence.



Chairman's Statement

"Alumasc is now a focused building products business. In 2015/16 we delivered our fifth successive year of profit growth and our order books are at record levels"

the com

John McCall Chairman

Our Results:

Revenue (continuing operations)

£92.2m

Dividends per share

6.5p

Net cash

£8.6m



Developments

This year marks Alumasc's 30th anniversary as a public company. For the past thirty years, our Annual Report, including my statement as Chairman, has covered a diverse group of small businesses, operating in several unrelated sectors. This year, following the sale of Dyson Diecastings, its last remaining engineering subsidiary, Alumasc's continuing business now operates within a single market sector.

This concentration of activity within building and construction is the outcome of a strategy to focus resource where our strengths lie and to exchange the historic resilience of diversity for the greater possibilities of building on a winning formula, while continually developing our skills and sharing best practice. This approach is discussed in greater detail in the Chief Executive's Review that follows.

In order to counter the resultant risk of exposure to a single industry and its cycles, we endeavour to direct each business towards sectoral opportunities where demand is expected to outstrip the industry benchmark and to seek opportunities to introduce our products and services to new geographic markets judged to hold potential. This is not a new endeavour; however, it has required patience and investment. We believe that it has already delivered results during the difficult years that followed the financial crisis and, with greater focus, will yield greater rewards in future years.

Performance

Importantly, Alumasc has delivered another strong performance in the review year to 30 June 2016, with our continuing business progressing for the fifth consecutive year. The group's underlying profit before tax from continuing operations grew by 7%, from £7.7 million to £8.3 million, and statutory profit before tax by 59% to £7.7 million. Our balance sheet was already strong as a result of this improving performance and, following the sale of Dyson Diecastings in June, included net cash balances of £8.6 million at the year end.

The Board is recommending a final dividend of 3.8 pence per share (2015: 3.5 pence), to give a total of 6.5 pence for the year. This represents an increase of 8% over the previous year (6.0 pence) and is 2.8 times covered by basic earnings per share of 18.2 pence.

Future development

Despite the transformation referred to above from diversity to greater focus, Alumasc remains a family of specialist businesses, each dedicated to satisfying specialist demands with specific, frequently bespoke, solutions. The more we succeed, by providing outstanding service to discriminating customers, the more we can expect to win market share and grow our revenues. Innovation is a vital contributor to this process and remains high on the agenda of all our businesses.

In the past, the diversity of our group may have provided a buffer against individual sectoral decline and cycles but limited opportunity for intra-group collaboration. The nuanced market focus of our continuing businesses still provides a degree of diversity within the sector but one where opportunities and best practice can frequently be shared.

These two points – innovation and evolving best practice – give our strategy a distinctly 'organic' flavour, which we view as a strength. The complementary strength of our balance sheet, and the operational focus on margin and cash generation, also provides us with the wherewithal to supplement organic growth by acquisition. We will be on the lookout for such opportunities, where they complement the market focus that has been achieved in recent years.

Prospects

Alumasc ended the year to June 2016 with positive momentum and with rising order books, which have continued to grow since the year end to record levels, both positive indicators for the new financial year. A major contributor to the growth in order books is the success of Levolux in the United States, where patient groundwork has begun to yield tangible results. There are also signs of recovery in the scheduling of larger projects, following a quieter period during the past year, which will benefit the latter part of our new financial year and beyond.

More generally, it is still too close to the June referendum to predict with confidence any consequential change in prospects for the wider economy.

We assess the impact on our business of the fall in Sterling to be limited at current levels and our businesses have not detected any significant change in demand for their products and services.

At this moment, therefore, given the encouraging fundamentals outlined above, we continue to believe that Alumasc can outperform its underlying markets and that the group is well positioned to adapt to reality as necessary, with the expectation of achieving further progress both short and longer term.

John McCall

Chairman

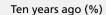




Alumasc is now a strategically focused building products group

30 June 2016 (%)



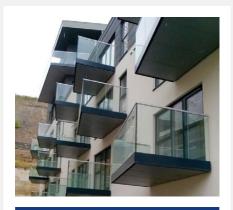




- Building Products
- Engineering Products
 - Industrial Products

A Year of Innovation

Approximately 20% of group revenues were generated from new products introduced in the last three years.



Levolux 'Bolt-on' Balconies and Balustrading

Levolux can now provide custom, 'bolt-on' fabricated steel Balconies with a variety of types of decking and soffit materials, to satisfy challenging project specific requirements.

To complement its 'bolt-on' Balconies, Levolux can also provide tailored Balustrading solutions, formed from a combination of high quality materials, including extruded aluminium, stainless steel, glass and timber.

"The benefit of these solutions is that Levolux can design and assemble the balconies and balustrading to meet the highest quality standards in a factory environment. Finished products are then delivered to site and installed by Levolux at the optimum time, as a last fix item, after the building envelope has been completed"

Chris Phippen

Marketing Manager for Levolux



Gatic CastSlot

Gatic is committed to continuously innovating its patented Slotdrain products to ensure that they remain the preferred choice for our customers. This year Gatic has updated the successful CastSlot product by designing an unobtrusive multi-surface ductile iron inlet profile that allows the product to be installed neatly within concrete, asphalt, and block surface finishes. This ductile iron profile is securely fixed to the galvanised steel Slotdrain channel body and includes a pre-fitted integrated installation strip to prevent the ingress of concrete during installation.

This innovation provides an exceptionally robust yet discreet surface water drainage solution, and is an ideal choice for projects from car parks to heavily trafficked industrial units.

"We've worked with Gatic on a number of large projects and it's a partnership. Their reliable, efficient service and knowledgeable team gives us reassurance that their products are the best solutions for the project in hand"

Rob Burnett

Project Manager from Winvic



Alumasc's Ventilated System project wins RICS Award

Alumasc's Ventilated System (AVS) project at Panmure Street, Glasgow picked up a Highly Commended Award courtesy of Registered Contractor CCG at The RICS Awards 2016.

The Panmure Street development in Glasgow demonstrates the benefits and versatility of utilising AVS. The key driver for the specification of AVS was its ability to replicate traditional construction design whilst being adaptable for the closed panel production line.

"The AVS can be utilised as an offsite manufactured solution that improves efficiency and speed of construction as well as enhancing the quality of finish, whilst delivering the final aesthetics to meet the exacting requirements of architects, designers and housebuilders"

Mark Gibbs

Technical Director for Alumasc Facade Systems



Alumasc Roofing's revolutionary new Vtherm system provides insulation performance up to five times better than other commonly used insulation materials – with a lower overall system profile.

Building regulatory requirements are ever more stringent while economic factors and the need to conserve energy mean that energy efficiency is the highest priority. High performance insulation products are available that fulfil some, but not all, of the regulatory and performance requirements, particularly in applications where there is call for a thinner insulation product.

The Alumasc Vtherm Vacuum Insulated System has been developed to help solve such problems. Alumasc Vtherm can be utilised within an inverted or warm roof system, powered by the innovative Kingspan OPTIM-R insulation panel. This comprises rigid vacuum insulation panels with a microporous core, which is evacuated, encased and sealed in a thin, gas-tight envelope. The result is outstanding thermal conductivity in the thinnest possible insulation solution.

"The Alumasc Vtherm Vacuum Insulated System now provides a solution that incorporates world class waterproofing with a high performance slim line insulation, which affords the designer greater flexibility and peace of mind from a fully integrated system"

Mark Golder Commercial Director for Alumasc Roofing



Alumasc Rainwater's new Cast Iron Spun Pipes with eared socket

Alumasc Rainwater has developed its cast iron spun pipes to include a unique integral eared socket. This innovative feature is a first in the marketplace. It improves the consistency of the wall thickness and the smoothness of the pipe internal bore.

"We're extremely pleased with this latest development to our cast iron spun pipes. It puts us ahead of the game as no other spinning technology currently has this capability. For similar products in the market the socket ears are generally glued or bonded to the pipe, which compromises quality and aesthetics. Our new integral ear socket provides a unique solution"

Pete Wainer

National Sales Manager for Alumasc Rainwater



Timloc launches new dry fix roofline and above solutions

Timloc's latest launches, include a new dry fix verge system for profiled roof tiles and a dry fix continuous verge solution for slate and flat tiles, as well as convenient 6m dry fix ventilated ridge and hip installation packs.

"We previewed our new dry fix systems at the recent Roofing Cladding & Insulation Show in Coventry and we were delighted with the positive reaction we received from installers, merchants and specifiers in terms of the new product's aesthetics, quality and features"

Claire Langley

Marketing and Business Development Director for Timloc

Chief Executive's Review

"We believe all our businesses have significant growth opportunities because of their strategic positioning in growing market niches and international potential"



Paul HooperChief Executive

Our Performance:

Continuing operations:

Underlying operating profit

£8.5m

Underlying operating margin

9.2%

Underlying profit before tax

£8.3m

Total group (including discontinuing operations):

Profit before tax

£7.7m



Strategy

Alumasc's strategic focus is to supply premium building products, systems and solutions with the objectives of:

- Building strong positions in specialist niche markets where specifiers and end customers recognise the value added by our products and services
- 2. Growing group revenues on average at a faster rate than the UK construction market
- 3. Generating consistently superior financial returns, underpinned by strong operating margins and returns on investment.

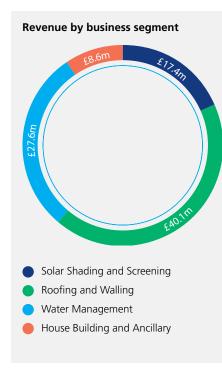
All Alumasc businesses operate in niche segments that benefit from growing demand for one or more of the following:

- 1. The management of energy in the built environment
- 2. The management of water in the built environment
- 3. Bespoke solutions involving significant design input and technical expertise
- Solutions that improve the efficiency and quality of the construction and installation process.

Alumasc leverages this strong strategic positioning through:

- The recruitment and development of talented people
- Fostering an innovative and entrepreneurial culture
- Dedicated management and sales focus for each niche market segment
- Developing synergies within the group
- The promotion of recognised and trusted brands
- The development of innovative products
- Expanding our geographical reach including internationally
- Prioritised investment: both in human and capital resources to support further growth in the business.

The above is illustrated in more detail in our business model on pages 14 and 15, and in the data illustrating our performance over the last five years on page 16, which demonstrates our track record of outperformance relative to the UK construction sector.



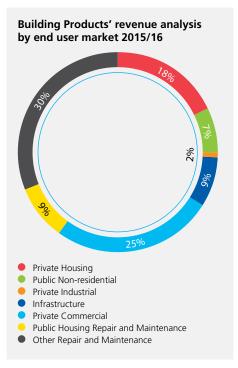
Overview of performance

Alumasc achieved its strategic ambition to become a focused supplier of niche building products at the end of the 2015/16 financial year, when the group sold its last remaining engineering products business, Dyson Diecastings.

Continuing operations

I am pleased to report Alumasc's fifth successive year of profit and earnings growth. The results for the year from continuing building products operations were the second best on record:

- Group revenues increased by 2% to £92.2 million
- Underlying operating profit increased by 2% to £8.5 million
- We invested an incremental £1.2 million during the year mainly in additional sales resources to support the continued future growth in the business, the costs of which were absorbed within our operating profit for the year
- Underlying profit before tax grew by 7% to £8.3 million, benefiting from the increase in operating profit and lower interest costs on borrowings due to lower average levels of net debt during the year
- Underlying earnings per share grew by 9% to 18.4 pence.





The Francis Crick building in London is shaded by a Levolux system incorporating photovoltaic panels.

Chief Executive's Review

The quality of the group's earnings in the 2015/16 financial year was high for a number of reasons:

- The majority of our businesses improved their profit in the year, with profitability far more evenly balanced throughout the group than has been the case in prior years, see chart 1 opposite.
- The impact of large projects on group revenues and on group results was far less than it has been in recent years. We estimate that revenues from day to day business, excluding the impact of projects worth £1 million or more, increased by 9% in the year. This was a far stronger performance than the headline figures suggest, see chart 2 opposite.
- Conversion of profit into operating cash flow was strong, with operating cash flow of £11.2 million in excess of earnings before interest, tax, depreciation and amortisation ('EBITDA') of £9.7 million, see chart 3 opposite.

Discontinued operations

Profit before tax from discontinued operations was £0.9 million, mainly arising from the gain on sale of the Dyson Diecastings business, which had traded at just above break-even levels for the year prior to its sale.

Statutory profit and earnings per share

Statutory profit before tax grew by 59% to £7.7 million, benefiting from the growth in underlying profit, the £0.9 million profit from the sale of Dyson Diecastings and non-repeat of operating losses from the engineering products business sold towards the end of the prior year.

Basic earnings per share of 18.2 pence were 48% ahead of the prior year's 12.3 pence per share.

Outlook

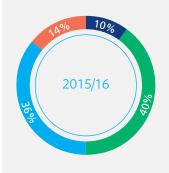
The group's positive momentum and rising order books, together with signs of recovery in the scheduling of larger construction projects referred to in the Chairman's Statement, are encouraging signs for this financial year. The timing of the larger projects in the current order book suggests there could be a second half bias to this financial year's performance.

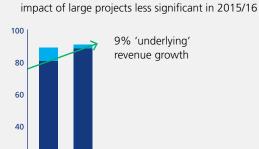
More broadly, we believe all our businesses have significant medium and longer term growth opportunities because of their strategic positioning in growing market niches and international potential.

As Alumasc's building products business approaches record ever levels of revenue and profit, it will require continued investment in human resources, together with investment

Strong quality of earnings in 2015/16

1. More even distribution of profit across business segments





2. Strong underlying revenue growth, with the





'Underlying' business

£1m+ revenue projects





2014/15 2015/16

20

0

in new capacity for Alumasc Water Management Solutions and Timloc, described further below, to fully realise this potential.

House Building and Ancillary

Dividends

The Board is recommending a final dividend of 3.8 pence per share (2014/15: 3.5 pence), taking the total dividend for the year to 6.5 pence (2014/15: 6.0 pence), an increase of 8%.

The dividend will be paid, subject to shareholder approval at the AGM to be held on 27 October 2016, on 1 November to shareholders on the register on 7 October.

Operational review

Health & safety

Alumasc's priority is to provide a safe place for our employees to work. The group further improved its safety performance in the year and recorded its second best safety performance rate on record. Details are given in the Corporate & Social Responsibility report on pages 24 and 25.

Solar shading and screening

- Revenue: £17.4 million (2014/15: £16.0 million), up 8%
- Underlying operating profit: £1.0 million (2014/15: £0.9 million), up 3%
- Underlying operating margin: 5.5% (2014/15: 5.8%).

Levolux's trading performance was ahead of expectations set at the beginning of the year, reporting higher revenues and profits than in the prior year. This was despite there being only one project of above £1 million revenue being completed in its entirety during the financial year.

More importantly, Levolux had an excellent year in broadening the market reach of the business including exports to North America, and also new products in the UK. This was reflected in closing order books at 30 June 2016 of £18.9 million, a substantial increase of 21% on the position at the beginning of the financial year.

Around a third of Levolux's 30 June 2016 order book is for export sales to North America and we expect this to be reflected in the sales mix later in the 2016/17 financial year. This is testament to the significant business development effort of recent years where Levolux has now established strong positions for the provision of premium and unique shading and screening solutions in a number of key regions in North America. Levolux plans to build on this success by adding two further vice presidents of sales in North America in the current financial year.

When Alumasc acquired Levolux in 2007 it was principally a UK solar shading and internal blinds business with the potential to expand its product range both in the UK and internationally. Ten years later it has been transformed into a business with a strong presence in both the UK and North America and that now provides:

- Bespoke architectural solutions for architects and building owners encompassing innovative external façade and internal features
- Innovative screening solutions for otherwise architecturally uninteresting buildings such as power plants and car parks
- Bespoke balcony solutions, including off-site construction options, to prestige residential developments
- Unique solar shading solutions that, where specified, can include electronic automation and photovoltaics, enabling architects and building owners to manage and reduce energy use in buildings
- Bespoke internal blind solutions to reduce glare and improve the comfort of building occupants.

Roofing & walling

- Revenue: £40.1 million (2014/15: £40.6 million), 1% down
- Underlying operating profit: £4.0 million (2014/15: £4.5 million), 11% down
- Underlying operating margin: 9.9% (2014/15: 11.0%).

This business segment performed strongly and remained the most profitable in the group, albeit with a marginally lower outturn for the year due to:



The new BREEAM 'excellent' rated Manchester Cancer Research Centre (MCRC) building, harnesses the latest building technology, including a custom solar shading and screening solution from Levolux.

Supporting sustainable construction

BREEAM (BRE Environmental Assessment Method) and LEED (Leadership in Energy and Environmental Design), are established, internationally recognised green building certification systems. The certifications promote sustainable building and development practices that exceed minimum environmental regulations and standards.

Both systems provide an assessment platform for a broad range of building categories at particular stages in their lifecycle with values assigned to factors such as design impact, carbon emissions, durability, resilience, biodiversity protection and ecological value.

- Lower revenues and profits from the large £12 million Kitimat smelter refurbishment project, which was already substantially complete in the 2014/15 year, with only the final account settled in the 2015/16 financial year
- Lower activity levels in England and Wales for exterior wall insulation following government funding cuts to the Eco and Green Deal schemes for social housing refurbishment work.

Our roofing business started the year more slowly than expected with delays caused by market-wide shortages of installation labour. However it recovered to have a much stronger second half of the year, with the core business reporting its best performance on record for the year as a whole and strong trading momentum in both new build and refurbishment markets carrying through into the new financial year.

By focusing on these key areas, architects and developers are able to identify those products with true environmental credentials, enabling the realisation of innovative, next generation buildings that make effective use of all resources and enhance the wellbeing of those who live and work within them.

Levolux's shading systems and Alumasc's aluminium and cast iron rainwater goods, civil drainage, fascia and soffit systems are examples of products that, due to their recyclability, low-carbon manufacture and responsible sourcing, can make a strong contribution to achieving high BREEAM and LEED ratings. Promotion of these ecologically-balanced solutions bring benefits to the specification process, helping achieve the desired effect of minimising the environmental impact of the construction process.

Find out more at:

www.breeam.com

www.usgbc.org/leed

Further significant investment was made in high quality technical sales resources during the year, and the larger sales team is broadening the geographic reach of the business within the UK and is attracting higher levels of specifications for our products and solutions.

Alumasc Roofing is benefiting from the much wider product range introduced over the last few years, including the integration of the Blackdown green roofing and Roof-Pro roofing services businesses into the core waterproofing business. This has been combined with a comprehensive service offer including the Alumasc Promise. This enables us to offer specifiers, main contractors and building owners high quality solutions that provide longevity and lower the life cycle costs of the roof, assist in the management of energy and water and help provide a safe roof environment.

Chief Executive's Review

Our walling business had a transitional year as we invested in new sales resources and new products to build our positions in new build markets to offset the cuts to funded refurbishment work in England and Wales. The new build business began to gain traction towards the end of the financial year, with encouraging initial sales of the recently introduced Alumasc Base Coat Render and the Alumasc Ventilated System. The latter offers off-site construction options. We have also had interest from new export markets in the Middle East and initial sales were made in summer 2016. The exterior wall insulation refurbishment business in Scotland remains very strong, supported by ongoing funding under the Scottish government's HEEPS and forthcoming SEEPS schemes.

Water management

- Revenue: £27.6 million (2014/15: £27.0 million), up 2%
- Operating profit: £3.5 million (2014/15: £3.3 million), up 7%
- Operating margin: 12.7% (2014/15: 12.1%).

The Alumasc Water Management Solutions ('AWMS') brand launched a year ago, which brought together in a holistic way our approach to the market for the Alumasc Rainwater, Harmer building drainage and Gatic civil drainage product ranges, was well received by customers and helped to drive a strong performance throughout most of the financial year. The new Gatic Filcoten and Harmer SML drainage products introduced a year ago, together with the new generation Gatic Slotdrain range introduced during the year each bedded in well.

The business was impacted by slowing UK economic growth rates towards the end of the financial year, including uncertainty ahead of the UK's Referendum on membership of the European Union, where some investment decisions in the UK relating to new infrastructure and industrial projects were delayed affecting order intake and sales for Gatic Slotdrain in particular. We also began to see upward pressure on galvanised steel costs towards the end of the financial year as part of an apparent over-correction to recent global over supply, and this is expected to impact Gatic Slotdrain margins in at least the first part of the new financial year.

AWMS further developed its strategy to provide a comprehensive water management within the built environment offer to the marketplace, including the 'Rain to Drain' concept illustrated opposite, and is actively working with specifiers and industry bodies to help evolve our business to meet growing demand in this area.

It remains the intention to relocate the AWMS business to a new facility in the Kettering area at capital cost of circa £10 million in the next two to three years, as this business approaches physical capacity.

The Gatic engineered access covers business had a solid year, but unusually and for no other reason than timing, did not benefit from any large £1 million or more revenue projects in 2015/16 and therefore was unable to match the prior year's financial performance. Encouragingly, there are now a number of large projects both in the order book and in the pipeline beyond that, mainly for export markets.

House building and ancillary products

- Revenue: £8.6 million (2014/15: £7.8 million), up 10%
- Operating profit: £1.4 million (2014/15: £1.1 million), up 25%
- Operating margin: 16.6% (2014/15: 14.6%).

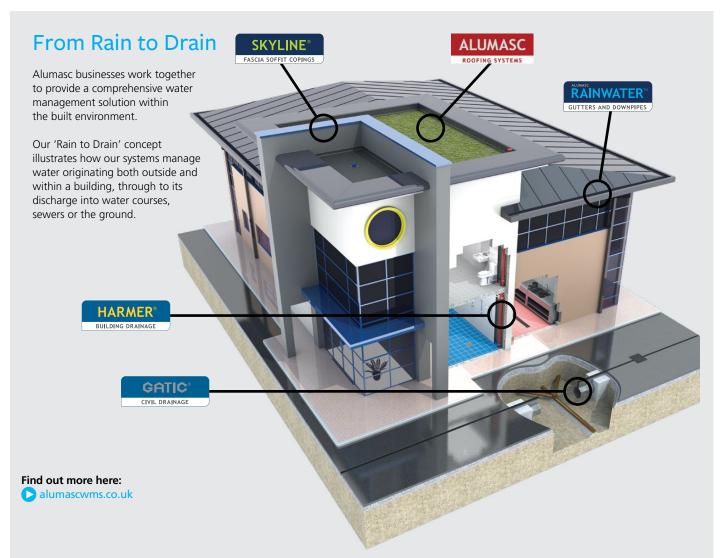
Timloc Building Products goes from strength to strength, reporting another record year and continuing to out-perform a buoyant UK house building products sector through the addition of new products to its range and expansion of it its geographic reach within the UK. This business has close to trebled its operating profit since acquisition by Alumasc in 2004.

The first products in the new 'Above the Roofline' range were successfully launched in the second half of the year and the remainder of the products in this range will be rolled out in the coming months.

Investment has been made in additional sales and management resources during the year and a new business system was successfully launched in October. These provide the firm foundations needed to further grow the business and enhance its reputation for excellent customer service.

Timloc leveraged revenue growth with further purchasing, manufacturing and warehousing efficiencies in the year, supported by investment in new plant and equipment, allowing the business to earn improved operating margins. A lease on a new expanded facility was signed in July 2016 to support plans to further grow the business. The new facility is planned to be available for occupation in late 2017.

Paul Hooper Chief Executive





From Rain to Drain, Alumasc is leading the way

The challenge

Planning constraints on a new, larger lecture theatre for the University of Bristol meant that a new and innovative approach was needed to provide a cost effective solution. Planning stipulations were that there should be no increase in the amount of excess water that was discharged into the existing drain infrastructure.

The solution

Alumasc's pioneering BluRoof waterproofing system was used, making this the first ever BluRoof installation in the UK.
Alumasc's BluRoof is a new concept in water management, offering the combined

expertise of Alumasc Roofing Systems and Harmer Engineered Drainage Systems in order to manage the rate of water discharge from the roof. As part of the project, 400m² of the innovative BluRoof system was installed, along with a Blackdown fully bio-diverse Green Roof system also from Alumasc.

The combination of Alumasc's BluRoof and Blackdown Green Roof systems meant that the retention of storm water in the green roof's build-up – i.e. the plants, substrate and drainage/reservoir layer – complemented the detention of storm water by the BluRoof, thus releasing valuable additional downstream drainage capacity and avoiding the need for additional attenuation tanks in Bristol City Centre.

Image Source: Madeleine.McEwan for Feilden Clegg Bradley Studios

Alumasc's Business Model for Growth and Value Creation

Our Vision

To build leading positions in niche building product markets, where specifiers and customers recognise the value added by our products and services.

Our Business Model

Strong strategic positioning

To operate in niches with long term growth drivers...

...each with market leading positions







Market shares typically between N°s. 1-3 in each niche

Operate only in 'fast flowing streams'

15

Governance **Financial Statements**



Targeting outperformance relative to the UK construction market



Recruitment and development of talented people



Fostering an innovative and entrepreneurial culture



Dedicated management and sales focus for each niche market segment



Developing synergies within the group



A strong service ethos



Promotion of recognised and trusted brands



Development of innovative products and solutions



Expanding our geographical reach, including internationally



Continued investment in human and capital resources to grow the business

Satisfied customers

Revenue growth rates ahead of UK construction market on average

Superior financial returns underpinned by strong return on sales and return on investment

Our track record of delivering results from this strategy is shown on pages 16 and 17

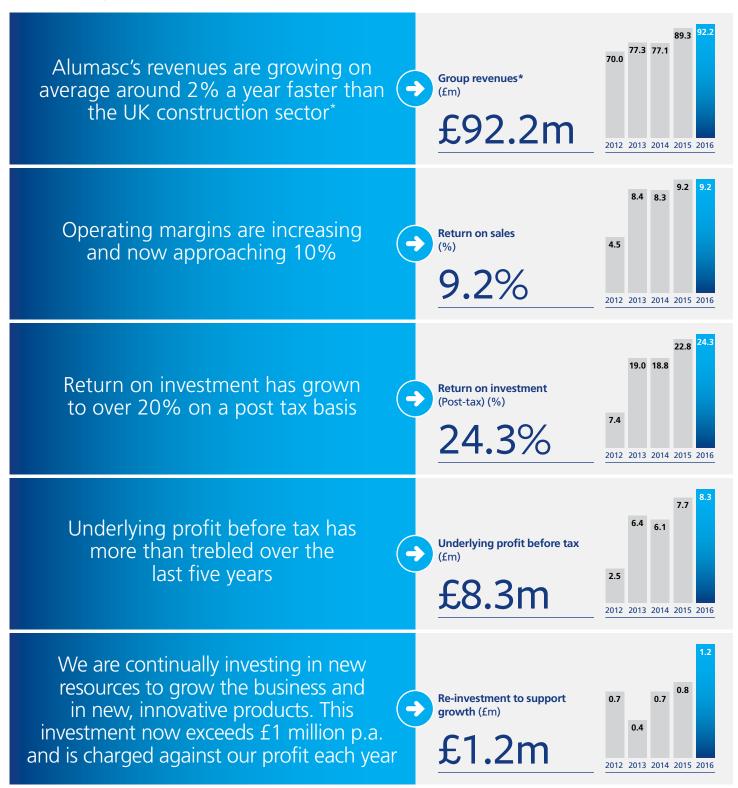


Manage these opportunities well

Success

How Strategy is Driving Performance

Continuing Operations:



^{*} Alumasc's revenues have grown by a compound average of 7% p.a. over the last five years, or approximately 4% p.a. excluding price inflation. UK construction output has grown by 2%** p.a., excluding price inflation. Revenues from the exceptionally large Kitimat project in 2012-2015 have been excluded so as to not artificially overstate the underlying growth rate.

^{**} Source: Experian.

Financial KPIs

Continuing Operations:

The group's financial KPIs are summarised below. Most 2015/16 KPIs show positive progress compared with 2014/15.

Year end group order book

£26.6m

(2015: f24.0m)



Comment/explanation Strong order books driven mainly by Levolux's international expansion and some recovery in the scheduling of larger projects. Average trade working capital (%)(sales)*

11.3%



Comment/explanation
The reduction in this
ratio is a positive
development and
reflects further working
capital efficiency.

Group revenues (fm)

£92.2m

(2015: £90.3m)



9.2 9.2

Comment/explanationContinued growth in building products sales.

Net cash

£8.6m



Comment/explanation Improved cash conversion of profit. Sales proceeds from Dyson Diecastings divestment.

Underlying operating margin (%)

9.2%

2015 2016

Comment/explanation Strong margins, after increased costs of investment in people in 2015/16 (see opposite). Pension deficit (IAS 19) (fm)

(2015: £0.9m)

£22.7m



Comment/explanation
The deficit increased due
to actuarial losses on the
revaluation of pension
liabilities to present
values, reflecting lower
UK bond yields.

Underlying profit before tax (fm)

£8.3m

(2015: £7.7m)



Growth in Building Products operating profit driven by higher revenues, and lower interest costs on borrowings.

Comment/explanation

Year-end shareholders' funds

£16.6m

(2015: £15.9m)

(2015: £20.9m)



Comment/explanation Increased due to retained profits after tax, net of pension actuarial gains/losses.

Underlying earnings per share (pence)

18.4p



Comment/explanation Growth in underlying profit before tax, at a lower underlying group tax rate. Return on investment (post-tax) (%)

24.3%

(2015: 22.8%)



Comment/explanation Strong operating margins from less capital intensive continuing building product operations.

^{*} Excluding the exceptionally large Kitimat contract that is now complete.

Financial Review

"Alumasc's strong balance sheet, including net cash of £8.6 million, will be used to finance the anticipated further organic growth of our businesses and complementary acquisitions should the right opportunities arise at the right price"

Andrew Magson
Group Finance Director

Our Performance:

Continuing operations:

Operating cash flow increased 20% to £11.2m (2014/15: £9.3m)

+20%

Group order books at 30 June increased by 11% to £26.6m (2014/15: £24.0m)

+11%

Post tax ROI increased by 7% to 24.3% (2014/15: 22.8%)

+7%



	2015/16	2014/15
	2013/10 £m	2014/13 £m
Continuing operations:		
EBITDA*	9.7	9.6
Underlying change in working capital	(0.3)	0.2
Short term changes in working capital		
on large construction contracts	1.8	(0.5)
Operating cash flow from continuing operations	11.2	9.3
Capital expenditure	(1.1)	(1.1)
Pension deficit & scheme expenses funding	(2.9)	(2.9)
Interest	(0.2)	(0.4)
Tax	(1.0)	(0.9)
Dividends	(2.2)	(1.9)
Share schemes and other	(0.6)	(0.1)
Net cash flow from continuing operations	3.2	2.0
Operating and investing cash flows from discontinued operations	_	0.4
Net sales proceeds from sale of businesses	4.5	6.2
ncrease in net cash	7.7	8.6

Reconciliation of Underlying Profit Before Tax to Profit for the Year		
	2015/16 £m	2014/15 £m
Underlying profit before tax from continuing operations IAS 19 pension costs Brand amortisation	8.3 (1.2) (0.3)	7.7 (1.1) (0.3)
Profit before tax from continuing operations Discontinued operations:	6.8	6.3
Dyson Diecastings	0.9	0.7
Alumasc Precision Components	-	(3.0)
Pendock Profiles	=	0.8
Profit before tax	7.7	4.8
Tax expense	(1.2)	(0.4)
Profit for the year	6.5	4.4

Taxation

The group's underlying tax rate reduced from 22.0% in 2014/15 to 20.8% in 2015/16, broadly in line with the reduction in the UK statutory rate.

The group's overall tax rate increased from 9.2% in 2014/15 to 15.6% in 2015/16 mainly due to the year on year reduction in non-taxable profits from business and related property disposals.

Cash flow and year end cash position

The group's cash flow performance for the year is summarised in the table opposite. This was another strong year for cash generation in Alumasc, with:

- Net operating cash flow from continuing activities of £11.2 million (2014/15 £9.3 million), benefiting from EBITDA of £9.7 million and a strong working capital performance. Rolling average trade working capital as a percentage of sales for the year improved to 11.3% from 11.6% a year ago and some £1.8 million of cash was received in excess of profit recognised during the year on larger construction contracts, reflecting the timing of milestone payments under those contracts
- Relatively modest capital investment of £1.1 million, broadly similar to the depreciation and amortisation charge for the year and the capital spend in the prior year. Investments were made principally in replacement plant and machinery, additional machinery to expand capacity at Timloc, and in new business systems at Levolux and Timloc
- Cash contributions to legacy defined benefit pension schemes were £2.9 million, unchanged on the prior year
- The net cash inflow for the year from continuing operations was £3.2 million, prior to the business disposal proceeds and trading cash flows of £4.5 million from Dyson Diecastings in the year
- A total cash inflow for the year of £7.7 million, including the Dyson Diecastings cash flows

Alumasc's net cash resources at 30 June 2016 were therefore £8.6 million, an increase of £7.7 million on the 30 June 2015 net cash position of £0.9 million.

In the last five years Alumasc has generated £19.3 million of net cash, transforming a net debt position of £10.7 million at 30 June 2011 into a net cash position of £8.6 million at 30 June 2016.

Financial Review

Pensions

The Pension Trustees are in the process of finalising the triennial valuation of Alumasc's legacy defined benefit pension liabilities as at 31 March 2016. The draft valuation shows a deficit of £33 million, which equates to a funding level of 73%. The deficit is unchanged on the position three years ago, with the impact in the intervening period of falling gilt yields that are used to value pension liabilities offset by lower long term inflation expectations, mortality experience, transfers out of the scheme and investment performance.

The impact of the 2016 triennial valuation on recovery plan payments to be made by the company is still under discussion with the Pension Trustees. In view of the improved profitability of the group in the period since the 2013 actuarial review, it is likely that company contributions will increase, albeit by a relatively modest amount.

The valuation of Alumasc's pensions deficit for accounting purposes, using IAS 19 valuation conventions, which are less stringent than those used in the formal triennial review, resulted in an increase in the deficit to £22.7 million at 30 June 2016, compared with £20.9 million at 30 June 2015. The increase is largely due to a reduction in the corporate bond yield used to value gross pension liabilities, particularly in the final quarter of the 2015/16 financial year, including the initial impact on bond yields of the UK referendum decision on 23 June 2016.

Balance sheet and capital structure

The group's net assets and shareholders' funds increased from £15.9 million at the beginning of the financial year to £16.6 million at 30 June 2016 as retained profits for the year were partially offset by pension scheme actuarial losses as described above.

The group defines its capital invested as the sum of shareholders' funds, plus the pension deficit (net of the related deferred tax asset), less net cash resources. On this basis capital invested reduced from £31.8 million at the end of the prior year to £26.5 million at 30 June 2016, largely reflecting the sale of Dyson Diecastings for net proceeds of £4.0 million at the year end.

Our strategy to focus the group on building products activities has benefited both the group's operating margin and returns on investment over recent years as lower margin and higher capital intensity engineering products businesses have been sold whilst the ongoing building products business, which generates higher operating margins at lower capital intensity, has expanded.

Post tax return on investment from continuing operations was 24.3% in the 2015/16 financial year, substantially above the group's weighted average cost of capital.

Alumasc has a strong balance sheet. This will be used (together with the bank facilities described below as needed) to finance the anticipated further organic growth of the group and complementary acquisitions should the right opportunities arise at the right price.

Banking facilities

Alumasc's banking facilities comprise:

- An unsecured committed five year revolving credit facility of £12.5 million, expiring in August 2020
- The ability to extend this facility to £30 million, subject to further credit approval by relationship banks
- Overdraft facilities, repayable on demand, of £2 million.

Going concern and viability

In view of the current and anticipated trading position of the group, its strong balance sheet including substantial cash resources and the unutilised committed banking facilities described above, and based on information available to it as at the date of this report, the Board does not foresee issues with regard to going concern status of the group or its viability during the three year period for which it prepares financial plans. Please see the going concern assessment on page 55 and the viability statement on page 21 for further detail.

Business risk, internal control and systems

The group continues to improve its risk management and control processes. Risk management is embedded in the way we work across the group and in addition to the formal annual review process, it is considered wherever appropriate in monthly Board meetings at both operating business and group levels. Internal audits carried out by group finance concentrate on compliance with internal financial controls across Alumasc, and are increasingly focused on higher risk and judgmental areas.

Two new business systems were implemented during the year at Timloc and Levolux and substantial enhancements to the AWMS system are planned in 2017. At the end of the 2016/17 financial year, almost all of the Alumasc group will be supported by Microsoft Dynamics business systems.

Andrew Magson

Group Finance Director

Viability Statement

In accordance with provision C.2.2 of the 2014 revision of the UK Corporate Governance Code, the Directors have assessed the viability of the group over a three year period, as this is consistent with Alumasc's formal three year financial planning process.

The three-year financial plan comprises the group's expected income statement and cash flow performance; its maximum expected and period end net cash/debt positions relative to committed financing facilities; its forecast financial position; and other key financial ratios.

The Board has performed a robust assessment including sensitivity analyses on the base case plan by flexing a number of the main assumptions including those set out below, both individually and in combination, to illustrate the impact of potential downside risks that could affect the financial viability of the group. The more significant sensitivities include:

- The group's ability to adapt to changes in revenue expectations caused by cyclical or adverse changes in the macroeconomic and UK construction market environments in which it operates;
- · A material erosion of operating margins; and
- The potential impact of Brexit-related uncertainties, particularly on changes in revenue expectations and the impact of foreign exchange rates on the group's cost base.

In making this statement, the Directors have also given specific consideration to the principal risks faced by the group as described on pages 22 to 23.

Whilst this review does not consider all of the risks that the group may face and it is recognised that the level of uncertainty with regard to a three year planning horizon increases over time, the Directors consider that their assessment of the group's prospects is reasonable in current circumstances, having regard to the level of inherent uncertainty involved.

Based on the analysis performed for the three-year review period, the group's net cash position of £8.6 million at 30 June 2016 and the group's committed financing facilities of £12.5 million which do not expire until August 2020, the Directors confirm that they have a reasonable expectation that the group will be able to continue in operation and be able to meet its liabilities as they fall due over the period to 30 June 2019.

Principal Risks and Uncertainties

Risks and uncertainties

Mitigating actions taken

Economic, construction market

and foreign exchange risks

Comment Alumasc is a UK-based group of businesses with the majority of group sales made to the construction sector in the UK,

which can be cyclical in nature.

The UK's 'Brexit' vote adds to economic uncertainty at the current time.

- Strategic positioning in markets/sectors anticipated to grow faster than the UK construction market with potential for growth through the cycle.
- Develop international sales (particularly in North America, the Middle East and Far East).
- Increasing sales to the more resilient building refurbishment (relative to new build) markets.
- Increasing mix of UK sales towards the stronger London & South East regional markets.
- Development of added value systems and solutions that are either required by building regulation and/or specified by architects and engineers.
- Develop and retain strong management teams.
- Ensure Alumasc products are market leading and differentiated against the competition to improve specification and to protect margin.

 Management has developed contingency plans to mitigate risks arising from Brexit uncertainty, including the further development of international markets in view of the recent depreciation of Sterling.

The group has some exposure to currency risk, particularly the Euro, following Sterling's recent devaluation. This is being mitigated by purchasing efficiencies, some selling price increases and currency hedging.

Loss of key employees

Comment

Generally staff turnover is low.

• Market competitive remuneration and incentive arrangements.

- Changes in numbers of people employed monitored in monthly subsidiary board meetings.
- Key and high potential employees identified and monitored on a local and group basis.
- Focused training and development programmes for high potential and key people.
- Exit interviews held for senior people who leave the business, with learning points shared.

Product/service differentiation relative to competition not developed or maintained

Comment

Innovation and an entrepreneurial spirit is encouraged in all group companies. Some 20% of sales are earned from products launched in the last three years.

- Devolved operating model with both group and local management responsible for identifying opportunities and emerging niche market trends.
- Group-wide innovation best practice days are held annually.
- Innovation and new product development workshops held regularly in most group companies.
- Annual group strategic planning meetings encourage innovation and 'blue sky' thinking, with group resources allocated and prioritised as appropriate to support approved ideas.

Risk of loss of customers

Comment

Generally good track record of customer retention. The group has a diversified customer base with the largest customer representing only circa 2% of group revenues.

- Develop and maintain strong relationships through regular contact and seeking always to provide superior products, systems, solutions and service.
- Good project tracking and enquiry/quote conversion rate tracking.
- Increasing use of, and investment in, customer relationship management (CRM) software.
- Organisational and cultural flexibility to adapt to changing and emerging customer needs.

Pension obligations

Comment

Alumasc's pension obligations are material relative to its market capitalisation and net asset value.

- Continue to grow the business so the relative affordability of pension contributions is improved over time.
- Maintain a good, constructive and open relationship with Pension Trustees.
- Meet agreed pension funding commitments.
- Pension scheme management is a regular group board agenda item.
- Use of specialist advisors on actuarial, investment and advisory matters.
- Monitor and seek market opportunities to reduce gross pension liabilities, through, for example, transfers or partial buy outs.

Product warranty/recall risks

Comment

The group has a good track record with regard to the management of these risks and does not have a history of significant claims.

- Robust internal quality systems, compliance with relevant industry standards (eg ISO, BBA etc) and close co-operation with customers in their design and specification of the group's products.
- Group insurance programme to cover larger potential risks and exposures, where applicable.
- Back to back warranties from suppliers, where appropriate.
- Seek to manage contractual liabilities to ensure potential consequential losses are minimised and proportionate, and overall liabilities are capped, where possible.
- Specific local risk management procedures in group brands that also install (as well as supply) building products (i.e. Levolux and Blackdown).
- Internal audits of quality and supply chain and design procedures targeted at higher risk areas, particularly Solar Shading and Roofing.

Risks and uncertainties

Mitigating actions taken

Reliance on key suppliers

Comment

Whilst the group does not have undue concentration on any single or small group of suppliers, certain Alumasc businesses do have key strategic suppliers, some of whom are located in the Far East.

- Annual reviews of supplier concentration as part of strategic planning/formal business risk review process, with alternative suppliers sought and developed where practicable.
- Regular key supplier visits, good relationships maintained and quality control checks/training carried out.
- Regular reviews as to whether work should be brought back to the UK (or elsewhere) as economic conditions evolve, including the impact of foreign exchange rate movements.

Business continuity risks

Comment

The group has not previously experienced any significant loss of operational capability causing business continuity issues. Whilst the likelihood of a catastrophic loss is low, the impact if it were to happen could be high. Particular areas of focus this year with regard to risk mitigation have been cyber security and resilience of energy supplies.

- Business continuity plans prepared at each business, having regard to specific risk factors.
- Advice is being taken from insurers on continuous improvement of these plans.
- IT disaster recovery plans are in place, with close to real time back up arrangements using either off-site servers or cloud technology.
- Cyber security reviews carried out at group level and in all operating companies during the year.
- Reviews of energy supply and contingency arrangements reviewed during the year, with back up supplies in place as needed.
- Critical plant and equipment is identified, with associated breakdown/recovery plans, including assessment
 of engineering spares held on site.

Strategic development risks and change projects

Comment

There are execution risks around a number of current strategic change projects, including new product launches, the relocation of Timloc to a new property in 2017 and various ERP and CRM system implementations.

- Key strategic change projects are governed by Steering Committees sponsored by the managing director of the business, with group executive director involvement, supported by independent specialist consultants where necessary (for example IT and property).
- Project risk reviews conducted and updated regularly.
- Project plans established and monitored monthly.
- Project boards established. The project manager reports to the Steering Committee.
- Use of proven, reliable software solutions and avoidance of bespoking wherever possible.
- Careful documentation and challenge of legacy business processes prior to implementation of new systems.
- Pre-implementation testing, training and communication, with go-live delayed if implementation risk is judged to be too high.

Health and safety risks

Comment

The group has a strong overall track record of health & safety performance, with the number of lost time accidents significantly reduced over the last 10 years.

- Health and safety is the number one priority of management and the first agenda item on all subsidiary and group board agendas.
- Risk assessments are carried out and safe systems of work documented and communicated.
- All safety incidents and significant near misses reported to board level monthly. Appropriate remedial action taken
- Group health & safety best practice days are held twice a year, chaired by the Chief Executive.
- Annual audit of health and safety in all group businesses by independent consultants.
- Specific focus on improving health and safety for higher risk operations.

Credit risk

Comment

The group has a generally good record in managing credit risks. Risks can be higher amongst smaller building contractor customers, who are often installers of the group's products.

- · Most credit risks are insured.
- Large export contracts are backed by letters of credit, performance bonds, guarantees or similar.
- Any risks taken above insured limits in the Building Products division are subject to strict delegated authority limit sign offs, including group executives' sign off for uninsured risks above £50k.
- Credit checks when accepting new customers/prior to accepting new work.
- The group employs experienced credit controllers, and aged debt reports are reviewed in monthly Board meetings.

Corporate and Social Responsibility

Committed to Sustainability

Many of our building products businesses are strongly focused on providing effective solutions to enhance sustainability in the built environment. The group has established leading positions in energy and water management, through brands such as Alumasc, Levolux, Harmer, Gatic and Blackdown.

Health and safety

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

The majority of Directors and many senior managers within the group have been trained to Institution of Occupational Safety and Health (IOSH) accreditation standard with others trained and certified to National Examination Board in Occupational Safety and Health (NEBOSH) standards. The group holds regular health and safety best practice days. In addition, each operating business has local health and safety committees that meet regularly and are subject to an annual health and safety audit, carried out by external consultants, with consequential action plans being monitored in board meetings.

Further progress has been made during the year in ensuring our strong health and safety ethos is fully embedded throughout the group. Our principal health and safety KPI, the performance rate index (a relative measure capturing the total number of lost time and other safety incidents, relating the result to the overall number of hours worked), improved to 3.1 from 3.8 in the previous year. This reflected a reduction in both the number and severity of incidents, particularly in the higher risk engineering business, Dyson Diecastings, which was sold on 30 June 2016. The improvement in health and safety performance over the last year is consistent with the longer term trend, resulting from prioritisation, focus and continuous improvement actions taken by both management and employees over many years. Following prior initiatives of strengthening risk assessments, safe systems of work and training in those areas of our businesses judged to be those capable of causing the most serious incidents, work continues to ensure that improvements are continually made.

		-	
Role	Male	Female	Total
Non-Executive Director	5	_	5
Executive Director	2	_	2
Senior managers	42	8	50
Employees	345	110	455
	394	118	512

Employee matters

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 regardless of religion, gender and sexual orientation. An analysis of our employees by gender at 30 June 2016 appears above.

Those who are disabled are given equal treatment with the able-bodied. Should employees become disabled after joining the company, every effort is made to ensure that employment continues and appropriate training is given.

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

Environmental and sustainability matters

Alumasc is cognisant of the impact its business operations may have on the environment, and where practical, we seek ways of working to improve our environmental footprint. Each operational business is also subject to an annual independent Environmental Compliance audit. Our strategy of focussing on building products activities and divesting our engineering and industrial products businesses over recent years has significantly reduced the impact of the group's operations on the environment.

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, energy efficiency and reducing the emissions from company vehicles.

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 water management, through brands such as Alumasc Water Management Solutions, Alumasc Roofing and Gatic; and energy management through Levolux and Alumasc Façades. We are committed to complementing this leadership by adopting environmentally sound business practices throughout our operations.

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 benefit those group businesses that assist their customers to manage energy and water use in the built environment.

Subscription to the BREEAM (BRE Environmental Assessment Method) Points System and LEED (Leadership in Energy and Environmental Design) (see page 11), allows a specifying architect or engineer to differentiate between those products with true sustainable credentials and those not achieving the benchmark, enabling the realisation of innovative, next generation buildings that make effective use of all resources, for example the Alumasc BluRoof system (see page 13).



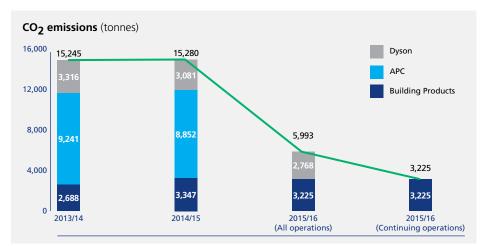
Indicative ratings for building materials given in the BRE Green Guide to Specification ('BRE Guide') also allows designers to choose those products or construction methods that will be most beneficial to reducing carbon emissions, protecting biodiversity and that are the most ecological. Alumasc roofing systems, for example, score highly in BREEAM ratings – notably for responsible sourcing of materials. They also contribute to a very good generic rating in the BRE Guide, capable of an A+rating when installed on timber or metal decks.

Our programme of environmental audits, carried out and certified by external consultants, has continued through the year. These audits are designed not only to highlight areas in which we can improve, but also to form a basis for our achieving ISO14001 Environmental Management accreditation in a number of our businesses.

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

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

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



Carbon Management & Greenhouse gas ('GHG') emissions

The group continues to work with Carbon Footprint Limited, the carbon and sustainability management specialists, as part of our initiatives to improve our environmental and sustainability credentials.

The group's strategy of becoming a focused supplier of premium building products, culminating in the sale of Dyson Diecastings, has enabled the group to reduce its overall ${\rm CO}_2$ emissions by nearly 80% over the last two years to 3,225 tonnes from continuing operations in 2015/16 from 15,245 tonnes in 2013/14, see the graph above.

Whilst the majority of our reduction in CO₂ emissions have resulted from the sale of our engineering businesses, our building products businesses also saw a prior year reduction in emissions by 3.6%, or 5.3% when adjusted for revenue growth in 2015/16. This demonstrates the effect of continuing process efficiencies on group emissions as a whole. The full statutory report on greenhouse gas emissions can be found in the Directors' Report on page 45.

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 by our subsidiaries including to schools, youth charities and health and armed forces charities. Donations in the year amounted to £1,983 (2015: £2,438).

Human Rights

Alumasc has long had a culture of seeking to treat people fairly and of being honest and straightforward in its business relationships. As Alumasc comprises a number of relatively small businesses operating from the UK and exporting to mainly developed countries, the Board does not consider it necessary to have a formal human rights policy.

The group does have policies on the related topics of equal employment rights and communication with employees as highlighted earlier in this report. It also has the following policies in place all of which can be found on the company's website (www.alumasc.co.uk):

- Business Ethics policy
- Anti-Bribery and Corruption policy
- · Whistleblowing policy.

Modern Slavery Act 2015

Following the enactment of the Modern Slavery Act 2015, Alumasc has introduced a new Modern Slavery and Human Trafficking Policy. The Alumasc Group plc has a zero-tolerance approach to modern slavery and is committed to act ethically and comply with all laws and regulations, which are relevant to the group's businesses and in all countries where the group operates. The group expects its suppliers to hold their own suppliers to the same high standards.

Board of Directors and Company Advisors

Chairman



John McCall MA (Cantab) Chairman

Appointed: 1984

Experience: 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.

A Chairman

Deputy Chairman



Jon Pither MA (Cantab)
Deputy Chairman

Appointed: 1992

Experience: 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 is the Senior Independent Non-Executive Director on the Alumasc Board.

A Member

B Member

C Chairman

Executive Directors



Paul Hooper BSc, MBA, DipM Chief Executive

Appointed: 2003

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



Andrew Magson BSc, FCA Group Finance Director and Company Secretary

Appointed: 2006

Experience: Andrew Magson spent his earlier career in the business assurance and corporate finance practices of PwC, where he qualified as a chartered accountant. He subsequently held a number of senior finance roles, including group financial controller at BPB plc and

divisional financial controller at Saint Gobain.

Non-Executive Directors



Philip Gwyn MA (Cantab)
Non-Executive Director

Appointed: 1984

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









Richard Saville BSc
Non-Executive Director

Appointed: 2002

Experience: Richard Saville's 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.









David Armfield LLB **Non-Executive Director**

Appointed: 2014

Experience: David Armfield began his career as a solicitor at Wilde Sapte, moved to Lehman Brothers in its Investment Banking group in 1987 and later became a partner at PwC, where he led their industrial corporate finance team. David became a founding partner of Kinetix Corporate Finance LLP in 2010, which provides corporate finance advice to the clean technology and environmental sustainability sectors.





Committees:

A Nomination Committee

B Audit Committee

Remuneration Committee

Registrars Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

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

Investment Bankers
DC Advisory Partners
5 King William Street
London EC4N 7DA

Bankers Barclays Bank PLC Ashton House 497 Silbury Boulevard Milton Keynes MK9 2LD

HSBC Bank plc 4th Floor 120 Edmund Street Birmingham B3 2QZ

Solicitors Freeths LLP 6 Bennetts Hill Birmingham B2 5ST

Pinsent Masons LLP 3 Colmore Circus Birmingham B4 6BH

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

Registered Office The Alumasc Group plc Burton Latimer Kettering Northamptonshire NN15 5JP

Tel: +44(0) 1536 383844 Fax: +44(0) 1536 725069 www.alumasc.co.uk info@alumasc.co.uk Registered No: 1767387

Corporate Governance Statement

How we govern the group

There is a commitment to high standards of corporate governance throughout the group. The Board endorses the general principles set out in The UK Corporate Governance Code September 2014 ('The Code') (which is available on www.frc.org.uk) and is accountable to the group's shareholders for good governance.

This report, together with the information contained in the Audit Committee Report on pages 31 to 33 and the Remuneration Report on pages 34 to 44 explains how the Directors seek to apply the requirements of The Code to procedures within the group.

Board

The Board is responsible for the overall governance of the group. Its responsibilities include setting the strategic direction of the group, providing leadership to put the strategy into action and to supervise the management of the business.

Audit **Committee**

The Audit Committee is responsible for monitoring and reviewing the integrity of the financial reporting process, including the appropriateness of any judgments and estimates taken in preparing the financial statements; internal and external audit functions; and internal financial control.

Read more on page 31



Remuneration Committee

The Remuneration Committee is responsible for determining the remuneration policy and the application of the policy in relation to the Chairman's and Executive Directors' remuneration. The remuneration of the Non-Executive Directors is determined by the Chairman and the Executive Directors.

Read more on page 34 (



Nomination Committee

The Nomination Committee is responsible for reviewing the size, structure and composition of the Board, including the consideration of skills, knowledge and experience of the Board members. It also manages succession planning and selects potential new Board candidates when appropriate.

Read more on page 30 \(\simega\)



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Strategic Report

Statement of compliance

During the year ended 30 June 2016 the group has complied with the requirements of The Code save for the following:

Three of the Board's Non-Executive Directors, Jon Pither, Philip Gwyn and Richard Saville, have been members of the Board for more than the recommended nine years. The Board has reviewed the role of each of these Directors and concluded that each is independent in character and free from any relationship that could affect exercise of their independent judgement. It is felt that their knowledge and understanding are fundamental to the Board's deliberations and each Director has other significant commercial commitments. Following the resignation of John Pilkington in September 2015 the group now has one independent (as defined by provision B.1.1. of The Code) Non-Executive Director, David Armfield. Since 4 September 2015 the company has therefore not been compliant with The Code provisions B.1.2., B.2.1., C.3.1. and D.2.1., having only one independent Non-Executive Director.

Director

At the beginning of the year, the Board consisted of a Chairman, Chief Executive, Group Finance Director and five Non-Executive Directors. John Pilkington, a Non-Executive Director, retired from the Board on 3 September 2015, leaving four Non-Executive Directors. Jon Pither is the Senior Independent Director.

In accordance with the articles of association, any Director appointed during the year by the Directors is required to retire and seek election by shareholders at the next Annual General Meeting ('AGM') following their appointment. Additionally, one-third of the Directors retire by rotation each year and seek re-election at the AGM. The Directors required to retire are those in office longest since their previous re-election. Accordingly, John McCall and Paul Hooper retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election. In addition, Jon Pither, Philip Gwyn and Richard Saville, having served on the Board for more than nine years, also retire and offer themselves for re-election. The unexpired term of their service contracts can be found in the Remuneration Policy overview on page 44.

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

Profiles of the Board members appear on pages 26 and 27 of this report. These indicate the high level and range of business experience which enables the group to be managed effectively.

The Board meets at least seven times a year and more frequently where business needs require. Two of these meetings are focused upon strategic matters. The Board has a schedule of matters reserved for its decision which includes appointments to the board, material capital commitments, commencing or settling major litigation, business acquisitions and disposals and monitoring the effectiveness of the group's risk management processes. The full schedule can be found on the group's website www.alumasc.co.uk. Directors are given appropriate information for each Board meeting, including reports on the current financial and trading position.

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 Company 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 team and of the other Non-Executive Directors and has active involvement in all key strategic decisions taken by the group.

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

Board evaluation

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

Corporate Governance Statement

Board committees

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

(i) Audit Committee

Details of the composition of the Audit Committee and its activities during the year are given in the Audit Committee Report on page 31.

(ii) Remuneration Committee

Details of the composition of the Remuneration Committee and its activities during the year are given in the Directors' Remuneration Report on page 34.

(iii) Nomination Committee

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

Attendance at Board and Committee meetings

Directors	Position	Board (7 meetings)	Audit Committee (3 meetings)	Remuneration Committee (3 meetings)	Nomination Committee (1 meeting)
J S McCall	Chairman	7	3 [†]	3 [†]	1
J P Pither	Deputy Chairman	7	3	3	1
P H R Gwyn	Non-Executive Director	5	3	3	1
J Pilkington*	Non-Executive Director	1	1	1	N/A
R C C Saville	Non-Executive Director	7	3	3	1
D Armfield	Non-Executive Director	7	3	3	1 [†]
G P Hooper	Chief Executive	7	3 [†]	N/A	N/A
A Magson	Group Finance Director	7	3 [†]	N/A	N/A

[†] By invitation as an attendee

Shareholder relations

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

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

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

^{*} Attendance to date of retirement

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Strategic Report

Audit Committee Report

Introduction

The members of the Audit Committee (the 'Committee' in this report) who served during the year were Richard Saville (Chairman), Jon Pither, Philip Gwyn, John Pilkington (retired 3 September 2015) and David Armfield. The Board considers that Richard Saville has relevant, recent financial experience. The Committee met three times in the year and a record of the meeting attendance by Committee members is set out on page 30.

The Committee's main duties are as follows:

- monitoring and reviewing the integrity of financial reporting process and reviewing the financial statements, including the appropriateness of judgments and estimates taken in preparing the financial statements;
- monitoring and reviewing the effectiveness of the group's internal financial controls including approval of the scope and review of the results
 of internal audit activities:
- monitoring and reviewing the effectiveness of the company's part-time internal audit function;
- monitoring and reviewing the external auditor's independence and objectivity and the effectiveness of the audit process, taking into
 consideration relevant UK professional and regulatory requirements;
- making recommendations to the Board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor; and
- to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

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

Activities of the Committee in the 2015/16 financial year

The main activities of the Committee during the year were:

- reviewing the interim and full year results announcements and financial statements, with particular focus on the key estimates and judgments taken by management in the preparation of those statements and the external auditor's comments in those areas;
- review and approval of the audit plan of the external auditor, including the scope of the work, the key areas of focus in terms of audit risk
 and judgment, and the basis on which the auditor assesses materiality;
- considering the effectiveness of the external audit and the independence of the auditor, and recommending the re-appointment of KPMG LLP as external auditor;
- review and approval of the plan and scope of internal audit work, including consideration of internal audit reports issued during the year and discussion of the key matters and improvement points arising from those audits with management;
- a review of the group's approach to cyber security and associated controls; and
- to review and update the Committee's terms of reference in light of the new EU Audit Regulation and Directive.

Significant issues considered in relation to the financial statements

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

(i) Revenue and profit recognition on construction contracts

Revenue and profit recognition on construction contracts that span more than one accounting period is an inherently judgmental area, involving estimation of the percentage of contract completion and estimates of costs to complete the work, as described in the accounting policy note on page 60. Having reviewed the contract accounting judgments taken at the year end with management and the external auditors, the Committee was satisfied with the level of revenue and profit recognised on construction contracts for the financial year.

(ii) Defined benefit pension schemes' valuation

As described in the risk review on pages 22 and 23, Alumasc has relatively significant legacy defined benefit pension obligations in the context of the overall size of the group. Therefore, relatively small changes to market assumptions (particularly the discount rate and inflation rate) and mortality assumptions used to value defined benefit pension obligations under IAS 19 can have a material impact on the group's Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income. Further details are given in note 23 to the consolidated financial statements. Having reviewed the valuation assumptions adopted by management, in conjunction with actuarial advice received and the review of those assumptions by the external auditor, the Committee was satisfied that the group balance sheet reflects an appropriate valuation of the group's pension obligations using IAS 19's valuation methodology.

Audit Committee Report

Assessment of the effectiveness of external audit

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

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

Assessment of the independence of the external auditor

The group's policy on the independence of auditors is consistent with the Revised Ethical Standard published by the Financial Reporting Council.

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

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

In accordance with best practice and professional standards, KPMG rotated the audit partner responsible for the audit three years ago, when the original audit partner had served for five years. The current audit partner had not previously been involved in providing any audit or non-audit services to Alumasc.

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

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

Re-appointment of the external auditor

Having reviewed the performance and independence of the external auditors during the year, the Committee has recommended to the Board to propose to shareholders that KPMG LLP are re-appointed until the conclusion of the annual general meeting in 2017.

Effective internal control and risk management

The Alumasc Board as a whole acknowledges that it is ultimately responsible for the group's system of internal control and for reviewing its effectiveness. The system is designed to be robust in its management of the risk of failure to achieve business objectives. This risk, however, cannot be wholly eliminated and therefore the system can only provide reasonable and not absolute assurance against the risk of material misstatement, fraud or loss.

The group has an ongoing process for identifying, evaluating and managing the significant risks faced by the business. The process was in place during the year and remained in place on the date that the Annual Report and Financial Statements were approved by the Board. The main elements of the group's internal control process are as follows:

(i) Risk management

Risk management is a continuing activity throughout the year, dealt with through the board meetings of operating companies. In addition, a formal business risk review exercise is conducted every year at each operating company and for the group as a whole. This identifies the most important risks, their likelihood of occurrence and possible business and financial implications and the effectiveness of mitigating controls. A group level summary of these risk reviews is provided on pages 22 and 23. 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 company, 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.

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Strategic Report

(ii) Financial reporting and monitoring

The Board receives regular financial reports, including monthly management accounts, monthly rolling re-forecasts, annual budgets and three year 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 Divisional Managing Directors of the group's operating segments, reviews trading activities and addresses matters of common interest with regard to safety, strategic development, performance, risk and other matters of mutual group interest.

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

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

(iii) Internal controls assurance

The Audit Committee on behalf of the Board has reviewed during the year the effectiveness of the system of internal financial control from information provided by management, the group's external auditor and the results from internal audits. The Board as a whole assessed internal control more generally, including the key risks affecting the group in the delivery of its long-term strategies, as summarised on pages 22 and 23. No material weaknesses in internal control were identified in the year.

(iv) Internal audit

The Committee's view is that the size and complexity of the group and the close involvement of the Executive Directors make it unnecessary for Alumasc to have a dedicated internal audit function, although part of the Group Financial Controller's role, and that of her team, is to carry out internal audits in each of the group's principal operating locations each year. This position is kept under annual review by the Committee.

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

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

Whistleblowing policy

The group has a Whistleblowing policy, which provides a formal mechanism whereby every group employee can, on a confidential basis, raise concerns over potential malpractice or impropriety within the group. This policy was reviewed by the Committee and updated during the year.

Bribery and Corruption policy

The group has in place a policy with regard to compliance with the Bribery Act 2010. The group's anti-bribery policy and guidelines reflect the Directors' zero tolerance approach to bribery and corruption of all kinds.

This policy has been cascaded down into the operating companies and training held at head office and subsidiary level. Any matters of particular concern whether arising from due diligence or otherwise with regard to related parties as defined in the Bribery Act 2010 are raised and discussed at monthly operating board meetings.

Business Ethics policy

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

Copies of this policy, the Whistleblowing policy and Bribery & Corruption policy can be found on the group's website www.alumasc.co.uk.

Going concern and longer term viability

The Committee is satisfied that the group has adequate resources to continue for the foreseeable future for the reasons given on page 20 and recommends to the Board the adoption of the going concern basis of accounting. This view is further supported by the viability statement found on page 21.

Richard Saville

Chairman of the Audit Committee

Directors' Remuneration Report – Statement from the Chairman



"We are focused on ensuring the group's remuneration policy is aligned with shareholders' interests and the company's strategic goals"

Jon Pither Chairman of the Remuneration Committee

Dear Shareholder

I am pleased to present the Directors'
Remuneration Report for the year ending 30
June 2016. The Remuneration Committee's
(the 'Committee' in this report) overall approach
remains unchanged from prior years. We are
focused on ensuring the group's remuneration
policy is aligned with shareholders' interests
and the company's strategic goals, whilst also
enabling us to attract, retain and motivate high
quality executive management.

In making remuneration decisions, the Committee considers the group's overall performance against its long-term goals. For the year to 30 June 2016, the group has delivered another positive set of results as described in the Strategic Report. Particular highlights include:

- Group revenues from continuing operations increased by 2% to £92.2 million
- Underlying profit before tax from continuing operations increased by 7% to £8.3 million
- The strategically important divestment of the Dyson Diecastings business was completed on 30 June 2016.

The Committee met three times during the year – the topics under discussion included:

- A review of the base salaries of the Executive Directors and group employees more generally
- A review and establishment of the achievement of the bonus criteria for the Executive Directors

- Decisions on the performance criteria to be applied to the LTIP and ESOS awards to be made in October 2016
- Decisions on the achievement of the performance criteria in relation to the LTIP and ESOS awards maturing in October 2016
- A review of and decisions on the way company pension contributions are made to individuals in light of the new pension rules introduced in April 2016.

Summary of any discretion applied in the year

The Committee used its discretion in amending the administrative rules of the LTIP originally approved by shareholders in 2008 to allow for current and future awards to become nil-cost options bringing these in line with the Remuneration Policy approved by shareholders in October 2014.

The committee used its discretion in respect of the 2012 LTIP award which vested in the year to include loss-making discontinued operations in the calculation of the EPS performance criteria and to align the TSR performance period with the group's financial year end. The impact of the discretion exercised was to reduce the award to 25% in respect of EPS performance criteria and 25% in respect of the TSR criteria, resulting in 50% of the overall award vesting.

The detail of the Directors' remuneration is contained in the report that follows and an overview of the Remuneration Policy can be found after the report.

Jon Pither

Chairman of the Remuneration Committee

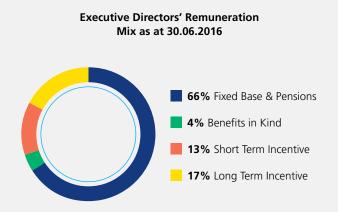
Remuneration Committee membership

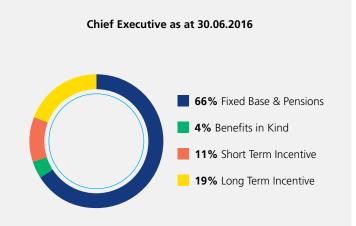
The Remuneration Committee members who served during the year were:

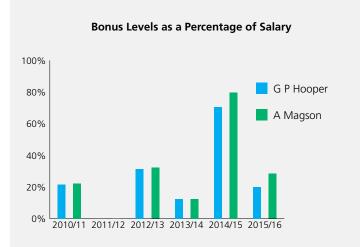
- Jon Pither (Chairman)
- Philip Gwyn
- Richard Saville
- John Pilkington (retired 3 September 2015)
- David Armfield

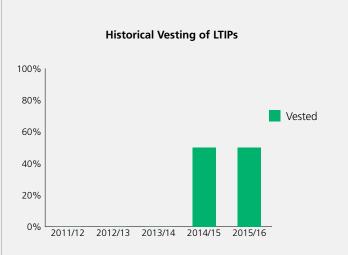
Strategic Report Financial Statements

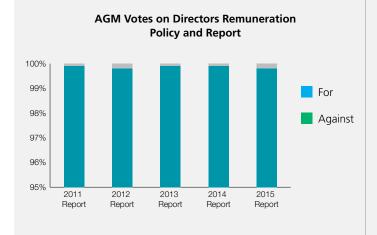
Remuneration Dashboard











This report is on the activities of the Remuneration Committee (the 'Committee' in this report) for the period to 30 June 2016.

It has been prepared by the Committee, in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013. It will be subject to a shareholders advisory vote at the forthcoming annual general meeting ('AGM') on 27 October 2016.

Governance

Directors' Remuneration Report – Annual Report on Remuneration

The following sections show how the policy described above was applied in 2015/16 and where appropriate will be applied in 2016/17. The information provided in this part of the Directors Remuneration Report is subject to audit.

Single total figure of remuneration

The remuneration of the Executive Directors for the years 2014/15 and 2015/16 is made up as follows:

	Base sa	alaries/fees		contributions incentives wi or payments in performance perio lieu of pension ending durir		contributions or payments in lieu of pension		contributions or payments in lieu of pension		nce period	Single figure of total remuneration	
Director	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	2015/16* £000	2014/15^ £000	2015/16 £000	2014/15^ £000
G P Hooper	250	242	50	171	17	16	50	48	88	156	455	633
A Magson	176	168	50	134	13	14	26	25	41	65	306	406
Total	426	410	100	305	30	30	76	73	129	221	761	1,039

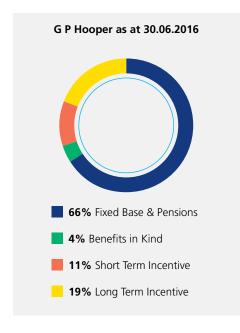
^ Actual values based on the vesting of the 2012 LTIP award at a mid-market price of 178.5 pence on 18 March 2016, restated.

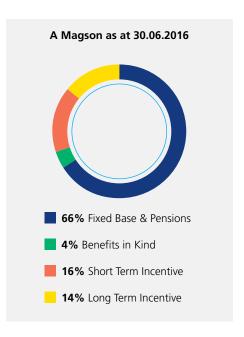
The group's Remuneration Policy caps bonuses payable to Executive Directors at 100% of base pay. In practice, bonuses will only exceed 50% of base pay in exceptional circumstances (for example successful execution of major strategic projects). For the year to 30 June 2016 the minimum bonus target was to achieve underlying PBT from all (including Dyson Diecastings) operations of £8.75 million. On the basis of actual underlying PBT from all operations of £8.3 million, the target for the profit linked bonus were not met therefore no bonus was paid in this respect. However success bonuses of £50,000 to each of G P Hooper and A Magson (20% and 28% of salary respectively) were paid in relation to the marketing and sale of the Dyson Diecastings business, concluding the strategic withdrawal of the group from its engineering products activities.

The group operates a policy whereby Executive Directors are provided with health insurance, disability insurance and life cover, and are given a cash alternative to a company car and associated expenses. None of these are considered individually significant.

The performance metrics used for the 2013 LTIP award, which will vest later in 2016, were stretching to incentivise a significant recovery in the group's profitability compared with the 2012/13 financial year. They comprised an earnings target based on underlying profit before tax (meaning profit before tax prior to deduction of non-cash pension interest and brand amortisation charges, 'UPBT'), which was used by the Committee as a proxy for growth in earnings per share ('EPS'), and a total shareholder return ('TSR') target.

The group's total UPBT from continuing operations for the 2015/16 year was £8.3 million. The Committee in determining that the threshold level of £6.9 million UPBT had been achieved, granted a 25% vesting in respect of the total award. In respect of the actual UPBT figure achieved of £8.3 million, the committee determined that a further 20.8% had vested in respect of the UPBT element of the award.





^{*} Estimated values as at 12 July 2016, pending the end of the period for calculating the TSR element, being 6 weeks after the date of the results announcement, subject to actual vesting of the 2013 LTIP award in October 2016.

Strategic Report

It is expected that the group will achieve a second quartile performance in respect of the TSR element of the award. The TSR performance period, being the three years from September 2013 to September 2016, uses the average share price of the six-week period following the date of announcement of the annual results.

Therefore the Committee determined that, subject to the final calculation in October 2016 of the TSR element of the award, approximately 49.6% of the full LTIP award should vest, comprising 45.8% in respect of the earnings element and an estimated 3.8% in respect of the TSR element. Therefore, in October 2016, it is estimated that approximately 66,644 shares will vest in respect of G P Hooper and 30,907 shares in respect of A Magson. The actual figures, determined following vesting in October 2016, will be reported in the 2017 Directors' Remuneration Report.

The remuneration of the Non-Executive Directors for the years 2014/15 and 2015/16 is made up as follows:

	Ba	se salaries/fees	/fees Benefits in kind		Single figure of total remuneration		
Director	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000	
J S McCall	100	100	4	3	104	103	
J P Pither	36	33	_	_	36	33	
P H R Gwyn	31	28	_	_	31	28	
R C C Saville	36	33	_	_	36	33	
D Armfield*	31	21	_	_	31	21	
J Pilkington+	7	28	_	-	7	28	
Total	241	243	4	3	245	246	

^{*} Retired 3 September 2015.

J Pilkington retired as a Director on 3 September 2015, no payment was made for loss of office. The Non-Executive Directors' fees were reviewed in the year (the previous review took place in 2013) and were increased by 23% in respect of J P Pither and R C C Saville and 27% in respect of P H R Gwyn and D Armfield with effect from 1 January 2016 bringing them back into line with current market rates. The Chairman declined the offer of an increase.

Total pension entitlements

The group's defined benefit pension schemes are closed to future accrual and neither G P Hooper nor A Magson have benefits provided under these schemes. The group makes provision to pay 20% of G P Hooper's base salary and 15% of A Magson's base salary into a defined contribution pension scheme of each Executive's choosing or as a cash alternative.

Payments to past Directors

There were no payments to past Directors during the year (2015: £nil).

Payments for loss of office

There were no payments in relation to loss of office during the year (2015: £nil).

Scheme interests awarded during the year

Long Term Incentive Plan awards were granted in December 2015 as detailed in the table below.

	Scheme	Basis of award granted	Face value of award [†]	% vesting for threshold performance	Vesting and performance period
G P Hooper	2008 LTIP	75% of base pay	£177,028	25%	3 years
A Magson	2008 LTIP	50% of base pay	£83,084	25%	3 years

[†] Based on share price of 177.5 pence on the day before the date of grant. The share price used to calculate the LTIP percentage of salary was 188.0 pence on 3 November 2015.

^{*} Appointed 1 October 2014.

Governance

Directors' Remuneration Report – Annual Report on Remuneration

The performance measures for these awards over the three-year period will be benchmarked against the 2014/15 basic earnings per share from continuing operations in that year ('EPS') of 15.0 pence per share.

Threshold 2014/15 EPS growth (25% of award) is:	Vesting level
At least growth in RPI plus 2.5% per annum over the performance period	100%
If threshold performance above is achieved, then:	
2014/15 EPS growth (50% of award) is:	Vesting level
Equal to or greater than the growth in retail prices index ('RPI') plus 10% per annum over the performance period Between RPI growth plus 2.5% and RPI growth plus 10% per annum over the performance period	100% Straight line between 0%-100%
Total shareholder Return (25% of award) is:	Vesting level
Top quartile performance relative to FTSE All Share Index.	100%
Between median and top quartile	Straight line between 0%-100%
Below median quartile	0%

Statement of Director's shareholdings and share interests

Directors' shareholdings

	At 30 June 2016	At 30 June 2015
J S McCall	4,359,668	4,359,668
J P Pither	258,181	254,131
P H R Gwyn	3,057,605	3,057,605
G P Hooper	191,902	104,643
A Magson	61,538	25,000
R C C Saville	53,000	53,000
D Armfield	25,000	25,000

On 1 July 2016 D Armfield purchased a further 10,000 shares. On 4 July 2016 G P Hooper transferred 11,138 shares into his ISA and purchased a further 4,529 shares through his ISA.

The Directors' shareholdings are beneficial with the exception of 434,000 shares (2015: 434,000) in which J S McCall has a non-beneficial holding.

There is no requirement of directors to hold a specific number of shares in the company.

At the year end the Employee Trust, established to hold shares in relation to the Executive Share Option Scheme and the Long Term Investment Plan, held 622,528 ordinary shares. The market value of the shares held in trust at 30 June 2016 was £756,371.

Executive share option scheme

G P Hooper has 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. The Chief Executive's 2006 award lapsed during the year. This scheme ended in 2014 and was replaced by a new scheme approved by the shareholders on 30 October 2014 (the '2014 Scheme'). Currently none of the Executive Directors have any awards under the 2014 Scheme.

	Exercise price	Earliest exercise date	Expiry date	As at 1 July 2015	Exercised in year	Granted in year	Lapsed in year	At 30 June 2016
G P Hooper	171.2p	April 2009	April 2016	39,878	-	-	39,878	_

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Stratogic Roport	

Long term incentive plans

Each award is dependent partially on an EPS performance condition and partially on 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. All awards under the 2008 Plan have a £nil exercise price. The aggregate of gains made by Directors on the exercise of share options during the year was £220,978 (2014/15: £nil).

The table below reconciles movements in LTIP awards during the year:

				Interest -				of which	Interest
	Date of award	Market price at award date*	Earliest exercise date	as at 1 July 2015	vested in year	exercised in year	were granted in year	lapsed in year	as at 30 June 2016
G P Hooper									
	Mar 2013	98p	Mar 2016	174,519	87,259	87,259	_	87,260	_
	Oct 2013	127p	Oct 2016	134,241	-	_	_	_	134,241
	Mar 2015	155.5p	Mar 2018	140,154	_	_	_	_	140,154
	Oct 2015	177.5p	Oct 2018	0	_	_	99,734	-	99,734
Total 2008 Plan				448,914	87,259	87,259	99,734	87,260	374,129
A Magson									
	Mar 2013	98p	Mar 2016	73,076	36,538	36,538	_	36,538	
	Oct 2013	127p	Oct 2016	62,257	_	_	_	_	62,257
	Mar 2015	155.5p	Mar 2018	64,865	_	_	_	_	64,865
	Oct 2015	177.5p	Oct 2018	0	_	_	46,808	-	46,808
Total 2008 Plan				200,198	36,538	36,538	46,808	36,538	173,930

^{*} The market price at the award date is based on the price on the day before the date the Employee Trust granted the award. This price can differ from the market value at the date the Remuneration Committee recommended the award to the Trust.

Performance graph and Chief Executive remuneration table

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



The graph shows the total shareholder return on a hypothetical holding of shares in the company compared with the FTSE All Share Index. This index has been selected as, in the opinion of the Directors, it provides a sounder comparison than any subset of the market.

Governance

Directors' Remuneration Report – Annual Report on Remuneration

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

Year	Chief Executive single figure of total remuneration £000	Annual bonus payout against maximum opportunity %	Long-term incentive vesting rates against maximum opportunity %
2015/16	455	20%	50%
2014/15*	633	71%	50%
2013/14	323	13%	0%
2012/13	355	63%	0%
2011/12	306	0%	0%

^{*} Adjusted to reflect actual figures following vesting of the March 2012 LTIP award in March 2016.

Percentage change in Chief Executive's remuneration

The table below shows the percentage change in remuneration between the years ended 30 June 2015 and 30 June 2016 for the CEO and all group employees.

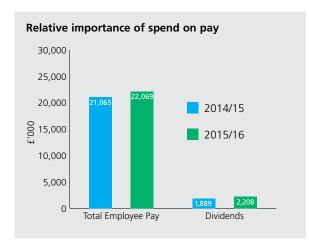
	CEO	Employees
Salary Benefits	3.3%	3.2%
Benefits	6.3%	3.0%
Bonus	-70.8%	-50.0%
Total	-26.1%	-2.7%

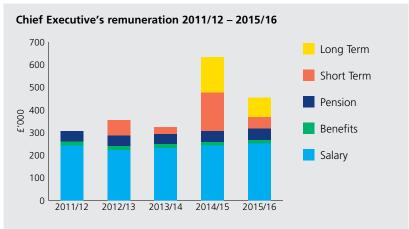
The comparative group for employees in the table excludes Alumasc Precision Components and Pendock Profiles as both businesses were sold during the prior year. This enables a like for like comparison to be made of the pay of employees in the Building Products division and Dyson Diecastings in both 2014/15 and 2015/16.

Relative importance of spend on pay

	Total employee pay £000	Dividends £000
2014/15	21,065	1,889
2015/16	22,069	2,208

The comparator figure for employee pay in the table excludes Alumasc Precision Components and Pendock Profiles as both businesses were sold in the prior year. This enables a like for like comparison to be made of the pay of employees in the Building Products division and Dyson Diecastings in both 2014/15 and 2015/16.





Strategic Report

Statement of implementation of remuneration policy in the following financial year

The following sections show how the Remuneration Policy will be applied in 2016/17.

Base salary

Both the Chief Executive and the Group Finance Director base salaries were raised by 2.8% with effect from 1 July 2016 to £257,000 and £181,000 respectively.

Non-Executive Directors

The remuneration of the Non-Executive Directors is set by the Chairman and the Executive Directors. The policy of the Board is that the remuneration of the Non-Executive Directors should be consistent with the levels of remuneration paid by companies of a similar size and complexity. Non-Executive Directors receive an annual fee and are reimbursed expenses incurred in performing their duties. They do not receive any performance related remuneration or pension contributions. The non-executive fees were increased during the year (as detailed on page 37) and there are no plans to make further increases in the 2016/17 financial year.

The Chairman and Non-Executive Directors do not have contracts of service but their terms are set out in letters of appointment.

Ronius

For 2016/17 the annual bonus for Executive Directors will be determined by growth in group underlying profit before tax relative to stretching targets set at the beginning of the financial year. The board considers that these targets are commercially sensitive and therefore full details will not be disclosed until the 2016/17 report.

Long Term Incentive Plan

It is intended that awards will be made in October 2016 for the Chief Executive, to the extent of 75% of base salary, and to the Group Finance Director, to the extent of 50% of base salary.

The earnings performance criteria for these awards over a three year period will be the growth in basic EPS from continuing operations above 14.5 pence per share base level as at 30 June 2016.

Threshold EPS growth above 14.5 pence (25% of award) is:	Vesting level
At least growth in RPI plus 2.5% per annum over the performance period	100%
If threshold performance is achieved then:	
2015/16 EPS growth (50% of award) is:	Vesting level
Equal to or greater than the growth in retail prices index ('RPI') plus 10% per annum over the performance period Between RPI growth plus 2.5% and RPI growth plus 10% per annum over the performance period	100% Straight line between 0%-100%
Total shareholder return (25% of award) is:	Vesting level
Top quartile performance relative to FTSE All Share Index.	100%
Between median and top quartile	Straight line between 0%-100%
Below median quartile	0%

Governance

Directors' Remuneration Report – Annual Report on Remuneration

Consideration by the Directors of matters relating to Directors' remuneration

During the year the Committee considered the remuneration of the Chairman and the Executive Directors.

Details of the committee members who served during the year can be found on page 34. The Committee met three times during the year and a record of the meeting attendance by Committee members is set out on page 30. The Group Chairman generally attends meetings of the Committee but takes no part in deliberations relating to his own position. The Chief Executive and Group Finance Director can attend meetings of the Committee as requested but take no part in deliberations relating to their own position.

The increases in base salary for the Executive Directors were awarded within the range of salary increases granted to employees across the group, no external advice was taken on these matters.

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

Statement of voting at general meeting

At last year's Annual General Meeting (2015) the Directors' Remuneration Report received the following votes from shareholders:

	Total number of votes cast	% of votes cast
For	18,281,047	99.8
Against	35,449	0.2
Total votes cast (for and against)	18,316,496	100
Votes withheld	4,750	n/a
Total votes cast (including withheld votes)*	18,321,246	n/a

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

Approval

This report was approved by the Board of Directors on 1 September 2016 and signed on its behalf by:

Jon Pither

Chairman

Remuneration Committee

Strategic Report

Directors' Remuneration Report - Policy Overview

The Remuneration Policy was approved at the company's annual general meeting ('AGM') on the 30 October 2014 and is intended to apply for three years. The full policy can be found in the company's 2014 Remuneration Report and at the Investor Relations section of the website (www.alumasc.co.uk/investors).

In setting the Remuneration Policy for the Executive Directors the Committee takes into account wider considerations in order to agree the key principles of the policy.

Wider considerations	Key policy principles
The need to attract, retain and motivate Executive Directors and senior management.	Competitive incentive arrangements underpinned by a balance of financial measures and linked to corporate performance, ensuring a focus on business performance and alignment with the interests of shareholders.
Periodic external comparisons to examine current market trends and practices and equivalent roles in similar companies.	Base salaries set at around median level for a group of Alumasc's size, complexity and industry sectors, but with the potential to earn upper-quartile rewards for sustained medium to longer term exceptional performance.
Internal pay and benefits practice and employment conditions within the group as a whole.	A reward structure that balances short-term and long-term performance.

As a result, the Committee has determined that the remuneration of Executive Directors will provide an appropriate balance between fixed and performance-related elements. The remuneration package for Executive Directors is broken down into five key elements – base salary, benefits, pension provision, annual bonus and long term incentives.



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



The group operates a policy whereby Executive Directors are provided with health insurance, disability insurance and life cover, and are given a cash alternative to a company car.



Pension provision is provided by company contributions into defined contribution schemes and/or as a separate cash allowance.



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



The group operates the Long Term Incentive Plan (the 'LTIP') which was approved by shareholders in October 2008. The purpose of the LTIP 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 LTIP each participant is allocated a number of shares. The vesting of shares under the LTIP is subject to the achievement of performance targets.

The Committee will continue to review the Remuneration Policy to ensure it takes due account of best remuneration practice and that it remains aligned with the interests of shareholders. A new Remuneration Policy will be subject to a shareholder binding vote at the 2017 AGM.

Governance

Directors' Remuneration Report – Policy Overview

How shareholders' views are taken into account

The Committee considers shareholder feedback received at the AGM each year. This, plus other feedback received during the year, is then considered as part of the group's annual review of remuneration.

How employees' pay is taken into account

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

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

Both Executive Directors, and employees below executive level have their base pay reviewed each year taking into account wage and general inflation, affordability to the group/relevant operating company, performance/development of the individual in their role and general market rates for specific skills. Employees below executive level have lower proportions of their total remuneration subject to incentive based rewards. Long term incentives are reserved for those judged as having the greatest potential to influence the group's earnings growth and share price performance.

Service contracts

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

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

Provision	Contractual terms
Contract dates	G P Hooper – 28 January 2001 A Magson – 7 August 2006
Notice period	12 months
Termination payment	Base salary plus pension contributions and benefits. Any variable compensation accrued up to cessation may also be included at the discretion of the Committee

Chairman and Non-Executive Directors

The Non-Executive Directors are engaged for fixed terms, with an entitlement to accrued fees and expenses only up to the date of termination. These appointments are subject to the Articles of Association. Directors submit themselves for re-election at the AGM in accordance with the UK Corporate Governance Code and the company's articles of association.

The effective dates of the letters of appointment for the current Non-Executive Directors are as follows:

Name	me Effective date of letter of appointment	
J S McCall	1 May 2015	30 April 2018
R C C Saville	1 January 2016	31 December 2016
P H R Gwyn	1 July 2016	30 June 2017
J P Pither	1 July 2016	30 June 2017
D Armfield	1 October 2014	30 September 2017

Strategic Report Financial Statements

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 2016.

Strategic Report

The Companies Act 2006 ('CA2006') requires this Annual Report to present a fair, balanced and understandable view of Alumasc's business during the year ended 30 June 2016 and of the position of the group at the end of the financial period, together with a description of the principal risks and uncertainties facing the business. The company has taken advantage of section 414C(11) of the CA2006 to include disclosures in the Strategic Report on these items and the further items listed in the 'Other information' section on page 46. The Strategic Report can be found on pages 1 to 25.

Corporate governance statement

The Disclosure and Transparency Rules ('DTR') require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils these requirements can be found in the Corporate Governance Statement on pages 28 to 30 and are incorporated into the Directors' Report by reference.

Management report

For the purposes of compliance with DTR 4.1.5R(2) and DTR 4.1.8R the required content of the management report can be found in the Strategic Report and this Directors' Report, including the sections of the Annual Report incorporated by reference.

Directors

The Directors who served during the financial year were John McCall, Jon Pither, Paul Hooper, Andrew Magson, Philip Gwyn, David Armfield, Richard Saville and John Pilkington (retired 3 September 2015). The biographies of those still serving at the end of the period can be found on pages 26 to 27.

Details of the Directors service agreements are given in the Remuneration Policy Overview on page 44.

Results and dividends

The group reported underlying profit before tax from continuing operations of £8.3 million (2014/15: £7.7 million) and the total statutory profit before tax for the year of £7.7 million (2014/15: £4.8 million). The Directors recommend a final dividend of 3.8 pence (2014/15: 3.5 pence) per ordinary share payable on 1 November 2016 to members on the register at the close of business on 7 October 2016 which, together with the interim dividend, makes a total of 6.5 pence for the year (2014/15: 6.0 pence).

The company operates a dividend re-investment plan, details of which are available from Capita Asset Services.

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. Details of the Employee Trust's current holding can be found in the Directors Remuneration Report on page 38.

Global Green House Gas emissions data

The table below shows the emissions data for the current year from all operations (including Dyson Diecastings) and from continuing operations, i.e. Building Products businesses only. The 2014/15 all operations column has been recalculated to exclude Alumasc Precision Components and Pendock Profiles as both businesses were sold in 2014/15 to ensure comparability to our 'all operations' in 2015/16 as required under the statutory disclosure rules.

		Tonne	nnes of CO ₂ e				
		2014/15		2015/16			
	Continuing Building Products operations	All operations	Continuing Building Products operations	All operations			
Scope 1: Combustion of fuel & operation of facilities	1,363	3,038	1,237	2,817			
Scope 2: Electricity, heat, steam and cooling purchased for ow	n use 1,550	2,847	1,554	2,642			
Scope 3: Other transport related activities and electricity transmission & distribution	434	544	434	534			
Total (scopes 1 & 2 only)	2,913	5,885	2,791	5,459			
Total (scopes 1, 2 & 3)	3,347	6,429	3,225	5,993			
Scope 1 & 2 emissions normalised per employee	7.0	11.5	6.2	9.9			
Scope 1 & 2 emissions normalised per £ million turnover	32.0	59.4	30.3	55.3			

Footnote: We report in the tables above on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. We do not have responsibility for any other material emission sources. We have used the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition), ISO 14064:2006 part 1 and emission factors from UK Government's Conversion Factors for Company Reporting 2016.

Governance

Directors' Report

Political donations

No political donations were made during the year (2014/15: £nil).

Research and development

The group continues to devote effort and resources to the research and development of new products and solutions. Research and development expenditure during the year totalled £0.3 million (2014/15: £0.3 million).

Disclosure of information to the auditor

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 auditor is 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 auditor is aware of that information.

Auditor

The auditor, KPMG LLP, has indicated its willingness to continue in office, and a resolution that KPMG LLP be re-appointed will be proposed at the next annual general meeting.

Annual General Meeting

The notice convening the annual general meeting ('AGM'), to be held on 27 October 2016 is included within this document together with an explanation lof the business to be conducted at the meeting and a form of proxy.

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

Other information

Other information relevant to the Directors' Report can be found in the following sections of the Annual Report:

Information	Page/s	Location in Annual Report
Amendment of Articles of Association	104	Additional Information for Shareholders – Articles of Association
Directors' interests	38	Directors' Remuneration Report
Long term incentive plans	39	Directors' Remuneration Report
Financial risk management	75	Note 22 and the Significant Accounting Policies sections, Financial Statements
Future developments	5	Strategic Report: Overview ¹
Employee matters including health and safety	24	Strategic Report: Corporate & Social Responsibility Report ¹
Major shareholdings	104	Additional Information for Shareholders
Movements in share capital	81	Note 25
Purchase of own shares	104	Additional Information for Shareholders
Share capital – structure, voting, restrictions and other rights	104	Additional Information for Shareholders

¹ The Board has taken advantage of section 414C(11) of the Companies Act 2006 to include disclosures in the Strategic Report on these items.

The Directors' Report of the company for the year ended 31 June 2016 comprises these pages, the sections of the Annual Report referred to under the Corporate Governance Statement and other information above which are incorporated into the Directors' Report by reference.

Fair, Balanced and Understandable

The Board has concluded that the 2016 Annual Report is fair, balanced and understandable and provides the necessary information for shareholders and other readers of the Report and Accounts to assess the group's position and performance, business model and strategy.

The Directors' Report was approved by the Board on 1 September 2016.

On behalf of the Board

Andrew Magson

Company Secretary

Strategic Report

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

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;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

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

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

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

Responsibility Statement

We confirm that to the best of our knowledge:

- 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 or loss of the company and the undertakings included in the consolidation as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

On behalf of the Board

Paul Hooper Chief Executive **Andrew Magson**Group Finance Director

Independent Auditor's Report

To the members of The Alumasc Group plc only

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of The Alumasc Group plc for the year ended 30 June 2016 set out on pages 51 to 102. 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 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied
 in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

2 Our assessment of risks of material misstatement

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

Accounting for long term contracts, Risk vs 2015: ◀▶

Revenue £18.0m (2015: £17.6m)

Refer to page 31 (Audit Committee Report), page 60 (accounting policy) and page 61 (financial disclosures).

The risk

Where the outcome of a long-term contract can be estimated reliably the recognition of revenue and expenses is based on the stage of completion of work performed. In most cases this is assessed by reference to surveys of work performed at the balance sheet date. When the outcome cannot be estimated reliably contract revenue is recognised only to the extent of costs incurred that are likely to be recoverable.

Forecast profit or loss on contracts is a key risk for our audit because of the high degree of judgment involved in preparing suitable estimates of the forecast costs and revenue on contracts. A variance in the amount of profit or loss recognised to date, and therefore also in the current period, could arise as a result of changes in estimates of contract costs and revenues.

The forecast profit on contracts includes key judgements over the expected recovery of costs arising from variations and claims. The inclusion of these amounts in the contract forecast where they are not recoverable could result in a material error in the level of profit or loss recognised by the group.

The response

In this area our audit procedures included:

- testing the design, implementation and operating effectiveness of the group's controls over the budgeting and tendering for new long term contracts;
- selecting those contracts that could have the greatest impact on the group's financial results to assess whether the amounts recognised in the financial statements were in line with the group's accounting policy, had been calculated in line with underlying assumptions and whether they represented a balanced view of the risks and opportunities in respect of the forecast profit to completion;
- challenging management's judgement by obtaining and assessing information to support the forecast assumptions, including correspondence with quantity surveyors, to assess the level of work performed, communication with customers regarding contract variations and claims and agreeing post year end cash receipts;
- assessing the accuracy of management's forecasting by comparing the historical financial performance of completed contracts with the original budgets and forecast margins for those contracts;
- evaluating the current margin recognised for a sample of contracts by reviewing the performance to date and assessing the reasonableness of forecast costs to complete, which included reviewing supplier quotations; and
- considering the adequacy of the group's disclosures about the degree of judgement involved in arriving at the contract revenues.

Strategic Report Governance

Post retirement benefits, Risk vs 2015: ◀▶

Gross liability £115.5m, net liability £22.7m (2015 gross liability: £111.1m; net liability: £20.9m)

Refer to page 31 (Audit Committee Report), page 58 (accounting policy) and pages 78 to 80 (financial disclosures).

The risk

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

The response

In this area our audit procedures included:

- challenging the key assumptions used in the group's valuation
 of the defined benefit pension obligation, with the support
 of our own actuarial specialists. This included critically assessing the
 key assumptions against those used by other comparable companies
 and comparing these assumptions with externally derived market
 data; and
- considering the adequacy of the group's disclosures of the assumptions and the sensitivities of these.

We continue to perform audit procedures over the risk of misstatement of the carrying value of inventory and the carrying value of goodwill. However, following the sale of the Alumasc Precision Components business and the integration of Roof-Pro and Blackdown within the existing Alumasc Roofing business, at the end of the prior year, we have not assessed these as risks that had the greatest effect on our audit and, therefore, they are not separately identified in our report this year.

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

The materiality for the group financial statements as a whole was set at £325,000 (2015: £400,000), determined with reference to a benchmark of group profit before tax, normalised to exclude the one-off profit of £0.9 million on the sale of Dyson Diecastings, as disclosed in note 6, of which it represents 4.8% (2015: 4.9%).

We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £16,250 (2015: £20,000), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Of the group's nine (2015: eleven) reporting components we subjected eight (2015: eight) to audits for group reporting purposes and one (2015: three) to specified risk-focused audit procedures over revenue and trade receivables. The latter was not individually financially significant enough to require an audit for group reporting purposes, but did present a specific individual risk that needed to be addressed. The work on all the reporting components was performed by the group audit team.

The components within the scope of our work accounted for the following percentages of the group's results:

			2016			2015
	Audits for group reporting purposes	Specified risk-focused procedures	Total	Audits for group reporting purposes	Specified risk-focused procedures	Total
Group revenue	99.4%	0.6%	100%	94.3%	5.7%	100%
Group profit before tax	99.6%	0.4%	100%	76.4%	23.6%	100%
Group assets	99.8%	0.2%	100%	95.2%	4.8%	100%

The audits undertaken for group reporting purposes at the key reporting components of the group were all performed to materiality levels set by the group audit team. These materiality levels were set individually for each component and ranged from £70,000 to £300,000 (2015: £93,000 to £360,000).

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

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate Governance Statement set out on pages 28 to 30 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Independent Auditor's Report

To the members of Alumasc Group plc only

5 We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the Directors' statement of risk, control and viability on page 21, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the group's continuing in operation over the 3 years to 30 June 2019; or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

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

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

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

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

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

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

Under the Listing Rules we are required to review:

- · the directors' statement, set out on page 21, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on pages 28 to 30 relating to the company's compliance with the ten provisions of the 2014 UK Corporate Governance Code specified for our review.

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

Scope of report and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 47, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

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

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

1 September 2016

Strategic Report Governance

Consolidated Statement of Comprehensive Income For the year ended 30 June 2016

Continuing operations	Notes	2015/16 £000	2014/15 (re-stated) £000
Revenue Cost of sales	3, 4	92,233 (61,434)	90,295 (60,741)
Gross profit Net operating expenses		30,799 (23,101)	29,554 (21,963)
Operating profit Finance income	4 9	7,698 -	7,591 5
Finance expenses	9	(939)	(1,308)
Profit before taxation Tax expense	5 10	6,759 (1,581)	6,288 (1,483)
Profit for the period		5,178	4,805
Discontinued operations			
Profit/(loss) after taxation for the period from discontinued operations	6	1,306	(429)
Profit for the period		6,484	4,376
Other comprehensive income			
Items that will not be recycled to profit or loss:			
Actuarial loss on defined benefit pensions Tax on actuarial loss on defined benefit pensions	23 10	(3,412) 240	(4,726) 945
		(3,172)	(3,781)
Items that are or may be recycled subsequently to profit or loss: Effective portion of changes in fair value of cash flow hedges Exchange differences on retranslation of foreign operations Tax on cash flow hedge	10	(22) 1 (1)	(179) 17 43
		(22)	(119)
Other comprehensive loss for the period, net of tax		(3,194)	(3,900)
Total comprehensive profit for the period, net of tax		3,290	476
Earnings per share		Pence	Pence
Basic earnings per share Continuing operations Discontinued operations		14.5 3.7	13.5 (1.2)
	12	18.2	12.3
Diluted earnings per share		44.5	40.0
Continuing operations Discontinued operations		14.3 3.6	13.3 (1.2)
	12	17.9	12.1

A reconciliation of these statutory results to underlying results is provided in note 5 and of underlying to basic earnings per share in note 12.

Consolidated Statement of Financial Position

Αt	30	June	2016

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Assets					
Non-current assets					
Property, plant and equipment	13	5,250		7,473	
Goodwill	14	16,488		16,488	
Other intangible assets	15	2,642		2,831	
Financial asset investments	16	17		17	
Deferred tax assets	10	4,080		4,187	
			28,477		30,996
Current assets					
Inventories	17	10,238		10,667	
Trade and other receivables	18	19,759		20,317	
Cash and cash equivalents	28	10,540		5,914	
			40,537		36,898
Total assets			69,014		67,894
Liabilities					
Non-current liabilities					
Interest bearing loans and borrowings	21, 28	(1,908)			
Employee benefits payable	23	(22,668)		(20,935)	
Provisions	24	(1,064)		(1,224)	
Deferred tax liabilities	10	(508)		(390)	
			(26,148)		(22,549
Current liabilities					
Interest bearing loans and borrowings	21, 28	_		(5,000)	
Trade and other payables	19	(25,351)		(23,338)	
Provisions	24	(478)		(402)	
Corporation tax payable		(188)		(429)	
Derivative financial liabilities	22	(269)		(247)	
			(26,286)		(29,416
Total liabilities			(52,434)		(51,965)
Net assets			16,580		15,929
Equity					
Called up share capital	25	4,517		4,517	
Share premium	26	445		445	
Capital reserve – own shares	26	(931)		(618)	
Hedging reserve	26	(221)		(198)	
Foreign currency reserve	26	50		49	
Profit and loss account reserve		12,720		11,734	
Total equity			16,580		15,929

Paul Hooper Andrew Magson

Director Director

1 September 2016

Company number 1767387

Strategic Report Governance

Consolidated Statement of Cash Flows

For the year ended 30 June 2016

		2045/46	2014/15
	Notes	2015/16 £000	(re-stated) £000
Operating activities			
Operating profit		7,698	7,591
Adjustments for:		.,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Depreciation	7,13	931	905
Amortisation	7,15	364	332
Gain on disposal of property, plant and equipment	.,	(11)	(14)
Increase in inventories		(400)	(1,120)
Increase in receivables		(804)	(1,963)
Increase in trade and other payables		2,958	2,510
(Decrease)/increase in provisions		(84)	358
Cash contributions to retirement benefit schemes	23	(2,500)	(2,500)
Share based payments	23	181	300
Cash generated by operating activities of continuing operations		8,333	6,399
Operating profit/(loss) from discontinued operations		27	(896)
Depreciation and amortisation	7	141	1,050
Movement in working capital from discontinued operations		15	526
Cash generated by operating activities of discontinued operations	6	183	680
Tax paid		(980)	(907)
Net cash inflow from operating activities		7,536	6,172
Investing activities			
Purchase of property, plant and equipment – continuing operations		(869)	(888)
Purchase of property, plant and equipment – discontinued operations		(148)	(226)
Payments to acquire intangible fixed assets		(255)	(322)
Proceeds from sales of plant and equipment		21	60
Proceeds from sales of plant and equipment Proceeds from sale of business activities		4,474	6,168
Interest received		-,-,-	5
Net cash inflow from investing activities		3,223	4,797
Flores do a set data.			
Financing activities		(224)	(400)
Interest paid		(221)	(408)
Equity dividends paid	20	(2,208)	(1,889)
Repayment of amounts borrowed	28	(3,000)	(5,000)
Refinancing costs		(119)	_
Purchase of own shares (net)		(612)	
Net cash outflow from financing activities		(6,160)	(7,297)
Net increase in cash and cash equivalents	28	4,599	3,672
Net cash and cash equivalents brought forward		5,914	2,224
Effect of foreign exchange rate changes		27	18
Net cash and cash equivalents carried forward	28	10,540	5,914
Tect cash and cash equivalents carried forward	20	10,340	5,314

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Notes	Share capital £000	Share premium £000	Capital reserve – own shares £000	Hedging reserve £000	Foreign currency reserve £000	Profit and loss account reserve £000	Total equity £000
At 1 July 2014		4,517	445	(618)	(62)	32	12,728	17,042
Profit for the period		_	_	_	_	_	4,376	4,376
Exchange differences on retranslation								
of foreign operations		_	_	_	_	17	_	17
Net loss on cash flow hedges		_	_	_	(179)	_	_	(179)
Tax on derivative financial liability		_	_	_	43	_	_	43
Actuarial loss on defined								
benefit pensions, net of tax		_	_	_	_	_	(3,781)	(3,781)
Dividends	11	_	_	_	_	_	(1,889)	(1,889)
Share based payments	27	_	_	_	_	_	300	300
At 1 July 2015		4,517	445	(618)	(198)	49	11,734	15,929
Profit for the period		_	_	_	_	_	6,484	6,484
Exchange differences on retranslation								
of foreign operations		_	_	_	_	1	_	1
Net loss on cash flow hedges		_	_	_	(22)	_	_	(22)
Tax on derivative financial liability		_	_	_	(1)	_	_	(1)
Actuarial loss on defined								
benefit pensions, net of tax		_	_	_	_	_	(3,172)	(3,172)
Dividends	11	_	_	_	_	_	(2,208)	(2,208)
Share based payments	27	_	_	_	_	_	181	181
Acquisition of own shares (net)		_	_	(313)	_	_	_	(313)
Exercise of share based incentives		-	_	-	-	_	(299)	(299)
At 30 June 2016		4,517	445	(931)	(221)	50	12,720	16,580

Strategic Report

Notes to the financial statements

For the year ended 30 June 2016

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 2016, and the Companies Act 2006.

Prior year figures have been restated, where applicable, due to the presentation in 2015/16 of Dyson Diecastings as a discontinued operation. This business was sold on 30 June 2016.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 1 to 25. The financial position of the group, its cash flows and liquidity position are set out in these financial statements. Details of the group's borrowing facilities are described within note 21.

The group has committed borrowing facilities of £12.5 million which expire in August 2020. In addition, the group has recently renewed overdraft facilities totalling £2 million for another year. At 30 June 2016 the group's net cash resources were £8.6 million (2015: £0.9 million).

On the basis of the group's financing facilities and current operating and financial plans and sensitivity analyses, the Board is satisfied that the group has adequate resources to continue in operational existence for the foreseeable future and accordingly continues to adopt the going concern basis in preparing the financial statements. Further information is set out in the viability statement on page 21.

2 Summary of significant accounting policies

Changes in accounting policy

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

The following new standard, amendment and interpretation is effective for the period beginning on or after 1 July 2015 and has been adopted for the group financial statements where appropriate with no material impact on the disclosures made by the group:

IAS 1 Presentation of Financial Statements.

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 intercompany balances and transactions, including unrealised profits arising from them, are eliminated.

Judgments 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 defined benefit pension obligations and the recognition of revenues and profit on construction contracts.

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

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

Notes to the financial statements

For the year ended 30 June 2016

2 Summary of significant accounting policies (continued)

Goodwill

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

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

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

Other intangible assets

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

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

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

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

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

Computer software – 2 to 5 years
Development expenditure – up to 10 years
Brands – 3 to 20 years

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

Property, plant and equipment

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

Freehold land is not depreciated.

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

Freehold buildings – 25 to 50 years

Long leasehold property – over the period of the lease to a maximum of 50 years

Short leasehold improvements – over the period of the lease

Plant and equipment – 3 to 15 years Motor vehicles – 4 to 5 years

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

Strategic Report Governance

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. It is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management, usually at business segment level or business level as the case may be.

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

Leased assets

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

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

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

Financial assets

When financial assets are recognised initially under IAS 39, they are measured at fair value, being the transaction price plus directly attributable transaction costs.

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

Inventories

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

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

Biological assets

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

Notes to the financial statements

For the year ended 30 June 2016

2 Summary of significant accounting policies (continued)

Pension costs

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

(i) Defined benefit pensions

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

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

The group determines finance income/expense for the period relating to defined benefit pension schemes by applying the discount rate used for valuing the schemes' liabilities to the value of the net pension liability at the beginning of the year.

The net pension scheme finance costs are charged to finance costs within the statement of comprehensive income.

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

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

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

(ii) Defined contribution pensions

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

Income taxes

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

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

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the
 deductible temporary differences, carried forward tax credits or tax losses can be utilised.

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

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

Foreign currencies

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

Strategic Report Governance

2 Summary of significant accounting policies (continued)

Own shares

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

Equity settled share based payment transactions

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

Derivative financial instruments and hedging

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

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

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

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

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

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

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

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

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

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the statement of comprehensive income.

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 the statement of comprehensive income.

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

Notes to the financial statements

For the year ended 30 June 2016

2 Summary of significant accounting policies (continued)

Revenue recognition

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

Sale of goods

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

Tooling

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

Construction contracts

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

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

Trade and other receivables

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

Cash and cash equivalents

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

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

Interest bearing loans and borrowings

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

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

Provisions

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

New standards and interpretations not applied

The group is currently assessing the impact that IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' will have on the group's revenue recognition, assets and liabilities.

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3 Revenue

Revenue, as disclosed in the statement of comprehensive income from continuing operations, and total income is analysed as follows:

	2015/16 £000	2014/15 (re-stated) £000
Revenue arising from:		
Sales of goods	74,242	72,733
Recognised on construction contracts	17,991	17,562
Revenue (per statement of comprehensive income)	92,233	90,295
Rental income	32	12
Finance income (note 9)	_	5
Total income	92,265	90,312

4 Segmental analysis – continuing operations

In accordance with IFRS 8 'Operating Segments', the segmental analysis below follows the group's internal management reporting structure.

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

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

Since the publication of Alumasc's 2015 Report and Accounts the group's operating segments have been revised to reflect changes to internal management responsibilities and the reports reviewed by the Chief Executive. The principal changes are the combination of our former Construction Products and Rainwater and Drainage businesses into the new Water Management segment to reflect the formation of the Alumasc Water Management Solutions brand in July 2015, and the separate analysis of our Housebuilding & Ancillary Products business this year. The segmental analysis of comparative data for the period ended 30 June 2015 has been re-presented to show Dyson Diecastings as a discontinued operation where necessary.

Analysis by reportable segment 2015/10

Analysis by reportable segment 2015/16			Revenue	
	External £000	Inter- segment £000	Total £000	Segmental Operating Result £000
Solar Shading & Screening	17,359	_	17,359	954
Roofing & Walling	40,045	6	40,051	3,959
Water Management	26,269	1,299	27,568	3,489
Housebuilding & Ancillary Products	8,560	10	8,570	1,420
Sub-total Elimination/Unallocated costs	92,233 –	1,315 (1,315)	93,548 (1,315)	9,822 (1,346)
Total	92,233	-	92,233	8,476
				£000
Segmental operating result				8,476
Brand amortisation				(268)
IAS 19 pension scheme administration costs				(510)
Total operating profit from continuing operations				7,698

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For the year ended 30 June 2016

4 Segmental analysis – continuing operations (continued)

Analysis by reportable segment 2015/16 (continued)

			Capit	al expenditure			
	Segment Assets £000	Assets Liabilities	Property, Plant & Equipment £000	Other Intangible Assets £000	Depreciation £000	Amortisation £000	
Solar Shading & Screening	19,266	(7,178)	80	57	70	214	
Roofing & Walling	16,281	(10,185)	71	_	146	104	
Water Management	11,439	(5,256)	212	34	422	17	
Housebuilding & Ancillary Products	6,350	(2,390)	488	91	213	27	
Sub-total	53,336	(25,009)	851	182	851	362	
Unallocated & Discontinued	15,678	(27,425)	88	_	219	4	
Total	69,014	(52,434)	939	182	1,070	366	

Analysis by reportable segment 2014/15 (re-stated)

		Revenue		
	External £000	Inter- segment £000	Total £000	Segmental Operating Result £000
Solar Shading & Screening	16,007	_	16,007	929
Roofing & Walling	40,577	8	40,585	4,461
Water Management	25,935	1,109	27,044	3,272
Housebuilding & Ancillary Products	7,776	_	7,776	1,137
Sub-total Elimination/Unallocated costs	90,295 -	1,117 (1,117)	91,412 (1,117)	9,799 (1,485)
Total	90,295	_	90,295	8,314
				£000
Segmental operating result				8,314
Brand amortisation				(268)
IAS 19 pension scheme administration costs				(455)
Total operating profit from continuing operations				7,591

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4 Segmental analysis – continuing operations (continued)

Analysis by reportable segment 2014/15 (re-stated) (continued)

			Capi	tal expenditure		
	Segment Assets £000	Assets Liabilities	Property, Plant & Equipment £000	Other Intangible Assets £000	e s Depreciation	Amortisation £000
Solar Shading & Screening	18,171	(4,708)	127	267	46	168
Roofing & Walling	16,759	(9,420)	84	5	139	111
Water Management	11,522	(4,913)	475	18	438	21
Housebuilding & Ancillary Products	5,497	(2,192)	203	127	191	11
Sub-total	51,949	(21,233)	889	417	814	311
Unallocated & Discontinued	15,945	(30,732)	275	5	1,134	28
Total	67,894	(51,965)	1,164	422	1,948	339

Analysis by geographical segment 2015/16

	United Kingdom £000	Europe £000	North America £000	Middle East £000	Far East £000	Rest of World £000	Total £000
Sales to external customers	84,217	3,262	1,860	337	1,593	964	92,233
Segment non-current assets	24,397	_	_	-	-	-	24,397

Analysis by geographical segment 2014/15 (re-stated)

	United Kingdom £000	Europe £000	North America £000	Middle East £000	Far East £000	Rest of World £000	Total £000
Sales to external customers	81,527	2,576	2,004	2,134	1,432	622	90,295
Segment non-current assets	26,808	-	-	-	1	-	26,809

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

5 Underlying to statutory profit reconciliation

	2015/16			2014/15 (re-stated)
	Operating profit £000	Profit before tax £000	Operating profit £000	Profit before tax £000
Underlying profit Less: Brand amortisation Less: IAS 19 pension scheme administration costs Less: IAS 19 net pension scheme finance costs (note 9)	8,476 (268) (510)	8,261 (268) (510) (724)	8,314 (268) (455) –	7,722 (268) (455) (711)
Statutory profit from continuing operations Discontinued operations Total statutory profit	7,698 27 7.725	6,759 928 7,687	7,591 (896) 6,695	6,288 (1,466) 4,822

Underlying profits are stated prior to brand amortisation and IAS 19 pension scheme finance costs, as these are non-trading and non-cash items, and prior to IAS 19 pension scheme administration costs as this is a non-trading expense.

Notes to the financial statements

For the year ended 30 June 2016

6 Discontinued operations

Discontinued operations in 2015/16 relate to the sale of the trade and assets of the Dyson Diecastings business on 30 June 2016. Discontinued operations in 2014/15 relate to the sale of the trade and assets of Pendock Profiles in September 2014 and the sale of the trade and assets of Alumasc Precision Components in June 2015. Further details are provided in the Strategic Report on page 10. The results of discontinued operations included in the consolidated statement of comprehensive income are as follows:

				Dyson Diecastings £000
Year ended 30 June 2016				
Revenue				6,556
Cost of sales				(5,897)
Gross profit				659
Net operating expenses				(632)
Operating profit				27
Non-cash gain on disposal of discontinued operations				1,401
Costs of disposal of discontinued operations				(500)
Profit before taxation				928
Tax credit				378
Profit after taxation				1,306
	Dyson Diecastings Period to 30 June 2015 £000	Alumasc Precision Components Period to 26 June 2015 £000	Pendock Profiles Period to 30 September 2014 £000	Total £000
Year ended 30 June 2015 (re-stated)				
Revenue	7,787	16,672	785	25,244
Cost of sales	(6,528)	(17,140)	(530)	(24,198)
Gross profit/(loss)	1,259	(468)	255	1,046
Net operating expenses	(551)	(1,191)	(200)	(1,942)
Operating profit/(loss)	708	(1,659)	55	(896)
Non-cash (loss)/gain on disposal of discontinued operations	_	(300)	862	562
Costs of disposal of discontinued operations	_	(1,040)	(92)	(1,132)
Profit/(loss) before taxation	708	(2,999)	825	(1,466)
Tax (charge)/credit	(156)	1,205	(12)	1,037
Profit/(loss) after taxation	552	(1,794)	813	(429)

The net cash flows attributable to discontinued operations are as follows:

	Dyson Diecastings £000
Year ended 30 June 2016	
Operating cash flows	183
Investing cash flows – proceeds from sale of business	4,474
Investing cash flows – purchase of property, plant and equipment	(148)
Net cash inflow	4,509

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6 Discontinued operations (continued)

	Dyson Diecastings £000	Alumasc Precision Components £000	Pendock Profiles £000	Total £000
Year ended 30 June 2015 (re-stated)				
Operating cash flows	874	(134)	(60)	680
Investing cash flows – proceeds from sale of businesses	_	4,760	1,408	6,168
Investing cash flows – purchase of property, plant and equipment	(45)	(136)	(45)	(226)
Net cash inflow	829	4,490	1,303	6,622

Details of the sale of the trade and assets of discontinued operation	s are as follows:		
			Dyson Diecastings £000
Year ended 30 June 2016			
Sales proceeds			4,500
Assets disposed of: Land and buildings Plant and equipment			(1,643 <u>)</u> (454)
Working capital			(1,002)
Gain on disposal Costs of disposal			1,401 (500)
Net gain on disposal			901
	Alumasc Precision Components £000	Pendock Profiles £000	Total £000
Year ended 30 June 2015			
Sales proceeds	5,800	1,500	7,300
Assets disposed of: Land and buildings Plant and equipment Working capital	(1,043) (2,631) (2,426)	- (78) (560)	(1,043) (2,709) (2,986)
(Loss)/gain on disposal Costs of disposal	(300) (1,040)	862 (92)	562 (1,132)
Net (loss)/gain on disposal	(1,340)	770	(570)

Included within the Alumasc Precision Components costs of disposal of £1,040,000 are consequential intra-group restructuring costs of £171,000 and insurance run-off premium costs of £270,000.

Notes to the financial statements

For the year ended 30 June 2016

7 Expenses by nature

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

			2015/16		201	4/15 (re-stated)
	Continuing operations £000	Discontinued operations £000	Total £000	Continuing operations £000	Discontinued operations £000	Total £000
Raw materials and consumables	44,706	2,073	46,779	44,403	10,436	54,839
Depreciation of property, plant						
and equipment	931	139	1,070	905	1,043	1,948
Intangible assets amortisation	96	2	98	64	7	71
Brand amortisation	268	_	268	268	_	268
Gain on disposal of property, plant						
and equipment	(11)	(10)	(21)	(12)	(11)	(23)
Foreign exchange (gains)/losses	(46)	(4)	(50)	(65)	75	10
Employee benefit expense	21,964	2,368	24,332	20,914	6,937	27,851
Pension scheme administration costs	510	_	510	455	_	455
Operating lease payments	1,620	30	1,650	1,529	107	1,636
Income from property operating leases	(32)	_	(32)	(12)	(20)	(32)
Research and development	165	126	291	147	108	255
Auditor's remuneration:						
Audit of these financial statements	64	_	64	60	_	60
Audit of financial statements of						
subsidiaries pursuant to legislation	79	7	86	75	23	98
Other operating charges	14,221	1,798	16,019	13,973	7,435	21,408
	84,535	6,529	91,064	82,704	26,140	108,844

8 Employee costs and numbers

		2015			2014/15 (re-stated)	
	Continuing operations £000	Discontinued operations £000	Total £000	Continuing operations £000	Discontinued operations £000	Total £000
Employee benefit expense:						
Wages and salaries	19,322	2,118	21,440	18,385	6,242	24,627
Social security	2,072	191	2,263	2,008	540	2,548
Defined contribution pension costs (note 23)	570	59	629	521	155	676
Sub-total	21,964	2,368	24,332	20,914	6,937	27,851
Defined benefit pension costs (note 23)						
- IAS 19 pension scheme administration cost	s 510	_	510	455	_	455
– IAS 19 net pension scheme finance costs	724	_	724	711	_	711
Total	23,198	2,368	25,566	22,080	6,937	29,017

Pension costs include total defined benefit pension scheme costs of £1,234,000 (2014/15: £1,166,000).

	2015/16 Number	2014/15 Number
Average number of employees:		
Continuing operations	504	462
Discontinued operations	98	307
	602	769

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9 Net finance costs

		2015/16 £000	2014/15 £000
Finance income	e – Loan to financial asset investee	-	(5)
Finance costs	– Bank overdrafts – Revolving credit facility	43 172	85 512
	– IAS 19 net pension scheme finance costs	215 724	597 711
		939	1,308

10 Tax expense

(a) Tax on profit on ordinary activities

Tax charged in the statement of comprehensive income

	2015/16 £000	2014/15 (re-stated £000
Current tax:		
UK corporation tax – continuing operations	1,433	922
 discontinued operations 	(697)	(81)
Overseas tax	5	11
Amounts (over)/under provided in previous years	(2)	39
Total current tax	739	891
Deferred tax:		
Origination and reversal of temporary differences:		
continuing operations	247	543
 discontinued operations 	319	(956)
Amounts over provided in previous years	(48)	(56)
Rate change adjustment	(54)	24
Total deferred tax	464	(445)
Total tax expense	1,203	446
Tax charge on continuing operations	1,581	1,483
Tax credit on discontinued operations	(378)	(1,037)
Total tax expense	1,203	446
Tax recognised in other comprehensive income		
Deferred tax:		
Actuarial losses on pension schemes	(240)	(945)
Cash flow hedge	1	(43)
Tax credited to other comprehensive income	(239)	(988)
Total tax charge/(credit) in the statement of comprehensive income	964	(542)

Notes to the financial statements

For the year ended 30 June 2016

10 Tax expense (continued)

(b) Reconciliation of the total tax charge

The total tax rate applicable to the tax expense shown in the statement of total comprehensive income of 15.6% is lower than (2014/15: 9.2% was lower than) the standard rate of corporation tax in the UK of 20% (2014/15: 20.75%). The differences are reconciled below:

	2015/16 £000	2014/15 (re-stated) £000
Profit before tax from continuing operations Profit/(loss) before tax from discontinued operations	6,759 928	6,288 (1,466)
Accounting profit before tax	7,687	4,822
Current tax at the UK standard rate of 20.00% (2014/15: 20.75%)	1,537	1,001
Expenses not deductible for tax purposes	139	212
Chargeable gains/use of capital losses	(369)	(774)
Rate change adjustment	(54)	24
Tax (over)/under provided in previous years – current tax	(2)	39
Tax over provided in previous years – deferred tax	(48)	(56)
	1,203	446

The group's total tax charge in 2015/16 of £1,203,000 (2014/15: £446,000) benefited from the impact of business disposals where capital gains on sale of assets were shielded by indexation allowances and capital losses brought forward.

(c) Unrecognised tax losses

The group has agreed tax capital losses in the UK amounting to £20 million (2015: £20 million) that relate to prior years. Under current legislation these losses are available for offset against future chargeable gains. The capital losses are able to be carried forward indefinitely. Revaluation gains on land and buildings amount to £1 million (2015: £1 million). These have been offset against the capital losses detailed above. A deferred tax asset has not been recognised in respect of the net capital losses carried forward of £19 million (2015: £19 million) as they do not meet the criteria for recognition.

(d) Deferred tax

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

	Accelerated capital allowances £000	Short term temporary differences £000	Brands £000	Hedging £000	Total deferred tax liability £000	Pension deferred tax asset £000
At 1 July 2014	724	(10)	512	(6)	1,220	(3,584)
(Credited)/charged to the statement of comprehensive income – current year Credited to the statement of	(649)	(28)	(54)	-	(731)	342
comprehensive income – prior year	(56)	_	_	_	(56)	_
Credited to equity	_	-	_	(43)	(43)	(945)
At 30 June 2015	19	(38)	458	(49)	390	(4,187)
Charged/(credited) to the statement of comprehensive income – current year (Credited)/charged to the statement of	267	(8)	(94)	_	165	347
comprehensive income – prior year	(53)	5	_	_	(48)	_
Charged/(credited) to equity	-	-	_	1	1	(240)
At 30 June 2016	233	(41)	364	(48)	508	(4,080)

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

Deferred tax assets have been recognised where it is probable that they will be recovered. Deferred tax assets of £3.4 million (2015: £3.8 million) have not been recognised in respect of net capital losses of £19 million (2015: £19 million).

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10 Tax expense (continued)

(e) Factors affecting the tax charge in future periods

In the Budget on 16 March 2016, the UK Government announced its intention to further reduce the main rate of UK corporation tax to 17% with effect from 1 April 2020. Existing temporary differences on which deferred tax has been provided may therefore unwind in future periods at this reduced rate. This rate change was not substantively enacted at the balance sheet date. Deferred tax assets and liabilities have been calculated based on the rate of 18% substantively enacted at the balance sheet date.

11 Dividends

	2015/16 £000	2014/15 £000
Interim dividend for 2016 of 2.7p paid on 7 April 2016	960	_
Final dividend for 2015 of 3.5p paid on 28 October 2015	1,248	_
Interim dividend for 2015 of 2.5p paid on 7 April 2015	_	891
Final dividend for 2014 of 2.8p paid on 5 November 2014	_	998
	2,208	1,889

A final dividend of 3.8 pence per equity share, at a cash cost of £1,349,000, has been proposed for the year ended 30 June 2016, payable on 1 November 2016. In accordance with IFRS accounting requirements this dividend has not been accrued in these consolidated financial statements.

12 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:

	2015/16 £000	2014/15 (re-stated) £000
Profit attributable to equity holders of the parent – continuing operations Profit/(loss) attributable to equity holders of the parent – discontinued operations	5,178 1,306	4,805 (429)
Net profit attributable to equity holders of the parent	6,484	4,376
	000s	000s
Weighted average number of shares Dilutive potential ordinary shares – employee share options	35,618 520	35,648 567
	36,138	36,215
Calculation of underlying earnings per share from continuing operations:	2015/16 £000	2014/15 (re-stated) £000
Reported profit before taxation from continuing operations Add: brand amortisation Add: IAS 19 pension scheme administration costs Add: IAS 19 net pension scheme finance costs	6,759 268 510 724	6,288 268 455 711
Underlying profit before taxation from continuing operations Tax at underlying group tax rate of 20.8% (2014/15: 22.0%)	8,261 (1,718)	7,722 (1,699)
Underlying earnings from continuing operations	6,543 35,618	6,023 35,648
Weighted average number of shares	33,010	•

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For the year ended 30 June 2016

13 Property, plant and equipment

	Freehold land and buildings £000	Long leasehold property £000	Short leasehold improvements £000	Plant & equipment £000	Total £000
Cost					
At 1 July 2014	10,974	235	440	36,242	47,891
Additions	41	_	_	1,123	1,164
Disposal of business activities	(5,253)	_	(91)	(19,460)	(24,804)
Disposals	_	_	(59)	(908)	(967)
At 1 July 2015	5,762	235	290	16,997	23,284
Additions	23	_	26	890	939
Disposal of business activity	(2,657)	_	(43)	(6,085)	(8,785)
Disposals	_	_	_	(593)	(593)
At 30 June 2016	3,128	235	273	11,209	14,845
Accumulated depreciation and impairment losses At 1 July 2014 Depreciation charge for year Disposal of business activities On disposals	5,355 221 (3,892) –	181 20 - -	388 8 (91) (59)	29,928 1,699 (17,049) (898)	35,852 1,948 (21,032) (957)
At 1 July 2015	1,684	201	246	13,680	15,811
Depreciation charge for year	132	19	22	897	1,070
Disposal of business activity On disposals	(1,014) –	-	(18) -	(5,661) (593)	(6,693) (593)
At 30 June 2016	802	220	250	8,323	9,595
Net book value at 30 June 2016	2,326	15	23	2,886	5,250
Net book value at 30 June 2015	4,078	34	44	3,317	7,473
Net book value at 1 July 2014	5,619	54	52	6,314	12,039

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14 Goodwill

	16 00	2015 £000
Cost: At 1 July 2015 and 30 June 2016 17,2	11	17,211
Impairment: At 1 July 2015 and 30 June 2016 7	23	723
Net book value at 30 June 16,4	88	16,488
Goodwill acquired through acquisitions has been allocated to cash generating units for impairment testing as set out below		
	16 00	2015 £000
Alumasc Roofing 3,8	20	3,820
Timloc 2,2	64	2,264
Levolux 10,1	79	10,179
Rainclear Systems 2	25	225
At 30 June 16,4	88	16,488

Impairment testing of acquired goodwill

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

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

The growth rate used to extrapolate the cash flows beyond this period was 1% (2015: 1%) for each CGU.

Key assumptions included in the recoverable amount calculation include:

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

Each assumption has been considered in conjunction with the local management of the relevant operating businesses who have used their past experience and expectations of future market and business developments in arriving at the figures used. The potential for a reduction in short term demand which is possible as a result of uncertainties following the UK's decision to leave the European Union was also considered.

The range of pre-tax rates used to discount the cash flows of these cash generating units with on balance sheet goodwill was between 10% and 11% (2015: between 10% and 13%). These rates were based on the group's estimated weighted average cost of capital (W.A.C.C.), which was risk-adjusted for the specific circumstances of each CGU. The group's W.A.C.C. in 2016 was similar to the rate used in 2015.

The surplus headroom above the carrying value of goodwill at 30 June 2016 was significant in the case of Alumasc Roofing, Timloc, Levolux and Rainclear Systems, with no impairment arising from either a 2% increase in the discount rate; a growth rate of -1% used to extrapolate the cash flows; or a reduction of 25% in the cash flow generated in the terminal year for any CGU.

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For the year ended 30 June 2016

15 Other intangible assets

	Brands £000	Development expenditure £000	Computer software £000	Total £000
Cost:				
At 1 July 2014	4,515	166	2,183	6,864
Additions	_	_	422	422
Disposal of business activities	(226)	(166)	(482)	(874)
Disposals	_	_	(16)	(16)
At 1 July 2015	4,289	_	2,107	6,396
Additions	_	=	182	182
Disposal of business activity	_	_	(131)	(131)
Disposals	-	=	_	_
At 30 June 2016	4,289	_	2,158	6,447
Accumulated amortisation:				
At 1 July 2014	1,955	166	1,973	4,094
Amortisation for the year	268	_	71	339
Disposal of business activities	(226)	(166)	(461)	(853)
On disposals	_	_	(15)	(15)
At 1 July 2015	1,997	_	1,568	3,565
Amortisation for the year	268	_	98	366
Disposal of business activity	_	_	(126)	(126)
On disposals	-	_	_	_
At 30 June 2016	2,265	-	1,540	3,805
Net book value at 30 June 2016	2,024	_	618	2,642
Net book value at 30 June 2015	2,292	-	539	2,831
Net book value at 1 July 2014	2,560	_	210	2,770

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

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

The Blackdown brand is fully amortised.

16 Financial asset investments

	£000
Cost:	
At 1 July 2015 and 30 June 2016	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 associated company.

17 Inventories

	2016 £000	2015 £000
Raw materials	2,303	2,348
Work in progress	1,332	1,255
Finished goods	6,603	7,064
	10,238	10,667

During the year the group's inventory provision in relation to continuing operations increased by £20,000 (2015: decreased by £59,000). At 30 June 2016 the group's inventory provision was £956,000 (2015: £1,055,000 of which £936,000 was in respect of building products continuing operations). Included within raw materials are biological assets of £39,000 (2015: £75,000).

18 Trade and other receivables

	2016 £000	2015 £000
Trade receivables	12,899	13,787
Construction contracts	5,071	5,229
Other receivables	525	207
Prepayments and accrued income	1,264	1,094
	19,759	20,317

Trade receivables are non-interest bearing, are generally on terms of 30-90 days and are shown net of provisions for impairment. As at 30 June 2016, trade receivables at nominal value of £249,000 (2015: £240,000) were impaired and provided for. Movements in the provision for impairment of receivables were as follows:

At 30 June	249	240
Amounts written off	(35)	(21)
Disposal of business activities	-	(7)
Charge for the year	44	64
At 1 July	240	204
	2016 £000	2015 £000

Included within the total provision for impairment is £91,000 (2015: £73,000) in relation to provisions against construction contracts.

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For the year ended 30 June 2016

19 Trade and other payables

	2016 £000	2015 £000
Trade payables	17,234	15,539
Other taxation and social security	2,178	1,913
Other payables	1,056	838
Construction deposits received on account	1,032	390
Accruals	2,268	3,722
Deferred income	1,583	936
	25,351	23,338

20 Construction contracts

Details of amounts due from and to customers for contract work as at 30 June are included in notes 18 and 19. For contracts in progress at 30 June 2016, the amount of contract costs incurred plus recognised profits less recognised losses to date, (i.e. contract revenue recognised), was £6,413,000 (2015: £23,246,000). These contracts were on average 26% complete at 30 June 2016 (2015: 65%). The level of payments received in advance of profit recognised at 30 June 2016 was £1,032,000 (2015: £390,000).

21 Borrowings

	2016 £000	2015 £000
Current liabilities:		
Current instalments due on bank loan		5,000
Non-current liabilities:		
Non-current instalments due on bank loan	1,908	_

The group has a £12.5 million committed revolving credit facility which expires in August 2020. The group has the option to cancel and repay elements of the committed facility at short notice should it wish to do so. The following financial covenants applied to the facility: group interest cover, based on underlying EBITDA (i.e. from continuing operations and before non-recurring items), to be at least four times; and net debt as a multiple of underlying EBITDA (i.e. from continuing operations and before non-recurring items) to be below three times.

Group interest cover was 44.2 times at 30 June 2016 (2015: 17.3 times) whilst the net debt (net debt plus contingent liabilities) multiple of EBITDA was zero given the group's net cash position at 30 June 2016 (2015: 0.1 times).

At 30 June 2016 the group also had £3 million (2015: £3 million) of bank overdraft facilities repayable on demand. The Directors chose to reduce the group's overdraft facilities to £2 million on annual renewal post the year end.

22 Financial instruments

Financial risk management

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

Financial assets and liabilities

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

	30 June 2016			30 June 2015
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial assets:				
Available-for-sale financial assets	17	17	17	17
Cash and cash equivalents	10,540	10,540	5,914	5,914
Trade receivables	12,899	12,899	13,787	13,787
Construction contracts	5,071	5,071	5,229	5,229
Other receivables	525	525	207	207
	29,052	29,052	25,154	25,154
Financial liabilities:				
Bank loans	1,908	1,908	5,000	5,000
Trade and other payables	22,141	22,141	21,035	21,035
Derivative financial liabilities	269	269	247	247
	24,318	24,318	26,282	26,282

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

Trade and other payables balances do not include other taxation and social security costs or construction deposits received on account, as these balances do not meet the definition of financial liabilities in IAS 39.

The table below summarises the maturity profile of the group's financial liabilities at 30 June 2016 and 2015 based on contractual undiscounted payments. The total interest bearing loans and borrowings value in the table below includes future unaccrued interest, whilst the bank overdraft and loans balance in the table above shows only the carrying amount at the year end date.

At 30 June 2016	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	_	11	46	2,297	2,354
Trade and other payables	5,560	14,730	1,256	595	22,141
	5,560	14,741	1,302	2,892	24,495
	On demand	Less than 3 months	3 to 12 months	1 to 5	Total
At 30 June 2015	f000	£000	f000	years £000	£000
Interest bearing loans and borrowings	_	47	6,009	_	6,056
Trade and other payables	1,760	18,275	946	8	20,989
	1,760	18,322	6,955	8	27,045

Notes to the financial statements

For the year ended 30 June 2016

22 Financial instruments (continued)

Liquidity risk management

The group manages liquidity risk by monitoring its net cash/debt position regularly and ensuring that committed and uncommitted banking facilities are in place to provide adequate headroom for anticipated future cash flows. Details of the facilities are given above. The group's net cash position at 30 June 2016 was £8.6 million (2015: £0.9 million).

Details of the group's approach to capital structure are given within the Financial Review on page 20.

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

	2016 £000	2015 £000
Floating rate interest bearing financial liabilities:		
In less than one year	_	5,000
In two to five years	1,908	_
	1,908	5,000

Interest rate risk management

The group had no net indebtedness at 30 June 2016. It is the group's policy and intention to hedge against significant upwards movement in LIBOR, typically using interest rate Caps or Swaps should the income statement become exposed to material interest rate risk in future.

The group's marginal pre-tax cost of debt finance at interest rates in place at 30 June 2016 under the banking facilities in existence at that time was approximately 1.3% (2015: 1.7%).

The floating rate financial liabilities comprise the drawn down element of the revolving credit facility in existence at the balance sheet date that bears interest based on LIBOR.

In view of the group's positive net cash position at 30 June 2016, the impact of a reasonable foreseeable change in interest rates on the group's profit before tax through the impact of floating rate borrowings is not considered 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 less amounts recoverable from credit insurance contracts, where applicable, as at the balance sheet date and is limited to the value of trade and other receivables. In addition the group may from time to time have credit exposures relating to bespoke inventories. The group's cash deposits are only lodged with approved institutions that have strong credit ratings.

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

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
At 30 June 2016	Total £000	Not past due £000	< 30 days £000	30-60 days £000	60-90 days £000	> 90 days £000
Trade receivables	12,899	10,369	2,187	214	91	38
Construction contracts	5,071	3,254	746	562	485	24
Other receivables	525	497	21	7	_	-
	18,495	14,120	2,954	783	576	62
					Past due b	ut not impaired
At 30 June 2015	Total £000	— Not past due £000	< 30 days £000	30-60 days £000	Past due b 60-90 days £000	ut not impaired > 90 days £000
At 30 June 2015 Trade receivables					60-90 days	> 90 days
	£000	f000	£0Ó0	£0Ó0	60-90 days £000	> 90 days £000
Trade receivables	£000 13,787	£000 10,750	£000 2,363	£0Ó0 480	60-90 days £000	> 90 days £000

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22 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 currency (mainly Pounds Sterling). Transactional currency risks are managed by offsetting as far as possible purchases and sales by group companies in the same currency. A proportion of the residual risk is managed, where appropriate, through the use of forward currency contracts.

None of the derivative financial instruments held at 30 June 2016 or 30 June 2015 related to derivative trading activity. Where cash flow hedge accounting is applied, gains or losses on the financial instrument hedges are held in equity and only recognised in the consolidated statement of comprehensive income when the losses or gains on the hedged transactions are recognised in the consolidated statement of comprehensive income.

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

	2016							2015
	Receivable 000	Payable 000	Cash 000	Net total 000	Receivable 000	Payable 000	Cash 000	Net total 000
Euros	177	(1,399)	84	(1,138)	154	(1,642)	213	(1,275)
US Dollars	848	(2,142)	778	(516)	1,387	(1,648)	160	(101)
Hong Kong Dollars	1,345	(2)	1,544	2,887	1,297	(22)	1,778	3,053
Chinese Yuan	_	_	528	528	_	(106)	1,543	1,437

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

				Effect on profit after tax and equity in Sterling				
		Exchange rate change	US \$ £000	Euro £000	Hong Kong \$ £000	Chinese Yuan £000		
2016	Increase	+10%	35	86	(25)	(5)		
	Decrease	-10%	(43)	(106)	31	7		
2015	Increase	+10%	(185)	(129)	(23)	(15)		
	Decrease	-10%	226	158	28	19		

Hedging activities

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

	2016 £000	2015 £000
Forward foreign exchange contracts	(269)	(247)

At 30 June 2016 the group had forward foreign exchange contracts with principal amounts equivalent to £3,642,000 (2015: £3,636,000). The forward foreign exchange contracts hedge foreign currency price risks of various currency purchases and sales across the group. The cash flows associated with the forward foreign exchange hedges are generally expected to occur within the next 12 months.

The derivative financial instruments carried at fair value have been valued using directly observable market inputs and therefore they are all considered to have been valued at Level 2, as described in the amendments to IFRS 7.

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23 Retirement benefit obligations

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

Defined contribution schemes

Of the amount charged to operating profit in the statement of comprehensive income for pension contributions, £629,000 (2015: £676,000) was in respect of defined contribution schemes. At 30 June 2016 there was an accrual of £75,000 payable in respect of defined contribution schemes (2015: £17,000).

Defined benefit schemes

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

The level of deficit reduction contributions agreed with the Pension Trustees is £2.5 million per annum.

The group's defined benefit pension funds are currently undergoing their formal triennial valuation, with a valuation date of 31 March 2016. The company has until 30 June 2017 to agree the new valuation and deficit reduction plan with the Pension Trustees. Further details can be found in the Financial Review on page 20.

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:

	The Alumasc Group Scheme 2016 %	The Benjamin Priest Group Scheme 2016 %	The Alumasc Group Scheme 2015 %	The Benjamin Priest Group Scheme 2015 %
Discount rate	3.0	3.0	3.7	3.7
Expected rate of deferred pension increases	1.9	1.9	2.3	2.3
Future pension increases	1.7 – 3.5	1.7 – 3.5	1.7 - 3.7	1.7 - 3.7
Retail Price Index inflation rate	2.9	2.9	3.3	3.3
Consumer Price Index inflation rate	1.9	1.9	2.3	2.3
	Years	Years	Years	Years
Post retirement mortality				
Current pensioners at 65 – male	22.2	21.3	22.4	21.5
Current pensioners at 65 – female	23.9	22.9	24.1	23.3
Future pensioners at 65 in 2036 – male	23.9	22.9	24.1	23.2
Future pensioners at 65 in 2036 – female	25.4	24.4	25.6	24.5

A discount rate of 3.0% has been used in calculating the present value of liabilities of the pension schemes at 30 June 2016. A 0.1% change to this rate would have changed the present value of the pension fund liabilities at that date by approximately £1,716,000 before tax.

A Retail Price Index inflation rate of 2.9% and a Consumer Price Index inflation rate of 1.9% have been used in calculating the present value of liabilities of the pension schemes at 30 June 2016. A 0.1% change to these rates would have changed the present value of the pension fund liabilities at that date by approximately £743,000 before tax.

In valuing the liabilities of the pension schemes at 30 June 2016, 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 2016 would have increased by approximately £4,934,000 before tax.

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23 Retirement benefit obligations (continued)

Defined benefit schemes (continued)

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

	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
Scheme assets at fair value:					
Equities	34,342	42,378	40,949	34,503	31,475
Government bonds	10,953	9,016	8,224	11,417	11,823
Corporate bonds and insured annuities	11,974	10,820	10,302	9,738	10,145
Absolute return fund	25,710	19,836	21,557	26,948	23,646
Property	8,075	7,213	4,762	672	719
Cash	1,764	902	779	672	2,077
	92,818	90,165	86,573	83,950	79,885
Present value of scheme liabilities	(115,486)	(111,100)	(104,495)	(94,012)	(94,424)
Defined benefit pension deficit	(22,668)	(20,935)	(17,922)	(10,062)	(14,539)

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

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

2015/16 £000	2014/15 £000
(724)	(711)
(510)	(455)
(1,234)	(1,166)
3,596	2,707
(7,008)	(7,433)
(3,412)	(4,726)
(4,646)	(5,892)
	(724) (510) (1,234) 3,596 (7,008) (3,412)

The actual return on plan assets for 2015/16 was a gain of £6,854,000 (2014/15: gain of £6,329,000).

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

2016 £000	2015 £000
At 1 July (111,100)	(104,495)
Administration costs (510)	(455)
Interest cost (3,982)	(4,333)
Administrative expenses reimbursed by the group 413	455
Benefits paid 6,701	5,161
Actuarial loss (7,008)	(7,433)
At 30 June (115,486)	(111,100)

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For the year ended 30 June 2016

23 Retirement benefit obligations (continued)

Defined benefit schemes (continued)

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

At 30 June	92,818	90,165
Benefits paid	(6,701)	(5,161)
Administrative expenses	(413)	(455)
Contributions by employer	2,913	2,879
Actuarial gain	3,596	2,707
Expected return on plan assets	3,258	3,622
At 1 July	90,165	86,573
	2016 £000	2015 £000

During the year ended 30 June 2016 £2,500,000 of contributions to the scheme deficit were paid into the defined benefit plans (2015: £2,500,000) to eliminate the past service shortfall over ten years. Further contributions of £510,000 (2015: £455,000) were payable by the group to fund the administrative expenses and the Pension Protection Fund Levies on the schemes, of which £413,000 (2015: £455,000) was settled in cash during the year.

The cumulative amount of actuarial losses recognised since 1 July 2004 in the group statement of comprehensive income is £18,003,000 (2014/15: losses of £14,591,000).

Based on the draft triennial valuation, the pension deficit on a technical provisions basis was £33 million at 31 March 2016, largely unchanged on the previous valuation in 2013. Following the EU referendum vote on 23 June 2016 the gilt rate used to value pension schemes on a technical provisions basis decreased, generating an estimated pension deficit on a technical provisions basis on 30 June 2016 of circa £44 million.

24 Provisions

	Dilapidations £000 Note (i)	Warranty £000 Note (ii)	Restructuring £000 Note (iii)	Total £000
At 1 July 2014	941	327	_	1,268
Charge for the year	182	443	285	910
Utilised	(168)	(203)	(181)	(552)
At 1 July 2015	955	567	104	1,626
Charge for the year	44	63	_	107
Utilised	_	(87)	(104)	(191)
At 30 June 2016	999	543	-	1,542
At 30 June 2016				
Current liabilities	268	210	_	478
Non-current liabilities	731	333	-	1,064
	999	543	-	1,542
At 30 June 2015				
Current liabilities	_	298	104	402
Non-current liabilities	955	269	_	1,224
	955	567	104	1,626

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24 Provisions (continued)

(i) Dilapidations

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

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

(ii) Warranty

Warranty provisions are generally utilised within five years.

(iii) Restructuring

The provision for restructuring costs related mainly to the Water Management operating segment.

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

25 Called up share capital

	2016 £000	2015 £000
Allotted, called up and fully paid: 36,133,558 (2015: 36,133,558) ordinary shares of 12.5p each	4.517	4.517
30,133,336 (2013: 30,133,336) Granary Shales Of 12:3p each	4,517	4,517

26 Movements in equity

Share capital and share premium

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

Capital reserve - own shares

The capital reserve – own shares relates to 622,528 (2015: 485,171) ordinary own shares held by the company. The market value of shares at 30 June 2016 was £756,372 (2015: £802,958). 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.

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27 Share based payments

The company operates two types of share based payment schemes, the main features of each scheme as detailed in the Directors' Remuneration Report on pages 34 to 44.

Mojahtad

	As at 1 July 2015	average exercise price (pence)	Granted	average exercise price (pence)	Exercised	average exercise price (pence)	Lapsed	average exercise price (pence)	As at 30 June 2016	average exercise price (pence)
LTIP (i)	846,340	n/a	194,413	n/a	(152,643)	n/a	(145,432)	n/a	742,678	n/a
ESOS (ii)	499,878	1.15	180,000	1.88	(160,000)	0.80	(59,878)	1.49	460,000	1.51
	As at 1 July 2014	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 2015	Weighted average exercise price (pence)
LTIP (i)	912,189	n/a	274,517	n/a	_	n/a	(340,366)	n/a	846,340	n/a
ESOS (ii)	553,878	1.19	130,000	1.30	_	_	(184,000)	1.40	499,878	1.15

Mojahtad

ESOS

For the share options outstanding at 30 June 2016 the weighted average remaining contractual life is 8.3 years (30 June 2015: 7.7 years). The exercise price of the options outstanding ranges between 80 pence and 188 pence. 10,000 share options are exercisable at 30 June 2016 (30 June 2015: None).

LTIP

Whilst an estimated amount has been accrued for the vesting of the October 2013 LTIP award, as shown on page 37, that award does not vest until October 2016 and therefore no vesting is shown in the table above.

Fair value of awards

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

	ESOS			
	Black Scholes 2016	Black Scholes 2015	Black Scholes & Binomial 2016	Black Scholes & Binomial 2015
Share price at grant date	178p	156p	178p	156p
Exercise price	188p	130p	nil	nil
Expected volatility	25%	25%	25%	25%
Expected life (years)	3	3	3	3
Risk free rate	1.0%	1.0%	1.0%	1.0%
Dividend yield at date of grant	2.9%	4.2%	2.9%	4.2%
Fair value per option	21 p	29p	163p	137p

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

The net charge recognised for share based payments in respect of employee services rendered during the year to 30 June 2016 was £267,000 (2014/15: £300,000).

⁽i) Long term incentive plan.

⁽ii) Executive share option scheme.

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28 Movement in cash net of borrowings

	Cash and bank overdrafts £000	Bank loans £000	Net (borrowings)/ cash £000
At 1 July 2014	2,224	(9,890)	(7,666)
Cash flow movements	3,672	5,000	8,672
Non-cash movements	_	(110)	(110)
Effect of foreign exchange rates	18	_	18
At 1 July 2015	5,914	(5,000)	914
Cash flow movements	4,599	3,000	7,599
Non-cash movements	-	92	92
Effect of foreign exchange rates	27	_	27
At 30 June 2016	10,540	(1,908)	8,632

29 Financial commitments

(i) Capital commitments

At 30 June 2016, £116,000 (2015: £49,000) of capital expenditure had been authorised and £56,000 (2015: £49,000) 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 2016 £000	Plant and vehicles 2016 £000	Property 2015 £000	Plant and vehicles 2015 £000
Less than one year	830	609	800	574
Between one and five years	1,076	883	1,786	932
After five years	1,067	_	1,087	-
	2,973	1,492	3,673	1,506

Subsequent to the balance sheet date the group entered into two new property lease agreements: a 15 year lease with an annual lease charge of £405,000 within our Housebuilding & Ancillary Products segment and a 5 year lease with an annual lease charge of £71,000 within our Roofing & Walling segment.

The total future minimum sub-lease receipts under non-cancellable operating leases where the group acts as a lessor are as follows:

Property 2016 £000	Property 2015 £000
Less than one year 32	32

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30 Related party disclosure

The group's principal subsidiaries are listed below:

		Country of	% of e ar	equity interest and votes held
Principal subsidiaries	Principal activity	incorporation	2016	2015
Alumasc Exterior Building Products Limited	Building products	England	100	100
Alumasc Limited	Building products	England	100	100
Levolux Limited	Building products	England	100	100

A full list of the group's subsidiaries is shown on page 108.

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 Directors' Remuneration Report on pages 34 to 44.

31 Contingent liabilities

At the balance sheet date there existed contingent liabilities amounting to £723,000 (2015: £1,600,000) in relation to outstanding Guarantees and £180,000 (2015: £311,000) in relation to outstanding Performance Bonds.

Company Statement of Financial Position At 30 June 2016

Notes February F			2016	2015
Non-current assets		Notes		(re-stated) £000
Property, plant & equipment Investments in group companies 6 64.687 64.687 64.687 64.687 65.09 295 195 696 60.0000 60.0000 60.000 60.000 60.000 60.000 60.000 60.000 60.000 60.000 60.000 60.000 60.0000 60.	Assets			
Investments in group companies 6	Non-current assets			
Deferred tax assets 9 295 196 Current assets 65,486 67,100 Trade and other receivables 7 5,154 745 Total assets 70,640 67,845 Liabilities Non-current liabilities Non-current liabilities Non-current liabilities Non-current liabilities 19 6,800 6,800 Provisions 13 59 6,800 Provisions 13 69 (74 (210 Employee benefits payable 12 (1,169) (976 Current liabilities 10,010 (8,045 Bank overdraft 18 (14,734) (14,526 Interest bearing loans and borrowings 10,18 (2,800) (3,597) Derivative financial liabilities 10,18 (2,280) (3,597) Derivative financial liabilities 11 (273) Net assets 43,343 36,677 Capital and reserves 43,434 4,517 4,517	Property, plant & equipment	5	504	2,217
Current assets 65,486 67,100 Trade and other receivables 7 5,154 745 Total assets 70,640 67,845 Total assets 70,640 67,845 Liabilities Non-current liabilities Interest bearing loans and borrowings 10, 18 (1,908) 6- Amounts due to subsidiary undertakings 19 (6,800) (6,800) Provisions 19 (6,800) (6,800) Peferred tax liabilities 9 (74) (210 Employee benefits payable 12 (1,169) (96 Current liabilities 9 (74) (210 Employee benefits payable 18 (14,734) (14,524) Bank overdraft 18 (14,734) (14,524) Interest bearing loans and borrowings 10, 18 - (5,000) Trade and other payables 8 (2,280) (3,597) Derivative financial liabilities (7,297) (3,168) Net assets	Investments in group companies	6	64,687	64,687
Current assets 7 5,154 7.45 Troda and other receivables 7 5,154 7.45 Total assets 70,640 67,855 Liabilities University in properties of the properti	Deferred tax assets	9	295	196
Trade and other receivables 7 5,154 745 Total assets 70,640 67,845 Liabilities Non-current liabilities Interest bearing loans and borrowings 10,18 (1,908) - Amounts due to subsidiary undertakings 19 (6,800) (6,900) (6,900			65,486	67,100
S,154 745 74		7	5.154	745
Total assets 70,640 67,845 Liabilities Non-current liabilities Interest bearing loans and borrowings 10,18 (1,908) - Amounts due to subsidiary undertakings 19 (6,800) (6,800) (5,900) Provisions 19 (6,800) (6,800) (5,900) (5,900) (5,900) (5,900) (5,900) (7,900) (5,900) (7,900) (7,900) (7,900) (7,900) (7,900) (7,900) (7,900) (8,045) (8,045) (8,045) (8,045) (8,045) (9,000) (8,045) (9,000) (8,045) (9,000) (9,000) (8,045) (9,000) (10,000) (10,000) (10,000) (10,000) (10,000) (10,000) (10,000) (10,000)<		· · · · · · · · · · · · · · · · · · ·	•	745
Liabilities Non-current liabilities Interest bearing loans and borrowings 10, 18 (1,908) — Amounts due to subsidiary undertakings 19 (6,800) (6,800) Provisions 13 (59) (59 Deferred tax liabilities 9 (74) (210 Employee benefits payable 12 (1,010) (8,045 Employee benefits payable 18 (14,734) (14,526 Utrent liabilities 18 (14,734) (14,526 Interest bearing loans and borrowings 10, 18 — (5,000 Trade and other payables 8 (2,280) (3,597) Derivative financial liabilities (17,287) (23,123) Total liabilities (17,287) (23,123) Net assets 43,343 36,677 Capital lad reserves 43,343 36,677 Capital lad reserves 445 4,517 4,517 Share premium 15 445 4,517 4,517 Share premium	Total assets		•	
Non-current liabilities	Total assets		70,040	07,043
Interest bearing loans and borrowings 10, 18 (1,908)	Liabilities			
Amounts due to subsidiary undertakings 19 (6,800) (6,800) Provisions 13 (59) (59) Deferred tax liabilities 9 (74) (210 Employee benefits payable 12 (1,169) (976 Current liabilities Bank overdraft 18 (14,734) (14,526) Interest bearing loans and borrowings 10, 18 - (5,000) Trade and other payables 8 (2,280) (3,597) Derivative financial liabilities 11 (273) - Total liabilities (17,287) (23,123) Total liabilities (27,297) (31,168) Net assets 43,343 36,677 Capital and reserves (27,297) (31,168) Capital preserves 15 445 445 Revaluation reserve 2,265 2,265 2,265 Merger reserve 15 931) (618 Capital reserve — own shares 15 931) (618 Hedging reserve 15 (224) - Profit and loss account res				
Provisions 13 (59) (59) Deferred tax liabilities 9 (74) (210 Employee benefits payable 12 (1,169) (976 Current liabilities Bank overdraft 18 (14,734) (14,526 Interest bearing loans and borrowings 10, 18 - (5,000 Trade and other payables 8 (2,280) (3,597) Derivative financial liabilities 11 (273) - Total liabilities (27,297) (31,168) Net assets 43,343 36,677 Capital and reserves 2 45 Called up share capital 14 4,517 4,517 Share premium 15 445 445 Revaluation reserve 2,265 2,265 Merger reserve 10,606 10,606 Capital reserve – own shares 15 931) 618 Hedging reserve 15 (224) Profit and loss account reserve 15 (26,655)				_
Deferred tax liabilities 9 (74) (210) Employee benefits payable 12 (1,169) (976) Current liabilities Bank overdraft 18 (14,734) (14,526) Interest bearing loans and borrowings 10, 18 — (5,000) Trade and other payables 8 (2,280) (3,597) Derivative financial liabilities 11 (273) — Colla liabilities (27,297) (31,168) Net assets 43,343 36,677 Capital and reserves Called up share capital 14 4,517 4,517 Share permium 15 445 445 Revaluation reserve 2,265 2,265 Merger reserve 10,606 10,606 Capital reserve – own shares 15 (931) (618) Hedging reserve 15 (26,665) 19,462	, ,			
Employee benefits payable 12 (1,169) (976 Current liabilities (10,010) (8,045) Bank overdraft 18 (14,734) (14,526) Interest bearing loans and borrowings 10,18 — (5,000) Trade and other payables 8 (2,280) (3,597) Derivative financial liabilities 11 (273) — Total liabilities (27,297) (31,168) Net assets 43,343 36,677 Capital and reserves 3 445 445 Called up share capital 14 4,517 4,517 Share premium 15 445 445 Revaluation reserve 2,265 2,265 Merger reserve 10,606 10,606 Capital reserve – own shares 15 (931) (618) Hedging reserve 15 (231) (618) Profit and loss account reserve 15 (2665) 19,462				(59)
Current liabilities Bank overdraft 18 (14,734) (14,526 Interest bearing loans and borrowings 10, 18 — (5,000 Trade and other payables 8 (2,280) (3,597 Derivative financial liabilities 11 (273) — City,287) (31,168 Net assets 43,343 36,677 Capital and reserves Called up share capital 14 4,517 4,517 Share premium 15 445 445 Revaluation reserve 2,265 2,265 Merger reserve 10,606 10,606 Capital reserve – own shares 15 (931) (618 Hedging reserve 15 (224) — Profit and loss account reserve 15 (2655) 19,462				(210)
Current liabilities Bank overdraft 18 (14,734) (14,526) Interest bearing loans and borrowings 10, 18 — (5,000) Trade and other payables 8 (2,280) (3,597) — Derivative financial liabilities (17,287) (23,123) — Total liabilities (27,297) (31,168) Net assets 43,343 36,677 Capital and reserves 2 45,177 4,517	Employee benefits payable	12		(976)
Bank overdraft 18 (14,734) (14,526) Interest bearing loans and borrowings 10, 18 — (5,000) Trade and other payables 8 (2,280) (3,597) Derivative financial liabilities (17,287) (23,123) — Total liabilities (27,297) (31,168) Net assets 43,343 36,677 Capital and reserves Called up share capital 14 4,517 4,517 Share premium 15 445 445 Revaluation reserve 2,265 2,265 2,265 Merger reserve 10,606 10,606 10,606 Capital reserve – own shares 15 (931) (618) Hedging reserve 15 (224) — Profit and loss account reserve 15 26,665 19,462	Current liabilities		(10,010)	(8,045)
Interest bearing loans and borrowings		18	(1/1 73/1)	(14 526)
Trade and other payables 8 (2,280) (3,597) Derivative financial liabilities (17,287) (23,123) (17,287) (31,168) Net assets 43,343 36,677 Capital and reserves Called up share capital 14 4,517 4,517 Share premium 15 445 445 Revaluation reserve 2,265 2,265 2,265 Merger reserve 10,606 10,606 10,606 Capital reserve – own shares 15 (931) (618) Hedging reserve 15 (224) Profit and loss account reserve 15 (224)				
Derivative financial liabilities 11 (273) - (17,287) (23,123) - Total liabilities (27,297) (31,168) Net assets 43,343 36,677 Capital and reserves 2 2 Called up share capital 14 4,517 4,517 Share premium 15 445 445 Revaluation reserve 2,265 2,265 2,265 Merger reserve 10,606 10,606 10,606 Capital reserve – own shares 15 (931) (618) Hedging reserve 15 (224) - Profit and loss account reserve 15 (2665) 19,462				
Capital and reserves 43,343 36,677 Capital and reserves 34,517 4,517	· ·			(3,337)
Total liabilities (27,297) (31,168 Net assets 43,343 36,677 Capital and reserves 2 3 4,517 4,517 4,517 4,517 5,517 5,517 5,517 5,517 5,517 5,517 5,517 5,517 5,517 6,517 6,517 6,517 6,517 4,517 4,517 4,517 4,517 4,517 4,517 5,517 6,518 6,518 6,518 6,518 6,518 6,518 6,518 7,622				(22.122)
Net assets 43,343 36,677 Capital and reserves 2 3 4,517 4,517 4,517 4,517 5,517 5,517 5,517 5,517 5,517 5,517 5,517 5,517 5,517 5,517 6,517 7,517 6,517 7,517 6,517 7,517 <td> IP 1999</td> <td></td> <td></td> <td></td>	IP 1999			
Capital and reserves Called up share capital 14 4,517 4,517 Share premium 15 445 445 Revaluation reserve 2,265 2,265 2,265 Merger reserve 10,606 10,606 10,606 Capital reserve – own shares 15 (931) (618 Hedging reserve 15 (224) - Profit and loss account reserve 15 26,665 19,462	lotal liabilities		(27,297)	(31,168)
Called up share capital 14 4,517 4,517 Share premium 15 445 445 Revaluation reserve 2,265 2,265 2,265 Merger reserve 10,606 10,606 10,606 Capital reserve – own shares 15 (931) (618 Hedging reserve 15 (224) - Profit and loss account reserve 15 26,665 19,462	Net assets		43,343	36,677
Called up share capital 14 4,517 4,517 Share premium 15 445 445 Revaluation reserve 2,265 2,265 2,265 Merger reserve 10,606 10,606 10,606 Capital reserve – own shares 15 (931) (618 Hedging reserve 15 (224) - Profit and loss account reserve 15 26,665 19,462	Capital and reserves			
Share premium 15 445 445 Revaluation reserve 2,265 2,265 2,265 Merger reserve 10,606 10,606 10,606 Capital reserve – own shares 15 (931) (618 Hedging reserve 15 (224) - Profit and loss account reserve 15 26,665 19,462		14	4,517	4,517
Revaluation reserve 2,265 2,265 Merger reserve 10,606 10,606 Capital reserve – own shares 15 (931) (618 Hedging reserve 15 (224) - Profit and loss account reserve 15 26,665 19,462	Share premium			445
Merger reserve 10,606 10,606 10,606 Capital reserve – own shares 15 (931) (618 Hedging reserve 15 (224) - Profit and loss account reserve 15 26,665 19,462	!			2,265
Capital reserve – own shares 15 (931) (618 Hedging reserve 15 (224) - Profit and loss account reserve 15 26,665 19,462			•	10,606
Hedging reserve15(224)-Profit and loss account reserve1526,66519,462	<u> </u>	15	•	(618)
Profit and loss account reserve 15 26,665 19,462				-
Shareholders' funds 43,343 36,677	Profit and loss account reserve			19,462
	Shareholders' funds		43,343	36,677

Paul HooperAndrew MagsonDirectorDirector

1 September 2016

Company number 1767387

Company Statement of Cash Flows

For the year ended 30 June 2016

	Notes	2015/16 £000	2014/15 £000
Operating activities			
Operating profit		8,764	(4,593)
Adjustments for:		-	
Depreciation	5	82	112
Impairment of investments		_	9,835
(Increase)/decrease in receivables		(4,409)	743
(Decrease)/increase in trade and other payables		(1,277)	1,873
Cash contributions to retirement benefit schemes	12	(110)	(110)
Share based payments		181	300
		3,231	8,160
Tax paid		(128)	(90)
Net cash inflow from operating activities		3,103	8,070
Investing activities			
Purchase of property, plant and equipment		(12)	(7)
Proceeds from sale of property		2,883	-
Net cash inflow/(outflow) from investing activities		2,871	(7)
Financing activities			
Interest paid		(243)	(401)
Equity dividends paid		(2,208)	(1,889)
Repayment of amounts borrowed	18	(3,000)	(5,000)
Refinancing costs	18	(119)	_
Purchase of own shares		(612)	-
Net cash outflow from financing activities		(6,182)	(7,290)
Net (decrease)/increase in cash and cash equivalents	18	(208)	773
Net cash and cash equivalents brought forward		(14,526)	(15,299)
Net cash and cash equivalents carried forward	18	(14,734)	(14,526)

Company Statement of Changes in Equity

For the year ended 30 June 2016

	Notes	Share capital £000	Share premium £000	Revaluation reserve £000	Merger reserve £000	Capital reserve – own shares £000	Hedging reserve £000	Profit and loss account reserve £000	Total equity £000
At 1 July 2014 –									
as previously reported		4,517	445	2,265	10,606	(618)	_	26,862	44,077
Impact of transition to IFRS (note	21)	_	-	_	-	_	_	(193)	(193)
At 1 July 2014 – re-stated		4,517	445	2,265	10,606	(618)	_	26,669	43,884
Loss for the period – re-stated Actuarial loss on defined		_	_	-	_	_	-	(5,443)	(5,443)
benefit pensions, net of tax		_	_	_	_	_	_	(175)	(175)
Dividends	4	_	_	_	_	_	_	(1,889)	(1,889)
Share based payments	16	_	-	_	_	-	_	300	300
At 1 July 2015 – re-stated		4,517	445	2,265	10,606	(618)	_	19,462	36,677
Profit for the period		_	_	_	_	_	_	9,771	9.771
Net loss on cash flow hedges		_	_	_	_	_	(273)	_	(273)
Tax on derivative financial liability Actuarial loss on defined		-	-	_	-	_	49	-	49
benefit pensions, net of tax		_	_	_	_	_	_	(242)	(242)
Dividends	4	_	_	_	_	_	_	(2,208)	(2,208)
Share based payments	16	_	_	_	_	_	_	181	181
Acquisition of own shares		_	_	_	_	(313)	_	_	(313)
Exercise of share based incentives		_	=	_	_	-	_	(299)	(299)
At 30 June 2016		4,517	445	2,265	10,606	(931)	(224)	26,665	43,343

Notes to the Company Financial Statements

For the year ended 30 June 2016

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 company financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), and the Companies Act 2006.

The financial statements are prepared on the historical cost basis except for derivative financial instruments and equity settled share based payments which are stated at their fair value.

The financial statements are prepared on a consistent basis with the Alumasc Group plc consolidated financial statements. As permitted by Section 408 of the Companies Act 2006, the company profit and loss account is not presented. The profit for the year after tax was £9,771,000 (2015: loss £5,443,000).

Transition to Adopted IFRSs

The company is preparing its financial statements in accordance with Adopted IFRS for the first time and consequently has applied IFRS 1. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the company is provided in note 21.

Going concern

The company participates in the Alumasc group's overall borrowing facilities and treasury operations are managed on a centralised basis throughout the group. The company's borrowings are subject to cross-guarantees and offset arrangements with positive cash balances elsewhere in the group.

The group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 1 to 25. The financial position of the group, its cash flows and liquidity position are set out in these financial statements. Details of the group's borrowing facilities are described within note 10.

The group has committed borrowing facilities of £12.5 million which expire in August 2020. In addition, the group has recently renewed overdraft facilities totalling £2 million for another year. At 30 June 2016 the group's net cash resources were £8.6 million (2015: £0.9 million).

On the basis of the group's financing facilities and current operating and financial plans and sensitivity analyses, the Board is satisfied that the group has adequate resources to continue in operational existence for the foreseeable future and accordingly continues to adopt the going concern basis in preparing the financial statements. Further information is set out in the viability statement on page 21.

2 Summary of significant accounting policies

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 1 July 2014 for the purposes of the transition to Adopted IFRSs. Prior year financial information has been re-stated accordingly to reflect the transition from UK GAAP to IFRS.

The following new standard, amendment and interpretation is effective for the period beginning on or after 1 July 2015 and has been adopted for the company financial statements where appropriate with no material impact on the disclosures made by the company:

IAS 1 Presentation of Financial Statements.

Judgments and estimates

The key source of estimation uncertainty that has a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year is the measurement and valuation of defined benefit pension obligations. Measurement of defined benefit pension obligations requires estimation of future changes in inflation, mortality rates and the selection of a suitable discount rate (see note 12).

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 company elected to bring in previous valuations of freehold and long leasehold land and buildings at a valuation frozen under FRS 15, and these amounts are carried forward at deemed cost.

Freehold land is not depreciated.

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

Freehold buildings – 25 to 50 years

Long leasehold property – over the period of the lease to a maximum of 50 years

Plant and equipment – 3 to 15 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.

Strategic Report Governance

2 Summary of significant accounting policies (continued)

Impairment of fixed assets

The company 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 company 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. It is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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

Leased assets

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

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

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

Financial assets

When financial assets are recognised initially under IAS 39, they are measured at fair value, being the transaction price plus directly attributable transaction costs

Pension costs

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

(i) Defined benefit pensions

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

The company determines finance income/expense for the period relating to the defined benefit pension scheme by applying the discount rate used for valuing the scheme's liabilities to the value of the net pension liability at the beginning of the year.

The net pension scheme finance costs are charged to finance costs within the statement of comprehensive income. The expense of administering the pension scheme is recognised in the statement of comprehensive income.

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

The defined benefit pension asset or liability in the statement of financial position comprises the total 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 company expects to recover by way of refunds from the plan or reductions in the future contributions.

(ii) Defined contribution pensions

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

Notes to the Company Financial Statements

For the year ended 30 June 2016

2 Summary of significant accounting policies (continued)

Income taxes

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

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

- where the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

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

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

Foreign currencies

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

Own shares

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

Equity settled share based payment transactions

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

Investment in subsidiaries

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

Derivative financial instruments and hedging

The company uses derivative financial instruments to hedge its, and the group's exposure to interest rate and foreign exchange risk.

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

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

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

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

Strategic Report Governance

2 Summary of significant accounting policies (continued)

Derivative financial instruments and hedging (continued)

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

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

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

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

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the statement of comprehensive income.

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 the statement of comprehensive income.

Trade and other receivables

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

Cash and cash equivalents

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

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

Interest bearing loans and borrowings

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

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

Provisions

A provision is recognised when the company 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 company expects some or all of a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

New standards and interpretations not applied

The company is currently assessing the impact that IFRS 9 'Financial Instruments' and IFRS 16 'Leases' will have on the company's assets and liabilities.

Notes to the Company Financial Statements

For the year ended 30 June 2016

3 Expenses by nature

The following item has been charged in arriving at operating profit:

	2015/16 £000	2014/15 £000
Auditors' remuneration – audit of the financial statements of the company	17	17

4 Dividends

	2015/16 £000	2014/15 £000
Interim dividend for 2016 of 2.7p paid on 7 April 2016	960	_
Final dividend for 2015 of 3.5p paid on 28 October 2015	1,248	_
Interim dividend for 2015 of 2.5p paid on 7 April 2015	-	891
Final dividend for 2014 of 2.8p paid on 5 November 2014	-	998
	2,208	1,889

A final dividend of 3.8 pence per equity share, at a cash cost of £1,349,000, has been proposed for the year ended 30 June 2016, payable on 1 November 2016. In accordance with IFRS accounting requirements this dividend has not been accrued in these company financial statements.

5 Property, plant and equipment

	Freehold land and buildings £000	Long leasehold property £000	Plant & equipment £000	Total £000
Cost				
At 1 July 2014	3,775	235	299	4,309
Additions	-	_	7	7
Disposals	(377)	_	_	(377)
At 1 July 2015	3,398	235	306	3,939
Additions	-	_	12	12
Disposals	(2,649)	-	_	(2,649)
At 30 June 2016	749	235	318	1,302
Depreciation				
At 1 July 2014	1,410	181	278	1,869
Charge for the year	75	20	17	112
Disposals	(259)	_	-	(259)
At 1 July 2015	1,226	201	295	1,722
Charge for the year	55	19	8	82
Disposals	(1,006)	-	_	(1,006)
At 30 June 2016	275	220	303	798
Net book value At 30 June 2016	474	15	15	504
At 30 June 2015	2,172	34	11	2,217
At 1 July 2014	2,365	54	21	2,440

Included within freehold land and buildings is land of £336,000 (2015: £1,909,000) which is not depreciated.

The disposals in the year with a net book value of £1,643,000 relate to the sale of land and buildings in connection with the disposal of the Dyson Diecastings business on 30 June 2016 as noted within The Alumasc Group plc consolidated financial statements.

2016

2015

2015

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6 Investments in group companies

	£000
Cost At 1 July 2014, 30 June 2015 and 30 June 2016	75,622
Provisions: At 1 July 2014 Provided in year to 30 June 2015	1,100 9,835
At 30 June 2015 and 30 June 2016	10,935
Net book value: At 30 June 2015 and 30 June 2016	64,687
At 1 July 2014	74,522

During the year to 30 June 2015 £9,835,000 was provided against the investment in Alumasc Precision Limited following the sale of trade and assets of Alumasc Precision Components.

At 30 June 2016 the principal subsidiary undertakings and related classes of business are as follows: Alumasc Exterior Building Products Limited, (building products), Alumasc Limited, (building products) and Levolux Limited, (building products).

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

7 Trade and other receivables

	£000	£000
Other receivables	65	41
Prepayments and accrued income	683	704
rpayments and accrued income ceivables due from subsidiary undertakings	4,406	-
	5,154	745

8 Trade and other payables

	£000	£000
Other payables	1,307	1,059
Accruals	973	898
Payables due to subsidiary undertakings	-	1,640
	2,280	3,597

Notes to the Company Financial Statements

For the year ended 30 June 2016

9 Deferred tax

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

	Pension deferred tax asset £000	Short term temporary differences £000	Hedging £000	Total deferred tax asset £000	Deferred tax liabilities £000
At 1 July 2014 (re-stated)	166	1	_	167	(211)
(Charged)/credited to the statement of comprehensive income	(20)	_	_	(20)	1
Credited to equity	49	_	_	49	_
At 30 June 2015 (re-stated)	195	1	-	196	(210)
(Charged)/credited to the statement of comprehensive income	(5)	34	_	29	136
Credited to equity	21	_	49	70	_
At 30 June 2016	211	35	49	295	(74)

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

Deferred tax assets have been recognised where it is probable that they will be recovered.

Deferred tax liabilities relate to accelerated capital allowances.

10 Borrowings

	2016 £000	2015 £000
Current liabilities:		
Current instalments due on bank loan	_	5,000
Non-current liabilities:		
Non-current instalments due on bank loan	1,908	-

In August 2015 the group entered into a £12.5 million committed revolving credit facility which expires in August 2020. The group has the option to cancel and repay elements of the committed facility at short notice should it wish to do so. The following financial covenants applied to the facility: group interest cover, based on underlying EBITDA (i.e. from continuing operations and before non-recurring items), to be at least four times; and net debt as a multiple of underlying EBITDA (i.e. from continuing operations and before non-recurring items) to be below three times.

Group interest cover was 44.2 times at 30 June 2016 (2015: 17.3 times) whilst the net debt (net debt plus contingent liabilities) multiple of EBITDA was zero given the group's net cash position at 30 June 2016 (2015: 0.1 times).

At 30 June 2016 the group also had £3 million (2015: £3 million) of bank overdraft facilities repayable on demand. The Directors chose to reduce the group's overdraft facilities to £2 million on annual renewal post the year end.

11 Financial instruments

Financial risk management

The company's financial risk management is consistent with that of the group as outlined in the notes to the consolidated financial statements.

Financial assets and liabilities

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

	30 June 2016			30 June 2015
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
Financial assets:				
Trade and other receivables	4,471	4,471	41	41
Financial liabilities:				
Bank overdraft	14,734	14,734	14,526	14,526
Bank loans	1,908	1,908	5,000	5,000
Trade and other payables	9,080	9,080	10,397	10,397
Derivative financial liabilities	273	273	-	-
	25,995	25,995	29,923	29,923

Market values have been used to determine the fair value of bank borrowings. The fair value of forward foreign exchange contracts has been determined by marking those contracts to market against prevailing forward foreign exchange rates.

The table below summarises the maturity profile of the company's financial liabilities at 30 June 2016 and 2015 based on contractual undiscounted payments. The total interest bearing loans and borrowings value in the table below includes future unaccrued interest, whilst the bank overdraft and loans balance in the table above shows only the carrying amount at the year end date.

At 30 June 2016	demand £000	3 months £000	months £000	years £000	Total £000
Interest bearing loans and borrowings	_	11	14,780	2,297	17,088
Trade and other payables	107	1,225	298	7,450	9,080
	107	1,236	15,078	9,747	26,168
At 30 June 2015					
Interest bearing loans and borrowings	_	47	20,535	_	20,582
Trade and other payables	115	1,563	1,840	6,879	10,397
	115	1,610	22,375	6,879	30,979

Notes to the Company Financial Statements

For the year ended 30 June 2016

11 Financial instruments (continued)

Liquidity risk management

The company's liquidity risk management is consistent with that of the group as outlined in the notes to the consolidated financial statements. The company's net debt position at 30 June 2016 was £16.6 million (2015: £19.5 million).

The company's overdraft and revolving credit banking facilities are part of the group's overall credit facilities and are subject to cross guarantees from other group companies. The group as a whole had net cash resources at 30 June 2016 of £8.6 million (2015: £0.9 million).

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

	2016 £000	2015 £000
Floating rate interest bearing financial liabilities:		
In less than one year	14,734	19,526
In two to five years	1,908	_
	16,642	19,526

Interest rate risk management

The company's interest rate risk management is consistent with that of the group as outlined in the notes to the consolidated financial statements.

Cradit rick

The company's credit risk management is consistent with that of the group as outlined in the notes to the consolidated financial statements.

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

				Past due bu	t not impaired
At 30 June 2016	Total £000	Not past due £000	< 30 days £000	30-60 days £000	60-90 days £000
Other receivables Receivables due from subsidiary undertakings	65 4,406	36 4,406	22 -	7 -	- -
	4,471	4,442	22	7	_
At 30 June 2015					
Other receivables	41	36	-	-	5
	41	36	-	-	5

Foreign currency risk

The group has transactional currency exposures as noted within the notes to the consolidated financial statements. The company manages this risk in part, through the use of forward currency contracts. None of the derivative financial instruments held at 30 June 2016 or 30 June 2015 related to derivative trading activity. Where cash flow hedge accounting is applied, gains or losses on the financial instrument hedges are held in equity and only recognised in the income statement when the losses or gains on the hedged transactions are recognised in the income statement.

Hedging activities

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

	2016 £000	2015 £000
Forward foreign exchange contracts	(273)	_

At 30 June 2016 the company had forward foreign exchange contracts with principal amounts equivalent to £3,039,000 (2015: £nil). The forward foreign exchange contracts hedge foreign currency price risks of sales across the group. The cash flows associated with the forward foreign exchange hedges are generally expected to occur within the next 12 months.

The derivative financial instruments carried at fair value have been valued using directly observable market inputs and therefore they are all considered to have been valued at Level 2, as described in the amendments to IFRS 7.

12 Retirement benefit obligations

Defined contribution schemes

£79,000 (2015: £89,000) was charged to operating profit in the statement of comprehensive income for defined contribution pension scheme contributions. At 30 June 2016 there was an accrual of £75,000 payable in respect of defined contribution schemes (2015: £15,000).

Defined benefit scheme

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

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

Following the conclusion of the 2013 triennial actuarial review in the 2013/14 financial year, deficit reduction contributions increased from £90,000 to £110,000 per year, with effect from 1 July 2014.

The principal assumptions used by the actuary in valuing the assets and liabilities of the Scheme for IAS 19 purposes were:

	2016 %	2015 %
Discount rate	3.0	3.7
Expected rate of deferred pension increases	1.9	2.3
Future pension increases	1.7 – 3.5	1.7 – 3.7
Retail Price Index inflation rate	2.9	3.3
Consumer Price Index inflation rate	1.9	2.3
	Years	Years
Post retirement mortality:		
Current pensioners at 65 – male	22.2	22.4
Current pensioners at 65 – female	23.9	24.1
Future pensioners at 65 in 2036 – male	23.9	24.1
Future pensioners at 65 in 2036 – female	25.4	25.6

A discount rate of 3.0% has been used in calculating the present value of liabilities of the pension scheme at 30 June 2016. A 0.1% change to this rate would have changed the present value of the pension fund liabilities at that date by approximately £75,000 before tax.

A Retail Price Index inflation rate of 2.9% and a Consumer Price Index inflation rate of 1.9% have been used in calculating the present value of liabilities of the pension scheme at 30 June 2016. A 0.1% change to these rates would have changed the present value of the pension fund liabilities at that date by approximately £26,000 before tax.

In valuing the liabilities of the pension scheme at 30 June 2016, mortality assumptions have been assumed as indicated above. If life expectancy had been changed to assume that all members of the scheme live for one year longer on average, the value of the reported liabilities at 30 June 2016 would have increased by approximately £230,000 before tax.

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

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

	2016 £000	2015 £000	2014 £000	2013 £000	2012 £000
Equities	1,412	1,731	1,707	1,433	1,298
Gilts	470	376	343	474	487
Bonds	392	376	429	404	418
Absolute return fund	1,253	903	899	1,118	975
Property and cash	391	377	231	56	116
Total market value of assets	3,918	3,763	3,609	3,485	3,294
Actuarial value of liability	(5,087)	(4,739)	(4,438)	(3,957)	(3,998)
Defined benefit pension deficit	(1,169)	(976)	(829)	(472)	(704)

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

Notes to the Company Financial Statements

For the year ended 30 June 2016

12 Retirement benefit obligations (continued)

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

	2015/16 £000	2014/15 £000
Included in net finance cost:		
Net pension scheme finance costs	(33)	(33
Administration costs	(23)	(22
	(56)	(55
Included in other comprehensive income: Actuarial gain on plan assets	154	103
Actuarial loss on retirement benefit obligations	(417)	
Actualian loss of retirement benefit obligations	(417)	(327
	(263)	(224
Total recognised in the statement of comprehensive income	(319)	(279)
The actual return on plan assets for 2015/16 was a gain of £291,000 (2014/15: gain of £254,000).		
Changes in the present value of the defined benefit obligation before taxation are as follows:		
	2016 £000	2015 £000
At 1 July	(4,739)	(4,438
Administration costs	(23)	(22
Interest cost	(170)	(184
Administrative expenses reimbursed by the company	16	22
Benefits paid	246	210
Actuarial loss	(417)	(327)
At 30 June	(5,087)	(4,739
Changes in the fair value of plan assets before taxation are as follows:		
2 2	2016	2015
	0003	£000
At 1 July	3,763	3,609
Expected return on plan assets Actuarial gain	137 154	151 103
Contributions by employer	126	132
Administrative expenses	(16)	(22
Benefits paid	(246)	(210
At 30 June	3,918	3,763

During the year ended 30 June 2016 £110,000 of contributions to the scheme deficit were paid into the defined benefit plans (2015: £110,000) to eliminate the past service shortfall over ten years. Further contributions of £23,000 (2015: £22,000) were payable by the company to fund the administrative expenses and the Pension Protection Fund Levies on the scheme, of which £16,000 (2015: £22,000) was settled in cash during the year.

The cumulative amount of actuarial losses recognised since 1 July 2014 in the statement of comprehensive income is £485,000 (2014/15: losses of £224,000).

13 Provisions

At 1 July 2014, 30 June 2015 and 30 June 2016 59

The company has provided £59,000 (2015: £59,000) in relation to the anticipated cost of dilapidations required under the terms of the lease of business premises owned by the company.

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14 Called up share capital

	2016 £000	2015 £000
Allotted, called up and fully paid: 36,133,558 (2015: 36,133,558) ordinary shares of 12.5p each	4,517	4,517

15 Movements in equity

Share capital and share premium

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

Capital reserve - own shares

The capital reserve – own shares relates to 622,528 (2015: 485,171) ordinary own shares held by the company. The market value of shares at 30 June 2016 was £756,372 (2015: £802,958). 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.

Distributable reserves

In connection with the capital reorganisation in 2007, the company reached agreement with the Pension Trustees that £14 million of the profit and loss account reserve would be retained as a non-distributable reserve until the group's pension deficits reduced below £14 million (as determined by full actuarial valuations). Therefore the Directors consider that £14 million of the company profit and loss account reserve remains non-distributable.

In addition, cumulative actuarial losses relating to defined benefit pension schemes of £1,073,000 within the profit and loss account reserve are non-distributable (2015: losses of £831,000).

16 Share based payments

The company operates two types of share based payment schemes, the main features of each scheme as detailed in the Directors' Remuneration Report on pages 34 to 44.

	As at 1 July 2015	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 2016	Weighted average exercise price (pence)
LTIP (i)	649,112	n/a	146,542	n/a	(123,797)	n/a	(123,798)	n/a	548,059	n/a
ESOS (ii)	89,878	1.42	20,000	1.88	(10,000)	0.80	(39,878)	1.71	60,000	1.49
	As at 1 July 2014	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 2015	Weighted average exercise price (pence)
LTIP (i) ESOS (ii)	636,257 89,878	n/a 1.43	205,019 20,000	n/a 1.30	-	n/a –	(192,164) (20,000)	n/a 1.35	649,112 89,878	n/a 1.42

⁽i) Long term incentive plan.

(ii) Executive share option scheme.

ESOS

For the share options outstanding at 30 June 2016 the weighted average remaining contractual life is 8.4 years (30 June 2015: 5.1 years). The exercise price of the options outstanding ranges between 129 pence and 188 pence. No share options are exercisable at 30 June 2016 (30 June 2015: nil).

LTIP

Whilst an estimated amount has been accrued for the vesting of the October 2013 LTIP award, as shown on page 37, that award does not vest until October 2016 and therefore no vesting is shown in the table above.

Notes to the Company Financial Statements

For the year ended 30 June 2016

16 Share based payments (continued)

Fair value of awards

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

		ESOS		LTIP	
	Black Scholes 2016	Black Scholes 2015	Black Scholes & Binomial 2016	Black Scholes & Binomial 2015	
Share price at grant date	178p	156p	178p	156p	
Exercise price	188p	130p	nil	nil	
Expected volatility	25%	25%	25%	25%	
Expected life (years)	3	3	3	3	
Risk free rate	1.0%	1.0%	1.0%	1.0%	
Dividend yield at date of grant	2.9%	4.2%	2.9%	4.2%	
Fair value per option	21p	29p	163p	137p	

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

The net charge recognised for share based payments in respect of employee services rendered during the year to 30 June 2016 is £267,000 (2014/15: £300,000).

17 Financial commitments

(i) Capital commitments

The company had no capital commitments at the year end (2015: £nil).

(ii) Operating lease commitments

The company has entered into commercial leases on certain properties 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 2016 £000	Plant 2016 £000	Property 2015 £000	Plant 2015 £000
Less than one year	20	1	_	1
Between one and five years	80	1	_	1
After five years	1,067	_	_	-
	1,167	2	-	2

The total future minimum sub-lease receipts under non-cancellable operating leases where the company acts as a lessor are as follows:

	Property 2016 £000	Property 2015 £000
Less than one year	32	_

Strategic Report Governance

18 Movement in net borrowings

	Bank overdrafts £000	Bank loans £000	Net borrowings £000
At 1 July 2014	15,299	9,890	25,189
Cash flow movements	(773)	(5,000)	(5,773)
Non-cash movements	_	110	110
At 1 July 2015	14,526	5,000	19,526
Cash flow movements	208	(3,000)	(2,792)
Non-cash movements	_	(92)	(92)
At 30 June 2016	14,734	1,908	16,642

The company is part of a group offset banking arrangement, together with its subsidiary undertakings.

19 Related party disclosure

Terms and conditions of transactions with related parties

A full list of the company's subsidiaries is shown on page 108.

The total non-current position with regards to amounts owed to subsidiary undertakings at 30 June 2016 was a £6,800,000 liability (2015: £6,800,000 liability).

The current amounts receivable from (2015: payable to) subsidiary undertakings at 30 June 2016 was a £4,406,000 receivable (£1,640,000 payable), see notes 7 and 8 respectively.

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 Directors' Remuneration Report on pages 34 to 44.

20 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 £3,534,000 (2015: £3,991,000) of the overdraft facilities guaranteed by the company.

21 Transition to IFRS

As stated in note 1 this is the first year that the company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 30 June 2016, the comparative information presented for the year ended 30 June 2015 and in the preparation of an opening statement of financial position at 1 July 2014.

In preparing the IFRS statement of financial position the company has adjusted amounts reported previously in its financial statements prepared in accordance with the previously extant United Kingdom generally accepted accounting practice (UK GAAP). The company has applied requirements of IFRS 1 'First Time Adoption of International Financial Reporting Standards'.

Notes to the Company Financial Statements

For the year ended 30 June 2016

21 Transition to IFRS (continued)

An explanation of how the transition to IFRS has affected the company's financial position and financial performance is set out in the following table and notes that accompany the table.

(a) Reconciliation of reported UK GAAP to re-stated IFRS statements of financial position

	1 July 2014				0 June 2015		
	Notes	UK GAAP £000	Effect of transition to IFRS £000	Re-stated balance under IFRS £000	UK GAAP £000	Effect of transition to IFRS £000	Re-stated balance under IFRS £000
Non-current assets							
Property, plant & equipment		2,440	_	2,440	2,217	_	2,217
Investments in group companies		74,522	-	74,522	64,687	_	64,687
Deferred tax assets	(b), (c)	_	167	167	_	196	196
		76,962	167	77,129	66,904	196	67,100
Current assets							
Trade and other receivables		1,488	_	1,488	745	_	745
Derivative financial assets		40		40			
		1,528	_	1,528	745	_	745
Total assets		78,490	167	78,657	67,649	196	67,845
Non-current liabilities							
Interest bearing loans and borrowings		(9,890)	-	(9,890)	(5,000)	_	(5,000)
Amounts due to subsidiary undertakings		(6,800)	-	(6,800)	(6,800)	_	(6,800)
Provisions		(59)	_	(59)	(59)	_	(59)
Deferred tax liabilities	(c)	(17)	(194)	(211)	(16)	(194)	(210)
Employee benefits payable	(b)	(663)	(166)	(829)	(781)	(195)	(976)
		(17,429)	(360)	(17,789)	(12,656)	(389)	(13,045)
Current liabilities		(15.200)		(15.200)	(1.4.526)		(1.4.526)
Bank overdraft		(15,299) (1,685)	_	(15,299)	(14,526)	_	(14,526) (3,597)
Trade and other payables				(1,685)	(3,597)		
		(16,984)	_	(16,984)	(18,123)	_	(18,123)
Total liabilities		(34,413)	(360)	(34,773)	(30,779)	(389)	(31,168)
Net assets		44,077	(193)	43,884	36,870	(193)	36,677
Called up share capital		4,517	-	4,517	4,517	-	4,517
Share premium		445	_	445	445	_	445
Revaluation reserve		2,265	-	2,265	2,265	-	2,265
Merger reserve		10,606	-	10,606	10,606	-	10,606
Capital reserve – own shares		(618)		(618)	(618)	_	(618)
Profit and loss account reserve	(c)	26,862	(193)	26,669	19,655	(193)	19,462
Shareholders' funds		44,077	(193)	43,884	36,870	(193)	36,677

(b) Employee benefits payable

Under UK GAAP the pension deficit shown on the face of the statement of financial position is disclosed net of the related deferred tax asset. However, under IFRS the pension deficit is shown gross with the associated deferred tax asset disclosed separately within non-current assets.

At 1 July 2014 and 30 June 2015, the related deferred tax asset was £166,000 and £195,000 respectively. These assets have therefore been reclassified above to non-current deferred tax assets.

(c) Deferred tax

Deferred tax liabilities in respect of accelerated capital allowances with a value under UK GAAP of £18,000 at 1 July 2014 and £17,000 at 30 June 2015 have been restated under IFRS to a value of £211,000 at 1 July 2014 and £210,000 at 30 June 2015. As required by IFRS 1 the resultant net asset impact has been taken to retained earnings.

Further to this, deferred tax assets of £1,000 at 1 July 2014 and 30 June 2015 in respect of short term timing differences have been reclassified on the face of the statement of financial position to non-current assets. These were previously included within deferred tax liabilities given the immaterial value and nature of the asset.

Five Year Summary

		2015/16 £000	2014/15 £000	2013/14 £000	2012/13 £000	2011/12 £000
Income Statement Summary Continuing operations:						
Revenue		92,233	90,295	80,301	85,291	71,094
Underlying operating profit		8,476	8,314	6,645	7,133	3,234
Net interest cost on borrowings		(215)	(592)	(521)	(767)	(706)
Underlying profit before tax		8,261	7,722	6,124	6,366	2,528
Brand amortisation IAS 19 pension scheme costs Non-recurring costs		(268) (1,234) –	(268) (1,166) –	(268) (900) –	(273) (1,396) (1,315)	(299) (317) (273)
Profit before taxation		6,759	6,288	4,956	3,382	1,639
Taxation		(1,581)	(1,483)	(1,016)	(1,025)	(372)
Profit for the year from continuing operations		5,178	4,805	3,940	2,357	1,267
Discontinued operations - Profit/(loss) after tax		1,306	(429)	101	(471)	(854)
Profit for the year		6,484	4,376	4,041	1,886	413
Continuing operations:						
Order book at 30 June		26,569	24,014	19,737	21,116	28,524
Return on sales		9.2%	9.2%	8.3%	8.4%	4.5%
Underlying tax rate		20.8%	22.0%	24.2%	25.7%	31.6%
Underlying earnings per share (pence) Basic earnings per share (pence) Dividends per share (pence)		18.4 14.5 6.5	16.9 13.5 6.0	13.0 11.1 5.0	13.3 6.6 4.5	4.9 3.6 2.0
Basic earnings per share (total group) (pence)		18.2	12.3	11.3	5.3	1.2
Balance Sheet Summary at 30 June						
Shareholders' funds Net (cash)/debt Pension deficit (net of associated deferred tax asset) Discontinued operations		16,580 (8,632) 18,588	15,929 (914) 16,748 (2,969)	17,042 7,666 14,338 (11,037)	22,443 7,687 7,748 (12,169)	18,928 13,229 11,050 (13,219)
Capital Invested – continuing operations		26,536	28,794	28,009	25,709	29,988
Ratios: Underlying return on capital invested (post-tax) Gearing EBITDA interest cover	(note a) (note b) (note c) (note d)	24.3% - 44.2	22.8% - 17.3	18.8% 45.0% 17.2	19.0% 34.3% 12.0	7.4% 70.0% 7.6
Net debt/EBITDA	(note a)	n/a	0.1	1.0	1.0	2.5

Notes

- a) Underlying operating profit after tax from continuing operations calculated using the underlying tax rate, as a percentage of average capital invested.
- b) Net borrowing as a percentage of shareholders' funds.
- c) EBITDA divided by net interest cost on borrowings.
- d) Net debt plus contingent liabilities divided by underlying EBITDA.

Additional Shareholder Information

Purchase of own shares by the company

At last year's annual general meeting, authority was granted to the Directors to purchase, in the market, the company's own shares, up to the limit of 14.9% of the issued share capital. The authority is expressed to expire on the 21 October 2016 or the company's next annual general meeting whichever is earlier. 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.

Share capital

The details of the company's share capital structure are given in note 25 to the group financial statements.

With the exception of ordinary shares held in the employee trust being subject to a waiver of the right to a dividend as, detailed in the Directors' Report on page 45, all shares carry equal rights and no restrictions other than those imposed from time to time by laws and regulations and pursuant to the Listing Rules of the Financial Conduct Authority. The full rights are set out in the articles of association (the 'Articles'), the latest copy of which can be found on the group's website at www.alumasc.co.uk.

Articles of association

Any amendment to the Articles may be made in accordance with the provisions of applicable English law concerning companies, specifically the Companies Act 2006 (as amended from time to time), by way of special resolution at a general meeting of the shareholders.

Major shareholders

In addition to those shareholdings of John McCall and Philip Gwyn detailed on page 38 the analysis of the company's share register showed the following interests in 3% or more of the company's issued ordinary shares as at 30 June 2016:

	ordinary shares	% of issued share capital
AXA Investment Management	4,255,000	11.69
Delta Lloyd Asset Management	2,788,332	7.72
Charles Stanley Group plc	2,236,962	6.19
Unicorn Asset Management	2,059,764	5.70
Hargreaves Lansdown Asset Management	1,572,421	4.35
Chelverton Asset Management	1,226,000	3.39

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

On the 11 July 2016 Charles Stanley Group plc notified the company that its shareholding in the company fell to 1,786,007 ordinary shares, representing 4.94% of the issued capital.

On the 26 July 2016 Delta Lloyd Asset Management notified the company that its shareholding in the company fell to 2,305,332 ordinary shares, representing 6.47% of the issued capital.

Ordinary shareholders on the register at 30 June 2016:

	number of shareholders	number of ordinary shares
Shareholding range:		
1 – 999	388	185,538
1,000 – 9,999	544	1,458,213
10,000 – 99,999	150	4,358,299
100,000 – 999,999	42	14,351,104
1,000,000 and over	8	15,780,404
	1,132	36,133,558

Change of control

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

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

Compensation for loss of office

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.

Notice of Annual General Meeting

Notice is hereby given that the 2016 Annual General Meeting ('AGM') 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 27 October 2016 for the following purposes:

Ordinary business

To consider, and if thought fit, to pass the following Resolutions as Ordinary Resolutions.

- 1 To receive the reports of the Directors and auditor and the accounts for the year ended 30 June 2016
- 2 To receive the report of the Remuneration Committee for the year ended 30 June 2016
- 3 To declare a final dividend of 3.8 pence per share
- 4 To re-elect John McCall as a Director¹
- 5 To re-elect Paul Hooper as a Director
- 6 To re-elect Jon Pither as a Director 123
- 7 To re-elect Philip Gwyn as a Director¹²³
- 8 To re-elect Richard Saville as a Director 123
- 9 To re-appoint KPMG LLP as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting at which accounts are laid before the shareholders and to authorise the Directors to determine the auditor's 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 10 shall be proposed as an Ordinary Resolution and Resolutions 11 and 12, shall be proposed as Special Resolutions.

10 Renewal of Directors' authorities to allot shares

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

11 Disapplication of statutory pre-emption rights

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

- (i) the allotment of equity securities in connection with a rights issue or other offer of securities in favour of the holders of ordinary shares on the register of members at such dates as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on such record dates subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depository receipts or any other matter whatever; and
- (ii) the allotment (otherwise than pursuant to sub paragraph (i) above) to any person or persons of equity securities up to an aggregate nominal amount of £225,835; and shall expire on the date of expiry of the authority conferred by Resolution 10 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

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

Notice of Annual General Meeting

12 Company's authority to purchase its own shares

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

- (i) the maximum number of ordinary shares hereby authorised to be acquired is 5,383,900 which represents 14.9% of the issued share capital of the Company on 31 August 2016;
- (ii) the minimum price (exclusive of taxes and expenses) which may be paid for such ordinary shares is 12.5p per share;
- (iii) the maximum price (exclusive of taxes and expenses) which may be paid for such ordinary shares is an amount equal to 105% of the average of the middle market quotations for ordinary shares (derived from the Daily Official List of the London Stock Exchange Plc) for the five dealing days immediately preceding the day on which such ordinary shares are contracted to be purchased;
- (iv) the authority hereby conferred shall expire on 26 October 2017, 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 22 October 2015.

By order of the Board

A Magson

Company Secretary

1 September 2016

Registered Office

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

Explanatory notes to the Resolutions 4, 5, 6, 7, 8, 10, 11 and 12 to be proposed at the 2016 Annual General Meeting

Resolution 4 - Re-election of John McCall

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

Resolution 5 - Re-election of Paul Hooper

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

Resolutions 6 to 8 – Re-election of Jon Pither, Philip Gwyn and Richard Saville

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

The Board has concluded that the five Directors standing for re-election are effective, committed to their role, and subject to shareholder approval, should continue in office. The biographical details of each Director is set out on pages 26 and 27 of the Annual Report 2016.

Resolution 10 - Renewal of Directors' authority to allot shares

By virtue of Section 551 of the Companies Act 2006 the Directors require the authority of shareholders of the Company to allot shares or other relevant securities of the Company, Resolution 10 authorises the Directors to make allotments of up to an additional 12,044,519 shares (being approximately one third of the issued share capital of the Company as at 31 August 2016). This authority will lapse at the conclusion of the next annual general meeting, unless renewed earlier. The Directors have no present intention to exercise the authority proposed to be conferred by Resolution 10.

Resolution 11 – Disapplication of statutory pre-emption rights

By virtue of Section 561 of the Companies Act 2006 any issue by the Company of equity capital for cash made otherwise than to existing shareholders on a proportional basis requires the consent of the shareholders of the Company unless the Company has obtained the authority of the shareholders under Section 571 of the Act. The purpose of Resolution 11 is to authorise the Directors to allot shares by way of rights or pursuant to an open offer or otherwise than strictly pro rata when they consider it expedient to do so and allows them to issue for cash up to 1,806,677 shares other than on a pre-emptive basis (representing 5% of the issued share capital of the Company as at 31 August 2016).

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

The Directors consider it desirable that the Company should have the authority to make market purchases of its own shares. The purpose of Resolution 12 is to authorise the Directors generally to purchase up to 5,383,900 ordinary shares in the market (being 14.9% of the issued share capital of the Company as at 31 August 2016). The Directors will only exercise the authority granted by Resolution 12 (if passed) if to do so would result in an increase in earnings per share and is in the best interests of shareholders generally. This authority will lapse on the 26 October 2017, unless renewed earlier.

The Alumasc Group p	lc
Report and Account	s 2016

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Strategic Report

Notes to the Notice of Annual General Meeting

- 1. Holders of ordinary shares, or their duly appointed representatives, are entitled to attend and vote at the AGM. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and speak and vote on their behalf at the meeting. A shareholder can appoint the Chairman of the meeting or anyone else to be his/her proxy at the meeting. A proxy need not be a shareholder. More than one proxy can be appointed in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different ordinary share or shares held by that shareholder. To appoint more than one proxy, the Proxy Form should be photocopied and completed for each proxy holder. The proxy holder's name should be written on the Proxy Form together with the number of shares in relation to which the proxy is authorised to act. The box on the Proxy Form must also be ticked to indicate that the proxy instruction is one of multiple instructions being given. All Proxy Forms must be signed and, to be effective, must be lodged with the Company's registrar Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not later than 48 hours before the time of the meeting, or in the case of an adjournment 48 hours before the adjourned time.
- 2. The return of a completed Proxy Form or other such instrument or will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
- 3. Any person to whom this Notice is sent who is a person nominated under Section 146 of the CA 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- 4. Only shareholders whose names appear on the register of members of the Company as at 48 hours before the time of the meeting shall be entitled to attend the AGM either in person or by proxy and the number of ordinary shares then registered in their respective names shall determine the number of votes such persons are entitled to cast on a poll at the AGM.
- 5. The statement of the rights of shareholders in relation to the appointment of proxies in note 1 does not apply to Nominated Persons. The rights described in that note can only be exercised by shareholders of the Company.
- 6. As at 31 August 2016, being the latest practicable date prior to the publication of this document, the Company's issued share capital consists of 36,133,558 ordinary shares with voting rights.
- 7. Copies of the Directors' service contracts with the Company will be available to members for inspection at the registered office during business hours on any week day (public holidays excepted) and will be available at the place of the AGM for fifteen minutes prior to and during the AGM.

List of Subsidiaries

The group's subsidiary undertakings as at 30 June 2016 are shown below. Unless otherwise disclosed all subsidiary undertakings are incorporated in the UK. All Subsidiaries are 100% owned and with a share class of ordinary shares.

Subsidiary	Principal activity	Country of incorporation
Alumasc Exterior Building Products Limited	Building Products	
Alumasc Limited	Building Products	
Levolux Limited	Building Products	
Alumasc Precision Limited A.G. Standard Company Limited	Dormant Dormant	
A.G. Standard Company Emilied Access Floor Systems Limited	Dormant	
AIBP 2 Limited	Dormant	
ALK Limited	Dormant	
Alumasc Building Products Limited	Dormant	
Alumasc Construction Products Limited	Dormant	
Alumasc D Developments Limited (formally Dyson Developments Limited)	Dormant	
Alumasc Dispense Limited	Dormant	
Alumasc Holdings Limited Alumasc Interior Building Products Limited	Dormant Dormant	
Alumasc Precision Hong Kong Limited	Dormant	Hong Kong
Alumasc Trading (Foshan) Limited	Dormant	China
Alumasc-Grundy Limited	Dormant	Ca
Apex Gutter & Drainage Limited	Dormant	
Benion Limited	Dormant	
Benjamin Priest Group Limited	Dormant	
Benjamin Priest Limited	Dormant	
Blackdown Horticultural Consultants Limited BLK Limited	Dormant	
BLL Limited	Dormant Dormant	
C. C. Realisations Limited	Dormant	
Chardene Die & Tool Company Limited	Dormant	
Cleomack (One) Limited	Dormant	
Cleomack (Three) Limited	Dormant	
Cleomack Limited	Dormant	
Condyle Limited	Dormant	
Copal Casting Limited	Dormant	
D.E. Limited Doranda Limited	Dormant Dormant	
Drew Street Limited	Dormant	
Dyson Diecastings Limited (name changed to Alumasc DD Limited following the year end)	Dormant	
Elkington China Limited	Dormant	Hong Kong
Elkington Gatic Limited	Dormant	
Engird Limited	Dormant	
Euroroof Limited	Dormant	
Express Shotblasting Limited	Dormant Dormant	USA
Gatic Inc Green Roof Solutions Limited	Dormant	USA
Harmer Holdings Limited	Dormant	
Harvey Reed Top Table Limited	Dormant	
Justcredit Limited	Dormant	
Kett Limited	Dormant	
Levolux A.T. Limited	Dormant	
Llevac Limited	Dormant	
MR Limited Navallis Limited	Dormant	
Powke Limited	Dormant Dormant	
Rainclear Systems Ltd	Dormant	
Roof-Pro Limited	Dormant	
Scaffold & Construction Products Limited	Dormant	
Sillavan Anodes Limited	Dormant	
Sillavan Industries Limited	Dormant	
Sorrel 009 Limited	Dormant	
Sure-foot Supports Limited	Dormant	
Technical Building Products Limited The Green Building Products Company Limited	Dormant	
The Green Building Products Company Limited The Paint Factory Limited	Dormant	
Thermex AFC Limited	Dormant Dormant	
Thermex Arc Limited Thermex Industries Limited	Dormant	
Thoday Limited	Dormant	
Timloc Building Products Limited	Dormant	
Warne, Wright & Rowland Limited	Dormant	
Wergs Limited	Dormant	
Yenots Limited	Dormant	

Businesses and Operating Locations

Solar shading & screening

Levolux 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

Roofing and walling

Waterproofing systems

Alumasc Waterproofing 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

Email: info@alumasc-exteriors.co.uk Web: www.alumascroofing.co.uk

Green roofing

Blackdown Horticultural Consultants Street Ash Nursery Combe St. Nicholas Chard Somerset TA20 3HZ

Tel: +44 (0) 1460 234582 Fax: +44 (0) 845 0760267 Email: enquiries@blackdown.co.uk Web: www.blackdown.co.uk

Roofing services support systems

Polwell Lane Burton Latimer Northamptonshire NN15 5PS Tel: +44 (0) 1536 383865 Fax: +44 (0) 1536 726859 Email: info@roof-pro.co.uk Web: www.roof-pro.co.uk

Roof-Pro Systems

Insulated render systems

Alumasc Facades White House Works Bold Road Sutton St Helens Merseyside WA9 4JG

Tel: +44 (0) 1744 648400 Fax: +44 (0) 1744 648401

Email: info@alumasc-exteriors.co.uk Web: www.alumascfacades.co.uk

Building and access products

Scaffold & Construction Products Unit 1 Station Court Girton Road Cannock Staffordshire WS11 0EJ Tel: +44 (0) 1543 467800

Tel: +44 (0) 1543 467800 Fax: +44 (0) 1543 467993 Email: acp@scpburton.co.uk Web: www.scp-props.co.uk

Metal rainwater systems

Rainclear Systems
Unit 34A
Techno Trading Estate
Ganton Way
Swindon SN2 8ES
Tel: +44 (0) 844 4142266

Fax: +44 (0) 844 4142277 Email: sales@rainclear.co.uk Web: www.rainclear.co.uk

Water Management

Metal rainwater, roof, shower and floor drainage systems

Alumasc Water Management Solutions Station Road Burton Latimer Kettering Northamptonshire NN15 5JP Tel: +44 (0) 1536 383810 Fax: +44 (0) 1744 648401 Email: info@alumascwms.co.uk

Civil drainage systems

Web: www.alumascwms.co.uk

Elkington Gatic Hammond House Holmestone Road Poulton Close Dover

Kent CT17 0UF Tel: +44 (0) 1304 203545 Fax: +44 (0) 1304 215001 Email: info@gatic.com Web: www.slotdrain.com

Engineered access covers

Elkington Gatic Hammond House Holmestone Road Poulton Close Dover

Kent CT17 0UF

Tel: +44 (0) 1304 203545 Fax: +44 (0) 1304 215001 Email: info@gatic.com Web: www.gatic.com

Housebuilding & ancillary products

Ventilation products, access panels/ doors cavity closers/dry roof verge products

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





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