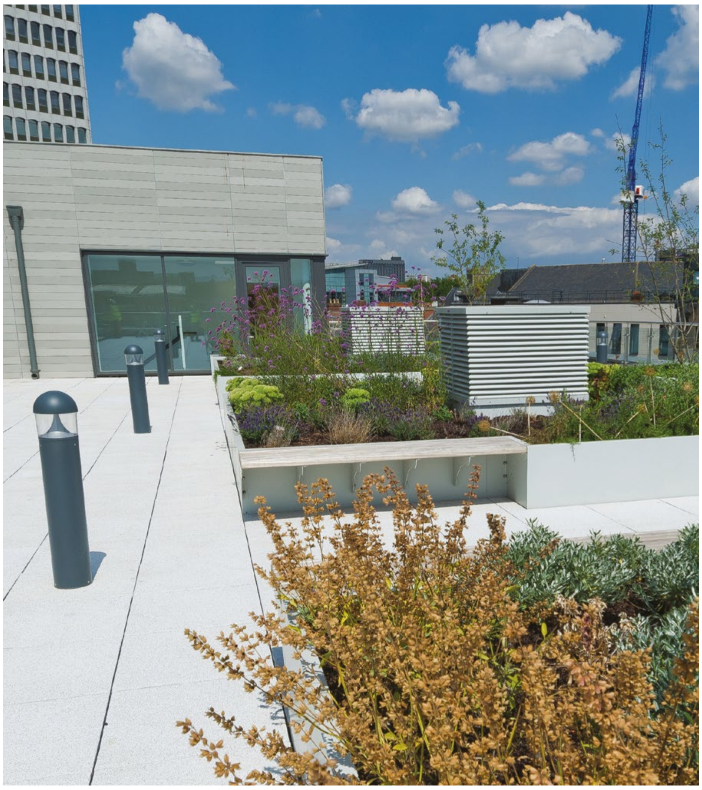
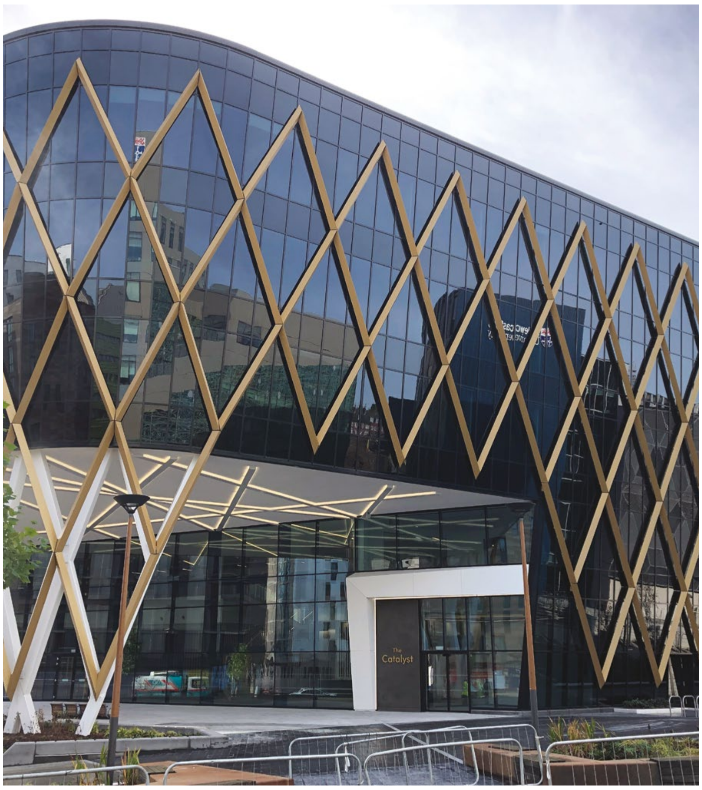
The Alumasc Group plc
Report and Accounts 2020

LOW CARBON BUILDINGS FOR A SUSTAINABLE FUTURE



We are Alumasc

Our purpose is to provide high quality products, systems and solutions, the majority of which manage the scarce resources of water and energy in the built environment.

Behave with integrity, building strong relationships and trust with our customers.

Be entrepreneurial and deliver on our promises.

Water Management
(page 06)

Building Envelope
(page 08)

Housebuilding Products
(page 10)

Content

The latest online...
More details on Alumasc's products and services can be found on our website at
www.alumasc.co.uk

Alumasc Group plc

Managing COVID-19

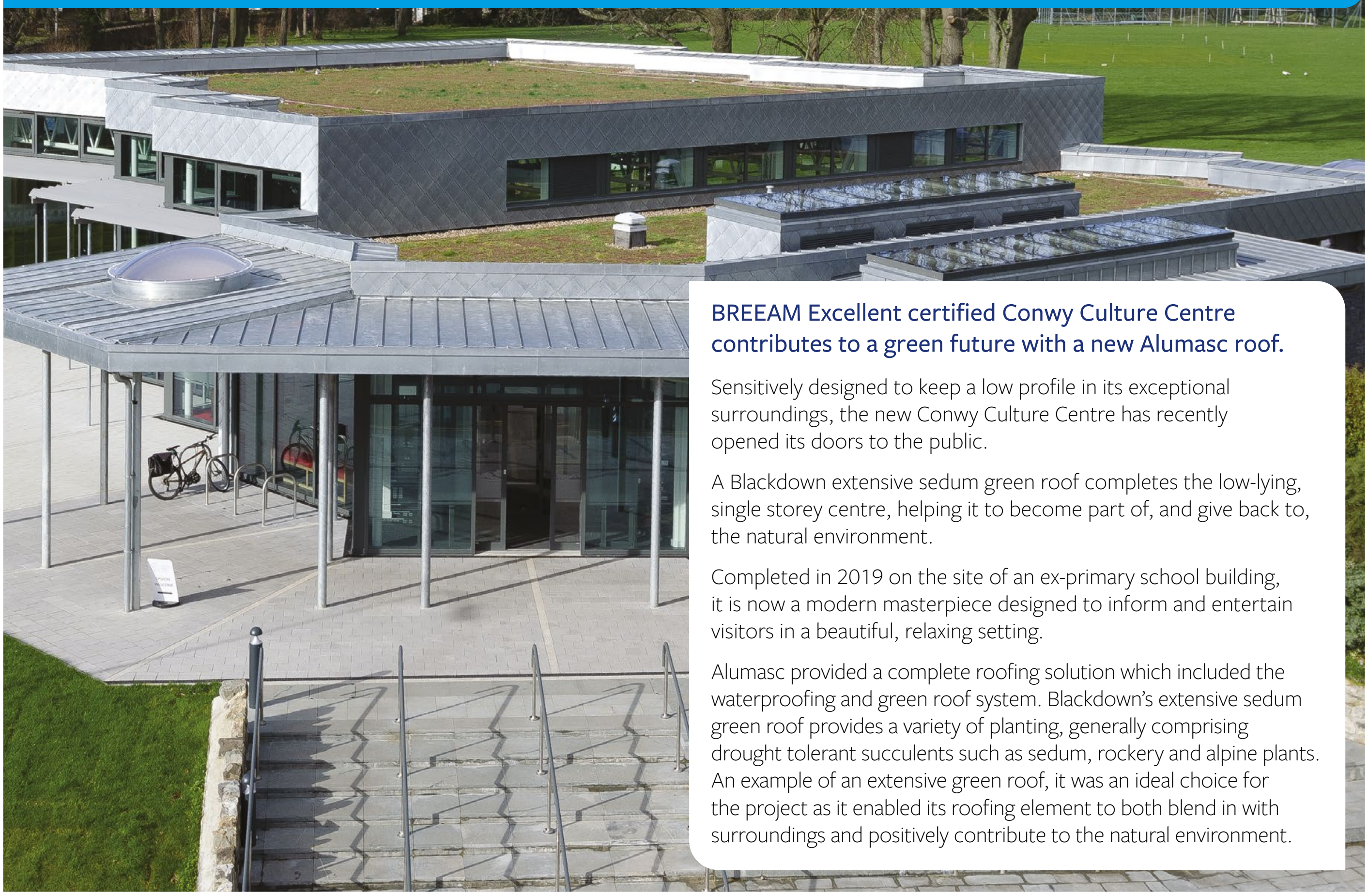
Narrative		2019/2020	2018/2019
The Government lockdown in March this year hit the UK construction industry hard and at the busiest time in the Alumasc year	**Revenues**	£76.0m	£90.1m
However, actions already in hand to reduce our cost base and further restrictions on discretionary expenditure protected margins and reduced the impact on profits	**Trading Profit***	£5.1m	£6.5m
	Underlying PBT*	£3.7m	£5.6m
	Underlying EPS	8.2p	12.4p
Cash management was outstanding	**Net Bank Borrowings**	£4.3m	£5.1m
	Total Facilities	£24.0m	£24.0m
Having suspended dividend payments at the height of the pandemic in April, the Group's resilient performance since, coupled with the encouraging resumption in construction activity, prompts the recommendation for a resumption in dividend payments this October	**Final Dividend**	2p per share	4.4p per share
	Total Dividend	2p per share	7.35p per share

Having swiftly responded to the threat from the pandemic, the Group has been concentrating on the retention of its key people to drive recovery and future growth, meeting customer needs within the bounds of rigorous COVID-19 proofing of facilities and the furtherance of our goal to be a leading supplier to the call for low carbon buildings

* Trading profit is defined in note 4 to the Group financial statements. A summary of non-underlying items and a reconciliation to underlying profit before tax and underlying earnings per share is provided in note 5 and note 12 to the Group financial statements respectively.

SUSTAINABLE BUILDING PRODUCTS

Conwy Culture Centre



BREEAM Excellent certified Conwy Culture Centre contributes to a green future with a new Alumasc roof.

Sensitively designed to keep a low profile in its exceptional surroundings, the new Conwy Culture Centre has recently opened its doors to the public.

A Blackdown extensive sedum green roof completes the low-lying, single storey centre, helping it to become part of, and give back to, the natural environment.

Completed in 2019 on the site of an ex-primary school building, it is now a modern masterpiece designed to inform and entertain visitors in a beautiful, relaxing setting.

Alumasc provided a complete roofing solution which included the waterproofing and green roof system. Blackdown's extensive sedum green roof provides a variety of planting, generally comprising drought tolerant succulents such as sedum, rockery and alpine plants. An example of an extensive green roof, it was an ideal choice for the project as it enabled its roofing element to both blend in with surroundings and positively contribute to the natural environment.

Our Investment Case, Strategy & Business Model

OUR STRATEGY

To become a leading supplier of sustainable building products, systems and solutions to the UK.

Investment case

Our profits will **grow**

from supplying a **growing market**

fuelled by

low carbon specifications and **regulation**

with **premium** products, systems and solutions

backed by

market leading brands, technical sales and service

a **strong** balance sheet

and **well invested** freehold properties and manufacturing

Read about our approach to sustainability on pages 22 to 27

Strategic objectives

Grow revenues at a faster rate than the UK construction market

Revenue Growth

- Green Building Focus
- Superior Service
- Premium Brands and Products
- Broad Product Range Innovation
- Online Sales
- Selective Export
- Add-on Acquisitions

Improve operating margins to grow profit faster than revenue

Margin Growth

- Valued Technical Support
- Productivity Gains
- Benefits of Scale
- Operational Excellence

Generate **superior financial returns** for shareholders

Financial Returns

- Growing Operating Margins
- Cash Generation
- Returns on Investment
- Progressive Dividend Policy

Read about our engagement with stakeholders on pages 28 to 29

OUR BUSINESS MODEL

Our business segments

- Water Management
- Building Envelope
- Housebuilding Products

Sustainable building products backed by strong brands

Structural Growth

80%+

Over 80% of Group revenues relate to the growth sectors of our long-term structural growth drivers

Specified Products

80%

80% of Group revenues are linked to specification and regulation

International Market Development

Export revenues, currently 15% of Group sales, are being targeted in selective external markets

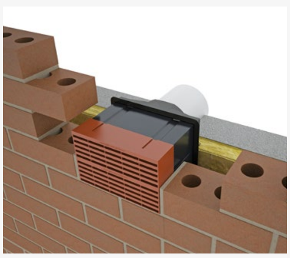
Long-term structural growth drivers

1: Water management

2: Energy management

3: Bespoke architectural solutions

4: Ease of construction



Management style

- Attract Talent and Develop Leaders
- Drive Cost and Revenue Synergies
- Elevate Customer Service
- Leverage Strong Brands
- Continuous Product Development
- Aligning Sustainable Products and Processes

Success measures

- Repeat Customers
- Motivated Employees
- Sustainable Growth
- Margin Improvement
- Superior Returns

Chairman's Statement

A YEAR OF STRONG PROGRESS AND DEVELOPMENT

"The long term redirecting of Alumasc towards the supply of premium, sustainable building products proceeds methodically and with considerable effect."

John McCall
Chairman

The wide range of actions taken in recent years to reposition Alumasc as a supplier of sustainable building products from a tighter, service oriented operating base, was proceeding well in the first 8 months of the past financial year: the assimilation of Wade, the restructuring of operations, the cost reduction programme, product innovation, corporate simplification, relisting on AIM, were all making good progress when the unforeseen asteroid of COVID-19 struck us all in the Spring of this year.

Summary

The Construction Industry was affected as severely as most, with widespread closures in response to the Government's lockdown request in March and minimal activity on sites that were able to remain open despite the blanket call.

Fortunately, Alumasc was already well advanced in a well-publicised programme to reduce its cost base by £2 million per annum but responded swiftly to combat this unprecedented threat, temporarily closing several of its businesses and requiring the large majority of employees either to work from home or to furlough pending developments. Action to conserve cash included an intense focus on debt collection and working capital controls more generally, the deferral of VAT payments and the cancellation of the interim dividend that would otherwise have been paid in April 2020.

The result of this broad range of policy and mitigation actions has been outstanding: The loss of £14 million of revenues, mainly as a direct result of retrenchment by the industry in the face of COVID-19, resulted in a year on year fall of £1.4 million in trading profit, confirming the effectiveness of the reduction in the cost base and the squeeze on discretionary expenditure that followed; and the Group's net bank borrowings of £4.3 million at 30 June 2020, against total facilities of £24 million, were £0.8 million lower than at the previous year end.

While disappointing given our expectations after the first 8 months of the year, this is a highly creditable and reassuring outcome in the circumstances.

The encouraging news is that by May, there were signs that the industry was keen to resume activity within the health guidelines being applied and, by the end of June, all construction sites were again active and Alumasc operations fully operational.

While it is impossible for COVID-19 not to take centre stage in any report on the past 12 months, the long term redirecting of Alumasc towards the supply of premium, sustainable building products proceeds methodically and with considerable effect. We remain genuinely excited at the prospects for our Group and its positioning in the sustainable environment that continues to evolve. Further detail can be found in the Chief Executive's review and the Sustainability Report that follows.

The year under review

This year more than most, I refer you to the Chief Executive's report that follows for a detailed review of our activities.

I would like to highlight just three achievements which have relevance for the future: firstly, the significant reduction in our cost base which underpins future performance without diminishing opportunity. Secondly, the continuing drive towards sustainable operations and a sustainable, or "green", product range. Thirdly, the immediate and determined response by all our employees, for which I unhesitatingly offer the gratitude of all stakeholders, in the face of an existential threat.

Not only have we come through that test but we have done so in a manner that demonstrates our resilience and our strengths and enables the Board to recommend a return to dividend payments in respect of the full year. The Board is recommending a final dividend payment in respect of the Financial Year ending on 30 June 2020 of 2p per share (2019: 4.4p), making a total for the year of 2p per share (2019: 7.35p), payable to shareholders on the Register on 25 September 2020.

Strategic developments

Fortunately as it turned out, the focus of the past year was always to be on the delivery of results from previous policy and actions. Hence, there were no major projects that might have diverted from the total commitment required to counter COVID-19.

It would be wrong, however, to downplay the progress towards outperformance and sustainability, our twin strategic goals, now solidly embedded in our strategy, business model and year on year targets.

Corporate actions

Following the high activity level of recent years, the only Corporate Action of significance in the year took place in April with the reset of the Group's capital base for the purpose of greater flexibility. Shareholders voted overwhelmingly in favour of this action, with 99.9% of votes cast in favour.

The Boardroom

The appointment of two Non-executive Directors earlier in 2019 was followed by the appointment of two Executives as Directors in September 2019 and we thank Gilbert Jackson and Michael Leaf for their contribution and support in a turbulent first year.

In February this year, Andrew Magson, our long-serving Finance Director, notified his intention to leave Alumasc to develop the next stage of his career outside the Group and the exercise to fill this vacancy is well advanced, with a shortlist established. When the imposition of COVID-19 controls inevitably interrupted this process, we swiftly moved to provide full and effective cover and support to the Finance team, in particular through the input of Vijay Thakrar, our Non-executive Director with 33 years' experience in major accounting firms, 22 years as a partner. While this is no long-term solution, we are fortunate to have been able to draw on Vijay's ideal experience and background to assist in these unusual circumstances.

Prospects

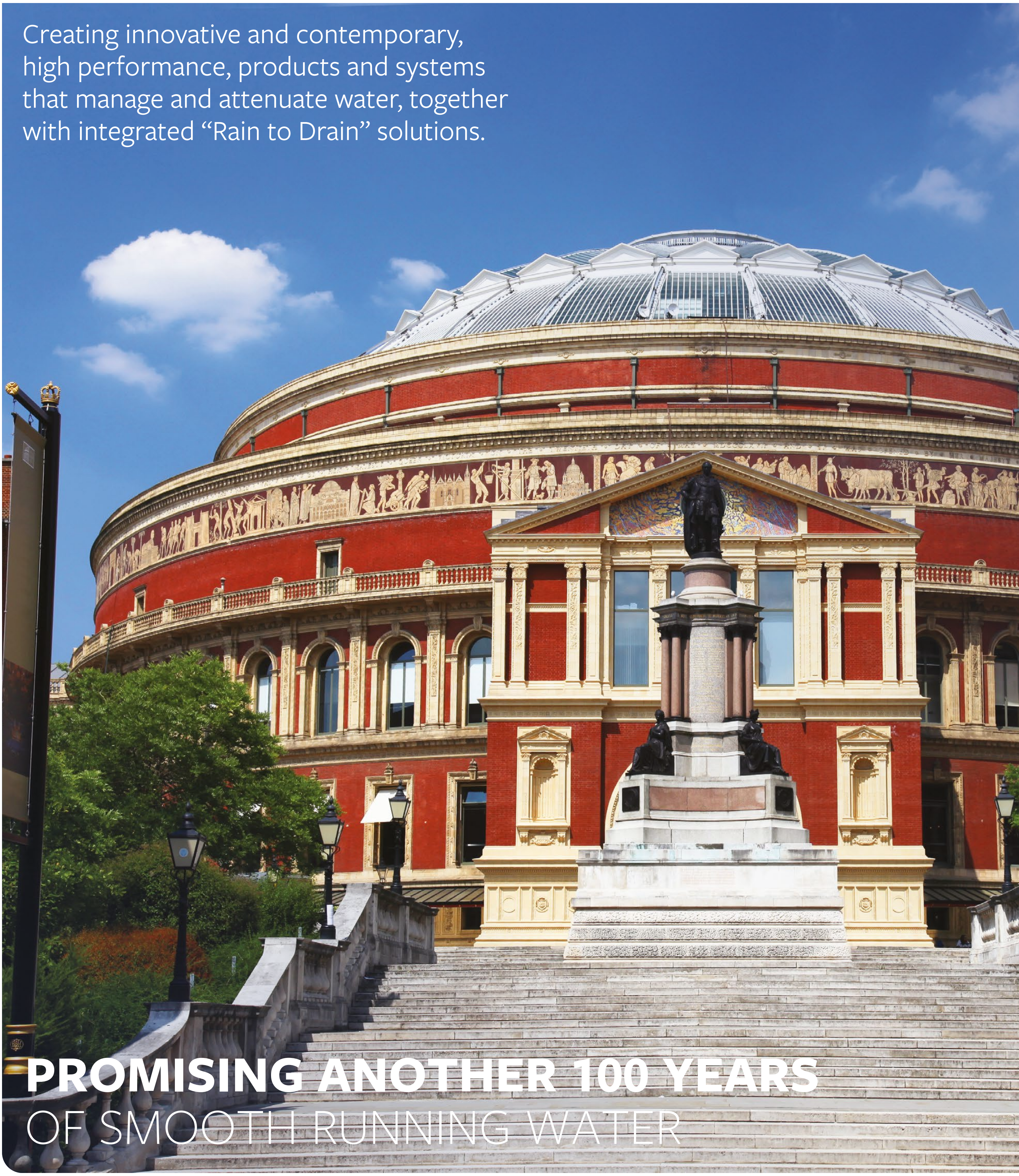
Managing the unpredicted and unpredictable effects of the COVID-19 pandemic has required a combination of very short term – daily almost – assessment of market conditions, up and down, with a firm eye on longer-term and, hopefully, more permanent goals. While some things will undoubtedly change for ever, greater investment in many of the projects targeted by Alumasc – schools, hospitals, prisons, infrastructure – is seen both as part of the solution to the "problem" and as meriting much greater emphasis in their own right. This can only encourage the Board to believe that the changes of recent years have been right for Alumasc and will position it well in coming years.

John McCall
Chairman

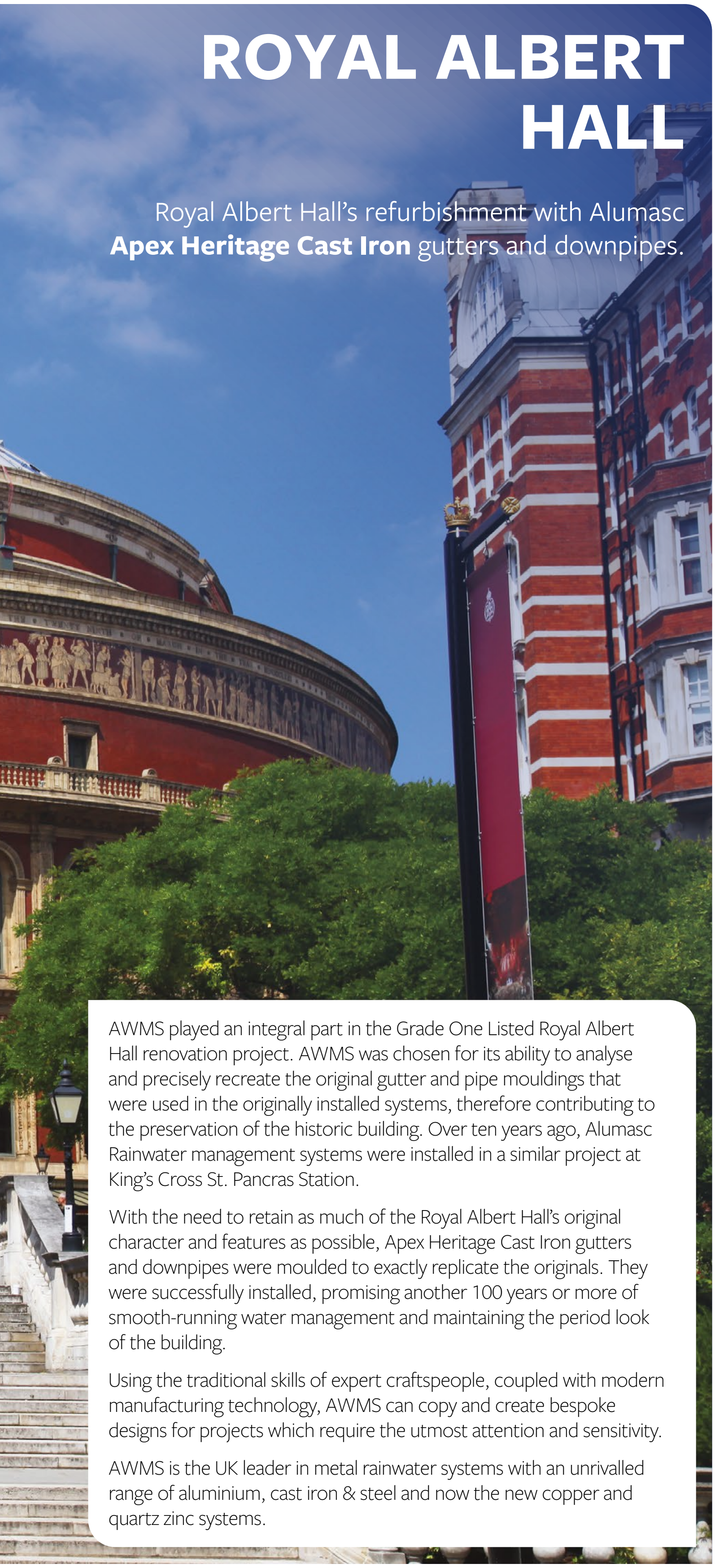
Operating Segments

WATER MANAGEMENT

Creating innovative and contemporary, high performance, products and systems that manage and attenuate water, together with integrated "Rain to Drain" solutions.



PROMISING ANOTHER 100 YEARS
OF SMOOTH RUNNING WATER



ROYAL ALBERT HALL

Royal Albert Hall's refurbishment with Alumasc **Apex Heritage Cast Iron** gutters and downpipes.

AWMS played an integral part in the Grade One Listed Royal Albert Hall renovation project. AWMS was chosen for its ability to analyse and precisely recreate the original gutter and pipe mouldings that were used in the originally installed systems, therefore contributing to the preservation of the historic building. Over ten years ago, Alumasc Rainwater management systems were installed in a similar project at King's Cross St. Pancras Station.

With the need to retain as much of the Royal Albert Hall's original character and features as possible, Apex Heritage Cast Iron gutters and downpipes were moulded to exactly replicate the originals. They were successfully installed, promising another 100 years or more of smooth-running water management and maintaining the period look of the building.

Using the traditional skills of expert craftspeople, coupled with modern manufacturing technology, AWMS can copy and create bespoke designs for projects which require the utmost attention and sensitivity.

AWMS is the UK leader in metal rainwater systems with an unrivalled range of aluminium, cast iron & steel and now the new copper and quartz zinc systems.

Our brands

ALUMASC Water Management Solutions · SKYLINE Fascia Soffit Copings · Alumasc RAINWATER Gutters and Downpipes · HARMER Building Drainage · WADE Building Drainage · GATIC Drainage & Access Covers

Growth drivers

- Legislation aimed at conservation, attenuation and control of water
- Structural engineering specifications
- Building regulations

Operations and supply chain

- Partial UK in-house manufacture
- External supply chain including suppliers in Europe and North America

Routes to market

- Merchants and distributors; some via preferred installers

Opportunities and potential

- Outperformance of the UK construction market through continued market share gain and introduction of new products and systems
- Development of further synergies in our "Rain to Drain" strategy following the acquisition of Wade
- Increase divisional export sales with focus on systems using Gatic and Wade products
- Grow operating margins through new product introductions, improving customer service and operational efficiency

Our products in action

Read more on our sustainable products on pages 26 to 27

Operating Segments continued

BUILDING ENVELOPE

Integrated roofing and walling solutions including the supply of solar shading, architectural screening and balcony & balustrading systems.

TESTED, TRIED AND TRUSTED TO PROVIDE DURABILITY WITH SUSTAINABILITY

Credit: Chris Waterworth Architects

DEPARTMENT OF WORK AND PENSIONS

Building Envelope solution provided to one of the largest new office developments in Wales.

Alumasc were chosen by the designers and contractors BECT to provide a building envelope solution for what would be the largest new office development to be built in the Welsh valleys. The client for this building was Rightacres of Cardiff to construct premises for the Department of Work and Pensions.

Starting on site in December 2018 the building is now nearing completion and has a final construction cost of circa £27 million to provide 133,000 square feet of office space housing some 1,700 staff.

An Alumasc roofing system comprising a Derbigum warm roof build up was designed to provide longevity and assurance with a proven life cycle benefit of over 60 years. It was a full, tapered insulation scheme to allow designated drainage to Alumasc Harmer outlet systems.

Through careful consideration by the design team this proposal was selected due to the outstanding system fire rating and the warranty. The building insurers were involved in the selection process in order to meet and exceed their own strict requirements.

Levolux designed and installed the 300mm aerofoil fins in standard PPC fitted back to a steel frame with a 200 x 50mm box section Infiniti system. This provides timber effect curtain wall areas with thermally broken brackets as an aesthetic design to the front elevation of the building, thereby breaking up the overall design with a highly visually pleasing façade.

Right from the very early design stage and throughout construction Alumasc was available to provide assistance and technical advice for modifications to ensure that a long-term working relationship was built upon trust and integrity, ensuring that the project requirements were delivered within budget.

Our brands

ROOF-PRO Rooftop Management Systems · LEVOLUX · ALUMASC Roofing Systems

Growth drivers

- Architectural specification
- Building regulations relating to energy management
- Demand for sustainable solutions

Operations and supply chain

- Partial UK manufacture providing fabrication, assembly and finishing operations
- Diversified specialist supply chain of mainly UK and European based suppliers
- Levolux: Installation of certain systems in the UK

Routes to market

- Direct to main building contractors in the UK
- Through general contractors and installing sub-contractors in North America

Opportunities and potential

- Business development opportunities arising from the new Alumasc Building Envelope specification sales approach together with Alumasc Roofing
- Development of the UK balconies & balustrading business
- Development of North American export business
- Growth in operating margins through operational efficiencies and increasing the proportion of design and supply only

Our products in action

Read more on our sustainable products on pages 26 to 27

Operating Segments continued

HOUSEBUILDING PRODUCTS

Timloc Building Products is one of the UK's leading manufacturers of building products for the residential market. Based in Howden, East Yorkshire, Timloc designs, manufactures and supplies building product solutions from ground level up to the roof ridge.

DELIVERING NEXT DAY
BUILDING A GREENER FUTURE

LIFETIME, NOT SINGLE-USE

Multiple-use product designed for the **lifespan** of the building.

Timloc's ability to deliver products next day with low carriage paid order values is what sets it apart from competitors and has enabled it to become market leader within its sector.

Timloc Building Products are also at the forefront of sustainability within their industry. Manufacturing multiple-use products that are designed for the lifespan of a building and are recyclable at the end of the building life.

Timloc has implemented a circular economy for the production and consumption of many products. This regenerative system means recycled materials are being used to make recyclable products. Currently over 75% of Timloc products are manufactured from recycled materials.

Timloc's continued innovation and development have seen the introduction of several new products and ranges over the last 12 months. Recent launches include Invisiweep, the almost invisible wall weep, and Adapt-Air, the one-piece ducting to airbrick adapter kit.

Timloc has established a reputation for consistently delivering exceptional levels of customer service and has been tried, tested and trusted by its customers for over 50 years. Trust Timloc to Deliver.

Our brand

Growth drivers

- Growth in UK house building demand and current under supply of houses
- Legislation and building regulations
- Ease of construction

Operations and supply chain

- Nearly all in-house manufacture

Routes to market

- Merchants and distributors
- House builder specification

Opportunities and potential

- Outperformance relative to the UK construction market with continued market share growth through product range development and best in class customer service
- Leveraging strong sales channels through product portfolio development and excellent customer service
- Margin improvement through operational efficiency and additional operational flexibility, utilising the new factory commissioned in early 2018 and significant investment in new machines and automation in 2019

Our products in action

Read more on our sustainable products on pages 26 to 27

Chief Executive's Review

GOOD PERFORMANCE AND STRONG RESULTS

"The Group has built on its strengths as a supplier of sustainable systems and products and has delivered substantial operational efficiencies."

G. Paul Hooper

Paul Hooper
Chief Executive

Financial highlights and Overview

Group performance:	2019/20	2018/19	% change
Revenue (£m)*	76.0	90.1	-16%
Underlying profit before tax (£m)*	3.7	5.6	-34%
Statutory profit before tax (£m)	2.7	3.9	-31%
Underlying earnings per share (pence)*	8.2	12.4	-34%
Basic earnings per share (pence)	6.3	10.1	-38%
Dividends per share (pence)	2.0	7.35	-73%

* Revenue and profit from continuing operations excludes the revenues and profits of Alumasc Facades prior to its disposal on 31 October 2018 and its classification as a discontinued operation and non-underlying item. A reconciliation of underlying to statutory profit before tax is provided in note 5 to the Group financial statements.

In recent years, Alumasc's strategy has been to re-position the Group to become a dedicated supplier of premium building products to the UK construction industry, while actively seeking opportunities to grow internationally. Simultaneously, the Group has built on its strengths as a supplier of sustainable systems and products and has delivered substantial operational efficiencies. For instance, it achieved its stated objectives during the year to move from ten operating sites to six. Total annualised cost savings of £2.4 million were achieved in the year versus an original target of £2.0 million.

In line with other businesses Alumasc was affected by COVID-19, particularly in April and May during lockdown. Nevertheless, the Group is pleased to report a strong recovery from June onwards so far, with July 2020 being a record for the month and August 2020 trading also very strong. However, management remains appropriately cautious given the limited visibility as to how the wider economic situation will evolve and with the potential for a second wave of COVID-19.

Overview of performance

Alumasc's performance for the year was resilient against the difficult backdrop that included the run up to the December general election. Our second half year was severely impacted by the COVID-19 pandemic and subsequent lockdown from 23 March 2020, with immediate impact on all of our operations in some form. Further detail is provided in the separate COVID-19 section.

While our newly formed Building Envelope division suffered a loss in the year when Levolux was significantly restructured, it is encouraging to report that, despite the impact of COVID-19, it returned to profit in the final two months.

The star performer in the year was the Water Management Division (AWMS), delivering a higher profit than the prior year even despite the lockdown. This is testament to several factors, including the strength of its brand and quality of its sustainable systems in the market place, and the excellent technical support given to customers. The business also took swift action to ensure that adequate pricing was achieved commensurate with the trading environment. Simultaneously, unprofitable products were withdrawn and significant cost savings were made which were further enhanced by ongoing synergies achieved from the integration of Wade, acquired in January 2018. Not only has the product range been enhanced but the spare capacity in AWMS Wade (Halstead) allowed for Slotdrain manufacturing to be moved from rented facilities in Dover to the Alumasc owned Halstead facility. The overall cost savings are estimated to be circa £0.9 million. In addition, other savings were made across the division. Throughout the lockdown, our specialist drainage and rainwater distributor, Rainclear, stayed operational, taking significant market share. Pleasingly, its online business grew by 64%.

Our Housebuilding Products division also performed at record levels up until the lockdown and succeeded in launching several new products into its industry leading service model.

Strategy and performance against strategic objectives

Alumasc's strategy is to:

1. Build leading positions in specialist markets to grow revenues faster than the UK construction market

   The impact of COVID-19 makes any analysis of the most recent year unreliable when compared with the consistent outperformance of previous years.

2. Augment UK revenue growth through the development of selected export markets

   Compared to the prior year in which export revenues were 10% of Group revenues, during the year under review, export revenue accelerated to become 15% of Group revenue. Increased export investment in both Sales and Marketing for AWMS (Gatic and Wade) grew export sales for this business and the year-end export order book for AWMS stood at £4.8 million (versus £1.0 million in the prior year). Included in this was the win of this division's largest ever export order for Gatic at Hong Kong Chek Lap Kok's third runway.

   Meanwhile, Levolux accelerated its export revenue by 14% and grew its year end export order book by 7% to £3.5 million. At the end of the final quarter, an experienced US Senior VP of Sales has been appointed in the USA. We anticipate good further growth in the USA from this development.

3. Grow profit at a faster rate than revenue by improving operating margins

   The Group's underlying operating margins reduced from 6.5% to 5.5%, representing a creditable result against such a sharp decline in revenue. Prior to the lockdown on 23 March, the Group was close to achieving its stated objective to improve its operating margin by around 2 percentage points, having at that stage improved by 1.8 percentage points year to date at the end of February 2020. The targeted cost savings plans of £2.0 million announced a year ago were exceeded with circa £2.4 million cost savings actually delivered, underpinning the Group's performance prior and subsequent to lockdown.

Executing our priorities in FY2020

Management accelerated the pace of strategic development during its 2020 financial year:

1. Levolux business improvement plan

   The objective of this plan was to return Levolux to sustainable profit. At the end of the prior year the Board announced a refocus of the business to those areas where it could clearly differentiate and add most value to customers and therefore shareholders. This included concentration on developing the more profitable areas of the business, simplifying operational delivery and reducing risk. The key elements have been:

   - **Integrated sales approach.** Incorporate Levolux solar shading, screening and balconies as major constituents in a new "Alumasc Building Envelope" division, providing integrated solutions for developers and specifiers seeking high quality roofing and walling systems. A new, collaborative divisional sales approach increases Levolux's existing market reach and leverages existing strong customer relationships.

     This objective is being achieved and examples where the 'cross-sell' and single expert service has been welcomed by specifiers and clients are growing. This has been particularly apparent in the second half year as the new concept developed;

   - **Leverage core strengths.** Focus on design and supply activities, as is the case in the rest of the Alumasc Group. In-house installation will only be offered where this service is particularly valuable to customers and Levolux. The expectation over time is that this will improve margin mix and enhance profit margins.

     This objective is being achieved, particularly in the second half of the year with the order book strengthening for supply only projects;

   - **Export opportunities.** Invest in local technical sales resources to accelerate growth in the profitable Levolux business in North America. Current revenues in this market are circa £3.0 million per annum.

     This objective was achieved with a US-based Senior VP appointed in the final quarter of the year;

   - **Reduce overhead.** We announced a significant restructuring of the existing Levolux operational and overhead cost base, with fixed cost savings of £1.0 million targeted in the Group's 2019/20 financial year, and further significant annualised savings expected in 2020/21. This includes the relocation of sites.

     The above was achieved with year on year savings of £1.8 million being achieved, significantly ahead of the target. In addition, Levolux moved out of its two leasehold facilities into the Alumasc freehold facility in St Helens. Alumasc continues to believe that Levolux, as part of the Building Envelope division, has a great future potential and continues to be one of the Group's strongest brands.

2. Develop further opportunities for specification cross-selling

   There remains a significant future opportunity for the Group from offering an integrated "Building Envelope" of exterior building products facilitating the integration of walling, roofing, balconies, solar shading and integrated aluminium detailing. This not only provides a full external envelope solution but also mitigates both the client's and contractor's risks by ensuring that the horizontal and vertical planes are detailed to remove tolerance and interfacing detail issues. Closer working between divisions has led to cross-selling opportunities, for example on page 27 of this report is shown a Water Management division sale of three systems with the Building Envelope's Roofing refurbishment system at Nottingham Trent University. This will continue to be a focus going forward.

Chief Executive's Review continued

3. Implementation of a more cost-efficient operating structure

Following the move of the AWMS Gatic Slotdrain manufacturing from a leased facility in Dover to the freehold AWMS's Wade facility and the restructuring of Levolux described above, some c.£0.6 million per annum has been saved in leased property costs. The objective to move to six facilities from ten has also been achieved.

Following the prior year simplification of the pensions structure we will have saved around £100k per annum in pension scheme running costs.

Total annualised cost savings of £2.4 million were achieved in the year versus a target of £2.0 million.

4. Prioritising and focusing investment to drive profitable growth

Following two years in which combined capital expenditure exceeded depreciation by £2.7 million, an investment of £1.7 million in the year under review was around £0.3 million below depreciation following a deliberate moderation of spending when the impact of the COVID-19 pandemic became apparent.

Once again investment was focused on our businesses with the greatest manufacturing activity: our Water Management business and Timloc. Within this was an investment in tooling at strategic suppliers for the Water Management business which has improved manufacturing efficiencies and significantly lowered the carbon footprint of our suppliers along with ensuring continuity of supply. Investment continued at Timloc, to support new product launches. The benefit of the investments is evident in the relatively strong performances of these businesses. Investment in new people was directed into expanding the sales reach, notably in the Building Envelope division where previously weaker areas of the UK now have a stronger senior sales representation. Growing Levolux and Water Management divisional export sales have also been a focus.

5. Proactive management of our portfolio of businesses

The Group continues to seek to grow through bolt-on acquisitions and there are no plans to make divestments. Whilst recent focus has been on navigating the challenges associated with COVID-19, the acquisition strategy remains relevant.

6. Remaining closely aligned with the sustainability agenda

With the ever increasing low carbon and sustainable agenda Alumasc is in a perfect position to increase supply solutions to its customers that meet these criteria. Not only does it have strong positions in energy management through its presence in solar shading, which can reduce the energy consumption required to cool a building, but it also has innovative Roofing solutions, such as Olivine, which can actively reduce CO_2 in the environment. Within the Water Management division, the increasing scarcity of water can be managed very successfully. There are examples where both divisions combine to provide a 'Blue Roof'. This, in effect, produces an equivalent to an attenuation tank on a flat roof allowing the controlled egress into the water effluent systems while saving clients the significant alternative cost of an attenuation tank installation. Our Housebuilding Products division has also significantly contributed to the energy management within housing with its sealed ventilation systems, cavity closer and radiator seals. It is constantly innovating and launching new products that deliver sustainable solutions for our clients.

All divisions are totally committed to, and insist on, the use of recycled material where appropriate. Alumasc is very proud to be able to state that 75% of the Group's products are sourced from recycled material.

The relentless pursuit of both innovative energy and water management solutions combined with the increasing use of recycled material will continue. Alumasc is already very well placed in this regard. Our bespoke approach to product and specification means customers will be able to meet more stringent environmental criteria in the years ahead.

Overview of performance

(a) Continuing operations

Revenue analysis

With so many variables created by the COVID-19 impact we have decided to suspend our comparator to the UK construction market. In the year some revenue reduction took place from the review of profitability by product and the subsequent targeted product deletion and price adjustment actions particularly in the Water Management division. During this time it is believed that market shares have been held and, in some cases, they have grown partly due to the availability of high quality products with professional service at a time when competitors were closed.

Gross margins

Until the lockdown in March (i.e. to February 2020) the Group's Gross Margin was running at 30.3%, 1.2% ahead of the prior year. Remarkably, despite the significant disruption of the lockdown, by the end of June the full year Gross Margin was 29.7%, just 0.1% behind the prior year, a great testament to the management action taken and to the strength of Alumasc's brands. This overall performance was assisted by price increases to recover rising costs and the action taken on cost reductions.

Net fixed and operating expenses

Net fixed and operating expenses reduced by £2.4 million (excluding any furlough benefit) during the year. However, there was a small percentage of sales increase in the cost areas despite the impact of lockdown on sales. This would have been much higher were it not for the swift action taken in March 2020.

Underlying operating profit

Underlying operating profit was £4.2 million compared with £5.9 million in the prior year. The reduction was brought about by the impact of COVID-19 and the resultant temporary shutdown of our Housebuilding division and two thirds of the Water Management division. Around five weeks of trading were lost following the shutdown by many builders merchants and the cessation of some site activity. Alumasc took swift action and initially had to furlough 293 (68%) employees while a further 83 (19%) moved to work from home. Site activity did not return in any meaningful way until June when the effect was still a slowdown in activity with contractors having to abide by COVID-19 safety requirements. June was a strong month for the Group and by the end of June only 38 staff (9%) remained furloughed.

Bank interest

Bank interest of £0.3 million was similar to the prior year. This was assisted by swift actions to conserve cash during and beyond the lockdown period and is despite the decision taken by the Board in May to fully draw down the £20.0 million committed Revolving Credit Facility.

Underlying profit before tax

Underlying profit before tax was £3.7 million (2018/19: £5.6 million) reflecting the impact of COVID-19 and the subsequent lockdown on reduced revenue.

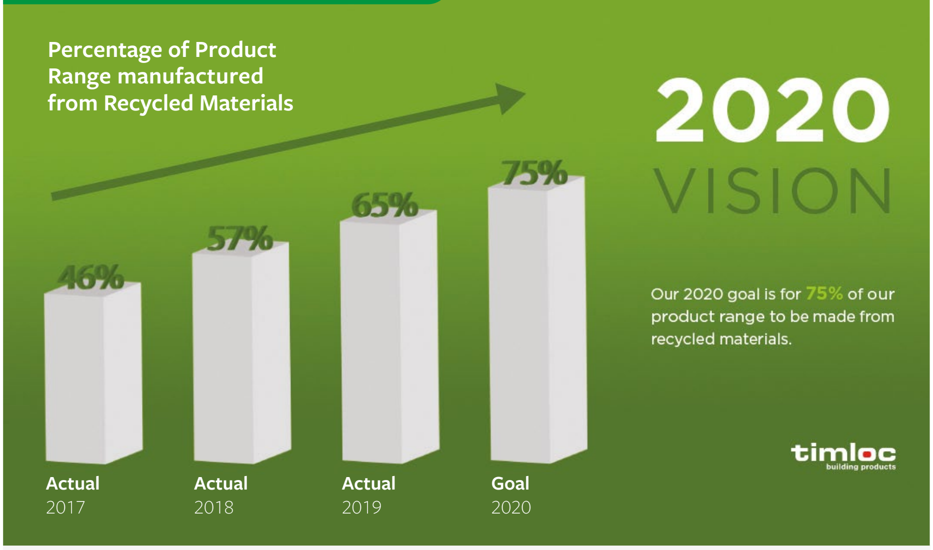
Non-underlying, non-recurring items

Non-underlying and non-recurring items (relating to continuing operations) amounted to a £1.3 million net cost in the period compared with a £4.6 million net cost in the prior year. In 2019/20, the larger items in this category were restructuring and relocation costs of £0.8 million, mainly associated with the continued cost reduction programme at Levolux. Further details are given in the Financial Review.

(b) Discontinued operations and profit (after tax) for the year

The net gain from discontinued operations was £0.3 million, reflecting the deferred consideration sales proceeds received in the current financial year in accordance with the Alumasc Facades business sale agreement. The Group's resulting overall statutory profit (after tax) for the year was £2.3 million (2018/19: £3.6 million).

Sustainability in action

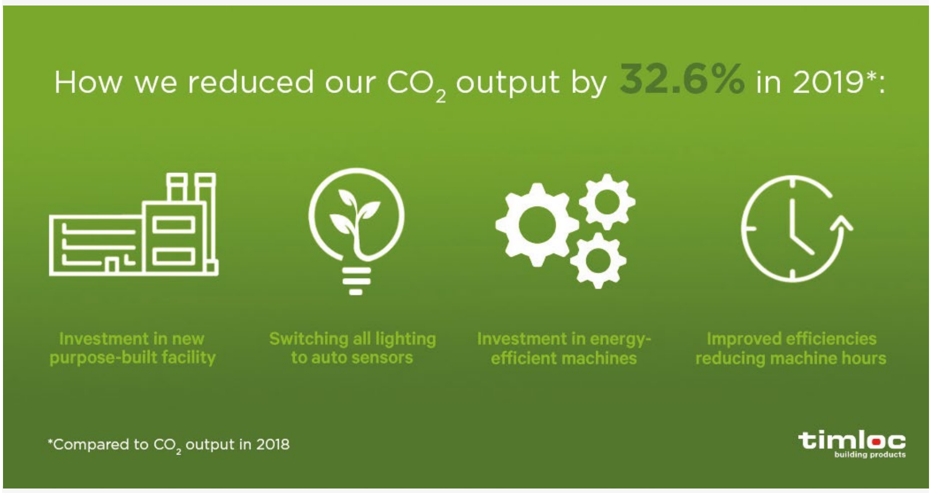


Timloc takes its responsibility to protect the environment very seriously and aims to help reduce plastic waste in the building industry. Timloc's products are designed for long-life use, it builds sustainable, durable products which are recyclable at the end of their useful life.

In recent years Timloc has committed to reducing its environmental impact through investment in recycled materials and the majority of its products are manufactured using recycled materials. The plastics recycled originate from a range of sources such as plastic bottles, trays and car parts, e.g. bumpers and dashboards.

Any waste material generated as a by-product of the manufacturing process is collected and granulated onsite and returned to the material store in the factory to ensure no material is wasted. In addition, 100% of Timloc's packaging is recyclable.

This year Timloc achieved its objective to manufacture 75% of its products from recycled polymers further reducing its requirement for virgin polymers and consequently protecting the environment. The product 1201, a telescopic underfloor ventilator (also referenced on page 26) is produced from 100% recycled material.



Read about our approach to sustainability on pages 22 to 27

Chief Executive's Review continued

Water Management

2019/20 performance highlights

- Revenue: £33.7 million (2018/19: £38.9 million)
- Underlying operating profit*: £4.8 million (2018/19: £4.3 million)
- Underlying operating margin*: 14.3% (2018/19: 10.9%)
- Operating profit: £4.6 million (2018/19: £3.6 million)

* Prior to restructuring costs of £0.1 million in 2019/20 (£0.6 million in 2018/19) and brand amortisation charges of £0.1 million in both years.

Building Envelope

2019/20 performance highlights

- Revenue: £33.2 million (2018/19: £39.8 million)
- Underlying operating (loss) / profit*: £(0.9) million (2018/19: £0.6 million)
- Underlying operating margin*:(2.8)% (2018/19: 1.4%)
- Operating loss*:£(1.4) million (2018/19: £(2.1) million)

* Prior to restructuring costs of £0.3 million in 2019/20 (£2.5 million in 2018/19) and brand amortisation charges of £0.2 million in both years.

Housebuilding Products

2019/20 performance highlights

- Revenue: £9.1 million (2018/19: £11.4 million)
- Operating profit: £1.2 million (2018/19: £1.7 million)
- Operating margin:13.7% (2018/19: 15.2%)

Divisional review

(a) Water Management

Despite the COVID-19/lockdown challenges in the final quarter this division produced a higher profit (£567k (13%)) than the year before.

The drivers of the improvement were not revenue related (which reduced by £5.2 million (13%)) but by selective price increases, product portfolio management, cost reductions (partly brought about by the move of Gatic Slotdrain manufacturing from Dover to Wade's freehold facility), and general efficiency improvement and tight cost control.

Water Management's operating profit return on sales increased to 14.3% from a prior year of 10.9%. This was a very encouraging performance and is indicative of improved margins.

(b) Building Envelope

The division sells principally into the UK commercial new build construction market which, following the previous year, continued to experience falling demand through the year, accelerated inevitably in the final quarter.

As described above Levolux's turnaround was generally on track though affected in the first half year by below expected performance in a handful of construction contracts entered into prior to the restructuring of the business and relating mainly to balcony work. Levolux's restructuring has taken significant cost out of the business and when combined with a more selective strategy for work that it will target with a focus on supply only, along with a stronger push into export markets, the benefits began to show through in the final quarter.

Alumasc Roofing's performance was resilient in the refurbishment sector. This was the most successful element of the division's performance and, while Roofing did not manage to match its prior year performance, it enters the new financial year with a significant order book and with its strongest sales team ever. This bodes well for the new financial year.

(c) Housebuilding Products

Timloc, our Housebuilding products business, continued to perform well up until the lockdown, with further operational improvements in turn benefitting margins. However, the impact of lockdown on this particular sector has been well documented.

New product development continues to be an important factor in Timloc's success and it launched a new product virtually in every month of the first half year including AdaptAir, the Ducting to Airbrick Adaptor, which not only has a cost saving benefit for housebuilders but also improves Health & Safety on site by taking out the requirement for core drilling.

Timloc receives very positive feedback from its customers on its excellent service and promotes this through its #Trust Timloc to deliver strapline.

With its constant focus on improving efficiencies, new product development and customer service Timloc is well positioned as housebuilders recommence work on site post lockdown and the housebuilding sector catches up with significant latent demand.

Outlook

In light of the COVID-19 impact on construction activity, the Board is taking a cautious view on 2020/21. However, the significant £2.4 million of cost savings taken in the last financial year should stand the Group in good stead for what could be uncertain times. Notwithstanding this the Group has had a strong start to the new financial year.

The Board believes that Alumasc's strong strategic and market opportunities, which underpin its established track record over many years of outperforming the UK construction market, together with:

- the excellent Water Management division's performance which is benefitting from both its UK and export re-focused strategy, as well as its extensive online offering;
- the formation of the Building Envelope division to drive specification cross-selling;
- the major restructuring of the Levolux business within the Building Envelope division;
- focused investments in new products, manufacturing capability and automation;
- investments in sales resources to grow the business both in the UK and internationally;
- lower fixed costs and actions taken to deliver operational efficiencies across the Group; and
- close alignment to the sustainability agenda,

position Alumasc to grow organically in the current financial year and beyond.

As ever, the Board is confident in its ability to deliver operationally but cannot ignore the unknowns ahead with regards to the macroeconomic climate.

Financial Review

Reconciliation of underlying to statutory profit before tax

Underlying profit before tax for the 2019/20 financial year of £3.7 million exceeded statutory profit before tax of £2.7 million for the reasons shown in the table below:

	2019/20 £m	2018/19 £m
Underlying profit before tax	3.7	5.6
Brand amortisation	(0.2)	(0.2)
Net IAS 19 defined benefit pension scheme costs	(0.3)	(1.2)
Restructuring & relocation costs	(0.8)	(3.0)
AIM listing costs	–	(0.2)
Net gain from business disposals (pre-tax)	0.3	2.9
Statutory profit before tax	2.7	3.9

The reconciling items were:

- Amortisation of acquired brands of £0.2 million (2018/19: £0.2 million). This is a non-cash charge determined by management judgment in applying accounting standards. It does not affect the economic value of the Group.
- Net IAS 19 defined benefit pension scheme costs of £0.3 million (2018/19: £1.2 million) are also non-cash charges. These relate to the Group's legacy defined benefit pension scheme, which has been closed to future accrual for over ten years. The value of the charge is determined by actuarial assessment and the 2019/20 charge represents the non-cash notional financing cost of the Group's pension deficit due to the time value of money. In the 2018/19 financial year, the charge to the income statement was higher than usual, due to a one-off £1.1 million increase in liabilities relating to guaranteed minimum pension equalisation between men and women. This was partly offset by a one-off actuarial gain of £0.3 million arising from the merger of the Group's pension schemes during the prior year.
- One-off restructuring and relocation costs of £0.8 million (2018/19: £3.0 million) mainly associated with the continued cost reduction programme at Levolux, with costs incurred due to relocating certain functions and operations from two leased sites to our freehold property at St Helens, and staff changes, see note 5 to the financial statements. The cost in the prior year related to the redundancy and operational costs of relocating Gatic Slotdrain production from Dover to Wade's freehold factory in Essex and the aforementioned Levolux relocation. All of these actions helped to enable Alumasc to reduce fixed costs by circa £2.4 million in the 2019/20 financial year.
- The net gain from business disposals reflects the deferred consideration sales proceeds of £0.3 million received in the 2019/20 financial year in accordance with the Alumasc Facades business sale agreement. The prior year comparator represents the gain on sale of the Alumasc Facades business on 31 October 2018, together with its operating profit from the beginning of the 2018/19 financial year to the date of disposal.

Taxation

The Group's underlying effective tax rate was 20.3% (2018/19: 20.4%), slightly above the UK statutory rate of tax of 19% applicable to the Group's financial year due to certain costs that are disallowable for tax purposes. We expect the Group's underlying tax rate to be circa 20% in the 2020/21 financial year.

The Group's effective tax rate on statutory profit before tax was 16.4% (2018/19: 7.4%). Reconciliations from the actual to statutory rates of tax are provided in note 10 to the financial statements. The reconciling items chiefly relate to the tax treatment of the one-off items in the Group's income statement described above.

Earnings per share

Underlying earnings per share for the year was 8.2 pence (2018/19: 12.4 pence). This reduction is consistent with the lower underlying profit before tax for the year for the reasons described in the operational review.

Basic earnings per share of 6.3 pence (2018/19: 10.1 pence) reflected the reduction in underlying profit before tax for the year, partially offset by the lower level of net one-off costs in 2019/20 relative to 2018/19 described above.

Dividends

The Board is recommending to shareholders a final dividend of 2 pence per share (2018/19: 4.4 pence), applicable to members on the share register on 25 September and to be paid on 30 October. The interim dividend for 2019/20, that was due to be paid on 7 April 2020 at a cash cost of £1.1 million, was cancelled as part of the Group's COVID-19 cash conservation programme, making a total dividend for the year of 2 pence per share (2018/19: 7.35 pence).

Chief Executive's Review continued

Investment in growth, cashflow and net debt

Summarised Cashflow Statement

	2019/20 £m	2018/19 £m
EBITDA*	6.2	7.4
Change in working capital	2.5	(1.2)
Operating cashflow	8.7	6.2
Capital expenditure	(1.7)	(2.4)
Interest	(0.3)	(0.2)
Tax	(0.1)	(0.6)
Pension deficit funding	(2.3)	(3.2)
Finance lease payments	(0.5)	–
Dividend payments	(1.6)	(2.6)
Sub total	2.2	(2.8)
Facades / other	(1.4)	2.5
Net cashflow	0.8	(0.3)
Net bank debt at the year end (See note 27)	4.3	5.1

* EBITDA: Underlying operating profit from continuing operations before interest, tax, depreciation and amortisation.

As per the Group's announcements on 27 March and 1 April 2020, the Group responded quickly to the COVID-19 outbreak to protect the business, its employees and all our stakeholders. At this time, the Group also acted promptly and decisively to conserve cash in light of uncertainties caused by the pandemic, including suspending dividends, defined benefit pension contributions (in agreement with the pension scheme trustees) and capital expenditure, imposing very tight controls over operating expenditure and accessing government support in the UK (such as the Job Retention Scheme and tax deferrals). Strong focus has been given to cash collections from debtors while creditors have continued to be paid on a timely/agreed basis to protect supplier relationships.

As a result of all of these actions, the Group recorded a net cash inflow for the year of £0.8 million and at 30 June 2020 the Group continued to have a modest level of net debt of £4.3 million (30 June 2019: £5.1 million).

The net cash inflow in the year was after capital investment of £1.7 million, which was £0.3 million below the depreciation charge for the year, and a working capital inflow of £2.5 million, both reflecting the cash conservation measures introduced in the last quarter of the financial year.

Statement of financial position and return on investment

The Group's net assets and shareholders' funds reduced from £25.4 million at the beginning of the financial year to £19.8 million at 30 June 2020, with the impact of pension scheme actuarial losses and the payment of the prior year's final dividend in October 2019 more than offsetting retained profit after tax for the year.

The Group defines its capital invested as the sum of shareholders' funds, excluding net bank debt, pension deficit (net of tax) and lease liabilities. Following the adoption of IFRS16, Leases, the Group's capital invested increased by £5.0 million, reflecting the Group's leased properties being brought onto the statement of financial position for the first time. Post tax return on investment, with property leases included as part of capital invested for the whole 12 month period, was 7.2% (2018/19: 10.2%, re-stated to include property leases), reflecting the lower underlying profit in the year.

Pensions

The Group's IAS 19 defined benefit pension scheme deficit for accounting purposes at 30 June 2020 was £19.3 million (30 June 2019: £13.0 million), with an increase in the valuation of gross pension liabilities due to reduced gilt yields partially offset by a good investment performance, including the benefit of interest rate hedging within the investment portfolio.

The formal triennial valuation of the merged Alumasc Group Pension Scheme at 31 March 2019 was finalised during the financial year. This showed a significantly improved deficit of £22.4 million compared with £33.0 million in 2016, reflecting cash contributions from Alumasc, above target investments returns, mortality experience and changes to future mortality expectations in the intervening period.

Banking facilities

Alumasc's banking facilities were renewed as a matter of routine during the year and comprise:

- An unsecured committed three-year revolving credit facility of £20.0 million, with an initial expiry date of April 2022 and two single year extension periods;
- Overdraft facilities, repayable on demand, of £4.0 million.

Going Concern and COVID-19

In assessing Going Concern to take account of the uncertainties caused by COVID-19, the Group has modelled a Base Case (BC) trading scenario on a "bottom up" basis. Given the continuing uncertainty regarding the impact of COVID-19 (including potential further waves of the pandemic) on the economy, customer behaviour and ultimately on the Group's performance, the Group has also modelled increasingly stressed scenarios compared to BC (which assume 10% ("Mid Case") and 20% ("Low Case") revenue reductions from BC, along with increasingly conservative assumptions in these scenarios regarding cash collections from debtors). Under the lowest point in these stress tested scenarios (which exists during April 2021), the Group retains headroom of at least £6.7 million against its total banking facilities for the next 13 months to September 2021.

> "As per the Group's announcements on 27 March and 1 April 2020, the Group responded quickly to the COVID-19 outbreak to protect the business, its employees and all our stakeholders."

The Group has been in regular dialogue with its main bankers, HSBC, as its scenario plans have developed and has pro-actively and transparently shared the aforementioned scenario models. While they show headroom of £6.7 million at the lowest point in the Low Case scenario for the next 13 months, they did indicate potential Bank covenant breaches at the two testing points in the period, December 2020 and June 2021, due to the impact of COVID-19 on revenues and profits in the Mid and Low case scenarios modelled. Although current trading levels would suggest that the sensitised scenarios are unlikely to materialise, given the uncertainties caused by the pandemic formal agreement was reached with HSBC to relax the relevant covenant testing for the tests arising in December 2020 and June 2021 to the levels that the Board are satisfied can be met in light of the scenarios modelled and relevant cost saving measures that would be implemented in such scenarios.

Having taken into account all of the aforementioned comments, actions and factors in relation to Going Concern and the potential impact of COVID-19, and in light of the bank facility headroom under various scenarios, the Directors consider that the Group has adequate resources to continue trading for the foreseeable future. Accordingly, they continue to adopt the Going Concern basis in preparing the financial statements. See note 1 to the financial statements for the full Going Concern assessment.

Introduction of new accounting standards

The Group implemented IFRS 16 during the financial year and details of the impact are provided in notes 2 and 31 to the financial statements. In essence, the impact was to bring the Group's leased properties onto the statement of financial position for the first time. This increased both property, plant and equipment and lease liabilities each by £5.0 million on 1 July 2019 when the new accounting standard was adopted. Therefore, the Group's capital invested also increased by £5.0 million, with no change to shareholders' funds at the date of adoption. The full year impact on the Group's income statement was an increase in EBITDA by £0.5 million; increase in depreciation charge by £0.4 million and increased financing charges by £0.2 million, thereby reducing profit before tax by £0.1 million.

Paul Hooper
Chief Executive

8 September 2020

Principal Risks & Uncertainties

RISK MANAGEMENT EMBEDDED IN STRATEGY AND DAY TO DAY BUSINESS DECISION MAKING

Key for change since last year

Increase Decrease No change

Risks and uncertainties	Mitigating actions taken	Change
COVID-19 ***Comment*** *The Coronavirus pandemic initially impacted a number of our clients' business; some closed (but not all) or could not accept delivery, until our customers opened their businesses.* *Government guidelines: Although initially exempting the Construction Industry, some customers were concerned about social distancing and new ways of working, leading to some temporary closures/delay.* *New ways of working have been required under Government guidelines to protect employees and customers from COVID-19 and we continue to monitor this.*	• The company took swift action and closely monitored its working capital and introduced a number of prudent cost control measures to conserve cash. This included delaying capital expenditure and temporarily freezing non-essential new hires. The business also utilised the UK Government job retention scheme, as needed. • The health and wellbeing of staff was a primary concern and additional communication channels were established. • Costs were saved through the elimination of travel and subsistence expenses to de-minimis amounts. • Where possible, staff switched to working from home without disruption. Three manufacturing sites were temporarily closed. Timloc re-opened on 14 April 2020 and AWMS (Burton Latimer and Halstead) on 27 April 2020 on a phased basis. • Contingency measures were implemented. Parts of our business (Gatic, Levolux, Rainclear and Roofing) traded throughout the UK lockdown and our manufacturing sites were closed for a few weeks (as our customers had closed their sites). • Supply chain remained resilient and pre-Brexit stocking of products ensured demand could be met. • Exports and internet sales continued during the UK lockdown period. • Some opportunities and mitigations used during the pandemic that improve the business are being implemented. Best practices and new ways of working have been put in place. • All Government guidelines on Health & Safety, including social distancing were implemented and continue to be followed on all sites. • Ongoing monitoring of the COVID-19 pandemic and external assurance provided to ensure compliance with Government regulations and best practice.	Increase
Economic uncertainty and Brexit risks ***Comment*** *As a result of COVID-19 there is macroeconomic uncertainty on a global basis. In addition, markets could be volatile post Brexit, and this may have an impact on housebuilding/house-sales/construction industry. Government spending on infrastructure projects needs to be maintained.*	• Strategic positioning in markets/sectors anticipated to grow faster than the UK construction market. • Development of export sales opportunities, especially for Levolux (particularly in North America) and Alumasc Water Management (particularly in Asia, the Middle and Far East). • Revenues are derived from a variety of end use construction markets. • Development of added value systems and solutions that are either required by legislation, building regulation and/or specified by architects and engineers. • Continuous development and introduction of innovative green products, systems, solutions and services that are market leading and differentiated against the competition. • The Group has exposure to currency risk, particularly the Euro and US Dollar. These exposures are for the most part hedged, with hedging percentages increased in 2019 to manage potential FX volatility associated with Brexit. • Brexit developments being monitored closely, strong relationships monitored and regular dialogue with key European suppliers. Contingency planning for key residual risk areas, including increased inventory of materials/products imported from the EU.	Increase
Health and safety risks ***Comment*** *The Group has a strong overall track record of health and safety performance, with the number of lost time accidents significantly reduced.*	• Health and safety is the number one priority of management and the first Board agenda item. • Risk assessments are carried out and safe systems of work documented and communicated. • All safety incidents and significant near misses are reported at Board level monthly. Appropriate remedial action is taken. • Group health and safety best practice days are held twice a year, chaired by the Chief Executive. • Annual audits of health and safety are conducted in all Group businesses by independent consultants. • Specific focus on improving safety of higher risk operations, with external consultancy support as needed.	No change
Staff retention and recruitment risks ***Comment*** *Including recruitment, retention, succession and people development. Risk of loss of skills, ability to innovate and improve.*	• Increasing focus of Board and Executive Committee on staff retention and reward, supported by HR and head-hunter advice. • Market competitive remuneration/incentive arrangements. • Employee numbers and changes monitored in monthly subsidiary Board meetings. • Key, high performing and high potential employees identified and monitored. • Training and development programmes. • The Remuneration Committee considers retention and motivation when considering the Remuneration framework. • Succession planning.	Decrease

Risks and uncertainties	Mitigating actions taken	Change
Product/service differentiation relative to competition not developed or maintained **Comment** *Innovation and an entrepreneurial spirit are encouraged in all Group companies. Over 15% of Group revenues relate to products launched in the last three years.*	• A devolved operating model with both Group and local management responsible for developing a deep knowledge of our specialist markets and identifying opportunities and emerging market trends. • Innovation best practice days held annually at Group level and more regularly in each business. • Annual Group strategy meetings encourage innovation and "blue sky" thinking. • New product introduction/development KPI used to monitor progress. • Monitoring the market for potentially new and/or disruptive technologies, increased use of IT and manufacturing machinery. • Customer feedback used to trigger the design and /or supply of additional products and services. • Development of low carbon products.	
Loss of key customers **Comment** *Generally, the Group has a good track record of customer retention and has a diversified customer base.*	• Develop and maintain strong customer relationships. • Product, system and service differentiation and reliability. • Project tracking and enquiry/quote conversion rate KPI. • Increasing use of, and investment in, customer relationship management (CRM) software. • Organisational and business agility to adapt to changing and emerging customer needs. • Customer satisfaction process.	
Legacy defined benefit pension obligations **Comment** *Alumasc's pension obligations are material relative to its market capitalisation and shareholders' funds.*	• Continue to grow the business so the relative affordability of pension deficit contributions is improved over time. The pension deficit increased during the year due to market performance. • Maintain constructive relationship with Pension Trustees. • Meet agreed pension funding commitments. • Regular review at Group Board level. • Use of specialist advisors. • Investment performance and risk/return balance overseen by an Investment Committee. • Monitor and seek opportunities to reduce gross pension liabilities. The Alumasc Group Pension Scheme as part of its investment strategy uses derivatives to partly mitigate inflation and interest rate risk.	
Supply chain risks **Comment** *International supply chain risks could increase through local lockdowns due to the COVID-19 pandemic, increased tariffs/duties, Brexit risks in Europe and political/global volatility.*	• Annual strategic reviews, including supplier, quality, reliability and sustainability. • Regular key supplier visits, good relationships maintained including quality control reviews and training. • Regular supplier quality, value for money and risk reviews. • Avoidance of strategic dependence on single sources of supply. • Contingency plans to manage Brexit risks. • Continuing to monitor China sourcing risks. • Supply questionnaires and export checks are completed to ensure compliance. • Training is scheduled to be provided on customs duties, particularly on managing new arrangements post Brexit.	
Cyber security and Business Interruption **Comment** *Cyber security risks and Business Interruption risks are increasing globally and have increased during the COVID-19 pandemic.*	• IT disaster recovery plans are in place, with close to real time back up arrangements. • Business continuity plans in place, or being evolved where we are relocating operations. • Awareness training and management briefings held on cyber security risks and actions taken on preventative measures. • Regular reviews of cyber security, including external penetration testing and reviews with external IT professionals. • Energy supply and contingency arrangements reviewed periodically. • Critical plant and equipment are identified, with associated breakdown/recovery plans, including assessment of engineering spares held on site. • Business interruption insurance to cover residual risks. • Review of Cyber security with an external party to ensure we have the appropriate protections in place.	
Product warranty/recall risks **Comment** *The Group does not have a history of significant warranty claims or product recall.*	• Robust internal quality systems, compliance with relevant legislation, building regulations and industry standards (e.g. ISO, BBA, etc.), and product testing, as appropriate. • Group insurance programme to cover larger potential risks. • Back to back warranties obtained from suppliers where possible. • Specific local risk management procedures in Group brands that also install (as well as supply) building products (i.e. Levolux and Blackdown).	
Credit risk **Comment** *The Group has good recent record in managing credit risks and the contribution the UK Government Export Credit Scheme for overseas opportunities.*	• Most credit risks are insured, including all contracting credit risk. • Large export contracts are backed by letters of credit, performance bonds, guarantees or similar. • Any risks taken above insured limits are subject to strict delegated authority limits. • Credit checks when accepting new customers/new work. • The Group employs experienced credit controllers and aged debt reports are reviewed in monthly Board meetings.	

Sustainability Report

PROTECTING THE ENVIRONMENT AND SUPPORTING LOCAL COMMUNITIES

Sustainability at a glance

Health & Safety KPI Performance rate index[1]
2.82

Working days lost between January 2020 and 30 June 2020
None

Greenhouse gas (GHG) emissions reduction
35%

Health & Safety

Health & Safety is Alumasc's primary focus, and this is reflected in how we operate our business in a highly regulated environment. The Board member responsible for Health & Safety is our CEO who is responsible for our Health & Safety Policy statement. Group policy on Health & Safety requires that it is the first agenda item for Group and operating subsidiary board meetings. Our target is for Zero harm. This has informed our Health & Safety programme and has helped us develop our compliance with industry best practice and focus on continuous improvement.

We promote manager and worker awareness of their responsibilities, the hazards and risks associated with operations and safe ways of working through targeted training. We use e-learning programmes, workshops for supervisors, hazard alerts and safety/compliance checklists.

Operating businesses and sites have Health & Safety Committees. External consultants conduct regular Health & Safety audits. Action plans from Health & Safety audits are monitored by management and progress reviewed at Board meetings.

Near miss reporting has remained at the same high level of the prior year. In addition, the number of days lost in the workplace relating to accidents was 39 compared to 54 in the prior year. There have been no working days lost between January 2020 and 30 June 2020 and during this period we had three sites temporarily closed in April 2020.

Our principal Health & 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), was 2.82 (compared to 2.69 in 2018/19). Alumasc's Health & Safety performance was good over the last year, and there is a longer-term trend of overall improvement; due to focus on a Zero harm outcome and continuous improvement by both management and employees. Our risks arise from working with machinery, forklift trucks crossing walkways, and car/lorry travel. Health & Safety initiatives include robust risk assessments and we work continuously to ensure that improvements are implemented.

Waste packaging and recycling

We seek to reduce packaging and single non-reuse plastics and we encourage recycling and waste segregation at each of our locations. Office waste is minimised where possible, with our computerised systems for documents. We are a member of Valpak for compliance reporting, and we comply with the commitments under the Producer Responsibility Obligations (Packaging Waste) regulations. We are working with Valpak to reduce waste packaging and information about the costs of packing provided to the businesses. Ideas to reduce waste from Valpak are shared with the divisions.

Packaging and recycling

The Board supports continuous improvements in environmental standards throughout the Group. 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 all our operations. Additional information about the use of recycled plastics by Timloc can be found on pages 10 and 11.

Climate change and sustainability

Our environmental audits are certified by external consultants. These audits are part of our internal programme to maintain our ISO14001:2015 Environmental Management accreditation in several of our businesses. Alumasc maintains the appropriate environmental management standards in the business to meet our statutory and moral obligations and has an excellent record in this regard. We have continuous improvement as part of our environment programme and findings from audits are communicated with management and employees. Our Code of Conduct states that every employee must seek to protect and minimise any adverse impact on the environment.

Water consumption

In excess of 80% of our water consumption is for welfare purposes at Timloc and Wade. Alumasc has some new properties such as Timloc in Howden and Wade in Halstead, with the latest water efficient systems.

Environmental and sustainability matters

Alumasc recognises its responsibility to protect the environment. As a business we are focused on using materials that can be re-used, particularly metals. The Group seeks to improve its environmental footprint by looking at new, more energy efficient, technologies and by reducing emissions. During the year we have approved investments with some of our overseas suppliers to move to more environmentally friendly methods of casting to help protect the environment by reducing particulates. Information about some of sustainable solutions can be found on pages 26 to 27.

A high proportion of Alumasc's building products are focused on providing effective solutions to enhance sustainability in the built environment. Alumasc has established leading positions in water management, through brands such as Alumasc Water Management Solutions, Wade, Gatic, Alumasc Roofing, Derbigum Olivine membranes, and Timloc; and energy/light management through Levolux.

1 A relative measure capturing the total number of lost time and other safety incidents, relating the result to the overall number of hours worked.

Our community

Alumasc supports local community initiatives, local sports groups and a number of charitable donations have been made throughout the year by the business, following fundraising activities.

Alumasc Water Management Systems (AWMS) held a raffle to raise funds and a Valentine's bake sale for Team Mikayla's 2020 events. Team Mikayla is a registered charity that supports children with cancer.

Amount raised

£200

Building Envelope held a Bake Sale to raise money for Macmillan Cancer Support. It included a Berry Pie game, to guess the number of berries used. The team in St Helens raised £220 for Macmillan.

The Building Products division in St Helens took part in the Knowsley 10K for Sam's Diamonds in memory of a former member of staff. The run took place around Knowsley Safari Park!

To date £600 has been raised for Sam's Diamonds Cancer Support.

We support our local community by providing use of our car park for neighbouring Kettering Town FC.

Our Wade site supported Halstead in Bloom. Some planting was unfortunately delayed due to the COVID-19 lockdown.

Sustainability Report continued

Diversity and inclusion

Alumasc 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, ethnicity, gender and sexual orientation. Employees with disabilities are afforded equality of opportunity in respect of entering and continuing employment with us. The Group aims to provide training opportunities that are identical, as far as possible, for disabled and non-disabled employees. Should employees become disabled after joining the Company, every effort is made to ensure that employment continues, and appropriate training is given. A formal Equality and Diversity Policy has been approved by the Group Board and applies to all our businesses.

We recognise the benefits of a diverse workforce and we promote a working environment that is fair and inclusive. We seek to extend these principles to our customers, suppliers, stakeholders and the communities where we operate. The chart above provides headcount data as at 30 June 2020.

We are committed to promoting diversity and equal opportunities from recruitment, employment and career progression to learning and development. We recognise the benefit of calling on the widest range of experience, knowledge and skills.

Employee helpline

A confidential employee assistance helpline is available free to all staff. We publicise the telephone number on our notice boards and make staff aware of this service. The helpline has been obtained from a supplier that operates 24/7. Counselling and wellbeing services can be accessed via an app.

Employees are kept informed of divisional and Group matters, through briefing sessions and presentations. We are always looking at ways to improve communications to motivate employees. During COVID-19 the business kept in touch with staff and ensured that people who live on their own were safe and well. Alumasc values the views of its employees and consults with them about matters that affect them and the business. Some sites issue quarterly internal newsletters with company updates, community/charitable events and employee related news.

	Male	Female	Total
Non-executive Directors	5	0	5
Executive Directors	3	0	3
Senior managers	42	8	50
All other employees	291	112	403
Total	341	120	461

Alumasc Code of Conduct

Our Code of Conduct sets out the ethical standards and expected behaviours from all employees. The Code explains that employees need to act honestly and be responsible and trustworthy, is supported by employee handbooks and outlines obligations on a number of policies including Anti-bribery and corruption, Whistleblowing and ethical trading.

Greenhouse gas ("GHG") emissions data

Carbon Footprint Limited work with the Alumasc Group to help us monitor and report our GHG emissions and to help Alumasc improve its energy efficiency. The Group aims to reduce carbon emissions year-on-year. We aim to do this by reducing our carbon emissions, fuel consumption, and by reducing waste consumption. Carbon Footprint have independently assessed our GHG emissions in accordance with the UK Government's "Environmental reporting guidelines, including Streamlined Energy and Carbon Reporting" requirements. The assessment prepared for Alumasc by Carbon Footprint included the 2019 emission conversion factors published by the Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy and Industrial Strategy (BEIS).

Our carbon footprint includes emissions where we have direct responsibility, for example, vehicles and heating fuel (Scope 1) and emissions from third parties from the generation of electricity (Scope 2). We have voluntarily disclosed Scope 3 that demonstrates a significant reduction in emissions, partly due to lockdown restrictions following the COVID-19 pandemic.

We collect details on energy consumption from our trading divisions and this information is input onto the Carbon Footprint data tracker. The information provided is verified by the submission of invoices and evidence of fuel consumption. The information is audited and verified by Carbon Footprint.

The Group companies are continually reviewing energy consumption and considering new technologies to deliver ongoing reductions in emissions. Our carbon footprint includes all emission sources as required under S12008/410 for large unquoted companies.

The financial review for each scope was as follows:

Scope 1	• Company owned vehicles • Fuels: Natural gas, gas oil, LPG
Scope 2	• Purchased electricity
Scope 3[1]	• Public transport, including rail travel and taxis • Flights • Grey fleet car mileage • Electricity transmission and distribution

1 Scope 3 has been voluntarily disclosed.

Total Group emissions	Tonnes of CO_2e Previous year 2018/2019	Current year 2019/2020	% Change
Total energy consumed (kWh)[1]	n/a	10,067,046	n/a
Scope 1	1,615.55	1,297.37	-19.69
Scope 2	1,282.20	690.82	-46.12
Scope 3[2]	586.00	273.63	-53.31
Scopes 1 & 2 gross emissions (tCO_2e)	2,897.75	1,988.19	-31.39
Total gross emissions (tCO_2e)	3,483.56	2,261.82	-35.07
Carbon offsets (tCO_2e)	0.00	0.00	
Total net emissions (tCO_2e)	3,483.56	2,261.82	-35.07
Scope 1 & 2 emissions normalised to per employee (tCO_2e) (intensity ratio)	5.53	4.58	-17.18
Scope 1 & 2 emissions normalised to per £million turnover ($kgCO_2e$)	32.09	22.09	-31.16

1 kWh includes Alumasc's energy usage from building energy (Scope 1 & 2, excluding refrigerants) & grey fleet (Scope 3) only, as per SECR guidelines.

2 Scope 3 has been voluntarily disclosed.

We are pleased to report this year a decrease of 35% in the Group's emissions. Large reductions in GHG emissions have been achieved for the period 2019/2020 when compared to 2018/2019. The reduction in emissions could be attributed to:

- Energy efficient buildings for Wade and Timloc;
- Reduction of energy used due to COVID-19 temporarily closing three manufacturing sites for three weeks and re-opening on a phased basis;
- Replacement of old machinery with newer more efficient machinery; and
- Reduced travel (in particular this was as an impact of the COVID-19 pandemic).

In addition, during the year Alumasc also completed a detailed Energy Savings Opportunity Scheme (ESOS) energy audit of the amount used, and has a number of recommendations for implementation.

Total tCO_2e	Total tCO_2e/employee	Total tCO_2e/turnover (£M)
2,261.82	4.58	22.09

Large reductions in GHG emissions were identified for the 2019/2020 period when compared to the year ended 30 June 2019.

Human Rights and Modern Slavery Act 2015

Alumasc treats people fairly and we are honest and straightforward in all our business relationships. We have established long-term relationships built on trust and reliability.

Following the enactment of the Modern Slavery Act 2015, Alumasc introduced a 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. The Group Modern Slavery Statement is published on our website: www.alumasc.co.uk in line with Home Office guidance. Alumasc works with its supply chain to ensure that there is a zero tolerance to Modern Slavery. The 2020 statement will be published on our website in compliance with the requirements before the deadline.

Alumasc expects its suppliers and those in the supply chain, where possible, to confirm that all suppliers have the same or similar policies. The latest Modern Slavery Statement and previous disclosures are available at www.alumasc.co.uk.

Anti-bribery and Anti-corruption

Alumasc has a zero-tolerance of bribery and corruption. The Group's Anti-Bribery Policy gives clear guidance of the ethical standards and compliance required. Training is provided to employees either via an online training module and/or by face-to-face training. We encourage all employees to be vigilant and to report any suspicious matter.

Sustainability Report continued

PRODUCTS & SOLUTIONS THAT ARE SUSTAINABLE

Green roofing solutions

Alumasc provides a complete roofing solution including the waterproofing ranges and Green Roofs System.

Blackdown's extensive sedum green roof provides a variety of planting, generally comprising drought tolerant succulents such as sedum, rockery and alpine plants. The above picture is an example of an extensive green roof; it is an ideal choice as it enables any roofing element to both blend in with surroundings and positively contribute to the natural environment.

A Blackdown extensive sedum green roof can complete any low-lying single storey building, helping it to become part of, and give back to, the natural environment.

Blackdown Green Roofs can be supplied in three broad application categories including Extensive, Biodiverse and Intensive and offer engineered living roof systems which are fully compatible with Alumasc's warranted waterproofing ranges.

Green roofs benefit the wider environment through their positive impact on sustainability, biodiversity and the attenuation of storm water. They improve the quality of life for building users whilst being sympathetic to the environment and can have wide ranging long-term financial benefits.

1201 - A telescopic (adjustable) underfloor ventilator

Timloc is passionate about manufacturing goods with the highest level of recycled content possible.

There are numerous products in the Timloc range that are made from 100% recycled material. Every single unit of the Timloc robust, durable and industry-favourite 1201 is produced from 100% recycled material.

The recycled materials used originate from a variety of sources including plastic bottles, plastic trays and plastic car parts, such as bumpers and dashboards. The raw material produced as a result of the recycling process is long-lasting, versatile and, most importantly, environmentally friendly.

Dundee University

A CO_2 neutralising roof? Dundee University benefits from Olivine roofing from Alumasc Roofing Systems.

One of the busiest buildings at the University of Dundee was able to benefit from a complete replacement of its waterproof roofing with Alumasc Derbigum Olivine roofing membranes.

The August 2018 project ran for six weeks and was completed on time, without any complications, after a thorough site survey to correctly identify the project needs.

"Olivine membranes are extremely special," explained Permatop Roofing Director Jim McVeagh, who headed up the project. "Olivine is a highly effective, durable waterproofing solution for roofs which also actively purifies the air by neutralising CO_2 in rainwater."

Olivine membranes use a naturally occurring mineral upper layer that neutralises the most prevalent greenhouse gas via an irreversible chemical reaction when it comes into contact with rainfall.

Nottingham Trent University (NTU)

NTU also selected a Derbigum Olivine roofing system. This carbon dioxide neutralising roofing helped NTU stay as one of the UK's most environmentally friendly universities.

Alumasc Derbigum Olivine roofing absorbs and neutralises CO_2 on contact, as it falls in rainwater, so when it reaches the drains it's carbon-free. Olivine grains decrease in size with each reaction, however, they are large enough to last 30 years plus before having completely reacted. This environmentally focused solution was used in the recent redesign and refurbishment of Nottingham Trent University's Clifton Campus Library, which now features over 1,000m^2 of Olivine, providing a waterproof, BBA approved roofing solution.

The refurbishment also included the specification of Alumasc Rooflights and Harmer aluminium Roof Outlets, together with GX Pressed Aluminium Gutters and Heritage Circular Pipes, ensuring adequate drainage.

GX Pressed Aluminium Gutters are designed to accommodate thermal movement at every joint, being also lightweight, durable, non-corrodible, and are 100% recyclable.

Harmer AV roof outlets combine innovative product design with full industry compliance to meet the needs of rainwater drainage in any construction project, with the ability to drain up to 40% more roof area than conventional gravity outlets. These outlets are sustainable, lightweight, durable and have a non-corrodible design.

The UK market for green construction projects has grown significantly in the last 10 years and is poised to grow further. As environmental awareness grows, more developments are including "green" and sustainable solutions.

Section 172 Statement

ENGAGING WITH OUR STAKEHOLDERS

Under Section 172 of the Companies Act 2006, there is a general duty on every director to act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole.

The Directors consider that they have performed their duty in good faith to engage under s.172 of the Companies Act 2006, to promote the success of the Company for the benefit of the members as a whole, while taking into consideration, amongst other matters:

- The likely consequences of any decisions in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- Maintaining a reputation for high standards of business conduct; and
- The need to act fairly between the members of the Company.

How the Board applied its s.172 duties

Stakeholders	Engagement/activity	Matters considered/actions
Shareholders	The Board needs to know investors' views so they can be considered when making strategic and governance decisions. Alumasc provides Annual and Interim reports, general meetings and analysts presentations. Contact can be made via the CEO and/or our advisers using our website contact email. Additionally, an Investor day was organised in order to obtain feedback and input from our shareholders. We have also engaged with key shareholders in connection with the proposed 2020 Remuneration Policy.	Communication with our shareholders may be face to face, via our website, our Annual Report and Accounts and at the AGM. Information is provided in Broker, and Analyst, briefings. Formal presentations are made to shareholders via Analyst briefings following the annual and interim results. The Notice of the AGM is also sent out to shareholders at least 21 days before the meeting. Information on the voting received is published on the Company's website after the AGM. We organised a visit for investors to our Timloc factory in Howden, Yorkshire. Any feedback is reflected in our governance and/or our strategy. We listen to feedback from our investors, sharing comments with the Board to help inform strategy and decision making. We are committed to developing our investor communications.
Employees	Health & Safety decisions are taken and implemented to protect the wellbeing and safety of employees. The importance of Health & Safety is demonstrated by the fact that it is always the first agenda item for Board meetings. Communications and career development/succession planning meetings have been held. Divisional site-based meetings and /or virtual meetings, regular communications and updates are provided for staff.	We have invested in Health & Safety and provide appropriate training, personal protective equipment and additional courses for supervisors. During the COVID-19 pandemic additional communication was required for staff, particularly for those working from home. Additionally, employees who lived alone had other colleagues check on their wellbeing. Every effort was made during and after the COVID-19 pandemic to protect employees. We also seek to share our vision and longer-term strategy with staff. Targeted questionnaires were used during the COVID-19 pandemic and we have had good feedback on our approach to the welfare of staff who are working from home.
Customers	We establish good relationships with our customers and have dedicated account management for larger accounts. We strive to understand what products our customers require and how to improve our customer service.	Customers provide feedback about product use and ask about new product development. Often, we bring out new products after feedback/requests are received. Customers are encouraged to provide feedback about our products and services. We continue to prioritise customer service and strive for continual improvements.
Suppliers	Key supplier relationship updates are received from our Procurement team. Site visits and questionnaires on ethics and modern slavery are provided by our suppliers.	We work with our supply chain partners to ensure minimum disruption due to the COVID-19 pandemic. We consider the routes to market that our customers prefer, for example Timloc has a following day delivery to site, subject to a minimum order value.

Strategic Report
Governance
Financial Statements

Stakeholders	Engagement/activity	Matters considered/actions
Pension Trustees	Our relationship with the Trustees of The Alumasc Group Pension Scheme is excellent, and we know how important it is to work in partnership with the Scheme and to make sure that the Trustees are consulted on significant developments.	At the beginning of the COVID-19 pandemic we used our relationship to ask for a three-month deferral of contributions to the Scheme and this was granted. We are now paying the deferred amount in our contributions and will have completed these payments before the next triennial valuation. Regular dialogue with the Trustees during the COVID-19 pandemic has been important and provided additional assurance.
Bankers	We recognise the importance of having an excellent working relationship with our bank, to ensure we have the support and financial resilience needed.	Regular trading information has been provided to the bank. Alumasc's relationship bank manager was invited to a Board meeting during the COVID-19 pandemic to discuss our RCF, to ensure that this would meet our business needs.
Our Community/ the Environment	**Products:** Alumasc is focused on providing sustainable products where possible. Examples of our innovative products can be found on pages 26 to 27 of this report. **Communities:** We also support our communities; for example, we have a good relationship with Kettering Town FC and Acorn Day Nursery who are near neighbours in Burton Latimer.	We seek, where possible, to develop new products that are durable and sustainable. Our strategy is increasingly to provide "green products" that are better for the environment.

Compliance with Section 414 of the Companies Act 200

We have complied with the requirements under the provisions of the Companies Act 2006 contained in Sections 414CA and 414CB of the Companies Act and the relevant references can be found below.

Description	Page
Business Model	3
Non-Financial KPIs	22
Management of principal risks and the impact of business activity	20-21, 41-43
Employees	24, 28
Social and Community	23
Respect for Human Rights	25
Anti-corruption and anti-bribery	25, 43
Environmental matters	22, 24, 29

Application of s.172

We have continued to comply with the requirements under s.172 in the period of the COVID-19 pandemic. The Board conducted weekly calls to consider all matters, with the primary focus being the Health & Safety of all employees, customers and suppliers. The Board also focused on what was necessary for the long-term success of the business.

Key decisions made included: enabling office based staff and sales executives to work from home; implementing additional cyber and IT security; temporarily closing three manufacturing sites for three weeks; conserving cash and monitoring the Group's liquidity; furloughing some staff; announcing the cancellation of the interim dividend; and rolling out and implementing a Health & Safety checklist and procedures in line with Government guidelines.

Any new business strategies, supply-chain, new products development and investment decisions considered the following:

- the health, safety and wellbeing of employees, customers and suppliers;
- the interests of all stakeholders particularly, shareholders and The Alumasc Group Pension Scheme;
- the environment and sustainability;
- the views of our bankers; and
- local/community issues.

Board of Directors

COMMITTED AND EXPERIENCED LEADERSHIP

Chairman and Deputy 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. He also holds the position of Chairman to the Nomination Committee.

N

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 also holds the position of Chairman to the Remuneration Committee and is a member of the Audit and Nomination Committees.

A N R

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.

Gilbert Jackson
Executive Director

Appointed: 2019
Experience: Gilbert Jackson, currently the Divisional Managing Director responsible for Roofing and Levolux, has extensive experience in building products and the construction industry. He championed the idea of specification led cross-selling of a Building Envelope. Gilbert joined Alumasc in 2011, having previously worked at IKO and Marley Waterproofing and Polypipe Civils Ltd.

Registered Office

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www.alumasc.co.uk
info@alumasc.co.uk
Registered No: 1767387

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Auditors
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Two Snowhill
Birmingham B4 6GA

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

Bankers
HSBC Bank plc
4th Floor
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497 Silbury Boulevard
Milton Keynes MK9 2LD

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Queensway
Birmingham B4 6AT

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Birmingham B3 2FG

Brokers
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NOMAD
finnCap
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London
EC2M 1JJ

Committees:
- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- Chair of Committee

Non-executive Directors

Michael Leaf

Executive Director

Appointed: 2019
Experience: Michael Leaf joined Alumasc in 2011 as Managing Director of Timloc Building Products where he has overseen significant growth in both the revenues and profitability of the business. Michael has also performed a number of other roles during his time with Alumasc including the management of the Pendock and Engineering businesses prior to their sale. Michael is currently the Divisional Managing Director of the Housebuilding Products division. For the last 25 years Michael has held a number of senior positions within the Building Products Industry and prior to joining Alumasc, Michael was a Director at Ideal Standard (UK) Ltd.

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 in 2000 became a partner at PwC. David was a founding partner of Kinetix Critchelys Corporate Finance LLP in 2010, which provides corporate finance advice to the clean technology and environmental sustainability sectors. David is also Senior Independent Director at Xeros Technology Group plc and a non-executive director of Myonlineschool Ltd. He is a member of the Audit, Remuneration and Nomination Committees.

A N R

Vijay Thakrar
BSc, FCA

Non-executive Director

Appointed: 2019
Experience: Vijay is a chartered accountant who was a partner at Deloitte and EY before taking up a number of non-executive director (NED) roles. He has served as NED on various boards, including The Quoted Companies Alliance and Quorn Foods. He is currently on the boards of MK Dons Sports & Educational Trust, Treatt plc and Walker Greenbank plc. Vijay is Chairman of the Alumasc Audit Committee and is a member of the Remuneration and Nomination Committees.

A N R

Stephen Beechey
BSc, MA, MRICS, MCIOB, MAPM

Non-executive Director

Appointed: 2019
Experience: Stephen has worked in the construction industry for over 30 years and has a broad understanding of all aspects of the sector. He is also an executive director of the Wates Group, one of the largest privately-owned construction, development and property services companies in the UK, where he sits on the Group Executive Committee and the Construction Group Board. He is a member of the Audit, Remuneration and Nomination Committees.

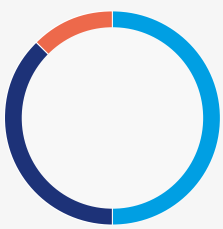
A N R

Helen Ashton BA, FCG
Group Company Secretary

The Board

At Alumasc we have a strong and experienced Board, bringing a wealth of skills and knowledge to the Company.

Board tenure



Corporate Governance Statement

"The Board supports good corporate governance to build long-term success and a sustainable business."

John McCall
Chairman

The Board adopted the QCA Corporate Governance Code 2018 (the QCA Code) on 25 June 2019 pursuant to Rule 26 of the AIM rules. The following section outlines the Group's approach to governance and how the Board and Committees operate.

The Alumasc Group plc Board of Directors

(Biographical details can be found on pages 30 to 31)

Audit Committee

Membership as at 30 June 2020

Vijay Thakrar (Chairman)
David Armfield
Stephen Beechey
Jon Pither

See pages 40 to 43

Remuneration Committee

Membership as at 30 June 2020

Jon Pither (Chairman)
David Armfield
Stephen Beechey
Vijay Thakrar

See pages 44 to 51

Nomination Committee

Membership as at 30 June 2020

John McCall (Chairman)
David Armfield
Stephen Beechey
Jon Pither
Vijay Thakrar

See page 58

Executive Committee

Further information on our Corporate Governance can also be found on our website (www.alumasc.co.uk).

Director induction

On appointment to the Board, Mr Michael Leaf and Mr Gilbert Jackson were provided with:

- Access to the Group Company Secretary
- A tailored induction appropriate to their position
- Information as appropriate
- A briefing from the Nomad

Deliver growth		
Principle 1: *Establish a strategy and business model which promotes long-term value for shareholders*	Within certain parameters set by the Board, the Executive Committee, led by the Chief Executive Officer, the Executive Directors and Executive Committee members, are responsible for recommending to the Board the strategy of the Group. The strategic focus of the Group also reflects and takes into account views of the Group's key stakeholders; its shareholders, employees, members of its pensions schemes, customers, suppliers, and bankers. The Board reviews and discusses the recommendations and ideas of management and must approve the strategy before it can be implemented. The Executive Committee and the management teams of the Group's divisions are then responsible for the implementation of the strategic plans and the management of the business on an operational and day-to-day basis. Further details of the Company's business model and strategy are set out on pages 2 to 3.	
Principle 2: *Seek to understand and meet shareholder needs and expectations*	Alumasc has regular dialogue with existing and potential investors. Meetings are organised at least twice a year providing management with a forum to explain the business and our opportunities to investors. It is also useful to receive feedback from investors and analysts on our business as a way to gather information and ideas to help drive the business forward.	
	Dialogue with shareholders	There is regular dialogue with individual institutional shareholders, in addition to general presentations after the announcement of results. The Board receives regular updates on all the meetings and communications with major shareholders, who have the opportunity to meet with the Non-executive Directors from time to time. During the year a factory site visit to Timloc was arranged for investors, this was well attended. It provided an opportunity for investors to see how we manufacture our products and our use of recycled plastics. A second visit to Timloc has been postponed due to the COVID-19 pandemic. Shareholders and potential investors have direct access to the Group via its website and can review corporate data on the site. Additionally, the Group responds to individual enquiries from shareholders on a wide range of issues.
	Use of General Meetings	The Annual General Meeting (AGM) also provides an opportunity for shareholders to ask questions. Comments or questions from proxy voting services are considered and reviewed. At our AGM there is an opportunity for shareholders to attend or to appoint a proxy on their behalf (subject to any COVID-19 measures). Our General Meeting was held on 23 April 2020 whilst the Stay at Home Measures were in force; however, there was an opportunity to submit questions in advance of the meeting via our website, and for shareholders to ask questions in advance or on the day using the conference call facility. We will also use a dial-in facility at the 2020 AGM in light of Government guidelines.

Corporate Governance Statement continued

Deliver growth *continued*		
Principle 3: *Take into account wider stakeholder and social responsibilities and their implications for long-term success*	Alumasc is aware of its corporate and social responsibilities and the need to build strong relationships across a range of stakeholder groups. The business seeks to protect its employees and takes its Health & Safety responsibilities very seriously. Further information about our approach to Health & Safety and our approach to COVID-19 can be found on pages 1, 4, 5, 12, 13, 18, 20, 22, 24, 28, 29, 41, 45.	
	Health & Safety	Alumasc places the highest priority on Health & Safety matters. There is a Group policy to this effect, and it remains the first agenda item for all subsidiary and plc board meetings. It is considered that embedding a Health & Safety culture is the responsibility of both management and all employees. Our key responsibility is to keep all people we interact with safe from harm. Alumasc and its subsidiaries comply with Health & Safety legislation, and we have active involvement of all staff with continuous improvement. Further information about Health & Safety can be found on pages 22 and 28.
	People	Communication with employees can be through various methods from Company meetings and conferences to other forms of written and electronic communication; this also includes site visits from senior management and Directors. Alumasc engages with employees via works forums and written updates to understand employee matters and points of view and this in turns helps us to make more informed business decisions. Alumasc takes seriously its corporate and social responsibilities. During COVID-19 we stayed in touch with our staff, some employees in one division were part of a WhatsApp group and employees also made sure they were in contact with those who lived on their own. Our training programme includes: Health & Safety, technical and compliance skills to reflect softer business skills including Supervisor and Management training. We have online training available and have moved other training onto interactive audio visual platforms, where possible.
	Diversity	As a Group, we are committed to promoting diversity and providing equal opportunity to all areas including (but not limited to) recruitment, employment and career progression. The Group is an equal opportunities employer.
	The Environment	The majority of our products help to manage scarce resources of energy and water in the built environment. We sell primarily manufactured products made of metal and support materials that can be re-used. Many of the materials used in our products can be recycled and a high proportion of the plastics used are made from recycled materials.
	Culture	All our employees are expected to operate in an honest and ethical manner. We look to have relationships of trust and reliability with our customers and suppliers. Compliance is an important part of our culture, as evidenced by our approach to Health & Safety.
	Customers	We also aim to provide outstanding customer service and are very customer focused. Our aim is to ensure we provide market leading products and services to meet customer requirements. Alumasc seeks to innovate where possible to provide solutions for customers. We do seek to provide excellent service and good relationships are part of our long-term success.
	Suppliers	Alumasc's suppliers are critical to our success. We have long-term relationships with our suppliers as we need assured timeliness, quality and the reliable delivery of materials and products. As part of our supply chain our suppliers need to have shared and aligned values; for example, to support our statement ensuring that Modern Slavery does not take place and complying with our Anti-Bribery Policy. We work with our suppliers to ensure that we respect the environment, and this year have made significant investments to ensure that the methods of manufacture used reduce particulates and are environmentally friendly.
	Communities	We seek to be close to the communities where we operate and to be supportive neighbours. Operating divisions are connected with events for good causes in their communities. For example, we have supported charity fundraising events and local football clubs. Further information on the support we provide is in the Sustainability Report on pages 22 to 29.

Deliver growth *continued*		
Principle 4: *Embed effective risk management considering both opportunities and threats throughout the organisation*	The Board's policy on risk management encompasses all significant business risks to the Group, including: strategic, commercial, financial, operational and Health & Safety risks, which could undermine the achievement of business objectives. The Board sees the discussion of principal risks as critical for our business and the risk management approach is outlined on pages 20 to 21 and 41 to 43.	
	Monitoring risks	Regular monitoring of risk and control processes, across headline risk areas and other business-specific risk areas, provides the basis for regular and exception reporting to management and the Board. We also run regular Health & Safety assessments and reviews. Our risk assessment and reporting criteria are designed to provide the Board with a consistent, Group-wide perspective of the key risks. Regular reports to the Board include an assessment of the likelihood and impact of risks materialising, together with risk mitigation initiatives and their effectiveness. Internal Audit as part of its remit also reports on risks to the Audit Committee.
	Role of the Board	The Board has overall responsibility for the Group's approach to risk management. It has delegated some responsibility in respect of financial controls to the Audit Committee. Any new and material risks identified by management are communicated promptly to the Chairman and the Board.
	Controls	The Board is responsible for, and ensures that, the Company's business activities comply with key standards policies such as the Data Protection, Anti-Bribery, Whistleblowing and Share Dealing Policies. Other policies have key messages delivered by staff training. There is a delegated authorities matrix in place for approval levels across the business. Each trading division is aware of matters and powers that are reserved for Board approval and the relevant financial levels that require approval. A summary of the principal risks and uncertainties facing Alumasc, together with mitigating actions, are set out on pages 20 to 21.

Maintain a dynamic management framework		
Principle 5: *Maintain the Board as a well-functioning, balanced team led by the Chair*	Board composition	The Board consists of a Chairman, Chief Executive, two Executive Directors, and four Non-executive Directors; of whom three are independent. The Non-executive Directors who are not considered independent are Mr John McCall and Mr Jon Pither. A director is no longer considered independent after they have served for more than nine years on the Board. The Board has three Executive Directors; Mr Paul Hooper, the Chief Executive, and two additional Executive Directors, Mr Michael Leaf and Mr Gilbert Jackson, who were appointed on 5 September 2019. On 6 February 2020 Mr Andrew Magson, Group Finance Director, resigned from the Board. There is a clear separation of roles between the Chairman and the Chief Executive Officer. The Chairman takes responsibility for the running of the Board; no individual or group dominates the Board's decision-making and the Chairman ensures that the Non-executive Directors are properly briefed on matters. The Chairman has overall responsibility for corporate governance matters and also chairs the Nomination Committee. The Chairman approves the Board agenda; in addition, the Directors are provided with regular, timely information on the financial performance of the divisions within the Group, and on the business as a whole. The Chairman facilitates the meetings and ensures there is time for each Director to contribute and that no one individual dominates a meeting. Directors contribute their independent judgment and experience to challenge and explore all matters, whether strategic or operational. The Board is provided with Health & Safety reports, finance and management reports and other information on a regular basis. The Chief Executive Officer has responsibility for implementing the strategy of the Board and for managing the day-to-day business activities. The Company Secretary is responsible for ensuring that Board procedures are followed together with all applicable rules and regulations. All Non-executive Directors have confirmed and demonstrated that they have adequate time available to meet the requirements of the role and they have no conflicts.

Corporate Governance Statement continued

Maintain a dynamic management framework *continued*		
Principle 5 *continued:*	Board Committees	The Board has delegated authority to the Audit, Remuneration and Nomination Committees to support the work of the Board in the performance of its duties and terms of reference for each Committee are available on our website www.alumasc.co.uk. The Board believes that the members of those Committees have the appropriate skills and knowledge to carry out their functions. a) Audit Committee Information about the composition of the Audit Committee and its activities during the year can be found in the Audit Committee Report on pages 40 to 43. b) Remuneration Committee The Remuneration Committee Report is on pages 44 to 51. c) Nominations Committee Information about the Nomination Committee can be found on page 58. In accordance with the Articles of Association, any Director appointed during the year 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 Executive Directors who were appointed during the year, Mr Michael Leaf and Mr Gilbert Jackson, are required to offer themselves for election at the forthcoming AGM. The Directors required to retire are those who have served three years since their previous re-election or were appointed during the year. Accordingly, Mr Michael Leaf and Mr Gilbert Jackson are standing for election and Mr Jon Pither and Mr David Armfield are standing for re-election. The Board meets at least seven times a year and more frequently where business needs require; for example, during the COVID-19 pandemic there were weekly calls and as the businesses began to re-open the calls were held less frequently. The Board has a Schedule of Matters Reserved for its decisions, including 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 of Matters Reserved for the Board can be found on our website www.alumasc.co.uk. 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.

Maintain a dynamic management framework *continued*

Principle 5 *continued:*

Board Committees *continued*

Scheduled Board meeting attendance

Directors	Position	Board (Attended/eligible to attend)
J S McCall	Chairman	7/7
J P Pither	Deputy Chairman	7/7
D Armfield	Non-executive Director	7/7
S Beechey	Non-executive Director	5/7[1]
V Thakrar	Non-executive Director	7/7
G P Hooper	Chief Executive	7/7
A Magson	Group Finance Director	4/4[2]
G Jackson	Executive Director	6/6[3]
M Leaf	Executive Director	6/6[3]

1 Mr Stephen Beechey was unable to attend due to a clash of meetings.

2 Mr Andrew Magson resigned on 6 February 2020.

3 Mr Gilbert Jackson and Mr Michael Leaf were appointed to the Board on 5 September 2019.

For those Directors unable to attend a meeting, they were able to feedback any comments they had on the papers to the Chair and were advised of any decisions taken during the meeting.

Profiles of the Board members appear on pages 30 and 31 of this report and on our website (https://www.alumasc.co.uk/investors/board-directors). These indicate the high level and range of business experience which enables the Group to be managed effectively.

Principle 6:

Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Chairman, together with the Nomination Committee and the Company Secretary, review the knowledge and experience of the Board to ensure there is the right balance to support Alumasc's strategy.

When considering appointing new Non-executive Directors to the Board, the Nomination Committee will consider relevant matters including the experience and the skills needed together with the diversity of its composition. During the year, Alumasc has refreshed its Board with the appointment of two new Executive Directors, and it keeps its membership under review.

The Board considers that the Directors bring a senior and significant level of judgment and experience that are important for the evaluation of the operations (including key appointments) and standards of conduct. All Directors are given access to the Group's operations and personnel as and when required.

The Board ensures that the Directors' knowledge of Alumasc and its business is kept up-to-date. Site visits are also arranged for Non-executive Directors.

The Directors received briefings from the Nomad and from other advisers as needed to enable them to fulfil their duties (for example, the auditors). The Company Secretary is available to discuss corporate governance matters.

Directors may seek advice from the Company Secretary as required about their duties, or from the Company's legal advisers if needed.

Role of the Chairman

The main role of the Chairman is to oversee the Board and the Company's governance structures. He is also responsible for ensuring that the Company maintains an appropriate level of dialogue with its shareholders.

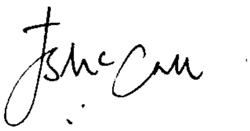
Chief Executive Officer

The role of the Chief Executive Officer is to oversee the day-to-day running of the business and the operational management of the Group's businesses.

Corporate Governance Statement continued

Maintain a dynamic management framework *continued*	
Principle 7: *Evaluate board performance based on clear and relevant objectives seeking continuous improvement*	An evaluation of the performance and effectiveness of the Board, its Committees and individual Directors was carried out during the year. The outline for the evaluation complied with the QCA Code. The Company normally conducts an annual performance review of the Board using one-to-one interviews with Board members in line with the QCA Code. The results of the interviews are then discussed with the Board. Due to COVID-19 feedback was provided directly by phone or email. Overall Board composition is reviewed annually by the Chairman and the Nomination Committee to determine whether or not any changes might be recommended. Two Executive Directors were appointed on 5 September 2019 and one Executive Director (the Group FD) resigned on 6 February 2020. The areas discussed related to strategy, succession planning, risk assessment, employee management and development. The Executive Director appointments were made following the 2019 Board evaluation.
Principle 8: *Promote corporate culture that is based on ethical values and behaviours*	Our Chairman and Chief Executive Officer lead on corporate culture and encourage the values of trust, honesty and integrity. The Board understands that employee engagement underpins our business and helps us drive for success. We also seek to ensure we have the best levels of Health & Safety standards in order to protect employees. Employees are required to deal ethically with customers and suppliers. A number of our businesses have employee forums for matters to be raised. Alumasc Group employees are asked to maintain appropriate behaviours and to comply with Health & Safety regulations. The Group has policies that govern its activities in respect of zero tolerance towards Modern Slavery and other policies such as Anti-Bribery, Whistleblowing and Data Protection. The Company reviews compliance with these policies. Alumasc has a series of requirements for its suppliers and these are reviewed from time to time by internal procurement professionals. Any matters of concern can also be raised to the Chairman or to the Chair of our Audit Committee, as appropriate.
Principle 9: *Maintain governance structures and processes that are fit for purpose and support good decision-making by the board*	The Board has seven scheduled meetings each year. Before each Board meeting an agenda is prepared and circulated to the Directors. The Board is responsible for the long-term success of the Company; there is a formal Schedule of Matters Reserved for the Board and this includes discussions on strategy. The Board also considers budgets, annual and interim results, dividend policies, contract approval, large capital expenditure requests, acquisitions and senior appointments. The Chairman and our Board of Directors support good corporate governance to ensure that they build a successful and sustainable business that is beneficial for all our stakeholders. The Chief Executive Officer and Executive Directors have responsibility for the operational day-to-day management of Alumasc's business and activity. The Non-executive Directors bring outside experience and independent judgment to our decision-making at the Board. The Chairman has responsibility for the Board and for corporate governance matters. The Company Secretary is responsible for ensuring that Board procedures are followed together with all applicable rules and regulations. The Board is responsible for the overall governance of the Company. Its responsibilities include setting the strategic direction of the Company, providing leadership to put the strategy into action and to supervise the management of the business. The Board is supported by the Audit, Remuneration and Nomination Committees and the reports for these Committees can be found on pages 40 to 51, and page 58, the terms of reference for the Committees can also be found on our website www.alumasc.co.uk.

Maintain a dynamic management framework *continued*	
Principle 10: *Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders*	The business sets a high priority on maintaining good communications with its stakeholders to ensure that the Alumasc Group's processes and procedures are clear and understood. On our website (www.alumasc.co.uk) the "Investors" section is regularly updated. We communicate with our shareholders through: the Annual Report, the half-year announcements, the AGM and roadshows/meetings with investors and at analysts' briefings. The Board also pays attention to the voting recommendations provided by third party proxy voting services, as well as the voting outcomes of specific resolutions with a view to determining whether any further action is required. The Company maintains a dedicated email address for use by current and/or potential investors (alumasc@camarco.co.uk). After the AGM the Company announces the results of the voting, including details of the proxy votes cast or received. In addition, this information is available on the investor section of our website. The Board also receives information on the views of shareholders from its brokers and Nomad. Feedback from analysts, other advisers and investors is also reviewed. Discussions, where needed, are held to enable closer alignment between the way in which the Group is led and shareholder views. Additional information is provided in the s.172 Statement on pages 28 to 29.



John McCall
Chairman

Audit Committee Report

STATEMENT FROM THE CHAIRMAN OF THE AUDIT COMMITTEE

"Management took swift actions to protect the business and conserve cash at the onset of the COVID-19 pandemic."

Vijay Thakrar
Chairman of the Audit Committee

Audit Committee membership

The members of the Committee are as follows:

- Vijay Thakrar (Chairman)
- David Armfield
- Stephen Beechey
- Jon Pither

The Group Chairman, Chief Executive, Group Finance Director, Group Financial Controller and the external auditors usually attend the meetings of the Committee. The Committee met three times in the year, all of which were attended by the external auditor, and a record of the meeting attendance by Committee members is set out opposite. After each Audit Committee meeting that the auditors attend, the Committee meets the auditors without members of the management team being present.

Dear Shareholders,

I am pleased to present the Audit Committee's report for the year ended 30 June 2020.

Meeting attendance

Members	Attended/ eligible to attend
Vijay Thakrar	3/3
David Armfield	3/3
Stephen Beechey	3/3
Jon Pither	3/3

The Committee's main duties are as follows:

- monitoring and reviewing the integrity of the financial reporting process and reviewing the financial statements, including the appropriateness of judgments and estimates taken in preparing the financial statements and preparations for the introduction of new accounting standards;
- monitoring and reviewing the effectiveness of the Group's internal financial controls including approval of the scope and review of the results of the Company's internal audit activities;
- 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;
- to review any proposal for the external auditor to supply non-audit services, in view of Group policy and 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.

Activities of the Committee in the 2019/20 financial year

The main activities of the Committee during the year were:

- reviewing and challenging management's forecasts and scenarios relating to COVID-19's impact on the Group, its liquidity position and the appropriateness of adopting a Going Concern basis in these financial statements;
- 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;
- reviewing and approving 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 auditors;
- reviewing the methodology, impact and disclosures in the financial statements relating to the introduction of IFRS 16, Leases, during the 2019/20 financial year;
- reviewing and approving 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; and
- reviewing with management the Group's tax advisor arrangements and overseeing the tender process, which led to the Board's decision to appoint KPMG to replace Deloitte from 17 January 2020.

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, judgment and possible error 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) Going Concern and COVID-19 impact

Management took swift actions to protect the business and conserve cash at the onset of the pandemic. The Committee has challenged management on their base case trading and cashflow scenarios prepared for the period between now and September 2021, including stress tested and reverse stress tested scenarios as set out on page 73, taking account of the impact of COVID-19 and the possibility of a second wave of COVID-19. Management have discussed these scenarios with the Group's bankers and have negotiated relaxations of bank covenants to provide headroom in the event of downside scenarios materialising as also set out on page 73. The Committee has also discussed these issues with the external auditors to seek their opinion. In light of these actions and, taking account of the comments on page 64, the Committee considers that the disclosure of the Board's assessment of Going Concern is complete and understandable.

(ii) Revenue recognition

Revenue recognition on construction projects carried out in the Building Envelope division, which has bespoke construction projects with performance obligations that can span more than one accounting period, leads to the application of judgment in the recognition of revenue and profit over time, including estimation of the percentage of contract completion and estimates of costs to complete the work, as described in the accounting policy note on page 80. Having reviewed these judgments taken at the year end with management and the external auditors, the Committee was satisfied with management's judgments for the level of revenue and profit recognised on construction projects for the financial year.

Audit Committee Report continued

(iii) Defined benefit pension schemes' valuation

As described in the risk review on pages 20 and 21, 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 actuarial 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 22 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 auditors, the Committee was satisfied that the Group balance sheet reflects an estimated valuation of the Group's pension obligations that is consistent with IAS 19's valuation methodology.

(iv) Accuracy and valuation of inventory

All of the Group's businesses carry significant levels of inventory, whether manufactured in-house or bought-in. The accuracy of the records of physical inventory on hand and the valuation of that inventory, including judgments as to the value of manufacturing cost to be absorbed into the inventory valuation and the net realisable value particularly of old and slow-moving inventory, can affect both the Group's Consolidated Statement of Financial Position and its Consolidated Statement of Comprehensive Income. Inventory records, including an analysis of trends and the evolution of management judgments on valuation are reviewed by the Executive Directors in monthly meetings with operating company management and in associated board reports. Internal audit has particular focus on checking the accuracy of the inventory records through attendance at stock counts and reviewing the application of judgments taken by local management surrounding valuation. Physical stock counts are held at the financial year end and half year end, and more regularly when needed. The Committee reviews regular reports from executive management, internal audit and the results of the external audit to satisfy itself that inventory values across the Group are materially accurate.

(v) Valuation of goodwill

In light of the restructuring of the Levolux business announced in the 2019 financial statements, the Committee has challenged management on the progress made and whether the carrying values for the Levolux business in the Group and Company financial statements are appropriate. This included challenging progress in respect of Levolux's restructuring, trading performance and budgets/forecasts. The Committee also asked the auditors to pay particular attention to Levolux in their audit work. It has not been considered necessary or appropriate to impair the carrying values.

Assessment of the effectiveness of external audit

The Committee assessed the performance of BDO both through formal Committee meetings, BDO's reports to the Committee and more informal interaction throughout the year. The Committee also received structured feedback from senior Group level 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 be robust and effective.

Assessment of the independence of the external auditor

The Group's policy on the independence of auditors is consistent with ethical standards published by the Financial Reporting Council.

The Group changed its external auditor from KPMG to BDO in January 2019. The Committee assesses the effectiveness and independence of the external auditor every year.

Any non-audit services proposed to be carried out by the external auditor are discussed and approved in advance by the Committee. During the financial year under review BDO did not carry out any non-audit work. Prior to their appointment as auditors to Alumasc, BDO had acted as the auditors to the Group's defined benefit pension schemes. BDO resigned as auditors to the Group's defined benefit pension schemes on their appointment as the Group's auditors in January 2019.

BDO 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 is satisfied with the independence of the external auditor.

Appointment and re-appointment of the external auditor

The audit for Alumasc's financial year ended 30 June 2020 was BDO's second following their appointment in January 2019. Resolutions are being put to the AGM to be held in October 2020 to recommend their re-appointment for the 2020/21 financial year.

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 20 and 21. 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.

(ii) Financial reporting and monitoring

The Board receives regular financial reports, including monthly management accounts, quarterly 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 auditors 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 20 and 21. 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. The Committee has requested future work to be focused on high risk areas that could have a material business or financial impact.

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.

Anti-Bribery policy

The Group has in place a policy with regards 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 with relevant training provided. 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 company board meetings.

Code of Conduct

The Group has in place a Code of Conduct, setting out the standards of business practice 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 the Anti-Bribery policy can be found on the Group's website www.alumasc.co.uk.

Vijay Thakrar.

Vijay Thakrar
Chairman of the Audit Committee

Directors' Remuneration Report

STATEMENT FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

"The Company will continue to review its remuneration policies and consult with investors as necessary."

J. P Pither
Chairman
Remuneration Committee

Dear Shareholder

I am pleased to present the Report of the Remuneration Committee ("the Committee") for the financial year ended 30 June 2020.

As an AIM listed entity, the Company is not required to apply the full Listing Rules of the Financial Conduct Authority or the requirements under SI 2008/410 schedule 8 and hence is not required to present a report on remuneration in accordance with those rules. However, the Board considers it appropriate for the Company to provide shareholders with information in respect of executive remuneration that follows the "spirit" of the Regulations given previous disclosures before the Company joined AIM.

Meeting attendance

Details of the Committee members who served during the year can be found below.

Members	Attended/ eligible to attend
Jon Pither (Committee Chairman)	3/3
David Armfield	3/3
Stephen Beechey	3/3
Vijay Thakrar	3/3

The main duties of the Remuneration Committee are set out in the Committee's terms of reference and these can be found at www.alumasc.co.uk

Our Remuneration Policy was approved by shareholders at the 2017 AGM and that policy will come to the end of its three-year life later this year. Therefore, a new Remuneration Policy (the 2020 Policy) is being put forward for shareholder approval at the 2020 AGM, following consultation with our major shareholders. If approved, this policy will replace the one passed in 2017. Companies listed on the AIM market are not required to put their policies to a shareholder vote but, reflecting the Board's approach to high levels of governance and good practice, we are voluntarily putting ours to a vote. There will be a second advisory vote on the Annual Report on Remuneration. I hope you will be able to support our resolutions.

This Remuneration Report sets out the 2020 Policy and the remuneration paid to the Directors during the period. The Company will continue to review its remuneration policies and consult with investors as necessary.

The details of membership of the Committee can be found on this page.

2020 Policy

The key objective of the Remuneration Committee is to put in place a simple set of arrangements that provides strong alignment with shareholders and other key stakeholders. As outlined in our Strategic Report the Board of Alumasc has been pursuing a growth strategy to develop new products for each of our divisions that further demonstrate our commitment to customer service and "green building products". We are also seeking to grow our export markets and our involvement in infrastructure projects. Following consultation with our major shareholders, I hope the 2020 Policy supports the delivery of this strategy by focusing on both short-term and long-term performance and delivering a significant proportion of the total package in shares, thereby providing alignment with shareholders.

Having reviewed the existing policy, we are of the view that the current structure – comprising base salary, benefits, a pension contribution and participation in the annual bonus and Long Term Incentive Plan (LTIP) – remains appropriate. We are, however, taking the opportunity to update the policy to take account of prevailing and emerging good practice.

- **Pensions** – The 2017 Remuneration Policy provides a maximum pension contribution of 20% of salary for Executive Directors. The Remuneration Committee is cognisant of the scrutiny on executive pensions as investors have urged companies to align rates with the wider workforce.
- In light of this, under the 2020 Policy any new Executive Directors (either promotions to the Board or external hires) will have contributions aligned with the workforce rate. There are various pension schemes in operation at Alumasc and different contribution rates depending on length of service and age. The Company will review the current schemes and arrive at an appropriate 'workforce rate' that will apply for new Directors (including the new Finance Director).
- **LTIP maximum limit** – The 2017 Policy included the option to increase the LTIP policy maximum to 100% of salary under any new plan introduced by the Company. A new LTIP was approved by shareholders in 2018 and this includes a limit of 100% of salary per individual. The 2020 Policy reflects the limit contained in the previously approved 2018 LTIP, however please note that our current practice to make awards at a lower level will remain.
- **LTIP clawback** – Previously LTIP awards were subject to a malus condition which enabled the Committee to lapse unvested awards in certain circumstances. In line with good practice, this provision has been extended to include clawback so that amounts received in respect of vested awards can also be recovered in exceptional circumstances too. This is consistent with the bonus plan.
- **LTIP performance measures** – The 2017 Policy hardwired EPS and TSR as the measures that apply to LTIP awards. To provide the Remuneration Committee with greater flexibility to take account of changing priorities over the life of the next three-year period, it is proposed that the 2020 Policy will enable the Committee to set alternative measures including Underlying Profit Before Tax (UPBT) to better reflect the outlook and priorities at the time.

Performance and remuneration outcomes for the year ending 30 June 2020

The financial and operating performance for the Group in 2020 is set out on pages 69 to 124. 2020 was a challenging year with the second half particularly impacted from the interruption caused by COVID-19. The Board took swift and prudent decisions to support the Group's businesses during this difficult period and to ensure that cashflow was protected as part of a broader cash conservation programme. These actions include the suspension of capital expenditure, a freeze on new hiring and cancelling the interim dividend as previously announced.

We discussed rewards in view of the impact of COVID-19, and the additional work it generated. Some of the senior executives had to carry out more than one role and remuneration was discussed in this context. The business welcomed the introduction of the Government's Coronavirus Job Retention Scheme as this has helped the business to support staff.

The Group achieved the following results for the year:

- Group revenues from continuing operations decreased by 16% to £76 million
- Underlying profit before tax decreased by 34% to £3.7 million
- Underlying earnings per share decreased by 34% to 8.2 pence.

The 2019/20 annual bonus was based on Group underlying PBT targets. The threshold level of profit was not achieved and therefore no bonus became payable. As disclosed in last year's report, a £10,000 bonus was agreed as payable to the CEO and CFO in the prior financial year.

This was the second part of the Facades sale bonus (contingent on earn-out), and although paid during this financial period, it related to the previous financial year and was paid before COVID-19.

Awards were granted under the LTIP to senior executives in October 2017 based on EPS and TSR performance for the three-year period ending October 2020. The minimum thresholds were not met and therefore this award will lapse in full in October 2020.

The Remuneration Committee believes the incentive outcomes reflect the performance of the business during this challenging period. The Remuneration Committee has not applied any discretion during the year to any part of the Directors' remuneration.

Key decisions

During the year there were three formal meetings and the following topics were discussed:

- Review of base salaries of the Group Executive Directors (including the two new Executive Directors), members of the Executive Committee and Group employees more generally;
- Determining the key terms of the 2020 Remuneration Policy;
- Variable pay, in particular long-term incentive plan (LTIP) targets for the current year;
- The review of performance criteria for the current LTIP and the ESOS; and
- The exit terms for Mr Magson.

Additional attendees by request include the Chairman, the Chief Executive and Company Secretary; they take no part in discussions relating to their own remuneration.

As mentioned above, there will be two votes on remuneration at the 2020 AGM to be held on 22 October 2020; one to approve the new 2020 Remuneration Policy which will apply for the next three-year period, and another to approve the Directors' Remuneration Report. I hope you will be able to support these resolutions. If you have any questions on this report or our approach to remuneration more generally, please feel free to contact me via the Company Secretary.

Jon Pither
Chairman of the Remuneration Committee

Directors' Remuneration Report continued

Annual Report on Remuneration

The following sections show how the Remuneration Policy approved in 2017 was applied in the year ending 30 June 2020. The information provided on pages 46 to 50 of the Directors' Remuneration Report is subject to audit.

Single total figure of remuneration

The remuneration of the Non-executive Directors for the years 2019/20 and 2018/19 is as follows:

	Base salaries/fees		Benefits in kind		Single figure of total remuneration	
Director	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
John McCall	100	100	5	4	105	104
Jon Pither	40	40	–	–	40	40
David Armfield	35	35	–	–	35	35
Stephen Beechey	35	18	–	–	35	18
Vijay Thakrar	40	18	–	–	40	18
Richard Saville[1]	–	30	–	–	–	30
Total	250	241	5	4	255	245

1 Richard Saville resigned on 15 January 2019.

The Non-executive Directors' fees were considered in the 2019/20 financial year and no changes were proposed.

Information on Directors' service contracts can be found on our website:
https://www.alumasc.co.uk/wp-content/uploads/2019/04/3.3-The-Alumasc-Group_plc_-_Appendix_to_Schedule_1-24.04.19-FINAL_.pdf

The remuneration of the Executive Directors for the years 2019/20 and 2018/19 is comprised as follows:

	Base salaries/fees		Bonuses		Benefits in kind[1]		Pension contributions or payments in lieu of pension contributions		Long-term incentives with performance period ending during the year		Single figure of total remuneration	
Director	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Paul Hooper	271	265	10[4]	10	17	17	54	51	–	–	352	343
Gilbert Jackson[2]	154	–	–	–	9	–	15	–	–	–	178	–
Michael Leaf[2]	142	–	–	–	9	–	14	–	–	–	165	–
Andrew Magson[3]	111	186	10[4]	10	8	14	19	27	–	–	148	237
Total	678	451	20	20	43	31	102	78	–	–	843	580

Notes:

1 Benefits in kind includes car allowance, health benefits, life cover and a disability injury insurance policy.

2 Mr. Gilbert Jackson and Mr. Michael Leaf were appointed as Directors on 5 September 2019, and their pay period covered the 10 months since their appointments to the year-end.

3 Mr. Andrew Magson resigned as a Director on 6 February 2020. The £10,000 bonus was paid to him prior to his resignation.

4 The £10,000 paid by way of bonus was agreed in the prior financial year and reported in the 2019 Annual Report. It was the second part of the Facades sale bonus (contingent on earn-out), although paid during this financial period, it related to the previous financial year, and it was paid before COVID-19.

The Executive Directors do not hold 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.

Benefits

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.

Annual bonus

For the year to 30 June 2020 the minimum level at which any annual bonus would become payable was set at on a scale to underlying profit before tax (UPBT) of £7.0 million. This target was not met and therefore no bonus was earned by Executive Directors for performance relating to the 2019/20 financial year.

2017 LTIP out-turn

Awards were made under the LTIP in October 2017. These were subject to EPS and TSR performance criteria. The minimum EPS target required growth of RPI +2.5% per annum using a base EPS figure of 18.3 pence. This target was not met and therefore the award lapsed.

The Committee exercised no discretion in determining the vesting and considered that the formulaic outcome reflected the underlying performance of the Group.

No Directors exercised any options during the year (2018/19: Nil).

Pensions

The Group makes provision to pay into a defined contribution pension scheme of each executive's choosing or a cash alternative. Pension contributions are as follows:

Director	Pension contribution (% of base salary)
Paul Hooper	20%
Gilbert Jackson	10%
Michael Leaf	10%
Andrew Magson	15%

The pension contribution rates for Messrs Jackson and Leaf were agreed at the time they joined the Company.

As part of the terms of the new policy, any new Executive Director appointments will have contributions aligned to the workforce rate. There are various pension schemes in operation at Alumasc and different contribution rates depending on length of service and age. The Company will review the current schemes and arrive at an appropriate 'workforce rate' that will apply for new directors (including the new Finance Director).

Payments in compensation to past directors and for loss of office

Mr. Andrew Magson resigned on 6 February 2020 and he was paid his salary, benefits and bonus achieved, as part of his notice period to 30 September 2020, amounting to £268,102.

Directors' Remuneration Report continued

Scheme interests awarded during the year

LTIP awards were granted in October 2019 as detailed in the table below.

	Scheme	Basis of award granted	No. of shares awarded	Face value of award†	% vesting for threshold performance	Vesting and performance period
Paul Hooper	2008 LTIP	75% of base salary	149,081	£124,483	25%	3 years
Andrew Magson*	2008 LTIP	50% of base salary	69,997	£58,447	25%	3 years

† Based on share price of 83.5 pence on the day of grant.

* Mr. Andrew Magson resigned as a Director on 6 February 2020.

These awards would vest on 17 October 2022 and are subject to two measures and an underpin. The underpin requires UPBT of at least £7.0 million to be delivered (in the year ending 30 June 2022) below which no award would vest. However, if this is achieved, 65% of the 75% of salary award granted to the CEO is based on EPS growth targets (threshold of RPI + 2.5%p.a. growth and maximum of RPI+10%p.a.) and the remaining 10% is based on relative Total Shareholder Return (TSR) performance against the constituents of the FTSE All Share Index. The details of the performance criteria are set out in more detail on page 47 of the 2019 Annual Report and Accounts.

No LTIPs were awarded in 2019 to Mr. Gilbert Jackson or to Mr. Michael Leaf in a transitional year when they were appointed to the Board. They were given targeted performance related bonuses, as an element of variable pay based on key commercial objectives.

Statement of Directors' shareholdings and share interests

Directors' shareholdings

	At the date of this report	At 30 June 2019
John McCall	4,359,668	4,359,668
Jon Pither	403,486	318,986
Paul Hooper	764,665	519,534
Gilbert Jackson	Nil	N/a
Michael Leaf	16,375	N/a
Andrew Magson[1]	N/a	133,379
David Armfield	69,400	69,400
Stephen Beechey	27,418	Nil
Vijay Thakrar	36,496	10,000

1 Mr. Andrew Magson resigned on 6 February 2020.

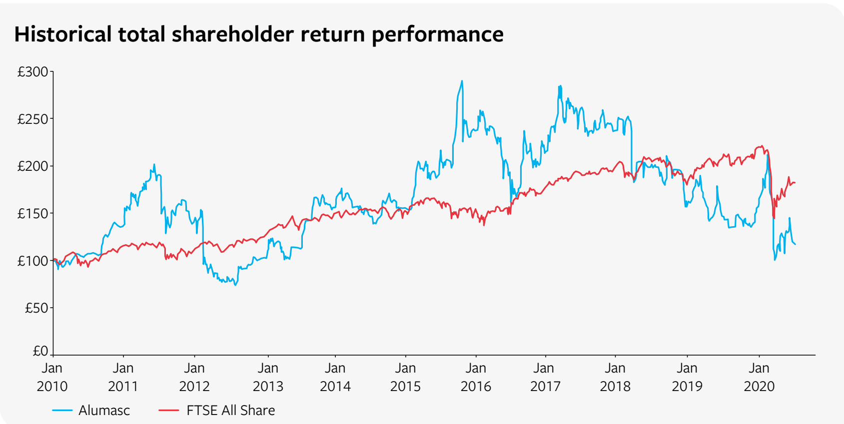
The Directors' shareholdings are beneficial with the exception of 434,000 shares (2018: 434,000) in which Mr. McCall has a non-beneficial holding.

Directors are encouraged to hold shares in the Company.

At the year end the Employee Benefit Trust, established to hold shares in relation to the ESOS and the LTIP, held 369,245 ordinary shares. The market value of the shares held in trust as at 30 June 2020 was £265,856.40.

Performance graph

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.

Long Term Incentive Plans

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

	Date of award	Market price at award date*	Earliest exercise date	Interest as at 1 July 2019	of which vested in year	exercised in year	were granted in year	lapsed in year[3]	Interest as at 30 June 2020
Paul Hooper									
	Sept 2016	157.5p	Oct 2019	122,510	–	–	–	122,510	–
	Oct 2017	173.5p	Oct 2020	115,425	–	–		115,425[3]	–
	Oct 2018	130.5p	Oct 2021	149,081	–	–	–	–	149,081
	Oct 2019	83.5p	Oct 2022	–	–	–	149,081		149,081
Total				387,016	–	–	149,081	237,935	298,162
Gilbert Jackson[2]									
	Sept 2016	157.5p	Oct 2019	19,067	–	–	–	19,067	–
	Oct 2017	173.5p	Oct 2020	33,197	–	–	–	33,197[3]	–
	Oct 2018	130.5p	Oct 2021	43,303	–	–	–	–	43,303
Total				95,567	–	–	–	52,264	43,303
Michael Leaf[2]									
	Sept 2016	157.5p	Oct 2019	19,067	–	–	–	19,067	–
	Oct 2017	173.5p	Oct 2020	28,779	–	–	–	28,779[3]	–
	Oct 2018	130.5p	Oct 2021	38,798	–	–	–	–	38,798
Total				86,644	–	–	–	47,846	38,798
Andrew Magson[1]									
	Sept 2016	157.5p	Sept 2019	57,521	–	–	–	57,521	–
	Oct 2017	173.5p	Oct 2020	54,194	–	–		54,194[3]	–
	Oct 2018	130.5p	Oct 2020	69,997	–	–	–	–	69,997
	Oct 2019	83.5p	Oct 2022	–	–	–	69,997	–	69,997
Total				181,712	–	–	69,997	111,715	139,994

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

1 Mr. Magson resigned from the Board on 6 February 2020.

2 No LTIPs were awarded to Mr. Gilbert Jackson and Mr. Michael Leaf in 2019.

3 The October 2017 LTIP has failed to meet the hurdle criteria and will lapse in October 2020.

Non-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 not increased during the year.

The Chairman and Non-executive Directors have letters of appointment and details of their terms can be seen in the Appendix to Schedule 1 published on our website.

Directors' Remuneration Report continued

Chief Executive 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 pay-out against maximum opportunity %†	Long-term incentive vesting against maximum opportunity %
2019/20	352	3.7%[1]	0%
2018/19	343	3.8%	0%
2017/18	332	0%	0%
2016/17	510	22%	*72%
2015/16	493	20%	50%

* Adjusted to reflect actual figures following the vesting of the 2015 LTIP award in March 2018.

† For the purposes of this table, percentages relate to the remuneration policy maximum bonus of 100% rather than the current practice maximum of 50% of salary.

1 This represents a bonus relating to 2019 in respect of the sales of the Facades business.

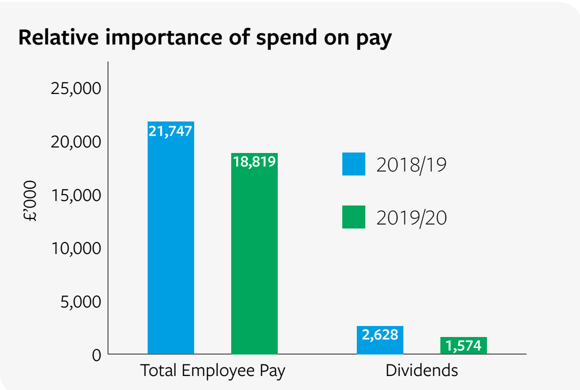
Percentage change in Chief Executive's remuneration

The table below shows the percentage change in remuneration between the years ended 30 June 2019 and 30 June 2020 for the CEO and all Group employees. All employees in general received a 2.5% cost of living pay rise in 2019, however due to some roles being combined post-restructuring this amounted to 3.5%.

	CEO	Employees
Salary	2.3%	3.5%
Benefits	0.0%	-9.1%
Bonus	0.0%	-0.9%
Total	2.3%	3.1%

Relative importance of spend on pay

	Total employee pay (£000's)	Dividends (£000's)
2018/19	21,747	2,628
2019/20	18,819	1,574



Implementation of the Directors' Remuneration Policy for the Financial Year 2020/21

The information below sets out how the Company intends to implement the Directors' Remuneration Policy for the year in 2020/21.

Base salary

The salaries of the Executive Directors have been reviewed and in light of COVID-19 there is currently no expectation of a salary increase, in the same way as there is none for the wider workforce, this will be kept under review. The provision of benefits will remain unchanged.

Non-executive Directors

The Board's policy 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 for expenses incurred in performing their duties.

The fee levels will be unchanged in 2021.

The Chairman and Non-executive Directors have letters of appointment and details of their terms can be seen in the Appendix to Schedule 1 as published on our website.

Bonus

For 2020/21 the annual bonus for the Executive Directors will be determined by performance against a sliding scale of demanding Underlying Profit Before Tax targets set at the beginning of the financial year. The targets themselves are commercially sensitive and will be disclosed in next year's reports.

Long-term Incentive Plan

It is intended that awards under the 2018 LTIP will be made in October 2020. The face value of the awards at grant will be 75% of salary for the CEO and 40% of salary for the other Executive Directors. To reflect the fall in share price as a result of the global pandemic and to avoid granting awards over too many shares, the number of awards will be calculated by reference to the higher of the share price at the time of grant or a notional share price of 130 pence.

The awards will vest subject to profit growth targets, defined as Underlying Profit before Tax (UPBT). For the CEO, 65% (out of his 75% of salary award) will be based on this measure and the measure will apply to all of the awards granted to other Executive Directors. The remaining 10% of salary grant for the CEO will be based on a relative Total Shareholder Return (TSR) measure. Details of the two measures and targets are set out below:

Underlying PBT

Awards will vest depending on growth achieved using a notional base UPBT figure of £7.0 million. Performance is based on the third year of the performance period, being the financial year ending 30 June 2023.

Awards will vest according to the following targets:

UPBT growth (from a base of £7 million)	Proportion of the award that vests
Less than RPI + 2.5%p.a.	0.0%
Between RPI +2.5%p.a. and RPI + 10%p.a.	25% to 100% on a straight-line basis
RPI + 10%p.a. or higher	100%

Total shareholder return

As mentioned above, 10% (out of the 75% of salary award) for the CEO is subject to a relative TSR measure.

If the Company's TSR is below the FTSE All Share index, no part of this award will vest. If performance is at median/index, then 25% will vest. For performance at upper quartile or higher, this part of the award will vest in full. For performance between median/index and upper quartile, vesting will be on a straight-line basis.

Mr Gilbert Jackson's and Mr Michael Leaf's LTIP awards are based on targets relating to the profit performance of their respective divisions: Building Envelope, and Housebuilding Products. The base profit figures for each division are equivalent to the total Group base figure of £7.0 million used for the UPBT measure above. The base figures for each division are not disclosable at this stage due to commercial sensitivity, but will be disclosed when they cease to be so.

The targets applying to each of the divisional profit measures are as follows:

Growth of base case (divisional strategic target)	Proportion of the award that vests
Less than RPI + 2.5%p.a.	0%
RPI + 2.5%p.a.	25%
Between RPI +2.5%p.a. and RPI +10%p.a.	25% to 100% on a straight-line basis
RPI + 10%p.a. or higher	100%

In addition, a Group profit underpin applies requiring the Group UPBT threshold of RPI + 2.5% p.a. (using a base profit of £7.0 million) to be met before any of these awards can vest.

Statement of voting - 2019 AGM

At the 2019 AGM the Directors' Remuneration Report received the following votes from shareholders:

	Total number of votes cast	% of votes cast
For	15,914,261	87.13
Against	2,349,812	12.87
Total votes cast (for and against)	18,264,073	
Votes withheld*	4,836	
Total votes cast (including withheld votes)	18,268,909	

* 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.

The Directors' Remuneration Policy on pages 52 to 57 and this Report were both approved by the Board of Directors on 8 September 2020 and signed on its behalf by the Remuneration Committee Chairman.

J.P. Pither
Chairman
Remuneration Committee

Directors’ Remuneration Policy 2020

The Remuneration Committee is putting its Remuneration Policy to a shareholder vote at the Company’s AGM on 22 October 2020.

This part of the Directors’ Remuneration Report sets out the Directors’ Remuneration Policy which, subject to shareholder approval, shall take effect from the close of the Company’s 2020 AGM. The Company’s existing Directors’ Remuneration Policy was approved by shareholders at the 2017 AGM, with 98.8% of votes cast in favour of it. The Remuneration Committee, having reviewed that policy, and taking into account shareholder comments since the last policy vote, concluded that, in substance, it remains fit for purpose to support the implementation of the Group’s strategy over the next three-year period.

The 2020 Policy includes changes to reflect the approval of the 2018 LTIP and other good practice features which have emerged since approval of the 2017 Policy. Any discretion to be retained by the Committee is detailed in the relevant sections within the policy. Other minor amendments have been made to the policy to aid its administration, to reflect the changes referred to above and to reflect changes in practice since the policy was last approved in 2017.

Fixed remuneration			
Element	**Purpose and link to strategy**	**Operation**	**Maximum**
Fixed salary	Provides fixed remuneration for the Executive Directors, which reflects the individual’s experience and the size and scope of the executive’s responsibilities.	Set on appointment and normally reviewed annually in July. Salaries are determined by the Remuneration Committee taking into account a range of factors, including, but not restricted to, remuneration practices and general salary ranges within the Group, changes in scope or responsibility, market rates and the experience of the relevant Director.	While there is no maximum salary, ordinarily salary increases will not exceed the range of salary increases (in percentage terms) awarded to other employees in the Group. However, salary increases may be above this level in certain circumstances, for example: • Increase in scope or responsibility; • Performance in role; or • An Executive Director’s remuneration being aligned with changing market rates; • An Executive Director being appointed on a below market salary with a view to moving to the desired positioning over time.
Retirement benefits	To provide competitive post-retirement benefits and reward sustained contribution.	Generally, payment may be made into a pension plan or as a separate cash allowance. Group contributions are determined as a percentage of base salary; for new appointees as a percentage of pay aligned to the pension contributions of employees.	The maximum company contribution for the CEO is up to 20% of salary and for the other Executive Directors is based on the contribution tables used by the workforce. For any new Executive Director appointments (including promotions), the pension contribution will be aligned with the contribution rates applying to the wider workforce.
Benefits	Ensures the overall package is competitive in order to help recruit and retain Executive Directors.	Executive Directors are entitled to a range of benefits, including, but not limited to, membership of the Group’s healthcare scheme, disability and life insurance, and car (or car allowance) and other associated expenses. Other benefits may be provided depending on individual circumstances, for example relocation expenses.	Whilst the Committee has not set a maximum on the level of benefits Executive Directors receive, it is based on the value of benefits, set at a level that the Remuneration Committee considers is appropriate, taking into account companies of a similar size (and complexity) in the relevant market.

Variable performance-linked remuneration				
Element	**Purpose and link to strategy**	**Operation**	**Maximum**	**Performance conditions**
Annual Bonus	Rewards the achievement of financial and/or strategic business objectives.	Performance conditions and targets are reviewed and set each year by the Remuneration Committee. These targets will be challenging and will reflect both short-term expectations and longer-term strategic goals. The bonus will be based on the achievement of financial targets related to key business objectives. Other performance metrics that the Remuneration Committee considers appropriate from time to time, including personal objectives, may also be used. Bonus pay-out is determined by the Remuneration Committee after the relevant year end, following an assessment of performance against the targets. The Committee retains discretion to amend the pay-out should any formulaic output not reflect the Committee's assessment of overall business performance. Malus and clawback provisions apply.	The Policy allows for up to 100% of base salary to be earned.	Either all, or the majority of, the available bonus will be based on achievement of pre-determined profit targets. A straight-line bonus entitlement will usually apply between the minimum threshold and the maximum performance target. The Remuneration Committee retains flexibility to apply different performance measures and weightings for each year covered by the Remuneration Policy.

Directors' Remuneration Policy 2020 continued

Variable performance-linked remuneration				
Long Term Incentive provision	Incentivises and rewards Executive Directors and other key executives to achieve higher returns for shareholders over a longer time frame. Encourages a long-term shareholding in the Company and strengthens alignment between the interests of Executive Directors, other key executives and those of shareholders.	Awards will be granted under the most recent Alumasc Group Long Term Incentive Plan ("LTIP"), or under any new long-term incentive plan approved by shareholders in due course. The Remuneration Committee may grant conditional share awards, nil cost share options or such other form as has the same economic effect. Awards are typically granted annually, and vesting is subject to achievement of performance measures over at least three years. Malus and clawback provisions apply as set out below this table.	The maximum level of award under the LTIP is up to 100% of base salary. This is in line with the LTIP approved by shareholders at the 2018 AGM.	Awards vest subject to the achievement of financial and/or market-based performance measures assessed over not less than three financial years. The performance conditions and targets for new awards are reviewed annually to ensure they remain relevant and aligned to the Group's strategy. Performance conditions are typically based on growth in earnings per share ("EPS") or underlying profit before tax ("UPBT") and total shareholder return ("TSR"). A minimum threshold of growth in EPS/UPBT must be reached before any part of the award vests. Up to 25% of the maximum award opportunity will vest for achieving the threshold level of growth. The measures and their weightings are determined by the Committee in advance of each grant. Each element of the award will vest between 0% and 100% of the balance available for that element for performance between threshold and maximum, usually on a straight-line basis.

Recovery provisions

LTIP

LTIP awards are subject to malus and clawback provisions such that, at the discretion of the Remuneration Committee, unvested awards may lapse for material errors or the misstatement of results, or information coming to light which, had it been known, would have affected the award or vesting decision or caused reputational damage to the Group.

For up to two years following the vesting of an LTIP award the Committee may reduce the award if shares have not been delivered to satisfy it or require repayment of some or all of the value delivered to the participant in the event of a material misstatement of results or information coming to light which had it been known, would have affected the vesting decision, or gross misconduct on the part of the participant.

Bonus

A malus provision exists which enables the Committee to cancel or reduce the bonus before payment in the event of material errors or the misstatement of results.

For up to two years following the payment of an annual bonus the Committee may require repayment of some or all of the bonus in the event of a material misstatement of results or information coming to light which had it been known, would have affected the payment decision, or gross misconduct on the part of the participant.

Explanation of performance metrics

Performance metrics for the annual bonus and LTIP are selected to reflect the Group's strategic priorities. Stretching performance targets are set taking into account a number of different factors.

The Committee retains the discretion to change the performance measures and targets and the weightings attached to the performance measures and targets part way through a performance period if there is a significant event which causes the Committee to believe the original measures, weightings and/or targets are no longer appropriate and/or if the Committee believes that the remuneration outcomes would otherwise not fairly reflect business performance. Any adjustments or discretion applied will be fully disclosed in the following year's Remuneration Report.

Operation of share plans

The Committee may amend the terms of awards under its share plans in accordance with the rules of those plans in the event of a variation of the Company's share capital and may otherwise operate those plans in accordance with their terms. Awards may be satisfied wholly or partly in cash at the election of the Committee.

Shareholding requirement

Executive Directors are encouraged to build up shareholdings in the Company.

Change of control policy

LTIP

Awards may vest early on a change of control (or other relevant event) subject to the satisfaction of performance conditions at the change of control date and pro-rating for the proportion of the three-year financial years served, although the Remuneration Committee retains discretion to determine otherwise.

Bonus

Awards may vest only to the extent that performance conditions have been satisfied or are reasonably expected to be satisfied up to the change of control date and pro-rated for the proportion of the financial year served, although the Remuneration Committee retains discretion to determine otherwise.

Policy for Non-executive Chairman and Directors' fees

Element	Purpose and link to strategy	Operation	Maximum opportunity
Fees	The sole element of Non-executive Director remuneration is fees, set at a level that reflects market conditions and sufficient to attract individuals with appropriate knowledge and experience.	Fees are reviewed periodically and are determined by the Chairman and the Executive Directors in the case of the Non-executive Directors and the Remuneration Committee in respect of the Chairman. The Chairman is paid a single consolidated fee and receives some benefits in kind as agreed by the Company. The Non-executive Directors are paid a basic fee plus additional fees for chairmanship of a Committee, or for any additional work undertaken on behalf of the Company. The Non-executive Directors do not participate in any of the Group's share incentive plans nor do they receive any pension contributions. Non-executive Directors may be eligible to benefits/expenses such as the use of secretarial support, travel costs or other benefits that may be appropriate.	Fees are subject to an overall cap as set out in the Company's Articles of Association from time to time. Fees are appropriately positioned against comparable roles in companies of a similar size and complexity in the relevant market.

Directors' Remuneration Policy 2020 continued

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

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

Recruitment policy for Directors

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

Salary would be set at the level required to attract the most appropriate candidate. It may be set initially at a below mid-market level on the basis that it may progress towards the mid-market level once expertise and performance has been proven and sustained. Under the terms of this policy, the annual bonus potential for executives is limited to 100% of salary, and the maximum value of awards under a long-term incentive scheme is limited to 100% of salary. In addition, the Committee may offer additional cash and/or share-based elements to replace deferred or incentive pay forfeited by an executive leaving a previous employer. It would seek to ensure, where possible, that these awards would be consistent with awards forfeited in terms of vesting periods, expected value and performance conditions. Other elements of remuneration may be included in the following circumstances:

- an interim appointment being made to fill an executive role on a short-term basis;
- if exceptional circumstances require that the Chairman or a Non-executive Director takes on an executive function on a short-term basis;
- if an Executive Director is recruited at a time in the year when it would be inappropriate to provide a bonus or long-term incentive award for that year as there would not be sufficient time to assess performance. Subject to the limit on variable remuneration set out above, the quantum in respect of the months employed during the year may be transferred to the subsequent year so that reward is provided on a fair and appropriate basis.

The Committee may also alter the performance measures, performance period and vesting period of the annual bonus or LTIP, subject to the rules of the LTIP, if the Committee determines that the circumstances of the recruitment merit such alteration. The rationale will be clearly explained in the next Directors' Remuneration Report.

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

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

Policy on payment for loss of office

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

Provision	Terms
Notice period	12 months
Termination payment	Base salary plus pension contributions and benefits accrued to date of cessation. A payment in respect of bonus may also be made at the discretion of the Committee taking into account the circumstances of the departure, the extent to which performance conditions are satisfied and the contribution of the Executive to the business during the bonus period in question. Any bonus would typically be pro-rated for time in service to termination and paid at the usual time, although the Committee retains discretion to pay the bonus earlier in appropriate circumstances.
LTIP	If a participant ceases employment due to death, redundancy, retirement, injury, disability or any other reason at the discretion of the Committee any unvested award the participant holds shall continue and be released at the normal release date to the extent the performance condition is satisfied and, unless the Committee determines otherwise, reduced to reflect the proportion of the performance period for which the participant was in service, although the Committee will retain discretion to release the award sooner. If a participant ceases employment for any other reason, any unvested award they hold will lapse on cessation. If a participant ceases employment for any other reason, any award they hold under the Company's current LTIP shall lapse on cessation.
Other payments	In appropriate circumstances, payments may also be made in respect of accrued holiday and outplacement and legal fees. The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.
Payments in lieu of notice	The Committee reserves the right to make a payment in lieu of some or all of the notice period. Such a payment would consist of salary for the notice period (or remaining portion of the notice period) and may also include a payment in respect of benefits (including pension contributions or cash allowance) for the applicable period.

How employees' pay is taken into account

Pay and employment conditions elsewhere in the Group continue to be considered in relation to the implementation of this policy.

How shareholders' views are taken into account

The Committee considers shareholder feedback received in relation to the AGM each year. This, plus other feedback received during the year, is then considered as part of the Group's annual review of remuneration policy. 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.

Legacy remuneration arrangements

The Committee reserves the right to make remuneration payments and payments for loss of office notwithstanding that they are not in line with the policy set out above where the terms of payments were agreed:

(i) before the policy came into effect (provided that, in the case of any payments agreed on or after 30 October 2017 they are in line with the policy approved at the 2017 Annual General Meeting); or

(ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes, 'payments' includes the satisfaction of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' no later than the time the award is granted.

Nomination Committee Report

STATEMENT FROM THE CHAIRMAN OF THE NOMINATION COMMITTEE

"During the year the Committee recommended the appointment of two Executive Directors."

John McCall
Chairman

I am pleased to present the report of the Nomination Committee (the Committee) for the year ended 30 June 2020. During the year the Committee had three scheduled meetings together with a number of additional unscheduled meetings.

Meeting attendance

Members	Attended/ eligible to attend
John McCall	3/3
Jon Pither	3/3
David Armfield	3/3
Stephen Beechey	3/3
Vijay Thakrar	3/3

Key activities of the Committee

- Considering Board composition
- Reviewing the balance of skills and experience of the Board
- Succession planning for the Board and senior Executives
- Selection and appointment of head-hunters
- Identifying and interviewing candidates for the Group FD role
- Reviewing the time required from the Non-executive Directors to discharge their responsibilities

A copy of the terms of reference for the Nomination Committee is available at alumasc.co.uk/investors/corporate-governance

It was agreed to recommend to the Board two internal Executive Director appointments: Mr Gilbert Jackson, Managing Director of Building Envelope and Mr Michael Leaf, Managing Director of Housebuilding Products. Gilbert and Michael were appointed as Executive Directors with effect from 5 September 2019. Both bring additional skills and relevant industry experience to the Board.

On 6 February 2020, Mr Andrew Magson resigned as the Group Finance Director. Head-hunters were considered and Odgers Berndtson were appointed to search for his replacement. The Committee has progressed the selection and has interviewed candidates. Due to the COVID-19 lockdown, this process has taken longer than anticipated, however it is well progressed. In the interim, the Board has provided full cover and support to the Finance Team, particularly through the input of our Non-executive Director, Vijay Thakrar, whose ideal experience covers 33 years in major accounting firms, including 22 years as a Partner, a role in which he regularly mentored and coached CFOs and their finance teams.

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 2020.

Strategic report

The Companies Act 2006 ("CA 2006") requires this Annual Report to present a fair, balanced and understandable view of Alumasc's business during the year ended 30 June 2020 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 CA 2006 to include disclosures in the Strategic report on these items and the further items listed in the 'Additional Shareholder Information' section on page 125 to 126. The Strategic report can be found on pages 2 to 29.

Corporate governance statement

Certain information needs 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 30 to 62 and is incorporated into the Directors' report by reference.

Management report

For the purposes of compliance with Accounts regulations Schedule 7 para 1A, 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 (resigned 6 February 2020)
David Armfield
Vijay Thakrar
Stephen Beechey
Gilbert Jackson (appointed 5 September 2019)
Michael Leaf (appointed 5 September 2019)

The biographies of the Directors can be found on pages 30 to 31. Details of the Directors' service agreements can be found on our website at www.alumasc.co.uk. Information about Directors' interests in the Company's shares are shown on page 48.

Directors' & Officers' Insurance

The Company maintains a Directors' & Officers' Insurance Policy for the Directors and the Company Secretary.

Dividend

The Directors are recommending a final dividend of 2 pence per ordinary share (2018/19: 4.4 pence) which will, if approved at the AGM, be paid on 30 October 2020 to shareholders on the register at the close of business on 25 September 2020, being a total of 2 pence for the year, as the interim dividend was cancelled on 27 March 2020 in response to the COVID-19 pandemic.

The Company operates a dividend re-investment plan; details are available from Equiniti Registrars.

The right to receive any dividend has been waived by the Trustee of the Company's Employee Benefit Trust over any shares that the Trustees may hold from time to time. Details of the Employee Trust's current holding can be found in the Directors' Remuneration Report on page 48.

Companies Act s.172

The Directors are mindful of the requirements of s.172 of the Companies Act 2006 and take these into account when fulfilling their duties to promote the long-term success of the Group.

Information about how the Company considers its obligations under s.172 of the Companies Act are discussed in the Sustainability section of the Strategic Report (on pages 28 and 29).

Recapitalisation

A General Meeting was held on 23 April 2020 to consider two resolutions to enable the Company to recapitalise its merger and revaluation reserves. Following the approval of the special resolutions at the General Meeting, the Company issued Redemption shares on 8 June 2020 that were then cancelled following a court hearing on 9 June 2020 and duly recorded at Companies House on 12 June 2020. More information on this can be found on pages 5 and 100 (note 25 of the financial statements).

Directors' Report continued

Going Concern and COVID-19

Alumasc has closely monitored COVID-19 and the impact on our operations are referenced on pages 1, 4, 5, 12-20, 24, 25, 28, 29, 33, 34, 41, 42, 50, 58 to 60, 71 and in the financial statements. Our main focus has been on the safety and wellbeing of our employees, customers, suppliers and other stakeholders. Employees who work at our manufacturing sites have returned and some staff are working from home. Whilst COVID-19 originally impacted our office in Hong Kong, this is now fully operational. At the start of the pandemic the business took prudent decisions to preserve liquidity and maintain cashflow. Our sites have implemented Health & Safety requirements advised by the Government and the business can operate in a safe and secure environment without impacting outputs. Additional disclosures about Going Concern can be found in note 1 on page 73 of the financial statements.

Employees

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, educational or professional backgrounds. An analysis of our employees by gender at 30 June 2020 can be found on page 24.

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.

In light of the COVID-19 pandemic further information on how this has been approached and on our future approach can be found on pages 28 to 29 and page 34.

In the Corporate Governance and Sustainability Reports there are disclosures on how the Company provides information to employees, how the views of employees are taken into account in decision-making and how strategic information is shared (see pages 24, 25, 28 to 29 and 34).

Stakeholder engagement

Further information on stakeholder engagement, including on our business relationships with suppliers and others, can be found in the Corporate Governance report on pages 32 to 39 and in our Section 172 Statement on pages 28 to 29.

Post balance sheet events

Details of post balance sheet events are included in note 1 on page 73 of the financial statements.

Global Greenhouse Gas emissions

Information about the Group's Greenhouse Gas emissions is given in the Sustainability Report on pages 22 and 24 to 25.

Political donations

No political donations were made during the year by the Company and its subsidiaries (2018/2019:£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 £104,000 (2018/19: £200,000).

Disclosure of information to the auditor

As far as the Directors are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all reasonable 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.

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
Articles of Association	125	Additional information for shareholders
Directors' interests	48	Directors' Remuneration Report
Long-term incentive plans	49	Directors' Remuneration Report
Financial risk management	42-43, 94	Note 21 and the significant accounting policies sections, financial statements
Future developments	2-29	Strategic report[1]
Health & Safety and employee related policies	22, 24-25	Strategic report: Sustainability Report[1]
Major shareholdings	126	Additional information for shareholders
Movements in share capital	100	Note 25, financial statements
Purchase of own shares	125	Additional information for shareholders
Share capital – structure, voting, restrictions and other rights	100, 125	Additional information for shareholders and in notes 24 and 25 to the financial statements

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.

Fair, Balanced and Understandable

The Board has concluded that the 2020 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.

Auditor

BDO LLP has expressed willingness to continue in office. A resolution to reappoint BDO LLP as auditor will be proposed at the forthcoming Annual General Meeting.

Annual General Meeting (AGM)

The notice convening the AGM, to be held on 22 October 2020 at 10.00am at Station Road, Burton Latimer, Kettering, Northamptonshire NN15 5JP, is included within this document on pages 127 to 132 together with an explanation of the business to be conducted at the meeting.

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.

The Directors' Report was approved by the Board on 8 September 2020.

On behalf of the Board

Helen Ashton
Group Company Secretary

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Company and of the profit or loss of the Group and parent company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

In preparing these financial statements, the Directors are required to:

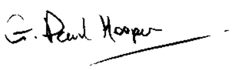
- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the Going Concern basis unless it is inappropriate to presume that the Group and 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 the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

On behalf of the Board



Paul Hooper
Chief Executive

Independent Auditor's Report to the Members of The Alumasc Group plc

Opinion

We have audited the financial statements of The Alumasc Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2020 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, the parent company statement of financial position, the parent company statement of cash flows, the parent company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent Auditor's Report to the Members of The Alumasc Group plc continued

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How we addressed the Key audit matter in the audit
The Directors' assessment of going concern and associated disclosure in the financial statements in light of COVID-19 *Refer to note 1* At the time of approval of the financial statements there are unprecedented levels of uncertainty related to the impact of COVID-19 on all businesses including the Group. The Directors have prepared the financial statements on a going concern basis. The Directors' assessment of the impact of COVID-19 on the going concern of the Group is described in note 1. The Directors have had to address significant levels of estimation uncertainty in forecasting the expected impact on the Group's future operating results and cashflows including modelling downside sensitivities. These downside sensitivities include consideration against the available loan facility headroom and covenant tests in the forecast period. The Directors have also applied judgment as to the level of disclosure given in the financial statements in relation to this matter. The COVID-19 outbreak has increased the level of estimation uncertainty and judgment involved in relation to going concern assessments and increased the risk of material uncertainties being present and therefore it was considered to be a significant risk.	We reviewed management's forecasts and sensitivities which covered the period to the end of September 2021. As part of our work we: • Confirmed the arithmetic accuracy of the forecasting model; • Reviewed the performance post year end against the forecast performance; • Challenged the extent of the downside sensitivities included in the model by reference to the previous lockdown period in March and April 2020 and reviewed reverse stress testing of worse case scenarios; • Compared forecast revenue scenarios to actual results for the year ended 30 June 2020; • Challenged the assumptions of forecast cost savings in downside sensitivities; • Compared working capital cycles to previous year and those achieved during the lockdown and post lockdown period to ensure reasonable; and • Reviewed revised covenant agreements and forecast covenant calculations. We also reviewed the disclosures in the annual report to ensure that they were consistent with the Directors' assessment and supporting COVID-19 budgets and provided suitable information to the users of the financial statements. Key observations Our observations are set out in the Conclusions relating to going concern section of our audit report.

Key audit matter	How we addressed the Key audit matter in the audit
Carrying value of goodwill in the Levolux cash generating unit (CGU) in the Group financial statements and carrying value of the investment in Levolux Limited in the Parent Company financial statements *Refer to the accounting policies and significant judgments and estimates (Note 2), details of the group impairment assessment set out in note 14 and investments set out in note 6 in the Company financial statements* Goodwill and other intangible assets are tested for impairment at least annually through comparing the recoverable amount of the cash-generating unit ("CGU"), based on a value-in-use calculation, to the carrying value. The Company tests for impairment of investments in subsidiaries where there is an indicator of impairment. Following the restructuring of the Levolux CGU in the year ended 30 June 2019 this was the first full year of trade under the restructured business plan and was a particular area of audit focus. Management's review found no evidence of impairment was identified in respect of the Levolux CGU and any of the other CGUs. Managements' review found no evidence of impairment of the parent company investment in the Levolux subsidiary. The risk that goodwill related to or investments in Levolux Limited may be impaired is considered significant due to the level of judgment involved in the impairment review and the opportunity for management bias within the impairment model assumptions.	We reviewed the carrying value of Levolux goodwill and investment in subsidiary undertakings and examined for indicators of impairment. We also reviewed the Levolux impairment model for both goodwill and investment in subsidiary undertakings prepared by Management and challenged the judgments adopted and estimates applied in the value in use for each CGU including: • Review of the integrity of the value in use model and appropriateness of discount rate used with the assistance of our valuation specialists; • Challenged the assumptions in the forecasts of future trading performance and cash generation. This included challenging the robustness of the key assumptions such as the growth rate in light of past performance based on facts and circumstances at the balance sheet date. Our audit procedures for the review of operating cash flows and forecast growth rates included, amongst others, comparing the forecast to recent financial performance and budgets approved by the Board. We read and considered the disclosures made by the Directors within the financial statements and found them to be consistent with our testing and compliant with the requirements of accounting standards. Key observations We concur with management's view that there are no indicators of impairment in respect of the carrying value of goodwill in the Levolux CGU or in respect of the carrying value of the Company's investment in Levolux Limited.
Recognition of revenue and attributable profit (or losses) on contracts *Refer to the accounting policies and significant judgments and estimates (Note 2) and notes 3 and 17* Revenue is recognised on the stage of completion of individual contracts as measured at the year end date. The stage of completion is calculated by assessing the contract costs incurred to date as a proportion of the total forecast costs of the contract, including contingencies where appropriate. If the contract is early stage, revenue and costs are matched until the contract is sufficiently progressed to reliably forecast the outcome. The extent of revenue and profit (or loss) to recognise on a particular partially completed contract represents an area of significant judgment within the financial statements, which involves an assessment of both current and future contract performance. The potential outcomes for contracts can have an individual or collectively material impact on the financial statements, whether through error or management bias and as such this was considered a significant audit risk.	We obtained a breakdown of contracts making up contract revenue and costs in the year. From the breakdown we selected a sample of both complete and open contracts at the year end date for testing based on criteria that we considered increased the risk of material misstatement in the revenue recognised on the contract. This included contracts that were significant to the Group or that had unusually high or low margins. For each contract selected we obtained a copy of the contract documentation and via the audit testing listed below, critically assessed and challenged the recognition of revenue from a review of whether performance obligations were fulfilled as follows: • We reconciled the revenue recognised in the year to the contracts. • We considered the appropriateness of the application of IFRS 15 and in particular the application of the input method in measuring the delivery of the performance obligation in light of the characteristics of the contract. • We tested a sample of incurred costs to date to third party evidence and confirmed completeness of costs through substantiating a sample of supplier balances at the year end to supplier statements. • We held meetings with contract managers and enquired on current progress on open contracts and final account negotiations on completed contracts substantiating explanations to supporting correspondence. • We confirmed the expected entries in the financial statements in respect of revenue, cost of sales and contract assets/liabilities were accurate.

Independent Auditor's Report to the Members of The Alumasc Group plc continued

Key audit matter	How we addressed the Key audit matter in the audit
Recognition of revenue and attributable profit (or losses) on contracts continued	• We assessed the ability of management to accurately forecast contract cost outcomes by reviewing contract outturns against costs forecast historically. • We agreed contract variations to supporting documentation. Key observations We consider the judgments taken by management in relation to revenue recognition to be robust. Nothing has come to our attention that would suggest that recognition of revenue is inappropriate.
Valuation of net defined benefit pension obligation *Refer to the accounting policies and significant judgments and estimates (Note 2) and note 22* Significant estimates are made in valuing 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. Due to significant estimates management appointed an independent actuary to assist with the valuation of the defined benefit pension obligation. Because of the estimation involved in this area we considered this to be a key audit matter.	We benchmarked the key assumptions used by management in the group's valuation of the defined benefit pension obligation through engagement with an independent auditor expert actuary. This included assessing the key assumptions against those used in other comparable schemes and comparing those assumptions with externally derived market data. We substantiated the valuation of the pension scheme assets to third party documentation and membership information to supporting evidence. We considered the independence and competence of the group's actuary. We considered adequacy of the group's disclosures of the assumptions and the sensitivities of the defined benefit pension obligation to changes in these assumptions. Key observations Based on the work undertaken we consider that estimates made in respect of the valuation of the net defined benefit pension obligation are reasonable.

Our application of materiality

Materiality

The magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures. We determined materiality for the Group to be £280,000 (2019 – £300,000) determined with reference to a benchmark of Group profit before tax normalised to exclude certain non underlying costs, averaged over the last five (2019 – three) years due to fluctuations in the construction market, which it represents 4.8% (2019 – 4.9%). We believe that normalised profit before tax represents one of the principal key performance indicators for the Group.

Performance materiality is the application of materiality to the individual accounts or balances and is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at £210,000 (2019 – £225,000) for the Group and £157,000 (2019 – £169,000) for the Parent Company which represents 75% of the above materiality levels.

We determined materiality in respect of the audit of the Parent Company to be £210,000 (2019 – £225,000) set at 75% of Group materiality. The Group team used component materiality ranging from £109,000 to £210,000 (2019 – £39,000 to £225,000) having regard to the mix of size and risk profile of the Group across the components.

Reporting threshold

An amount below which identified misstatements are not reported.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £10,000 (2019 – £15,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We evaluated all uncorrected misstatements against both quantitative measures of materiality discussed above and in light of other relevant qualitative considerations when forming our opinion.

An overview of the scope of our audit

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographical areas in which the Group operates, the accounting processes, systems and controls and the industry in which the Group operates. Of the Group's nine reporting components our planned audit approach was to subject seven to full scope audits for Group purposes. The remaining 2 components were not individually financially significant enough to require a full scope audit for Group purposes, but did present specific individual risks that needed to be addressed in accordance with the Group audit approach and specific risk-focussed procedures over revenue, trade receivables and stock or analytical review procedures were undertaken to ensure we had the evidence needed to form our opinion on the financial statements as a whole. All work was conducted by the Group engagement team.

The work over these full scope components above gave us coverage of 98% (2019 – 95%) of revenue, 92% (2019 – 82%) of the profit for the year and 99% (2019 – 91%) of total assets.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report and Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the Members of The Alumasc Group plc continued

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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 strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Gareth Singleton (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor
Birmingham
8 September 2020

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Year to 30 June 2020 Underlying £000	Year to 30 June 2020 Non-underlying £000	Year to 30 June 2020 Total £000	Year to 30 June 2019 Underlying £000	Year to 30 June 2019 Non-underlying £000	Year to 30 June 2019 Total £000
Continuing operations:							
Revenue	3, 4	75,992	–	75,992	90,104	–	90,104
Cost of sales		(53,413)	–	(53,413)	(63,255)	–	(63,255)
Gross profit		22,579	–	22,579	26,849	–	26,849
Net operating expenses							
Net operating expenses before non-underlying items		(19,386)	–	(19,386)	(20,984)	–	(20,984)
Other operating income	5	968	–	968	–	–	–
IAS 19 past service pension cost & settlement gain	5	–	–	–	–	(787)	(787)
Other non-underlying items	5	–	(1,045)	(1,045)	–	(3,439)	(3,439)
Net operating expenses		(18,418)	(1,045)	(19,463)	(20,984)	(4,226)	(25,210)
Operating profit	4, 5	4,161	(1,045)	3,116	5,865	(4,226)	1,639
Finance expenses	9	(496)	(261)	(757)	(281)	(373)	(654)
Profit before taxation		3,665	(1,306)	2,359	5,584	(4,599)	985
Tax expense	10, 12	(744)	302	(442)	(1,139)	883	(256)
Profit for the period from continuing operations		2,921	(1,004)	1,917	4,445	(3,716)	729
Discontinued operations:							
Profit after taxation for the period from discontinued operations	6	–	339	339	–	2,912	2,912
Profit for the period		2,921	(665)	2,256	4,445	(804)	3,641

		2020	2019
Other comprehensive income:			
Items that will not be recycled to profit or loss:			
Actuarial (loss)/gain on defined benefit pensions, net of tax		(6,473)	123
Items that are or may be recycled subsequently to profit or loss:			
Effective portion of changes in fair value of cashflow hedges, net of tax		176	263
Exchange differences on retranslation of foreign operations		11	4
		187	267
Other comprehensive (loss)/gain for the period, net of tax		(6,286)	390
Total comprehensive (loss)/profit for the period, net of tax		(4,030)	4,031
Earnings per share		Pence	Pence
Basic earnings per share			
– Continuing operations		5.4	2.0
– Discontinued operations		0.9	8.1
	12	6.3	10.1
Diluted earnings per share			
– Continuing operations		5.4	2.0
– Discontinued operations		0.9	8.1
	12	6.3	10.1
Alternative Performance Measures:			
Underlying earnings per share (pence)		8.2	12.4

Reconciliations of underlying to statutory profit and earnings per share are provided in notes 5 and 12 respectively.

Consolidated Statement of Financial Position

AT 30 JUNE 2020

	Notes	2020 £000	2020 £000	As restated* 2019 £000	As restated* 2019 £000
Assets					
Non-current assets					
Property, plant and equipment – owned assets	13	**11,089**		11,693	
Property, plant and equipment – right-of-use assets	13	**5,856**		–	
Goodwill	14	**18,705**		18,705	
Other intangible assets	15	**3,352**		3,416	
Deferred tax assets	10	**3,661**		2,202	
			42,663		36,016
Current assets					
Inventories	16	**8,596**		10,488	
Trade and other receivables	17	**16,270**		21,384	
Corporation tax receivable		**325**		283	
Derivative financial assets	21	**207**		–	
Cash at bank	27	**16,143**		7,999	
			41,541		40,154
Total assets			**84,204**		76,170
Liabilities					
Non-current liabilities					
Interest bearing loans and borrowings	19, 27	**(19,909)**		(7,857)	
Lease liability	20	**(5,244)**		–	
Employee benefits payable	22	**(19,269)**		(12,951)	
Provisions	23	**(1,182)**		(1,272)	
Deferred tax liabilities	10	**(1,007)**		(954)	
			(46,611)		(23,034)
Current liabilities					
Trade and other payables	18	**(15,311)**		(20,111)	
Lease liability	20	**(680)**		–	
Provisions	23	**(1,194)**		(2,333)	
Derivative financial liabilities	21	**–**		(10)	
Bank overdraft	19, 27	**(567)**		(5,237)	
			(17,752)		(27,691)
Total liabilities			**(64,363)**		(50,725)
Net assets			**19,841**		25,445
Equity					
Called up share capital	24	**4,517**		4,517	
Share premium	25	**445**		445	
Capital reserve – own shares	25	**(416)**		(416)	
Hedging reserve	25	**168**		(8)	
Foreign currency reserve	25	**101**		90	
Profit and loss account reserve		**15,026**		20,817	
Total equity			**19,841**		25,445

* See note 19 for details of restatement.

The financial statements were approved by the Board of Directors and authorised for issue on 8 September 2020.

G. Paul Hooper

Paul Hooper
Director

8 September 2020

Company number 1767387

Consolidated Statement of Cashflows

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Year to 30 June 2020 £000	Year to 30 June 2019 £000
Operating activities			
Operating profit		**3,116**	1,639
Adjustments for:			
Depreciation	7, 13	**1,851**	1,335
Amortisation	7, 15	**313**	514
Impairment of assets		**300**	–
Loss/(gain) on disposal of property, plant and equipment		**4**	(17)
IAS 19 past service pension cost	5	**–**	1,111
IAS 19 settlement gain on merger of pension schemes	5	**–**	(324)
Decrease/(increase) in inventories		**1,892**	(1,722)
Decrease/(increase) in receivables		**5,114**	(48)
(Decrease)/increase in trade and other payables		**(4,564)**	1,229
Movement in provisions		**(1,229)**	1,637
Cash contributions to retirement benefit schemes	22	**(2,254)**	(3,202)
Share based payments		**–**	(65)
Cash generated by operating activities of continuing operations		**4,543**	2,087
Operating profit from discontinued operation		**–**	163
Depreciation and amortisation		**–**	60
Movement in working capital from discontinued operation		**–**	(396)
Cash generated by operating activities of discontinued operation	6	**–**	(173)
Tax paid		**(93)**	(634)
Net cash inflow from operating activities		**4,450**	1,280
Investing activities			
Purchase of property, plant and equipment – continuing operations		**(1,342)**	(2,296)
Purchase of property, plant and equipment – discontinued operations	6	**–**	(15)
Payments to acquire intangible fixed assets		**(417)**	(115)
Proceeds from sales of property, plant and equipment		**143**	116
Net proceeds from sale of business activity	6	**339**	3,886
Net cash (outflow)/inflow from investing activities		**(1,277)**	1,576
Financing activities			
Bank interest paid		**(297)**	(232)
Equity dividends paid		**(1,574)**	(2,628)
Draw down/(repayment) of amounts borrowed	27	**12,000**	(1,500)
Principal paid on lease liabilities		**(346)**	–
Interest paid on lease liabilities		**(153)**	–
Refinancing costs		**–**	(156)
Purchase of own shares		**–**	(238)
Net cash inflow/(outflow) from financing activities		**9,630**	(4,754)
Net increase/(decrease) in cash at bank and bank overdraft	27	**12,803**	(1,898)
Net cash at bank and bank overdraft brought forward		**2,762**	4,656
Net increase/(decrease) in cash at bank and bank overdraft		**12,803**	(1,898)
Effect of foreign exchange rate changes		**11**	4
Net cash at bank and bank overdraft carried forward	27	**15,576**	2,762

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2020

	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 2018		4,517	445	(241)	(271)	86	19,809	24,345
Profit for the period		–	–	–	–	–	3,641	3,641
Exchange differences on retranslation of foreign operations		–	–	–	–	4	–	4
Net gain on cashflow hedges		–	–	–	317	–	–	317
Tax on derivative financial liability		–	–	–	(54)	–	–	(54)
Actuarial gain on defined benefit pensions, net of tax		–	–	–	–	–	123	123
Dividends	11	–	–	–	–	–	(2,628)	(2,628)
Share based payments	26	–	–	–	–	–	(65)	(65)
Own shares used to satisfy exercise of share awards		–	–	63	–	–	–	63
Acquisition of own shares		–	–	(238)	–	–	–	(238)
Exercise of share based incentives		–	–	–	–	–	(63)	(63)
At 1 July 2019		4,517	445	(416)	(8)	90	20,817	25,445
Profit for the period		–	–	–	–	–	2,256	2,256
Exchange differences on retranslation of foreign operations		–	–	–	–	11	–	11
Net gain on cashflow hedges		–	–	–	217	–	–	217
Tax on derivative financial asset		–	–	–	(41)	–	–	(41)
Actuarial loss on defined benefit pensions, net of tax		–	–	–	–	–	(6,473)	(6,473)
Dividends	11	–	–	–	–	–	(1,574)	(1,574)
At 30 June 2020		**4,517**	**445**	**(416)**	**168**	**101**	**15,026**	**19,841**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

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 Alternative Investment Market ("AIM").

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 2020, and the Companies Act 2006.

Going Concern and COVID-19

As per the Group's announcements on 27 March and 1 April 2020, the Group responded quickly to the COVID-19 outbreak to protect the business, its employees and other stakeholders and temporarily closed the Timloc manufacturing facility, part of the Housebuilding Products division, and the AWMS and Wade manufacturing facilities, part of the Water Management division. The remaining parts of the Group continued to trade, serving customers from existing inventories and supplies from overseas and, in accordance with Government guidelines, all facilities were re-opened by 27 April 2020. The majority of the Group's employees are now back at work (including working from home where possible) and the Group's performance during May and June 2020 was stronger than expected when UK lockdown was implemented, as set out in the Group's trading update of 23 July 2020. The Group's revenues during July and August 2020 have exceeded management's forecasts put together as part of the Group's scenario planning.

At 30 June 2020 the Group had cash and cash equivalents of £15.7 million and a fully drawn down committed £20 million revolving credit facility, which runs initially to April 2022 and has two annual extension periods to April 2024. This provided total headroom of some £15.7 million against committed facilities and, together with £4 million overdraft facilities which last to August 2021, there is headroom of some £19.7 million against total facilities at 30 June 2020.

As also announced on 27 March and 1 April 2020, the Group acted promptly and decisively to conserve cash in light of uncertainties caused by the pandemic, including suspending dividends, defined benefit pension contributions (in agreement with the pension scheme trustees) and capital expenditure, imposing very tight controls over operating expenditure and accessing government support in the UK (such as the Job Retention Scheme and tax deferrals). Strong focus has been given to cash collections from debtors while creditors have continued to be paid on a timely/agreed basis to protect supplier relationships. As a result, on 8 September 2020 the Group had headroom of c.£15 million against its committed banking facilities and c.£19 million against its total banking facilities. The Group continues to manage its cashflows very closely going forward, with cash re-forecasts continuing to be performed on a weekly basis.

In assessing Going Concern to take account of the uncertainties caused by COVID-19, the Group has modelled a Base Case (BC) trading scenario on a "bottom up" basis. Given the continuing uncertainty regarding the impact of COVID-19 (including potential further waves of the pandemic) on the economy, customer behaviour and ultimately on the Group's performance, the Group has also modelled increasingly stressed scenarios compared to BC (which assume 10% ("Mid Case") and 20% ("Low Case") revenue reductions from BC, along with increasingly conservative assumptions in these scenarios regarding cash collections from debtors). Under the lowest point in these stress tested scenarios (which exists during April 2021), the Group retains headroom of at least £6.7 million against its total banking facilities for the next 13 months to September 2021.

The Group has been in regular dialogue with its main bankers, HSBC, as its scenario plans have developed and has pro-actively and transparently shared the aforementioned scenario models. While they show headroom of £6.7 million at the lowest point in the Low Case scenario for the next 13 months, they did indicate potential Bank covenant breaches at the two testing points in the period, December 2020 and June 2021, due to the impact of COVID-19 on revenues and profits in the Mid and Low case scenarios modelled. Although current trading levels would suggest that the sensitised scenarios are unlikely to materialise, given the uncertainties caused by the pandemic formal agreement was reached with HSBC to relax the relevant covenant testing for the tests arising in December 2020 and June 2021 to levels that the Board is satisfied can be met in light of the scenarios modelled and relevant cost saving measures that would be implemented in such scenarios.

The Group has modelled an additional scenario (a reverse stress test) that would lead to a breach of its banking covenants which assumes no cost saving measures are implemented in the Low Case. It is considered that the risk of such a scenario arising is remote. Management has also identified a number of mitigating actions that the Group would take to stay within its banking facilities throughout the period.

In addition to the above scenarios, the Group has also modelled the impact of a second wave of the pandemic on the BC forecast occurring at various points through the assessment period, October 2020, January 2021 or April 2021. The model assumes a similar impact as the first wave on revenue, profitability and working capital cycles along with a similar recovery period. In all these modelled scenarios the Group continues to operate within its banking facilities and complies with bank covenant tests.

Given the unprecedented nature of the COVID-19 events, it is difficult to predict future trading and cashflows with certainty. The actual scenarios which materialise in the period ahead will undoubtedly be different to the scenarios modelled. In the event that the actual position is worse than modelled in the BC, the Directors consider that the headroom in the Group's banking facilities and the further mitigation actions available would enable the Group to respond to such downside. Having taken into account all of the aforementioned comments, actions and factors in relation to Going Concern and the potential impact of COVID-19, and in light of the bank facility headroom under various scenarios, the Directors consider that the Group has adequate resources to continue trading for the foreseeable future. Accordingly, they continue to adopt the Going Concern basis in preparing the financial statements.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

2 Summary of significant accounting policies

Except as described below, the accounting policies adopted are consistent with those of the previous financial year.

Changes in accounting policy

The following new standards, amendments and interpretations are effective for the period beginning on or after 1 July 2019 and have been adopted for the Group financial statements:

IFRIC 23 Uncertainty over Income Tax Treatments

The Group has applied IFRIC 23, which is effective for periods beginning on or after 1 January 2019, from 1 July 2019 with no impact on the disclosures made by the Group.

IFRS 16 Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The impact of adopting the standard on 1 July 2019 was, in broad terms, to bring the Group's property leases on to the consolidated statement of financial position. Previously these were treated as operating leases and were 'off balance sheet'. More specifically the impact of adoption was:

- The recognition of a right of use asset and lease liability of £5,027,000 on the date of adoption with no impact on reserves at that stage;
- The total annual charge to the income statement increased by £68,000, reducing profit for the period by this figure in the current financial year to 30 June 2020;
- The operating profit cashflow increased by £499,000 with the cashflow generated by financing activities decreasing by the same value;
- EBITDA increased by £570,000 as the former lease expense was re-classified as a depreciation charge and interest cost in the year; and
- Given the Group's definition of capital invested which is used to calculate return on investment ("ROI") and the exclusion of net bank debt and other long-term liabilities such as pension liabilities and lease liabilities from the same, the asset base by which the underlying operating profit after underlying tax is divided by to calculate ROI has increased by £5,027,000. This has had the impact of reducing underlying return on capital invested from 11.4% (on the old basis) to 7.2% in the current year.

The Group has applied the practical expedients whereby a single discount rate can be used across a portfolio of leases with reasonably similar characteristics and applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of the lease term remaining as of the date of initial application. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately below if they are different from those under IFRS 16 and the impact of changes is disclosed in note 31.

Significant accounting policy

i) Identification of a lease

Policy applicable for contracts entered into from 1 July 2019

At inception of a contract the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Group assesses whether:

- the contract involves the sole use of a specific identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has the right to substitute the identified asset for a similar asset then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

Policy applicable for contracts entered into prior to 1 July 2019

For contracts entered into before 1 July 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the Group had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the Group had the ability or right to control the physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

2 Summary of significant accounting policies continued

Significant accounting policy continued

ii) As a lessee

Policy applicable for contracts entered into from 1 July 2019:

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments. The Group does not make other types of payment referred to in IFRS 16 for its leases.

Generally the lease liability represents the present value of contractual future lease payments including optional renewal periods where the Group is reasonably certain to exercise the extension option. The Group does not typically enter into purchase options or variable lease payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' and discloses the corresponding "Lease liability" in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets.

Further to this, the Group has taken advantage of the practical expedient within IFRS 16 and excluded leases with a remaining term of less than 12 months at the date of adoption.

The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable for contracts entered into prior to 1 July 2019

In the comparative period, as a lessee the Group classified none of its leases as finance leases as none were deemed to transfer substantially all of the risks and rewards of ownership.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

iii) As a lessor

IFRS 16 lessor accounting requirements remain similar to requirements under IAS 17 with the change in accounting standard having no impact on the Group's financial statements.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies an exemption under IFRS 16 then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Rental income' (see note 3).

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the underlying asset.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

2 Summary of significant accounting policies continued

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and each of its subsidiaries for the year to 30 June each year.

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

Judgments and estimates

The main sources of estimation uncertainty that could have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities at 30 June 2020 within the next financial year are the valuation of defined benefit pension obligations, the valuation of the Group's acquired goodwill, the recognition of revenues and profit on contracts with customers where revenue is recognised over time.

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 22).

Goodwill is tested at least annually for impairment, with appropriate assumptions and estimates built into the value in use calculations to determine if an impairment of the carrying value is required. See note 14 for further disclosure of the assumptions and estimates applied.

Revenue and associated margin recognised over time on contracts with customers is recognised using the input method under the new standard and therefore progressively as costs are incurred, having regard to latest estimates of cost to complete and expected project margins. Contract revenue includes an assessment of contract variations when their recovery is considered highly probable. Judgment is therefore required in the application of the Group's policy regarding revenue and profit recognition relating to estimates of costs to complete contracts, the final profit margin on those contracts and the inclusion of potential contract variations prior to these being fully agreed.

In the application of the new leasing standard, IFRS 16, a right-of-use asset and lease liability have been recognised based on the discounted payments required under the lease, taking into account the lease term. The lease term is based on the non-cancellable period of the lease together with periods covered by an option to extend the lease where it is considered reasonably certain that options to extend will be exercised. Judgment is required in determining whether options to extend or terminate the lease will be exercised. Lease liabilities are measured at amortised cost using the effective interest rate method. Management in the adoption of IFRS 16 at 1 July 2019 also applied judgment related to the assessment of the incremental borrowing rate (IBR) used to discount future lease rentals to present value. The IBR has been considered on a lease by lease basis and the weighted average rate applied by the Group at transition was 3.1%.

Goodwill

Goodwill arises on the acquisition of subsidiaries. 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 25 years

2 Summary of significant accounting policies continued

Other intangible assets continued

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:

Right-of-use assets	–	over the period of the lease
Freehold buildings	–	25 to 50 years
Long leasehold improvements	–	over the period of the lease
Short leasehold improvements	–	over the period of the lease
Plant and equipment	–	3 to 15 years
Motor vehicles	–	4 to 5 years

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

Impairment of fixed assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. 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 cashflows 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.

Leases

i) Identification of a lease

At inception of a contact the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Group assesses whether:

- the contract involves the sole use of a specific identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

ii) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

2 Summary of significant accounting policies continued

Leases continued

ii) As a lessee continued

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments. The Group does not make other types of payment referred to in IFRS 16 for its leases.

Generally the lease liability represents the present value of contractual future lease payments including optional renewal periods where the Group is reasonably certain to exercise the extension option. The Group does not typically enter into purchase options or variable lease payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' and discloses the corresponding "Lease liability" in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets which it defines as having a purchase cost of £5,000. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

iii) As a lessor

IFRS 16 lessor accounting requirements remain similar to requirements under IAS 17 with the change in accounting standard having no impact on the Group's financial statements.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies an exemption under IFRS 16 then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'Rental income' (see note 3).

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the underlying asset.

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.

Inventories

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

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

2 Summary of significant accounting policies continued

Pension costs

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

(i) Defined benefit pensions

The Group operates a principal defined benefit scheme, The Alumasc Group Pension Scheme ("AGPS"), which requires deficit reduction contributions to be made to a separately administered fund. The scheme was closed to future benefit accrual in 2010, which did not result 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 the 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 Group determines finance income/expense for the period relating to defined benefit pension scheme 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.

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), 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 statement of comprehensive income.

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.

A Trust holds the shares in its name and shares are awarded to employees on request by the Group. The Group controls and bears the expenses of the Trust.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

2 Summary of significant accounting policies continued

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 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 remeasured at fair value. The gain or loss on remeasurement 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.

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 cashflow hedges, as they hedge exposure to variability in cashflows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The portion of the gain or loss on a cashflow 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.

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.

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

Revenue recognition

Revenue represents the total amounts receivable by the Group for goods supplied and services provided, excluding VAT and rebates.

Building Envelope:

The performance obligations and transaction price are defined within signed contracts between the customer and Levolux. These contracts contain one performance obligation as the scope of work and pricing of the contract is to deliver an interrelated service. The revenue for the performance obligation is recognised on an input cost method over time, measured by reference to the stage of completion of the contract. Revenue and associated profit are therefore recognised progressively as costs are incurred and having regard to latest estimates of cost to complete and expected project margins.

Due to the nature of the services provided, instructed variations to contracts are usually accounted for as if it was part of the existing contract, as the variations do not result in a distinct good or service being delivered. Where the variation to the original contract is for extra goods or services which are distinct from the original performance obligations under the contract, this is accounted for as a separate contract. Claims for extra revenue for variations or extra work over and above the original contract are only recognised when management determines the revenue to be highly probable.

Other revenue streams:

The revenue for each performance obligation is generally recognised at a point in time upon despatch of goods, or receipt of goods by the customer, depending on the terms of trade of each operating entity.

See note 23 for disclosure of the Group's warranty provision held at the balance sheet date.

2 Summary of significant accounting policies continued

Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Impairment losses against financial assets carried at amortised cost are recognised by reference to any expected credit losses against those assets.

Cash and cash equivalents

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

Other income

Government grant income is shown gross in other income to match the costs as incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated statement of comprehensive income or netted against the asset purchased.

New standards and interpretations not applied

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2020:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- Revised Conceptual Framework for Financial Reporting

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Management is currently assessing the impact of these new accounting standards and amendments but does not believe that the amendments to IAS 1 will have a significant impact.

3 Revenue

Revenue, as disclosed in the statement of comprehensive income, and total income are analysed as follows:

	2019/20 £000	2018/19 £000
Revenue arising from:		
Goods transferred to customers, recognised at a point in time	59,264	70,205
Contracts recognised over time	16,728	19,899
Revenue (per statement of comprehensive income)	75,992	90,104
Rental income	40	40
Total income	76,032	90,144

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

3 Revenue continued

The vast majority of the Group's contracts where revenue is recognised over time are for the design, delivery and installation of goods for which those contracts can span over more than one accounting period. At the reporting date several of these contracts had commenced but the performance obligation was not yet fully satisfied.

4 Segmental analysis

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 the 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 because of similarities between the nature of products and services, routes to market and supply chains in each segment.

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.

Revenues and operating results from this business have been excluded from the segmental analysis below. This business was formerly part of the Group's Roofing & Walling operating segment in prior years. Due to changes to internal management reporting responsibilities to the Chief Operating Decision Maker in respect of the Roofing and Levolux businesses, these businesses are now included within the Building Envelope segment. The Group sold the Alumasc Facades business on 31 October 2018. This has been treated as a discontinued operation (see note 6).

	Revenue £000	Segmental operating result £000
Full Year to 30 June 2020		
Water Management	33,715	4,824
Building Envelope	33,209	(939)
Housebuilding Products	9,068	1,243
Trading	**75,992**	**5,128**
Unallocated costs		(967)
Total from continuing operations	**75,992**	**4,161**

	£000
Segmental operating result	4,161
Brand amortisation	(238)
Restructuring & relocation costs (see note 5)	(807)
Total operating profit from continuing operations	**3,116**

	Segment assets £000	Segment liabilities £000	Capital expenditure: Property, plant & equipment £000	Capital expenditure: Other intangible assets £000	Depreciation £000	Amortisation £000
Water Management	26,645	(7,244)	1,813	264	785	100
Building Envelope	22,267	(8,346)	162	17	175	173
Housebuilding Products	13,051	(5,687)	361	29	798	39
Trading	**61,963**	**(21,277)**	**2,336**	**310**	**1,758**	**312**
Unallocated/discontinued	22,241	(43,086)	19	131	93	1
Total	**84,204**	**(64,363)**	**2,355**	**441**	**1,851**	**313**

4 Segmental analysis continued

	Revenue £000	Segmental operating result £000
Full Year to 30 June 2019		
Water Management	38,902	4,257
Building Envelope	39,804	554
Housebuilding Products	11,398	1,732
Trading	**90,104**	**6,543**
Unallocated costs		(678)
Total from continuing operations	**90,104**	**5,865**

	£000
Segmental operating result	5,865
Brand amortisation	(238)
Past service cost in respect of GMP equalisation (see note 5)	(1,111)
Settlement gain on merger of pension schemes (see note 5)	324
Restructuring & relocation costs (see note 5)	(3,021)
AIM re-listing costs (see note 5)	(180)
Total operating profit from continuing operations	**1,639**

			Capital expenditure			
	Segment assets £000	Segment liabilities £000	Property, plant & equipment £000	Other intangible assets £000	Depreciation £000	Amortisation £000
Water Management	26,945	(7,171)	1,279	49	650	188
Building Envelope	27,355	(12,853)	211	55	221	290
Housebuilding Products	10,003	(3,191)	1,041	11	399	36
Trading	**64,303**	**(23,215)**	**2,531**	**115**	**1,270**	**514**
Unallocated & discontinued	6,630	(22,273)	78	–	125	–
Total	**70,933**	**(45,488)**	**2,609**	**115**	**1,395**	**514**

Analysis by geographical segment 2019/20

	United Kingdom £000	**Europe £000**	**North America £000**	**Middle East £000**	**Far East £000**	**Rest of World £000**	**Total £000**
Sales to external customers	**64,816**	**4,147**	**3,184**	**1,485**	**1,587**	**773**	**75,992**
Segment non-current assets	**38,996**	**–**	**–**	**–**	**6**	**–**	**39,002**

Analysis by geographical segment 2018/19

	United Kingdom £000	Europe £000	North America £000	Middle East £000	Far East £000	Rest of World £000	Total £000
Sales to external customers	80,677	2,695	3,149	972	2,392	219	90,104
Segment non-current assets	33,814	–	–	–	–	–	33,814

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 and exclude discontinued operations.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

5 Underlying to statutory profit before tax reconciliation

	2019/20		2018/19	
	Operating profit £000	Profit before tax £000	Operating profit £000	Profit before tax £000
Underlying operating profit/profit before tax	**4,161**	**3,665**	5,865	5,584
Brand amortisation	**(238)**	**(238)**	(238)	(238)
IAS 19 net pension scheme finance costs (note 9)	–	**(261)**	–	(373)
IAS 19 Past service cost in respect of GMP equalisation	–	–	(1,111)	(1,111)
IAS 19 Settlement gain on merger of pension schemes	–	–	324	324
Restructuring & relocation costs	**(807)**	**(807)**	(3,021)	(3,021)
AIM re-listing costs	–	–	(180)	(180)
Continuing operations	**3,116**	**2,359**	1,639	985
Profits/gains relating to discontinued operations (note 6)	–	**339**	163	2,945
Statutory operating profit/profit before tax	**3,116**	**2,698**	1,802	3,930

In the presentation of underlying profits, management treats the amortisation of acquired brands and IAS 19 pension costs consistently as non-underlying items because they are material non-cash and non-trading items that typically would be excluded in assessing the value of the business.

In addition, management has presented the following specific items that arose in 2019/20 and 2018/19 financial years as non-underlying as they are non-recurring items that are judged to be significant enough to affect the understanding of the year-on-year evolution of the underlying trading performance of the business:

- One-off costs of material restructuring and relocation of separate businesses within the Group in both 2019/20 and 2018/19, including costs associated with the departure and recruitment of a Group Finance Director during the current financial year – see page 47 within the Remuneration Report for more detail;
- The one-off prior year IAS 19 past service pension cost relating to Guaranteed Minimum Pension ("GMP") equalisation between men and women, following a High Court decision on 26 October 2018;
- The one-off prior year settlement gain arising from the merger of the Group's pension schemes on 5 March 2019; and
- The one-off prior year professional fees incurred in connection with the re-listing of Alumasc's shares from the main market to the Alternative Investment Market ("AIM") on 25 June 2019.

Included within underlying operating profit for the current financial year is other operating income of £968k in relation to Coronavirus Job Retention Scheme government support.

6 Discontinued operations

Discontinued operations relate to the Alumasc Facades business which was divested by the Group on 31 October 2018.

The results of Alumasc Facades included in the consolidated statement of comprehensive income are as follows:

	Year to 30 June 2020 £000	Year to 30 June 2019 £000
Revenue	–	3,763
Operating profit	–	163
Net gain on disposal of discontinued operation	**339**	2,782
Profit before taxation	**339**	2,945
Tax charge	–	(33)
Profit after taxation	**339**	2,912

	£000	£000
Gross sales proceeds	**339**	4,500
Transaction costs of disposal	–	(100)
Cash cost of consequential restructuring/decommissioning	–	(514)
Net sales proceeds at period end	**339**	3,886
Provisions for restructuring and plant decommissioning costs	–	(343)
Sales proceeds after restructuring and plant decommissioning	**339**	3,543
Net assets disposed of:		
Plant & equipment	–	(84)
Working capital at completion	–	(677)
Net gain on disposal	**339**	2,782

The net cashflows attributable to discontinued operations are as follows:

	£000	£000
Operating cashflows	–	223
Movement in working capital	–	(396)
Investing cashflows – proceeds from sale of business	**339**	3,886
Investing cashflows – purchase of property, plant and equipment	–	(15)
Net cash inflow	**339**	3,698

The sales proceeds recognised in the current financial year relate to the contingent consideration earned and received in cash in the year, based on the sales revenues of the business in its first twelve month period under new ownership, in accordance with the business sale agreement.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

7 Expenses by nature

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

	2019/20 £000	2018/19 £000
Raw materials and consumables	35,973	45,370
Depreciation of property, plant & equipment	1,851	1,395
Intangible assets amortisation	75	276
Brand amortisation	238	238
Loss/(gain) on disposal of property, plant and equipment	4	(17)
Unsettled foreign exchange losses	3	10
Employee benefit expense	20,627	22,951
Restructuring & relocation costs	807	3,021
IAS 19 Past service cost in respect of GMP equalisation	–	1,111
IAS 19 Settlement gain on merger of pension schemes	–	(324)
AIM re-listing costs	–	180
Short-term and low-value lease payments	1,086	1,773
Income from property operating leases	(40)	(40)
Research and development	105	111
Auditor's remuneration:		
Audit of these financial statements	61	61
Audit of financial statements of subsidiaries pursuant to legislation	39	69
Furlough income	(968)	–
Other operating charges	13,015	12,280
	72,876	88,465

8 Employee costs and numbers

	2019/20 £000	2018/19 £000
Employee benefit expense from continuing operations:		
Wages and salaries	18,161	20,058
Social security	1,807	2,204
Defined contribution pension costs (note 22)	659	689
Sub-total	20,627	22,951
IAS 19 net defined benefit pension scheme finance costs	261	373
Total excluding restructuring	20,888	23,324
Restructuring costs	356	1,461
Total	21,244	24,785

Average number of employees	2019/20 Number	2018/19 Number
Operational	234	260
Administrative, support and management	222	247
	456	507

9 Net finance costs

	2019/20 £000	2018/19 £000
Finance costs – Bank overdrafts	40	38
– Revolving credit facility	303	243
– Interest on lease liabilities	153	–
	496	281
– IAS 19 net pension scheme finance costs	261	373
	757	654

10 Tax expense

(a) Tax on profit on ordinary activities

Tax charged in the statement of comprehensive income

	2019/20 £000	2018/19 £000
Current tax:		
UK corporation tax – continuing operations	22	(69)
– discontinued operations	–	33
Overseas tax	48	3
Amounts over provided in previous years	(19)	(21)
Total current tax	**51**	(54)
Deferred tax:		
Origination and reversal of temporary differences	450	406
Amounts over provided in previous years	(157)	(20)
Rate change adjustment	98	(43)
Total deferred tax	**391**	343
Total tax expense	**442**	289
Tax charge on continuing operations	442	256
Tax charge on discontinued operations	–	33
Total tax expense	**442**	289
Tax recognised in other comprehensive income		
Deferred tax:		
Actuarial (losses)/gains on pension schemes	(1,838)	24
Cashflow hedge	41	54
Tax (credited)/charged to other comprehensive income	**(1,797)**	78
Total tax (credit)/charge in the statement of comprehensive income	**(1,355)**	367

(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 16.4% is lower than (2018/19: 7.4% was lower than) the standard rate of corporation tax in the UK of 19% (2018/19: 19.0%).

The differences are reconciled below:

	2019/20 £000	2018/19 £000
Profit before tax from continuing operations	2,359	985
Profit before tax from discontinued operations	339	2,945
Accounting profit before tax	2,698	3,930
Current tax at the UK standard rate of 19.0% (2018/19: 19.0%)	513	747
Expenses not deductible for tax purposes	71	265
Use of capital losses	(64)	(639)
Rate change adjustment	98	(43)
Tax over provided in previous years – current tax	(19)	(21)
Tax over provided in previous years – deferred tax	(157)	(20)
	442	289

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

10 Tax expense continued

(c) Unrecognised tax losses

The Group has agreed tax capital losses in the UK amounting to £16.3 million (2019: £16.6 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 (2019: £1 million). These have been offset in the prior year against the capital losses detailed above. A deferred tax asset has not been recognised in respect of the net capital losses carried forward of £15.3 million (2019: £15.6 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 2018	435	(30)	556	(56)	905	(2,574)
Charged/(credited) to the statement of comprehensive income – current year	125	(36)	(74)	–	15	348
Credited to the statement of comprehensive income – prior year	(20)	–	–	–	(20)	–
Charged to equity	–	–	–	54	54	24
At 30 June 2019	540	(66)	482	(2)	954	(2,202)
Charged to the statement of comprehensive income – current year	170	(12)	11	–	169	379
Credited to the statement of comprehensive income – prior year	(160)	3	–	–	(157)	–
Charged/(credited) to equity	–	–	–	41	41	(1,838)
At 30 June 2020	550	(75)	493	39	1,007	(3,661)

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 £3.1 million (2019: £2.7 million) have not been recognised in respect of net capital losses of £16.3 million (2019: £16.6 million), see note 10 (c).

(e) Factors affecting the tax charge in future periods

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the Company's future current tax charge accordingly. The deferred tax asset at 30 June 2020 has been calculated at 19% (2019: 17%).

11 Dividends

	2019/20 £000	2018/19 £000
Final dividend for 2019 of 4.4p paid on 31 October 2019	1,574	–
Interim dividend for 2019 of 2.95p paid on 8 April 2019	–	1,045
Final dividend for 2018 of 4.4p paid on 31 October 2018	–	1,583
	1,574	2,628

A final dividend of 2.0 pence per equity share, at a cash cost of £715,000, has been proposed for the year ended 30 June 2020, payable on 30 October 2020. In accordance with IFRS accounting requirements this dividend has not been accrued in these consolidated financial statements. The interim dividend for 2020, that was due to be paid on 7 April 2020 at a cash cost of £1,055,000, was cancelled as part of the Group's COVID-19 cash conservation programme.

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:

	2019/20 £000	2018/19 £000
Net profit attributable to equity holders of the parent – continuing operations	**1,917**	729
Net profit attributable to equity holders of the parent – discontinued operations	**339**	2,912
	2,256	3,641

	000s	000s
Weighted average number of shares	**35,764**	35,956
Dilutive potential ordinary shares – employee share options	**55**	153
	35,819	36,109

Basic earnings per share:	2019/20 Pence	2018/19 Pence
Continuing operations	**5.4**	2.0
Discontinued operations	**0.9**	8.1
	6.3	10.1

Diluted earnings per share:	2019/20 Pence	2018/19 Pence
Continuing operations	**5.4**	2.0
Discontinued operations	**0.9**	8.1
	6.3	10.1

Calculation of underlying earnings per share:

	2019/20 £000	2018/19 £000
Reported profit before taxation from continuing operations	**2,359**	985
Brand amortisation	**238**	238
IAS 19 net pension scheme finance costs	**261**	373
Pension GMP equalisation	**–**	1,111
Winding up lump sums	**–**	(324)
Restructuring & relocation costs	**807**	3,021
AIM re-listing costs	**–**	180
Underlying profit before taxation from continuing operations	**3,665**	5,584
Tax at underlying Group tax rate of 20.3% (2018/19: 20.4%)	**(744)**	(1,139)
Underlying earnings from continuing operations	**2,921**	4,445
Weighted average number of shares	**35,764**	35,956
Underlying earnings per share from continuing operations	**8.2p**	12.4p

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

13 Property, plant and equipment

	Right-of-use asset (property) £000	Freehold land and buildings £000	Long leasehold improvements £000	Short leasehold improvements £000	Plant & equipment £000	Total £000
Cost						
At 1 July 2018	–	5,844	1,214	355	13,957	21,370
Additions	–	73	13	22	2,501	2,609
Disposals	–	(13)	–	–	(1,560)	(1,573)
Disposal of business activity	–	–	–	(73)	(48)	(121)
At 1 July 2019 as reported	–	5,904	1,227	304	14,850	22,285
Impact of adoption of IFRS 16	5,027	–	–	–	–	5,027
Adjusted as at 1 July 2019	5,027	5,904	1,227	304	14,850	27,312
Additions	1,243	6	5	23	1,078	2,355
Disposals	–	(11)	–	(17)	(839)	(867)
At 30 June 2020	**6,270**	**5,899**	**1,232**	**310**	**15,089**	**28,800**
Accumulated depreciation and impairment losses						
At 1 July 2018	–	1,041	257	229	9,182	10,709
Depreciation charge for year	–	154	66	17	1,158	1,395
On disposals	–	(10)	–	–	(1,465)	(1,475)
On disposal of business activity	–	–	–	(18)	(19)	(37)
At 1 July 2019	–	1,185	323	228	8,856	10,592
Depreciation charge for year	414	146	66	17	1,208	1,851
On disposals	–	(11)	–	(17)	(692)	(720)
Impairment	–	–	–	11	121	132
At 30 June 2020	**414**	**1,320**	**389**	**239**	**9,493**	**11,855**
Net book value at 30 June 2020	**5,856**	**4,579**	**843**	**71**	**5,596**	**16,945**
Net book value at 30 June 2019	–	4,719	904	76	5,994	11,693
Net book value at 1 July 2018	–	4,803	957	126	4,775	10,661

The impairment of property, plant and equipment of £132,000 was provided within restructuring and relocation costs within the prior financial year.

14 Goodwill

	2020 £000	2019 £000
Cost:		
At 1 July and 30 June	**19,428**	19,428
Impairment:		
At 1 July and 30 June	**723**	723
Net book value at 30 June	**18,705**	18,705

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

	2020 £000	2019 £000
Alumasc Roofing	**3,820**	3,820
Timloc	**2,264**	2,264
Levolux	**10,179**	10,179
Rainclear	**225**	225
Wade	**2,217**	2,217
At 30 June	**18,705**	18,705

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 cashflow forecasts for the businesses, based on budgets and plans covering a five-year period. The growth rate used to extrapolate the cashflows beyond this period was 1% (2019: 1%) for each CGU.

Key assumptions included in the recoverable amount calculation are the discount rate applied and the cashflows generated by:

(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, including COVID-19, in arriving at the figures used.

The range of pre-tax rates used to discount the cashflows of these cash generating units with on-balance sheet goodwill was between 11% and 12% (2019: between 11% and 12%). These rates were based on the Group's estimated weighted average cost of capital (W.A.C.C.), which was risk-adjusted for each CGU taking into account both external and internal risks. The Group's W.A.C.C. in 2020 was similar to the rate used in 2019.

The surplus headroom above the carrying value of goodwill at 30 June 2020 was significant in the case of Timloc, Rainclear, Wade and Alumasc Roofing, with no impairment arising from either a 2% increase in the discount rate; a growth rate of -1% used to extrapolate the cashflows; or a reduction of 25% in the cashflow generated in the terminal year.

The surplus headroom above the carrying value of goodwill at 30 June 2020 for Levolux was not significant and the following change to each of the key assumptions would lead to an impairment:

- a 4% increase in the discount rate;
- a growth rate of -1% used to extrapolate the cashflows;
- a 40% reduction in the cashflow generated in the terminal year.

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FOR THE YEAR ENDED 30 JUNE 2020

15 Other intangible assets

	Brands £000	Computer software £000	Total £000
Cost:			
At 1 July 2018	5,843	2,355	8,198
Additions	–	115	115
Disposals	–	(235)	(235)
At 1 July 2019	5,843	2,235	8,078
Additions	–	441	441
Disposals	–	(32)	(32)
At 30 June 2020	5,843	2,644	8,487
Accumulated amortisation:			
At 1 July 2018	2,772	1,513	4,285
Amortisation for the year	238	276	514
On disposals	–	(137)	(137)
At 1 July 2019	3,010	1,652	4,662
Amortisation for the year	238	75	313
Impairment	–	168	168
On disposals	–	(8)	(8)
At 30 June 2020	3,248	1,887	5,135
Net book value at 30 June 2020	**2,595**	**757**	**3,352**
Net book value at 30 June 2019	2,833	583	3,416
Net book value at 1 July 2018	3,071	842	3,913

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

The Wade brand is being amortised over a life of 25 years from February 2018.

The impairment of computer software of £168,000 was provided within restructuring and relocation costs within the prior financial year.

16 Inventories

	2020 £000	2019 £000
Raw materials	2,522	2,990
Work in progress	142	193
Finished goods	5,932	7,305
	8,596	10,488

During the year the Group's inventory provision decreased by £112,000 (2019: increased by £217,000). At 30 June 2020 the Group's inventory provision was £1,215,000 (2019: £1,327,000).

17 Trade and other receivables

	2020 £000	2019 £000
Trade receivables	11,947	16,155
Contract assets	2,402	3,002
Other receivables	451	744
Prepayments	1,470	1,483
	16,270	21,384

Contracts assets arise from the Group's Building Envelope division where revenue is recognised at the balance sheet date prior to the physical invoice being raised to the customer.

Trade receivables and contract assets are non-interest bearing, are generally on terms of 30-90 days and are shown net of provisions for lifetime expected credit losses.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables, other receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and ageing.

The Group calculates the rate of provision for each customer based on the risk score assigned by reputable credit management agencies. The risk score assigned is input into the Group's expected credit loss matrix with a higher risk customer attracting a higher level of provision. The Group's matrix is designed such that the level of provision increases as the receivable balance ages as overdue receivables are of inherently higher risk.

As at 30 June 2020, trade receivables and other receivables at nominal value of £469,000 (2019: £411,000) were impaired and provided for. Movements in the provision for impairment of receivables were as follows:

	2020 £000	2019 £000
At 1 July	411	297
Charge for the year	186	141
Amounts written off	(128)	(27)
At 30 June	469	411

The table below sets out the ageing of the gross trade receivable and contract asset balances against terms and the level of provision held against each ageing category:

	2020		2019	
	Gross receivable £000	Loss provision £000	Gross receivable £000	Loss provision £000
Current	12,753	416	16,490	335
Less than 30 days past due	1,648	16	2,375	23
Less than 60 days past due	26	4	498	19
Less than 90 days past due	153	5	56	3
Greater than 90 days past due	238	28	149	31
	14,818	469	19,568	411

18 Trade and other payables

	2020 £000	2019 £000
Trade payables	8,635	15,482
Other taxation and social security	2,427	1,435
Other payables	839	1,077
Contract liabilities	898	295
Accruals	2,512	1,822
	15,311	20,111

Contract liabilities arise from the Group's Business Envelope division and represent payments in advance of revenue recognised under IFRS 15.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

19 Borrowings

Following a review performed in the year, cash at bank and bank overdraft balances have been restated to be correctly presented on a gross basis in accordance with IAS 32. There is no change in net assets or reported profits.

	2020 £000	As restated 2019 £000
Non-current liabilities:		
Non-current instalments due on bank loan	**19,909**	7,857
Current liabilities:		
Bank overdraft	**567**	5,237

The Group has a committed £20 million revolving credit facility which has an initial expiry date of April 2022 and two single-year extension periods. The Group has the option to cancel and repay elements of the committed facility at short notice should it wish to do so. The extension periods are subject to request by the Group and acceptance by the lender.

The following financial covenants apply 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 two and a half times. Given the uncertainties caused by COVID-19, formal agreement was reached with the Group's main bankers HSBC to relax the relevant covenant testing for the tests arising in December 2020 and June 2021 to the following; Group interest cover to be at least two and a half times and net debt as a multiple of underlying EBITDA to be below three and a half times. These covenants are unaffected by the implementation of IFRS 16.

At 30 June 2020 the Group also had £4.0 million (2019: £4.0 million) of bank overdraft facilities, renewed until August 2021 and repayable on demand. The Group has an offset arrangement in place against uncommitted overdraft facilities.

20 Lease liabilities

	2020 £000	2019 £000
Non-current lease liabilities	**5,244**	–
Current lease liabilities	**680**	–
Total lease liabilities	**5,924**	–

Lease liabilities are initially measured at the present value of future lease payments, discounted using the Group's incremental borrowing rate. See note 31 for further disclosure on lease liabilities.

21 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 2020		30 June 2019	
	Carrying amount £000	Fair value £000	Carrying amount As restated £000	Fair value As restated £000
Financial assets:				
Cash at bank	**16,143**	**16,143**	7,999	7,999
Trade receivables	**11,947**	**11,947**	16,155	16,155
Contract assets	**2,402**	**2,402**	3,002	3,002
Other receivables	**451**	**451**	744	744
Derivative financial asset	**207**	**207**	–	–
	31,150	**31,150**	27,900	27,900

21 Financial instruments continued

Financial assets and liabilities continued

	30 June 2020		30 June 2019	
	Carrying amount £000	Fair value £000	Carrying amount As restated £000	Fair value As restated £000
Financial liabilities:				
Bank loans	**19,909**	**19,909**	7,857	7,857
Bank overdraft	**567**	**567**	5,237	5,237
Lease liabilities	**5,924**	**5,924**	–	–
Trade and other payables	**11,986**	**11,986**	18,381	18,381
Derivative financial liabilities	**–**	**–**	10	10
	38,386	**38,386**	31,485	31,485

Trade and other payables balances do not include other taxation and social security costs or contract liabilities.

The table below summarises the maturity profile of the Group's financial liabilities at 30 June 2020 and 2019 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.

	On demand £000	Less than 3 months £000	3 to 12 months £000	More than 1 year £000	Total £000
At 30 June 2020					
Interest bearing loans and borrowings	**–**	**65**	**195**	**20,582**	**20,842**
Bank overdraft	**567**	**–**	**–**	**–**	**567**
Lease liabilities	**–**	**217**	**652**	**7,096**	**7,965**
Trade and other payables	**2,809**	**8,716**	**461**	**–**	**11,986**
	3,376	**8,998**	**1,308**	**27,678**	**41,360**
At 30 June 2019 (as restated)					
Interest bearing loans and borrowings	–	52	157	8,431	8,640
Bank overdraft	5,237	–	–	–	5,237
Trade and other payables	6,489	10,672	1,220	–	18,381
	11,726	10,724	1,377	8,431	32,258

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 cashflows. Details of the facilities are given above. The Group's net bank debt position at 30 June 2020 was £4.3 million (2019: £5.1 million).

Details of the Group's approach to capital structure are given within the Financial Review on page 18.

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

	2020 £000	2019 £000
Floating rate interest bearing financial liabilities:		
In one to five years	**19,909**	7,857
	19,909	7,857

Interest rate risk

The Group's marginal pre-tax cost of debt finance at interest rates in place at 30 June 2020 under the banking facilities in existence at that time was approximately 0.8% (2019: 1.4%).

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

	Basis Points	Effect on profit before tax
Increase	+50	(23)
Decrease	–50	23

Notes to the Financial Statements continued

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21 Financial instruments continued

Credit risk

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

The ageing of gross trade receivables and contract assets is set out in note 17.

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 2020 or 30 June 2019 related to derivative trading activity. Where cashflow 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:

	2020				2019			
	Receivable 000	Payable 000	Cash 000	Net total 000	Receivable 000	Payable 000	Cash 000	Net total 000
Euros	604	(231)	45	418	475	(1,418)	144	(799)
US Dollars	921	(1,122)	198	(3)	1,760	(1,885)	680	555
Hong Kong Dollars	1,635	(36)	4,615	6,214	212	–	1,887	2,099

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
2020	Increase	+10%	47	34	59
	Decrease	–10%	(57)	(42)	(72)
2019	Increase	+10%	33	43	19
	Decrease	–10%	(40)	(52)	(24)

Hedging activities

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

	2020 £000	2019 £000
Forward foreign exchange contracts	207	(10)

At 30 June 2020 the Group had forward foreign exchange contracts with principal amounts equivalent to £8,997,000 (2019: £11,046,000). The forward foreign exchange contracts hedge foreign currency cost and price risks of various currency purchases and sales across the Group. The cashflows associated with the forward foreign exchange hedges are generally expected to occur within the next 18 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.

22 Retirement benefit obligations

The Group operates a number of defined contribution schemes and a defined benefit pension scheme, funded by the payment of contributions into separately administered funds. The defined benefit scheme, which has been closed to future accrual since 2010, provides 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, £659,000 (2019: £689,000) was in respect of defined contribution schemes. At 30 June 2020 there was an accrual of £81,000 payable in respect of defined contribution schemes (2019: £100,000).

Defined benefit schemes

On 5 March 2019 the Group merged its two former defined benefit pension schemes and a bulk transfer of members from the Benjamin Priest Group Pension Scheme ("BPGPS") was made to the Alumasc Group Pension Scheme ("AGPS").

The level of Company cash contributions agreed with the Pension Trustees is £2.3 million per annum, to include deficit reduction contributions and scheme running expenses, over a seven to eight year period from April 2019. These contribution levels are reviewed every three years with the next review due in March 2022. In April 2020 management consulted with the Group's Pension Trustees and agreed to a deferral of three months' pension contributions to assist with the Group's COVID-19 cash conservation programme. The deferral amounted to £575k in aggregate, which would otherwise have been payable between April 2020 and June 2020. The deferred amount will be recovered between July 2020 and the next revaluation in March 2022.

Disclosures in accordance with IAS 19 are set out below in respect of the defined benefit scheme. Pension charges are determined with the advice of an independent qualified actuary on the basis of annual valuations using the projected unit credit method.

The principal assumptions used for the purpose of the IAS 19 valuations are set out below:

	The Alumasc Group Scheme 2020 %	The Alumasc Group Scheme 2019 %
Discount rate	**1.45**	2.25
Expected rate of deferred pension increases	**2.10**	2.25
Future pension increases	**2.75-3.45**	1.90-3.70
Retail Price Index inflation rate	**2.80**	3.25
Consumer Price Index inflation rate	**2.10**	2.25

	Years	Years
Post retirement mortality		
Current pensioners at 65 – male	**21.5**	20.9
Current pensioners at 65 – female	**23.4**	22.6
Future pensioners at 65 in 2040 – male	**22.8**	22.2
Future pensioners at 65 in 2040 – female	**24.8**	23.8

A discount rate of 1.45% has been used in calculating the present value of liabilities of the pension scheme at 30 June 2020. A 0.1% change to this rate would have changed the present value of the pension fund liabilities at that date by approximately £1,859,000 before tax.

A Retail Price Index inflation rate of 2.80% and a Consumer Price Index inflation rate of 2.10% have been used in calculating the present value of liabilities of the pension scheme at 30 June 2020. A 0.1% change to these rates would have changed the present value of the pension fund liabilities at that date by approximately £900,000 before tax.

In valuing the liabilities of the pension scheme at 30 June 2020, 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 2020 would have increased by approximately £6,757,000 before tax.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

22 **Retirement benefit obligations** continued

Defined benefit schemes continued

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

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Scheme assets at fair value:					
Equities	44,222	43,758	40,966	40,190	34,342
Liability Driven Investment Funds	17,922	16,194	–	–	–
Government bonds	–	–	13,681	13,459	10,953
Corporate bonds and insured annuities	13,135	12,483	12,041	12,539	11,974
Multi-asset fund	19,576	19,692	23,853	24,676	25,710
Property	7,019	6,123	6,783	7,896	8,075
Cash	1,594	2,217	1,387	362	1,764
	103,468	100,467	98,711	99,122	92,818
Present value of scheme liabilities	(122,737)	(113,418)	(113,851)	(119,718)	(115,486)
Defined benefit pension deficit	(19,269)	(12,951)	(15,140)	(20,596)	(22,668)

Of the above assets, all have a quoted market price with the exception of £1,762,000 of insured annuities (2019: £1,761,000) and £1,000,000 of property (2019: £800,000).

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 plan, before taxation, are as follows:

	2019/20 £000	2018/19 £000
Included in net operating expenses:		
Past service pension cost – Guaranteed minimum pension equalisation	–	(1,111)
Settlement gain on merger of pension schemes	–	324
	–	(787)
Included in net finance cost:		
Net pension scheme finance costs	(261)	(373)
Included in other comprehensive income:		
Actuarial gain on plan assets	4,230	3,343
Actuarial loss on retirement benefit obligations	(12,541)	(3,196)
Net actuarial (loss)/gain (pre-tax)	(8,311)	147
Total recognised in the statement of comprehensive income (pre-tax)	(8,572)	(1,013)

The actual return on plan assets for 2019/20 was a gain of £6,452,000 (2018/19: gain of £6,015,000).

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

	2020 £000	2019 £000
At 1 July	(113,418)	(113,851)
Interest cost	(2,483)	(3,045)
Settlement on merger of pension schemes	–	1,496
Past service cost – GMP equalisation	–	(1,111)
Benefits paid	5,705	6,289
Actuarial loss	(12,541)	(3,196)
At 30 June	(122,737)	(113,418)

22 Retirement benefit obligations continued

Defined benefit schemes continued

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

	2020 £000	2019 £000
At 1 July	**100,467**	98,711
Expected return on plan assets	**2,222**	2,672
Settlement on merger of pension schemes	**–**	(1,172)
Actuarial gain	**4,230**	3,343
Contributions by employer	**2,254**	3,202
Benefits paid	**(5,705)**	(6,289)
At 30 June	**103,468**	100,467

The cumulative amount of actuarial losses recognised since 1 July 2004 in the Group statement of comprehensive income is £24,060,000 (2018/19: losses of £15,749,000).

23 Provisions

	Dilapidations £000 Note (i)	Warranty £000 Note (ii)	Restructuring £000 Note (iii)	Total £000
At 1 July 2018	1,310	315	–	1,625
Charge for the year	75	21	2,560	2,656
Utilised	(292)	(57)	(327)	(676)
At 1 July 2019	1,093	279	2,233	3,605
Charge for the year	**75**	**61**	**524**	**660**
Utilised	**(197)**	**(53)**	**(1,639)**	**(1,889)**
At 30 June 2020	**971**	**287**	**1,118**	**2,376**
At 30 June 2020				
Current liabilities	**–**	**76**	**1,118**	**1,194**
Non-current liabilities	**971**	**211**	**–**	**1,182**
	971	**287**	**1,118**	**2,376**
At 30 June 2019				
Current liabilities	–	100	2,233	2,333
Non-current liabilities	1,093	179	–	1,272
	1,093	279	2,233	3,605

(i) Dilapidations

The provision is in respect of a number of the Group's properties where the Group has obligations to make good dilapidations and required restoration. The non-current liabilities are estimated to be payable over periods from one to fifteen years.

(ii) Warranty

Warranty provisions are generally utilised within five years. 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.

(iii) Restructuring

Restructuring provisions are held mainly in respect of the restructuring of the Levolux business and are expected to be utilised within 12 months.

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

24 Called up share capital

	2020 £000	2019 £000
Allotted, called up and fully paid:		
36,133,558 (2019: 36,133,558) ordinary shares of 12.5p each	**4,517**	4,517

25 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 369,245 (2019: 369,245) ordinary own shares held by the Company. The market value of shares at 30 June 2020 was £265,856 (2019: £348,936). These are held to help satisfy the exercise of awards under the Company's Long Term Incentive Plans. During the prior year 42,166 shares with a cost of £63,000 were used to satisfy the exercise of awards and 250,000 shares with a cost of £238,000 were purchased by the Trust. No shares were exercised in the current financial period. A Trust holds the shares in its name and shares are awarded to employees on request by the Group. The Group 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 cashflow 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.

26 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 44 to 51.

	As at 1 July 2019	**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 2020**	**Weighted average exercise price (pence)**
LTIP(i)	849,120	n/a	219,078	n/a	–	n/a	(253,208)	n/a	**814,990**	**n/a**
ESOS(ii)	400,000	1.50	160,000	0.83	–	–	(130,000)	1.57	**430,000**	**1.23**

	As at 1 July 2018	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 2019	Weighted average exercise price (pence)
LTIP(i)	740,483	n/a	373,267	n/a	(42,166)	n/a	(222,464)	n/a	849,120	n/a
ESOS(ii)	540,000	1.64	90,000	1.27	–	–	(230,000)	1.74	400,000	1.50

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

ESOS

For the share options outstanding at 30 June 2020 the weighted average remaining contractual life is 7.7 years (30 June 2019: 7.6 years). The exercise price of the options outstanding ranges between 83 pence and 174 pence. 70,000 share options are exercisable at 30 June 2020 (30 June 2019: 80,000).

LTIP

None of the October 2017 LTIP awards will vest in October 2020.

26 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 option pricing model has been used to calculate the fair value of the options and the amount to be expensed in the statement of comprehensive income.

	ESOS		LTIP	
	Black Scholes 2020	Black Scholes 2019	**Black Scholes 2020**	Black Scholes 2019
Share price at grant date	**83p**	127p	**83p**	131p
Exercise price	**83p**	127p	**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	**7.7%**	5.3%	**7.7%**	5.3%
Fair value per option	**6p**	13p	**66p**	111p

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 credit recognised for share based payments in respect of employee services rendered during the year to 30 June 2020 was £4,000 (2018/19: credit of £65,000). Of this, £3,000 (2018/19: £40,000) is in respect of key management personnel, which are the Directors of The Alumasc Group plc.

27 Movement in borrowings

	Cash at bank / bank overdrafts £000	Bank loans £000	Net bank cash/(debt) £000	Lease liabilities £000	Total borrowings £000
At 1 July 2018	4,656	(9,468)	(4,812)	–	(4,812)
Cashflow movements	(1,898)	1,500	(398)	–	(398)
Non-cash movements	–	111	111	–	111
Effect of foreign exchange rates	4	–	4	–	4
At 1 July 2019	2,762	(7,857)	(5,095)	–	(5,095)
Impact of adoption of IFRS 16	**–**	**–**	**–**	**(5,027)**	**(5,027)**
Cashflow movements	**12,803**	**(12,000)**	**803**	**346**	**1,149**
Non-cash movements	**–**	**(52)**	**(52)**	**(1,243)**	**(1,295)**
Effect of foreign exchange rates	**11**	**–**	**11**	**–**	**11**
At 30 June 2020	**15,576**	**(19,909)**	**(4,333)**	**(5,924)**	**(10,257)**

Notes to the Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

28 Financial commitments

(i) Capital commitments

At 30 June 2020, £420,000 (2019: £325,000) of capital expenditure had been authorised and £28,000 of capital expenditure had been authorised and contracted but not provided for by the Group (2019: £nil).

(ii) Lease commitments

The Group has entered into commercial leases which predominantly relate to certain properties within the Group. The Group also leases a small number of motor vehicles and items of plant and equipment. The leases have varying terms and renewal rights.

Future undiscounted minimum rentals payable under non-cancellable leases for 2019 are below. Following the adoption of IFRS 16, 2020 balances are included in note 20.

	Property 2020 £000	Plant and vehicles 2020 £000	Property* 2019 £000	Plant and vehicles 2019 £000
Less than one year	–	–	1,163	358
Between one and five years	–	–	2,713	469
After five years	–	–	4,352	–
	–	–	8,228	827

* See note 31 for further analysis.

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

	Property 2020 £000	Property 2019 £000
Less than one year	40	40
Between one and five years	160	160
After five years	480	520
	680	720

Amounts recognised in the profit and loss account in respect of leases are as follows:

	2020 £000
Interest on lease liabilities (note 9)	153
Income from sub-leasing right-of-use assets (property)	(40)
Expenses relating to short term leases	701
Expenses relating to low-value assets, excluding short term leases of low-value assets	385
	1,199

29 Related party disclosure

The Group's principal actively trading subsidiaries at 30 June 2020 are listed below:

Principal subsidiaries	Principal activity	Country of incorporation	% of equity interest and votes held 2020	2019
Alumasc Building Products 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 133.

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 44 to 51.

30 Contingent liabilities

At the balance sheet date there existed contingent liabilities amounting to £533,000 (2019: £530,000) in relation to outstanding Guarantees and £241,000 (2019: £361,000) in relation to outstanding Performance Bonds.

31 IFRS 16 impact of transition

Transition

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019.

Impact on year to 30 June 2020

On transition to IFRS 16, the Group recognised an additional £5.0 million of right-of-use assets (see note 13) and lease liabilities with no net amount required to be recognised in retained earnings. In summary, the impact on the statement of financial position at 30 June 2020 is set out below. The impact on the statement of comprehensive income is to reduce the reported profit for the period by £68,000, being an improvement in operating profit of £85,000, offset by an increase in interest expense of £153,000. The net impact on the Group's cashflows is £nil, however cashflows from operating activities have improved by £499,000 with cashflows from financing activities reducing by the same amount. Further details of the impact are shown within note 2.

As at 30 June 2020	As would have been reported £000	Effect £000	As reported under IFRS 16 £000
Property, plant & equipment	11,089	5,856	16,945
Lease liabilities	–	(5,924)	(5,924)
Other net assets	8,820	–	8,820
Net Assets	19,909	(68)	19,841

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 3.1%.

The following reconciles the operating lease commitment disclosed at 30 June 2019 with the amount recognised on the balance sheet at 1 July 2019:

	1 July 2019 £000
Operating lease commitment at 30 June 2019 as disclosed in the Group's consolidated financial statements	9,055
Lease commitment adjustment*	(1,589)
Discounted using the incremental borrowing rate at 1 July 2019	(1,629)
Recognition exemption for:	
– Short-term leases	(438)
– Leases of low-value assets	(372)
Lease liabilities recognised at 1 July 2019	5,027

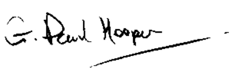
* On adoption of IFRS 16, the Directors conducted a review of lease commitments and identified an overstatement of lease commitments of £1,589,000 which has been adjusted in the reconciliation above.

Company Statement of Financial Position

AT 30 JUNE 2020

	Notes	2020 £000	2019 £000
Assets			
Non-current assets			
Property, plant & equipment – owned assets	5	**719**	655
Property, plant & equipment – right-of-use assets	5	**477**	–
Investments in Group companies	6	**69,994**	69,994
Deferred tax assets	9	**214**	157
		71,404	70,806
Current assets			
Trade and other receivables	7	**469**	1,270
Derivative financial assets	12	**11**	–
Cash and cash equivalents	19	**6,464**	–
		6,944	1,270
Total assets		**78,348**	72,076
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	10, 19	**(19,909)**	(7,857)
Lease liability	11	**(479)**	–
Amounts due to subsidiary undertakings	20	**(14,828)**	(19,424)
Provisions	14	**(100)**	(100)
Deferred tax liabilities	9	**(75)**	(123)
Employee benefits payable	13	**(1,054)**	(707)
		(36,445)	(28,211)
Current liabilities			
Bank overdraft	19	**(567)**	(5,237)
Lease liability	11	**(3)**	–
Trade and other payables	8	**(2,235)**	(1,569)
Derivative financial liabilities	12	**–**	(127)
		(2,805)	(6,933)
Total liabilities		**(39,250)**	(35,144)
Net assets		**39,098**	36,932
Capital and reserves			
Called up share capital	15	**4,517**	4,517
Share premium	16	**445**	445
Revaluation reserve	16	**–**	2,265
Merger reserve	16	**–**	10,606
Capital reserve – own shares	16	**(416)**	(416)
Hedging reserve	16	**9**	(105)
Profit and loss account reserve	16	**34,543**	19,620
Shareholders' funds		**39,098**	36,932

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 £3,981,000 (2019: loss of £1,045,000). The financial statements were approved by the Board of Directors and authorised for issue on 8 September 2020.



Paul Hooper
Director

8 September 2020

Company number 1767387

Company Statement of Cashflows

FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019/20 £000	As restated* 2018/19 £000
Operating activities			
Operating profit		4,442	2,090
Adjustments for:			
Depreciation	5	91	66
Decrease/(increase) in receivables		801	(512)
Increase/(decrease) in trade and other payables		672	131
Movement in provisions		–	(10)
Cash contributions to retirement benefit schemes	13	(124)	(182)
Share based payments		–	(65)
		5,882	1,518
Tax paid		(2)	(47)
Net cash inflow from operating activities		5,880	1,471
Investing activities			
Purchase of property, plant and equipment		(147)	(78)
Net cash outflow from investing activities		(147)	(78)
Financing activities			
Bank interest paid		(409)	(451)
Equity dividends paid	4	(1,574)	(2,628)
Draw down/(repayment) of amounts borrowed	19	12,000	(1,500)
Draw down/(repayment) of amounts borrowed from subsidiaries*		(4,596)	4,616
Refinancing costs		–	(156)
Payment of lease liabilities		(20)	–
Purchase of own shares		–	(238)
Net cash inflow/(outflow) from financing activities		5,401	(357)
Net increase in cash at bank and bank overdraft	19	11,134	1,036
Net cash at bank and bank overdraft brought forward		(5,237)	(6,273)
Net increase in cash at bank and bank overdraft		11,134	1,036
Net cash at bank and bank overdraft carried forward	19	5,897	(5,237)

* During the year the Directors have reclassified to financing activities the cashflows arising from funds advanced/repaid by/to subsidiary companies which were previously incorrectly classified as operating cashflows. The reclassification is required to correctly reflect the nature of the cashflow. The prior year amounts have been restated accordingly which has not resulted in any change to the net increase in cash at bank and bank overdraft reported.

Company Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2020

	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 2018	4,517	445	2,265	10,606	(241)	(300)	23,398	40,690
Loss for the period	–	–	–	–	–	–	(1,045)	(1,045)
Net gain on cashflow hedges	–	–	–	–	–	234	–	234
Tax on derivative financial liability	–	–	–	–	–	(39)	–	(39)
Actuarial gain on defined benefit pensions, net of tax	–	–	–	–	–	–	23	23
Dividends	–	–	–	–	–	–	(2,628)	(2,628)
Share based payments	–	–	–	–	–	–	(65)	(65)
Own shares used to satisfy exercise of shares	–	–	–	–	63	–	–	63
Acquisition of own shares	–	–	–	–	(238)	–	–	(238)
Exercise of share based incentives	–	–	–	–	–	–	(63)	(63)
At 1 July 2019	4,517	445	2,265	10,606	(416)	(105)	19,620	36,932
Profit for the period	–	–	–	–	–	–	3,981	3,981
Net gain on cashflow hedges	–	–	–	–	–	138	–	138
Tax on derivative financial liability	–	–	–	–	–	(24)	–	(24)
Actuarial loss on defined benefit pensions, net of tax	–	–	–	–	–	–	(355)	(355)
Dividends	–	–	–	–	–	–	(1,574)	(1,574)
Transfer of reserves	–	–	(2,265)	(10,606)	–	–	12,871	–
At 30 June 2020	**4,517**	**445**	**–**	**–**	**(416)**	**9**	**34,543**	**39,098**

Notes to the Company Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

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 Alternative Investment Market ("AIM").

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.

Going Concern and COVID-19

As the Company acts as a holding company for the Group's investments, its results and cashflows are based on the performance of the Group's operating companies. The Company is the principal of 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 Going Concern assessment, which also takes account of the uncertainties caused by COVID-19, is detailed on page 73.

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 2 to 29. The financial position of the Group, its cashflows and liquidity position are set out in these financial statements. Details of the Group's borrowing facilities are described within note 10.

The Group has a £20 million revolving credit facility which has an initial expiry date of April 2022 and two single-year extension periods. The Group has the option to cancel and repay elements of the committed facility at short notice should it wish to do so. The extension periods are subject to request by the Group and acceptance by the lender. In addition, the Group has overdraft facilities totalling £4.0 million. At 30 June 2020 the Group's net debt was £4.3 million (2019: £5.1 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.

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.

The following new standards, amendments and interpretations are effective for the period beginning on or after 1 July 2019 and have been adopted for the Company financial statements where appropriate:

IFRS 16 Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The impact of adopting the standard on 1 July 2019 was, in broad terms, to bring the Company's property leases on to the statement of financial position. Previously these were treated as operating leases and were 'off-balance sheet'. More specifically the impact of adoption was:

- The recognition of a right of use asset and lease liability of £485,000 on the date of adoption with no impact on reserves at that stage;
- The total annual charge to the income statement increased by £5,000, reducing profit before tax by this figure in the current financial year to 30 June 2020; and
- EBITDA increased by £26,000 as the former lease expense was re-classified as a depreciation charge and interest cost in the year.

The Group has applied the practical expedients whereby a single discount rate can be used across a portfolio of leases with reasonably similar characteristics and applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of the lease term remaining as of the date of initial application. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in note 22.

Notes to the Company Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

2 Summary of significant accounting policies continued

Significant accounting policy

i) Identification of a lease

Policy applicable for contracts entered into from 1 July 2019

At inception of a contract the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset the Company assesses whether:

- the contract involves the sole use of a specific identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has the right to substitute the identified asset for a similar asset then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Policy applicable for contracts entered into prior to 1 July 2019

For contracts entered into before 1 July 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the Company had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the Company had the ability or right to control the physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

ii) As a lessee

Policy applicable for contracts entered into from 1 July 2019:

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments. The Company does not make other types of payment referred to in IFRS 16 for its leases.

Generally the lease liability represents the present value of contractual future lease payments including optional renewal periods where the Group is reasonably certain to exercise the extension option. The Company does not typically enter into purchase options or variable lease payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' and discloses the corresponding lease liability in the statement of financial position.

2 Summary of significant accounting policies continued

Significant accounting policy continued

ii) As a lessee continued

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable for contracts entered into prior to 1 July 2019

In the comparative period, as a lessee the Company classified none of its leases as finance leases as none were deemed to transfer substantially all of the risks and rewards of ownership.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease.

iii) As a lessor

IFRS 16 lessor accounting requirements remain similar to requirements under IAS 17 with the change in accounting standard having no impact on the Company's financial statements.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies an exemption under IFRS 16 then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

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 valuation of the Company's investments in subsidiaries.

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 13).

The valuation of the Company's investments is reviewed where impairment indicators are identified with key assumptions and estimates being applied by management in assessing whether any impairment is required. See note 6 for further details.

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:

Right-of-use assets	–	over the period of the lease
Freehold buildings	–	25 to 50 years
Long leasehold property	–	over the period of the lease
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.

Notes to the Company Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

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 cashflows 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.

Leases

i) Identification of a lease

At inception of a contact the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset the Company assesses whether:

- the contract involves the sole use of a specific identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019 as the Company has opted to apply the practical expedient to 'grandfather' the assessment of which contracts are, or contain, leases.

ii) As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments. The Company does not make other types of payment referred to in IFRS 16 for its leases.

Generally the lease liability represents the present value of contractual future lease payments including optional renewal periods where the Group is reasonably certain to exercise the extension option. The Company does not typically enter into purchase options or variable lease payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' and discloses the corresponding lease liability in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets which it defines as having a purchase cost of £5,000. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2 Summary of significant accounting policies continued

iii) As a lessor

IFRS 16 lessor accounting requirements remain similar to requirements under IAS 17 with the change in accounting standard having no impact on the Company's financial statements. When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies an exemption under IFRS 16 then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

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 a defined contribution scheme where agreed contractual contributions are paid into a separately administered fund.

(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.

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), 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 scheme represents the contributions payable by the Company to the fund. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Notes to the Company Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

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.

A Trust holds the shares in its name and shares are awarded to employees on request by the Company. The Company controls and bears the expenses of the Trust.

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, 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.

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 Company are classified as cashflow hedges, as they hedge exposure to variability in cashflows that are attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The portion of the gain or loss on a cashflow 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.

2 Summary of significant accounting policies continued

Derivative financial instruments and hedging continued

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.

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.

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 cashflows comprise cash at banks and in hand, short-term deposits with an original maturity of three months or less net of 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

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2020:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- Revised Conceptual Framework for Financial Reporting

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Management is currently assessing the impact of these new accounting standards and amendments but does not believe that the amendments to IAS 1 will have a significant impact.

Notes to the Company Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

3 Expenses by nature

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

	2019/20 £000	2018/19 £000
Auditor's remuneration – audit of the financial statements of the Company	**16**	16

4 Dividends

	2019/20 £000	2018/19 £000
Final dividend for 2019 of 4.4p paid on 31 October 2019	**1,574**	–
Interim dividend for 2019 of 2.95p paid on 8 April 2019	**–**	1,045
Final dividend for 2018 of 4.4p paid on 31 October 2018	**–**	1,583
	1,574	2,628

A final dividend of 2.0 pence per equity share, at a cash cost of £715,000, has been proposed for the year ended 30 June 2020, payable on 30 October 2020. In accordance with IFRS accounting requirements this dividend has not been accrued in these consolidated financial statements.

5 Property, plant & equipment

	Right-of-use asset (property) £000	Freehold land and buildings £000	Long leasehold property £000	Plant and equipment £000	Total £000
Cost:					
At 1 July 2018	–	749	235	513	1,497
Additions	–	–	–	78	78
At 1 July 2019 as reported	–	749	235	591	1,575
Impact of adoption of IFRS 16	485	–	–	–	485
Adjusted as at 1 July 2019	485	749	235	591	2,060
Additions	**–**	**–**	**–**	**147**	**147**
At 30 June 2020	**485**	**749**	**235**	**738**	**2,207**
Depreciation:					
At 1 July 2018	–	298	235	321	854
Charge for the year	–	12	–	54	66
At 1 July 2019	–	310	235	375	920
Charge for the year	**8**	**12**	**–**	**71**	**91**
At 30 June 2020	**8**	**322**	**235**	**446**	**1,011**
Net book value:					
At 30 June 2020	**477**	**427**	**–**	**292**	**1,196**
At 30 June 2019	–	439	–	216	655
At 1 July 2018	–	451	–	192	643

Included within freehold land and buildings is land of £336,000 (2019: £336,000) which is not depreciated.

6 Investments in Group companies

	£000
Cost:	
At 1 July 2018, 1 July 2019 and 30 June 2020	**89,911**
Provisions:	
At 1 July 2018	17,417
Provided in year	2,500
At 30 June 2019	**19,917**
Provided in year	–
At 30 June 2020	**19,917**
Net book value:	
At 30 June 2020	**69,994**
At 1 July 2019	69,994
At 1 July 2018	72,494

During the prior year £2,500,000 was provided against the investment in Levolux Limited following annual impairment testing.

At close of business on 30 June 2020 the principal actively trading subsidiary undertakings and related classes of business are as follows: Alumasc Building Products Limited (building products) and Levolux Limited (building products).

Following the merger of the Group's two legacy defined benefit pension schemes in March 2019, the trade and net assets of Alumasc Limited and Wade International Limited were hived across into Alumasc Building Products Limited on 30 June 2019.

All subsidiary companies are wholly owned and owned directly or indirectly by The Alumasc Group plc and have a registered office of Burton Latimer, Kettering, Northamptonshire, NN15 5JP.

7 Trade and other receivables

	2020 £000	2019 £000
Other receivables	**236**	473
Prepayments	**233**	797
	469	1,270

8 Trade and other payables

	2020 £000	2019 £000
Other payables	**1,831**	1,032
Accruals	**404**	537
	2,235	1,569

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 2018	142	14	61	217	(124)
(Charged)/credited to the statement of comprehensive income	(18)	1	–	(17)	1
Charged to equity	(4)	–	(39)	(43)	–
At 30 June 2019	120	15	22	157	(123)
(Charged)/credited to the statement of comprehensive income	**(21)**	**1**	**–**	**(20)**	**48**
Credited/(charged) to equity	**101**	**–**	**(24)**	**77**	**–**
At 30 June 2020	**200**	**16**	**(2)**	**214**	**(75)**

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.

Notes to the Company Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

10 Borrowings

	2020 £000	2019 £000
Non-current liabilities:		
Non-current instalments due on bank loan	**19,909**	7,857

The Company and Group has a committed £20 million revolving credit facility which has an initial expiry date of April 2022 and two single year extension periods. The Group has the option to cancel and repay elements of the committed facility at short notice should it wish to do so. The extension periods are subject to request by the Group and acceptance by the lender.

The following financial covenants apply 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 two and a half times. Given the uncertainties caused by COVID-19, formal agreement was reached with the Group's main bankers HSBC to relax the relevant covenant testing for the tests arising in December 2020 and June 2021 to the following: Group interest cover to be at least two and a half times and net debt as a multiple of underlying EBITDA to be below three and a half times. These covenants are unaffected by the implementation of IFRS 16.

At 30 June 2020 the Company and Group also had £4.0 million (2019: £4.0 million) of bank overdraft facilities, renewed until August 2021 and repayable on demand. The Group has an offset arrangement in place against uncommitted overdraft facilities.

11 Lease liabilities

	2020 £000	2019 £000
Non-current lease liabilities	**479**	–
Current lease liabilities	**3**	–
Total lease liabilities	**482**	–

Lease liabilities are initially measured at the present value of future lease payments, discounted using the Company's incremental borrowing rate. See note 22 for further disclosure on lease liabilities.

12 Financial instruments

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 2020		30 June 2019	
	Carrying amount £000	**Fair value £000**	Carrying amount £000	Fair value £000
Financial assets:				
Trade and other receivables	**236**	**236**	473	473
Derivative financial assets	**11**	**11**	–	–
Cash at bank	**6,464**	**6,464**	–	–
	6,711	**6,711**	473	473
Financial liabilities:				
Bank overdraft	**567**	**567**	5,237	5,237
Bank loans	**19,909**	**19,909**	7,857	7,857
Lease liabilities	**482**	**482**	–	–
Trade, intercompany and other payables	**17,063**	**17,063**	20,993	20,993
Derivative financial liabilities	**–**	**–**	127	127
	38,021	**38,021**	34,214	34,214

Trade and other receivables exclude prepayments and accrued income, which do not meet the definition of a financial asset. 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 2020 and 2019 based on contractual undiscounted payments. The total interest bearing loans and borrowings do not include lease liabilities as these balances do not meet the definition of financial liabilities in IAS 39. 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.

12 Financial instruments continued

Financial assets and liabilities continued

	On demand £000	Less than 3 months £000	3 to 12 months £000	More than 1 year £000	Total £000
At 30 June 2020					
Interest bearing loans and borrowings	–	65	195	20,582	20,842
Bank overdraft	567	–	–	–	567
Lease liabilities	–	–	3	479	482
Trade, intercompany and other payables	25	1,182	1,020	14,836	17,063
	592	1,247	1,218	35,897	38,954
At 30 June 2019					
Interest bearing loans and borrowings	–	52	5,394	8,431	13,877
Bank overdraft	5,237	–	–	–	5,237
Trade, intercompany and other payables	23	1,349	151	19,470	20,993
	5,260	1,401	5,545	27,901	40,107

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 2020 was £14.0 million (2019: £13.1 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 debt at 30 June 2020 of £4.3 million (2019: £5.1 million).

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

	2020 £000	2019 £000
Floating rate interest bearing financial liabilities:		
In less than one year	–	5,237
In two to five years	19,909	7,857
	19,909	13,094

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.

Credit risk

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

Foreign currency risk

The Group has transactional currency exposures as disclosed 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 2020 or 30 June 2019 related to derivative trading activity. Where cashflow 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:

	2020 £000	2019 £000
Forward foreign exchange contracts	11	(127)

At 30 June 2020 the Company had forward foreign exchange contracts with principal amounts equivalent to £978,000 (2019: £4,282,000). The forward foreign exchange contracts hedge foreign currency price risks of sales across the Group. The cashflows associated with the forward foreign exchange hedges are generally expected to occur within the next 18 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.

Notes to the Company Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

13 Retirement benefit obligations

Defined contribution schemes

£93,000 (2019: £92,000) was charged to operating profit in the statement of comprehensive income for defined contribution pension scheme contributions. At 30 June 2020 there was an accrual of £82,000 payable in respect of the defined contribution scheme (2019: £92,000).

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 part of a plan that shares risks between various Group entities under common control. In determining the allocation of net defined benefit cost and contributions between the various sponsoring employers, the Directors have used as a basis the sponsoring employer at the date the scheme was closed to future accrual.

Following the conclusion of the 2019 triennial actuarial review in the 2019/20 financial year, deficit reduction contributions decreased from £141,000 to £124,000 per year, with effect from 1 January 2020.

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

	2020 %	2019 %
Discount rate	**1.45**	2.25
Expected rate of deferred pension increases	**2.10**	2.25
Future pension increases	**2.75-3.45**	1.90-3.70
Retail Price Index inflation rate	**2.80**	3.25
Consumer Price Index inflation rate	**2.10**	2.25

	Years	Years
Post retirement mortality:		
Current pensioners at 65 – male	**21.5**	20.9
Current pensioners at 65 – female	**23.4**	22.6
Future pensioners at 65 in 2040 – male	**22.8**	22.2
Future pensioners at 65 in 2040 – female	**24.8**	23.8

A discount rate of 1.45% has been used in calculating the present value of liabilities of the pension scheme at 30 June 2020. A 0.1% change to this rate would have changed the present value of the pension fund liabilities at that date by approximately £86,000 before tax.

A Retail Price Index inflation rate of 2.80% and a Consumer Price Index inflation rate of 2.10% have been used in calculating the present value of liabilities of the pension scheme at 30 June 2020. A 0.1% change to these rates would have changed the present value of the pension fund liabilities at that date by approximately £42,000 before tax.

In valuing the liabilities of the pension scheme at 30 June 2020, 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 2020 would have increased by approximately £313,000 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:

	2020 £000	2019 £000	2018 £000	2017 £000	2016 £000
Equities	**2,012**	1,982	1,730	1,701	1,412
Gilts	**–**	–	620	609	470
Liability Driven Investment Funds	**815**	731	–	–	–
Bonds and insured annuities	**598**	564	503	513	392
Multi-asset fund	**891**	889	1,024	1,048	1,253
Property and cash	**391**	376	332	345	391
Total market value of assets	**4,707**	4,542	4,209	4,216	3,918
Actuarial value of liability	**(5,761)**	(5,249)	(5,052)	(5,268)	(5,087)
Defined benefit pension deficit	**(1,054)**	(707)	(843)	(1,052)	(1,169)

Of the above assets, all have a quoted market price with the exception of £80,000 of insured annuities (2018/19: £80,000) and £41,000 of property (2018/19: £33,000).

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

13 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:

	2019/20 £000	2018/19 £000
Included in net operating expenses:		
Past service pension cost – Guaranteed minimum pension equalisation	–	(48)
Included in net finance cost:		
Net pension scheme finance costs	(14)	(25)
Included in other comprehensive income:		
Actuarial gain on plan assets	233	259
Actuarial loss on retirement benefit obligations	(690)	(232)
	(457)	27
Total recognised in the statement of comprehensive income	(471)	(46)

The actual return on plan assets for 2019/20 was a gain of £356,000 (2018/19: gain of £409,000).

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

	2020 £000	2019 £000
At 1 July	(5,249)	(5,052)
Interest cost	(137)	(175)
Past service pension cost – Guaranteed minimum pension equalisation	–	(48)
Benefits paid	315	258
Actuarial loss	(690)	(232)
At 30 June	(5,761)	(5,249)

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

	2020 £000	2019 £000
At 1 July	4,542	4,209
Expected return on plan assets	123	150
Actuarial gain	233	259
Contributions by employer	124	182
Benefits paid	(315)	(258)
At 30 June	4,707	4,542

The cumulative amount of net actuarial losses recognised in the statement of comprehensive income is £1,419,000 (2018/19: losses of £962,000).

Notes to the Company Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

14 Provisions

	£000
At 1 July 2018	110
Utilised	(10)
At 30 June 2019	100
Utilised	–
At 30 June 2020	**100**

The Company has provided £100,000 (2019: £100,000) in relation to the anticipated cost of dilapidations required under the terms of the lease of business premises.

15 Called up share capital

	2020 £000	2019 £000
Allotted, called up and fully paid:		
36,133,558 (2019: 36,133,558) ordinary shares of 12.5p each	**4,517**	4,517

16 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 369,245 (2019: 369,245) ordinary own shares held by the Company. The market value of shares at 30 June 2020 was £265,856 (2019: £348,936). These are held to help satisfy the exercise of awards under the Company's Long Term Incentive Plans. During the prior year 42,166 shares with a cost of £63,000 were used to satisfy the exercise of awards and 250,000 shares with a cost of £238,000 were purchased by the Trust. No shares were exercised in the current financial period. A Trust holds the shares in its name and shares are awarded to employees on request by the Group. The Group 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 cashflow hedge that is determined to be an effective hedge.

Merger & Revaluation reserves

During the year a capital reorganisation was performed to convert the non-distributable merger and revaluation reserves into distributable reserves.

Distributable reserves

The Company's profit and loss account reserve shown on the balance sheet is £34,543,000 (2019: £19,620,000).

In connection with a capital reorganisation performed in 2007, the Company reached agreement with the Pension Trustees that £14.0 million of the profit and loss account reserve would be retained as a non-distributable reserve until the Group's pension deficits reduced below £14.0 million (as determined by full actuarial valuations). Therefore the Directors consider that £20,543,000 of the Company profit and loss account reserve is distributable.

Cumulative actuarial losses relating to defined benefit pension schemes of £1,419,000 (2019: losses of £962,000) have been deducted in calculating the distributable reserves figure above.

17 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 44 to 51.

	As at 1 July 2019	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 2020	Weighted average exercise price (pence)
LTIP(i)	568,728	n/a	219,078	n/a	–	–	(180,031)	n/a	607,775	n/a
ESOS(ii)	50,000	1.43	20,000	0.83	–	–	(10,000)	1.58	60,000	1.21

	As at 1 July 2018	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 2019	Weighted average exercise price (pence)
LTIP(i)	496,192	n/a	219,078	n/a	–	–	(146,542)	n/a	568,728	n/a
ESOS(ii)	50,000	1.55	10,000	1.27	–	–	(10,000)	1.88	50,000	1.43

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

ESOS

For the share options outstanding at 30 June 2020 the weighted average remaining contractual life is 7.0 years (30 June 2019: 7.0 years). The exercise price of the options outstanding ranges between 83 pence and 174 pence. 20,000 share options are exercisable at 30 June 2020 (30 June 2019: 20,000).

LTIP

None of the October 2017 LTIP awards will vest in October 2020.

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 option pricing model has been used to calculate the fair value of the options and the amount to be expensed in the income statement.

	ESOS		LTIP	
	Black Scholes 2020	Black Scholes 2019	**Black Scholes 2020**	Black Scholes 2019
Share price at grant date	**83p**	127p	**83p**	131p
Exercise price	**83p**	127p	**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	**7.7%**	5.3%	**7.7%**	5.3%
Fair value per option	**6p**	13p	**66p**	111p

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 credit recognised for share based payments in respect of employee services rendered during the year to 30 June 2020 is £4,000 (2018/19: credit of £65,000).

Notes to the Company Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2020

18 Financial commitments

(i) Capital commitments

The Company had no capital commitments at the year end (2019: £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 undiscounted minimum rentals payable under non-cancellable leases for 2019 are below. Following the adoption of IFRS 16, 2020 balances are included in note 11.

	Property 2020 £000	**Plant 2020 £000**	Property 2019 £000	Plant 2019 £000
Less than one year	–	–	20	1
Between one and five years	–	–	80	3
After five years	–	–	1,007	–
	–	–	1,107	4

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

	Property 2020 £000	Property 2019 £000
Less than one year	**40**	40
Between one and five years	**160**	160
After five years	**480**	520
	680	720

19 Movement in borrowings

	Bank overdrafts/ Cash £000	Bank loans £000	Net borrowings £000	Lease liabilities £000	Total borrowing £000
At 1 July 2018	(6,273)	(9,468)	(15,741)	–	(15,741)
Cashflow movements	1,036	1,500	2,536	–	2,536
Non-cash movements	–	111	111	–	111
At 1 July 2019	(5,237)	(7,857)	(13,094)	–	(13,094)
Impact of adoption of IFRS 16	–	–	–	**(502)**	**(502)**
Cashflow movements	**11,134**	**(12,000)**	**(866)**	**20**	**(846)**
Non-cash movements	**–**	**(52)**	**(52)**	–	**(52)**
At 30 June 2020	**5,897**	**(19,909)**	**(14,012)**	**(482)**	**(14,494)**

The Company is part of a Group offset banking arrangement, together with its subsidiary undertakings.

20 Related party disclosure

Terms and conditions of transactions with related parties

A full list of the Company's subsidiaries is shown on page 133.

The total non-current position with regards to amounts owed to subsidiary undertakings at 30 June 2020 was a £14,828,000 liability (2019: £19,424,000 liability). Included in Other receivables is £134,000 (2019: £369,000) due from a subsidiary company.

Amounts owed to subsidiary undertakings have no fixed repayment date and accrue interest at a rate equivalent to the Alumasc Group's effective rate of interest. The Directors believe that in substance these amounts are non-current.

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 44 to 51.

21 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 none (2019: none) of the overdraft facilities guaranteed by the Company.

22 IFRS 16 impact of transition

Transition

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019.

Impact on year to 30 June 2020

On transition to IFRS 16, the Company recognised an additional £485,000 of right-of-use assets (see note 5) and lease liabilities with no net amount required to be recognised in retained earnings. In summary, the impact on the statement of financial position at the date of adoption is set out below. The net impact on the Company's cashflows is £nil, however cashflows from operating activities have improved by £21,000 with cashflows from financing activities reducing by the same amount. Further details of the impact are shown within note 2.

As at 30 June 2020:	As would have been reported £000	Effect £000	As reported under IFRS 16 £000
Property, plant & equipment	719	477	1,196
Lease liabilities	–	(482)	(482)
Other net assets	38,384	–	38,384
Net Assets	39,103	(5)	39,098

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted-average rate applied is 3.1%.

	1 July 2019 £000
Operating lease commitment at 30 June 2019 as disclosed in the Company's financial statements	1,111
Discounted using the incremental borrowing rate at 1 July 2019	(615)
Recognition exemption for:	
– Short term leases	–
– Leases of low-value assets	(11)
Lease liabilities recognised at 1 July 2019	485

Financial Summary

	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Income Statement Summary							
Continuing operations:							
Revenue	63,028	69,950	73,005	88,368	87,048	90,104	75,992
Underlying operating profit	5,099	6,341	7,010	8,703	6,224	5,865	4,161
Underlying operating margin	*8.1%*	*9.1%*	*9.6%*	*9.8%*	*7.2%*	*6.5%*	*5.5%*
Net interest cost on borrowings	(521)	(592)	(215)	(132)	(212)	(281)	(343)
Interest on lease liabilities	–	–	–	–	–	–	(153)
Underlying profit before tax	4,578	5,749	6,795	8,571	6,012	5,584	3,665
Non-underlying items*	(1,168)	(1,434)	(1,502)	(888)	(1,082)	(4,599)	(1,306)
Profit before taxation	3,410	4,315	5,293	7,683	4,930	985	2,359
Taxation	(706)	(1,120)	(1,319)	(1,492)	(967)	(256)	(442)
Profit for the year from continuing operations	2,704	3,195	3,974	6,191	3,963	729	1,917
Discontinued operations – Profit after tax	1,337	1,181	2,510	349	354	2,912	339
Profit for the year	4,041	4,376	6,484	6,540	4,317	3,641	2,256
Underlying earnings per share from continuing operations (pence)	9.7	12.6	15.1	19.1	13.4	12.4	8.2
Basic earnings per share (pence)	11.3	12.3	18.2	18.3	12.0	10.1	6.3
Dividends per share (pence)	5.0	6.0	6.5	7.15	7.35	7.35	2.0
Balance Sheet Summary at 30 June							
Shareholders' funds	17,042	15,929	16,580	20,437	24,421	25,445	19,841
Net debt/(cash)	7,666	(914)	(8,632)	(6,076)	4,812	5,095	4,333
Lease liabilities	–	–	–	–	–	–	5,924
Pension deficit (net of tax)	14,338	16,748	18,588	17,095	12,566	10,749	15,608
Discontinued operations	(11,769)	(3,708)	(479)	(334)	(714)	359	–
Capital Invested – continuing operations	27,277	28,055	26,057	31,122	41,085	41,648	45,706
Underlying return on capital invested (post-tax)**	14.8%	17.9%	20.5%	24.2%	13.8%	10.2%	7.2%
Underlying tax rate	24.2%	22.0%	20.8%	20.6%	20.2%	20.4%	20.3%

Notes

* Non-underlying items comprise brand amortisation and IAS 19 pension costs in all years. Further details of the 2018/19 and 2019/20 non underlying items can be found in note 5 of the Report and Accounts 2020.

** Underlying operating profit after tax from continuing operations calculated using the underlying tax rate, as a percentage of average capital invested from continuing operations. (2018/19 re-stated to include lease liabilities)

Additional Shareholder Information

In accordance with the requirements of the Companies Act 2006 ('Act') the following section describes the matters that are required for inclusion in the Directors' report. Further details of matters required to be included in the Directors' report that are incorporated by reference into this report are set out below.

Directors

The names of the members of the Board as at the date of this report and their biographical details are set out on pages 30 and 31.

Share capital

The issued share capital of the Company and the details of the movements in the Company's share capital during the year are shown in notes 24 and 25 to the financial statements.

The holders of ordinary shares are entitled to receive dividends when declared, to receive the Company's Annual Report and Accounts, to attend and speak at general meetings of the Company, to appoint proxies and exercise voting rights.

Articles of Association

The Articles of Association set out the internal regulation of the Company and cover such matters as the rights of shareholders, the appointment or removal of Directors and the conduct of the Board and general meetings. Copies are available upon request from the Group Company Secretary and are available at the Company's AGM. Further powers are granted by members in general meeting and those currently in place are set out in detail in the appropriate section of this report.

Directors' interests

Other than the Directors' service agreements or letters of appointment, none of the Directors of the Company had a personal interest in any business transactions of the Company or its subsidiaries. The terms of the Directors' service agreements or letters of appointment and the Directors' interests in shares and share awards of the Company, in respect of which transactions are notifiable to the Company and the FCA under Article 19 of the Market Abuse Regulation, are disclosed in the Remuneration Report on pages 44 to 51.

Directors' powers

The Directors are responsible for the strategic management of the Company and their powers to do so are determined by the provisions of the Act and the Company's Articles of Association.

Employee benefit trust

A waiver of dividend exists in respect of 369,245 shares held by the Alumasc Group Employee Share Ownership Trust ('Trust') as at 30 June 2020. Details of the shares purchased by the Trust during the year are outlined within page 48. There are no restrictions on the transfer of ordinary shares in the Company.

The rights attached to shares in the Company are provided by the Articles of Association, which may be amended or replaced by means of a special resolution of the Company in a general meeting. The Directors' powers are conferred on them by UK legislation and by the Company's Articles of Association.

No ordinary shares carry any special rights about control of the Company and there are no restrictions on voting rights except that a shareholder has no right to vote in respect of a share unless all sums due in respect of that share are fully paid.

Shares are admitted to trading on the AIM market of London Stock Exchange and may be traded through the CREST system.

Allotment of shares

At the AGM in 2019 the Directors were empowered by the shareholders to allot equity securities, up to 5% of the Company's issued share capital, for cash under section 570 of the Act. It is intended that this authority be renewed at the forthcoming AGM.

It is the Board's intention, in line with guidance issued by the Pre-Emption Group, to also propose the renewal of the additional special resolution to allow the Company to allot equity securities up to a further 5% of the Company's issued share capital. This is applicable when the Board determines a transaction to be an acquisition or other capital investment, as defined by the Pre-Emption Group's Statement of Principles, and is announced contemporaneously with the allotment or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

Purchase of own shares

Shareholders also approved the authority for the Company to buy-back up to 14.9% of its own ordinary shares by market purchase until the conclusion of the AGM to be held this year. The Directors will seek to renew this authority at the forthcoming AGM. This power will only be exercised if the Directors are satisfied that any purchase will increase the earnings per share of the Group as a result of the purchase and, that the purchase is in the interests of shareholders generally. The Directors will also give careful consideration to the financial position of the Company. Any shares purchased in this way may be held in treasury which, the Directors believe, will provide the Company with flexibility in the management of its share capital.

Where treasury shares are used to satisfy share awards, they will be classed as new issue shares for the purpose of the 10% limit on the number of shares that may be issued over a 10-year period under the relevant share plan rules. The Company currently holds no shares in treasury.

Additional Shareholder Information continued

Significant agreements – change of control

The Group has in place agreements with its relationship banks, which contain certain termination rights that would have an effect on a change of control. The Directors believe these agreements to be commercially sensitive and consider that its disclosure would be prejudicial to the Group; accordingly, they do not intend to disclose specific details. In addition, the Group's share schemes contain provisions that, in the event of a change of control, would result in outstanding options and awards becoming exercisable, subject to the rules of the relevant schemes. There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

The total amount owing under the Group's credit facilities as at 30 June 2020 is shown in note 19 to the financial statements. These agreements contain clauses such that, in the event of a change of control, subject to the lender, the Company can offer to or must repay all such borrowings together with accrued interest, fees and other sums owing as required by the individual agreements.

The rules of the Company's incentive plans contain clauses relating to a change of control resulting from a takeover and how, in such an event, awards would vest subject to the satisfaction of any associated performance criteria.

Major shareholders

The Company's share register recorded the following interests of 3% or more in the Company's issued ordinary share capital as at 30 June 2020. This information was also checked on 17 August 2020 being the latest practical date prior to the publication of this report.

Shareholder	Number of Ordinary Shares	% of issued share capital
John McCall	4,359,668	12.07
AXA Framington Monthly Income Trust	3,420,000	9.46
Mr Philip H R Gwyn	3,057,605	8.46
Hargreaves Lansdown	2,771,855	7.67
Charles Stanley	1,617,162	4.48
Chelverton Asset Management	1,600,000	4.43
Unicorn Asset Management	1,300,000	3.60
The Executors of Mrs E L O'Loughlin, deceased[1]	1,143,979	3.17

1 Following legal transmission the holding was below 3% on 17 August 2020.

Employment

Information about the Group's employees, employment of disabled persons and employment practices is contained within the Sustainability report, s.172 Statement and the Directors' report on pages 22 to 25, 28 to 29 and 59 to 60.

Greenhouse gas emissions ('GHG')

Information about the Group's greenhouse gas emissions is given in the Sustainability report on pages 22 to 25.

Annual General Meeting

The Notice of the AGM, to be held on 22 October 2020 is available in this Report and Accounts on pages 127 to 132 and copies are also available from the Company's website at www.alumasc.co.uk/investors. The Notice details the business to be conducted at the meeting and includes information concerning the deadlines for submitting proxy forms and in relation to voting rights.

Statement of disclosure of information to auditors

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

Notice of Annual General Meeting

Notice is given that the 2020 Annual General Meeting ("**AGM**") of The Alumasc Group plc (the "**Company**") will be held at The Alumasc Group plc, Station Road, Burton Latimer, Northamptonshire, NN15 5JP at 10am on Thursday 22 October 2020 to consider the following:

Ordinary business

Resolutions 1 to 10 will be proposed as ordinary resolutions.

1 **To receive the reports of the Directors and Auditor and the accounts for the year ended 30 June 2020**

2 **To receive the report of the Remuneration Committee for the year ended 30 June 2020**

3 **To approve the Remuneration Policy**

4 **To declare a final dividend of 2 pence per share**

5 **To re-elect Jon Pither as a Director**

6 **To re-elect David Armfield as a Director**

7 **To elect Michael Leaf as a Director**

8 **To elect Gilbert Jackson as a Director**

9 **To re-appoint BDO LLP as Auditor of the Company to hold office until the conclusion of the next Annual General Meeting of the Company at which accounts are laid before the Company**

10 **That the Audit Committee be authorised to determine the auditor's remuneration**

Special business

The following resolution will proposed as an ordinary resolution.

11 Renewal of Directors' authorities to allot shares

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

The following three resolutions will be proposed as special resolutions.

12 Disapplication of statutory pre-emption rights: General

That the Board be authorised to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by resolution 11 and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited to:

i) allotments for rights issues and other pre-emptive issues; and

ii) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (i) above) up to a nominal amount of £225,834. This amount to be not more than 5% of the issued ordinary share capital (excluding treasury shares) of the Company as at the latest practicable date prior to publication of the notice of meeting,

such authority to expire at the end of the next AGM of the Company (or, if earlier, at the close of business on 21 October 2021).

13 Disapplication of statutory pre-emption rights: Acquisition or capital investment

That if resolution 11 granting authority to allot shares is passed, the Board be authorised in addition to any authority granted under the first disapplication resolution to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if Section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be:

(i) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £225,834. This amount to be not more than 5% of the issued ordinary share capital (excluding treasury shares) of the Company as at the latest practicable date prior to publication of the notice of meeting; and

(ii) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

Notice of Annual General Meeting continued

14 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 at the date of this Notice;

(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; and

(iv) the authority hereby conferred shall expire on 21 October 2021, 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,

this authority supersedes the Company's authority to make market purchases granted by Special Resolution passed at the last AGM.

By order of the Board

Helen Ashton
Group Company Secretary

8 September 2020

Registered Office

Burton Latimer
Kettering
Northamptonshire
NN15 5JP

Registered No

01767387

Explanatory notes to the Notice of the 2020 Annual General Meeting

COVID-19: The Company has been closely monitoring developments relating to the COVID-19 pandemic, including public health guidance. Any changes to the arrangements for the AGM will be communicated via our website, www.alumasc.co.uk. At the date of the approval of the Notice there are compulsory Government Measures in force restricting public gatherings. As with our General Meeting held earlier this year, we will organise a conference call facility and this will be published the day before the meeting on our website. Any questions can be emailed to CompanySecretary@alumasc.co.uk or raised on the day. The Company will make arrangements for a quorum to transact the formal business of the meeting set out in the Notice.

Resolutions 1 to 11 are being proposed as Ordinary resolutions and Resolutions 12 to 14 are being proposed as Special resolutions

Resolution 1 – Annual Report and Accounts for the year

The Directors will present to the shareholders the Annual Report and Accounts for the year ended 30 June 2020, together with the Directors' and Auditor's report on those accounts.

Resolution 2 – Directors' Remuneration Report

The Directors' Remuneration Report is set out on pages 44 to 51. Resolution 2 is an advisory vote and does not affect the future remuneration paid to any Director. It provides details of the remuneration paid for the year ended 30 June 2020.

Resolution 3 – Approval of the Remuneration Policy

The Remuneration Policy as approved by the shareholders at the 2017 AGM has come to the end of its three-year period and is due for renewal. The new Remuneration Policy (the 2020 Policy) as set out on pages 52 to 57 of the Annual Report is proposed for approval. The 2020 Policy reflects the Board's approach to a high level of governance and good practice.

The 2020 Policy updates the 2017 Policy in respect of pensions and Long Term Incentive Plans (LTIPs) and information about these changes are detailed on pages 44 to 45 of the Directors' Remuneration Report.

The 2020 Policy has been updated to reflect the alignment of pensions with the wider workforce and any new directors will have contributions aligned with the workforce rate. The 2020 Policy adds a clawback provision (in addition to the current malus clause) to the LTIP awards and aligns the LTIP maximum limit in accordance with 2018 LTIP which was approved by shareholders.

Resolution 4 – To declare a dividend

The Company is proposing a dividend of 2p per share.

Resolutions 5 to 8: Re-election and Election of Directors

The Company's Articles of Association require that one-third of the Directors must retire by rotation and seek re-election each year. Biographical details of each Director can be found on pages 30 and 31 of this 2020 Annual Report and Accounts.

Resolution 5 – Re-election of Jon Pither

Your Board recommends that Jon Pither be re-elected as a Director.

Resolution 6 – Re-election of David Armfield

Your Board recommends that David Armfield be re-elected as a Director.

Resolution 7 – Election of Michael Leaf

Your Board recommends that Michael Leaf be elected as a Director.

Resolution 8 – Election of Gilbert Jackson

Your Board recommends that Gilbert Jackson be elected as Director.

The Board has concluded that the Directors standing for election and re-election are effective, committed to their role and, subject to shareholder approval, should continue in office. Two Directors who were appointed during the year are standing for election as required by the Company's Articles of Association.

Resolutions 9 and 10 – Reappointment of BDO as Auditor and to authorise the Auditor's remuneration

At each general meeting at which the Company's accounts are presented the Company is required to appoint auditors to serve until the next general meeting at which accounts are presented. The Directors are recommending that BDO be re-appointed as Auditor. Resolution 10 authorises the Audit Committee of the Board to set the Auditor's remuneration. This resolution follows standard practice.

Resolution 11 – Renewal of Directors' authority to allot shares

By virtue of Section 551 of the Companies Act 2006 the Directors require the authority of shareholders of the Company to allot shares or other relevant securities of the Company. This 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 the date of this Notice). 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 this Resolution.

Notice of Annual General Meeting continued

Resolutions 12 and 13 – Disapplication of statutory pre-emption rights

Special resolutions 12 and 13 will allow the Directors to allot equity securities for cash pursuant to the authority under ordinary resolution 11, or by way of a sale of treasury shares, without in the first instance offering them to existing shareholders in proportion to their holdings.

The authority sought will authorise the Directors to issue shares in connection with: (a) a rights issue or other pre-emptive offer and otherwise to issue shares for cash up to a nominal value of £225,834 which includes the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. This amount represents just under 5% of the total ordinary share capital in issue at the date of this Notice (being the latest practicable date prior to publication of this Notice); and in addition, (b) the financing (or re-financing, if the authority is to be used within six months after the original transaction) for an acquisition or other capital investment which the Board determines to be as contemplated by the Pre-Emption Group's Statement of Principles, to issue shares for cash up to a nominal value of £225,834 which includes the sale on a non pre-emptive basis of any shares the Company holds in treasury for cash. This amount also represents just under 5% of the total ordinary share capital in issue at 31 August 2020.

This disapplication authority is in line with guidance with the Pre-Emption Group's Statement of Principles. The authority will expire at the conclusion of the 2021 Annual General Meeting of the Company or, if earlier, on 21 October 2021.

The authority sought under this resolution provides the Company with greater flexibility in pursuing its strategy of building a focused premium building products company which should generate long-term growth for shareholders. It is the current intention to renew this authority annually.

The Directors have no present intention of exercising their authority under resolutions 12 and 13.

Resolution 14 – 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. This resolution renews the Company's general authority to buy its own shares on similar terms to previous years' authority. The purpose of this resolution 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 2020). The Directors will only exercise the authority granted by Resolution 14 (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 21 October 2021, unless renewed earlier.

Recommendation

Your Directors believe that the resolutions set out in Resolutions 1 to 14 are in the best interests of the shareholders as a whole and unanimously recommend that you vote in favour of these resolutions. They intend to do so in respect of their own beneficial holdings.

Voting at the AGM

Your vote is important, and you are encouraged to complete and return the proxy form to the Company's registrars, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, not less than 48 hours before the time fixed for holding the AGM. Please refer to the notes on pages 131 to 132 of this Notice for further details. Please consider appointing the Chairman of the AGM as your proxy with voting instructions, to ensure your vote is counted, as if the current restrictions on meetings persist, other named proxies (other than Board members attending), may not be able to attend the AGM.

In light of the measures taken by the UK Government to reduce the spread of COVID-19, the notes below for this year's AGM will be subject to the measures in force at the time. Given the restrictions on public gatherings we are seeking to minimise contact between the Board and shareholders and therefore attendance is discouraged, and you should not attend. As the situation is evolving any change to these arrangements will be communicated via our website (www.alumasc.co.uk). A dial in facility will be made available. Shareholders are encouraged to vote by submitting a Form of Proxy.

Notes to the Notice of Annual General Meeting

1) A member may appoint a proxy to exercise all or any of his/her rights to attend and to speak and vote on his/her behalf at the meeting. A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company but must attend the Annual General Meeting to represent you. If the UK Government's public health measures continue to apply at the time of the AGM, members may not be entitled to attend in person. If this is the case and the public health measures continue to apply and although the right to appoint a proxy does apply at this year's AGM, you should appoint the Chairman of the meeting as your proxy. A proxy could be the Chairman, another Director of the Company or another person who has agreed to represent you.

2) To be valid, any proxy form or other instrument appointing a proxy and power of attorney or other authority, if any, under which it is signed or a notarial certified or office copy of such power or authority must be received by post or (during normal business hours only) by hand by Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA not later than 48 hours before the time fixed for the meeting or any adjournment thereof. Completion and return of the form of proxy will not prevent a member from attending and voting at the meeting instead of the proxy if they so wish. Amended instructions must also be received by Equiniti by the deadline for receipt of proxy forms. A member must inform Equiniti in writing of any termination of the authority of a proxy.

3) As an alternative to completing and returning the printed form of proxy, a member may submit your proxy appointment electronically by accessing www.sharevote.co.uk where full details of the procedure are given. For security purposes, members will need their voting ID, task ID and shareholder reference number as printed on the form of proxy in order to validate the submission of their proxy appointment online. Any such proxy appointment must be received not later than 48 hours before the time fixed for the meeting or any adjournment thereof. To appoint more than one proxy electronically, please contact Equiniti on 0371 384 2030 (from overseas +44 121 415 7047. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales)).

4) If a member has more than one holding registered in his/her name he/she should receive no more than one copy of the Annual Report and one form of proxy which will be valid in respect of all his/her shareholdings. A form of proxy is enclosed. To request a form of proxy please contact Equiniti on 0371 384 2030 (from overseas +44 121 415 7047. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales)).

5) Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 ('CA2006') to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have the right to be appointed(or to have someone else appointed) as a proxy for the Annual General Meeting. 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.

6) The statement of rights of shareholders in relation to the appointment of proxies in notes 1, 2 and 3 above to this Notice of Annual General Meeting does not apply to Nominated Persons. The rights described in these sections can only be exercised by the shareholders of the Company. Nominated Persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investments in the Company.

7) The Company specifies that only those shareholders registered in the register of members of the Company as at 6.30pm on 20 October 2020 (or, in the event of any adjournment, at 6.30pm on the date which is two days before the time of the adjourned meeting) shall be entitled to attend (in person or by proxy) or vote at the meeting or any adjourned meeting in respect of the number of shares registered in their name at that time.

   Changes to entries on the register of members made after the relevant deadline shall be disregarded in determining the rights of any person to attend or vote at the meeting. Please note that a proxy need not be a shareholder.

8) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting to be held on 22 October 2020 and any adjournment(s) thereof by using the procedure described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message(a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions as described in the CREST manual (available at www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or relates to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt for proxy appointments specified in the Notice of Annual General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

Notice of Annual General Meeting continued

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take, (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor(s) or voting service provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

9) Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of the same powers as the corporation could exercise if it were an individual member provided that they do not do so in relation to the same shares.

10) As at 31 August 2020 (being the last practicable business day prior to the publication of this Notice) the Company's issued share capital consists of 36,133,558 ordinary shares, carrying one vote each.

11) Copies of the service contracts of Executive Directors, letters of appointment for Non-executive Directors, Directors' deeds of indemnity and a copy of the Company's Articles of Association are available for inspection at the Company's registered office on each business day during normal business hours and will also be available at the place of the Annual General Meeting from at least 15 minutes prior to the meeting and until the conclusion of the meeting.

12) It is possible that, pursuant to requests made by members of the Company under Section 527 of the CA2006, the Company may be required to publish on its website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the CA 2006.

Where the Company is requested to place a statement on a website under Section 527 of the CA 2006 it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website.

The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under Section 527 of the CA 2006 to publish on its website.

13) A member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting in accordance with Section 319A of the CA 2006. The Company must cause to be answered any such question but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

14) A copy of this Notice of Annual General Meeting and other information required by Section 311A of the CA 2006 can be found at www.alumasc.co.uk.

15) Members who have general queries about the meeting should address such questions, in the first instance, to the Company's Registrars, Equiniti on 0371 384 2030 (from overseas +44 121 415 7047. Lines are open 8.30am to 5.30pm, Monday to Friday (excluding public holidays in England and Wales)). Members may not use any electronic address provided in this Notice of Annual General Meeting or any related documents to communicate with the Company for any purposes other than those expressly stated.

16) Voting at the meeting on all resolutions will be conducted by way of a show of hands. As soon as practicable following the meeting, the results of the voting at the meeting and the number of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions proposed at the meeting will be announced via a Regulatory Information Service and also placed on the Company's website.

List of Subsidiaries

The Group's subsidiary undertakings as at 30 June 2020 are shown below. Unless otherwise shown below all subsidiary undertakings are incorporated in the UK. All subsidiaries are 100% owned. The UK registered offices are located at The Alumasc Group plc registered address.

Subsidiary	Principal activity	Country of incorporation
Alumasc Building Products Limited	Building products	
Levolux Limited	Building products	
Levolux Inc	Building products	USA
Elkington China Limited	Building products	Hong Kong
Alumasc Limited	Dormant	
Wade International Limited	Dormant	
Alumasc Precision Limited	Dormant	
A G Standard Company Limited	Dormant	
Access Floor Systems Limited	Dormant	
AEBP Walling Limited	Dormant	
AIBP 2 Limited	Dormant	
ALK Limited	Dormant	
Alumasc Exterior Building Products Limited	Dormant	
Alumasc Construction Products Limited	Dormant	
Alumasc D Developments Limited	Dormant	
Alumasc D D Limited	Dormant	
Alumasc-Grundy Limited	Dormant	
Alumasc Holdings Limited	Dormant	
Alumasc Interior Building Products Limited	Dormant	
Apex Gutter & Drainage Limited	Dormant	
Benion Limited	Dormant	
Benjamin Priest Group Limited	Dormant	
Benjamin Priest Limited	Dormant	
Blackdown Horticultural Consultants Ltd	Dormant	
BLK Limited	Dormant	
BLL Limited	Dormant	
Building Products Next Day Ltd	Dormant	
C C Realisations Limited	Dormant	
Cleomack (One) Limited	Dormant	
Cleomack (Three) Limited	Dormant	
Cleomack Limited	Dormant	
Condyle Limited	Dormant	
Copal Casting Limited	Dormant	
D E Limited	Dormant	
Doranda Limited	Dormant	
Drew Street Limited	Dormant	
Elkington Gatic Limited	Dormant	
Engird Limited	Dormant	
Euroroof Limited	Dormant	
Green Roof Solutions Limited	Dormant	
Harmer Holdings Limited	Dormant	
Harvey Reed Top Table Limited	Dormant	
Justcredit Limited	Dormant	
Kett Limited	Dormant	
Levolux AT Limited	Dormant	
Powke Limited	Dormant	
Rainclear Systems Limited	Dormant	
Roof-Pro Limited	Dormant	
Sillavan Anodes Limited	Dormant	
Sillavan Industries Limited	Dormant	
Sorrel 009 Limited	Dormant	
Sure-Foot Supports Limited	Dormant	
Technical Building Products Limited	Dormant	
The Green Building Products Company Limited	Dormant	
The Paint Factory Limited	Dormant	
Thermex AFC Limited	Dormant	
Thermex Industries Limited	Dormant	
Timloc Building Products Limited	Dormant	
Wade International (UK) Limited	Dormant	
Wade Drainage Products Limited	Dormant	
Wergs Limited	Dormant	
Yenots Limited	Dormant	

Business & Operating Locations

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
Web: www.alumascwms.co.uk

Rainclear Systems
Unit 34 A
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

Metal drainage & access covers

Wade International
Third Avenue
Halstead
Essex CO9 2SX
Tel: +44 (0) 1787 475151
Fax: +44 (0) 1787 475579
Email: sales@wadeint.co.uk
Web: www.wade.eu

Civil drainage systems

Elkington Gatic
Third Avenue
Halstead
Essex CO9 2SX
Tel: +44 (0) 1787 475151
Fax: +44 (0) 1787 475579
Email: info@gatic.com
Web: www.gatic.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

Building Envelope

Levolux

White House Works
Bold Road
St. Helens
Merseyside WA9 4JG
Tel: +44 (0) 1744 648400
Fax: +44 (0) 1744648401
Email: info@levolux.com
Web: www.levolux.com

Waterproofing systems

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

Green roofing

Blackdown Greenroofs
Flax Drayton Farm
South Pertherton
Somerset
TA13 5LR
Tel: +44 (0) 1460 234582
Email: enquiries@blackdown.co.uk
Web: www.blackdown.co.uk

Roofing services support systems

Roof Pro Systems
White House Works
Bold Road
St. Helens
Merseyside WA9 4JG
Tel: +44 (0) 1744 648400
Email: cad@roof-pro.co.uk
Web: www.roof-pro.co.uk

Housebuilding Products

Ventilation products, access panels/doors cavity closers/dry roof verge products

Timloc Building Products
Timloc House
Ozone Park
Howden
East Riding of Yorkshire DN14 7SD
Tel: +44 (0) 1405 765567
Fax: +44 (0) 1405 720479
Email: sales@timloc.co.uk
Web: www.timloc.co.uk

Design and Production
www.carrkamasa.co.uk

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