



Epwin Group

ANNUAL REPORT AND ACCOUNTS

For the year ended 31 December 2015





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Highlights

Revenue from continuing operations remained broadly flat at

£256.0m

Underlying operating profit up 9.8%

£20.1m

Cash generated from operations up 19.6%

£23.8m

Proposed final dividend 4.25p per share

6.37p
for the full year

Net debt at 31 Dec of

£14.4m

Basic earnings per share

11.32p

Financial highlights

- Underlying operating profit^(*) up 9.8% to £20.1 million (2014: £18.3 million). Operating profit in line with prior year at £19.1 million (2014: £19.3 million) after a number of one off exceptional profits in 2014.
- Proposed final dividend of 4.25 pence per ordinary share following on from an interim dividend of 2.12 pence per ordinary share, making the total dividend for the year 6.37 pence per share.
- Net debt of £14.4 million at 31 December 2015 (2014: £1.1m net cash) with cash generated from operations before tax up 19.6% at £23.8 million (2014: £19.9 million). Operating cash conversion^(**) increased from 108.7% in 2014 to 118.4% in 2015.
- Revenue from continuing operations remained broadly flat at £256.0 million (2014: £259.5 million).
- Basic earnings per share of 11.32 pence, up 3.2% on 2014 (2014: 10.97 pence^(***)).


(*) Underlying operating profit is before non-recurring costs, amortisation of intangible fixed assets, share-based payments and discontinued operations.

(**) Operating cash conversion is pre-tax operating cash flow as a percentage of underlying operating profit.

(***) Restated for consistency and comparability to IPO capital structure of 135,000,000 ordinary shares



Read more in the Financial Review on pages 16 to 19



Ecodek is a leading supplier of Wood Plastic Composite products.

Operational highlights

- Acquisition of Vannplastic Limited, trading as Ecodek, on 30 October 2015 for initial consideration of £5.2 million. Ecodek is a leading supplier of Wood Plastic Composite (“WPC”) products, which are manufactured from recovered hardwood fibres and high density recycled polyethylene, the primary application being a hardwood substitute for decking and balconies. Ecodek’s product technology has potential in other low maintenance applications.
- Acquisition of Stormking Plastics Limited on 31 December 2015 for initial consideration of £27.0 million. Stormking Plastics is the leading supplier of moulded pre-fabricated Glass Reinforced Plastic (“GRP”) building components to the housebuilding industry in the UK. The product range includes porches, dormers, chimneys, bay window roofs, entrance canopies, copings and support brackets, as well as other time-saving, bespoke components for the housebuilding and construction sector. The off-site construction methodology is attractive for housebuilders as it de-skills and increases efficiency in the building process. The Group believes that in the medium term these products can be sold through Epwin’s existing routes to market.
- It was another strong year from the Extrusion Division, external revenues increasing by 2.6% to £146.6 million and underlying operating profit by 6.6% to £17.7 million due to gains made through operational improvements and growing market share.
- The Fabrication and Distribution Division has had a more challenging year. Ongoing revenue decreased to £109.4 million (2014: £116.6 million) with market demand remaining erratic. Sales demand was also affected by uncertainty around the UK General Election and, as is widely reported, the Repair, Maintenance and Improvement (“RMI”) market remained sluggish in the second half of 2015. Operating profit was £4.2 million, down from £4.5 million in 2014, principally due to lower and erratic demand leading to inefficient labour and overhead recovery. There were also a number of reorganisation costs absorbed by the business in making changes to strengthen the management team and improve operations for the future.
- Investment in property, plant and equipment increased to £9.0 million (2014: £6.1 million) as the Group acquired the machinery and tooling required for the launch of its new window system in 2016.
- In December 2015 the Group renegotiated its banking facilities to include a £20.0 million term loan, £35.0 million revolving credit facility and £5.0 million overdraft. At 31 December 2015 the Group had net debt of £14.4 million, with headroom in facilities for further investment if appropriate.
- The Group continues to be well positioned to benefit from its scale and market position as well as the anticipated improvement in the RMI market.



Read more about Acquisitions on page 15

Group Overview

Business overview and principal activities

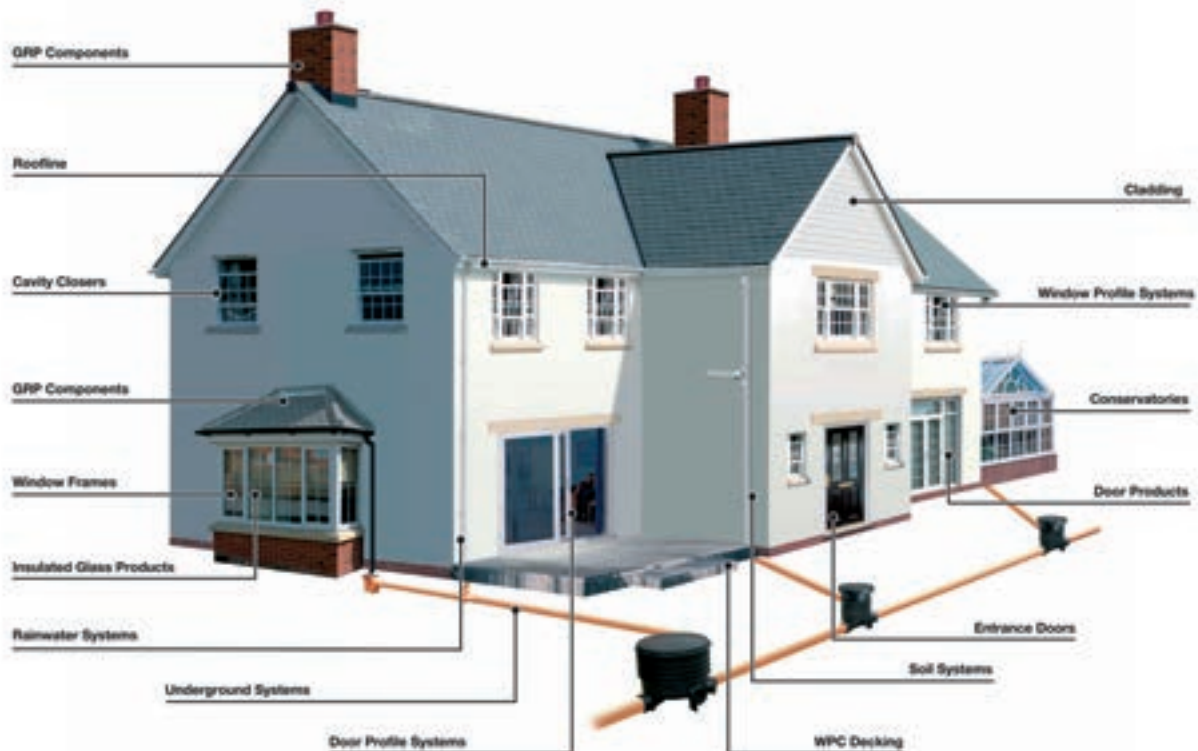
Epwin is a vertically integrated manufacturer of low maintenance building products, operating in the RMI, new build and social housing sectors.

Founded in 1976, the Epwin business has grown and developed both organically and by acquisition over the last 40 years. From its origins as one of the first PVC-U window fabrication businesses in the UK, the Epwin business has developed to become a strong and substantial player, selling a broad range of low maintenance building products and services.

Today, the Group operates from a number of facilities located across the UK. The Board and senior management view and run the business as two segments, being the Extrusion and Moulding business that supplies window, roofline, rainwater and drainage systems, and the Fabrication and Distribution business that provides specialist fabrication and service solutions to specific customers and market sectors.

The Group has developed and acquired a portfolio of market leading brands, which are used to maximise the sales opportunities presented by a diverse and fragmented market and to benefit the Group's many long-standing customers.

The year ended 31 December 2015 saw the addition of two new businesses; Ecodek in October 2015 and Stormking in December 2015. Both of these businesses fit into and enhance Epwin's 'low maintenance building products' strategy, whilst offering opportunities over time to broaden and develop the Group's materials technology and product offering.






Extrusion and Moulding business

Manufactures and markets the following products:


- Leading brands of PVC-UE extruded ‘cellular’ roofline and cladding profile systems for the replacement and installation of soffits, barge boards, cladding and window trims. Epwin is the market leader, extruding c.30,000 tonnes per annum.
- Complete extruded PVC-U window profile systems for fabricators of windows, doors, cavity closers and curtain walling. c.35,000 tonnes of profile are manufactured per annum, making Epwin one of the leading UK manufacturers.
- Complementary range of PVC-U rainwater and drainage products. A relatively new development in the Group with considerable scope for volume and market share growth.
- Moulded Glass Reinforced Plastic (“GRP”) building components to the housebuilding industry in the UK. The product range includes porches, dormers, chimneys, bay window roofs, entrance canopies, copings and other bespoke components.
- Wood Plastic Composite (“WPC”) products, the current primary application being a hardwood substitute for balconies and outdoor decking.
- The business operates from extrusion and moulding facilities in Telford, Tamworth, Macclesfield, Wrexham and Scunthorpe.

 Read more about Extrusion performance on pages 14 to 19

Fabrication and Distribution business

Services the special requirements of social, new build and trade market sectors with fabricated windows and doors. Added value services include bespoke design, scheduling, plot invoicing and installation.

- Manufactures around 350,000 frames per year, c.40,000 GRP and Thermoplastic door sets and c.1.3 million glass sealed units.
- Operates from five window and door fabrication sites and two glass sealed unit manufacturing sites in Paignton, Tamworth, Telford, Cardiff, Upton-upon-Severn, Northampton and Newton Abbot.
- Additionally operates 26 building plastic trade distribution centres and, separately, 16 Window Stores to service local demand for the Group’s manufactured products.

 Read more about Fabrication performance on pages 14 to 19



Chairman's Statement

*"9.8% increase
in underlying
operating
profit to
£20.1m"*

Building for growth

A year ago, in our maiden financial results, I reported on a strong platform for long-term growth, based on operational improvements and investment alongside a strengthened management team.

I am pleased to announce another year of progress for Epwin in 2015. This is a testament to the strength of our widening portfolio of low maintenance building products, and our market position in the RMI, new build and social housing sectors, as well as the scale of our operations.

A year of development

Since becoming a public company, we have made good progress with our strategy – focused on operational improvement, selective acquisitions to broaden our product portfolio and cross-selling across our brands.

In 2015 Epwin completed two acquisitions, Ecodek and Stormking, for a total initial cost of £32.2 million. This is an important strategic step, enhancing the range of low maintenance building products across our routes to market, and adding technical capabilities that we will look to use in new applications in the future.

It is pleasing that we enter 2016 with a strong balance sheet, and with banking facilities renewed in the year, we have the resources to pursue further strategic acquisition opportunities as and when appropriate targets are identified.

The senior management team has continued in 2015 with rationalisation and operational improvement programmes of existing operations, as well as investment in new products – particularly the substantial plant and tooling capital expenditure ready for the launch of a brand new, market leading window system in 2016.

Results

These initiatives have delivered a second successive year of profit growth since Epwin's IPO in 2014, in spite of a challenging year for the RMI market in 2015 which resulted in broadly flat revenues at £256.0 million (2014: £259.5 million).

I am very pleased to report a 9.8% increase in underlying operating profit to £20.1 million, driven by continued operational improvements and management of input prices around the Group's key costs of raw materials, power and labour. Continued strong cash conversion resulted in an operating cash flow before taxation of £23.8 million (2014: £19.9 million). Net debt at the year end was £14.4 million (2014: net funds of £1.1 million) following investment on acquisitions and capital expenditure of £20.9 million and £9.0 million respectively.



Dividends

I am particularly pleased that Epwin has delivered on its promise to generate strong shareholder returns. In October 2015 we paid an interim dividend of 2.12 pence per ordinary share, and the Board is recommending a final dividend of 4.25 pence per ordinary share to be paid on 6 June 2016 to shareholders on the register on 13 May 2016. This gives a full year dividend of 6.37 pence per ordinary share, in line with the commitments made on IPO.

As we move forward, the Board will prioritise the financial security of the Group whilst looking to be progressive in long-term shareholder returns when the opportunity arises.

People

2015 saw the launch of the Epwin Save As You Earn ("SAYE") scheme. The Board was encouraged by the take-up across all levels of the business with employees demonstrably aligning their interests with shareholders and everyone benefiting from the opportunity that a listing of the stock provides.

On behalf of the Board and our shareholders I would like to welcome the employees of Ecodek and Stormking to Epwin Group and to thank all our employees for the levels of commitment shown to the Group during the year. Combined with the support from shareholders and the investment decisions taken by the Board, I believe that there is a strong foundation for all stakeholders for the years ahead.

Summary and outlook

Whilst market conditions were more challenging in the second half of 2015, we have delivered a strong performance and made good progress with our strategy.

We have a strong platform from which to build thanks to our scale and market position across the RMI, new build and social housing sectors, and we expect to make further progress in 2016.

Andrew Eastgate

Chairman

13 April 2016







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Marketplace



Market outlook

There continues to be significant underinvestment by property owners in the repair and maintenance of the UK's housing stock. The Office for National Statistics figures indicate that there are 27.8 million homes across the country and only 40% of these are maintained to a satisfactory level.

Recent industry figures indicate that around 4.3 million window frames are replaced each year, representing a replacement rate of less than 2% per annum. The Group believes that a replacement rate significantly above this is required to address the ageing population of fenestration products and, due to the recent and continuing history of underinvestment in UK housing stock, there is significant pent up demand within the RMI space.

Similar dynamics are true for the cellular roofline business, which has demonstrated growth, and further opportunities are believed to exist given that it is estimated that cellular roofline is only 50% penetrated into the residential property market, with the remainder still being largely timber.

The outlook for the Group's acquisitions is positive. The Wood Plastic Composite decking market is relatively new in the UK and we believe will demonstrate good growth. The Glass Reinforced Plastic moulding market, whilst being more mature, has also grown impressively as new housebuilders in particular look to improve efficiency via off-site manufacture.

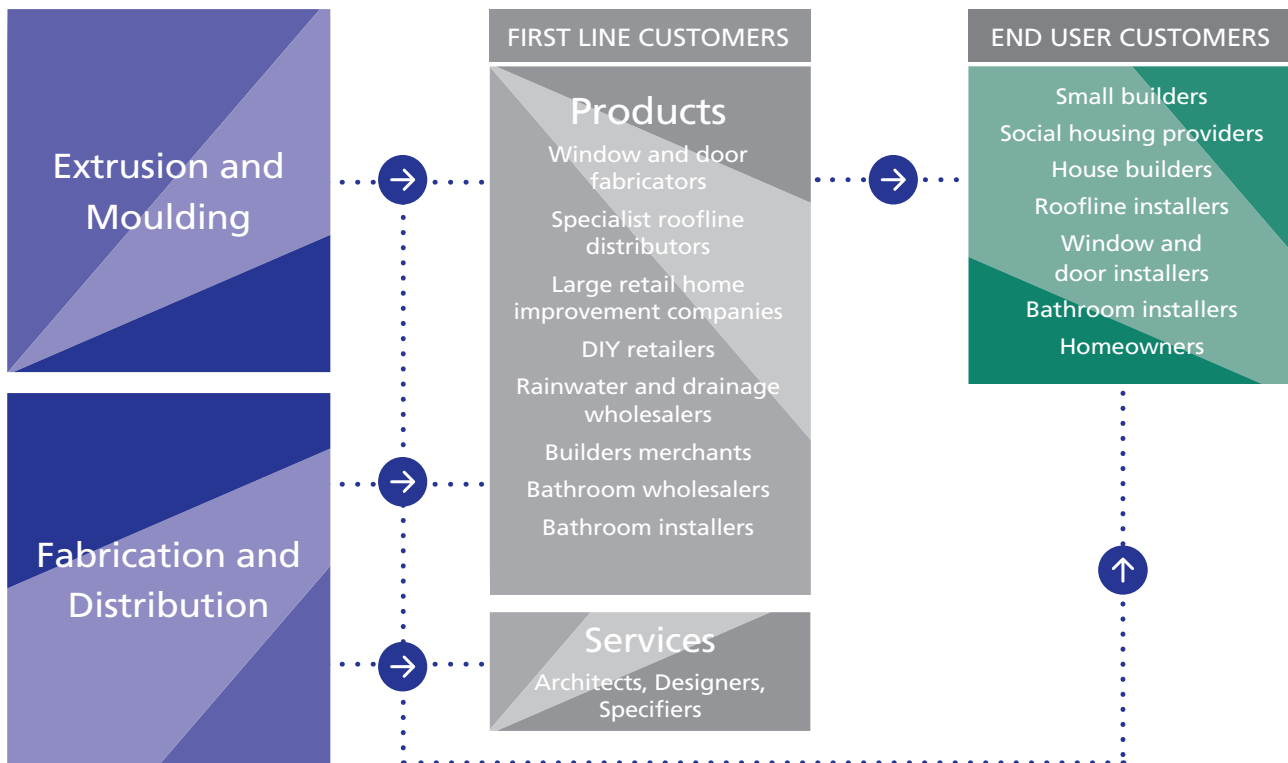
Fundamentally, the long-term drivers of the RMI market remain positive. In the short to medium term, the outlook is less predictable and in February 2016 the UK Construction Industry fell to a 10 month low. In new build, the number of new house registrations increased by 8% in 2015, according to NHBC, although there was some slowing in the rate of growth in the latter part of the year. Although the new build market is also impacted by general consumer confidence, it is still likely to grow due to the fundamental mismatch between supply and demand.

Growth in real wages has slowed and there is still some way to go before economic growth increases confidence among the employed. The impact of the outcome of the referendum on continued membership of the European Union is unknown.

Government policy should assist the business with the Affordable Homes Programme continuing to 2020. As previously reported, the Group's strategy does not in the near term anticipate improving markets, or beneficial government policy, but prioritises operational improvement, selective capital investment and acquisitions.

The Directors believe that the Group will benefit from the UK economic upturn in the RMI market, as well as the drive towards improved energy efficiency in buildings over the medium term.

Business Model



KEY STRENGTHS

Extrusion and Moulding

- High barriers to entry with technical products and specialist equipment
- Alternative systems catering for varying customer requirements.

Fabrication and Distribution

- Leading brands focus on specific market sectors in a fragmented market
- Complementary products generate cross-selling opportunities

Group-wide

- Economies of scale
- Diverse end user sectors with varying demand patterns
- Multiple brands and routes to market de-risk the model

THE MODEL DELIVERS BENEFITS TO:

Customers

- Large range of complementary building products
- Focus on high quality product and service delivery
- Focused marketing and tailored support services

End users

- High performance, quality building components
- Desirable and customisable design options

Shareholders

- Financial discipline
- Prudent acquisition strategy solidifies and diversifies portfolio of products, manufacturing technology and brands

Strategy

As previously stated, the Group's strategy is not dependent on improving markets, or government policy, but on operational improvement, selective capital investment and carefully identified acquisitions.

The strategy therefore remains in place:

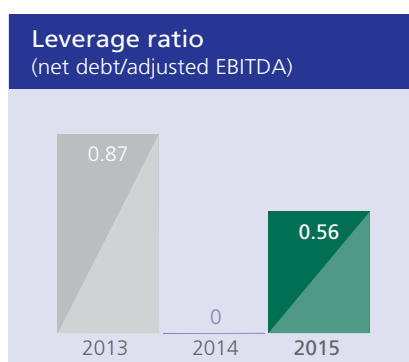
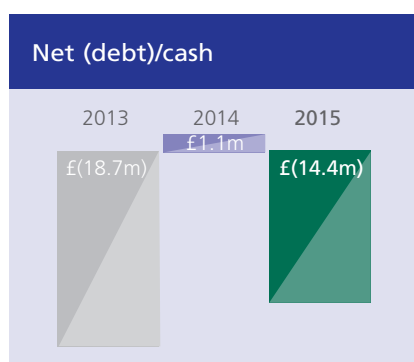
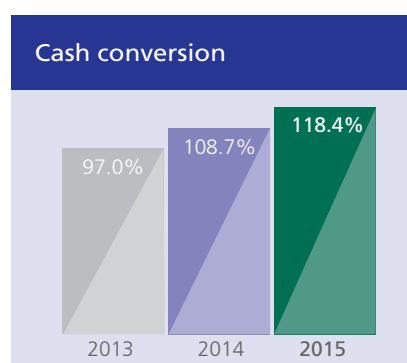
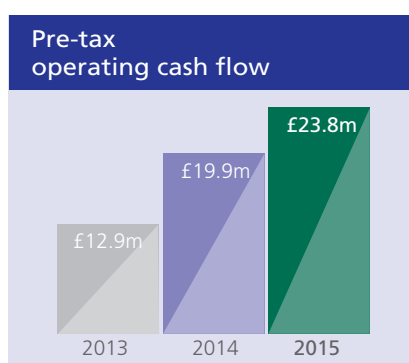
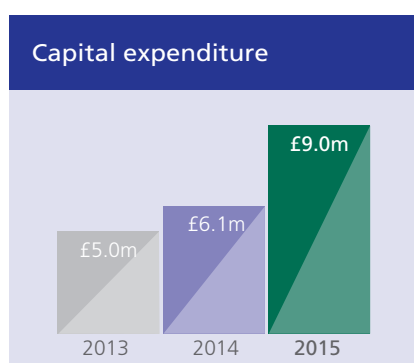
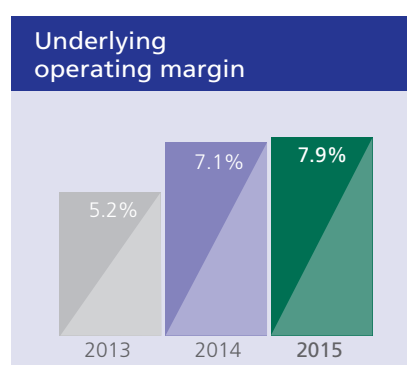
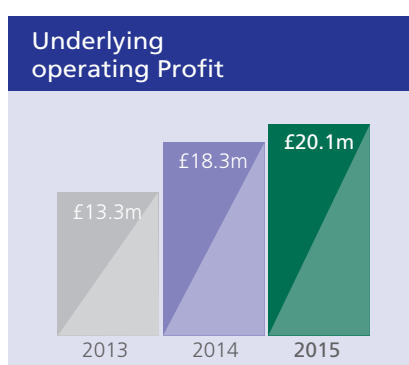
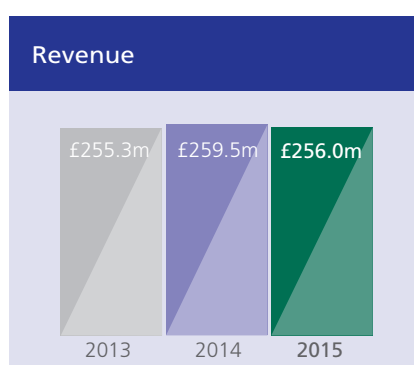
	Strategic Aim	2015 Progress
Acquisitions 	To broaden the product portfolio To widen materials production and technical capabilities To consolidate operations of existing products and markets	Acquisitions of Ecodek and Stormking have both extended the product range and enhanced the Group's technical capabilities
Operational Leverage 	To utilise existing spare capacity to enhance shareholder returns either with added volumes or site consolidations	The Group's main market, RMI, has been largely static in 2015. However, additional volumes in certain operations have delivered leveraged returns
Operational Efficiency 	To focus on producing existing products and delivering services better for our customers and more cost effectively	This has progressed well in the Extrusions and Mouldings operations and a similar programme will be pursued in Fabrication and Distribution
Brand Extension 	To develop the use of existing brands to grow market awareness for the Group's products with end customers	This is a medium term strategic aim to be pursued in conjunction with product and market development which continues
Cross Selling 	To identify and develop opportunities to sell more of its existing and new products to existing customers	The Group has sought opportunities to bring more of its products to existing customers, sales of rainwater to cellular roofline customers being a good example. There is more work to be done in this area


Key Performance Indicators

The Group has a range of performance indicators, both financial and non-financial, that allow the Board to monitor the performance of the Group as well as manage the business.

Operating KPIs are focused on customer experience in terms of quality and service as well as key cost drivers such as input prices, scrap and labour efficiency. Health and safety KPIs are monitored to drive continuous improvement.

The Group has financial KPIs that it monitors on a regular basis at Board level and where relevant at operational management meetings as follows:





Operational Performance

“2015 was a year of progress for the Group, with investment in acquisitions that we expect to be earnings accretive and enhance the Group’s range of low maintenance building products, as we build a platform for long-term growth.”

2015 was a year of progress for the Group, with investment in acquisitions that we expect to be earnings accretive and enhance the Group’s range of low maintenance building products as we build a platform for long-term growth.

Extrusion and Moulding

The Extrusion and Moulding business continued to perform strongly in 2015 with revenues increasing by 2.6% to £146.6 million, principally driven by sales of cellular profile and rainwater products. Specification sales of cellular profile were strong in the year, assisted by the buoyant performance of housebuilders. Trade sales also performed well. Encouragingly, sales of rainwater products grew year on year and this remains an area of focus for the business, as too is the growth of drainage products.

In the first quarter of 2016 the Swish Building Products cellular business consolidated its distribution activity into a new purpose built distribution centre in Tamworth. The move allowed warehousing to be consolidated and also improved customer service through more frequent deliveries.

Window profile systems revenues were flat during the year reflecting the overall RMI market. As previously highlighted, 2016 will see the launch of an entirely new, market leading window profile system, “Optima”. This project has seen investment in new plant, innovative tooling and inventory levels during 2015 in preparation for the launch of the system in 2016.

Fabrication and Distribution

The Fabrication and Distribution business has had a more challenging year. Revenues decreased from £116.6 million to £109.4 million in the year as market conditions softened across RMI and social housing through 2015. Some sectors within the RMI market proved to be erratic, which had a consequent impact on operational efficiency. Operationally, whilst the majority of actions were taken in 2014, the restructuring and rationalisation programme continued into 2015. Further changes to the management team were made in 2015 and a new structure is now in place. The impact of the door factory move in 2014 provided operational challenges which continued into 2015, which in turn delayed efficiency improvement. The key changes are now complete, with benefits expected in 2016 and beyond.

The Group has opted to retain fabrication capacity whilst taking steps to reduce costs and improve the efficiency of interaction between its fabrication sites. A number of operational and investment decisions have been taken which will be implemented in 2016 and 2017 to enhance these operations.

The Fenestration Self Assessment Scheme (FENSA) statistics for the year to 31 December 2015 indicate that certified installations of windows and doors were down by 8% against 2014. Whilst 2015 was undoubtedly a difficult year, the Group believes the market fundamentals remain strong.

Health and safety

The Group is committed to ensuring a safe, clean and healthy working environment for all of its employees. The Group actively promotes health and safety and the continuous improvement in health and safety standards across all operations.

Acquisitions

Vannplastic Limited (Ecodek)

On 30 October 2015 the Group completed the acquisition of Vannplastic Limited, trading as Ecodek, a Wrexham-based manufacturer of Wood Plastic Composite ("WPC") primarily used as a hardwood substitute for balconies and outdoor decking. Ecodek is a leading supplier of WPC products manufactured from recovered and recycled materials. Products are over 90% recycled and 100% recyclable. The business currently supplies customers in new build housing, social housing and some trade and has a knowledgeable and technically capable workforce. It will operate as part of Epwin's Extrusion and Moulding business, with the management team who formed the business continuing to oversee its growth and development.

For the year ended 31 December 2014, Ecodek had turnover of £4.1 million, and an operating profit of £0.6 million. The acquisition did not have a material effect on the Group's earnings in the year to 31 December 2015 and has traded in line with the Board's expectations post acquisition.

The initial consideration of £5.2 million, comprised £3.6 million in cash and £1.6 million in the form of 1,116,817 Epwin shares. The earn-out consideration of up to £3.3 million will be dependent on Ecodek's performance in the year to 31 December 2016 and will be settled in the same ratio of cash to shares as the initial consideration. Both the initial and earn-out consideration will be at a multiple of five times EBITDA.

Stormking Plastics Limited

On 31 December 2015 the Group completed the acquisition of Stormking Plastics Limited.

Stormking is the leading supplier of moulded Glass Reinforced Plastic ("GRP") building components to housebuilding in the UK. The product range includes porches, dormers, chimneys, bay window roofs, entrance canopies, copings and support brackets, as well as other time-saving, bespoke components for the housebuilding and construction sector. Stormking will operate as part of Epwin's Extrusion and Moulding business.

Stormking's manufacturing is based in Tamworth, where the company employs in excess of 300 full time staff. Stormking has a strong track record of developing innovative new products and giving customers better choice and efficiency on construction sites by simplifying the build process and removing complexity.

The business has developed a significant amount of know-how and technical expertise in the formulation and use of GRP materials and is developing plans to expand the use of these materials in additional applications and market sectors. The Group believes that it is well placed to assist this process.

In the financial year ended 28 February 2015, Stormking reported turnover of £22.8 million and underlying EBITDA of £3.0 million. The acquisition is expected to be earnings enhancing for the Group in the financial year to 31 December 2016 and has traded in line with the Board's expectations post acquisition.

Total initial consideration of £27.0 million was based upon a six times multiple of the 2016 forecast EBITDA, with the initial cash consideration of £20.3 million payable at completion, plus 5,348,804 Epwin shares. Further consideration of up to £8.0 million is dependent upon Stormking's performance in the year to 28 February 2017 and will be settled in the same ratio of cash to shares as the initial consideration. Both the initial and deferred consideration will deliver the acquisition on a multiple of six times underlying EBITDA for the relevant period.

Financial Review

Total revenue for the year ended 31 December 2015 remained broadly in line with prior year at £256.0 million (2014: £259.5 million), in what was generally a static market for our products.

Underlying operating profit was £20.1 million (2014: £18.3 million), representing growth of 9.8%, as a result of cost savings from synergy and rationalisation projects, stable input prices and higher extruded products volumes.

Polymer prices, whilst lower than expected for the Group in the first quarter, rose during the middle part of the year to expected levels. Overall, polymer prices were better than forecast for the year as a whole. However, the benefit of this was negated by relatively static market demand.

Operating profit was £19.1 million (2014: £19.3 million) after a number of one-off exceptional profits in 2014.

Key Financials

	Year ended 31 December 2015 £m	Year ended 31 December 2014 £m
Revenue (excluding discontinued operations)	256.0	259.5
Underlying operating profit (*)	20.1	18.3
Amortisation of acquired intangible fixed assets	–	(1.7)
Business reorganisation	–	3.5
Acquisition expenses	(0.6)	–
Share-based payments	(0.4)	(0.8)
Operating profit	19.1	19.3
Underlying operating margin (*)	7.9%	7.1%
Operating margin	7.5%	7.4%

(*) Underlying operating profit and margin are before amortisation of acquired intangible fixed assets, acquisition expenses, business reorganisation costs and share-based payments.



Reportable segments

	Year ended 31 December 2015 £m	Year ended 31 December 2014 £m
Revenue (excluding discontinued operations)		
Extrusion and Moulding	146.6	142.9
Fabrication and Distribution	109.4	116.6
Total	256.0	259.5
Underlying segmental operating profit		
Extrusion and Moulding	17.7	16.6
Fabrication and Distribution	4.2	4.5
Underlying segmental operating profit before corporate and other costs	21.9	21.1
Corporate and other costs	(1.8)	(2.8)
Underlying operating profit	20.1	18.3
Amortisation of acquired intangible fixed assets	–	(1.7)
Business reorganisation	–	3.5
Acquisition expenses	(0.6)	
Share-based payments	(0.4)	(0.8)
Operating profit	19.1	19.3

Extrusion and Moulding

- Revenue increased by 2.6% to £146.6 million (2014: £142.9 million) during the year and underlying operating profit increased to £17.7 million from £16.6 million.
- Operating margins improved to 12.1% compared to 11.6% in the same period in 2014, principally due to volume increases and site integration savings, also helped by stable input prices.

Fabrication and Distribution

- Revenue decreased to £109.4 million (2014: £116.6 million).
- Operating profit of £4.2 million, down from £4.5 million in 2014 due principally to lower and erratic sales volumes.

Financial Review continued

Pre-tax operating cash flow increased by 19.6% to £23.8m (2014: £19.9m) demonstrating the strong cash generative characteristics of the business.

Non-recurring and exceptional items

To assist users of the financial statements to understand underlying trading performance, non-recurring and exceptional items have been excluded from operating profit in arriving at underlying operating profit. Non-recurring and exceptional items include:

Amortisation of acquired intangible fixed assets

Amortisation of £nil million was charged during the year.

In 2014 amortisation of £1.7 million was charged in relation to brand and customer contract intangible fixed assets created on the merger in 2012. Customer contract intangibles from the 2012 merger were fully amortised at 31 December 2014.

Acquisition expenses

During 2015 the Group incurred professional fees and stamp duty of £0.6 million (2014: £nil) associated with the acquisitions of Vannplastic Limited and Stormking Plastics Limited.

Business reorganisation gains and costs

Business reorganisation gains of £3.5 million in 2014 comprised redundancy costs associated with site rationalisation and synergy projects offset by gains made on the favourable settlement of a number of legacy onerous leases.

Share-based payments

Share-based payments include the IFRS 2: *Share-based payments* charge in respect of a Management Incentive Plan of £0.3 million (2014: £0.1 million) and Save As You Earn ("SAYE") scheme of £0.1 million (2014: £nil). In 2014 a one off IFRS 2 charge of £0.7 million was recognised in respect of warrants over ordinary shares issued as part of the IPO.

Cash flow

	Year ended 31 December 2015 £m	Year ended 31 December 2014 £m
Pre-tax operating cash flow	23.8	19.9
Tax paid	(2.3)	(1.7)
Acquisitions	(20.9)	–
Net capital expenditure	(9.0)	(5.6)
Net interest paid	(0.5)	(0.7)
Proceeds of IPO	–	10.0
Finance leases	(0.2)	(0.1)
Dividends	(6.7)	(1.9)
Discontinued operations	–	(0.1)
Facility arrangement fee	0.3	–
Net (increase) / decrease in net debt	(15.5)	19.8
Opening net funds / (debt)	1.1	(18.7)
Closing net (debt) / funds	(14.4)	1.1

Pre-tax operating cash flow increased by 19.6% to £23.8 million (2014: £19.9 million) demonstrating the strong cash generative characteristics of the business.

Acquisitions

Cash consideration, net of cash acquired, of £20.9 million was paid in relation to the acquisitions of Vannplastic Limited (£3.2 million) and Stormking Plastics Limited (£17.7 million).

Refinancing

In December 2015 the Group renewed its existing banking facilities with Barclays. The new facility comprises a £20 million term loan, £35 million revolving credit facility and £5 million overdraft. The term loan and revolving credit facility are for a term of four years ending December 2019. As at 31 December 2015 the Group had drawn down £35.0 million of these facilities.

Principal Risks and Uncertainties

Epwin is affected by a number of risks and uncertainties, not all of which are wholly within its control, which could have a material impact on the Group's long-term performance. This section is intended to highlight the principal risks and uncertainties affecting the Group's business.

Epwin manages the risks inherent in its operations in order to mitigate exposure to all forms of risk, where practical. The Board has identified several specific risks and uncertainties that potentially impact the ongoing business including:

Area of Risk	Risks	Mitigation
UK Economy	<p>The level of activity in the RMI, new build and social housing sectors has a direct impact on the levels of revenue, profitability and cash generation.</p> <p>One of the key risks to the business is any deterioration in the UK economy which may impact consumer confidence and expenditure on housing. Factors such as wage growth, interest rates, inflation and the referendum on the UK's membership of the EU are all considered to have a potential impact for the Group.</p>	<p>The Group monitors the market closely and takes action in response to any deterioration to ensure that the business is aligned to market conditions.</p>
Integration of acquisitions	<p>Acquisitions are an important growth option for the Group. Realisation of synergies may not occur, or may take significant time, resources and management attention. Any acquisitions we make may adversely affect our operations and, if not properly integrated, could disrupt our business model and profitability.</p>	<p>The Group spends considerable time assessing potential acquisitions and ensures that appropriate due diligence procedures are performed. There is significant experience within the Group in corporate transactions and the Group has a successful track record of integrating acquisitions.</p>
Key customers	<p>The inability to retain key customers or collect our receivables may cause our financial performance to suffer.</p>	<p>The Group is not exposed to significant large customers, with the largest customer being less than 7% of revenue. The Group focuses considerable effort on maintaining relationships with customers and also on the collection of receivables. The Group has a credit insurance policy which adds robustness to the credit process.</p>
Commodity prices	<p>Adverse movements in commodity prices such as PVC, glass and power will impact profit margins if the business is unable to pass the costs onto customers.</p>	<p>Epwin is a major UK consumer of commodities, particularly PVC polymer. In some cases, the Group is able to pass on commodity price increases through agreed contractual terms.</p>



Area of Risk	Risks	Mitigation
Key suppliers	The Group relies upon certain key suppliers, particularly those supplying raw materials such as glass and PVC resin. As a result, whilst alternative supply sources could be identified, the Group is exposed to a number of risks, including the risk of supply disruption, the risk of key suppliers increasing prices and the risk of key suppliers suffering a quality issue which impacts upon the quality of the Group's products.	The Group maintains good relationships with key suppliers and would anticipate support if there was supply disruption. Where possible, for key supplies Epwin sources product from more than one supplier to ensure security of supply. PVC supply being the main area where the Group has limited ability to multi-source.
Key personnel	If we fail to attract and retain highly qualified key personnel, our ability to execute our business model and strategy could be impaired.	The Group seeks to reward employees appropriately and has in place a number of measures to achieve this. Executive Directors and certain senior management have a Management Incentive Plan which is settled in equity subject to various performance measures.
Regulatory change	The Group recognises that the marketability of its products could be impacted by changes in regulation or government policy that in turn could adversely affect revenues and profitability.	The Group monitors the political climate and in turn can take measures to mitigate and respond to any significant change.

The Strategic Report has been approved by the Board of Directors and has been signed on its behalf by:

Jonathan Bednall
Chief Executive Officer

Christopher Empson
Group Finance Director
 13 April 2016



OUR GOVERNANCE

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Corporate Governance

The Directors acknowledge the importance of the principles set out in the QCA Corporate Governance Code. The Directors intend to apply the principles as far as they consider appropriate for a company of Epwin's size and nature in accordance with the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies 2013.

The Board of Directors is responsible to shareholders for effective direction and control of the Group. This report describes the framework for corporate governance and internal control that the Directors have established to enable them to carry out this responsibility.

The Board's main responsibilities are:

- Providing leadership of the Group within a framework which enables risk to be assessed and managed
- Reviewing and approving the overall Group strategy and direction
- Approving communications to shareholders
- Reviewing operational and financial performance
- Determining, maintaining and overseeing controls, audit processes and risk management policies
- Approving the year end and interim financial statements
- Approving the annual budget
- Approving material agreements and contracts
- Reviewing and approving acquisitions and disposals
- Reviewing the environmental and health and safety performance of the Group
- Reviewing and approving remuneration policies
- Approving appointments to the Board.
- Monitoring and maintaining the Group's financing relationships

Structure and composition

As at the date of this report, the Board comprised three Executive and two Non-Executive Directors. Andrew Eastgate is Chairman of the Board of Directors and also Chairman of the Audit Committee and Nominations Committee. Michael O'Leary is Chairman of the Remuneration Committee.

Biographies of all the Directors at the date of this report are set out on pages 28 and 29.

Details of the terms of appointment and remuneration of both the Executive and Non-Executive Directors are set out in the Directors' Remuneration Report on pages 33 to 36.

Chairman

The Chairman is responsible for leadership of the Board, ensuring its effectiveness, setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items.

The Chairman facilitates the effective contribution and performance of all Board members whilst identifying any development needs of the Board. He also ensures that there is sufficient and effective communication with shareholders to understand their issues and concerns.

Chief Executive Officer

The Chief Executive Officer has day-to-day responsibility, within the authority delegated by the Board, for implementing the Group's strategy and running the Group.

Board Committees

The Board is supported by Audit, Remuneration and Nominations Committees. Their specific responsibilities are set out below.

Details of attendance at scheduled Board and Board Committee meetings during the period to 31 December 2015 are as follows:

	Board		Audit Committee		Remuneration Committee		Nominations Committee	
	Number	Attended	Number	Attended	Number	Attended	Number	Attended
Andrew Eastgate	10	10	3	3	1	1	1	1
Michael O'Leary (appointed 2 March 2015)	9	9	3	3	1	1	1	1
Jonathan Bednall	10	10	n/a	n/a	n/a	n/a	1	1
Christopher Empson	10	10	n/a	n/a	n/a	n/a	n/a	n/a
Shaun Hanrahan	10	10	n/a	n/a	n/a	n/a	n/a	n/a

The Board is supplied in a timely manner with the appropriate information to enable it to discharge its duties, including providing constructive challenge to, and scrutiny of, management. Further information is obtained by the Board from the Executive Directors and other relevant senior executives as the Board, particularly its Non-Executive members, considers appropriate.

Procedures are in place for Directors to take independent professional advice, when necessary, at the Company's expense. No such advice was sought during the year under review.

The Board is supported by the Company Secretary who, under the direction of the Chairman, ensures good communication and information flows within the Board, including between Executive and Non-Executive Directors and between the Board and its Committees.

If Directors have concerns that cannot be resolved regarding the running of the Group or a proposed action, they are encouraged to make their views known and these are recorded in the Board minutes.

Audit Committee

During the year the Audit Committee comprised two independent Non-Executive Directors: Andrew Eastgate (Chairman) and Michael O'Leary who was appointed to the Board of Directors on 2 March 2015 and to the Audit Committee on 24 March 2015.

The Committee's principal responsibilities include:

1. Reviewing and challenging the risk identification and risk management processes across the business;
2. Managing relations with the external auditors to ensure the annual audit is effective, objective, independent and of high quality; and
3. Reviewing the Company's corporate reporting.

During the period to 31 December 2015, the Audit Committee met three times. Its activities included:

- Reviewing the Annual Report and full year announcement, and meeting with auditors to consider audit findings, for the year ended 31 December 2014;
- Reviewing the interim announcement to 30 June 2015; and
- Consideration of the audit plan for the year ended 31 December 2015.

Corporate Governance continued

Remuneration Committee

The Remuneration Committee comprised Andrew Eastgate and Michael O'Leary (Chairman) who was appointed to the Board of Directors on 2 March 2015 and as Chairman of the Remuneration Committee on 24 March 2015.

The Committee's principal responsibilities include:

- Setting the remuneration policy for Executive Directors;
- Reviewing the level and structure of remuneration for senior management.

Full details of the role, policies and activities of the Remuneration Committee are set out in the Directors' Remuneration Report on pages 33 to 36.

During the period to 31 December 2015 the Remuneration Committee met once to consider remuneration policies and to set Directors' remuneration.

Nominations Committee

The Nominations Committee comprised Andrew Eastgate (Chairman), Jonathan Bednall and Michael O'Leary who was appointed to the Board of Directors on 2 March 2015 and to the Nominations Committee on 24 March 2015.

The Committee's principal responsibilities include:

- Keeping under review the structure, size and composition of the Board and making recommendations to the Board with regards to any changes;
- Identifying and nominating candidates to fill Board vacancies; and
- Considering succession planning for Directors and other senior management.

The Committee meets as and when required and met once during the year in order to approve the appointment of an additional non-executive director.

Directors' conflicts of interest

Under the Companies Act 2006, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Group's interests. The requirement is considered very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation. The Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, provided that the articles of association contain a provision to this effect. The Company's articles authorise the Directors to approve such situational conflicts.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict.

First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and, second, in taking the decision the Directors must act in a way which they consider, in good faith, will be most likely to promote the Group's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

Directors are required to notify the Company Secretary of any additional conflict situation or if there is a material change in a conflict situation previously notified, giving sufficient details of the situation to allow the Board to make an informed decision when considering authorisation.

Internal controls

The Board is responsible for maintaining a sound internal control environment to safeguard shareholders' investments and the Group's assets. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

Epwin is committed to conducting its business responsibly and in accordance with all applicable laws and regulations. Employees are encouraged to raise concerns about fraud, bribery and other matters through a whistle-blowing procedure.

The Group's financial reporting processes are detailed and regularly reviewed. The detailed reporting is reviewed at least each month end by the members of the central finance team, highlighting areas of concern and checking/confirming that the reasons for variations are valid. Quarterly reviews of each of the businesses are performed by the Executive Directors covering both historic and forthcoming financial and business performance as well as anticipating key future events.

In addition each business unit is required to submit a quarterly controls checklist which is signed locally to say that controls and reviews have been carried out both during the month and as part of the month end close. These reports are also used to follow up on any non-compliance points identified on these forms and are reviewed by the relevant Divisional Financial Directors.

Auditor independence

The Audit Committee and the Board place great emphasis on the objectivity of the external auditors in their reporting to shareholders. The audit partner and senior manager are present at Audit Committee meetings as required to ensure full communication of matters relating to the audit. The overall performance of the auditors is reviewed annually by the Audit Committee, taking into account the views of management, and feedback is provided when necessary to senior members of KPMG unrelated to the audit. This activity also forms part of KPMG's own system of quality control. The Audit Committee also has discussions with the auditors on the adequacy of controls and on any judgemental areas. These discussions have proved satisfactory to date. The scope of the forthcoming year's audit is discussed in advance by the Audit Committee. Audit fees are approved by the Audit Committee after discussions between the Group Finance Director and KPMG.

Rotation of the audit partner's responsibilities within KPMG is required by their profession's ethical standards. There will be rotation of the audit partner and key members within the audit team as appropriate.

Assignments of non-audit work have been and are subject to controls by management that have been agreed by the Audit Committee so that audit independence is not compromised.

Other than audit, the Board is required to give prior approval of work carried out by KPMG and its associates in excess of £20,000. Part of this review is to determine that other potential providers of the services have been adequately considered. These controls provide the Audit Committee with confidence in the independence of KPMG in their reporting on the audit of the Group.

Relations with shareholders

The Board is committed to maintaining good communications with shareholders. Other than during close periods, the Chief Executive Officer and Group Finance Director maintain a regular dialogue with institutional shareholders and give presentations to institutional shareholders and analysts immediately after the announcement of the Group's half year and full year results. The Group also encourages communications with private shareholders throughout the year and welcomes their participation at shareholder meetings.

The Group maintains a corporate website (investors.epwin.co.uk), which complies with AIM Rule 26 and contains a range of information of interest to institutional and private investors including the Group's annual and half year reports, trading statements and all regulatory announcements relating to the Group.

The Board wishes to encourage the constructive use of the Company's AGM for shareholder communication.

The Chairman of the Board and the Chairmen of the Audit, Remuneration and Nominations Committees will be available to answer questions at the forthcoming AGM. Resolutions will be proposed on each substantially separate issue and the level of proxies cast for each resolution will be available at the AGM.



Directors and Advisors

Andrew Eastgate

NON-EXECUTIVE CHAIRMAN

Andrew was formerly a Partner at Pinsents where he was head of Pinsents' corporate practice in Birmingham. Andrew has a broad experience of advising quoted companies, particularly in connection with transactions and compliance issues, and is currently Senior Independent Director and Chairman of the Remuneration Committee of Headlam Group Plc. Andrew was a director of the old Epwin holding company between 2008 and 2012, and resigned on the merger with the Latium businesses. Andrew joined the Board on admission to AIM and became Chairman in December 2014.

Jonathan Bednall

CHIEF EXECUTIVE OFFICER

Jon joined Epwin Group in 2008, becoming Group Finance Director in 2009 and was appointed Chief Executive Officer in 2013. Jon has been responsible for the significant restructuring of Epwin in that time, as well as devising and managing the merger with Latium in 2012. Jon has considerable group managerial experience, including acquisitions and disposals, having previously spent ten years at BI Group, a Kuwaiti owned engineering group, becoming Group Finance Director and then Chief Operating Officer. Prior to that Jon qualified as an ACA at KPMG in Birmingham, where he spent six years in a number of roles.

Christopher Empson

GROUP FINANCE DIRECTOR

Chris has been with Epwin since 2012 having joined to support the business integration and development post the Latium merger. Before this Chris was a divisional Finance Director within Rentokil Initial Plc, having previously worked at BI Group as Group Finance Director. Chris also spent five years with 3i after qualifying as an ACA at PricewaterhouseCoopers. Chris has considerable group management experience, including in corporate transactions.

Shaun Hanrahan**EXECUTIVE DIRECTOR**

Shaun has been with Epwin since the Group acquired Swish Building Products from Williams Holdings in 2000. Shaun has overseen the growth of Swish Building Products to a position of market strength. Prior to his time at Swish, Shaun was a Business Analyst at Baco, British Alcan and Williams Holdings working on post-acquisition projects at companies in the UK and Europe including Rawplug, Polycell and Fairey Engineering.

Michael O'Leary**NON-EXECUTIVE DIRECTOR**

Mike was appointed to the Board as a non-executive Director on 2 March 2015. Mike was joint Chief Operating Officer at Misys Plc between 1986 and 2000, running both their UK Insurance Division and US Healthcare Division. He was then Chief Executive Officer of Huon Corporation and also Marlborough Stirling Plc. Since 2005 he has undertaken a number of non-executive roles. He is currently Non-Executive Chairman of Emis Group Plc.

Andrew Rutter**COMPANY SECRETARY**

Andrew joined Epwin in August 2014, following the IPO, and was appointed Company Secretary on 1 June 2015. Andrew was previously a Senior Manager at KPMG, where he was responsible for a range of listed and non-listed audit clients. Prior to this Andrew spent four years at Wenham Major where he trained and qualified as an ACA.

Registered office

1b Stratford Court
Cranmore Boulevard
Solihull B90 4QT

Auditors

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

**Nominated advisor
and broker**

Zeus Capital Limited
82 King Street
Manchester
M2 4WQ

Bankers

Barclays Bank PLC
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GN

Registrars

Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
BR3 4TU

Company number

07742256

Directors' Report

The Directors present their report together with the audited financial statements for the year ended 31 December 2015.

Financial results and dividends

The audited accounts for the Group and Company for the year ended 31 December 2015 are set out on pages 42 to 86. The Group profit for the year was £15.3 million (2014: £14.8 million). The Board recommends the payment of a final dividend of 4.25 pence per ordinary share. If approved, the final dividend will be paid on 6 June 2016 to shareholders on the register at the close of business on 13 May 2016.

Directors and directors' interests

The Directors who held office during the year and to the date of this report were as follows:

A K Eastgate
J A Bednall
C A Empson
S P Hanrahan
M K O'Leary (appointed 2 March 2015)

Full biographical details of the Company's Directors as at the date of this report are given on pages 28 and 29.

The Directors' remuneration and their interests in the share capital of the Company are detailed on pages 33 to 36.

Directors' and officers' liability insurance

The Company has purchased insurance to cover its Directors and officers against costs of defending themselves in legal proceedings taken against them in that capacity and in respect of any damages resulting

from those proceedings. The insurance does not provide cover where the Director has acted fraudulently or dishonestly.

Supplier payment policy

The Group agrees payment terms with its suppliers when it enters into binding purchase contracts. The Group seeks to abide by the payment terms agreed whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Group seeks to treat all suppliers fairly, but it does not have a Group-wide standard or code of practice that deals specifically with payment to suppliers. Trade payables at 31 December 2015 represented on average 56 days' credit based on actual invoices received (2014: 53 days' credit).

Share capital

The issued share capital of the Company at 31 December 2015 was £70,758, comprised of 141,515,621 ordinary shares of 0.05 pence each.

The Directors will be seeking authority at the forthcoming Annual General Meeting to renew their authority to allot shares and to repurchase ordinary and deferred shares. Full details of these resolutions, together with explanatory notes, are contained in the Notice of Annual General Meeting on pages 88 to 95.

Substantial shareholdings

As at 12 April 2016, the following shareholders own more than 3% of the issued share capital of the Company:

	% of issued share capital	Number of shares
AJ Rawson	14.31	20,250,000
C Kennedy	14.31	20,250,000
Schroders plc	9.43	13,349,400
Premier Fund Managers	8.51	12,038,121
AXA Investment Managers UK	7.22	10,218,750
Unicorn Asset Management	6.77	9,585,000
Henderson Global Investors	6.53	9,243,967
Ruffer LLP	5.63	7,965,000

Charitable and political donations

The Group made no charitable or political donations during the year.

Going concern

As highlighted in note 1 to the financial statements, the Group meets its day-to-day working capital requirements through an overdraft, term loan and revolving credit facility, which are due for renewal in December 2019.

Further information on the Group's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Strategic Report on pages 10 to 21. In addition, note 25 to the financial statements details the Group's objectives, policies and processes for managing its capital and its exposures to credit risk and liquidity risk.

The Group's forecasts and projections, taking account of possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

After making enquiries, the Board has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Annual General Meeting

The Annual General Meeting of the Company will be held on 24 May 2016 at Eversheds LLP, 115 Colmore Row, Birmingham B3 3AL. The Notice setting out details of the business to be considered at the meeting is included on pages 88 to 95.

Auditor

KPMG LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be proposed at the forthcoming Annual General Meeting.

Disclosure of information to the auditors

As required by Section 418 of the Companies Act 2006, each Director serving at the date of approval of the financial statements confirms that:

- to the best of his knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Words and phrases used in this confirmation should be interpreted in accordance with Section 418 of the Companies Act 2006.

Directors' Report continued

Employees

Our employment policies, including a commitment to equal opportunity, are designed to attract and retain high-calibre individuals, regardless of age, sex, religion, disability, marital status, race, ethnicity, nationality or sexual orientation. Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retain them in order that their employment with the Group may continue.

We take measures to ensure good working conditions. Employees are expected at all times to act honestly, respectfully and in accordance with our Company policies. The Company does not tolerate misconduct or harassment in any form and will diligently investigate and, where necessary, take action following any complaints, including those of confidential 'whistle-blowers'.

The Group keeps its employees informed of matters affecting them as employees through regular team briefings throughout the year. We value employees' opinions and seek to actively consult them in the decision-making process and keep them apprised of Company news.

The average number of employees within the Group is shown in note 8 to the financial statements on page 59.

By order of the Board

Christopher Empson
Group Finance Director
1b Stratford Court
Cranmore Boulevard
Solihull
B90 4QT
13 April 2016



Directors' Remuneration Report

Remuneration Committee and advisers

The Committee reviews the Company's policy on the remuneration and terms of engagement of the Executive Directors and Senior Management Team. Executive Directors attend by invitation only when appropriate and are not present at any discussion of their own remuneration.

The members of the Remuneration Committee and details of attendance at the meetings are disclosed in the in the Corporate Governance Report on pages 24 to 27.

The Committee members have no personal financial interest, other than as shareholders, in the matters to be decided. They have no conflicts of interest arising from cross-directorships or from being involved in the day-to-day business of the Group. The Committee members do not participate in any bonus, share awards or pension arrangements.

Remuneration policy

The Group operates in a highly competitive environment, the Board and Remuneration Committee of Epwin aim to ensure the Group has the best possible team to drive continued success and creation of shareholder value. For the Group to continue to compete successfully, it is essential that the level of remuneration and benefits offered achieves the objectives of attracting, retaining, motivating and rewarding the necessary high calibre of individuals at all levels across the Group.

The Group therefore sets out to provide competitive remuneration to all its employees, appropriate to the business environment in the market in which it operates. To achieve this, the remuneration package is based upon the following principles:

- total rewards should be set to provide a fair and attractive remuneration package;
- appropriate elements of the remuneration package should be designed to reinforce the link between performance and reward; and
- Executive Directors' incentives should be aligned with the interests of shareholders.

Remuneration of Executive Directors Elements of remuneration

The Company's remuneration policy contains the following remuneration components:

Fixed remuneration components

Fixed remuneration components play a key role in attracting, retaining and motivating high calibre and higher performing executives. Fixed remuneration consists of three components.

Basic salary or fees

Basic salaries or fees are approved by the Remuneration Committee on an annual basis after taking into consideration the performance of the individuals, their levels of responsibility and rate of salary or fees for similar positions in comparator companies.

Pensions

The Group makes defined contributions on behalf of the Directors into their individual pension plans based on percentage of basic salary.

The amounts paid in the financial year are set out in the Directors' emoluments table on page 35.

Other taxable benefits

These principally comprise car benefits, life assurance and membership of the Group's healthcare insurance scheme or payment in lieu of these benefits. These benefits do not form part of pensionable earnings.

Directors' Remuneration Report continued

Variable remuneration components

Variable remuneration components directly link an individual's reward, over both the short and the long-term, to their contributions to the success of the Group. The schemes ensure that only high performance is rewarded with high reward and that failure is not rewarded.

Annual performance-related bonuses

Performance-related bonuses for the Executive Directors are contractual and are determined by reference to performance targets based on the Group's financial results set at the beginning of the financial year. Awards are capped at a maximum of 100% of the individual's basic pay. Terms and conditions are based on the recommendations of the Remuneration Committee.

Long-term incentive arrangements

The Group strongly believes that employee share ownership strengthens the link between employees' personal interests and those of the Group and its shareholders, as well as strengthening employee retention and motivation. With the aim of linking an individual's remuneration to Company performance over the longer term, the Group currently operates two long-term, share based incentive plans. In 2014, the Group established the Management Incentive Plan to create a stronger link between the interests of senior employees, and those of the Group and our shareholders, and to support retention in key roles.

Under the Management Incentive Plan, the Executive Directors and certain senior employees acquired shares in a subsidiary of the Group at par value. Subject to continuing employment and the attainment of specific performance targets, the employees will be able to exchange these shares for ordinary shares of Epwin Group Plc equal to 12.5% of the increase in market capitalisation generated in excess of the hurdle rate of £175.0 million, subject to a cap of £12.5 million.

The purpose of the Management Incentive Plan was to incentivise key members of the management team by granting rights to acquire shares based on an increase in market capitalisation, thus aligning their interests with shareholders.

In July 2015 the Group launched a Save As You Earn ("SAYE") scheme available to all employees of the Company, including the Executive Directors. Details of the scheme are provided on page 61.

Non-Executive Directors' remuneration

The Non-Executive Directors receive fees set at a level commensurate with their experience and ability to make a contribution to the Group's affairs and are set by the Board as a whole. No other incentives, pensions or other benefits are available to the Non-Executive Directors.

Details of the Directors' emoluments, share awards and shareholdings are given below and form part of the audited financial statements.

	Salary and fees 2015 £000	Other taxable benefits 2015 £000	Bonus 2015 £000	Pension contributions 2015 £000	Total 2015 £000	Total 2014*
Executive						
J A Bednall	200	9	200	24	433	332
C A Empson	130	10	130	16	286	127
S P Hanrahan	150	16	150	25	341	142
Non-executive						
A K Eastgate	65	–	–	–	65	19
M K O'Leary (appointed 2 March 2015)	33	–	–	–	33	–
Total	578	35	480	65	1,158	620

* Remuneration from date of appointment to the Board of Directors.

Long-term incentives vested during the financial year

Awards were made to JA Bednall, CA Empson, SP Hanrahan and a number of other senior employees under the Management Incentive Plan. The Management Incentive Plan grants the award holder a variable number of ordinary shares of Epwin Group Plc based on the increase in the market capitalisation of the Group over a three year period and also the Group

achieving certain earnings targets. If the market capitalisation of the Group is in excess of £175.0 million on 14 July 2017 the award holders will be entitled to ordinary shares equal to 12.5% of the excess, subject to a cap of £12.5 million. As the number of shares awarded is variable, based on the increase in market capitalisation achieved, it is not possible to quantify the number of awards granted to each Executive Director.

Directors' Remuneration Report continued

Directors' service agreements

The service agreements of the Executive Directors entitle them on termination to payments in lieu of notice equal to salary, benefits and pension contributions for a period of 12 months, or less if the Director finds alternative full time employment. There will be no compensation for loss of office due to misconduct or resignation by the Director.

Non-Executive Directors are appointed for an initial period of three years, subject to reappointment at the following AGM.

Directors' shareholdings

The interests of the Directors who held office at 31 December 2015 in the ordinary share capital of the Company are as shown in the table below.

	Year ended 31 December 2015 No. shares	Year ended 31 December 2014 No. shares
Executive		
Jonathan Bednall	578,500	578,500
Christopher Empson	39,200	39,200
Shaun Hanrahan	42,414	–
Non-executive		
Andrew Eastgate	5,000	5,000
Michael O'Leary	1,000	–

This report has been approved by the Board and has been signed on its behalf by:

Michael O'Leary

Chairman of the Remuneration Committee
13 April 2016

Statement of Directors' Responsibilities

in respect of the Annual Report and Accounts

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

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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

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

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

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



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Independent Auditor's Report

to the members of Epwin Group plc

We have audited the financial statements of Epwin Group Plc for the year ended 31 December 2015 set out on pages 42 to 86. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 37, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Michael Froom

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditors

Chartered Accountants

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

13 April 2016

Consolidated Income Statement and Other Comprehensive Income

for the year ended 31 December 2015

	Note	2015 £m	2014 £m
Group revenue	3	256.0	259.5
Cost of sales		(178.6)	(186.7)
Gross profit		77.4	72.8
Distribution expenses		(24.3)	(23.3)
Administrative expenses		(34.0)	(30.2)
Underlying operating profit		20.1	18.3
Amortisation of acquired intangible assets	7	–	(1.7)
Acquisition expenses	7	(0.6)	–
Business reorganisation	7	–	3.5
Share-based payments	9	(0.4)	(0.8)
Operating profit from continuing operations		19.1	19.3
Net finance costs	10	(0.5)	(0.7)
Profit before tax		18.6	18.6
Taxation	11	(3.3)	(3.5)
Profit from continuing operations		15.3	15.1
Loss from discontinued operations net of tax	6	–	(0.3)
Profit for the year and total comprehensive income		15.3	14.8
Earnings per share		pence	pence
Basic	12	11.32	11.56
Basic – continuing operations	12	11.32	11.76
Basic – discontinued operations	12	–	(0.20)
Diluted	12	11.23	11.55
Diluted – continuing operations	12	11.23	11.75
Diluted – discontinued operations	12	–	(0.20)

Consolidated Balance Sheet

as at 31 December 2015

		2015 £m	2014 £m
Assets			
Non-current assets			
Goodwill	14	54.3	24.5
Other intangible assets	15	3.6	0.2
Property, plant and equipment	16	33.1	26.2
Deferred tax	23	0.7	2.9
		91.7	53.8
Current assets			
Inventories	17	23.6	22.4
Trade and other receivables	18	41.5	37.6
Cash and cash equivalents	19	22.1	2.3
		87.2	62.3
Total assets		178.9	116.1
Liabilities			
Current liabilities			
Other interest-bearing loans and borrowings	21	15.6	0.4
Trade and other payables	20	50.0	45.6
Income tax payable		2.6	2.0
Provisions	22	0.6	1.0
		68.8	49.0
Non-current liabilities			
Other interest-bearing loans and borrowings	21	20.9	0.8
Contingent consideration	20	5.5	–
Provisions	22	3.6	3.5
		30.0	4.3
Total liabilities		98.8	53.3
Net assets		80.1	62.8
Equity			
Ordinary share capital	24	0.1	0.1
Share premium	24	12.5	12.5
Merger reserve	24	23.9	15.6
Retained earnings		43.6	34.6
Total equity		80.1	62.8

The financial statements were approved by the Board of Directors and authorised for issue on 13 April 2016.

They were signed on its behalf by:

Jonathan Bednall
Chief Executive Officer

Christopher Empson
Group Finance Director

Company number:
07742256

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total £m
Balance as at 31 December 2013	–	–	27.0	9.6	36.6
Comprehensive income:					
Profit for the year	–	–	–	14.8	14.8
Total comprehensive income:	–	–	–	14.8	14.8
Transactions with owners recorded directly in equity:					
Issue of shares (pre IPO)	–	2.5	–	–	2.5
Bonus issue of shares	11.4	–	(11.4)	–	–
Cancellation of shares	(11.3)	–	–	11.3	–
IPO share placing	–	10.0	–	–	10.0
Share-based payments	–	–	–	0.1	0.1
Share warrants issued on IPO	–	–	–	0.7	0.7
Dividends	–	–	–	(1.9)	(1.9)
Total transactions with owners	0.1	12.5	(11.4)	10.2	11.4
Balance as at 31 December 2014	0.1	12.5	15.6	34.6	62.8
Comprehensive income:					
Profit for the year	–	–	–	15.3	15.3
Total comprehensive income:	–	–	–	15.3	15.3
Transactions with owners recorded directly in equity:					
Issue of shares	–	–	8.3	–	8.3
Share-based payments	–	–	–	0.4	0.4
Dividends	–	–	–	(6.7)	(6.7)
Total transactions with owners	–	–	8.3	(6.3)	2.0
Balance as at 31 December 2015	0.1	12.5	23.9	43.6	80.1

Consolidated Cash Flow Statement

for the year ended 31 December 2015

	Note	2015 £m	2014 £m
Cash flows from operating activities			
Profit for the year		15.3	14.8
Adjustments for:			
Depreciation and amortisation	15 & 16	5.5	6.7
Net finance costs	10	0.5	0.7
(Profit) on disposal of property, plant and equipment		–	(0.1)
Taxation	11	3.3	3.5
Share-based payments	9	0.4	0.8
Loss from discontinued operations net of tax	6	–	0.3
Operating cash flow before movement in working capital		25.0	26.7
Decrease/(increase) in inventories		0.1	(0.9)
Decrease in trade and other receivables		0.3	2.4
(Decrease) in trade and other payables		(1.1)	(2.7)
(Decrease) in provisions		(0.5)	(5.6)
		23.8	19.9
Tax paid		(2.3)	(1.7)
Net cash inflow from operating activities		21.5	18.2
Cash flow from investing activities			
Acquisition of subsidiary, net of cash acquired	5	(20.9)	–
Acquisition of property, plant and equipment		(9.0)	(5.7)
Receipts from disposal of property, plant and equipment		–	0.1
Net cash (outflow) from investing activities		(29.9)	(5.6)
Cash flow from financing activities			
Interest paid		(0.5)	(0.7)
Proceeds from the issue of share capital		–	10.0
New loans raised/(repayment of borrowings)		35.0	(17.6)
Capital element of finance lease rental payments		0.4	(0.3)
Dividends paid	13	(6.7)	(1.9)
Net cash inflow/(outflow) from financing activities		28.2	(10.5)
Discontinued operations			
Net cash flow from operating activities		–	(0.1)
Net cash (outflow) from discontinued operations		–	(0.1)
Net increase in cash and cash equivalents		19.8	2.0
Cash and cash equivalents at the beginning of year		2.3	0.3
Cash and cash equivalents at end of year	19	22.1	2.3
Secured bank loans	21	(34.7)	–
Finance lease liabilities	21	(1.8)	(1.2)
Net (debt)/cash		(14.4)	1.1

Notes to the Accounts

for the year ended 31 December 2015

1. Accounting policies

1.1 Basis of preparation

Epwin Group Plc (the "Company") is a company incorporated and domiciled in the United Kingdom.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The financial statements of the parent company have been prepared in accordance with Financial Reporting Standard 101: *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied and presented from page 79.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

Judgements made by the Directors in the application of these accounting policies, that have a significant effect on the financial statements and estimates with a significant risk of material adjustment both in the current year and subsequent year, are discussed in note 2.

The financial statements are prepared on the historical cost basis except where Adopted IFRSs require an alternative treatment.

1.2 Going concern

The Group financial statements are prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group has considered its financial resources, together with a strong ongoing trading performance. The bank facilities are available until December 2019. The Group has prepared a detailed business plan, including cash projections, for the period to 31 December 2018 and has applied sensitivities to these plans. These plans, and sensitised forecasts, demonstrate that the Group's current facilities provide adequate headroom for its current and future anticipated cash requirements.

1.3 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

1.4 Foreign currencies

Transactions in foreign currencies are translated to the respective functional currency of the Group at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the consolidated income statement.

1.5 Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- a. they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- b. where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy.

1.6 Financial instruments

Financial assets

The Group's financial assets include cash and cash equivalents and trade and other receivables. All financial assets are recognised when the Group becomes party to the contractual provisions of the instrument.

i) Trade receivables

Trade receivables are recognised and carried at original invoice amount less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, and is recognised in the consolidated income statement in administrative expenses.

ii) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held at call with banks. For the purpose of the consolidated cash flow statement, cash and cash equivalents includes bank overdrafts in addition to the definition above.

Notes to the Accounts continued

for the year ended 31 December 2015

1. Accounting policies continued

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's financial liabilities comprise trade and other payables, contingent consideration and borrowings.

i) Bank borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received net of issue costs associated with the borrowing. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit and loss over the period of the borrowings using the effective interest method.

Financial expenses comprise interest expense on borrowings.

ii) Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

iii) Contingent consideration

Contingent consideration is measured at fair value.

1.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases, the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Fixtures, fittings and equipment	3–15 years
Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.8 Business combinations

Business combinations are accounted for using the acquisition method at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the fair value of any contingent consideration; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs relating to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration, outside of the measurement period, are recognised in the consolidated income statement.

1.9 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the consolidated income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Brand	10 years
Customer relationships	3 years

1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes to the Accounts continued

for the year ended 31 December 2015

1. Accounting policies continued

1.11 Impairment excluding inventories and deferred tax assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the units on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.12 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement in the periods during which services are rendered by employees.

Share-based payments

The Group grants share options to certain employees, which may, if certain performance criteria are met, allow these employees to acquire shares in the Company. The specific schemes are detailed in note 9 to the accounts.

The share options are measured at fair value at the date of grant and recognised as an employee expense, with a corresponding increase in equity, on a straight-line basis over the vesting period. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices not achieving the threshold for vesting.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.13 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation, as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting, where material, the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.14 Revenue recognition

Revenue comprises the fair value of goods sold to external customers, net of value added tax, discounts, rebates and other sales taxes or duty. Revenue is recognised on the sale of goods when the significant risks and rewards of ownership of the goods have passed to the customer and the amount of revenue can be measured reliably, usually on the dispatch of goods.

1.15 Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.16 Operating lease payments

Payments made under operating leases are recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the consolidated income statement as an integral part of the total lease expense.

Notes to the Accounts continued

for the year ended 31 December 2015

1. Accounting policies continued

1.17 Financial income and expense

Financial expenses comprise interest payable and the unwinding of the discount on provisions. Financial income comprises interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

1.18 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the temporary difference can be utilised.

1.19 Non-current assets held for sale and discontinued operations

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell, with any adjustments taken to the consolidated income statement. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative consolidated income statement is restated as if the operation has been discontinued from the start of the comparative period.

1.20 Underlying operating profit

Underlying operating profit is a key measure used by management to monitor the underlying performance of the business and is defined as operating profit before amortisation of acquired intangible fixed assets, acquisition expenses, business reorganisation costs and share-based payments.

1.21 Adopted IFRS not yet applied

At the date of approval of these financial statements the following standards/improvements have been published and endorsed by the EU, but have not yet been applied by the Group in these financial statements:

- IFRS 5 Non-current assets held for sale and discontinued operations – Changes in method for disposal
- IAS 16 and IAS 38 – Clarification of acceptable methods of depreciation and amortisation

The adoption of these standards would not have a material impact on these financial statements.

2. Critical judgements and estimations in applying the Group's accounting policies

The preparation of the consolidated financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods impacted.

The key judgements and estimates employed in the financial statements are considered below.

Impairment of goodwill and other intangible fixed assets

On an annual basis, the Group is required to perform an impairment review to assess whether the carrying value of goodwill and other intangible fixed assets is less than its recoverable amount. Recoverable amount is based on a calculation of expected future cash flows, which include estimates of future performance. Details of assumptions used in the impairment review of goodwill and other intangible fixed assets are detailed in note 14.

Allowances against the carrying amount of inventories

The Group provides against the carrying amount of inventories based on expected demand for its products to ensure that inventory is stated at the lower of cost and net realisable value.

Provisions

Provisions are made using the Directors' best estimates of future cash flows based on the current level of information available to them. Actual cash flows will be dependent on future events. For details of assumptions see note 22.

Deferred taxation

The Group recognises deferred tax assets and liabilities based upon future taxable income and the expected recoverability of the balance. The estimate will include assumptions regarding future income streams of the Group and the future movement in corporation tax rates in the respective jurisdictions.

Notes to the Accounts continued

for the year ended 31 December 2015

2. Critical judgements and estimations in applying the Group's accounting policies continued

Contingent consideration

A liability for contingent consideration is recognised at fair value at the acquisition date. During the year contingent consideration of £5.7 million was recognised in relation to the acquisition of Vannplastic Limited and Stormking Plastics Limited. The fair value of contingent consideration is based on the directors' best estimates of the future performance and cash flows of the businesses. See note 5.

3. Segmental reporting

Segmental information is presented in respect of the Group's reportable operating segments in line with IFRS 8: 'Operating Segments', which requires segmental information to be disclosed on the same basis as it is viewed internally by the Chief Operating Decision Maker.

Reportable segments	Operations
Extrusion and Moulding	Extrusion and marketing of PVC-U window profile systems, PVC-UE cellular roofline and cladding, rigid rainwater and drainage products and Wood Plastic Composite ("WPC") decking products. Moulding of Glass Reinforced Plastic ("GRP") building components.
Fabrication and Distribution	Fabrication and marketing of windows and doors, distribution of cellular roofline, cladding, rainwater and drainage products, and manufacture of glass sealed units.

	Year ended 31 December 2015 £m	Year ended 31 December 2014 £m
Revenue from external customers		
Extrusion and Moulding – total revenue	171.5	170.2
Inter-segment revenue	(24.9)	(27.3)
Extrusion and Moulding – external revenue	146.6	142.9
Fabrication and Distribution – total revenue	109.6	116.7
Inter-segment revenue	(0.2)	(0.1)
Fabrication and Distribution – external revenue	109.4	116.6
Total revenue from external customers	256.0	259.5
Segmental operating profit		
Extrusion and Moulding	17.7	16.6
Fabrication and Distribution	4.2	4.5
Segmental operating profit before corporate and other costs	21.9	21.1
Corporate and other costs	(1.8)	(2.8)
Underlying operating profit	20.1	18.3
Amortisation of acquired intangible fixed assets	–	(1.7)
Acquisition expenses	(0.6)	–
Business reorganisation	–	3.5
Share-based payments	(0.4)	(0.8)
Group operating profit	19.1	19.3
Net finance costs	(0.5)	(0.7)
Profit before tax	18.6	18.6

Balance sheet 2015

	Extrusion and Moulding £m	Fabrication and Distribution £m	Total £m
Total assets	115.3	37.1	152.4
Total liabilities	(38.7)	(13.9)	(52.6)
Segment assets	76.6	23.2	99.8
Group and other balances			(19.7)
Net assets			80.1

Balance sheet 2014

	Extrusion and Moulding £m	Fabrication and Distribution £m	Total £m
Total assets	73.1	37.6	110.7
Total liabilities	(34.2)	(15.7)	(49.9)
Segment assets	38.9	21.9	60.8
Group and other balances			2.0
Net assets			62.8

Other material items 2015

	Extrusion and Moulding £m	Fabrication and Distribution £m	Group and other costs £m	Total £m
Capital expenditure	6.6	2.4	–	9.0
Depreciation	4.6	0.9	–	5.5

Other material items 2014

	Extrusion and Moulding £m	Fabrication and Distribution £m	Group and other costs £m	Total £m
Capital expenditure	3.9	2.2	–	6.1
Depreciation	4.2	0.8	–	5.0

Notes to the Accounts continued

for the year ended 31 December 2015

3. Segmental reporting continued

Geographical information

	2015 £m	2014 £m
Revenue from external customers		
UK	243.8	247.0
Europe	10.8	11.4
Rest of World	1.4	1.1
	256.0	259.5

There are no customers which individually account for more than 10% of the Group's revenues.

4. Operating profit from continuing operations

Operating profit from continuing operations is stated after charging:

	2015 £m	2014 £m
Amortisation of acquired intangible assets	–	1.7
Depreciation of property, plant and equipment	5.5	5.0
Operating lease rentals	9.0	8.9

The analysis of auditors' remuneration is as follows:

	2015 £000	2014 £000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	45	45
The audit of the Company's subsidiaries pursuant to legislation	125	125
Total audit fees	170	170
Non-audit fees:		
Taxation advisory services	5	29
Acquisition due diligence	68	–
All other services	18	–
Non-audit fees	91	29
	261	199

Professional fees of £nil (2014: £1.1 million) were paid to KPMG LLP, by the ultimate shareholders, for services in relation to the IPO.

5. Acquisition of subsidiaries

Acquisitions in the year ended 31 December 2015

The following table summarises the consideration paid for Stormking Plastics Limited and Vannplastic Limited and the provisional fair values of the assets and liabilities acquired at the acquisition date.

	Stormking Plastics Limited Provisional fair values on acquisition £m	Vannplastic Limited Provisional fair values on acquisition £m
Recognised amounts of identifiable assets acquired and liabilities assumed:		
Acquired intangibles – customer relationships and brands	3.1	0.3
Property, plant and equipment	2.3	1.1
Inventories	1.0	0.3
Trade and other receivables	3.9	0.6
Cash and cash equivalent	2.6	0.4
Trade and other payables	(5.5)	(1.2)
Deferred tax liability	(0.6)	(0.2)
Fair value of assets acquired	6.8	1.3
Goodwill	24.4	5.4
Total consideration	31.2	6.7
Consideration		
Cash consideration	20.3	3.6
Equity consideration – ordinary shares	6.7	1.6
Initial consideration	27.0	5.2
Contingent consideration	4.2	1.5
Total consideration	31.2	6.7

On 31 December 2015 the Group completed the acquisition of the entire share capital of Stormking Plastics Limited (“Stormking”) for initial consideration of £27.0 million, representing 75% cash and 25% equity. Total consideration is subject to an earn-out based on the EBITDA of Stormking in the year to 28 February 2017, capped at £8.0 million, to be settled in the same ratio of cash and equity as the initial consideration.

Stormking is a leading supplier of moulded Glass Reinforced Plastic (“GRP”) building components to the home building and construction industry in the UK. Stormking will form part of the Extrusion and Moulding segment. As the acquisition completed on 31 December 2015, Stormking contributed no revenue or profit before tax to the Group’s consolidated result. Had Stormking been consolidated from 1 January 2015 the consolidated income statement would include £26.0 million of revenue and £4.2 million of profit before tax.

On acquisition, intangible fixed assets representing brands, £0.6 million, and customer relationships, £2.5 million, were recognised. In addition, a fair value adjustment of £1.8 million was made to fixed assets in respect of assets not previously recognised in the balance sheet.

Notes to the Accounts continued

for the year ended 31 December 2015

5. Acquisition of subsidiaries continued

The goodwill of £24.4 million recognised on the acquisition of Stormking represents the collective know-how, technical skills and market knowledge of the workforce, plus the potential for cross-selling and synergies that exist as a result of the larger scale of the Epwin Group.

On 30 October 2015 the Group acquired the entire share capital of Vannplastic Limited, trading as Ecodek ("Ecodek"), for initial consideration of £5.2 million representing 70% cash and 30% equity. Total consideration is subject to an earn-out based on the EBITDA of Ecodek in the year to 31 December 2016, capped at £3.3 million and to be settled in the same ratio of cash to equity as the initial consideration.

Ecodek is a leading manufacturer and supplier of Wood Plastic Composite ("WPC") predominantly for balconies and outdoor decking. Ecodek will form part of the Extrusion and Moulding segment.

In the period from acquisition to 31 December 2015 Ecodek contributed £0.7 million of revenue and £0.1 million profit before tax. Had Ecodek been consolidated from 1 January 2015 the consolidated income statement would include £5.2 million revenue and £0.9 million profit before tax.

On acquisition, intangible fixed assets representing brands, £0.1m, and customer relationships, £0.2 million, were recognised as fair value adjustments.

Acquisition costs of £0.6m are included in administrative expenses and are considered to be non-recurring (see note 7).

6. Discontinued operations

As part of the Group's overall rationalisation projects, following the merger in 2012, a number of non-core operations were discontinued during 2014.

On 2 January 2014 the Group disposed of the trade and assets of Europlas, a non-core retail business. No material gain or loss arose on disposal. This disposal continued the strategy of rationalisation and focussing on the Group's core activities of window profile and cellular roofline extrusion, window and door fabrication and glass sealed unit manufacture.

On 29 August 2014 the Group disposed of the trade and assets of a bespoke glass distributor based in Portsmouth. A loss of £0.2 million arose on disposal.

	2015 £m	2014 £m
Revenue	–	2.4
Cost of sales	–	(2.0)
Operating expenses	–	(0.7)
Loss before tax	–	(0.3)
Taxation	–	–
Loss after tax from discontinued operations	–	(0.3)

7. Non-underlying items

	2015 £m	2014 £m
Amortisation of acquired intangible assets	–	1.7
Acquisition expenses	0.6	–
Business reorganisation	–	(3.5)
Share-based payments	0.4	0.8
Expense/(income)	1.0	(1.0)

Non-underlying items included within operating profit include:

Amortisation of acquired intangible fixed assets

£Nil million (2014: £1.7 million) amortisation of brand and customer contract intangible fixed assets created on the merger in 2012.

Acquisition costs

During 2015 the Group incurred professional fees and stamp duty of £0.6 million associated with the acquisition of Vannplastic Limited and Stormking Plastics Limited.

Business reorganisation gains and costs

Business re-organisation gains of £3.5 million in 2014 comprised redundancy costs associated with rationalisation and synergy projects offset by gains made on the favourable settlement of a number of legacy onerous leases.

Share-based payments

The share-based payment expense of £0.4 million comprises £0.3 million (2014: £0.1 million) in respect of the IFRS 2: *Share-based payments* charge for a Management Incentive Plan and £0.1 million (2014: £nil) in respect of an SAYE scheme launched on 1 July 2015.

8. Staff costs

	2015 Number	2014 Number
Average number of employees		
Production and distribution	1,696	1,718
Marketing and administration	519	550
	2,215	2,268
	2015 £m	2014 £m
Aggregate payroll costs		
Wages and salaries	54.0	54.1
Social security costs	4.8	4.8
Contributions to defined contribution plans	1.2	1.3
Share-based payments	0.4	0.1
	60.4	60.3

Notes to the Accounts continued

for the year ended 31 December 2015

8. Staff costs continued

Key management personnel have been identified as the Corporate and Operations Boards. Remuneration of key management personnel is as follows:

	2015 £m	2014 £m
Key management personnel costs		
Short-term employee benefits	1.7	1.1
Post-employment benefits	0.1	0.1
Share-based payment charges	0.2	0.1
	2.0	1.3

The remuneration of individual Non-Executive and Executive Directors is detailed in the Remuneration Report on pages 33 to 36.

9. Share based payments

The Group operates a Management Incentive Plan for Executive Directors and certain senior management. The terms of the Management Incentive Plan are disclosed in the Directors' Remuneration Report.

Awards issued under the equity based Management Incentive Plan vest three years from the date of the grant based on certain market and non-market performance criteria being met. Options are settled in equity; the number of shares is calculated based on the increase in market capitalisation above a specified target.

The number of shares vesting under the Management Incentive Plan is determined as follows:

- Following the end of the performance period, the Remuneration Committee will determine whether the applicable performance targets have been satisfied and calculate the increase in market capitalisation over the target set at grant;
- Each award holder will be entitled to shares, with a value equal to a specified percentage of the increase in market capitalisation over the target, provided that the performance targets have been met – that increase for each award holder is divided by the market value of a share at the end of the performance period to determine the number of shares to be awarded.

As the number of shares to be awarded is variable, dependent upon the increase in shareholder value generated, it is not possible to quantify the number of options awarded.

The fair values for the above options were calculated using the inputs and pricing models outlined in the table below:

	Management Incentive Plan
Date of grant	24 July 2014
Earliest year in which options are exercisable	2017
Option pricing model used	Monte Carlo
Aggregate fair value of options granted at date of grant	£1.0 million
Expected volatility	35.0%
Risk free interest rate	1.98%
Exercise price (per share)	–
Expected dividend yield	6.0%
Expected term (years)	5 years
Expected departures	–
Settlement	Equity

On 1 July 2015 the Group launched a Save As You Earn (“SAYE”) scheme for UK employees who were employed prior to 16 March 2015 that provides for an exercise price equal to 80% of the quoted market price on 17 April 2015. The options can be exercised during a six month period following the completion of a three year savings period.

	SAYE Scheme
Date of grant	1 July 2015
Earliest year in which options are exercisable	2018
Option pricing model used	Black–Scholes
Aggregate fair value of options granted at date of grant	£0.4 million
Expected volatility	35.0%
Risk free interest rate	1.96%
Exercise price (per share)	0.86
Expected dividend yield	6.0%
Expected term (years)	3 years
Expected departures	–
Settlement	Equity

In July 2014 the Group also issued warrants to Zeus Capital for services related to the IPO. The warrant is for 3% of the share capital of the company at IPO. The warrant is exercisable any time between the first and tenth anniversary of admission to AIM. The fair value of the warrant has been determined by reference to the estimated value of services provided using a Black Scholes valuation model and was charged in full as an IPO expense in the year ended 31 December 2014.

Notes to the Accounts continued

for the year ended 31 December 2015

9. Share based payments continued

The total expense recognised in the income statement for each of the schemes was as follows:

	2015 £m	2014 £m
Management Incentive Plan	0.3	0.1
SAYE scheme	0.1	–
Share warrants issued as part of IPO	–	0.7
	0.4	0.8

10. Finance costs

	2015 £m	2014 £m
Financial liabilities at amortised cost	0.5	0.7
Total finance costs	0.5	0.7

11. Tax

	2015 £m	2014 £m
Current tax expense		
Current period	3.0	3.4
Prior period	(1.0)	(0.2)
Total current tax charge	2.0	3.2
Deferred tax expense		
Current period	1.2	(0.4)
Prior period	0.1	0.7
Total deferred tax charge/(credit)	1.3	0.3
Total tax expense	3.3	3.5

UK corporation tax is calculated at 20.25% (2014: 21.5%) of the estimated assessable profit for the year.

The Group's total income tax charge is reconciled with the standard rates of UK corporation tax for the year of 20.25% (2014: 21.5%) as follows:

	2015 £m	2014 £m
Profit before tax	18.6	18.6
Tax at standard UK corporation tax rate of 20.25% (2014: 21.5%)	3.8	4.0
Factors affecting the charge for the period:		
Expenses not deductible	0.3	0.4
Non-taxable income	–	(0.8)
Losses utilised for which no deferred tax previously recognised	(0.2)	(0.6)
Difference in tax rate	0.3	–
Prior period	(0.9)	0.5
	3.3	3.5

Factors that may affect future current and total tax charges

The main rate of corporation tax was lowered from 21% to 20% with effect from 1 April 2015. Further reductions to 19% from 1 April 2017 and to 18% from 1 April 2020 were enacted during 2015. In the March 2016 Budget, it was announced that the reduction from 1 April 2020 will be to 17% (instead of 18%) and it is anticipated that this will be enacted during 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax assets at 31 December 2015 have been calculated based on the rate of 19% substantively enacted at the balance sheet date (31 December 2014: 20%).

12. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares has been adjusted for the issues and cancellations of shares during the period.

Diluted earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, plus the dilutive potential ordinary shares arising from share options in issue at the end of the period.

EPS summary	2015 Pence	2014 Pence
Basic earnings per share	11.32	11.56
Basic earnings per share – continuing operations	11.32	11.76
Basic earnings per share – discontinued operations	–	(0.20)
Diluted earnings per share	11.23	11.55
Diluted earnings per share – continuing operations	11.23	11.75
Diluted earnings per share – discontinued operations	–	(0.20)

Notes to the Accounts continued

for the year ended 31 December 2015

12. Earnings per share (EPS) continued

Number of shares	2015 No.	2014 No.
Weighted average number of ordinary shares (basic)	135,198,199	128,046,892
Effect of share options in issue	1,061,378	68,283
Weighted average number of ordinary shares (diluted)	136,259,577	128,115,175

13. Dividends

	2015 £m	2015 Pence per share	2014 £m	2014 Pence per share
Previous year final dividend	3.8	2.83	–	–
Current year interim dividend	2.9	2.12	1.9	1.41
	6.7		1.9	

14. Goodwill

	Goodwill £m
Cost	
At 31 December 2014 and 31 December 2013	24.5
Acquisitions through business combinations	29.8
At 31 December 2015	54.3
Accumulated impairment losses	
At 31 December 2013, 2014 and 2015	–
Net book value at 31 December 2015	54.3
Net book value at 31 December 2014	24.5
Net book value at 31 December 2013	24.5

Impairment testing

Goodwill of £54.3 million arising on the acquisition of subsidiaries is allocated to the Group's three cash generating units. This represents the lowest level within the Group at which goodwill is monitored for internal management purposes. At 31 December 2015, £41.5 million of goodwill was allocated to Building Components, £8.7 million to Building Products and £4.1 million to Window Systems.

Goodwill is not amortised, but tested annually for impairment on the basis of value in use calculations using discounted cash flows. As the value in use exceeded the carrying value for each of the cash generating units, no impairment loss was recognised in any of the periods.

In assessing the value in use, the 2015 budget and three year business plan were used to provide cash flow projections to the period ended 31 December 2018. For periods after 31 December 2018 an annual growth rate of 2.00% is used to determine projected cash flows through to 2035 and a terminal value.

The cash flow projections are subject to key assumptions in respect of discount rates and achievement of future revenue and EBITDA growth. The Directors have reviewed and approved the assumptions inherent in the model as part of the annual budget process using historic experience and considering economic and business risks facing the Group.

In assessing the Group's value in use a pre-tax discount rate of 11.63% (2014: 12.77%) has been applied to the operating cash flows of the Group's cash generating units.

The calculated value in use exceeded the carrying value of goodwill and neither a 10.00% increase in the discount rate or 10.00% decrease in the operating cash flows would result in an impairment.

15. Other intangible assets

	Customer relationships £m	Brands £m	Total £m
Cost			
At 31 December 2013 and 2014	5.0	0.3	5.3
On acquisition (see note 5)	2.7	0.7	3.4
At 31 December 2015	7.7	1.0	8.7
Accumulated amortisation			
At 31 December 2013	3.3	0.1	3.4
Charge for the year	1.7	–	1.7
At 31 December 2014	5.0	0.1	5.1
Charge for the year	–	–	–
At 31 December 2015	5.0	0.1	5.1
Net book value at 31 December 2015	2.7	0.9	3.6
Net book value at 31 December 2014	–	0.2	0.2
Net book value at 31 December 2013	1.7	0.2	1.9

Amortisation

Amortisation is recognised in administrative expenses in the consolidated income statement:

	2015 £m	2014 £m
Customer relationships	–	1.7
Brands	–	–
Amortisation	–	1.7

Notes to the Accounts continued

for the year ended 31 December 2015

16. Property, plant and equipment

	Fixtures, fittings and equipment	Motor vehicles £m	Total £m
Cost			
At 31 December 2013	35.1	0.4	35.5
Additions	6.1	–	6.1
At 31 December 2014	41.2	0.4	41.6
On acquisition	3.4	–	3.4
Additions	9.0	–	9.0
At 31 December 2015	53.6	0.4	54.0
Accumulated depreciation			
At 31 December 2013	10.3	0.1	10.4
Charge for the year	4.8	0.2	5.0
At 31 December 2014	15.1	0.3	15.4
Charge for the year	5.4	0.1	5.5
At 31 December 2015	20.5	0.4	20.9
Net book value at 31 December 2015	33.1	–	33.1
Net book value at 31 December 2014	26.1	0.1	26.2
Net book value at 31 December 2013	24.8	0.3	25.1

At 31 December 2015 the net book value of property, plant and equipment held under finance leases was £2.9 million (2014: £1.9 million). The depreciation charge in respect of these assets was £0.3 million (2014: £0.2 million). The lease obligations are secured on the leased assets.

17. Inventories

	2015 £m	2014 £m
Raw materials	10.5	9.4
Work in progress	1.6	1.2
Finished goods	11.5	11.8
	23.6	22.4

All inventories are expected to be sold within 12 months.

Inventory purchased in the period recognised as an expense was £116.4 million (2014: £120.6 million). During the year £0.8 million (2014: £0.6 million) was recognised as an expense in cost of sales in respect of the write down of inventory to net realisable value.

18. Trade and other receivables

	2015 £m	2014 £m
Trade receivables	36.4	34.9
Less: provision for doubtful trade receivables	(1.2)	(0.9)
Trade receivables net of provision	35.2	34.0
Prepayments and accrued income	3.6	2.7
Other receivables	2.7	0.9
Trade and other receivables	41.5	37.6

19. Cash and cash equivalents

	2015 £m	2014 £m
Cash at bank and in hand	22.1	2.3

20. Trade and other payables

	2015 £m	2014 £m
Current		
Trade payables	32.3	32.4
Other taxation and social security	5.6	4.5
Other payables	3.1	1.9
Accruals and deferred income	9.0	6.8
Trade and other payables	50.0	45.6
Non-current		
Contingent consideration	5.5	–

Notes to the Accounts continued

for the year ended 31 December 2015

21. Other interest bearing loans and borrowings

Non-current	2015 £m	2014 £m
Secured bank loans	19.8	–
Finance lease liabilities	1.1	0.8
	20.9	0.8
Current	2015 £m	2014 £m
Secured bank loans	14.9	–
Finance lease liabilities	0.7	0.4
	15.6	0.4

The facilities available to the Group at 31 December 2015 were a £20.0 million term loan, £35.0 million revolving credit facility and £5.0 million overdraft secured on the assets of the Group. The term of the loan and revolving credit facility is for four years ending December 2019.

Facility arrangement costs of £0.3 million (2014: £0.1 million) are set-off against the amount owing at year end.

The term loan and revolving credit facility carry an interest rate of 2.25% above LIBOR. The margin above LIBOR is dependent on the level of borrowings relative to EBITDA.

		2015		2014	
	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Term loan	2019	20.0	20.0	–	–
Revolving credit facility	2019	15.0	15.0	–	–
		35.0	35.0	–	–

The Group had the following undrawn committed borrowing facilities available at each balance sheet date in respect of which all conditions precedent have been met:

	2015 £m	2014 £m
Expiring between two and five years	25.0	30.0
Expiring after five years	–	–
	25.0	30.0

Finance lease liabilities are payable as follows:

	2015 £m	2014 £m
Within one year	0.7	0.4
In the second to fifth years	1.1	0.8
	1.8	1.2

22. Provisions

	Leasehold dilapidations £m	Warranties £m	Onerous lease provisions £m	Total £m
At 1 January 2015	2.5	2.0	–	4.5
On acquisition	0.2	–	–	0.2
Created during the year	0.1	0.5	–	0.6
Utilised during the year	(0.4)	(0.7)	–	(1.1)
At 31 December 2015	2.4	1.8	–	4.2

	Leasehold dilapidations £m	Warranties £m	Onerous lease provisions £m	Total £m
Non-current	2.2	1.4	–	3.6
Current	0.2	0.4	–	0.6
At 31 December 2015	2.4	1.8	–	4.2

	Leasehold dilapidations £m	Warranties £m	Onerous lease provisions £m	Total £m
At 1 January 2014	2.6	2.0	5.5	10.1
Created during the year	–	0.5	–	0.5
Utilised during the year	(0.1)	(0.5)	(0.7)	(1.3)
Released to profit and loss (non-underlying items)	–	–	(4.8)	(4.8)
At 31 December 2014	2.5	2.0	–	4.5

	Leasehold dilapidations £m	Warranties £m	Onerous lease provisions £m	Total £m
Non-current	2.0	1.5	–	3.5
Current	0.5	0.5	–	1.0
At 31 December 2014	2.5	2.0	–	4.5

Notes to the Accounts continued

for the year ended 31 December 2015

22. Provisions continued

Leasehold dilapidations

Epwin Group leases a number of properties. Under the terms of these leases Epwin Group companies, as tenants, are required to return the property to its original condition prior to the termination of the lease. Epwin Group provides for the estimated costs as a contractual obligation exists.

Warranties

Epwin Group companies offer warranties of up to 25 years on certain products. As such, a provision is estimated to cover the cost of any future replacement and reinstallation on these products based on the Directors' best estimate of the average warranty period, failure rate and remediation costs.

Onerous lease provisions

The Group leases a number of properties which due to restructuring and reorganisations are now vacant. Where the likelihood of subletting the properties is considered remote, the Group books a provision for the remaining, committed rental costs under the terms of the lease. During 2014 the Group settled a number of legacy, onerous property leases.

23. Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	2015		2014	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Property, plant and equipment	–	(1.7)	–	(1.6)
Intangible assets	–	(0.7)	–	(0.1)
Trade and other payables	0.1	–	0.2	–
Provisions	0.2	–	0.2	–
Other timing differences	–	(0.2)	–	–
Tax value of loss carry-forwards	3.0	–	4.2	–
Deferred tax assets/(liabilities)	3.3	(2.6)	4.6	(1.7)
Net of deferred tax (liabilities)/assets	(2.6)		(1.7)	
Net deferred tax asset	0.7		2.9	

Movement in deferred tax during the periods:

	At 1 January 2015 £m	Recognised in comprehensive income £m	On acquisition £m	At 31 December 2015 £m
Property, plant and equipment	(1.6)	0.1	(0.2)	(1.7)
Intangible assets	(0.1)	0.1	(0.7)	(0.7)
Trade and other payables	0.2	(0.1)	–	0.1
Provisions	0.2	–	–	0.2
Other timing differences	–	(0.2)	–	(0.2)
Tax value of loss carry-forwards	4.2	(1.2)	–	3.0
	2.9	(1.3)	(0.9)	0.7

	At 1 January 2014 £m	Recognised in comprehensive income £m	At 31 December 2014 £m
Property, plant and equipment	(1.0)	(0.6)	(1.6)
Intangible assets	(0.4)	0.3	(0.1)
Trade and other payables	0.3	(0.1)	0.2
Provisions	0.1	0.1	0.2
Tax value of loss carry-forwards	4.2	–	4.2
	3.2	(0.3)	2.9

Deferred tax assets have not been recognised in respect of the following items:

	2015 £m	2014 £m
Tax losses	14.4	17.7

As at 31 December 2015, of the potential net deferred tax asset of £3.4 million, the Group has recognised a net deferred tax asset of £0.7 million. This is because the Group has £29.9 million of tax losses that are potentially restricted in their use. On reviewing business forecasts, the Directors have concluded that it is only probable that future taxable profit will be available to utilise £15.5 million of these losses.

Notes to the Accounts continued

for the year ended 31 December 2015

24. Share capital and reserves

	2015		2014	
	Number of shares	£	Number of shares	£
Allotted and called up:				
Ordinary shares of 0.05p each	141,515,621	70,758	135,000,000	67,500
Deferred shares of 1p each	–	–	1,800,000	18,000
		70,758		85,500

2015

On 1 June 2015 the Company repurchased the 1,800,000 deferred shares of 1 pence each for aggregate consideration of £1, the shares were subsequently cancelled.

On 30 October 2015 1,166,817 ordinary shares of 0.05 pence each were issued as consideration in relation to the acquisition of Vannplastic Limited, see note 5.

On 31 December 2015 5,348,804 ordinary shares of 0.05 pence each were issued as consideration in relation to the acquisition of Stormking Plastics Limited, see note 5.

2014

On 24 July 2014 the Company was admitted to AIM. In preparation for the flotation the following transactions with shareholders occurred:

On 4 July 2014 the Company capitalised £2.5 million loan notes in exchange for 76,378 ordinary A shares of 1 pence each and 2,998 ordinary A1 shares of 1 pence each, giving rise to a share premium of £2.5 million.

On 4 July 2014 1,800,000 deferred shares of 1 pence each were issued from the Company's share premium account. These deferred shares confer no entitlement to receive notice, attend or vote at any general meeting of the Company. The shares could be redeemed at any time by the Company for aggregate proceeds of £1.

On 8 July 2014 the Company made a bonus issue of 300 shares of each existing class of ordinary share for each existing ordinary share of each class. The total number of shares allotted was 1,128,691,800 resulting in the capitalisation of the sum of £11.3 million standing to the credit on the Company's merger reserve.

On 9 July 2014 the Company reduced its share capital by £11.3 million by way of cancellation of the shares issued by way of the bonus issue on 8 July 2014.

On 24 July 2014 the Company made the following bonus issues of shares:

- 0.46160647968 new ordinary A shares for every issued ordinary A share;
- 0.54736789230 new ordinary A1 shares for every issued ordinary A1 share;
- 0.58324751678 new ordinary B shares for every issued ordinary B share;
- 0.70686096605 new ordinary B1 shares for every issued ordinary B1 share;
- 444 new ordinary C1 shares for every issued ordinary C1 share;
- 444 new ordinary C2 shares for every issued ordinary C2 share; and
- 444 new ordinary C3 shares for every issued ordinary C3 share.

Following the bonus issue of shares every issued A ordinary share, A1 ordinary share, B ordinary share, B1 ordinary share, C1 ordinary share, C2 ordinary share and C3 ordinary share was sub-divided and reclassified as 20 ordinary shares of 0.05 pence each.

On 24 July 2014 the Company placed 10 million ordinary shares of 0.05 pence each for proceeds of £10.0 million as part of its admission to AIM.

Share premium

The share premium arose on the issue of the Company's shares at a premium to the nominal value of the shares, less any expenses of issue incurred in issuing equity.

Merger reserve

The merger reserve arose on the share for share exchange on the acquisition of subsidiaries.

Outstanding options

Outstanding options have been granted to the Directors and employees of the Group under a Management Incentive Plan and SAYE scheme. Further details are included within note 9.

Share warrants for 3% of the fully diluted share capital of the Company were issued to Zeus Capital for services related to the IPO. The warrant is exercisable any time between the first and tenth anniversary of admission to AIM.

25. Financial instruments and related disclosures

Financial risk management

The Directors have overall responsibility for the oversight of the Group's risk management framework. A formal process for reviewing and managing risk in the business has been developed. A register of strategic and operational risk is maintained and reviewed by the Directors, who also monitor the status of agreed actions to mitigate key risks.

Notes to the Accounts continued

for the year ended 31 December 2015

25. Financial instruments and related disclosures continued

Credit risk

Credit risk is the risk of financial loss to the Group if counterparties to a financial instrument fail to meet contractual obligations, and arises principally from the Group's receivables from customers.

As the principal business of the Group is credit sales, the Group's trade receivables are large and therefore contain exposure to credit risk. The carrying amount of trade receivables recorded in the financial statements represents the Group's principal exposure to credit risk other than cash and cash equivalents held with financial institutions.

The concentration of credit risk for trade receivables at the balance sheet date by geographic region was:

	2015 £m	2014 £m
UK	35.1	33.4
Europe	1.0	1.5
Rest of world	0.3	–
	36.4	34.9

Credit quality of financial assets and impairment losses

The ageing of trade receivables at the balance sheet date was:

	2015		2014	
	Gross £m	Impairment £m	Gross £m	Impairment £m
Not past due	22.2	0.1	22.9	0.2
Past due 0–30 days	10.2	0.1	7.3	0.1
Past due 31–120 days	2.4	0.2	2.9	0.1
More than 120 days	1.6	0.8	1.8	0.5
	36.4	1.2	34.9	0.9

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2015 £m	2014 £m
Balance at 1 January	0.9	1.1
Impairment loss recognised	1.0	0.8
Impairment loss utilised	(0.7)	(1.0)
Balance at 31 December	1.2	0.9

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group ensures that it has sufficient cash or loan facilities to meet all its commitments when they fall due by ensuring that there are sufficient cash or working capital facilities to meet the liquidity requirements of the Group.

The risk is measured by review of forecast cash flow each month to determine whether there are sufficient credit facilities to meet forecast requirements and by monitoring covenants on a regular basis to ensure there are no expected significant breaches. Cash flow forecasts are submitted monthly to the Directors. These continue to demonstrate the strong cash generating ability of the business and its ability to operate within existing agreed banking facilities. There have been no breaches of covenants during the reported periods.

The Group has a £5.0 million overdraft, £35.0 million revolving credit facility and £20.0 million term loan to support short and medium term liquidity.

Contractual cash flows

The contractual maturity of other interest-bearing loans and borrowings and other payables agreements is shown below:

	2015 £m	2014 £m
Due in less than one year	15.7	0.4
Expiring between one and two years	5.6	0.4
Expiring between two and five years	15.5	0.4
Expiring after five years	–	–
Contractual cash flows	36.8	1.2
Borrowing costs	(0.3)	–
Carrying amount	36.5	1.2

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income. The Group's exposure to market risk predominantly relates to currency risk.

Notes to the Accounts continued

for the year ended 31 December 2015

25. Financial instruments and related disclosures continued

Foreign currency risk

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	2015			2014		
	Euro £m	US dollar £m	GBP £m	Euro £m	US dollar £m	GBP £m
Trade and other receivables	0.8	0.2	40.5	1.5	–	36.1
Cash and cash equivalents	0.1	0.3	21.7	0.5	–	1.8
Interest bearing loans and borrowings	–	–	(36.5)	–	–	(1.2)
Tax payable	–	–	(2.6)	–	–	(2.0)
Trade and other payables	(0.2)	–	(49.8)	(0.3)	–	(45.3)
	0.7	0.5	(26.7)	1.7	–	(10.6)

Interest rate risk

The Group's bank borrowings incur variable interest rate charges linked to LIBOR plus a margin. The Group's policy aims to manage the interest cost of the Group within the constraints of its financial covenants and forecasts.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to optimise returns to its shareholders. The Group views its capital as share capital, term loans, revolving credit facility, overdraft and operating cash flow. The Board's policy is to retain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future growth. The Directors regularly monitor the level of capital in the Group to ensure that this can be achieved.

Fair value disclosures

The fair value of financial assets and liabilities are as follows:

	2015 £m	2014 £m
Cash and cash equivalents	22.1	2.3
Trade and other receivables	41.5	37.6
Total financial assets	63.6	39.9
	2015 £m	2014 £m
Trade and other payables	50.0	45.6
Borrowings at amortised cost	36.5	1.2
Contingent consideration	5.5	–
Total financial liabilities	92.0	46.8

The fair value of each class of financial assets and liabilities is the carrying amount, based on the following assumptions:

Trade receivables, trade payables and short-term borrowings	The fair value approximates to the carrying value because of the short maturity of these instruments.
Long-term borrowings	The fair value of bank loans and other loans approximates to the carrying value reported in the balance sheet.

Fair value hierarchy

Financial instruments carried at fair value should be measured with reference to the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The contingent consideration of £5.5 million created during the year on the acquisition of Stormking Plastics Limited and Vannplastic Limited is carried at fair value measured using a Level 3 valuation method.

Interest rate sensitivity analysis

The table below shows the Group's sensitivity to interest rates on floating rate borrowings (i.e. cash and cash equivalents and bank borrowings which attract interest at floating rates) if interest rates were to change by +/- 1%. The impact on the result in the consolidated income statement would be:

	2015 Impact on profit before tax £m	2014 Impact in profit before tax £m
+1 percentage point movement in interest rates	(0.1)	(0.2)
-1 percentage point movement in interest rates	0.1	0.2

Foreign exchange rate sensitivity analysis

The table below shows the Group's sensitivity to foreign exchange rates for its euro financial instruments, the major non-sterling currency in which the Group's receivables are denominated:

	2015 Increase/ (decrease) in equity £m	2014 Increase/ (decrease) in equity £m
+10 percentage points appreciation of the euro	0.1	0.4
-10 percentage points depreciation of the euro	(0.1)	(0.3)

A strengthening/weakening of sterling, as indicated, against the euro at each period end would have increased/ (decreased) the profit and loss by the amounts shown above. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

Notes to the Accounts continued

for the year ended 31 December 2015

26. Commitments

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings		Other	
	2015 £m	2014 £m	2015 £m	2014 £m
Less than one year	5.8	4.7	3.0	2.7
Between one and five years	19.8	15.5	4.9	5.1
More than five years	39.2	33.6	–	0.1
	64.8	53.8	7.9	7.9

27. Related party transactions

All transactions with Directors are included in the Directors' Remuneration Report on pages 33 to 36.

Company Balance Sheet

as at 31 December 2015

	Note	2015 £m	2014 £m
Non-current assets			
Investments in subsidiaries	3	66.2	27.9
		66.2	27.9
Current assets			
Trade and other receivables	4	18.0	20.8
Cash and cash equivalents		8.2	–
		26.2	20.8
Current liabilities			
Trade and other payables	5	(16.1)	(9.0)
Net current assets		10.1	11.8
Total assets less current liabilities		76.3	39.7
Non-current liabilities			
Trade and other payables	6	(25.3)	–
Net assets		51.0	39.7
Equity			
Ordinary share capital	7	0.1	0.1
Share premium	8	12.5	12.5
Merger reserve	8	24.0	15.7
Retained earnings	8	14.4	11.4
Equity shareholders' funds		51.0	39.7

The financial statements were approved by the Board of Directors and authorised for issue on 13 April 2016.

They were signed on its behalf by:

Jonathan Bednall
Chief Executive Officer

Christopher Empson
Group Finance Director

Company number:
07742256

Notes to the Company Accounts

for the year ended 31 December 2015

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

1. Basis of preparation

Epwin Group Plc (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101: *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account and related notes.

In these financial statements, the Company has adopted FRS 101 for the first time.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 9.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash flow statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management; and
- The effects of new but not yet effective IFRSs.

As the consolidated financial statements of Epwin Group Plc include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of the following disclosures:

- IFRS 2: Share-based payments in respect of Group settled share-based payments
- IFRS 7: Financial Instruments: Disclosures

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 January 2014 for the purposes of the transition to FRS 101.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

As highlighted in note 25 of the Group's financial statements, the Group meets its day-to-day working capital requirements through an overdraft, revolving credit facility and term loan which are due for renewal in December 2019.

Further information on the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Strategic Report on pages 10 to 21. Further information on the financial position of the Group, its cash flow, liquidity position and borrowing facilities is described in this review.

In addition, note 25 to the Group's financial statements includes the Group's objectives, policies and processes for managing its capital and its exposures to credit risk and liquidity risk.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

After making enquiries, the Board has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

1.3 Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment where in the opinion of the Directors there has been a diminution in the value of the investment.

1.4 Operating leases

Rentals payable under operating leases are recognised in the income statement on a straight-line basis over the periods of the leases.

1.5 Bank borrowings and financing costs

Interest-bearing bank loans and overdrafts are stated at the amount of the proceeds received, net of financing costs, where the intention is to hold the debt instrument to maturity. Financing costs are amortised over the expected term of the loan so as to produce a constant rate of return over the period to the date of expected redemption.

1.6 Share-based payments

The Company operates an equity-settled Management Incentive Plan, a Save As You Earn ("SAYE") scheme and issued share warrants in 2014 as part of the IPO.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements, with the corresponding credit being recognised directly in equity.

The fair value of the share options, SAYE and warrants is measured at grant date using an option pricing model, taking into account the terms and conditions upon which the options were granted.

Notes to the Company Accounts continued

1. Basis of preparation continued

1.7 Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

2. Staff costs

Please see disclosures relating to the Group in note 8 to the consolidated financial statements.

Disclosure of individual Directors' remuneration is included in the Remuneration Report on pages 33 to 36.

3. Non-current investments

	Shares in subsidiary undertakings £m
<hr/>	
Cost	
At 1 January 2015	27.9
Additions	38.3
At 31 December 2015	66.2
<hr/>	
Impairment	
At 1 January 2015 and 31 December 2015	–
<hr/>	
Net book value	
At 31 December 2015	66.2
At 31 December 2014	27.9

Fixed asset investments represent holdings in the ordinary share capital of wholly owned subsidiaries.

See note 5 to the Group consolidated financial statements for details of additions during the year.

The Group's subsidiary undertakings are as follows:

Company name	Principal activity of the company	Ownership percentage by the Group as at 31 December 2015	Country of incorporation
Held directly by the Company			
Specialist Building Products Limited	The extrusion of PVC-U and PVC-UE, the manufacturer of windows, doors and conservatories, sealed double glazed units, related building materials and the retail, trade and public sector sales of these products	100%	England
Vannplastic Limited	Extrusion of Wood Plastic Composite decking products	100%	England
Stormking Plastics Limited	Moulding of Glass Reinforced Plastic building components	100%	England
Latium Building Products (Holdings) Limited	Holding company	100%	England
Building Plastics Holdings Limited	Holding company	100%	England
Epwin (Holdings) Limited	Holding company	100%	England
Winep 6 Limited (formerly Ecodek Limited)	Dormant	100%	England
Held indirectly by the Company			
Specialist Building Distribution Limited	Supply of plastic building products	100%	England
CET Glass Processors (Holdings) Limited	Assembly and supply of insulated glass units	100%	England
Indigo Products Limited	Fabrication of PVC-U products	100%	England
Epwin Property Holdings Limited	Holding Company	100%	England
Latium Building Products Limited	Holding Company	100%	England
Amazon Civils Limited	Dormant	100%	England
Celufarm Building Products Limited	Dormant	100%	England
Crown Architectural Aluminium (UK) Limited	Dormant	100%	England
Ecodek Limited (formerly Winep 6 Limited)	Dormant	100%	England
Epwin Secretaries Limited	Dormant	100%	England
HIS Systems Limited	Dormant	100%	England
Kestrel BCE Limited	Dormant	100%	England
Permadoor Limited	Dormant	100%	England
Plastal Commercial Limited	Dormant	100%	England
Profile 22 Systems Limited	Dormant	100%	England
Schnicks Limited	Dormant	100%	England
Spectus Systems Limited	Dormant	100%	England
Swish Building Products Limited	Dormant	100%	England
The Entrance Fire Door Company Limited	Dormant	100%	England

Notes to the Company Accounts continued

3. Non-current investments continued

Company name	Principal activity of the company	Ownership percentage by the Group as at 31 December 2015	Country of incorporation
TP Distribution Limited	Dormant	100%	England
Trade BP Limited	Dormant	100%	England
Trentham Logistics Limited	Dormant	100%	England
Venture Building Plastics Limited	Dormant	100%	England
Winep 3 Limited	Dormant	100%	England
Winep 5 Limited	Dormant	100%	England
Winep 50 Limited	Dormant	100%	England
Winep 51 Limited	Dormant	100%	England
Winep 52 Limited	Dormant	100%	England
Winep 53 Limited	Dormant	100%	England
Winep 54 Limited	Dormant	100%	England
Winep 55 Limited	Dormant	100%	England
Winep 56 Limited	Dormant	100%	England
Winep 57 Limited	Dormant	100%	England
Winep 693 Limited	Dormant	100%	England
Wrekin Windows Limited	Dormant	100%	England

All investments are in the ordinary share capital of the subsidiaries.

All subsidiaries are included in the consolidated results of the Group.

4. Trade and other receivables

Amounts falling due within one year

	2015 £m	2014 £m
Amounts due from subsidiary undertakings	16.4	20.8
Other debtors	1.6	–
	18.0	20.8

5. Trade and other payables falling due within one year

	2015 £m	2014 £m
Bank loans and overdraft	14.9	9.0
Other creditors	1.2	–
	16.1	9.0

6. Trade and other payables falling due after more than one year

	2015 £m	2014 £m
Bank loans and other borrowings	19.8	–
Other creditors	5.5	–
	25.3	–

Analysis of bank loans and borrowings:

	2015 £m	2014 £m
Repayable:		
Within one year	14.9	9.0
Between one and two years	–	–
Between two and five years	19.8	–
	34.7	9.0

Borrowing costs of £0.3 million (2014: £0.1 million) are set off against the amount owing at year end.

The terms of the bank loans and borrowings are disclosed in the consolidated accounts in note 21.

7. Share capital

The movements in share capital are disclosed in note 24 to the consolidated financial statements.

Notes to the Company Accounts continued

8. Reserves

	Share premium account £m	Merger reserve £m	Retained earnings £m	Total £m
At 1 January 2014	–	27.0	(3.1)	23.9
Comprehensive income:				
Profit for the year	–	–	4.3	4.3
Total comprehensive income	–	–	4.3	4.3
Transactions with owners recorded directly in equity:				
Shares issued prior to IPO	2.5	–	–	2.5
Bonus issue of shares	–	(11.3)	–	(11.3)
Cancellation of shares	–	–	11.3	11.3
Shares issued as part of IPO	10.0	–	–	10.0
Dividends paid	–	–	(1.9)	(1.9)
Share-based payments	–	–	0.8	0.8
Total transactions with owners	12.5	(11.3)	10.2	11.4
At 31 December 2014	12.5	15.7	11.4	39.6
Comprehensive income:				
Profit for the year	–	–	9.3	9.3
Total comprehensive income	–	–	9.3	9.3
Transactions with owners recorded directly in equity:				
Issue of shares	–	8.3	–	8.3
Cancellation of shares	–	–	–	–
Share-based payments	–	–	0.4	0.4
Dividends	–	–	(6.7)	(6.7)
Total transactions with owners	–	8.3	(6.3)	2.0
Balance as at 31 December 2015	12.5	24.0	14.4	50.9

The movements in reserves are explained in note 24 to the consolidated financial statements.

9. Transition to FRS 101

This is the first year that the Company has presented its results under FRS 101. The last financial statements prepared under UK GAAP were for the period ended 31 December 2014. The date of transition to FRS 101 was 1 January 2014. There were no material adjustments on the transition to FRS 101 for the period 1 January 2014 to 31 December 2014.

ANNUAL GENERAL MEETING

Notice of Annual General Meeting

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Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Epwin Group Plc ("the Company") will be held at Eversheds LLP, 115 Colmore Row, Birmingham, West Midlands, B3 3AL on Tuesday 24 May 2016 at 11.00am for the following purposes:

Ordinary business

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and adopt the Company's annual accounts for the year ended 31 December 2015, together with the report of the Directors and the auditors on those accounts.
2. To declare a final dividend of 4.25 pence per ordinary share in respect of the financial year ended 31 December 2015.
3. To reappoint KPMG LLP as auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
4. To authorise the Directors to determine the remuneration of the auditors of the Company.

Special business

As special business, to consider and, if thought fit, pass the following resolutions which will be proposed as to resolution 5 as an ordinary resolution and as to resolutions 6, 7, 8 and 9 as special resolutions:

5. That in accordance with Section 551 of the Companies Act 2006, the Directors be generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company:
 - (a) up to an aggregate nominal amount of £47,171.87 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph (b) below) in connection with an offer whether by way of a rights issue, open offer, or otherwise:
 - (i) to holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their respective holdings; and
 - (ii) to holders of other equity securities in the capital of the Company as required by the rights of those securities or as the Directors consider necessary

but subject to exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

- (b) in any other case, up to a nominal amount of £23,585.94 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph (a) above in excess of £23,585.94).

Such authorities shall apply until the close of business on 30 June 2017 or, if earlier, the end of the next Annual General Meeting of the Company, unless previously varied or revoked by the Company in general meeting, save that, in each case, the Company may make offers or agreements which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of any such offer or agreement as if the authority had not ended.

6. That, subject to the passing of resolution 5, pursuant to Section 570 of the Companies Act 2006 the Directors be and are hereby unconditionally empowered to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by resolution 5 as if Section 561(1) of the Act did not apply to such allotment, provided that such power shall be limited to:

- (a) the allotment of equity securities in connection with an offer (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange, and
- (b) the allotment of equity securities for cash (otherwise than pursuant to paragraph (a) above) up to an aggregate nominal amount of £3,537.89,

and (unless previously revoked, varied or renewed) shall expire on 30 June 2017 or at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, whichever is the earlier, save that the Company may make an offer or agreement before the expiry of this power which would or might require equity securities to be allotted for cash after such expiry and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if the power conferred by this resolution had not expired.

7. That Article 122 of the Articles of Association of the Company be amended by the deletion of "£50,000,000" in the final line and the insertion in substitution thereof of "£90,000,000", such that the limit on the Company's borrowing powers shall be £90,000,000.

8. That Article 92 of the Articles of Association of the Company be amended by the deletion of "£160,000" in the penultimate line and the insertion in substitution thereof of "£250,000", such that the limit on the aggregate annual fees payable to Non-Executive Directors shall be £250,000.

9. That pursuant to Section 701 of the Companies Act 2006 ("the Act"), the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 0.05 pence each in the capital of the Company (the "Shares"), provided that:

- (a) the maximum number of Shares which may be purchased is 7,075,781;
- (b) the minimum price (exclusive of expenses) that may be paid for a share is 0.05 pence;

Notice of Annual General Meeting

- (c) the maximum price (exclusive of expenses) which may be paid for a Share is an amount equal to the higher of: (i) 105% of the average of the middle market quotations for the Shares as derived from the Daily Official List for the five business days immediately preceding the day on which the purchase is made; and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System;
- (d) unless previously revoked, varied or renewed, this authority shall expire on 30 June 2017 or at the conclusion of the next Annual General Meeting of the Company, whichever is the earlier; and
- (e) the Company may enter into a contract to purchase Shares before the expiry of this authority under which such purchase will or may be completed or executed wholly or partly after such expiry and may make a purchase of Shares pursuant to any such contract as if the authority conferred by this resolution had not expired.

By Order of the Board

Andrew Rutter

Company Secretary

13 April 2016

Company Number: 07742256

Registered Office

1b Stratford Court

Cranmore Boulevard

Solihull

B90 4QT

Explanatory Notes to the Notice of Meeting

ORDINARY BUSINESS

Resolutions 1 to 4 will be proposed as ordinary resolutions, and will be passed if more than 50% of shareholders' votes cast are in favour.

Resolution 1: To receive the 2015 Report and Accounts

The Directors of the Company ("the Directors") must present their Annual Report and Accounts of the Company for the year ended 31 December 2015 (the "Annual Report") to shareholders. Shareholders are invited to adopt the Annual Report and Accounts at the Annual General Meeting.

Resolution 2: To declare a final dividend

A final dividend of 4.25 pence per ordinary share is proposed. An interim dividend of 2.12 pence per ordinary share was paid during the year. If approved, the final dividend will be paid on 6 June 2016 to shareholders on the register at the close of business on 13 May 2016.

Resolutions 3 and 4: To reappoint the auditors and authorise the Board to determine their remuneration

The Company is required to appoint auditors at each general meeting at which accounts are laid before the Company, to hold office until the conclusion of the next such meeting. The Audit Committee has reviewed the effectiveness, independence and objectivity of the external auditors, KPMG LLP, on behalf of the Board.

Following the Audit Committee's review of the effectiveness of the external auditors referred to above, the Board has decided to put KPMG LLP forward to be appointed as auditors. Resolution 4 also authorises the Directors, in accordance with standard practice, to negotiate and agree the remuneration of the auditors.

SPECIAL BUSINESS

As well as the ordinary business of the meeting outlined above, special matters will be dealt with at the Annual General Meeting. Resolution 5 will be proposed as an ordinary resolution and resolutions 6, 7, 8 and 9 will be proposed as special resolutions. For the special resolutions to be passed, more than 75% of shareholders' votes cast must be in favour.

Resolution 5: Directors' authority to allot shares

This resolution would give the Directors authority to allot ordinary shares, and grant rights to subscribe for or convert any security into shares in the Company, up to an aggregate nominal value of £23,585.94. This amount represents one third of the issued ordinary share capital of the Company as at 13 April 2016, the last practicable date prior to the publication of this document. The resolution would also give the Directors authority to allot equity securities in connection with a rights issue up to an aggregate nominal amount of £47,171.87.

The Directors have no present intention to allot new shares other than in connection with employee share and incentive plans, share warrants and contingent consideration payments relating to the acquisitions of Vannplastic Limited and Stormking Plastics Limited.

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Resolution 6: Disapplication of pre-emption rights

If directors of a company wish to allot shares in the company for cash (other than in connection with an employee share scheme), company law requires that these shares are offered first to shareholders in proportion to their existing holdings.

The purpose of Resolution 6 is to authorise the Directors to allot ordinary shares in the Company for cash, (i) in connection with a rights issue; and, otherwise, (ii) up to a nominal value of £3,537.89, equivalent to 5% of the total issued ordinary share capital of the Company as at 13 April 2016 without the shares first being offered to existing shareholders in proportion to their existing holdings. This level of authority is required in order to give the Company flexibility in the event of acquisition opportunities and major shareholders will be consulted in advance of the authority being exercised.

Resolution 7: Amendment of Article 122 – Borrowing power of Directors

In order to allow the Company flexibility in continuing to pursue its strategy and carry on its business in the ordinary and usual course, it is considered necessary for the Company to amend its Articles of Association so that the limit of its borrowing powers is increased from £50,000,000 to £90,000,000.

Resolution 8: Amendment of Article 92 – Non-Executive Directors' fees

In order for the Company to continue to attract and retain its Non-Executive Directors and in order to keep under review the future composition of the Board of Directors, it is considered necessary for the Company to amend its Articles of Association so that the limit on the aggregate annual fees payable to Non-Executive Directors is increased from £160,000 to £250,000.

Resolution 9: Authority to purchase own shares

Under the Companies Act 2006 ("the Act"), the Company requires authorisation from shareholders if it wishes to purchase its own shares.

Resolution 9 specifies the maximum number of shares that may be purchased (5% of the Company's issued share capital) and the highest and lowest prices at which they may be bought.

Under the Act, the Company can hold the shares which have been repurchased as treasury shares and either resell them for cash, cancel them, either immediately or at a point in the future, or use them for the purposes of its employee share schemes. The Directors believe that it is desirable for the Company to have this choice and therefore intend to hold any shares purchased pursuant to this authority as treasury shares. Holding the repurchased shares as treasury shares will give the Company the ability to resell or transfer them in the future, and so provide the Company with additional flexibility in the management of its capital base. However, in order to respond properly to the Company's capital requirements and prevailing market conditions, the Directors will need to reassess at the time of any actual purchase whether to hold the shares in treasury or cancel them.

The Directors have no present intention of exercising this authority. The Directors intend to keep under review the Company's potential to buy back its shares, taking into account other investment and funding opportunities. The authority will only be used if in the opinion of the Directors this will result in an increase in earnings per share or would otherwise be in the best interests of shareholders generally.

Entitlement to attend and vote

1. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the register of members of the Company as at close of business on 20 May 2016 or, in the event the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the time. Changes to entries in the register of members after close of business on 20 May 2016 or, in the event of the meeting being adjourned, after 48 hours before the time of any adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Appointing Proxies

2. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A proxy need not be a shareholder of the Company.
3. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the shareholder. To appoint more than one proxy, you should contact the Company's registrars, Capita Asset Services, on 0871 664 0300. Calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44 371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open from 9.00am to 5.30pm Monday to Friday, excluding public holidays in England and Wales, for further forms of proxy, or photocopy the form of proxy as required. Please ensure that, for each proxy appointed in this way, you fill in, alongside the proxy's details, the number of shares in respect of which each proxy is appointed.
4. Shareholders who return the form(s) of proxy will still be able to attend the meeting, speak and vote in person if they so wish. Shareholders or their duly appointed proxies are requested to bring proof of identity with them to the meeting in order to confirm their identity for security reasons. A shareholder may only appoint a proxy or proxies:
 - (a) in hard copy form (together with any power of attorney or other written authority under which it is signed or a copy of such authority notarially certified or certified in some other way by the Directors) by post, courier or by hand to the offices of the Company's registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham BR3 4TU; or
 - (b) in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.
5. A shareholder wishing to appoint a proxy should complete the accompanying form(s) of proxy and return it/them to the Company's registrars, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham BR3 4TU. Alternatively, you may submit your proxy electronically by using the CREST proxy service.

Explanatory Notes to the Notice of Meeting

Electronic proxy appointment through CREST

6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures 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.
7. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instructions 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 RA10) by 11.00 am on 20 May 2016. 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 Applications 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.
8. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore 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 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 sponsors 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.
9. 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.

Joint holders

10. In the case of joint holdings, only one holder may sign and the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, seniority for this purpose being determined by the order in which the names stand on the register of members in respect of joint holdings.

Corporate representatives

11. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Voting rights

12. As at 13 April 2016 (being the last business day prior to the publication of this Notice), the Company's issued share capital consists of 141,515,621 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 13 April 2016 are 141,515,621.

Communicating with the Company in relation to the AGM

13. Except as provided above, shareholders wishing to communicate with the Company in relation to the AGM should write to the Company Secretary, Epwin Group Plc, 1b Stratford Court, Cranmore Boulevard, Solihull, B90 4QT.
14. You may not use any electronic address provided either in this Notice or any related documents to communicate with the Company for any purposes other than those expressly stated.

Inspection of documents

15. Copies of the Executive Directors' service contracts and Non-Executive Directors' letters of appointment will be available for inspection during normal business hours at the offices of Epwin Group Plc, 1b Stratford Court, Cranmore Boulevard, Solihull, B90 4QT (excluding weekends and public holidays). They will also be available for inspection at the place of the Annual General Meeting from 10.45 am on the day of the meeting until the conclusion of the meeting.

Voting results

16. The results of the voting at the AGM will be announced through a Regulatory Information Service and will appear on our website www.epwin.co.uk.

Data protection statement

17. Your personal data includes all data provided by you, or on your behalf, which relates to you as a shareholder, including your name and contact details, the votes you cast and your Shareholder Reference Number (attributed to you by the Company). The Company determines the purposes for which and the manner in which your personal data is to be processed. The Company and any third party to whom it discloses the data (including the Company's registrars) may process your personal data for the purposes of compiling, fulfilling its legal obligations and processing the shareholder rights you exercise.

Shareholder Notes



Epwin Group

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Join us on social media and follow [twitter@EpwinGroup](https://twitter.com/EpwinGroup)

Visit our permanent exhibition at
The Building Centre, London