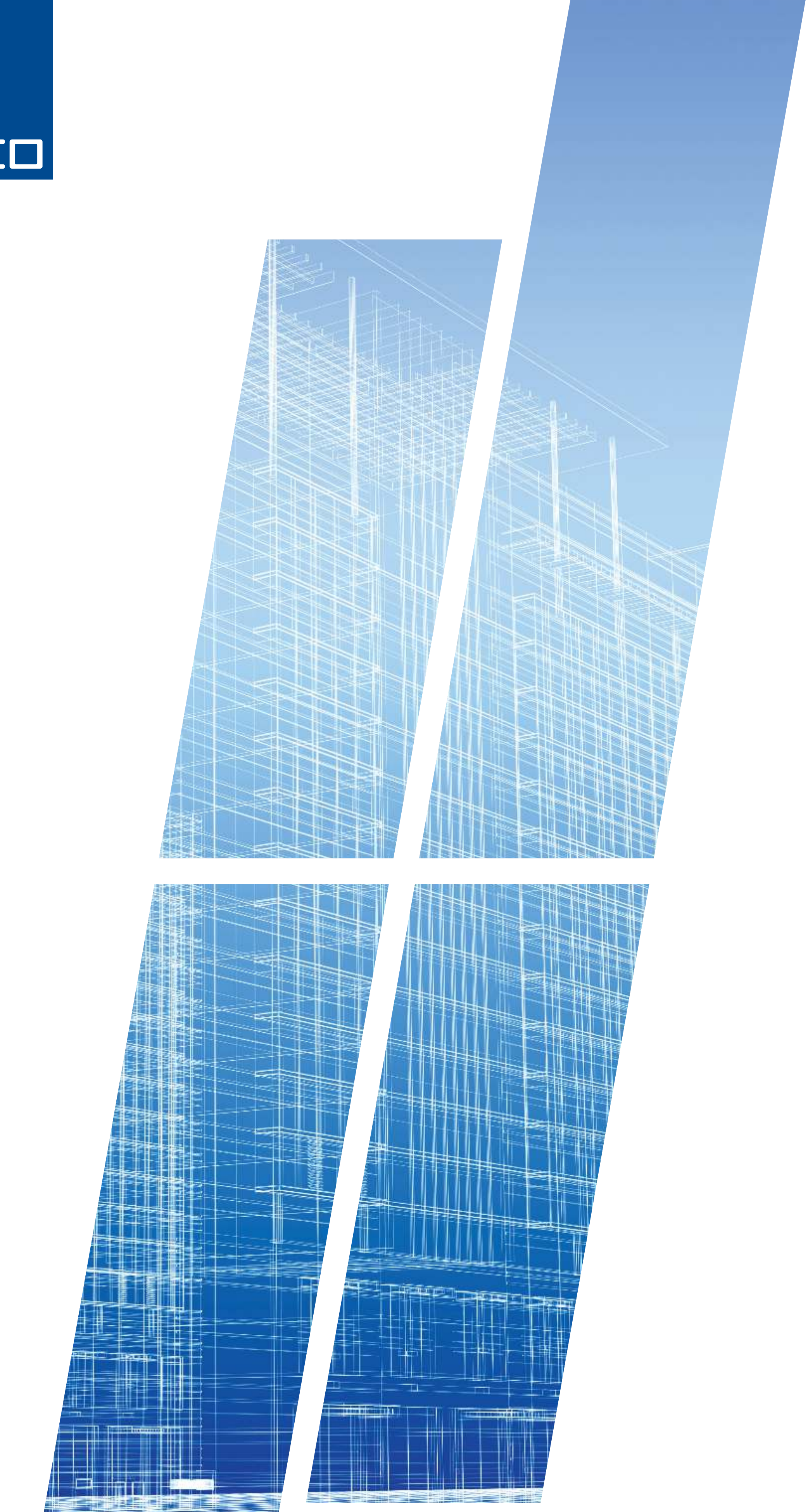
ELECO



Eleco plc | *Interim Report 2012*

Building on Technology®

Building on technology®

Eleco plc is a UK, AIM-listed company, which is engaged in software development and building systems. (AIM:ELCO)

Eleco comprises ElecoSoft® and ElecoBuild®

ElecoSoft®

Develops and delivers great ideas and outstanding software and services with cutting edge technology to the project management, construction, pharmaceutical, timber engineering and design, 3D visualisation, data compression, site control, stair design, flooring and marketing sectors principally in the UK, Scandinavia and Germany.

ElecoBuild®

Designs, manufactures and supplies off-site building systems to deliver materials efficiency and improved construction speed while maintaining a high level of quality in metal roofing and cladding, acoustic flooring, partitioning panels and precast concrete, principally in the UK.

"The past three years have been about steering Eleco through financial and trading conditions, the severity of which have been unprecedented. These conditions have abated to a degree, but continue to be challenging. Against this background, our management have had to take some very difficult decisions and actions in their efforts to return Eleco to profitability and they remain committed to achieving this objective, for the benefit of shareholders and employees alike. I continue to believe that further to our restructuring, Eleco is well placed to take advantage of improvements in the markets it serves and I look forward to our capturing the benefits of these changes over the coming months."

John Ketteley – Executive Chairman

Contents

For additional information visit www.eleco.com

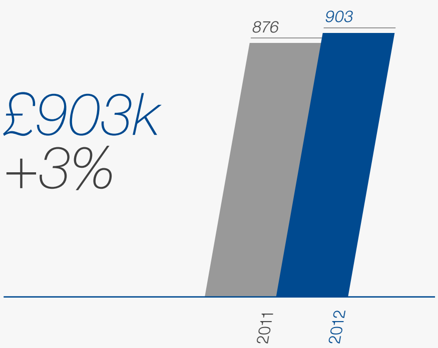
Highlights

Six months to 30 June

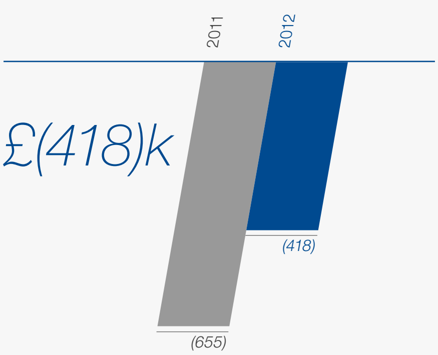
	2012 £'000	2011 £'000	Change £'000
Continuing operations			
Revenue	**18,354**	18,255	+99
Operating profit/(loss) before exceptionals	**48**	(334)	+382
Loss before interest and tax	**(268)**	(529)	+261
Loss for the period	**(607)**	(847)	+240
Loss per share	**(1.4)p**	(6.1)p	+4.7p
Product development spend	**1,128**	964	+164

- Eleco's strategy of reducing costs and capacity in its building systems businesses, to bring them more into line with reduced demand in the UK construction industry together with its effort to reduce its risk profile by continuing to invest in its profitable software interests, has resulted in a small profit from continuing operations for the six months ended 30 June 2012.
- Although the closer co-ordination of the Group's precast concrete operations in the first half resulted inevitably in additional exceptional costs, it is anticipated that these changes will deliver operating and financial benefits in the second half.
- Net bank borrowings at 30 June 2012: £5.3m (30 June 2011: £8.6m).
- Deferred consideration receivable held in Escrow at 30 June 2012: £1.2m (30 June 2011: £nil).
- Non-UK revenue 35% of total Group revenue (Half 1 2011: 37%).

ElecoSoft®
Six months operating profit before exceptionals



ElecoBuild®
Six months operating loss before exceptionals



Chairman's Statement
September 2012

John Ketteley
Executive Chairman

Group turnover for the six months ended 30 June 2012 improved slightly to £18.4m (H1 2011: £18.3m restated), an increase of 1 per cent compared with the same period last year.

Revenue of our building systems businesses in the UK ("ElecoBuild®") in the period under review was £10.1m (H1 2011: £10.3m), due mainly to reduced levels of turnover from precast concrete student accommodation and hotel projects. However, this was partly offset by higher turnover in our standard precast concrete products and metal roofing and cladding products businesses.

Turnover of our software businesses in Sweden, Germany and the UK ("ElecoSoft®") reduced marginally to £8.2m (H1 2011: £8.5m), due partly to the weakening of the Euro against Sterling but also due to lower than anticipated turnover in the UK. ElecoSoft®'s share of Group turnover in the period was 45 per cent (H1 2011: 46 per cent).

Adjusted Group Operating Profit improved to £48,000 (H1 2011: Loss £334,000), after the deduction of product development costs and the amortisation of intangible assets, but before restructuring costs. Software development costs were higher though at £1,118,000 (H1 2011: £952,000) although amortization of intangible assets relating to software were lower at £206,000 (H1 2011: £296,000).

Restructuring costs of £316,000 (H1 2011: £195,000) during the period under review were incurred following the reduction in capacity of our loss making precast concrete businesses. Regrettably, this change in the business saw the need for significant redundancies across both management and production employees at Bell & Webster Concrete and Milbury Systems.

The process also involved the formation of ElecoPrecast™ and the appointment to it of John Stothard and Carol Lound as Managing Director and Finance Director respectively. Initial indications suggest that the restructuring exercise is delivering the benefits we anticipated.

Net finance costs for the period reflect principally the increased utilisation of the Group's banking facilities, higher interest charges and the net return on the pension scheme assets and liabilities. In the case of ElecoBuild®, finance costs amounted to £430,000 (H1 2011: £240,000); and in the case of ElecoSoft®, finance costs were £50,000 (H1 2011: £22,000); and Corporate was credited with £268,000 of interest (H1 2011: £131,000).

The loss before tax from continuing operations and after exceptional restructuring costs of £316,000 (H1 2011: £195,000) was £480,000 (H1 2011: £660,000).

The Group loss for the period amounted to £607,000, equivalent to 1.0p per share (H1 2011: £847,000, equivalent to 1.4p per share). The loss for the period from discontinued operations was significantly lower at £252,000, equivalent to 0.4p per share, compared with the loss for H1 2011 of £2,789,000, equivalent to 4.7p per share. Accordingly the loss per share from total operations fell from 6.1p in the period ended 30 June 2011 to 1.4p for the period ended 30 June 2012.

The Group saw a pleasing and substantial 38 per cent reduction in its net bank debt during the period to £5.3m (2011: £8.6m). Eleco is also the beneficiary of an Escrow Account of £1.2m regarding the sale of its timber engineering businesses of which £400,000 is payable in December 2012 and £800,000 in December 2013.

In the period under review, a further cash contribution of £402,000 (H1 2011: £402,000) was made to the defined benefit pension scheme that closed to future accrual in December 2009.

Dividend
With the Group not yet having returned to profit, the Board is not in a position to recommend the payment of an interim dividend. However, the Board will keep its future dividend policy closely under review and will consider a return to recommending dividend payments as and when the Company's trading position and performance permits.

Financial Review
Despite the Group's solid progress in reducing its fixed costs and restructuring certain businesses, its financial performance during the period under review was behind Board expectations. This is in large part a reflection of the time lag that exists between the implementation of our precast concrete restructuring plan and the realisation of its anticipated benefits.

Pension Scheme
On 10 September 2012, Eleco plc received notification from the Trustees of The Eleco Retirement Benefit Scheme ("the Scheme") of an obligation arising under Sections 75 and 75A of the Pensions Act 1995, pursuant to which, Eleco plc, the parent company of the Group, was required to discharge an obligation of £595,000, as certified by the Scheme Actuary, for the purpose of funding that proportion of the deficit of the Scheme that was attributable to past employees of Eleco plc, who were members of the Scheme as at 31 March 2006, together with an appropriate proportion of liabilities relating to orphan beneficiaries of the Scheme as at that date.

Eleco plc discharged this obligation on 21 September 2012 by the payment of £595,000 to the Scheme and the Board has been advised that accordingly, by law, Eleco plc is no longer a Statutory Employer of the Scheme under Section 75 and 75A of the Pensions Act 1995 and Part 3 of the Pensions Act 2004 and that as a consequence, Eleco plc will no longer be directly responsible for funding the Scheme's current deficit or future funding, or for the payment of expenses incurred by the Scheme; Bell & Webster Concrete Limited, SpeedDeck Building Systems Limited, Stramit Panel Products Limited and Eleco (GNS) Limited continue as Statutory Employers of the scheme.

Outlook

More than three quarters of ElecoSoft®'s profits were made in the Swedish and German markets, but our UK software interests experienced difficult trading conditions in the UK due to a continuing lack of demand in the construction industry, which affected its performance. Looking forward, our software teams have the flair, creativity and technology, to produce well-designed and relevant software programs and we are confident that with good management and marketing, ElecoSoft® will now be able to take advantage of opportunities for further profitable expansion as they arise.

The period under review saw the restructuring of our precast concrete interests as well as a welcome improvement in the performance of our roofing and cladding operations. However this improvement was not sufficient to return ElecoBuild® to profit in the period. ElecoBuild®'s costs and production capacity over the past three years have been substantially reduced so as to bring them into line with the lower levels of activity in the UK construction industry and as a consequence, we believe that ElecoBuild® is now in a better position to respond and take advantage of an upturn in demand.

The past three years have been about steering Eleco through financial and trading conditions, the severity of which have been unprecedented. These conditions have abated to a degree, but continue to be challenging. Against this background, our management have had to take some very difficult decisions and actions in their efforts to return Eleco to profitability and they remain committed to achieving this objective, for the benefit of shareholders and employees alike.

I continue to believe that further to our restructuring, Eleco is well placed to take advantage of improvements in the markets it serves and I look forward to our capturing the benefits of these changes over the coming months.

John Ketteley
Executive Chairman
25 September 2012

Condensed Consolidated Income Statement

for the financial period ended 30 June 2012

	Notes	Six months to 30 June 2012 (unaudited) £'000	Six months to 30 June 2011 (unaudited) £'000	18 months ended 31 December 2011 £'000
Revenue	3	**18,354**	18,255	56,822
Cost of sales		**(8,879)**	(8,554)	(27,220)
Gross profit		**9,475**	9,701	29,602
Distribution costs		**(948)**	(1,435)	(4,651)
Administrative expenses		**(8,479)**	(8,600)	(24,808)
Operating profit/(loss) before exceptionals		**48**	(334)	143
Exceptional items	5	**(316)**	(195)	(365)
Loss from operations	3	**(268)**	(529)	(222)
Finance income	6	**24**	27	96
Finance cost	6	**(236)**	(158)	(804)
Loss before tax		**(480)**	(660)	(930)
Tax		**(127)**	(187)	(279)
Loss for the financial period from continuing operations		**(607)**	(847)	(1,209)
Loss for the financial period from discontinued operations	4	**(252)**	(2,789)	(1,528)
Loss for the financial period		**(859)**	(3,636)	(2,737)
Attributable to:				
Equity holders of the parent		**(859)**	(3,636)	(2,737)
Loss per share – basic and diluted				
Continuing operations	7	**(1.0)p**	(1.4)p	(2.0)p
Discontinued operations	7	**(0.4)p**	(4.7)p	(2.6)p
Total operations	7	**(1.4)p**	(6.1)p	(4.6)p

Condensed Consolidated Statement of Comprehensive Income

for the financial period ended 30 June 2012

	Six months to 30 June 2012 (unaudited) £'000	Six months to 30 June 2011 (unaudited) £'000	18 months ended 31 December 2011 £'000
Loss for the period	**(859)**	(3,636)	(2,737)
Other comprehensive income			
Actuarial (loss)/gain on retirement benefit obligation	**(367)**	(119)	3,720
Deferred tax on retirement benefit obligation	**(11)**	(126)	(1,461)
Other losses on retirement benefit obligation	**—**	—	(493)
Translation differences on foreign currency net investments	**(26)**	(98)	(220)
Other comprehensive income net of tax	**(404)**	(343)	1,546
Total comprehensive income for the period	**(1,263)**	(3,979)	(1,191)
Attributable to:			
Equity holders of the parent	**(1,263)**	(3,979)	(1,191)

Condensed Consolidated Statement of Changes in Equity

for the financial period ended 30 June 2012

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2012	**6,066**	**6,396**	**7,371**	**(113)**	**(358)**	**(5,207)**	**14,155**
Transactions with owners	—	—	—	—	—	—	—
Loss for the period	—	—	—	—	—	(859)	(859)
Other comprehensive income:							
Actuarial loss on defined benefit pension scheme net of tax	—	—	—	—	—	(378)	(378)
Exchange differences on translation of net investments in foreign operations	—	—	—	(26)	—	—	(26)
Total comprehensive income for the period	—	—	—	(26)	—	(1,237)	(1,263)
At 30 June 2012 (unaudited)	**6,066**	**6,396**	**7,371**	**(139)**	**(358)**	**(6,444)**	**12,892**

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2011	6,066	6,396	7,371	217	(358)	(4,889)	14,803
Transactions with owners	—	—	—	—	—	—	—
Loss for the period	—	—	—	—	—	(3,636)	(3,636)
Other comprehensive income:							
Actuarial loss on defined benefit pension scheme net of tax	—	—	—	—	—	(245)	(245)
Exchange differences on translation of net investments in foreign operations	—	—	—	(98)	—	—	(98)
Total comprehensive income for the period	—	—	—	(98)	—	(3,881)	(3,979)
At 30 June 2011 (unaudited)	6,066	6,396	7,371	119	(358)	(8,770)	10,824

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
At 1 July 2010	6,066	6,396	7,371	107	(358)	(4,236)	15,346
Transactions with owners	—	—	—	—	—	—	—
Loss for the period	—	—	—	—	—	(2,737)	(2,737)
Other comprehensive income:							
Actuarial gain on defined benefit pension scheme net of tax	—	—	—	—	—	1,766	1,766
Exchange differences on translation of net investments in foreign operations	—	—	—	(220)	—	—	(220)
Total comprehensive income for the period	—	—	—	(220)	—	(971)	(1,191)
At 31 December 2011	6,066	6,396	7,371	(113)	(358)	(5,207)	14,155

Condensed Consolidated Balance Sheet
as at 30 June 2012

	Notes	30 June 2012 (unaudited) £'000	30 June 2011 (unaudited) £'000	31 December 2011 £'000
Non-current assets				
Goodwill		**13,622**	13,425	13,567
Other intangible assets		**2,129**	2,592	2,338
Property, plant and equipment		**7,570**	8,863	7,909
Deferred tax assets		**1,194**	2,065	1,289
Other non-current assets		**865**	—	800
Total non-current assets		**25,380**	26,945	25,903
Current assets				
Inventories		**2,254**	3,526	2,281
Trade and other receivables		**7,084**	11,335	8,394
Current tax assets		**85**	—	—
Cash and cash equivalents		**1,673**	5,456	4,748
Other current assets		**460**	—	400
Assets of disposal group held for sale		**—**	894	440
Total current assets		**11,556**	21,211	16,263
Total assets		**36,936**	48,156	42,166
Current liabilities				
Bank overdraft	8	**(3,633)**	—	—
Borrowings	8	**(900)**	(900)	(5,900)
Obligations under finance leases		**(161)**	(147)	(141)
Trade and other payables		**(5,285)**	(8,203)	(6,618)
Provisions		**(20)**	(8)	(60)
Current tax liabilities		**(191)**	(102)	(87)
Accruals and deferred income		**(5,432)**	(6,435)	(6,355)
Total current liabilities		**(15,622)**	(15,795)	(19,161)
Non-current liabilities				
Borrowings	8	**(2,475)**	(13,175)	(2,925)
Obligations under finance leases		**(379)**	(270)	(359)
Deferred tax liabilities		**(396)**	(27)	(421)
Non-current provisions		**(86)**	—	(73)
Other non-current liabilities		**(111)**	(123)	(113)
Retirement benefit obligation		**(4,975)**	(7,942)	(4,959)
Total non-current liabilities		**(8,422)**	(21,537)	(8,850)
Total liabilities		**(24,044)**	(37,332)	(28,011)
Net assets		**12,892**	10,824	14,155
Equity				
Share capital		**6,066**	6,066	6,066
Share premium account		**6,396**	6,396	6,396
Merger reserve		**7,371**	7,371	7,371
Translation reserve		**(139)**	119	(113)
Other reserve		**(358)**	(358)	(358)
Retained earnings		**(6,444)**	(8,770)	(5,207)
Equity attributable to shareholders of the parent		**12,892**	10,824	14,155

Condensed Consolidated Statement of Cash Flows

for the financial period ended 30 June 2012

	Notes	Six months to 30 June 2012 (unaudited) £'000	Six months to 30 June 2011 (unaudited) £'000	18 months ended 31 December 2011 £'000
Cash flows from operating activities				
Loss before interest and tax		**(429)**	(3,426)	(7,232)
Depreciation and impairment charge		**556**	1,189	3,078
Amortisation and impairment charge		**260**	361	926
Profit on sale of property, plant and equipment		**(4)**	(5)	(345)
Retirement benefit obligation		**(402)**	(463)	(1,664)
Decrease in provisions		**(27)**	(447)	(987)
Cash used in operations before working capital movements		**(46)**	(2,791)	(6,224)
Decrease in trade and other receivables		**1,517**	2,955	5,586
Decrease in inventories and work in progress		**24**	221	957
Decrease in trade and other payables		**(2,163)**	(2,828)	(7,395)
Cash used in operations		**(668)**	(2,443)	(7,076)
Interest paid		**(66)**	(94)	(278)
Interest received		**26**	119	344
Income tax paid		**(238)**	(173)	(59)
Net cash outflow from operating activities		**(946)**	(2,591)	(7,069)
Net cash used in investing activities				
Purchase of intangible assets		**(64)**	(61)	(329)
Purchase of property, plant and equipment		**(129)**	(251)	(992)
Acquisition of subsidiary undertakings net of cash acquired	9	**(46)**	—	(316)
Proceeds from sale of property, plant, equipment and intangible assets		**45**	98	908
Sale of business net of expenses		**—**	—	6,134
Net cash (outflow)/inflow from investing activities		**(194)**	(214)	5,405
Net cash used in financing activities				
Proceeds from new bank loan		**—**	4,900	6,600
Repayment of bank loans		**(5,450)**	(225)	(5,675)
Repayments of obligations under finance leases		**(86)**	(160)	(456)
Net cash (outflow)/inflow from financing activities		**(5,536)**	4,515	469
Net (decrease)/increase in cash and cash equivalents		**(6,676)**	1,710	(1,195)
Cash and cash equivalents at beginning of period		**4,748**	3,746	6,009
Effects of changes in foreign exchange rates		**(32)**	—	(66)
Cash and cash equivalents at end of period		**(1,960)**	5,456	4,748
Cash and cash equivalents comprise:				
Cash and short-term deposits		**1,673**	5,456	4,748
Bank overdrafts		**(3,633)**	—	—
		(1,960)	5,456	4,748

Notes to the Condensed Consolidated Interim Financial Statements

1. General information

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is 66 Clifton Street, London EC2A 4HB.

The Company is listed on the Alternative Investment Market (AIM).

The condensed consolidated interim financial information does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The Group's consolidated financial statements for the 18 months ended 31 December 2011 have been filed and the audit report was not qualified and did not contain a statement under section 498(2) or section 498(3) of the Companies Act 2006.

2. Basis of preparation

The condensed consolidated interim financial statements for the six months to 30 June 2012 have been prepared in accordance with the accounting policies which will be applied in the twelve months' financial statements to 31 December 2012. These accounting policies are drawn up in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and as adopted for use in the European Union that are effective at 30 June 2012.

The condensed consolidated interim financial statements are unaudited and have not been subject to review. They do not include all the information and disclosures required in the annual financial statements and therefore should be read in conjunction with the Group's published financial statements as at 31 December 2011.

In accordance with IFRS 5, the prior year comparative figures for the six months to 30 June 2011 have been restated to reflect discontinued operations reported in the Group's consolidated financial statements for the 18 months ended 31 December 2011. The comparative figures for the 18 months ended 31 December 2011 are not the Company's statutory accounts for that period but have been extracted from these accounts.

The Directors, having considered the Group's current financial resources, have concluded that they are adequate for the Group's present requirements. Thus the condensed consolidated interim financial information has been prepared on the going concern basis.

New accounting standards and interpretations are effective for the first time in the current period but have had no impact on the results or financial position of the Group. Furthermore, new standards, new interpretations and amendments to standards and interpretations that have been issued but are not effective for the current period have not been adopted early.

Estimates

Application of the Group's accounting policies in preparing condensed consolidated interim financial statements requires management to make judgements and estimates that affect the reported amount of assets and liabilities, revenues and expenses. Actual results may ultimately differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 18 months ended 31 December 2011.

Risks and uncertainties

A summary of the Group's principal risks and uncertainties was provided on page 10 of the 2010/11 report and accounts. The Board considers these risks and uncertainties are still relevant to the current financial year and the impact of changes in the UK economy is reviewed in the Chairman's statement contained in this report.

3. Segmental information

Operating segments

For management purposes, the Group is organised into two operating divisions based on the type of products and services supplied by each business unit.

The principal activities of each segment are as follows:

ElecoSoft®: Developer and supplier of resource management software, building project software, design and engineering software and 3D design software.

ElecoBuild®: Manufacturer and supplier of precast and prestressed concrete products and a range of building products including metal roofing, cladding systems, acoustic flooring, floor joist webs and partitioning panels.

Notes to the Condensed Consolidated Interim Financial Statements continued

3. Segmental information continued

Operating segments continued

The structure of the reportable operating segments has changed from those reported in the 2010/11 report and accounts. This change is a result of the disposal of various ElecoBuild® operations during the 18 months to 31 December 2011 and consequently the prior year comparatives have been restated on the revised basis. Unallocated central costs that cannot reasonably be allocated to the operating divisions are reported under Corporate.

Six months to 30 June 2012 (unaudited)	ElecoSoft £'000	ElecoBuild £'000	Corporate £'000	Elimination £'000	Continuing operations £'000
Revenue	8,207	10,147	—	—	18,354
Inter-segment revenue	37	—	—	(37)	—
Total segment revenue	8,244	10,147	—	(37)	18,354
Adjusted operating profit/(loss)	2,227	(354)	(437)		1,436
Product development	(1,118)	(10)	—		(1,128)
Amortisation of intangible assets	(206)	(54)	—		(260)
Operating profit/(loss) before exceptionals	903	(418)	(437)		48
Restructuring costs	(1)	(253)	(62)		(316)
Segment result	902	(671)	(499)		(268)
Net finance cost	(50)	(430)	268		(212)
Profit/(loss) before tax	852	(1,101)	(231)		(480)
Tax					(127)
Loss after tax					(607)

Six months to 30 June 2011 (restated)	ElecoSoft £'000	ElecoBuild £'000	Corporate £'000	Elimination £'000	Continuing operations £'000
Revenue	8,330	9,925	—	—	18,255
Inter-segment revenue	172	375	—	(547)	—
Total segment revenue	8,502	10,300	—	(547)	18,255
Adjusted operating profit/(loss)	2,124	(592)	(555)		977
Product development	(952)	(12)	—		(964)
Amortisation of intangible assets	(296)	(51)	—		(347)
Operating profit/(loss) before exceptionals	876	(655)	(555)		(334)
Restructuring costs	—	(105)	(90)		(195)
Segment result	876	(760)	(645)		(529)
Net finance cost	(22)	(240)	131		(131)
Profit/(loss) before tax	854	(1,000)	(514)		(660)
Tax					(187)
Loss after tax					(847)

3. Segmental information continued

Operating segments continued

18 months to 31 December 2011	ElecoSoft £'000	ElecoBuild £'000	Corporate £'000	Elimination £'000	Continuing operations £'000
Revenue	23,047	33,775	—	—	56,822
Inter-segment revenue	401	1,090	—	(1,491,	—
Total segment revenue	23,448	34,865	—	(1,491)	56,822
Adjusted operating profit/(loss)	5,993	(288)	(1,606)		4,099
Product development	(3,027)	(25)	—		(3,052)
Amortisation of intangible assets	(752)	(152)	—		(904)
Operating profit/(loss) before exceptionals	2,214	(465)	(1,606)		143
Impairment charges	(11)	(11)	—		(22)
Restructuring costs	—	(255)	(88)		(343)
Segment result	2,203	(731)	(1,694)		(222)
Net finance cost	(83)	(994)	369		(708)
Profit/(loss) before tax	2,120	(1,725)	(1,325)		(930)
Tax					(279)
Loss after tax					(1,209)

Geographical segments

Segment revenue by geographical segment represents revenue from external customers based on the geographical location of the customer.

	Six months to 30 June 2012 £'000	Six months to 30 June 2011 £'000	18 months ended 31 December 2011 £'000
UK	**11,934**	11,479	38,766
Scandinavia	**4,389**	4,354	11,866
Rest of Europe	**1,934**	2,345	5,899
Rest of World	**97**	77	291
	18,354	18,255	56,822

Revenue for the six months to 30 June 2012 restated at prior year exchange rates is £18,495,000.

Notes to the Condensed Consolidated Interim Financial Statements
continued

4. Discontinued operations

During the 18 months to 31 December 2011, the Group sold certain business units within its ElecoBuild® division and reduced its commitment to other operations within this division. Certain residual incomes and costs relating to the sale and closure of these discontinued operations which have been included in the income statement are set out below:

	Six months to 30 June		18 months ended 31 December
	2012 £'000	2011 £'000	2011 £'000
Revenue	**5**	9,066	27,039
Cost of sales	**—**	(8,139)	(22,924)
Gross profit	**5**	927	4,115
Distribution costs	**—**	(135)	(443)
Administrative expenses	**(166)**	(2,852)	(8,099)
Other operating costs	**—**	(837)	(1,902)
Loss on re-measurement	**—**	—	(681)
Operating loss	**(161)**	(2,897)	(7,010)
Finance income	**15**	105	249
Finance cost	**—**	(39)	—
Loss before tax	**(146)**	(2,831)	(6,761)
Taxation on discontinued operations	**(106)**	42	(207)
Loss for the period from discontinued operations	**(252)**	(2,789)	(6,968)
Profit on business disposals after tax	**—**	—	5,440
Net loss for the period from discontinued operations	**(252)**	(2,789)	(1,528)

5. Exceptional items

Exceptional items represent costs considered necessary to be separately disclosed by virtue of their size or nature.

	Six months to 30 June		18 months ended 31 December
	2012 £'000	2011 £'000	2011 £'000
Impairment of intangible assets	**—**	11	11
Impairment of property, plant and equipment	**—**	—	11
Restructuring costs	**316**	184	343
	316	195	365

Restructuring costs comprise cash and non-cash costs associated with the Group restructuring programme, mainly in the UK, and primarily relate to redundancy and business merger costs.

6. Net finance (cost)/income

Finance income and costs from continuing operations is set out below:

	Six months to 30 June 2012 £'000	Six months to 30 June 2011 £'000	18 months ended 31 December 2011 £'000
Finance income:			
Bank and other interest receivable	**24**	27	96
Finance costs:			
Bank overdraft and loan interest	**(89)**	(65)	(250)
Finance leases and hire purchase contracts	**(12)**	(8)	(32)
Net return on pension scheme assets and liabilities	**(135)**	(85)	(522)
Total net finance cost	**(212)**	(131)	(708)

7. Loss per share

The calculations of the loss per share are based on the total loss after tax attributable to ordinary equity shareholders of the Company and the weighted average number of shares in issue for the reporting period.

	Six months to 30 June 2012	Six months to 30 June 2011	18 months ended 31 December 2011
Loss after taxation	**£(859,000)**	£(3,636,000)	£(2,737,000)
Weighted average number of shares in issue in the period	**59,761,646**	59,761,646	59,761,646
Dilutive effect of share options	**—**	—	—
Number of shares for diluted earnings per share	**59,761,646**	59,761,646	59,761,646
Loss per share – basic and diluted			
Continuing operations	**(1.0)p**	(1.4)p	(2.0)p
Discontinued operations	**(0.4)p**	(4.7)p	(2.6)p
Total operations	**(1.4)p**	(6.1)p	(4.6)p

There is no dilution in the loss per share calculation at 30 June 2012 due to the loss for the period. The diluted loss per share is the same as the basic loss per share for the current period.

Notes to the Condensed Consolidated Interim Financial Statements
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8. Borrowings
The bank loans and overdrafts are repayable as follows:

	At 30 June 2012 £'000	At 30 June 2011 £'000	At 31 December 2011 £'000
In one year or less	**4,533**	900	5,900
Between one and two years	**900**	10,700	900
Between two and five years	**1,575**	2,475	2,025
More than five years	**—**	—	—
	7,008	14,075	8,825

9. Acquisitions
On 14 March 2012 the Group acquired the business and certain assets of Novator Projekstyrning AB, of Sweden, enhancing its range of product planning software for a total consideration of £83,000. The consideration comprised the payment of £46,000 in cash from the Group's existing resources and deferred consideration of £37,000.

An analysis of the provisional fair value of the Novator net assets acquired and the fair value of the consideration paid is set out below:

	Book value £'000	Fair value adjustments £'000	Provisional fair value £'000
Property, plant and equipment	—	—	—
Inventories	2	—	2
	2	—	2
Deferred income	—	—	—
	—	—	—
Net assets	2	—	2
Goodwill			81
Total consideration			83
Satisfied by:			
Cash			46
Deferred purchase consideration			37
			83

Goodwill recognised above contains certain intangible assets that cannot be individually, separately and reliably measured from the acquiree due to their nature. These items include the value of the management and workforce together with synergies that are expected to be gained from being part of the Group.

10. Related party disclosures

Transactions between Group undertakings, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

With the exception of M L Turner, the Directors of the Company had no material transactions with the Company during the six months to 30 June 2012, other than a result of service agreements. An amount of £73,000 (2011: £51,000) was paid to Shoremountain Ltd of which M L Turner is a director. This was paid under the terms of a consultancy arrangement by the Group.

An amount of £12,500 (2011: £13,000) was paid to JHB Ketteley & Co Limited under a lease for occupation by the Group of 66 Clifton Street, London EC2A 4HB.

11. Post balance sheet events

On 21 September 2012, Eleco plc discharged its obligations arising under Sections 75 and 75A of the Pensions Act 1995 by the payment of £595,000 to the Scheme and the Board has been advised that accordingly, by law, Eleco plc is no longer a Statutory Employer of the Scheme under Section 75 and 75A of the Pensions Act 1995 and Part 3 of the Pensions Act 2004.

Board of Directors and Company Advisors

John Ketteley *FCA*
Executive Chairman
Appointed Executive Chairman in 1997, John Ketteley has an investment banking background. He was formerly Non-Executive Chairman of BTP plc, Country Casuals plc and Prolific Income plc.

Matthew Turner *FCA CF*
Group Finance Director
Appointed a Director in January 2011. Matthew Turner, formerly a partner in Grant Thornton UK LLP, is currently a partner in Shore Mountain LLP. He is Chairman of the Bishop Stopford School Academy Trust.

Michael McCullen *BSc MBA*
Chief Executive – ElecoSoft®
Michael McCullen was founder member of Asta Development and Managing Director from 2000 to 2009 leading the company up to its acquisition by Eleco plc in 2006. He joined the Board in 2007.

Jonathan Cohen *TD MA FCA**
Chairman of the Remuneration Committee and Senior Independent Director
Appointed a Non-Executive Director in November 2002. Jonathan Cohen was previously Chief Executive of County NatWest Limited and Vice Chairman of Charterhouse Bank Limited. He is currently Senior Executive Director of Savile Group plc and Chairman of Clearwater Hampers Limited.

Jonathan Edwards *LLB ACA**
Chairman of the Audit Committee
A Chartered Accountant and Barrister, Jonathan Edwards a Director of Harpenden Sports Group Limited.

** Member of the Audit, Remuneration and Nominations Committees.*

Secretary
Ivor A Barton ACIS

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Bankers
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Nominated Adviser & Broker
Cenkos Securities plc

Solicitors
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Downer Cladding Systems Limited
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Website: www.downercladding.eleco.com
Supplier and manufacturer of fixing solutions for man-made and natural rainscreen facade materials.

Milbury Systems Limited
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Manufacturer and supplier of prestressed and precast retaining structures.

Prompt Profiles Limited
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SpeedDeck Building Systems Limited
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Manufacturer and supplier of secret-fix and standing seam metal roofing and Vitesse® wall and rainscreen cladding systems.

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