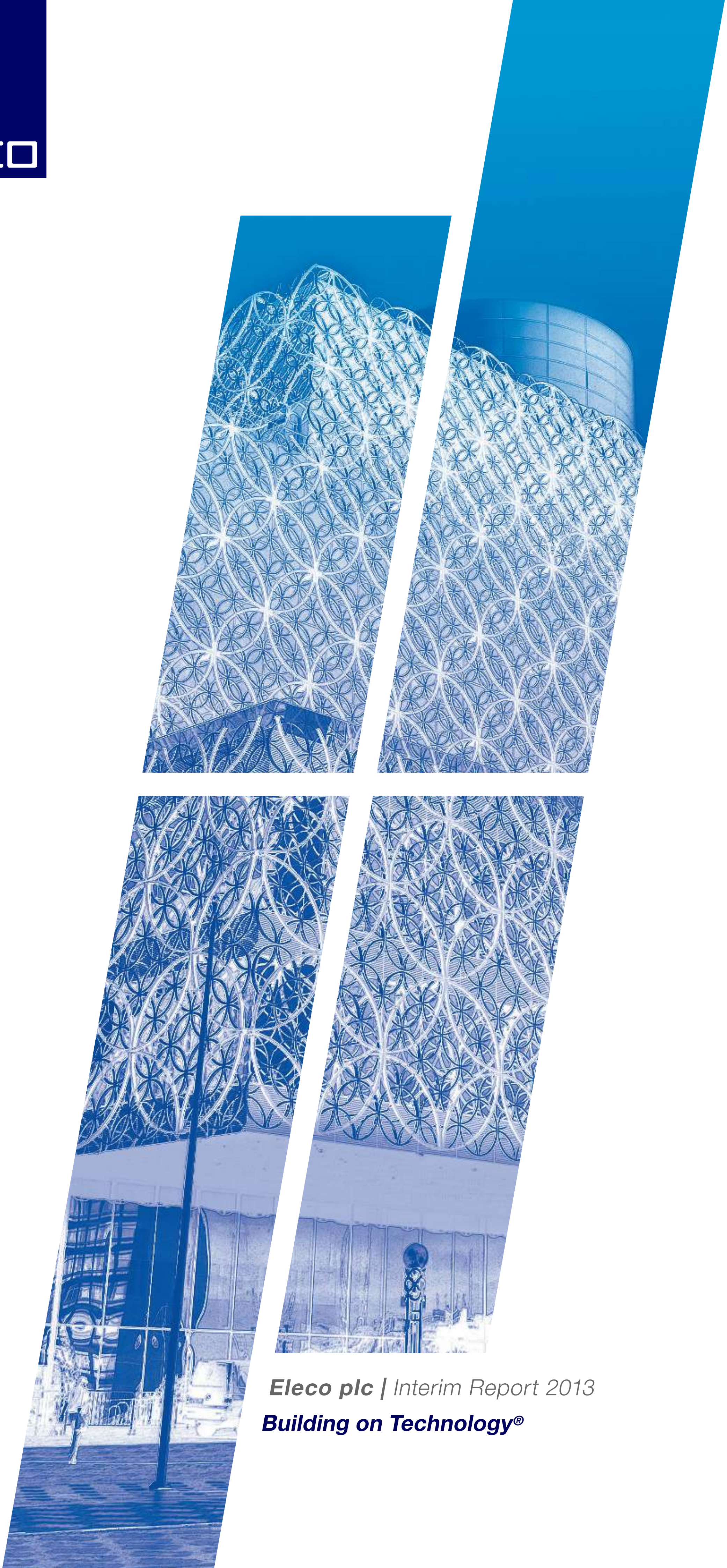
ELECO



Eleco plc | *Interim Report 2013*

Building on Technology®

/ Building on Technology®

Eleco plc (AIM: ELCO) is a UK AIM-listed company which is committed to the key components of modern construction projects.

Eleco comprises ElecoSoft® and ElecoPrecast®, providing software solutions and services for the architectural, engineering and construction industries and precast solutions that deliver efficient and sustainable performance.

For additional information visit **www.eleco.com**

Overview

Financials

"Eleco is now in a position to take advantage of growing activity in the both the construction software and precast concrete markets in which it operates."

John Ketteley – Executive Chairman

Pictured – London Aquatics Centre, Olympic Park, London
Designed by Zaha Hadid Architects
Precast terracing by Bell & Webster Concrete

Front cover – Library of Birmingham
Project Management Software by Asta Development plc

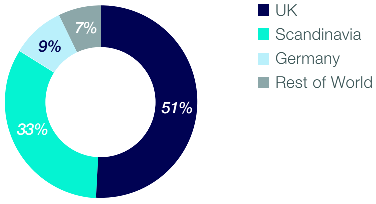
Highlights

Six months to 30 June

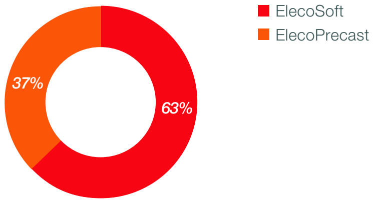
	2013 £'000	2012 £'000	Change £'000
Continuing operations			
Revenue	**13,150**	13,499	-349
Adjusted operating profit*	**1,045**	1,004	+41
Product development costs	**(1,265)**	(1,119)	-146
Loss before tax	**(610)**	(327)	-283
Loss per share	**(1.1)p**	(0.8)p	-0.3p
EBITDA	**460**	611	-151
ElecoSoft			
Revenue	**8,299**	8,244	+55
Adjusted operating profit*	**2,026**	2,020	+6
Product development costs	**(1,264)**	(1,118)	-146
Operating profit	**762**	902	-140
EBITDA	**1,071**	1,216	-145
ElecoPrecast			
Revenue	**4,851**	5,292	-441
Adjusted operating profit*	**(531)**	(510)	-21
Product development costs	**(1)**	(1)	+0
Operating loss	**(532)**	(511)	-21
EBITDA	**(214)**	(152)	-62

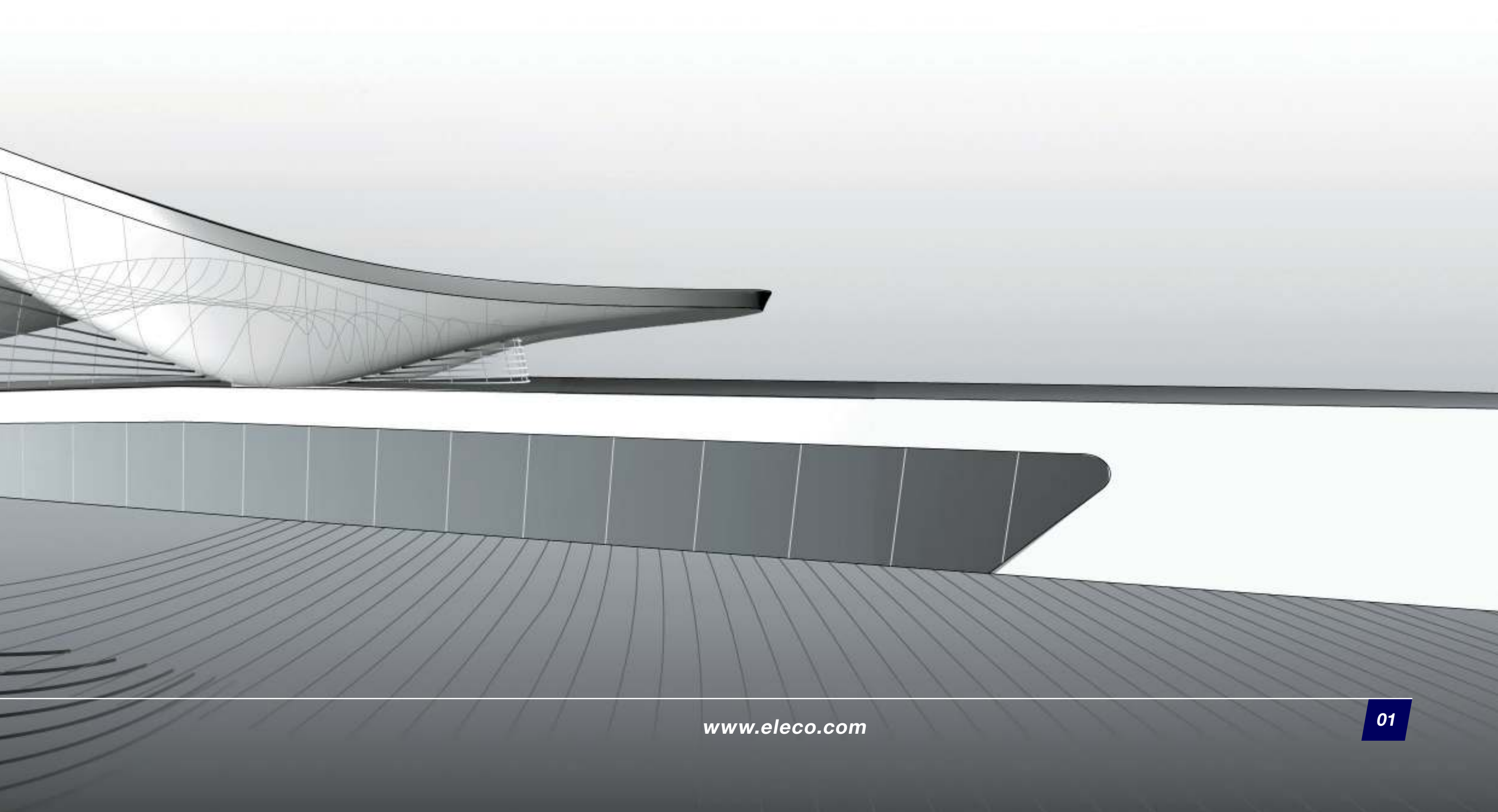
* before product development costs

Geographical Revenue Analysis
Six months to 30 June 2013



Revenue Analysis by Operating Segment
Six months to 30 June 2013





Chairman's Statement

September 2013

Operational Commentary

ElecoSoft®

Turnover of ElecoSoft® for the six months to 30 June 2013 from its software businesses in Sweden, Germany and the UK ("ElecoSoft®") increased marginally to £8.3m (H1 2012: £8.2m), despite lower turnover from our Swedish architectural services business of £1.3m (H1 2012: £1.1m), due to lower demand for new houses in Sweden. Furthermore, an architectural design contract for a flagship office building in Skellefteå was regrettably cancelled by a customer partway through the project. This also adversely impacted revenue and profit of our Swedish business units in the period.

ElecoSoft®'s share of Group turnover increased to 63% (H1 2012: 61%) during the period.

I am pleased to report that in April 2013, the Group acquired for £64,000 the business and certain assets of Wagemeyer, a German software development company specialising in the development of software for the timber stair design and manufacturing markets. This acquisition enhances ElecoSoft®'s StairCon® existing range of staircase engineering software and will provide it with a direct channel to the largest market for stair design and manufacturing software in Europe.

As anticipated, the integration of these businesses initially impacted the profitability of Wagemeyer with StairCon® in the short term, due to the disruption and initial costs of amalgamating them. The merger has been very well received by both stair manufacturers and suppliers of computer-aided machinery to the industry and we are confident that the Wagemeyer with StairCon® combination will establish itself as a leading force in the European market for stair design and manufacturing software.

Software Development costs of ElecoSoft® in the period, mainly for software projects that have yet to be launched in the market, were £200,000 higher at £1.3m (H1 2012: £1.1m). This accounted in some measure for ElecoSoft®'s EBITDA in the period being £100,000 lower at £1.1m (H1 2012: £1.2m). The strong profit growth at our UK software operations in the period was offset by a lower profit performance from our Swedish based software businesses due mainly to weaker markets for their products and services.

I am pleased to say that sentiment in the UK and German economies in which we operate continues to improve and our Swedish colleagues also recently reported an improvement in sentiment in the Swedish economy.

ElecoPrecast®

Turnover of ElecoPrecast® in the period under review was somewhat lower at £4.9m (H1 2012: £5.3m), mainly due to the extended winter conditions that affected the demand for standard products in the first quarter and as a consequence the EBITDA loss for ElecoPrecast® in the period was marginally worse at £214,000 (H1 2012: loss £152,000).

However, the RoomSolutions® order for Phase 3 of Reading University Student Accommodation, which went into production at Bell & Webster's Grantham factory in January 2013, progressed well and final delivery to site was made this month. Manufacturing has also recently begun on the Northern Developments student accommodation project for Newcastle University, the first delivery to site being scheduled for October 2013. I am pleased to say that earlier this month we also begun production for Galliford Try on a student accommodation project for High Wycombe University.

This recent rise in business activity at both our ElecoPrecast® sites has resulted in an increase in the workforce since the beginning of the year from 63 to 110 and includes the strengthening of the management teams at both locations.

Eleco Group

Group Turnover from Continuing Operations for the six months ended 30 June 2013 amounted to £13.2m (H1 2012: £13.5m). The prior year comparatives in this report have been restated, where appropriate, following the disposal of the Yaxley based ElecoBuild® businesses in May 2013.

The EBITDA from continuing operations was £460,000 (H1 2012: £611,000) after higher development expenditure on software of £1.3m (H1 2012: £1.1m).

Group Operating Loss from continuing operations was £220,000 (H1 2012: loss £115,000) after the deduction of product development costs and the amortisation of intangible assets.

The loss before tax from continuing operations and after net exceptional income of £160,000 (H1 2012: expense £283,000) was £610,000 (H1 2012: loss £327,000 restated).

The loss from continuing operations for the period amounted to £667,000, equivalent to 1.1p per share (H1 2012: loss £454,000, equivalent to 0.8p per share).

However, despite the loss for the period, there was a reduction of £0.2m in the Group's net bank debt over the period from £6.5m at 1 January 2013 to £6.3m at 30 June 2013.

In May 2013, Eleco plc ("Eleco") disposed of its loss-making ElecoBuild® businesses based at Yaxley, Suffolk, comprising SpeedDeck Building Systems, Downer Cladding, Stramit Panel Products and Prompt Profiles. The decision to sell these businesses was prompted by the fact that these businesses would have required significant additional cash injections to enable them to continue trading. The Board therefore reluctantly concluded that Eleco was no longer in a position to support financially these loss-making businesses without placing the Company's own survival in jeopardy. In negotiating the terms of the sale, the Board secured a full TUPE agreement for the employees of these businesses, which inevitably had a bearing on the price achieved for the sale which gave rise to a book loss on this asset disposal before goodwill amounting to £1.7m, which is included in losses of discontinued businesses.

The loss for the period from discontinued operations, including the transaction loss referred to above, was £2.8m, equivalent to 4.7p per share (H1 2012: loss £405,000, equivalent to 0.6p per share).

Dividend

The Board does not propose to recommend the payment of a dividend in respect of the period under review.

Outlook

Our UK Software interests again produced a solid profit performance in the period under review, reflecting the fact that the UK construction industry is continuing to show increasing signs of recovery. The UK profit performance was due principally to the beneficial impact of the UK software business restructuring programme that was completed at the end of last year.

ElecoSoft®'s office in Bangalore, India, is showing positive signs with orders received for both project management and visualisation software within the second month of opening. Our Indian subsidiary is tracking ahead of budget in the period under review.

Our software development teams have the flair, creativity and technology to produce well-designed and relevant software programs and in this connection are working on some exciting new projects which include mobile applications, BIM (Building Information Modelling) tools and Arcon Next Generation®, a totally new architectural software program which has evolved from our original Arcon program, one of the most successful German visual architectural programs in its field.

As mentioned above, the period under review also saw the disposal of more of our loss-making building systems businesses and the ongoing recovery of ElecoPrecast® as a well-balanced specialist precast concrete business.

ElecoPrecast® is continuing to grow its order book which increased to £5.4m at 30 June 2013 (31 December 2012: £4.0m). We have successfully completed the Reading University Student Accommodation Project and have begun two more student accommodation projects, one for Newcastle and one for High Wycombe, and prospects are improving with the economy.

It will be apparent from the Group's performance in the period under review that trading conditions were very challenging, particularly in the first quarter. That said, however, we are beginning to see increasing signs of an upturn in the markets in which our businesses are engaged as well as in the wider economy. This is encouraging.

The sale in May of our loss-making building systems businesses, alongside many other similarly tough decisions, leaves the Group in a much stronger position now than it has been in for some time. I believe that Eleco is now in a position to take advantage of growing activity in both the construction software and precast concrete markets in which it operates.

Accordingly, I look forward to Eleco regaining its poise and taking advantage in due course of opportunities to improve the profits of its ElecoSoft® software interests and to return its ElecoPrecast® interests to profit. We shall certainly be doing all we can to achieve these objectives.

John Ketteley
Executive Chairman
20 September 2013

Condensed Consolidated Income Statement

for the financial period ended 30 June 2013

	Notes	Six months to 30 June 2013 (unaudited) £'000	Six months to 30 June 2012 (unaudited – restated) £'000	Year ended 31 December 2012 (restated) £'000
Continuing operations				
Revenue	3	**13,150**	13,499	24,830
Cost of sales		**(5,017)**	(5,171)	(8,877)
Gross profit		**8,133**	8,328	15,953
Distribution costs		**(519)**	(633)	(1,271)
Administrative expenses		**(7,994)**	(7,527)	(14,179)
Operating (loss)/profit before exceptionals	3	**(380)**	168	503
Exceptional items	5	**160**	(283)	(1,449)
Loss from operations	3	**(220)**	(115)	(946)
Finance income	6	**3**	24	19
Finance cost	6	**(393)**	(236)	(512)
Loss before tax		**(610)**	(327)	(1,439)
Tax		**(57)**	(127)	79
Loss for the financial period from continuing operations		**(667)**	(454)	(1,360)
Loss for the financial period from discontinued operations	4	**(2,799)**	(405)	(1,387)
Loss for the financial period		**(3,466)**	(859)	(2,747)
Attributable to:				
Equity holders of the parent		**(3,466)**	(859)	(2,747)
Loss per share – basic and diluted				
Continuing operations	7	**(1.1)p**	(0.8)p	(2.3)p
Discontinued operations	7	**(4.7)p**	(0.7)p	(2.3)p
Total operations	7	**(5.8)p**	(1.5)p	(4.6)p

Condensed Consolidated Statement of Comprehensive Income

for the financial period ended 30 June 2013

	Six months to 30 June 2013 (unaudited) £'000	2012 (unaudited – restated) £'000	Year ended 31 December 2012 (restated) £'000
Loss for the period	**(3,466)**	(859)	(2,747)
Other comprehensive income			
Actuarial loss on retirement benefit obligation	**(354)**	(367)	(2,475)
Deferred tax on retirement benefit obligation	**81**	(11)	99
Other gains/(losses) on retirement benefit obligation	**303**	—	(81)
Translation differences on foreign operations	**2**	(26)	(101)
Other comprehensive income net of tax	**32**	(404)	(2,558)
Total comprehensive income for the period	**(3,434)**	(1,263)	(5,305)
Attributable to:			
Equity holders of the parent	**(3,434)**	(1,263)	(5,305)

Condensed Consolidated Statement of Changes in Equity

for the financial period ended 30 June 2013

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2013	**6,066**	**6,396**	**7,371**	**(214)**	**(358)**	**(10,411)**	**8,850**
Transactions with owners	—	—	—	—	—	—	—
Loss for the period	—	—	—	—	—	(3,466)	(3,466)
Other comprehensive income:							
Actuarial loss on defined benefit pension scheme net of tax and other scheme gains	—	—	—	—	—	30	30
Exchange differences on translation of net investments in foreign operations	—	—	—	2	—	—	2
Total comprehensive income for the period	—	—	—	2	—	(3,436)	(3,434)
At 30 June 2013 (unaudited)	**6,066**	**6,396**	**7,371**	**(212)**	**(358)**	**(13,847)**	**5,416**

	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 and other scheme losses	—	—	—	—	—	(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 2012	6,066	6,396	7,371	(113)	(358)	(5,207)	14,155
Transactions with owners	—	—	—	—	—	—	—
Loss for the period	—	—	—	—	—	(2,747)	(2,747)
Other comprehensive income:							
Actuarial loss on defined benefit pension scheme net of tax and other scheme losses	—	—	—	—	—	(2,457)	(2,457)
Exchange differences on translation of net investments in foreign operations	—	—	—	(101)	—	—	(101)
Total comprehensive income for the period	—	—	—	(101)	—	(5,204)	(5,305)
At 31 December 2012	6,066	6,396	7,371	(214)	(358)	(10,411)	8,850

Condensed Consolidated Balance Sheet
as at 30 June 2013

	Notes	30 June 2013 (unaudited) £'000	30 June 2012 (unaudited) £'000	31 December 2012 £'000
Non-current assets				
Goodwill		**12,676**	13,622	13,009
Other intangible assets		**1,743**	2,129	1,904
Property, plant and equipment		**6,218**	7,570	7,223
Deferred tax assets		**1,538**	1,194	1,389
Other non-current assets		**—**	865	—
Total non-current assets		**22,175**	25,380	23,525
Current assets				
Inventories		**903**	2,254	2,144
Trade and other receivables		**5,324**	7,084	6,905
Current tax assets		**157**	85	5
Cash and cash equivalents		**1,170**	1,673	888
Other current assets		**800**	460	800
Total current assets		**8,354**	11,556	10,742
Total assets		**30,529**	36,936	34,267
Current liabilities				
Bank overdraft	8	**(3,425)**	(3,633)	(4,501)
Borrowings	8	**(400)**	(900)	(900)
Obligations under finance leases		**(234)**	(161)	(212)
Trade and other payables		**(4,466)**	(5,285)	(4,962)
Provisions		**(255)**	(20)	(256)
Current tax liabilities		**(111)**	(191)	(56)
Accruals and deferred income		**(5,449)**	(5,432)	(5,819)
Total current liabilities		**(14,340)**	(15,622)	(16,706)
Non-current liabilities				
Borrowings	8	**(3,600)**	(2,475)	(2,025)
Obligations under finance leases		**(204)**	(379)	(319)
Deferred tax liabilities		**(122)**	(396)	(170)
Non-current provisions		**(70)**	(86)	(77)
Other non-current liabilities		**(94)**	(111)	(85)
Retirement benefit obligation		**(6,683)**	(4,975)	(6,035)
Total non-current liabilities		**(10,773)**	(8,422)	(8,711)
Total liabilities		**(25,113)**	(24,044)	(25,417)
Net assets		**5,416**	12,892	8,850
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		**(212)**	(139)	(214)
Other reserve		**(358)**	(358)	(358)
Retained earnings		**(13,847)**	(6,444)	(10,411)
Equity attributable to shareholders of the parent		**5,416**	12,892	8,850

Condensed Consolidated Statement of Cash Flows

for the financial period ended 30 June 2013

	Notes	Six months to 30 June 2013 (unaudited) £'000	Six months to 30 June 2012 (unaudited) £'000	Year ended 31 December 2012 £'000
Cash flows from operating activities				
Loss before tax (including discontinued operations)		**(3,409)**	(626)	(2,641)
Net finance costs		**390**	197	480
Depreciation and impairment charge		**493**	556	1,004
Amortisation and impairment charge		**243**	260	1,210
Loss/(profit) on sale of property, plant and equipment		**169**	(4)	(114)
Loss on sale of businesses		**2,153**	—	—
Retirement benefit obligation		**—**	(402)	(803)
(Decrease)/increase in provisions		**(8)**	(27)	200
Cash generated/(used) in operations before working capital movements		**31**	(46)	(664)
Decrease in trade and other receivables		**276**	1,517	3,438
(Increase)/decrease in inventories and work in progress		**(578)**	24	134
Increase/(decrease) in trade and other payables		**501**	(2,163)	(4,854)
Cash generated/(used) in operations		**230**	(668)	(1,946)
Interest paid		**(90)**	(66)	(239)
Interest received		**3**	26	34
Income tax paid		**(208)**	(238)	(396)
Net cash outflow from operating activities		**(65)**	(946)	(2,547)
Net cash used in investing activities				
Purchase of intangible assets		**(48)**	(64)	(149)
Purchase of property, plant and equipment		**(59)**	(129)	(157)
Acquisition of subsidiary undertakings net of cash acquired	9	**(82)**	(46)	(192)
Proceeds from sale of property, plant, equipment and intangible assets		**503**	45	393
Sale of businesses net of expenses	4	**160**	—	400
Net cash inflow/(outflow) from investing activities		**474**	(194)	295
Net cash used in financing activities				
Proceeds from new bank loan		**4,000**	—	—
Repayment of bank loans		**(2,925)**	(5,450)	(5,900)
Repayments of obligations under finance leases		**(155)**	(86)	(170)
Net cash inflow/(outflow) from financing activities		**920**	(5,536)	(6,070)
Net increase/(decrease) in cash and cash equivalents		**1,329**	(6,676)	(8,322)
Cash and cash equivalents at beginning of period		**(3,613)**	4,748	4,748
Effects of changes in foreign exchange rates		**29**	(32)	(39)
Cash and cash equivalents at end of period		**(2,255)**	(1,960)	(3,613)
Cash and cash equivalents comprise:				
Cash and short-term deposits		**1,170**	1,673	888
Bank overdrafts		**(3,425)**	(3,633)	(4,501)
		(2,255)	(1,960)	(3,613)

/ 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 year ended 31 December 2012 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 2013 have been prepared in accordance with the accounting policies which will be applied in the twelve months financial statements to 31 December 2013. 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 2013.

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 2012.

In accordance with IFRS 5, the prior year comparative figures for the six months to 30 June 2012 and the year ended 31 December 2012 have been restated to reflect discontinued operations reported in the Group's consolidated financial statements for the six months to 30 June 2013. The comparative figures for the year ended 31 December 2012 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 year ended 31 December 2012.

Risks and uncertainties

A summary of the Group's principal risks and uncertainties was provided on page 13 of the 2012 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.

Notes to the Condensed Consolidated Interim Financial Statements continued

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.

ElecoPrecast: Manufacturer and supplier of precast concrete rooms, retaining walls, terracing units and pre-stressed and pre-cast retaining structures.

Central costs that cannot reasonably be allocated to the operating divisions are reported under Corporate.

Six months to 30 June 2013 (unaudited)	ElecoSoft £'000	ElecoPrecast £'000	Corporate £'000	Elimination £'000	Continuing operations £'000
Revenue	8,299	4,851	—	—	13,150
Inter-segment revenue	—	—	—	—	—
Total segment revenue	8,299	4,851	—	—	13,150
Adjusted operating profit/(loss)	2,223	(483)	(612)		1,128
Product development	(1,264)	(1)	—		(1,265)
Amortisation of intangible assets	(197)	(46)	—		(243)
Operating profit/(loss) before exceptionals	762	(530)	(612)		(380)
Restructuring costs	—	(2)	162		160
Segment result	762	(532)	(450)		(220)
Net finance cost					(390)
Loss before tax					(610)
Tax					(57)
Loss after tax					(667)

Six months to 30 June 2012 (unaudited – restated)	ElecoSoft £'000	ElecoPrecast £'000	Corporate £'000	Elimination £'000	Continuing operations £'000
Revenue	8,207	5,292	—	—	13,499
Inter-segment revenue	37	—	—	(37)	—
Total segment revenue	8,244	5,292	—	(37)	13,499
Adjusted operating profit/(loss)	2,227	(236)	(444)		1,547
Product development	(1,118)	(1)	—		(1,119)
Amortisation of intangible assets	(206)	(54)	—		(260)
Operating profit/(loss) before exceptionals	903	(291)	(444)		168
Restructuring costs	(1)	(220)	(62)		(283)
Segment result	902	(511)	(506)		(115)
Net finance cost					(212)
Loss before tax					(327)
Tax					(127)
Loss after tax					(454)

3. Segmental information continued

Operating segments continued

Twelve months to 31 December 2012 (restated)	ElecoSoft £'000	ElecoPrecast £'000	Corporate £'000	Elimination £'000	Continuing operations £'000
Revenue	15,779	9,051	—	—	24,830
Inter-segment revenue	42	7	—	(49)	—
Total segment revenue	15,821	9,058	—	(49)	24,830
Adjusted operating profit/(loss)	4,176	(245)	(872)		3,059
Product development	(2,024)	(4)	—		(2,028)
Amortisation of intangible assets	(359)	(110)	(59)		(528)
Operating profit/(loss) before exceptionals	1,793	(359)	(931)		503
Impairment charges	—	(46)	—		(46)
Restructuring costs	(152)	(874)	(377)		(1,403)
Segment result	1,641	(1,279)	(1,308)		(946)
Net finance cost					(493)
Loss before tax					(1,439)
Tax					79
Loss after tax					(1,360)

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 2013 £'000	Six months to 30 June 2012 £'000	Year ended 31 December 2012 £'000
UK	**6,651**	7,079	12,482
Scandinavia	**4,364**	4,389	8,209
Germany	**1,215**	1,189	2,181
Rest of Europe	**768**	745	1,707
Rest of World	**152**	97	251
	13,150	13,499	24,830

4. Discontinued operations

During the six months to 30 June 2013, the Group sold the following business units within its ElecoBuild division and they are no longer part of the Group:

SpeedDeck Building Systems	sold	May 2013
Downer Cladding	sold	May 2013
Prompt Profiles	sold	May 2013
Stramit Panel Products	sold	May 2013

All of these businesses have been presented as discontinued operations in the income statement and the management are of the view that this presentation of information enables the users of the financial statements to understand the financial effects of these operations no longer being part of the Group.

Notes to the Condensed Consolidated Interim Financial Statements continued

4. Discontinued operations continued

The results from discontinued operations which have been included in the income statement are set out below:

	Six months to 30 June		Year ended 31 December
	2013 £'000	2012 £'000	2012 £'000
Revenue	**3,234**	4,860	9,375
Cost of sales	**(2,918)**	(3,708)	(7,193)
Gross profit	**316**	1,152	2,182
Distribution costs	**(222)**	(315)	(623)
Administrative expenses	**(635)**	(1,118)	(2,745)
Other operating costs	**(105)**	(33)	(28)
Operating loss	**(646)**	(314)	(1,214)
Finance income	**—**	15	13
Loss before tax	**(646)**	(299)	(1,201)
Taxation on discontinued operations	**—**	(106)	(186)
Loss for the period from discontinued operations	**(646)**	(405)	(1,387)

The net loss from the disposal of the business units listed above and included in the income statement are set out below:

	Six months to 30 June		Year ended 31 December
	2013 £'000	2012 £'000	2012 £'000
Consideration on disposals	**200**	—	—
Net assets on disposals	**(1,909)**	—	—
Goodwill impairment on disposal	**(404)**	—	—
Other disposal costs	**(40)**	—	—
Loss on business disposals before tax	**(2,153)**	—	—
Tax on disposal of discontinued operations	**—**	—	—
Loss on business disposals after tax	**(2,153)**	—	—

The cash flows from discontinued operations and included in the consolidated statement of cash flows are set out below:

	Six months to 30 June		Year ended 31 December
	2013 £'000	2012 £'000	2012 £'000
Operating activities	**(651)**	(979)	(1,773)
Investing activities	**(11)**	(38)	(52)
Financing activities	**(46)**	(8)	(17)
Total cash flows	**(708)**	(1,025)	(1,842)

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 2013 £'000	Six months to 30 June 2012 £'000	Year ended 31 December 2012 £'000
Impairment of intangible assets	**—**	—	550
Impairment of property, plant and equipment	**—**	—	7
Restructuring costs	**2**	283	517
Profit on disposal of land	**(384)**	—	—
Pension scheme restructuring costs	**222**	—	375
	(160)	283	1,449

Restructuring costs, mainly in the UK, relate to employee redundancy costs. Legal and professional fees associated with setting up the pension scheme contribution holiday are reported under pension scheme restructuring costs.

6. Net finance (cost)/income

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

	Six months to 30 June 2013 £'000	Six months to 30 June 2012 £'000	Year ended 31 December 2012 £'000
Finance income:			
Bank and other interest receivable	**3**	24	19
Finance costs:			
Bank overdraft and loan interest	**(156)**	(89)	(221)
Finance leases and hire purchase contracts	**(11)**	(12)	(22)
Net return on pension scheme assets and liabilities	**(226)**	(135)	(269)
Total net finance cost	**(390)**	(212)	(493)

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 2013	Six months to 30 June 2012	Year ended 31 December 2012
Loss after taxation	**£(3,466,000)**	£(859,000)	£(2,747,000)
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	**(1.1)p**	(0.8)p	(2.3)p
Discontinued operations	**(4.7)p**	(0.7)p	(2.3)p
Total operations	**(5.8)p**	(1.5)p	(4.6)p

There is no dilution in the loss per share calculation at 30 June 2013 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 continued

8. Borrowings

The bank loans and overdrafts are repayable as follows:

	at 30 June 2013 £'000	at 30 June 2012 £'000	at 31 December 2012 £'000
In one year or less	**3,825**	4,533	5,401
Between one and two years	**400**	900	900
Between two and five years	**3,200**	1,575	1,125
More than five years	**—**	—	—
	7,425	7,008	7,426

9. Acquisitions

On 17 April 2013 the Group acquired the business and certain assets of Wagemeyer, of Germany, enhancing its range of staircase engineering software for a total consideration of £64,000. The consideration comprised the payment of £42,000 in cash from the Group's existing resources and deferred consideration of £22,000 payable over a three year period.

An analysis of the provisional fair value of the Wagemeyer 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
Intangible assets	30	—	30
Property, plant and equipment	4	—	4
	34	—	34
Net assets	34	—	34
Goodwill			30
Total consideration			64
Satisfied by:			
Cash			42
Deferred purchase consideration			22
			64

Intangible assets relates to the value attributed to the customer list acquired as part of the acquisition of the business.

Goodwill 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.

In addition to the cash consideration paid for Wagemeyer in the period, £40,000 of deferred consideration was paid for Novator Projekstyrning AB, of Sweden, acquired in 2012.

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 2013, other than a result of service agreements. An amount of £62,000 (2012: £73,000) 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 £18,000 (2012: £12,500) was paid to JHB Ketteley & Co Limited under a lease for occupation by the Group of 66 Clifton Street, London EC2A 4HB.

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 – Software

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

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 is a Director of Harpenden Sports Group Limited.

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

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Nominated Advisor and Broker
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Solicitors
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