ELECO®

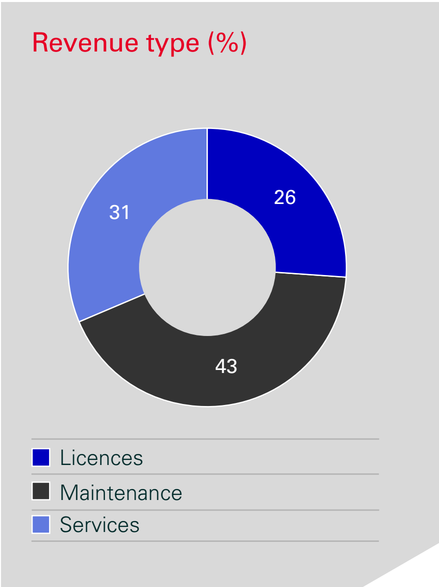
ELECO plc
Interim Report 2014

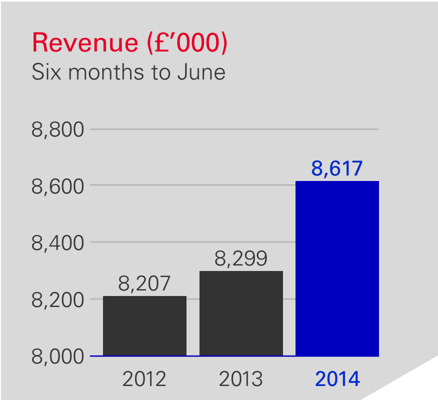
Leading software applications
for the construction industry

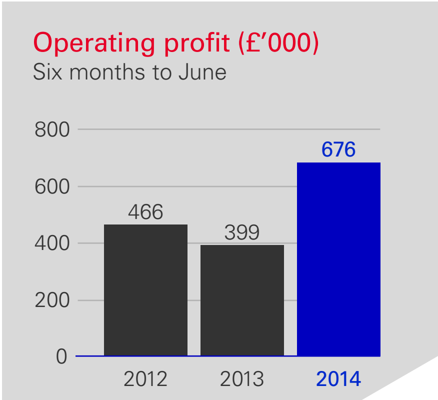
Highlights
Six months to 30 June

	2014 £'000	2013 £'000	Change £'000
Continuing operations			
Revenue	**8,617**	8,299	+318
Adjusted operating profit*	**1,756**	1,664	+92
Product development costs	**(1,080)**	(1,265)	-185
Operating profit	**676**	399	+277
Profit before tax	**536**	235	+301
Earnings per share	**0.7p**	0.3p	+0.4p
EBITDA	**1,022**	716	+306
EBITDA per share	**1.5p**	0.8p	+0.7p

* before product development costs.







"The pressures of having to deal with the restructuring and refinancing of ELECO are now behind us and ELECO has emerged as a profitable specialist provider of software and technology to the construction industry in the UK, Germany and Sweden, where its development teams and operational centres of excellence are located.

I am pleased to say that with the support of our shareholders, together with the positive approach of Barclays Bank we have been able to complete our restructuring and re-banking, which has significantly strengthened our finances. We have also put considerable effort into improving our software offering across the Group. In the UK, we are launching the new Asta's Powerproject BIM programme, which has been very well received by the market; in Germany we will shortly be marketing Arcon® Next Generation, a 3D architectural visualisation software programme, which has a 3D printing capability; and in Sweden, Consultec ByggProgram is nearing completion of a comprehensive overhaul and upgrade of its market leading Bidcon®, estimation software programme. Sentiment in the UK market for our software products continues to improve; and our German and Swedish colleagues have also recently reported some improvement in sentiment in their respective markets.

Despite the difficulties that confronted the Group in the past few years, our software interests have been consistently profitable and following the successful restructuring and refinancing of the Group earlier this year and the positive approach we received from our bankers, Barclays Bank, together with support from our shareholders, customers and employees, I believe that ELECO is now well placed to realise its full potential."

John Ketteley – Executive Chairman

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For additional information on ELECO visit our website www.eleco.com

Chairman's Statement
September 2014

Revenue from our software interests amounted to £8.6m in the six months ended 30 June 2014 compared with £8.3m for the comparable period last year, a rise of 4 per cent., despite a significant weakening in the exchange rate of the Swedish Krona and the Euro against Sterling in the period under review. Adjusting for the adverse foreign exchange impact of £497,000, Group revenue at constant exchange rates would have been £9.1m.

Software development costs in the period under review increased to £1.39m, of which £313,000 of costs incurred in the period, which relate to projects for new products that have been running since last year, were capitalised. This approach is compliant with the provisions of International Accounting Standard 38. Of the amount capitalised £252,000 relates to our latest Asta Powerproject BIM software and the balance of £61,000 relates to the Arcon Next Generation architectural 3D visualisation software. The Asta Powerproject BIM software programme has already been extensively demonstrated and reviewed by Asta User Groups across the UK. It has been very well received and will be launched on the market by Asta in the last quarter of 2014. I would like to thank all my colleagues who have been involved in the development of this excellent software programme for their contribution to the project and its development. It is anticipated that Arcon Next Generation architectural 3D visualisation software will be launched later this year. Both programmes will be demonstrated at the upcoming Bau Show in Munich.

Asta's UK customers and partners also played a very important role in the development of Asta Powerproject BIM. It was vital that such an important new product would satisfy our customers' requirements and therefore, before starting it, Asta took extensive soundings from our customers to ascertain exactly what they needed in the new Asta Powerproject BIM programme in the new "BIM Environment". I very much hope that Asta will have succeeded in meeting their requirements and I would also like to thank those customers and partners, who provided Asta with constructive comments, views and support throughout the Asta Powerproject BIM development process, for their invaluable input.

Likewise, I would like also to thank our German colleagues and customers for their respective contributions to the development of Arcon Next Generation, the latest version of this market leading 3D architectural visualisation software in Germany, which we shall also be launching in other markets worldwide as well as in its home market.

Profits in our UK software operations in the period under review were higher than those in the comparable period last year, although profits of our Swedish and German-based software businesses in the period were lower partly due to weaker demand in their respective markets and partly due to the continuing weakness of the Swedish Krona and the Euro against Sterling in the period. Group operating profit in the period under review amounted to £676,000 (2013: £399,000) after development cost expensed of £1.1m (2013: £1.3m). Pursuant to IAS 38, product development costs of £313,000 in the period were capitalised (2013: nil). Group Operating profit at constant exchange rates would have been £687,000 compared with Group operating profit as reported of £676,000.

Refinancing

I am pleased to report that the UK Group's re-banking with Barclays Bank was successfully completed during the period under review. The new facilities provide ELECO with a platform from which its businesses can grow in line with ELECO's strategy. In addition, the share subscription process was completed in August and raised a total of £2.95m of additional equity funding from the issue of new shares. To date, these funds have been used to reduce the level of the Group's borrowings and its financing costs.

Balance sheet reconstruction proposal

Shareholders will receive a Notice of a General meeting setting out proposals for a Scheme to restructure the Company's Balance Sheet and reserves, for their consideration, and if thought fit, their approval. Subject to approval by the necessary majority of Shareholders in General Meeting, the Scheme will then be submitted to the Court for its approval, which if granted, would permit the resumption of dividends payments, as and when appropriate.

Dividends

The Directors will not be in a position to declare or recommend the payment of dividends until the Balance Sheet Reconstruction Proposals have been approved by Shareholders and approved by the Court. However, on the basis that the proposals are approved and become effective, it would be the Board's intention to resume the payment of dividends when it considers it appropriate and prudent to do so. It would be the Board's intention on the resumption of dividend payments to indicate the policy that it intends to adopt regarding the future recommendation or payment of dividends to shareholders.

ELECO retirement and benefits scheme

In the period since my last statement, the Group has de-recognised the pension scheme liability related to the ELECO Retirement and Benefits Scheme ("ERBS") and related deferred tax asset from the Group balance sheet, which has resulted in an increase in the Group net assets of £6.9m compared to 31 December 2013.

The ERBS is currently in an assessment period with the Pension Protection Fund ("PPF") after which, in the absence of unforeseen circumstances, the ERBS would transfer to the PPF and members of the ERBS would be entitled to PPF compensation. The ERBS liability is recognised as a contingent liability as at 30 June 2014, pending confirmation that the ERBS has completed its PPF assessment period and the PPF has assumed liability for paying compensation to the members.

New Directors

I would like to take this opportunity to welcome Nick Caw, as our newly appointed Chief Executive Officer, who joins us from Microsoft UK. He previously worked with us at ELECO for a number of years and during that period, he was an important contributor to the formation of our successful software interests. We welcome him back and wish him well in his endeavours.

Outlook

The pressures of having to deal with the restructuring and refinancing of ELECO are now behind us. ELECO has emerged as a profitable specialist provider of software and technology to the construction industry in the UK, in Germany and in Sweden, where its development teams and operational centres of excellence are located. Sentiment in our market in the UK continues to improve and our German and Swedish colleagues have also recently reported some improvement in sentiment in their respective markets.

Despite the difficulties that confronted the Group in the past few years, our software interests have been consistently profitable and following the successful restructuring and refinancing of the Group earlier this year and the positive approach we received from our bankers, Barclays Bank, together with support from our shareholders, customers and employees, I believe that ELECO is now well placed to realise its full potential.

John Ketteley
Executive Chairman
29 September 2014

Condensed Consolidated Income Statement
for the financial period ended 30 June 2014

	Notes	Six months to 30 June 2014 (unaudited) £'000	Six months to 30 June 2013 (unaudited – restated) £'000	Year ended 31 December 2013 (restated) £'000
Continuing operations				
Revenue	3	**8,617**	8,299	16,318
Cost of sales		**(1,356)**	(1,215)	(2,189)
Gross profit		**7,261**	7,084	14,129
Administrative expenses		**(6,585)**	(6,685)	(13,148)
Profit from operations	4	**676**	399	981
Finance income	5	**2**	3	10
Finance cost	5	**(142)**	(167)	(367)
Profit before tax		**536**	235	624
Tax		**(97)**	(57)	(174)
Profit for the financial period from continuing operations		**439**	178	450
Loss for the financial period from discontinued operations	6	**5,960**	(3,644)	(10,668)
Profit/(Loss) for the financial period		**6,399**	(3,466)	(10,218)
Attributable to:				
Equity holders of the parent		**6,399**	(3,466)	(10,218)
Profit per share – basic and diluted				
Continuing operations	7	**0.7p**	0.3p	0.8p
Discontinued operations before exceptionals	7	**(0.4)p**	(6.1)p	(17.9)p
		0.3p	(5.8)p	(17.1)p
Discontinued operations exceptionals	7	**10.4p**	—p	—p
Total operations		**10.7p**	(5.8)p	(17.1)p

Condensed Consolidated Statement of Comprehensive Income
for the financial period ended 30 June 2014

	Six months to 30 June		
	2014 (unaudited) £'000	2013 (unaudited – restated) £'000	Year ended 31 December 2013 £'000
Profit/(loss) for the period	**6,399**	(3,466)	(10,218)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on retirement benefit obligation	**–**	(354)	(787)
Deferred tax on retirement benefit obligation	**–**	81	159
Other gains/(losses) on retirement benefit obligation	**–**	303	(350)
Disposal of subsidiaries	**(162)**	–	–
	(162)	30	(978)
Items that will be reclassified subsequently to profit or loss:			
Translation differences on foreign operations	**39**	2	(7)
Other comprehensive income net of tax	**(123)**	32	(985)
Total comprehensive income for the period	**6,276**	(3,434)	(11,203)
Attributable to:			
Equity holders of the parent	**6,276**	(3,434)	(11,203)

Condensed Consolidated Statement of Changes in Equity

for the financial period ended 30 June 2014

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Other reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2014	**6,066**	**6,396**	**4,086**	**(221)**	**(358)**	**(18,322)**	**(2,353)**
Issue of share capital	303	325	—	—	—	—	628
Transactions with owners	303	325	—	—	—	—	628
Profit for the period	—	—	—	—	—	6,399	6,399
Other comprehensive income:							
Disposal of subsidiaries	—	—	—	—	—	(162)	(162)
Exchange differences on translation of net investments in foreign operations	—	—	—	39	—	—	39
Total comprehensive income for the period	—	—	—	39	—	6,237	6,276
At 30 June 2014 (unaudited)	**6,369**	**6,721**	**4,086**	**(182)**	**(358)**	**(12,085)**	**4,551**

	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 losses	—	—	—	—	—	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 2013	6,066	6,396	7,371	(214)	(358)	(10,411)	8,850
Reclassification of merger reserve on business disposals	—	—	(3,285)	—	—	3,285	—
Transactions with owners	—	—	(3,285)	—	—	3,285	—
Loss for the period	—	—	—	—	—	(10,218)	(10,218)
Other comprehensive income:							
Actuarial loss on defined benefit pension scheme net of tax and other scheme losses	—	—	—	—	—	(978)	(978)
Exchange differences on translation of net investments in foreign operations	—	—	—	(7)	—	—	(7)
Total comprehensive income for the period	—	—	—	(7)	—	(11,196)	(11,203)
At 31 December 2013	6,066	6,396	4,086	(221)	(358)	(18,322)	(2,353)

Condensed Consolidated Balance Sheet
as at 30 June 2014

	Notes	30 June 2014 (unaudited) £'000	30 June 2013 (unaudited) £'000	31 December 2013 £'000
Non-current assets				
Goodwill		**10,620**	12,676	10,690
Other intangible assets		**1,601**	1,743	1,462
Property, plant and equipment		**617**	6,218	589
Deferred tax assets	9	**—**	1,538	1,548
Total non-current assets		**12,838**	22,175	14,289
Current assets				
Inventories		**23**	903	17
Trade and other receivables		**2,592**	5,324	4,447
Current tax assets		**116**	157	281
Cash and cash equivalents		**1,127**	1,170	770
Other current assets		**—**	800	474
Assets of disposal group		**764**	—	3,459
Total current assets		**4,622**	8,354	9,448
Total assets		**17,460**	30,529	23,737
Current liabilities				
Bank overdraft	8	**(3,329)**	(3,425)	(3,783)
Borrowings	8	**(1,125)**	(400)	(1,325)
Obligations under finance leases		**(222)**	(234)	(247)
Trade and other payables		**(2,034)**	(4,466)	(3,214)
Provisions		**(302)**	(255)	(786)
Current tax liabilities		**(5)**	(111)	(49)
Accruals and deferred income		**(5,157)**	(5,449)	(5,643)
Liabilities of disposal group		**—**	—	(2,694)
Total current liabilities		**(12,174)**	(14,340)	(17,741)
Non-current liabilities				
Borrowings	8	**—**	(3,600)	—
Obligations under finance leases		**(265)**	(204)	(195)
Deferred tax liabilities		**(192)**	(122)	(149)
Non-current provisions		**(177)**	(70)	(195)
Other non-current liabilities		**(101)**	(94)	(72)
Retirement benefit obligation	9	**—**	(6,683)	(7,738)
Total non-current liabilities		**(735)**	(10,773)	(8,349)
Total liabilities		**(12,909)**	(25,113)	(26,090)
Net assets		**4,551**	5,416	(2,353)
Equity				
Share capital		**6,369**	6,066	6,066
Share premium account		**6,721**	6,396	6,396
Merger reserve		**4,086**	7,371	4,086
Translation reserve		**(182)**	(212)	(221)
Other reserve		**(358)**	(358)	(358)
Retained earnings		**(12,085)**	(13,847)	(18,322)
Equity attributable to shareholders of the parent		**4,551**	5,416	(2,353)

Condensed Consolidated Statement of Cash Flows

for the financial period ended 30 June 2014

	Notes	Six months to 30 June 2014 (unaudited) £'000	Six months to 30 June 2013 (unaudited) £'000	Year ended 31 December 2013 £'000
Cash flows from operating activities				
Profit/(loss) before tax (including discontinued operations)		**306**	(1,256)	(4,751)
Net finance costs		**146**	390	622
Depreciation and impairment charge		**101**	493	869
Amortisation and impairment charge		**245**	243	514
Loss on sale of property, plant and equipment		**3**	169	210
(Decrease)/increase in provisions		**(501)**	(8)	648
Cash generated/(used) in operations before working capital movements		**300**	31	(1,888)
Decrease in trade and other receivables		**1,019**	276	769
Increase in inventories and work in progress		**(8)**	(578)	(4)
(Decrease)/increase in trade and other payables		**(172)**	501	(234)
Net (increase)/decrease in discontinued operations working capital		**(101)**	—	1,730
Cash generated in operations		**1,038**	230	373
Interest paid		**(174)**	(90)	(297)
Interest received		**3**	3	2
Net income tax received/(paid)		**57**	(208)	(464)
Net cash inflow/(outflow) from operating activities		**924**	(65)	(386)
Net cash used in investing activities				
Purchase of intangible assets		**(391)**	(48)	(78)
Purchase of property, plant and equipment		**(17)**	(59)	(287)
Acquisition of subsidiary undertakings net of cash acquired		**—**	(82)	(110)
Proceeds from sale of property, plant, equipment and intangible assets		**15**	503	3,047
Sale of businesses net of expenses		**—**	160	274
Net cash (outflow)/inflow from investing activities		**(393)**	474	2,846
Net cash used in financing activities				
Proceeds from new bank loan		**—**	4,000	4,000
Repayment of bank loans		**(200)**	(2,925)	(5,600)
Repayments of obligations under finance leases		**(91)**	(155)	(259)
Issue of share capital	7	**628**	—	—
Net cash inflow/(outflow) from financing activities		**337**	920	(1,859)
Net increase in cash and cash equivalents		**868**	1,329	601
Cash and cash equivalents at beginning of period		**(3,013)**	(3,613)	(3,613)
Effects of changes in foreign exchange rates		**(57)**	29	(1)
Cash and cash equivalents at end of period		**(2,202)**	(2,255)	(3,013)
Cash and cash equivalents comprise:				
Cash and short-term deposits		**1,127**	1,170	770
Bank overdrafts		**(3,329)**	(3,425)	(3,783)
		(2,202)	(2,255)	(3,013)

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 2013 have been filed and the auditors' 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 2014 have been prepared in accordance with the accounting policies which will be applied in the twelve months financial statements to 31 December 2014. 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 2014.

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 2013.

In accordance with IFRS 5, the prior year comparative figures for the six months to 30 June 2013 and the year ended 31 December 2013 have been restated to reflect discontinued operations reported in the Group's consolidated financial statements for the six months to 30 June 2014. The comparative figures for the year ended 31 December 2013 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 the 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 have changed to those that applied to the consolidated financial statements for the year ended 31 December 2013. This change relates to de-recognition of the retirement benefit obligation and the associated deferred tax asset during the six months to 30 June 2014.

Risks and uncertainties

A summary of the Group's principal risks and uncertainties was provided on page 19 of the 2013 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. Revenue

Revenue from continuing operations disclosed in the income statement is analysed as follows:

	Six months to 30 June 2014 £'000	Six months to 30 June 2013 £'000	Year ended 31 December 2013 £'000
Licence sales	**2,246**	2,033	4,003
Recurring maintenance and support revenue	**3,657**	3,683	7,319
Services income	**2,714**	2,583	4,996
	8,617	8,299	16,318

4. Segmental information

Operating segments

The Group comprises of software business activity only and as such the information is presented in line with management information.

	Six months to 30 June 2014 Software £'000	Six months to 30 June 2013 Software £'000	Year ended 31 December 2013 Software £'000
Revenue	**8,617**	8,299	16,318
Adjusted operating profit	**2,001**	1,861	3,955
Product development	**(1,080)**	(1,265)	(2,598)
Amortisation of intangible assets	**(245)**	(197)	(376)
Operating profit before exceptionals	**676**	399	981
Restructuring costs	**—**	—	—
Segment result	**676**	399	981
Net finance cost	**(140)**	(164)	(357)
Segment profit before tax	**536**	235	624
Tax	**(97)**	(57)	(174)
Segment profit after tax	**439**	178	450
Development costs capitalised	**(313)**	—	—
Total development costs	**(1,393)**	(1,265)	(2,598)

Development project costs are expensed as incurred unless they meet the accounting policy requirements for capitalisation. The projects capitalised in the six months to 30 June 2014 are explained in the Chairman's Statement and the accounting policy requirements are set out on page 34 of the 2013 report and accounts.

Geographical segments

Revenue by geographical area represents revenue from external customers based on the geographical location of the customer.

	Six months to 30 June 2014 £'000	Six months to 30 June 2013 £'000	Year ended 31 December 2013 £'000
UK	**2,124**	1,800	3,598
Scandinavia	**4,350**	4,364	8,333
Germany	**1,111**	1,215	2,428
Rest of Europe	**829**	768	1,666
Rest of World	**203**	152	293
	8,617	8,299	16,318

5. Net finance (cost)/income

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

	Six months to 30 June 2014 £'000	Six months to 30 June 2013 £'000	Year ended 31 December 2013 £'000
Finance income			
Bank and other interest receivable	**2**	3	10
Finance costs			
Bank overdraft and loan interest	**(134)**	(156)	(350)
Finance leases and hire purchase contracts	**(8)**	(11)	(17)
Total net finance cost	**(140)**	(164)	(357)

6. Discontinued operations

Non-recurring corporate overhead costs which are attributable to the restructuring of the Group in the six months to 30 June 2014 are reported under discontinued operations.

The de-recognition of the pension scheme liability related to the ELECO Retirement and Benefits Scheme (ERBS) and the associated deferred tax is reported under discontinued operations as an exceptional item. Further information on the ERBS is set out in note 9 and on page 51 of the 2013 report and accounts.

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

	Six months to 30 June 2014 £'000	Six months to 30 June 2013 £'000	Year ended 31 December 2013 £'000
Revenue	**–**	8,391	16,144
Cost of sales	**–**	(7,219)	(13,154)
Gross profit	**–**	1,172	2,990
Distribution costs	**–**	(694)	(1,211)
Administrative expenses	**(224)**	(1,858)	(4,524)
Other operating costs	**–**	(268)	(1,279)
Loss on re-measurement	**–**	–	(1,471)
Operating loss	**(224)**	(1,648)	(5,495)
Finance income	**–**	–	–
Finance cost	**(6)**	(228)	(264)
Loss before tax	**(230)**	(1,876)	(5,759)
Taxation on discontinued operations	**–**	–	26
Loss for the period from discontinued operations	**(230)**	(1,876)	(5,733)
Loss on business disposals after tax	**–**	(1,768)	(4,935)
Loss for the period from discontinued operations before exceptionals	**(230)**	(3,644)	(10,668)
Exceptional items net of tax	**6,190**	–	–
Net profit/(loss) for the period from discontinued operations	**5,960**	(3,644)	(10,668)

Notes to the Condensed Consolidated Interim Financial Statements continued

6. Discontinued operations continued

The net profit from de-recognition of the pension scheme liability related to the ERBS and associated deferred tax included in the income statement is set out below:

	Six months to 30 June		Year ended 31 December
	2014 £'000	2013 £'000	2013 £'000
Retirement benefit obligation	**7,738**	—	—
Profit before tax	**7,738**	—	—
Deferred tax	**(1,548)**	—	—
Profit after tax	**6,190**	—	—

7. Earnings per share

The calculations of the earnings 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.

The impact of de-recognition of the pension scheme liability and associated deferred tax in the period on the calculation of the earnings per share is reported as an exceptional item in the table below:

	Six months to 30 June		Year ended 31 December
	2014	2013	2013
Continuing operations	**£439,000**	£178,000	£450,000
Discontinued operations	**£(230,000)**	£(3,644,000)	£(10,668,000)
	£209,000	£(3,466,000)	£(10,218,000)
Discontinued operations exceptionals	**£6,190,000**	—	—
Total operations profit/(loss) after taxation	**£6,399,000**	£(3,466,000)	£(10,218,000)
Weighted average number of shares in issue in the period	**59,812,119**	59,761,646	59,761,646
Dilutive effect of share options	**—**	—	—
Number of shares for diluted earnings per share	**59,812,119**	59,761,646	59,761,646
Earnings/(loss) per share – basic and diluted			
Continuing operations	**0.7p**	0.3p	0.8p
Discontinued operations before exceptionals	**(0.4)p**	(6.1)p	(17.9)p
	0.3p	(5.8)p	(17.1)p
Discontinued operations exceptionals	**10.4p**	—p	—p
Total operations	**10.7p**	(5.8)p	(17.1)p

On 28 June 2014, 3,028,405 new ordinary shares were issued at a price of 20.75p per share. This was the first stage of two share subscriptions and raised £628,000. There were no outstanding share options at 30 June 2014 and therefore no dilution effect on the basic earnings per share.

8. Borrowings

The bank loans and overdrafts are repayable as follows:

	At 30 June 2014 £'000	At 30 June 2013 £'000	At 31 December 2013 £'000
In one year or less	**4,454**	3,825	5,108
Between one and two years	**—**	400	—
Between two and five years	**—**	3,200	—
More than five years	**—**	—	—
	4,454	7,425	5,108

9. Retirement benefit obligation

ELECO plc recently operated one defined benefit scheme in the UK, the ELECO Retirement and Benefits Scheme (ERBS).

On 6 January 2014, an Administrator was appointed to Bell & Webster Concrete Limited, the last remaining trading Statutory Employer of the Pension Scheme. On 9 June 2014 the Official Receiver was appointed to the other dormant companies which were Statutory Employers of the Pension Scheme and these companies together with Bell & Webster Concrete Limited are no longer consolidated in the results of the Eleco Group at 30 June 2014. Consequently, the pension scheme liability attributable to all these companies together with the associated deferred tax asset has been de-recognised from the Group balance sheet at 30 June 2014. Further information on the ERBS is set out on page 51 of the 2013 report and accounts.

10. Contingent liabilities

It is the Group's policy to make specific provisions at the balance sheet date for all liabilities which, in the opinion of the Directors, represent a present obligation and outflow of resources to be probable at the balance sheet date.

The ERBS is currently in an assessment period with the Pension Protection Fund (PPF) after which, in the absence of unforeseen circumstances, the ERBS would transfer to the PPF and members of the ERBS would be entitled to PPF compensation. The ERBS liability is recognised as a contingent liability at 30 June 2014, pending confirmation that the ERBS has completed its PPF assessment period and the PPF has assumed liability for paying compensation to the members.

The Directors have considered all the facts surrounding the de-recognition of the pension scheme together with open claims and any pending litigation against the Group at 30 June 2014 and concluded that no material loss is likely to accrue from any such un-provided claims.

11. Related party transactions

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

The Directors of the Company had no material transactions with the Company during the six months to 30 June 2014, other than a result of service agreements. An amount of £18,000 (2013: £18,000) was paid to JHB Ketteley & Co Limited under a lease for occupation by the Group of 66 Clifton Street, London, EC2A 4HB and £3,000 (2013: £3,000) for a contribution to the office costs at Burnham-on-Crouch.

Board of Directors

John Ketteley FCA[1]

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.

Nick Caw

Nick Caw joined Eleco as Chief Executive Officer in July 2014. He has spent most of his career in the IT industry, joining us from Microsoft UK where he worked since 2007. He is currently a director of Quex Mews Management Services Limited.

Michael McCullen BSc MBA

Michael McCullen was founder member of Asta Development and Managing Director when it was acquired by ELECO plc in 2006. He joined the Board as an Executive Director in 2007.

Jonathan Cohen TD MA FCA[*1]

Appointed a Non-executive Director in November 2002 and Chairman of the Remuneration Committee in May 2010. Jonathan Cohen was previously Chief Executive of County NatWest Limited and Vice Chairman of Charterhouse Bank Limited. He is currently Chairman of Clearwater Hampers Limited and a Director of The Boardroom Partnership Limited.

Jonathan Edwards LLB ACA[*1]

Appointed a Non-executive Director in April 2010 and Chairman of the Audit Committee in May 2010. Jonathan Edwards is a Director of Harpenden Sports Group Limited.

* Member of the Audit and Remuneration Committees.

[1] Member of the Nominations Committee.

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