TYMAN PLC

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Tyman plc is a leading international supplier of building products to the door and window industry

LUPUS CAPITAL

becomes

TYMAN PLC

Moving Adapting Changing

Lupus Capital plc was renamed Tyman plc with effect from 1 February 2013 Tyman is derived from the Old English word meaning "to turn" Things that turn are always in process Moving Adapting Changing. To turn things around is to revolve change position make progress

Our name now reflects the re focusing of the Group as a leading international supplier of components to the door and window industry worldwide

Contents

Highlights

- Improving performance in North America, with constant currency like for like revenues up 5 0 per cent
- UK business successfully reshaped following acquisition of Fab & Fix and disposal of non core assets
- Rebalancing of European footprint underway
- New management teams outside of US providing increased organisational focus
- Name change reflects transformation of the Group into a focused building products manufacturing business
- Intention to move to the Main Market during the next 12 months

Revenue[1]

£228.8m

2011 £216 3m (+5 8%)

Underlying EPS[1 2]

10.45p

2011 8 94p (+16 9%)

Leverage

1.22x

2011 2 25x

Underlying operating profit[1 2]

£23.0m

2011 £22 2m (+3 6%)

Dividend per share

4.5p

2011 3 5p (+28 6%)

Underlying net debt[3]

£37.0m

2011 £91 2m (−59 5%)

1 Continuing operations before property provision releases
2 'Underlying' is defined as before amortisation of intangible assets deferred tax on amortisation of intangible assets, impairment of intangible assets and goodwill unwinding of discount on provisions amortisation of borrowing costs and the associated tax effect.
3 'Underlying Net Debt' is defined as interest bearing loans and borrowings net of cash and cash equivalents, plus unamortised borrowing costs added back

Our business at a glance

Amesbury
Our North American Building Products division operates as Amesbury With manufacturing and distribution capability throughout the US and Canada Amesbury offers the complete range of door and window sealing solutions and hardware

Amesbury is America s leading manufacturer of door and window seals with brands such as Foam Tite® and Schlegel s Q LON® and high quality textile offerings. In addition, Amesbury manufactures custom thermoplastic extrusions and multi durometer profiles

Amesbury also manufactures block and tackle and constant force window balances for single- and double-hung windows and is a leading door hardware distributor

Through its subsidiary Overland Amesbury supplies an extensive range of stampings for a range of applications mainly in the fenestration market.

Revenue

£118.6m

2011 £105 4m[1] (+12 6%)

Underlying operating profit

£11.6m

2011 £10 8m[1] (+7 4%)

grouphomesafe
Our UK Building Products division operates as grouphomesafe grouphomesafe is a leader in the design development manufacture and distribution of innovative solutions to improve performance and enhance protection and security for the residential building and home improvement markets

grouphomesafe provides a wide range of products and solutions including window and door locks and hardware specialist uPVC profiles and products sash window renovation and weatherseal products The product range has been enhanced by the addition of the Fab & Fix range of high quality perfectly matching hardware

Revenue

£73.3m

2011 £70 7m[1] (+3 8%)

Underlying operating profit

£9.0m

2011 £8 2m[1] (+10 0%)

Schlegel International
Our International Building Products division operates as Schlegel International in a number of countries worldwide with manufacturing sites in Germany Spain Belgium and Australia and numerous distribution and sourcing operations This gives us a unique insight into local markets and offers the potential to sell our extensive product range internationally

Our core brand internationally is Schlegel whose seals are sold in more than 75 countries around the world Also manufactured are related products such as cleaning brushes static control devices for copiers and printers speciality automotive products such as sunroof seals and truck spray suppressants tractor seat trim and sway bar bushes

Revenue

£36.8m

2011 £40 3m[1] (−8 6%)

Underlying operating profit

£2.5m

2011 £3 3m[1] (−24 6%)

1 Comparative figures for 2011 have been revised to more accurately reflect the elimination of intragroup trading and to re apportion head office overheads previously included in the results of the discontinued operations.

Chairman's statement Jamie Pike

The Group is now a clearly focused building products company and a leader in the supply of components to the door and window industry worldwide These characteristics should enable us to deliver sustainable margin improvement and long-term growth for shareholders

The past twelve months have been a period of significant change for the Group involving business disposals in the UK, acquisitions in the UK and US a new organisational structure for our businesses outside of North America all culminating in the change of name to Tyman plc.

In 2012 we completed the sales of Gall Thomson and our loss-making UK composite doors business These successful disposals of non core assets, combined with the acquisition of Unique Balance and Fab & Fix, means that the Group enters 2013 as a focused supplier of components to the door and window industry worldwide

At the operational level our new Divisional Managing Directors for grouphomesafe and Schlegel International have completed their first full year in the business and the benefits of the increased focus that our new organisational structure brings to the Group are becoming evident.

The change of the Group s name to Tyman plc is another landmark in our development. For a number of years the name "Lupus Capital" promoted some confusion among the Group s customers and suppliers, as well as with potential investors, in that it implied that the Group was a financial institution rather than a building products manufacturing business Tyman is derived from the Old English word for "to turn" and is a simple solid and more relevant expression of what the Group is about.

Financial performance
Performance for the continuing operations of the Group in 2012 was creditable against a backdrop of difficult markets worldwide Group revenues increased by 5 8 per cent on a reported basis and were broadly flat on a constant currency like for like basis after adjusting for recent acquisitions and for exchange rate movements Underlying operating profit before property provision releases increased by 3 6 per cent and underlying earnings per share increased by 16 9 per cent to 10 45 pence

These results together with solid cash generation and confidence in the medium term prospects for the Group lead the Board to recommend a final dividend of 3 5p per ordinary share ahead of its commitment at the time of interim results of not less than 3 0 pence per share This makes a total dividend for the year of 4 5p an increase of 28 6 per cent over last year

Board and governance
The addition of Dr Angelika Westerwelle to the Board provides us with a more appropriate number of Non executive Directors as the Group enters the next phase of its development I am delighted to welcome Angelika to the Board and am sure her extensive and relevant experience in international manufacturing and in the development of medium sized businesses will be of great benefit to Tyman

The Board has continued its practice of holding Board meetings at operational locations on a regular basis and during 2012 met at Group sites in Sioux Falls (US) Gistel (Belgium) and Willenhall (UK) These visits allow the Board the opportunity to meet with local management and to see at first hand the skills expertise and energy of Group employees around the world

While Tyman is presently traded on the AIM market of the London Stock Exchange and therefore is not required to comply with the UK Corporate Governance code the Board has taken the view that the Group should aspire to the corporate governance standard of companies listed on the Main Market. The Board is also committed to a programme of continuous improvement to the Group s overall governance and risk management processes As examples of this commitment from 2013 the Board will implement a formal annual evaluation of performance and the Group will implement a more structured internal audit function as part of a wider reassessment of the Group s risk management framework.

Following the completion of the strategic refocusing of our businesses and the renaming of the Group the Board feels that this is the appropriate time for Tyman plc to move to the Main Market. The Board therefore intends during the course of the next twelve months. to seek a primary listing on the Main Market of the London Stock Exchange and admission to the Premium Segment of the Official List We will keep shareholders informed in this regard

Outlook

Tyman has leading positions in many of its global niches and is backed by a strong balance sheet which will allow us to invest in our businesses both organically and through acquisition at a time when many competitors are capital constrained The Group is now a clearly focused building products company and a leader in the supply of components to the door and window industry worldwide

These characteristics should position us to deliver margin improvement and long term growth for shareholders

Jamie Pike
Chairman
12 March 2013

groupHomesafe

Spotlight on new developments

The Nu Mail Letterplate from Fab & Fix

Not so long ago if a homeowner wanted all of the hardware on their front door to match they would have had to choose a white powder-coated finish This was because handles and knockers were typically die-cast zinc and letterplates were fashioned from aluminium pressings. These materials were impossible to colour match unless sprayed with paint.

The Nu Mail was the first die cast zinc letterplate the UK market had seen It could be electro-plated to match other door hardware exactly – first in chrome then in gold and bronze and now six different Hardex Electro finishes It was the innovation that really established Fab & Fix on the journey to offering the ultimate in window and door hardware Today over 250 products are available in perfectly matching finishes

Chief Executive Officer's review Louis Eperjesi

2013 will see further difficult markets, however we are committed to our well defined plans to invest in our businesses, take market share, deliver further margin improvement, increase returns on capital and drive earnings for shareholders

2012 saw the completion of a fundamental reshaping of Tyman plc along with creditable operational progress against a difficult market backdrop

The Group reported an increase in revenues in the year from continuing operations of 5 8 per cent On a constant currency like for like basis – after adjusting for recent acquisitions and for exchange rate movements – revenues were broadly in line with 2012 Underlying operating profit increased by 3 6 per cent in the year to £23 0 million Underlying earnings per share increased by 16 9 per cent to 10 45 pence

These results reflect the initial benefits that are being derived from the fundamental reshaping of the Group that has taken place over the past three years

Before property provision releases.

2012 divisional performance
Collectively our Amesbury business performed well in the year and took market share with a particularly strong performance by our sealing systems business Margins in the division in the year were impacted by some of the investments we made most notably the start up of our new Atlanta plant and the fixed overhead of the Montreal facility acquired as part of the Unique Balance transaction, neither of which should repeat in 2013 Overall on a constant currency like for like basis Amesbury revenues grew by 5 0 per cent in the year to £112 0 million

In the UK grouphomesafe has seen further overall market contraction during 2012 Like for like revenues from continuing operations in the UK in the year decreased by 5 5 per cent and Underlying operating profit decreased by 1 1 per cent

However once the acquisition of Fab & Fix is taken into account, reported revenues from continuing operations increased by 3 8 per cent to £73 3 million Underlying operating profit increased by 10 0 per cent to £9 0 million and Underlying operating margins increased to 12 2 per cent. By comparison, the reported Underlying operating margins for UK element of the Building Products segment in 2011 was 8 7 per cent, demonstrating the transformational impact of the corporate activity undertaken in the UK business during the year

Schlegel International had a difficult trading year with revenues down 8 6 per cent and Underlying operating margins decreasing from 8 2 to 6 7 per cent. In Continental Europe which remains a tough trading environment we have addressed the fixed cost base through the closure of our Building Products facility in Gistel Belgium transferring production to the UK and Spain During 2013 we will take further steps to enhance the efficiency of Schlegel *International in Europe*

Further afield Australian markets contracted in the year however we successfully grew the business through a combination of market share gain and new product introductions Aligned with this our Brazilian and Singaporean operations have shown continued growth

Outlook for 2013

Across all of our businesses alongside our well established self help initiatives we are seeking to drive through a consistency of approach and of excellence This means for customers a differentiated product offering at appropriate pricing delivered to specification on time and in full Over time we believe this consistency of approach will deliver a significant and sustainable improvement in the underlying quality and profitability of the Group

In a number of our markets the general macro economic environment remains challenging This in turn has a dampening effect on consumer confidence and on the willingness of the end consumer to invest in their properties which means that organic growth will predominantly come from expansion of our existing market shares We will achieve this expansion by investment in our businesses at a time when a number of competitors are capital constrained and by delivering the highest quality of customer service and fulfilment along with competitively priced products that reflect the value add of our offer

The housing market in North America appears more robust today than at any point in the past five years and 2013 has started well for Amesbury with order intake ahead of 2012 Provided repair and remodelling expenditure follows historic patterns we would expect to see further growth for Amesbury in 2013 and should be well positioned for 2014 and beyond

AMESBURY

Spotlight on growth

Expanded capabilities with new manufacturing facility

Amesbury had previously faced a portfolio gap Unable to sell high volume door sweeps to major door Original Equipment Manufacturers ("OEMs") the company was missing a key sales opportunity To enable the business to become a one-stop solutions provider for key door OEMs and offer all components involved with entry door systems Amesbury invested in a 32 000 sq ft state-of the-art manufacturing facility in Covington GA.

The expanded capabilities of its new Covington GA, plant have allowed Amesbury to meet the needs of more customers – and to potentially triple its total extrusion lines to keep up with demand The plant has helped generate new extruded product business with leading OEMs such as Endura Products Therma Tru and Trinity Feather River

Chief Executive Officer's review continued

The corporate activity undertaken in the UK in 2012 has transformed our grouphomesafe business During 2013 while we expect the overall market will continue to contract, we will aim to take further market share through organic growth new product introductions and growing the Fab & Fix offering still further

For Schlegel International European trading conditions are expected to remain difficult for some time to come however the rebalancing of our European footprint gives us the right platform for the manufacture and distribution of sealing products in Europe going forward We expect Australasian markets to be more robust in 2013 and we will continue to promote our product offering in emerging markets – with South America and South East Asia being particular focuses in 2013

Growth acceleration

With limited market growth expected in the UK and Continental Europe in the near term and the full market recovery in the US yet to occur we need to allocate our resources carefully in order to drive future returns With this in mind we will focus on five principal areas in 2013

1 Acceleration of our new product development programme with the prioritisation of those product applications and markets that can contribute meaningfully to the Group in the near term
2 Investment in our existing businesses and people and in our supply chain to ensure that we can deliver the best quality product at the appropriate price point in line with our differentiated marketing philosophy
3 Expansion of our emerging markets presence through accelerated investment in sales and technical resource in the key targeted territories.
4 Further improvements to our customer service programmes our marketing and our communications to ensure that we understand the needs of our customers communicate our capabilities and deliver on our promises
5 Supplementing our organic initiatives through an active acquisition programme prioritising the North American market where we believe there remains a structural cyclical opportunity and those emerging markets where market position may be most easily obtained through acquisition. Following the disposal of Gall Thomson we have a strong balance sheet and have a number of further acquisition opportunities in the pipeline

Enhancing margins and improving returns
Our growth will be funded through our ongoing initiatives to enhance margins and improve returns Margin management will be a key objective for each of our divisions in 2013 Alongside margin expansion we will target significant growth in the Group s return on capital in future years which we will achieve through management of the supply chain continued cost discipline and critical analysis of investment opportunities

We will continue to focus on full recovery of material and other input cost inflation across all our businesses in line with our track record over the past three years We will accomplish this through a combination of optimising prices driving down supply chain costs and delivering productivity gains

In addition we are putting in place long term programmes that will secure the most cost effective and efficient end to end supply chain for the Group We will achieve this through a combination of measures

- continuing to move production and procurement to lower cost countries when appropriate
- further development and extension of lean manufacturing techniques across the Group
- continued rationalisation of our third party supplier base and
- increased near shoring of those products that are most economically made or sourced close to the point of consumption

Conclusion
Tyman plc has delivered a creditable set of results in 2012 against a backdrop of difficult markets with good growth in Underlying operating profit and earnings These results, together with solid cash generation and confidence in the medium term prospects for the Group mean we are able to recommend a final dividend of 3 5p per ordinary share making a total dividend for the year of 4 5p

Order intake in the early weeks of the new financial year is ahead of the same period last year with strong order intake seen in North America and satisfactory performance across other markets

2013 will see further difficult markets however we are committed to our well defined plans to invest in our businesses take market share deliver further margin improvement increase returns on capital and drive earnings for shareholders We remain optimistic that the Group will make further progress in 2013

Louis Eperjesi
Chief Executive Officer
12 March 2013

Schlegel®

Spotlight on performance

International application

The world renowned Q-Lon seals, whilst mostly used in housing have the performance to be used in many applications In São Paulo Construtora Lider built a new high rise block on Street Leopoldo designed by Henrique Cambiaghi in contemporary style All the sliding windows and doors in the building were manufactured by Alubrás Esquadrias de Alumínio and used Q Lon 48750 seals

Market overview

Key factors supporting long-term growth in the markets we operate in

Operating review

Amesbury

£million except where stated	2012	2011	Change	Constant currency like for like
Revenue	**118 6**	105 4	12 6%	5 0%
Underlying operating profit	**11.6**	10 8	7 4%	1 8%
Underlying operating margin	**9.8%**	10 2%	(0 4)%	

Financials

In Dollar terms Amesbury delivered revenue growth from continuing operations of 11 2 per cent and an increase in Underlying operating profit of 6 1 per cent in the year Excluding the impact of acquisitions, Dollar revenues increased by 5 0 per cent during the year as we continued to gain market share in North America

The division s reported Underlying operating profit and margin were impacted by certain one-off charges associated with the Atlanta start up the fixed cost base associated with the legacy Unique Balance manufacturing arrangements and non cash accounting adjustments required by International Financial Reporting Standards ("IFRS") (none of which are expected to be repeated in 2013) Once these impacts are stripped out, the trading drop-through for division – being the incremental operating profit generated on the incremental revenues – was approximately 17 5 per cent for the year and the adjusted Underlying profit margin would have been 11 0 per cent

Market

The North American window market as a whole saw steady growth throughout 2012 There was a significant uptick in new housing starts, skewed towards multifamily however the Repair and Remodelling sector which constitutes the substantial majority of the prime window market and typically lags new housing starts by c 12–18 months saw more muted performance Overall the Board believes that the market for window and door components grew by between one and three per cent in the year

Operating performance

Within Amesbury sealing products had a particularly strong year with revenues and profitability increasing on the back of new customer wins and improved demand for Foamlite® and pile weatherstrip products Hardware benefited from the contributions of Unique Balance and Overland as well as strong performances from Door Hardware and our Fastek die casting operation Extrusions saw good growth in revenues in the year

In 2012 we targeted a significant expansion of sales into the US commercial and the Canadian residential market segments. Both of these initiatives have started well with a number of new accounts penetrated and encouraging levels of demand Revenues in the year for these segments increased by c 35 per cent (US commercial) and c 20 per cent (Canadian) and we are targeting further share gains for 2013

In 2012 we executed on our strategy to target the US extrusion market in a more structured manner stratifying our product range into three categories based on complexity of process

Our Cannon Falls facility remains the national centre of excellence for extruded products and for the manufacture of highly complex extrusions Our Bandlock and Atlanta facilities will manufacture less complex extrusions for the West and East Coast markets respectively While first year sales out of Atlanta were slower than we had hoped 2013 has started promisingly and we remain confident that local manufacture remains the best route to market for less complex extrusions

Merger and acquisition activity

Overland has made a solid start within the Group and has integrated well since the acquisition in December 2011 Our North American stamping purchases are now substantially all manufactured in house and there have been a number of new business wins during the year as the broader Amesbury customer base has become more aware of the Group s enhanced stamping capabilities

The acquisition of Unique Balance at the end of April extends the Group s balance capabilities into heavy duty and commercial applications. Since the year end production has ceased at the Montreal facility and has been transferred to our Statesville balance factory

Prospects for 2013

2013 will see the first implementations of our new ERP system within Amesbury as we move all our North American businesses onto a common platform streamlining reporting and improving our customer and supplier interface

Provided repair and remodelling expenditure follows historic patterns we would expect to see further growth and margin enhancement within Amesbury in 2013 and should be well positioned for 2014 and beyond

Operating review continued

grouphomesafe

£million except where stated	2012	2011	Change	UK as reported in 2011
Revenue	**73.3**	70 7	3 8%	89 0
Underlying operating profit	**9 0**	8 2	10 0%	7 3
Underlying operating margin	**12.2%**	11 5%	0 7%	8 2%

UK as reported in 2011 is extracted from the 2012 Interim Report and Accounts of Lupus Capital plc and includes results for Composite Doors (now a discontinued operation) and Linear (now reported as part of Schlegel International)

Financials
grouphomesafe delivered revenue growth from continuing operations of 3 8 per cent in the year including the results of Fab & Fix since acquisition Like for like revenues from continuing operations decreased by 5 5 per cent for the full year reflecting the overall contraction in the UK market and lower pricing on steel reinforcer products Underlying operating margins however increased significantly to 12 2 per cent following the M&A activity undertaken in this division in 2012 compared with 8 2 per cent reported for 2011 in the UK geographic split of the Building Products segment

Market
The UK market has seen further overall contraction during 2012 Small increases in demand have been observed for small ticket component products however there has been continued significant decline in demand for larger ticket fabricator products and in the social housing sector Overall the Board believes that the UK market for window and door components declined by between three and four per cent during the year and on a volume basis believes that the division gained market share and position during the year

Operating performance
Despite this market backdrop ERA was successful in winning a number of door hardware and Multi Point Lock tenders from fabricators which will more than offset the loss of some low margin business into the retail shed sector Business generally within the Builders Merchant sector was positive with revenues up c. three per cent year on year EWS benefited from a more benign steel pricing environment during the second half of the year and increased sales of support channel product Demand for foam and pile weatherstrip in the UK market was broadly flat across the year

Our smaller portfolio businesses had a solid year Balance UK grew revenues and profitability in 2012 Ventrolla increased revenues on the back of higher commercial renovations and acquired three new franchises during the year however domestic results were impacted by the general lack of consumer confidence across the UK. Linear is now reported as part of Schlegel International

Our new management team has started well and has made a number of changes to the structure of the UK business During the year a new sales director was recruited and a dedicated marketing director role was created as we look to invest in the UK team For 2013 we are investing in product training for both customers and employees and are looking to improve our customer service still further

Merger and acquisition activity
The acquisition of Fab & Fix in August 2012 has been very well received in the UK market Fab & Fix is highly complementary to grouphomesafe and significantly enhances our offer for the UK market, as well as giving the Group a high quality hardware offering that has potential in our other international businesses Since acquisition, integration has progressed well and the business has performed in line with our expectations. For the year as a whole Fab & Fix increased its revenues by approximately 12 5 per cent when compared with 2011

The disposal of the loss making Composite Doors division of grouphomesafe not only removes a significant management distraction but also addresses a perceived conflict of interest with grouphomesafe s core fabricator customer base During the year we also exited a legacy die casting operation based in Telford

Prospects for 2013
We expect to see further declines in the UK market into 2013 and demand for imported products may be impacted by any sustained weakness in sterling however we are well positioned to gain share with our newly expanded product range grouphomesafe has a strong order book at the year-end and a number of prospects in the pipeline which gives us confidence that the business will continue to take market share in 2013

Schlegel International

£million except where stated	2012	2011	Change	Constant currency like for like
Revenue	**36.8**	40 3	(8 6)%	(3 8)%
Underlying operating profit	**2.5**	3 3	(24 6)%	(21 2)%
Underlying operating margin	**6 7%**	8 2%	(1 5)%	

Financials
Schlegel International had a difficult trading year with revenue from continuing operations some 3 8 per cent behind the prior year on a constant currency like for like basis Profitability fell by 21 2 per cent and was severely impacted by the decline in market demand seen in Continental Europe where the majority of the Schlegel International business is located

Markets and operating performance
Southern European markets remain very depressed and reduced demand has impacted all of our European businesses with exports to Scandinavian markets also affected Our largest International business Germany continued to generate encouraging growth through its exposure to Eastern European export markets and increased both revenues and profitability in the year New legislation for the wood window market in South Africa has led to a number of export orders for our high performance QLon® seal product.

Despite further significant declines in housing starts in the Australian market, our Australasian business had a satisfactory year with a small overall increase in revenues driven by new product introductions Singapore had a good year and expanded the depth of its hardware range sold alongside existing Schlegel products From 1 January 2013 Singapore has been incorporated as a standalone reporting entity as we seek to target the South East Asian markets in a more structured manner

Our Brazilian business had another strong year with revenues increasing by approximately one third During the year we strengthened the local team and further streamlined the Brazilian supply chain The next stage in the development of this business will be to start manufacturing pile weatherstrip in Brazil and using this as a base to target the wider Mercosur region

Our Linear business based at Newton Aycliffe in the UK supplies substantially all of its products to export markets and so is now reported as part of Schlegel International In 2012 revenues and profitability for this business were affected by the contraction in European demand levels Utilisation levels at Linear are expected to improve in 2013 as a result of the European footprint consolidation and investment made in the expansion of its extrusion capabilities

Management and restructuring activities
Our new management team has bedded in well and has made a number of structural changes to the Schlegel International business During the year the European sales force was reorganised on a regional basis and a dedicated marketing director role was created New product development has been reinvigorated and independent benchmarking of the high performance qualities of Schlegel seals has been established

Production at our Belgian Building Products business ceased in December 2012 and was transferred to our Spanish and Linear pile manufacturing plants as planned We retain a reduced presence in Gistel Belgium to focus on our range of industrial and paper handling products and as an R&D centre for Schlegel International The Group now has clearly defined centres of excellence for the manufacture of pile weatherstrip and foam compression seals in Europe

Prospects for 2013
Within Schlegel International while European trading conditions are expected to remain difficult for some time to come the rebalancing of our footprint gives us the right platform for the manufacture and distribution of sealing products in Europe going forward Australasian markets are expected to return to growth in 2013 In addition we will continue to promote our product offering in emerging markets – with South America and South East Asia being particular focuses in 2013

Financial review

Underlying earnings per share before property provision releases increased by 16 9 per cent to 10 45 pence (2011 restated 8 94 pence)

Revenue and operating profit
Group revenues from continuing operations increased by 5 8 per cent to £228 8 million (2011 £216 3 million) On a constant currency like for like basis Group revenues were broadly flat year on year

Gross margins from continuing operations decreased marginally compared with 2011 from 32 9 per cent to 32 7 per cent reflecting changes in business mix and the falls in demand seen in continental Europe offset in part by improvements to the grouphomesafe gross margin following the acquisition of Fab & Fix

Underlying administrative expenses increased by approximately £2 9 million principally reflecting the overhead acquired as part of the acquisitions made and the levels of investment in the business.

Underlying operating profit from continuing operations before property provision releases of £23 0 million (2011 £22 2 million) was some 3 6 per cent ahead of 2011

Exceptional Items
Exceptional charges of £2 6 million were incurred during the year (2011 £0 6 million) principally comprising the redundancy and restructuring charges associated with the closure of the Belgian Building Products business and transaction costs associated with M&A activity

Finance costs
Net finance charges in the year reduced from £9 7 million to £4 5 million The reduction in the finance charge reflects the significantly lower Group levels of debt following the disposal of Gall Thomson the Group s improved margin grid together with lower amortisation of historic arrangement fees, and the initial benefits of the revised hedging arrangements put in place in 2012 Of the total net finance charge £0 6 million relates to the unwind of discounts on pensions and provisions (2011 £0 6 million)

Interest rates
Following the expiry of existing interest swaps in July 2012 the Group entered into new interest rate contracts to swap around 80 per cent of the Group s outstanding debt from floating rates to a weighted average fixed rate of 1 1 per cent until maturity As at 31 December 2012 the Group s portfolio of swap contracts carried at fair value amounted to a liability of £0 6 million Any changes in fair value until maturity classified as an effective hedge will be recognised directly in other comprehensive income with only the ineffective portion taken through the income statement.

Taxation
The Group incurred an Underlying tax charge during the year of £6 4 million (2011 £4 9 million) equating to an underlying tax rate of 29 8 per cent (2011 28 1 per cent)

As expected cash taxes paid during the year increased to £4 9 million (2011 £1 9 million) equating to a cash tax rate of 22 6 per cent (2011 10 8 per cent) reflecting the reduction in taxable losses and deductible goodwill available to offset against earnings

Earnings per share
Underlying earnings per share before property provision releases increased by 16 9 per cent to 10 45 pence (2011 restated 8 94 pence) The increase reflects the improvement in Underlying operating profit from continuing operations the incremental impact of acquisitions the reduction in finance charge offset in part by the slightly higher effective tax rate for the year

Underlying earnings per share increased by 20 6 per cent to 11 63 pence (2011 restated 9 64 pence) Basic loss per share from continuing operations was 16 93 pence (2011 restated earnings per share 6 99 pence)

Dividends
In 2012 the Group declared and paid an interim dividend of 1 0 pence per share (2011 Nil pence per share) amounting to £1 3 million and committed at the time of the interim results to a final dividend of not less than 3 0 pence per share

A final dividend of 3 5 pence per share equivalent to £4 5 million will be proposed at the Annual General Meeting The total dividend for the year therefore 4 5 pence per share (2011 3 5 pence per share)

In accordance with IFRS only dividends paid during the year have been charged in the 2012 financial statements

Acquisitions
The Group acquired Overland Products Company Inc in December 2011 for approximately £10 3 million On acquisition finished goods inventory was revalued to its fair value reflecting its manufacturing profit margin in accordance with IFRS This accounting treatment decreased 2012 operating profit by approximately US$0 4 million

grouphomesafe▲

Spotlight on innovation

Leading the market with the new ERA Fortress multi-point lock

The new ERA Fortress multi point lock is the first lock to be launched on the UK market carrying a kitemark, certifying compliance with the latest security standards detailed in PAS 3621 ERA have often led the way in innovative high performance security products and Fortress is the latest in a long line of groundbreaking door locking systems. It follows in the footsteps of ERA Vectis, a door lock that removes the security vulnerabilities of a Eurocylinder used on almost all UK multi-point doors and patio doors by removing the need for a cylinder completely Fortress is already available with a Vectis cylinder free option

Financial review continued

The Group made two acquisitions during the course of 2012 Unique Balance International was acquired in April for approximately £1 9 million and Fab & Fix was acquired in August for approximately £14 8 million The nature of these two businesses was such that there was no material impact on profitability from the revaluation of inventories

Discontinued operations
During 2012 the Group disposed of Gall Thomson in March and the Composite Doors business in August, both of which have been classified as Discontinued Operations in the Income Statement. Gall Thomson generated a profit on disposal of £54 2 million after the write off of £11 5 million of goodwill and associated intangibles and Composite Doors generated a loss on disposal of £16 8 million after the write off of £14 9 million of goodwill and associated intangibles

In aggregate revenue of £11 3 million and trading loss of (£0 2) million arose from the Discontinued Operations

Amortisation and impairment of acquired intangibles
Amortisation of £10 8 million (2011 £10 6 million) represents the normal annual charge relating to the Group s intangible assets An accelerated amortisation charge of £12 6 million was recorded following a revision of the estimated useful lives of acquired intangibles The disposal of the Discontinued Operations resulted in a further reduction in intangible assets of £0 6 million and a reduction in goodwill of £25 7 million

In addition in accordance with accounting standards, the Group has reviewed the carrying value of goodwill and other intangible assets and concluded that an impairment charge of £20 3 million is appropriate £13 4 million of this charge relates to Schlegel International reflecting the continued difficult trading conditions in its Continental European markets and £6 9 million relates to the write down in the valuation of brand names no longer in use

Segmental analysis
Following the fundamental reshaping of the Group that took place during 2012 the Board in its capacity as the Group s Chief Operating Decision Maker has reassessed the appropriateness of the Group s operating segment disclosures

The Group now operates through three clearly defined divisions – Amesbury grouphomesafe and Schlegel International – each headed up by a divisional CEO and each reporting to the Board via the Executive Directors on a regular basis Accordingly the Board feels that the most appropriate segmental analysis for stakeholders is based on the three reporting divisions with an allocation of Group central overheads made to each division

Prior year disclosures have been amended to take account of the revised operating segments There has been no material change to the Amesbury operating segment however Linear which was previously reported as part of the UK geographic disclosure will now be reported as part of the Schlegel International operating segment

In the opinion of the Board there is no material difference between the Group s operating segments and segments based on geographical splits Accordingly the Board does not consider geographically defined segments to be reportable

Liquidity and covenant performance
The Group maintains sufficient cash balances and undrawn borrowing facilities to finance all investment and capital expenditure included in its strategic plan with an additional margin for contingencies

At 31 December 2012 the Group had gross outstanding borrowings of £72 8 million (2011 £115 6 million) cash balances available of £35 9 million (2011 £20 4 million) and undrawn working capital facilities of £29 6 million (2011 £26 9 million)

Underlying net debt was £37 0 million (2011 £91 2 million) Under the IFRS definition which reduces gross debt by the unamortised portion of finance arrangement fees net debt at the year end was £35 2 million (2011 £88 8 million)

At the year end the Group had headroom on its banking covenants ranging from 17 per cent to 59 per cent and the Group s net debt to Underlying EBITDA ratio was 1 22x (2011 2 25x) calculated on the same basis as banking covenants

For 2013 the Group s banks have agreed to an amendment to the mid year covenant test to reflect the levels of investment being undertaken in the business and the working capital profile of the Group

Cash flow
As we indicated at the start 2012 during the year we increased our capital investment programme by 39 8 per cent or £1 9 million to £6 9 million Tangible capital expenditure for the year increased to £5 5 million (2011 £4 4 million) or 1 1x depreciation and intangible capital expenditure increased to £1 4 million (2011 £0 5 million) principally as a result of our investment in US ERP

We have continued to focus on management of working capital within the business Inventories increased on a reported basis as a result of acquisitions however inventory turns remained broadly in line with 2011 Total working capital at the year end was also impacted by December pre buys of c £1 6 million made at our EWS facility

During the year a number of our customers ceased trading however vigilant management of customer credit risks throughout the year starting at the point of sale meant that bad debts written off amounted to only 0 3 per cent of revenue (2011 0 4 per cent)

Cash conversion for the year from continuing operations was 79 4 per cent (2011 93 4 per cent) reflecting the significantly increased capital expenditure that occurred in the Group in 2012 Over the past three years cash conversion has averaged approximately 93 7 per cent

Pensions and post retirement medical benefits
The Group s gross pension and post retirement medical benefit obligations under IAS 19 at 31 December 2012 were £24 2 million (2011 £21 8 million) with the majority of the movement over the course of the year being due to actuarial losses following reassessments of discount rates. The principal schemes are located in North America where the pension scheme is closed to new entrants and post retirement healthcare benefits are capped

Cash contributions made to the schemes during the year were £1 0 million (2011 £1 2 million)

Property
During the year we have continued to examine our manufacturing footprint as we seek to develop centres of excellence that give us sufficient flexibility to manage current demand levels but allow us the potential to respond quickly to changes in the market environment if required

In 2012 we successfully assigned the lease on Unit A at Peterlee and have been released from all remaining obligations in connection with the Peterlee site This resulted in a release to the income statement in 2012 of approximately £2 0 million of property provisions

This follows the successful assignment of the lease on Unit B at Peterlee in 2011 Together the exit of Units A and B will save the Group in excess of £3 0 million in cash costs of rent rates utilities and services over the period to March 2018

The exits from the Composite Door and Telford Die Casting businesses means that grouphomesafe no longer has interests in its Newent Bromyard and Telford sites Fab & Fix is based at a 25 000 sq ft distribution facility in Coventry which we intend to retain

Since the year end the Unique Balance facility has closed and Schlegel International have completed the movement of building products production from Gistel

Summary 2013 Guidance

Underlying tax rates for the Group for 2013 are expected to be c 30 per cent with US marginal corporate taxation rates outweighing the benefits of further UK corporation tax reductions Cash taxation rates are expected to be in line with the Group s Underlying tax rate

Capital expenditure for the year is expected to be in the range £5 0–£7 0 million

Interest payable on borrowings for the full year is expected to be c 3–3 25 per cent – dependent on leverage

Working capital trough to peak expected to be c £10 0 million

Financial reporting

These financial statements have been prepared under IFRS and in accordance with the Group s accounting policies There have been no changes to the Group s accounting policies during the year ended 31 December 2012

Going concern

The Directors are confident, on the basis of current financial projections and facilities available and after considering sensitivities that the Company and the Group has sufficient resources for its operational needs and will enable the Group to remain in compliance with the financial covenants in its bank facilities for at least the next 12 months Accordingly the Directors continue to adopt the going concern basis

James Brotherton
Chief Financial Officer
12 March 2013

Schlegel

Spotlight on trends

World's best for UK's largest

JELD WEN the UK s largest manufacturer of timber doors and windows, chooses the World s best seals to keep the weather at bay Q-Lon foam seals used in JELD WEN s hinged door and windows have high compression recovery delivering superior performance With the UK fashion for bi folding doors gathering momentum and vertical sliding windows giving a more favoured architectural treatment, Schlegel s pile weatherseals are also extensively utilised

Principal risks and uncertainties

Risk	Description	Mitigation
Market conditions	The overall growth and demand for the Group s products is subject to the usual drivers of construction activity (ie general economic conditions, interest rates, business/consumer confidence levels unemployment population growth etc) This demand can be unpredictable and the Group has a low visibility of future orders from its customers During any economic downturn customers and competitors may apply pressure to prices and this pressure can lead to lasting changes in terms of pricing policies delivery capabilities and market expectations	Reductions in the Group s net debt and the negotiation of new banking facilities, committed until March 2016 have strengthened the Group s ability to withstand future downturns in its markets The geographic spread of our business and our ability to flex our cost base helps to mitigate some of this risk. Management prepares regular forecasts and reviews that focus on remedial action plans required to deliver the desired performance during the balance of the year Continuing to monitor and measure our commercial performance enables us to offer industry leading customer service which improves customer retention and wins new customers The current investment in ERP systems will enhance management visibility of operational performance and drive continuous improvement in customer service product availability and product quality In addition our recent disposal of the Composite Door business reduces the risk of direct exposure to social housing in the UK.

Risk	Description	Mitigation
Competitors	The Group may face significant competition both actual and potential, including competition from global competitors with large capital resources. Competition in the industry is based on range and quality of products offered geographical reach product development, reputation and client relationships Aggressive pricing from our competitors could cause a reduction in our revenues and margins	Some of our markets are relatively concentrated with two or three key players, while others are highly fragmented and offer significant opportunities for consolidation and penetration Furthermore the Directors believe that, in view of its range of products focus on setting industry leading standards for delivery on time and in full geographical spread strategic focus and reputation the Group can compete effectively with its competitors We aim to minimise the impact of aggressive pricing by competitors through a low cost manufacturing strategy supported by our programmes of continuous process improvements and building long term relationships with our customers based on value quality service and added value technical support.

Risk	Description	Mitigation
Loss of major customers	The success of the Group will to some extent, be dependent on the continuation of satisfactory commercial relationships with the major customers of the Group	The Group aims to build long term relationships with our customers based on value quality and range of products service and value added technical support The Group has a well diversified customer base The top 10 customers account for less than 25% of total Group sales

Risk

Raw material costs and supply chain failures

Description

The raw materials used in the Group s businesses include commodities that experience price volatility (such as oil derivatives steel aluminium and zinc) caused by changes in supply and demand and commodity market fluctuations The Group s ability to deliver according to market demands depends in large part on obtaining timely and adequate supplies of components and raw materials on competitive terms. Failure by any of the Group s suppliers could significantly limit the Group s sales and increase its costs

Mitigation

The Group is developing a strategic sourcing and procurement capability which will enhance our knowledge of raw material price risks and our risk management approach The Group aims to minimise these risks through strong long term relationships with suppliers economies of purchasing multiple suppliers and inventory management. In addition the Group will seek to increase the price of its products or apply surcharges to its customers to recover unavoidable input cost increases

Risk

Key executives and personnel

Description

The Group s future success is substantially dependent on the continued services and performance of its Executive Directors and senior management and its ability to continue to attract and retain highly skilled and qualified personnel

Mitigation

The Remuneration Committee maintains a remuneration policy that aims to attract motivate and retain key personnel for the Group This incorporates a significant element of performance related remuneration to align executive interests with those of shareholders Key elements of this are the Long Term Incentive Plan and the Deferred Share Bonus Plan Remuneration packages are reviewed and externally benchmarked on a regular basis The Group also maintains a strong culture of accountability empowerment and personal development throughout its business units

Risk

Financial risks

Description

The Group operates on a global basis and is therefore exposed to transactional and translational foreign exchange risk against Sterling The Group is also exposed to interest rate risks liquidity and credit risks

Mitigation

The Group denominates some of its debt in foreign currency to match some of its exposure to the translational balance sheet risks associated with overseas subsidiaries Ancillary bank facilities are available to manage some of the foreign exchange transactional risks and interest rate exposure through the use of derivative financial instruments The Group maintains adequate cash balances and credit facilities based on forecasts of expected cash flow Further information on these risks is given in note 23 to the Group s financial statements

Corporate social responsibility report

The Board is committed to providing a clean, healthy and safe working environment and accepts collective responsibility for health and safety management.

Tyman considers that minimising its impact on the environment and ensuring that it has a positive interaction with its employees and the local communities it has a presence in to be important factors in its success

Health and safety
The Board is committed to providing a clean healthy and safe working environment and accepts collective responsibility for health and safety management. The Board considers this to make good business sense and regards it as a duty owed to its stakeholders The Chief Executive is the Board member responsible for the Group s health and safety performance and through the Tyman Management Committee the operational management of each individual operating unit is responsible for their unit s health and safety performance Health and safety performance is reviewed at each weekly meeting of the Tyman Management Committee and a Health and Safety Report is made by the Chief Executive Officer to the Board at each of its meetings

It is essential that all employees are made aware of the importance to the Group of health and safety issues and ensure that the working environment is as safe as practical Local management are tasked with creating a health and safety management system which.

- identifies and assesses risks
- takes actions to reduce risks
- develops safe working practices and
- emphasises training and development

As part of this management system each location is internally audited corrective actions are identified and a plan is put in place to address deficiencies raised The Group requires that the causes of all accidents dangerous incidents and near miss situations are promptly and thoroughly investigated A range of investigatory procedures are used to achieve this with the intended purpose of avoiding or reducing the risk of repetition Details of accidents potentially serious hazards and remedial or preventative measures taken are shared between all sites.

Operations representing over 47 per cent of the value of total Group sales in 2012 have achieved accreditation for OHSAS 18001 (Health and Safety) or for OSHA SHARP (the Safety & Health Achievement Recognition Program run by the Occupational Safety & Health Administration of the United States Department of Labor) Most of the other operations in the Group have programmes in place with the objective of achieving accreditation

The key performance indicators (KPIs") for the health and safety performance of the Group are the number of lost time injuries per 1 000 000 hours worked which measures the frequency of lost time injuries and the actual number of lost time injuries. Both KPIs show an improvement in the Group s health and safety performance in 2012 over the prior year The Group remains committed to a programme of continuous improvement in our health and safety performance

Ethics
The Group aims to act responsibly and with integrity respecting the laws and regulations of all the countries within which it operates as well as internationally accepted standards of responsible business conduct. The Group requires high standards of professional and ethical conduct from all employees and Directors Every business within the Group is expected to operate with policies and procedures which are consistent with the Group s values and standards In all dealings all employees and other persons acting on behalf of the Group are expected to

- engage in honest and ethical conduct including the avoidance and reporting of any conflicts of interest
- maintain effective procedures to prevent confidential information being misused or used for personal gain
- advance the legitimate interests of the Group having regard to the Group s values and standards
- comply with all applicable laws and regulations in every country in which the Group operates focusing in particular on avoiding bribery corruption and fraud
- maintain a healthy and safe working environment for employees to work in
- treat customers fairly openly and honestly
- be intolerant of discrimination or harassment of any kind
- maintain high standards of integrity in business relationships with suppliers and
- encourage the use of those suppliers who operate with values and standards equivalent to those of the Group

Employees
Training and development
Employees are provided with training in order to give them the necessary skills to perform their duties and where appropriate to develop those skills and progress their career The Group invests in a range of development activities including National Vocational Qualifications ("NVQs) and apprenticeship schemes and supports other professional and technical training

Customers and suppliers
The Group seeks to be honest and fair in its relationships with customers and suppliers to provide customers with standards of product and service that have been agreed and to pay suppliers and sub contractors on agreed terms It is Group policy to maintain accreditation to the quality management standard ISO 9001 and encourage operating units to gain accreditation to any specific standards required by the markets served Currently operating units with 91 per cent of the Group s turnover have ISO 9001 accreditation

Community
The Board encourages and supports initiatives by operating units to engage with their local community Operating units and their staff participate in a variety of local activities including projects with local schools and charity events The Group policy on donations is to support local educational and charitable causes and in particular those where employees and their families are involved in the fundraising

Environment
The Board recognises its responsibilities as a manufacturing concern to continue to reduce the environmental impact of its factories In addition the Group aims to develop and supply products to help customers meet their own environmental objectives and the demands of their customers and of government.

The most significant areas of environmental impact associated with the Group s operations are energy consumption waste to landfill the use of outer packaging and transport

- Process development. the Group seeks through internal developments and investment to reduce the resource consumption of manufacturing sites The reuse of waste is encouraged across the Group
- Energy consumption the Group continues to invest in energy efficiency measures such as lighting and improved heating and cooling systems
- Waste to landfill the Group acts to minimise the amount of waste sent to landfill by selling for recycling any waste that cannot be used internally
- Outer packaging and transport. the Group minimises the use of outer packaging where appropriate and encourages the use of returnable outer packaging formats The Group reduces the environmental impact of transport through vehicle efficiency measures such as improved load fill reductions in empty running and route optimisation

In developing new products the Group aims to minimise the environmental impact and maximise energy efficiency and the potential for recycling while continuing to meet the performance and customer requirements The increasing dangers from climate change and rising fuel costs are making the specification of thermally efficient products imperative The Group monitors developments in alternative materials and production processes which may reduce the environmental impact of its products

The Group is committed to the introduction of environmental management systems such as ISO 14001 Currently thirteen of the Group s manufacturing sites have achieved accreditation to the environmental management systems standard ISO 14001

Board of Directors

Jamie Pike | Non-executive Chairman

Jamie Pike (aged 57) became a Non-executive Director and Non executive Chairman in November 2009 He was chief executive of Foseco plc an international business serving the foundry and steel making industries until its acquisition by Cookson Group plc in April 2008 He led the buy out of Foseco from Burmah Castrol in 2001 which culminated in flotation on the main market in 2005 Mr Pike was educated at Oxford holds an MBA from INSEAD and is a Member of the Institute of Mechanical Engineers

His early career was as a consultant with Bain and Co and A T Kearney before joining Burmah Castrol in 1991 He rose to chief executive of Burmah Castrol Chemicals before leading the Foseco buy out He has previously been a non executive director of two FTSE 250 companies, RMC Group plc and Kelda Group plc, and is currently chairman of RPC Group plc, MBA Polymers Inc. and the Lafarge Tarmac Joint Venture

Louis Eperjesi | Chief Executive Officer

Louis Eperjesi was appointed to the Board in February 2010 Mr Eperjesi has an extensive and successful track record in the building materials and manufacturing sectors, most recently at Kingspan Group plc, the international Building Products business where he was an executive director on the main board and divisional managing director of Kingspan Insulated Panels the Group s largest division

Prior to joining Kingspan Mr Eperjesi held a range of senior management positions at subsidiaries of Baxi Group plc, Lafarge Redland plc and Caradon plc.

James Brotherton | Chief Financial Officer

James Brotherton was appointed as Chief Financial Officer in May 2010 Mr Brotherton joined Tyman as Head of Corporate Development in 2004 He was previously a director in the Investment Banking Division of Citigroup having also worked for HSBC and Ernst & Young He is a Chartered Accountant

Les Tench | Non-executive Director

Les Tench (aged 67) became a Non executive Director the Senior Independent Director and the Chairman of the Remuneration Committee in December 2009 He has considerable experience in building products having joined CRH plc in 1992 where from 1998 until his retirement in December 2002 he was managing director of CRH Europe – Building Products He was also a non executive director of the privately owned family business Shepherd Building Group Limited (Construction and Engineering Manufacturing and Property Development) from 1994 until 2004 a non-executive director of Norcros plc until 2012 and the non-executive chairman of SIG plc from 2004 until January 2011

Martin Towers | Non-executive Director

Martin Towers (aged 60) became a Non executive Director the Senior Independent Director and the Chairman of the Audit Committee in December 2009 He was chief executive of Spice plc until its sale to Cinven in December 2010 Previously he was group finance director of Kelda Group plc from 2003 until February 2008

Mr Towers is a fellow of the Institute of Chartered Accountants in England and Wales and began his career with Coopers & Lybrand (now PricewaterhouseCoopers) before moving to the retailer Ward White Group plc He has served as group finance director of McCarthy & Stone plc, The Spring Ram Corporation plc and Allied Textile Companies plc He was a non-executive director of Homestyle Group plc from 2004 to 2006

Mr Towers is currently a non executive director of KCOM Group plc and RPC Group plc and chairman of Norcros plc.

Dr Angelika Westerwelle | Non-executive Director

Dr Angelika Westerwelle (aged 50) a German national became a Non-executive Director in November 2012 She is the managing director of PPG Pet Products GmbH a joint venture of five Euro-Asian companies in the pet accessory market. She is also the managing partner of Lanax Management GmbH an investment and consulting company She acts as non executive director of Pinova Capital GmbH and is a member of the German Monopolies Commission

Dr Westerwelle has extensive operational experience including her previous roles in mid sized engineering companies as CEO of RMG Regel und Messtechnik GmbH and as managing director of the Weidemann Group She has also worked as a management consultant for several years with The Boston Consulting Group and Alix Partners GmbH Dr Westerwelle graduated from the University of Aachen earned a graduate degree from Cambridge University and a Master of Public Administration from Harvard University She later received her Doctorate in Economics from the Aachen Institute of Technology

L-R James Brotherton, Les Tench, Jamie Pike (seated), Louis Eperjesi, Martin Towers and Angelika Westerwelle

Tyman Management Committee

The Tyman Management Committee consists of the Executive Directors of the Company together with the following senior management.

Kevin O'Connell I Company Secretary and Group Financial Controller

Kevin O Connell joined Tyman as Group Financial Controller in February 2008 and was appointed Company Secretary in 2011 Prior to this he worked at Datamonitor plc from July 2005 as group financial controller and company secretary He has many years experience working in a plc head office environment He is a Chartered Accountant, having trained with Coopers & Lybrand (now PricewaterhouseCoopers)

Brian Cann I Vice President – Finance and Chief Financial Officer – Amesbury

Brian Cann was appointed the Vice President – Finance and Chief Financial Officer of Amesbury in August 2012 He previously worked for such companies as General Electric ("GE") Fidelity Investments, and Concentra Integrated Services in several management capacities Most recently Mr Cann worked in the bio-discovery business of PerkinElmer Inc. a US$2 billion diversified environmental health and safety business

Mr Cann is a seasoned finance leader with more than 20 years experience in finance and accounting and trained in GE s Financial Management Program Mr Cann graduated from the University of Massachusetts.

Darren Waters I Chief Executive Officer – grouphomesafe

Darren Waters joined grouphomesafe in March 2012 Mr Waters has a strong background in the building products sector Having graduated in chemistry from Nottingham University he spent the early part of his career with Mobil Oil Corporation before moving on to senior management positions with RMC Group and Tarmac. As Chief Executive Officer he is responsible for developing the Group s brands within the UK and Irish markets

Richard Swan I Group Finance Director – grouphomesafe and Schlegel International

Richard Swan joined Schlegel in 2007 and is responsible for Finance and IT for grouphomesafe and Schlegel International His career has largely been in Finance and he has many years experience working in the Defence sector Wines and Spirits as well as the multinational environment for a FTSE 100 packaging company He is a Chartered Management Accountant and has a masters degree in finance

Jonathan Petromelis I President and Chief Executive Officer – Amesbury

Jonathan Petromelis was appointed President and Chief Executive Officer of Amesbury in February 2008 He has worked for Amesbury in two separate spells since 1996 first as Chief Financial Officer and additionally as Senior Vice President of Business Development In this time he has managed the finance organisation as well as led the significant acquisition growth of the US Group

Between 2000 and 2002 he was vice president of finance for iBasis Inc a Nasdaq quoted technology company He trained as a Certified Public Accountant with BDO and has a degree in accounting from the University of Buffalo

Peter Santo I Chief Executive Officer – Schlegel International

Peter Santo joined the Group in January 2012 as Chief Executive Officer of Schlegel International Mr Santo has held various management positions in manufacturing sales marketing and general management and developed his career through Pilkington plc BP Chemicals Sentrachem Ltd and Kingspan Group

Prior to joining Tyman in 16 years with Kingspan Mr Santo held a number of senior general management roles most recently managing director of the Door Components business in Belgium and head of the Benchmark architectural facades business in the UK Mr Santo has a masters degree in chemical engineering

**L-R Kevin O'Connell, Brian Cann,
Darren Waters, Richard Swan,
Jonathan Petromelis, Peter Santo**

Directors' report

Review of the business
The review of the business along with the key performance indicators used to monitor performance are set out on pages 6 to 25 which are incorporated into this report by reference

Principal activities
On 1 February 2013 the Company Lupus Capital plc changed its name to Tyman plc The Company is a holding company The Group is a leading international supplier of building products to the door and window industry

Future developments
The statements by the Chairman the Chief Executive Officer and the Chief Financial Officer set out on pages 6 to 17 contain details of the progress of the Group during the year together with an indication of future developments

Results and dividends
The total Group profit for the year after taxation amounted to £15 422 000 (2011 £15 483 000)

The 2011 final dividend of 3 5 pence per ordinary share which amounted to £4 535 000 (2011 £2 596 000) and the 2012 interim dividend of 1 0 pence per ordinary share which amounted to £1 297 000 (2011 £Nil) were paid in the financial year ended 31 December 2012 The Board is recommending a final dividend of 3 5 pence per ordinary share (2011 3 5 pence) to be paid on 25 June 2013 subject to approval at the forthcoming Annual General Meeting of the Company on 24 June 2013 to shareholders on the register on 3 May 2013 The ex dividend date will be 1 May 2013 This brings the total dividends for 2012 to 4 5 pence per ordinary share (2011 3 5 pence)

The Board
The names and biographical details of all the current Directors are set out on page 22 Dr Westerwelle was appointed as a Non executive Director to the Company with effect from 30 November 2012 There were no other changes to the Board and all the other Directors served throughout the period

Except for their shareholdings the Non executive Directors are entirely independent There were no contracts subsisting during or at the end of the year in which a Director was or is materially interested The Company maintains a policy of insurance against Directors and officers liabilities

A description of the Board s method of operation, its work during the year and that of its Committees is given in the report on Corporate Governance on pages 29 to 32

Re-election of Directors
Dr Westerwelle having been appointed by the Board since the last Annual General Meeting will seek re election at the forthcoming Annual General Meeting In accordance with best practice the Board has agreed that each Director will voluntarily offer themselves for re election at each Annual General Meeting that they are not required to retire from office Accordingly Mr Pike Mr Eperjesi Mr Brotherton Mr Tench and Mr Towers will voluntarily offer themselves for re election at the 2013 Annual General Meeting

Acquisition
On 24 April 2012 the Group acquired the business and assets of Unique Balance International ("Unique) located in Montreal Canada for a cash consideration of £1 9 million Unique is a balance manufacturer specialising in heavy duty and commercial balances This small acquisition rounds out our North American balance offering as well as giving us opportunities in certain export markets The revenue included in the Group s consolidated income statements since 23 April 2012 contributed by Unique was £997 000

On 2 August 2012 the Group completed the acquisition of Window Fabrication and Fixing Supplies Limited ("Fab & Fix") for a cash consideration of £16 million Fab & Fix based in Coventry is the leading supplier of perfectly matching hardware to the window and door market in the UK Despite difficult market conditions in recent years Fab & Fix has grown market share and improved profitability For the year ended 31 December 2012 Fab & Fix generated sales of £16 1 million £6 6 million of which has been consolidated into the Group s income statement for 2012

Disposal
On 13 March 2012 Tyman plc entered into an unconditional agreement to sell the Group s Oil Services division Gall Thomson to Copper Bidco Limited a company controlled by Phoenix Equity Partners for a total cash consideration of £75 million

On 31 August 2013 the Group completed the disposal of the business and assets of Composite Doors to Britdoors Group Limited for consideration of approximately £748 000 The Group has also agreed to supply component products including Fab & Fix products into Britdoors on commercial terms following the disposal

Onerous lease
On 2 March 2012 the Group concluded an agreement with a third party to assign the lease on Unit A at Peterlee and have been released from all remaining obligations in connection with the Peterlee site This has resulted in a release to the income statement in 2012 of approximately £2 0 million of property provisions

Purchase of the Company's own shares
It is expected that the requirements of the Tyman Long Term Incentive Plan may be met by the purchase of shares in the market A resolution concerning the purchase of the Company s own shares was approved at the AGM on 25 May 2012 and 728 000 shares were purchased by the Company during the year ended 31 December 2012 at a cost of £1 147 000

To be able to meet the future requirements of the Tyman Long Term Incentive Plan the Directors believe that the Company should obtain an authority to purchase further shares of the Company They therefore will propose a special resolution in accordance with best practise at the forthcoming AGM to obtain authority to make market purchases up to the date of the AGM in 2014 The authority will be limited to 14 99 per cent of voting shares in issue (that is excluding shares held in Treasury)

Directors' remuneration
The Company being traded on AIM is not required to comply with the Directors Remuneration Report Regulations 2002 or the disclosure provisions of Schedule 7A of the Companies Act 2006 and the UKLA Listing Rules Nevertheless the Company has chosen to present a report on Directors remuneration on pages 34 to 38 The Directors have also determined on a voluntary basis that this report should be submitted to shareholders for their approval at the 2013 AGM

Allotment of shares
Shareholders passed resolutions to authorise the Directors to allot shares and within certain limitations to do so free from pre emption rights at the Annual General Meeting held on 25 May 2012

The Directors authority to allot shares does not expire until 1 July 2017 whereas the disapplication of pre emption rights is only effective until the conclusion of the Company s 2013 AGM The Directors believe that the Company s proceedings will be more transparent if they seek renewed authority to allot at the same time as they seek authority to disapply pre emption rights

Therefore at the forthcoming AGM the Directors will propose a resolution which will authorise the Directors to allot shares (subject to specified limits) until 1 July 2018 and a special resolution which will authorise the Directors to disapply pre emption rights (in certain circumstances and subject to specified limits) until the conclusion of the Company s 2014 AGM

Substantial shareholders
In addition to the holdings of the Directors described in the Directors remuneration report at the latest practicable date before publication of this report the Company had been notified of or had identified the following direct or indirect interests comprising 3% or more of its voting share capital (the issued share capital less shares held by the Company in Treasury)

	Ordinary shares	%
Standard Life Investments	15 519 365	11 95
F&C Asset Management (UK)	14 337 290	11 04
Mr G Hutchings	13 908 381	10 71
Aviva Investors Global Solutions	11 705 383	9 01
Polar Capital	8 068 077	6 21
SVG Capital	7 159 706	5 51
Old Mutual Asset Management	4 245 869	3 27

Creditors payment policy
Group operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted It is Group policy that payments to suppliers are made in accordance with all relevant terms and conditions Creditor days for the Group have been calculated at 66 days (2011 72 days) The Company as a holding company did not have any amounts owing to trade creditors at 31 December 2012

Financial risk management
A statement on the financial risk management objectives policies and other matters in relation to the use of financial instruments is set out in note 23 in the notes to the Group financial statements

Safety, health and the environment
The Board recognises that the highest standards in safety health and environmental issues are an essential part of sound business practice The Board is committed to improving the impact on the environment from any of its operations and to incorporating the principles of sustainable development A full description of the Group s policies with respect to health and safety and the environment are given in the Corporate social responsibility report on pages 20 and 21

Directors' report continued

Employees
The Group s excellent performance would not be possible without employees of the highest calibre with the motivation to perform to their full potential The Group operates on a decentralised structure reflecting the organisation of the Group This underscores our belief that localised teams operating under common principles are best equipped to deal with the varying cultures operating structures and geographic locations that exist in the Group

Each operating entity in the Group is encouraged to implement comprehensive employment policies designed to attract retain and motivate the highest quality of staff and to determine ways in which their knowledge and skills can best contribute towards the success of the business

We are committed to ensuring that all our employees are treated equally regardless of gender colour nationality ethnic origin race disability marital status sexual orientation or religion We are committed to regular communication and consultation with our employees and we encourage employee involvement in our performance Each company in the Group endeavours to provide equality of opportunity in recruiting training promoting and developing the careers of disabled people

Going concern
The Directors have reviewed the Group s budget and cash flow forecasts On the basis of this review and in the light of the current financial position and the existing borrowing facilities the Board believes it is appropriate to continue to adopt the going concern basis in preparing the Annual Report and Accounts as stated in the Directors responsibilities statement on page 32

By order of the Board

Kevin O'Connell
Company Secretary
12 March 2013

Company registration number 02806007

Corporate governance

The Company being traded on AIM is not required to comply with the provisions of the Corporate Governance Code Nevertheless the Directors acknowledge the importance of the principles set out in the Corporate Governance Code issued by the Financial Reporting Council and have put in place a framework for corporate governance which they believe is appropriate for the Company They have chosen to make the following voluntary disclosures

The Board

Board composition

The Board comprises two Executive and four Non executive Directors and the names and biographical details of all the current Directors are set out on page 22 Dr Westerwelle was appointed as a Non executive Director to the Company with effect from 30 November 2012 All the other current Directors served throughout the year ended 31 December 2012 and there were no other changes to the Board

Both Mr Eperjesi and Mr Brotherton are engaged exclusively on the Company s business and have no outside interests that conflict with their responsibilities to the Company Except for their shareholdings all Non executive Directors are independent

How the Board operates

The Board meets regularly and is responsible for the overall leadership strategy development and control of the Group in order to achieve its objectives for continued earnings growth and to enhance shareholder value The Board sets the Group s strategic aims ensures that the necessary financial and human resources are in place for the Group to meet its objectives reviews management performance and ensures that high ethical standards of behaviour are followed The Board also ensures that there is an effective system of controls to safeguard the Company s assets and to enable risks to be properly assessed and managed

The Board has a formal schedule of matters specifically reserved for it and this includes key matters such as approval of the Group s objectives strategic plans annual budgets financial reporting risk assessment and internal controls monitoring operating and financial performance capital and legal structure material capital investments material contracts and transactions communication with shareholders Board membership and appointments Directors remuneration and contracts corporate governance Group policies and delegation of responsibilities Matters not specifically reserved for the Board are delegated to management

To enable the Board to discharge its duties all Directors receive appropriate and timely information The Company Secretary distributes briefing papers to all Directors in advance of Board meetings All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with The appointment and removal of the Company Secretary is a matter for the Board as a whole In addition procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties if necessary at the Company s expense

Board meetings

During the year ended 31 December 2012 the number of Board and Committee meetings held and attended by their members was as follows

	Board		Remuneration Committee		Audit Committee		Nominations Committee	
Director	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended	Number of meetings	Number attended
James Brotherton	11	11	N/A	N/A	N/A	N/A	N/A	N/A
Louis Eperjesi	1	11	N/A	N/A	N/A	N/A	N/A	N/A
Jamie Pike	11	10	2	2	3	3	1	1
Les Tench	11	10	2	2	3	2	1	1
Martin Towers	11	11	2	2	3	3	1	
Angelika Westerwelle	1	1	–	–	–	–	–	–

During 2012 the Board visited three of the Group s operating units namely Amesbury in Sioux Falls in the US ERA in Willenhall in the UK and Schlegel in Gistel Belgium

Re election of Directors

All Directors are subject to re election by the shareholders at Annual General Meetings at a maximum interval of three years The Articles of Association provide that Directors appointed by the Board will be subject to re election at the first AGM thereafter In accordance with best practice the Board has agreed that each Director will voluntarily offer themselves for re election at each Annual General Meeting that they are not required to retire from office

Remuneration

A report on Directors remuneration is included on pages 34 to 38

Corporate governance continued

Board balance and performance
The Board believes that the Directors possess a wide range of business experience in some areas related to and in other areas complementary to the activities of the Group This position has been strengthened with the appointment of Dr Westerwelle during the year

The Board is committed to introducing a Board performance appraisal process during 2013 Non executive and Executive Directors will be required to complete questionnaires on an annual basis in relation to the Board and its three committees the Audit Committee the Remuneration Committee and the Nominations Committee All responses will be reviewed and collated by the Company Secretary before further action relating to specific training needs is taken as necessary

The Chairman will hold meetings with the Directors including the senior independent Non executive Director Martin Towers to discuss the performance of individual Executive Directors and the Board as a whole The Non executive Directors led by the senior Non executive Director will be responsible for the performance evaluation of the Chairman and will also take account of the views of the Executive Directors as part of this process

Board Committees
The Board has an Audit Committee a Remuneration Committee and a Nominations Committee each comprised of all the Non executive Directors The existence of the Committees ensures that time is allocated on a formal basis to consider relevant issues Terms of reference for the Board and each of the Board Committees were reviewed and refreshed during the year and are available for inspection on the Group website

Audit Committee
The Audit Committee is made up of the Non executive Directors and meets at least three times a year The Executive Directors also attend certain meetings of the Committee The Committee considers the appointment and fees of the external auditors and discusses the scope of the audit and its findings Following the conclusion of an audit tender process in December 2011 new auditors PricewaterhouseCoopers LLP were appointed as the Group s external auditors The Committee is also responsible for monitoring compliance with accounting and legal requirements and for reviewing the annual and interim financial statements This Committee was chaired by Mr Towers and met three times during 2012

The Audit Committee also reviews any non audit services provided by the auditors In accordance with best practices FRC guidelines the Company policy in relation to non audit services is kept under regular review it outlines which non audit services are pre approved which services require prior approval of the Audit Committee and which services the auditor is excluded from Such services have been and are limited to the provision of transaction support services some tax compliance work and tax advice The Committee is satisfied that the provision of such services does not in any way prejudice the objectivity and independence of the auditors Professional firms other than the auditors also provide tax compliance work and tax advice

The work of the Committee during the year included consideration of the following matters
- The annual financial statements and the preliminary results announcement for the year ended 31 December 2011 before their submission to the Board for approval including consideration of the Group on a going concern basis
- The interim financial statements and interim results announcement for the six months ended 30 June 2012
- Areas of significance in the preparation of the financial statements including exceptional items impairment reviews and tax provisions
- Reports from the external auditors on the annual and interim financial statements the approval of the audit plan and fee proposal for the 2012 year end audit
- Developments in accounting standards and the Group s responses
- The internal control environment and risk management systems and the Group s statement on internal control systems prior to endorsement by the Board
- Revisions to treasury policies and compliance with risk limits
- Material legal developments
- Whistleblowing systems in place within the Group and material whistleblowing reports
- The effectiveness of the external auditors
- The policy on auditor independence and non audit services and consideration of the nature scope and appropriateness of non audit services supplied by the external auditors
- Its terms of reference and effectiveness

Internal audit
As the Group plans for growth the Board considers it appropriate to augment internal resources with external auditing resources to establish an internal audit programme in 2013 A specialist internal audit team from BDO will provide internal audit services to the Group to complete a rotation programme such that every operating unit will have an internal audit visit at least once every three years with the largest operating units being audited at least once every two years The internal audit programme will be reviewed and approved by the Audit Committee who in turn will review the internal audit findings together with divisional management responses and action plans

Remuneration Committee
The Remuneration Committee considers and approves the remuneration and benefits of the Directors The Committee also determines the remuneration of the members of the Tyman Management Committee and the Company Secretary and of the service providers contracted to perform executive functions for the Group as well as long term share incentive and share option schemes for all employees

The membership and work of the Committee during the year ended 31 December 2012 is described in detail in the Directors remuneration report on pages 34 to 38

Nominations Committee
The Nominations Committee identifies and nominates candidates for the office of Director of the Company It meets as and when required and is chaired by Mr Pike except that Mr Pike would not chair the Committee or attend it if it were to consider the appointment of a successor Chairman The Committee was chaired by Mr Pike and met once during 2012 to appoint Dr Westerwelle as a Non executive Director and to establish an induction programme following her appointment

Internal control
The Directors acknowledge that they are responsible for the Group s system of internal controls and for reviewing the effectiveness of those controls The Board including the Executive Directors reviews the internal control framework on an ongoing basis

Procedures have been developed to safeguard assets against unauthorised use or disposition of assets and to maintain proper accounting records to provide reliable financial information both for internal use and for publication In accordance with the revised version of the Turnbull Guidance on Internal Control the procedures are regularly reviewed in the light of an ongoing process to identify evaluate and manage the significant risks faced by the Company The process has been in place for the full year under review and up to the date of the approval of the Annual Report and Accounts The procedures are designed to manage rather than eliminate risk and can only provide reasonable and not absolute assurance against material misstatement or loss

Internal financial controls
The Group has an established system for assessing the effectiveness of the Group s systems of internal financial controls This includes strategic business planning and monthly monitoring and reporting of financial performance A detailed annual budget prepared by senior management is reviewed and formally adopted by the Board The budget and other targets are regularly updated and regular business review meetings are held monthly involving the Tyman Management Committee to assess performance The results of these reviews are in turn reported to and discussed by the Board at each meeting

Relations with shareholders
Communications with shareholders are given high priority and there is a regular dialogue with institutional shareholders The Company aims to maintain a mutual understanding of objectives with its significant shareholders with whom its Executive Directors have regular meetings with following the announcement of its annual and interim results

The Board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation Details of resolutions to be proposed at the Annual General Meeting can be found in the Directors report The Company has set up a website www tymanplc com which shareholders investors and other interested parties may access The website permits users to download copies of published financial reports press releases and Stock Exchange announcements

Corporate governance continued

Going concern
In order to satisfy themselves that the Group has adequate resources for the future, the Board reviewed the Group s committed funding and liquidity positions its ability to generate cash from trading activities and its ability to raise external funding in the future The operational performance as described in the Financial review on pages 14 to 17 the future plans for the Group and the risks facing the Group described on pages 18 and 19 were also reviewed In addition notes 17 18 and 23 to the consolidated financial statements include the Group s policies and processes for managing capital liquidity and credit risks as well as details of its financial instruments and hedging strategies

In performing their reviews the Board acknowledged the current level of uncertainty in the financial markets and has considered *various sensitivity analyses when assessing the forecast funding and headroom requirements of the Group*

Consequently based on the reviews outlined above the Board concluded that both the Group as a whole and Tyman plc have adequate resources to meet their operational needs for the foreseeable future and that it remains appropriate to adopt the going concern basis in preparing the financial statements

Directors' responsibilities statement
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and have elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period In preparing these financial statements the Directors are required to
- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements respectively and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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

The Directors who held office at the date of approval of this Directors report confirm that so far as they are aware there is no relevant audit information of which the Company s auditors are unaware and each Director has taken all the steps that they ought to have taken as Director to make themselves aware of any relevant audit information and to establish that the Company s auditors are aware of that information

Remuneration report letter

Dear Shareholder

I would like to share with you a summary of the Company s remuneration policy and practice over the last year

Salaries
Below inflation salary increases of 2 0 per cent were awarded to the Executive Directors at the start of the 2012 and 2013 financial years consistent with the approach taken across the Group

Annual Bonus Scheme and Deferred Share Bonus Plan
In difficult markets the Company performed creditably during the year particularly when compared to its closest competitors The bonuses awarded to the Executive Directors for 2012 averaged 68 per cent of the maximum bonus opportunity of 100 per cent of basic salary reflecting the highly stretching performance targets that were set by the Committee at the start of the financial year Under the terms of the Group s Deferred Share Bonus Plan 50 per cent of bonus outcomes achieved by the Executive Directors will be deferred into share awards vesting after three years

Long Term Incentive Plan
During 2012 a third tranche of awards under the Group s Long Term Incentive Plan ("LTIP") were made to Executive Directors and Senior Managers Vesting of 2012 Awards is based on the Company s three year cumulative underlying earnings per share ("EPS") for the financial years 2012 to 2014

In addition for 2012 Awards made to the Executive Directors to vest the Committee must satisfy itself that the recorded underlying EPS is a genuine reflection of the underlying business performance of the Company over the performance period having regard to the Company s total shareholder return performance during that time If the Committee is not satisfied on this matter it may reduce the number of 2012 Award shares that vest to the Executive Directors accordingly

In accordance with the LTIP rules and after extensive consultation with institutional and other shareholders following the disposal of Gall Thomson in March 2012 the Committee has amended the existing EPS targets attached to the vesting of the 2010 and 2011 LTIP Awards to broadly maintain the level of difficulty All other terms and conditions attached to the 2010 and 2011 Awards remain as they were on the respective dates of grant of the awards

The Committee has continued its practice of reviewing and discussing with the Group s principal shareholders the proposed metrics and associated targets in advance of grants made under the LTIP

Shareholding guidelines
The Executive Directors continue to maintain a high level of personal share ownership in accordance with the Company s shareholding guidelines and have agreed to retain at least half of all shares vesting (net of taxes) under the Company s various share plans until such time as the target personal share ownership is achieved

Conclusion
The outlook for 2013 remains challenging in terms of the Group s end markets but our remuneration policy and framework provide a balanced platform to incentivise motivate retain and reward our leadership team

Les Tench
Chairman Remuneration Committee

Directors' remuneration report

The remuneration report is presented to shareholders by the Board and sets out the remuneration policy and details of the remuneration of each Director The report has been prepared in accordance with the provisions of the Companies Act 2006 (the "Act") and the AIM Rules for Companies as issued by the London Stock Exchange

A resolution to approve this report will be proposed at the Company s Annual General Meeting on 24 June 2013

Remuneration Committee
The Remuneration Committee of the Board comprises all Non executive Directors of the Company The Executive Directors may by invitation attend meetings and provide advice to the Committee except when their own remuneration is discussed During 2012 the Committee was chaired by Mr Tench and met twice

The Remuneration Committee is responsible for
- setting reviewing and recommending to the Board for approval the Company s overall remuneration policy and strategy
- determining and reviewing the terms of appointment and the remuneration arrangements of the Executive Directors of the Company and the Chairman
- determining and reviewing the terms of appointment and the remuneration arrangements of the members of the Tyman Management Committee of the Company and
- approving the rules and launch of any Company share share option or cash based incentive plan and the grant award allocation or issue of shares share options or payments under any such plan

During the year Kepler Associates were engaged by the Committee to provide it with independent remuneration advice Kepler Associates did not provide any other services to the Company other than remuneration advice

Remuneration policy
Executive Directors
The Remuneration Committee considers the need to attract retain and motivate Executive Directors and senior management in determining appropriate remuneration policies and packages It also takes into account the internal pay and benefits practice and employment conditions both within the Group as a whole and within the particular national context External comparisons examine equivalent roles in similar companies taking into account their size business complexity international scope and relative performance Consideration is also given to the risks arising from market comparisons and inappropriate performance criteria

Remuneration
The current remuneration package for the Executive Directors comprises fixed and variable components The variable components are the performance related incentive arrangements referred to in detail below

Executive Directors' remuneration 2012
The key components of the remuneration of Executive Directors are set out below

Target assumes that bonus of 50 per cent of base salary is earned and that 25 per cent of the Tyman shares awarded under the LTIP in respect of 2012 based on a market value of £1 54 at 31 December 2012 vest Stretch assumes that bonus of 100 per cent of base salary is earned and that 100 per cent of the Tyman shares awarded under the LTIP in respect of 2012 based on a market value of £1 54 vest

Salary
Salaries are reviewed annually by the Remuneration Committee although not necessarily increased This review takes into account an individual s responsibilities abilities experience performance market competitiveness and pay and conditions in the relevant countries across the Group as described above

During the year the Remuneration Committee reviewed Executive Director salaries and determined that with effect from 1 January 2013 Louis Eperjesi and James Brotherton s annual salaries (comprising base salary plus an allowance in lieu of pension and benefits) would be increased by two per cent to £320 000 and £213 300 respectively

Performance related remuneration
Annual bonus
The annual bonus framework for Executive Directors for 2012 is as follows
- Target and maximum annual bonus opportunities of 50 per cent and 100 per cent (respectively) of base salary 70 per cent based on the underlying Group profit before tax and 30 per cent based on free cash flow
- 50 per cent of bonus amounts will be deferred into share awards under the terms of the Deferred Share Bonus Plan vesting after three years

Based on the performance for 2012 against the underlying Group profit before tax and the free cash flow targets set the Committee determined that the Chief Executive Officer and the Chief Financial Officer have each achieved a bonus level of 68 per cent of their respective base salaries 50 per cent of which will be paid in cash in April 2013 and 50 per cent will be awarded in the form of nil cost options deferred for three years under the terms of the Deferred Share Bonus Plan

Under the Deferred Share Bonus Plan 50 per cent of Executive Director bonuses that would otherwise have been payable are delivered in the form of nil cost options to strengthen alignment with shareholders interests These awards will normally vest (together with dividend equivalents in cash or shares) after three years Other key employees are also required to defer a proportion of their bonuses pursuant to the Deferred Share Bonus Plan

The Tyman Long Term Incentive Plan ("LTIP")
The LTIP provides for the grant of (i) performance shares (or nil cost options) and/or (ii) fair market value options vesting on the satisfaction of stretching performance criteria over three years (subject to individual and overall limits) The Remuneration Committee currently intends that long term incentive awards will be in the form of nil cost options however the Remuneration Committee retains the flexibility to consider other forms of award (such as fair market value options) for future cycles as it is mindful that alternative forms of award remain prevalent in some of the geographies (eg the US) in which the Company competes for senior executive management

On 3 July 2012 the Remuneration Committee granted nil or nominal cost options over 1 177 263 ordinary shares in the Company to around 32 senior managers executives and Executive Directors ("2012 Awards) In addition the Remuneration Committee intends to make further awards under the LTIP in the period following the announcement of the Company s full year results ("2013 Awards")

Performance criteria
The vesting of LTIP awards are subject to stretching performance criteria set by the Remuneration Committee at the start of each performance period Awards will vest, together with dividends foregone based on three year cumulative underlying earnings per share ("EPS)

The Remuneration Committee adopts a robust process to setting what it feels are stretching but achievable annual and long term incentive performance targets Performance targets are calibrated to be equivalent to at least upper quartile" performance for awards to vest in full and take account of a number of reference points which reflect internal and external expectations including the latest internal forecasts broker forecasts for sector comparators EPS performance zones used in comparator long term incentives straight line profit growth consistent with median and upper quartile returns over the next three to five years and broker forecast data for the Company

Underlying EPS is the performance measure that determines vesting of LTIP awards as underlying EPS is well aligned with shareholder interests provides good line of sight and is well understood In addition for 2012 Awards granted to the Executive Directors to vest the Committee must satisfy itself that the recorded underlying EPS is a genuine reflection of the underlying performance of the Company over the performance period having regard to the Company s total shareholder return performance during that time If the Committee is not satisfied on this matter it may reduce the number of 2012 Award shares that vest to the Executive Directors The Remuneration Committee is committed to reviewing the performance measures that determines vesting of LTIP awards in advance of each LTIP cycle

There is an overarching principle that for awards to vest on underlying EPS the Remuneration Committee must satisfy itself that the recorded underlying EPS is a genuine reflection of the underlying business performance of the Company over the performance period

Following the disposal of Gall Thomson in March 2012 and after consultation with institutional shareholders holding c 60% of the Company s issued share capital the Committee amended the existing EPS targets attached to the vesting of outstanding LTIP cycles to broadly maintain the level of difficulty in a manner which supports the ongoing strategy The methodology employed by the Committee involved re stating the cumulative EPS targets for the continuing operations (based on the continuing operations percentage contribution to 2011 EPS to capture the performance of the continuing business) and then adjusting the resulting targets for an acceptable rate of return on the sale proceeds The resulting adjusted targets are summarised below

Directors' remuneration report continued

Performance criteria 2010 Awards
The performance criteria adjusted for the sale of Gall Thomson for vesting of 2010 Awards is a three year cumulative underlying EPS 2011–13 performance range of 25 7p to 32 4p In summary if over the three financial years 2011 to 2013 cumulative underlying EPS is less than 25 7p no 2010 Awards will vest 25 per cent of 2010 Awards will vest for cumulative underlying EPS of 25 7p rising on a straight line basis to full vesting for cumulative underlying EPS of 32 4p or higher

Performance criteria 2011 Awards
The performance criteria adjusted for the sale of Gall Thomson for vesting of 2011 Awards is a three year cumulative underlying EPS 2011–13 performance range of 27 5p to 34 2p In summary if over the three financial years 2011 to 2013 cumulative underlying EPS is less than 27 5p no 2011 Awards will vest 25 per cent of 2011 Awards will vest for cumulative underlying EPS of 27 5p rising on a straight line basis to full vesting for cumulative underlying EPS of 34 2p or higher

Performance criteria 2012 Awards
The performance criteria for vesting of 2012 Awards is a three year cumulative underlying EPS 2012–14 performance range of 33p to 45 6p In summary if over the three financial years 2012 to 2014 cumulative underlying EPS is less than 33p no 2012 Awards will vest 25 per cent of 2012 Awards will vest for cumulative underlying EPS of 33p rising on a straight line basis to full vesting for cumulative underlying EPS of 45 6p or higher

Dilution limit
Generally it is the intention that LTIP awards will be satisfied through the transfer of existing shares by the Company s employees benefit trust unless the Remuneration Committee in its discretion feels that a new issue of shares would be more appropriate In the event that LTIP awards are satisfied through new issue shares the Company will operate within the Association of British Insurers ("ABI") guideline dilution limit of 10 per cent in 10 years for all share based incentive schemes (excluding awards to the former Executive Chairman granted in 2004 and 2008) Expected dilution should not exceed the 10 per cent dilution limit even if the awards made to the former Executive Chairman are taken into account

The Remuneration Committee has the flexibility to operate outside the ABI guideline of 5 per cent in 10 years dilution limit for discretionary share based incentive schemes to accommodate LTIP awards for a broader employee population In managing dilution the Company will nevertheless be mindful of the 5 per cent in 10 years guideline and will be prudent in managing the flow rates keeping shareholders informed of actual and anticipated dilution levels over time The majority of the 2010 2011 and 2012 LTIP awards are likely to be satisfied through the transfer of existing shares rather than the issue of new shares

Assuming that all performance targets are met in full the Remuneration Committee currently envisages that a maximum of 857 500 of the 2 994 263 shares subject to all the Awards outstanding (approximately 29 %) will be satisfied through new issue shares to ensure that local trusts tax and securities laws are complied with in certain overseas jurisdiction

Shareholding guidelines
The Remuneration Committee has also adopted shareholding guidelines for Executive Directors Executive Directors will be expected to retain at least half of the shares vesting (net of taxes) under the Deferred Share Bonus Plan or the LTIP until such time as a total personal shareholding equivalent to 100 per cent of base salary has been achieved The table below sets out the individual requirement and level of shareholding achieved for each Executive Director at 31 December 2012

Directors minimum shareholding	Salary[1] £'000	Value of shareholding[2] £'000	Minimum shareholding as % of salary	Actual shareholding as % of salary
James Brotherton	199	230	100%	116%
Louis Eperjesi	261	223	100%	86%

Notes to Directors minimum shareholding table above
1 Base salary as at 31 December 2012
2 Based on the closing price of a Tyman plc ordinary share of £1 54 on 31 December 2012

Awards to Executive Directors
The number of shares awarded to the Executive Directors under the LTIP for the 2012 Awards are as follows.

	2012 Awards
James Brotherton	153 193
Louis Eperjesi	201 570

The 2012 Awards are granted by reference to a percentage of base salary and LTIP awards of performance shares or nil cost options will be restricted to a maximum of 100 per cent of base salary

Senior executives below the Executive Directors
The policy and practice with regard to the remuneration of senior executives below the Executive Directors who are members of the Tyman Management Committee is consistent with that for the Executive Directors These senior executives all have a significant portion of their reward package linked to performance They all qualify for an annual bonus and are eligible for awards under the LTIP and their financial targets are the same as or cascaded from the targets for the Executive Directors The Remuneration Committee

reviews and approves the individual remuneration packages for the Tyman Management Committee members and the Company Secretary in accordance with the overriding objectives of the Group s remuneration policy Their individual performance is reviewed and their increases in base salary annual bonus payments and any LTIP awards are subject to approval by the Remuneration Committee each year Other senior employees below Tyman Management Committee level are generally treated consistently with the Executive Directors and members of the Tyman Management Committee with the exception that they may participate in local discretionary annual cash bonus plans

Summary of Directors' service contracts
The following table shows details of the service contracts for Executive Directors who were in office at 31 December 2012

	Commencement date	Notice period
James Brotherton	20/07/10	12 months
Louis Eperjesi	20/07/10	12 months

For both Executive Directors their service contracts are terminable on 12 months notice to or from the Company and contractual termination provisions are limited to salary and benefits over the notice period Payments are phased monthly and subject to mitigation in line with best practice

The Non executive Directors have letters of appointment which provide a notice period of one month

	Commencement date	Notice period
Jamie Pike	23/11/09	1 month
Les Tench	17/12/09	1 month
Martin Towers	17/12/09	1 month
Angelika Westerwelle	30/11/12	1 month

Directors' emoluments
The remuneration payable to Directors which has been audited by the Company s auditors in respect of the year ended 31 December 2012 was as follows

Directors remuneration for the year ended 31 December	Note	Salary/fees £ 000	Cash bonus £ 000	Cash payments in lieu of pension contributions £ 000	Non cash benefits £ 000	Total emoluments 2012 £ 000	Total emoluments 2011 £ 000
James Brotherton	1	199	68	10	–	**277**	228
Louis Eperjesi	2	261	89	53	1	**404**	338
Jamie Pike		100	–	–	–	**100**	96
Les Tench		40	–	–	–	**40**	36
Martin Towers		40	–	–	–	**40**	36
Angelika Westerwelle	3	3	–	–	–	**3**	–
Total		643	157	63	1	**864**	734

Notes to Directors remuneration table above
1 Of the total bonus agreed by the Committee in respect of James Brotherton 50% will be paid in cash and is disclosed in the table above The other 50% will be deferred automatically into the Deferred Share Bonus Plan Non cash benefits consist of life assurance membership of a private medical expenses arrangement and permanent health insurance cover
2 Of the total bonus agreed by the Committee in respect of Louis Eperjesi 50% will be paid in cash and is disclosed in the table above The other 50% will be deferred automatically into the Deferred Share Bonus Plan Non cash benefits consist of life assurance membership of a private medical expenses arrangement and permanent health insurance cover
3 From appointment on 30 November 2012

Louis Eperjesi and James Brotherton are not members of any of the Company s pension schemes

Deferred Share Bonus Plan
Awards made under the Deferred Share Bonus Plan to Executive Directors are set out below

Deferred Share Bonus Plan	Award date	Market value at award date	Shares over which deferred bonus awards granted after the year end	Normal vesting date	Expiry date
James Brotherton	23/03/11	£1 3265	68 819	23/03/14	23/03/21
James Brotherton	16/03/12	£1 227	17580	16/03/15	16/03/22
Louis Eperjesi	23/03/11	£1 3265	86 880	23/03/14	23/03/21
Louis Eperjesi	16/03/12	£1 227	23 132	16/03/15	16/03/22

1 The number of shares awarded is calculated by dividing one half of the gross value of the bonus payable by the Market Value of a share Market Value means the average of the daily closing prices of a share over the five dealing days immediately preceding the award date Awards are in the form of nil cost options and are granted for nil consideration

Directors' remuneration report continued

At the date of this report awards in respect of the Executive Directors annual bonus for 2012 had not been made but are expected to be made in the near future such that Louis Eperjesi receives an award over shares with a market value of £89 060 and James Brotherton receives an award over shares with a market value of £67 686 both awards will carry a vesting date of March 2016

LTIP

Directors interests in awards made under the LTIP are set out below

LTIP	Award date	Market value at award date	Shares over which LTIP awards held at 1 Jan 2012	Shares over which LTIP awards granted during the year	Shares over which LTIP awards held at 31 Dec 2012	Normal vesting date	Expiry date
James Brotherton	10/12/10	£1 0375	150 000	-	150 000	23/03/14	10/12/20
James Brotherton	06/07/11	£1 2300	150 000	-	150 000	23/03/14	06/07/21
James Brotherton	03/07/12	£1 2950	-	153 193	153 193	23/03/15	03/07/22
Louis Eperjesi	10/12/10	£1 0375	200 000	-	200 000	23/03/14	10/12/20
Louis Eperjesi	06/07/11	£1 2300	200 000	-	200 000	23/03/14	06/07/21
Louis Eperjesi	03/07/12	£1 2950	-	201 570	201 570	23/03/15	03/07/22

Awards are in the form of nil cost options and are granted for nil consideration

Non executive Directors' fees and Chairman fees

Non executive Directors

The Chairman of the Board and the Executive Directors determine the remuneration of Non executive Directors Non executive Director fees are reviewed (from time to time) in light of the commitment and level of involvement that Non executive Directors are required to devote to the activities of the Board and its Committees market practice and surveys by Kepler Associates Non executive Directors do not participate in any bonus or share based incentive schemes

During 2012 there were no increases to the levels of NED fees or Committee fees The fees of the Chairman were £100 000 per year and the basic fees paid to the other Non executive Directors were £35 000 per year In addition the Chairman of the Remuneration Committee Mr Tench was paid a fee of £5 000 per year and the Chairman of the Audit Committee Mr Towers was paid a fee of £5 000 per year

Shares

The Directors interests in ordinary shares beneficially held of the Company at the end of the financial year were as follows

	Ordinary shares at 31 Dec 2012	Ordinary shares at 31 Dec 2011
James Brotherton	149 191	149 191
Louis Eperjesi	145,000	145 000
Jamie Pike	405 000	325 000
Les Tench	93 750	93 750
Martin Towers	50 277	50 000
Angelika Westerwelle	-	-

Dr Westerwelle acquired 25 000 ordinary shares in Tyman plc on 31 January 2013 There have been no changes in the interest of the other Directors in the share capital of the Company since 31 December 2012

Share price

The market price of ordinary shares in Tyman plc at 31 December 2012 was £1 54 and the range during the year was £1 13 to £1 7475

By order of the Board

Kevin O Connell
Company Secretary
12 March 2013

Independent auditors' report to the members of Tyman plc (formerly Lupus Capital plc)

We have audited the Group financial statements of Tyman plc (formerly Lupus Capital plc) for the year ended 31 December 2012 which comprise the consolidated income statement the consolidated statement of comprehensive income the consolidated statement of changes in equity the consolidated balance sheet the consolidated cash flow statement and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors Responsibilities set out on page 32 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board s Ethical Standards for Auditors

This report including the opinions has been prepared for and only for the Company s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not in giving these opinions accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Group s circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the Directors and the overall presentation of the financial statements In addition we read all the financial and non financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the Group financial statements
- give a true and fair view of the state of the Group s affairs as at 31 December 2012 and of its profit and cash flows for the year then ended
- have been properly prepared in accordance with IFRSs as adopted by the European Union and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion
- certain disclosures of Directors remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit

Other matter
We have reported separately on the Parent Company financial statements of Tyman plc for the year ended 31 December 2012

Simon O Brien (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 March 2013

Consolidated income statement

For the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Continuing operations			
Revenue	3	**228 753**	216 293
Cost of sales		**(154 023)**	(145 236)
Gross profit		**74 730**	71 057
Administrative expenses		**(95 873)**	(58 730)
Operating (loss)/profit		**(21 143)**	12 327
Analysed as:			
Underlying[1] operating profit	3	**23 030**	22 223
Property provision release	3	**2 021**	1 221
Exceptional items	4	**(2 574)**	(552)
Amortisation of intangible assets	5	**(10 754)**	(10 565)
Accelerated amortisation of intangible assets and impairment of intangible assets and goodwill	5	**(32 866)**	–
Operating (loss)/profit		**(21 143)**	12 327
Finance income	7	**276**	287
Finance costs	7	**(4 785)**	(9 982)
Net finance costs	7	**(4 509)**	(9 695)
(Loss)/Profit before taxation		**(25 652)**	2 632
Income tax credit	8	**3 700**	6 428
(Loss)/Profit for the year from continuing operations		**(21 952)**	9 060
Discontinued operations			
Profit for the year from discontinued operations	25	**37 374**	6 423
Profit for the year		**15 422**	15 483
Basic (loss)/earnings per share			
From continuing operations	9	**(16 93p)**	6 99p
From discontinued operations	9	**28 83p**	4 95p
From profit for the year		**11 90p**	11 94p
Diluted (loss)/earnings per share			
From continuing operations	9	**(16 93p)**	6 93p
From discontinued operations	9	**28 37p**	4 91p
From profit for the year		**11 44p**	11 84p
Non GAAP measure			
Basic earnings per share			
Underlying[1] basic EPS from continuing operations	9	**11 63p**	9 64p
Underlying[1] basic EPS from discontinued operations	9	**28 95p**	5 11p
Total underlying basic EPS		**40 58p**	14 75p
Underlying[1] profit before taxation from continuing operations	9	**21 494**	17 389
Underlying[1] profit before taxation from discontinued operations	9	**37 225**	9 064
Total underlying profit before taxation		**58 719**	26 453

1 Before amortisation of intangible assets deferred tax on amortisation of intangible assets impairment of intangible assets and goodwill, exceptional items unwinding of discount on provisions amortisation of borrowing costs and the associated tax effect

The notes on pages 44 to 82 are an integral part of these consolidated financial statements

Consolidated statement of comprehensive income

For the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Profit for the year		15 422	15 483
Other comprehensive (loss)/income			
Exchange differences on retranslation of foreign operations		(8 763)	(354)
Actuarial losses on defined benefit plans	20	(2 403)	(4 699)
Effective portion of changes in value of cash flow hedges		92	1 228
Tax on items included in other comprehensive income	8	820	1 659
Other comprehensive loss for the year net of tax		(10 254)	(2 166)
Total comprehensive income for the year attributable to equity shareholders		5 168	13 317

Consolidated statement of changes in equity

For the year ended 31 December 2012

	Note	Share capital £'000	Share premium £'000	Other reserves[1] £'000	Treasury reserve £'000	Hedging reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2011		6 864	101	10 389	(6 764)	(1 925)	33 438	196 472	238 575
Total comprehensive income/(loss)		–	–	–	–	1 228	(354)	12 443	13 317
Profit for the year		–	–	–	–	–	–	15 483	15 483
Other comprehensive income/(loss)		–	–	–	–	1,228	(354)	(3,040)	(2 166)
Transactions with owners		–	–	–	(250)	–	–	(2 424)	(2 674)
Share based payments	22	–	–	–	–	–	–	172	172
Dividends paid	27	–	–	–	–	–	–	(2 596)	(2 596)
Purchase of treasury shares		–	–	–	(250)	–	–	–	(250)
At 31 December 2011		6 864	101	10 389	(7 014)	(697)	33 084	206 491	249 218
Total comprehensive (loss)/income		–	–	(1 469)	–	92	(8 763)	15 308	5 168
Profit for the year		–	–	–	–	–	–	15 422	15 422
Disposal of subsidiary		–	–	(1 469)	–	–	–	1 469	–
Other comprehensive income/(loss)		–	–	–	–	92	(8 763)	(1 583)	(10 254)
Transactions with owners		–	–	–	(1 147)	–	–	(5 350)	(6 497)
Share based payments	22	–	–	–	–	–	–	482	482
Dividends paid	27	–	–	–	–	–	–	(5 832)	(5 832)
Purchase of treasury shares		–	–	–	(1 147)	–	–	–	(1 147)
At 31 December 2012		6,864	101	8 920	(8 161)	(605)	24 321	216 449	247 889

1 Other reserves are non distributable capital reserves which arose on previous acquisitions

The notes on pages 44 to 82 are an integral part of these consolidated financial statements

Consolidated balance sheet

As at 31 December 2012

	Note	2012 £ 000	2011 £ 000
ASSETS			
Non current assets			
Goodwill	10	**184 896**	213 678
Intangible assets	11	**73 834**	99 047
Property plant and equipment	12	**29 785**	30 461
Deferred tax assets	19	**9 774**	9 618
		298 289	352 804
Current assets			
Inventories	13	**27 558**	26 586
Trade and other receivables	14	**27 269**	28 235
Cash and cash equivalents	15	**35 857**	20 426
		90 684	75 247
Assets of disposal group classified as held for sale		**–**	21 117
		90 684	96 361
TOTAL ASSETS		**388 973**	449 165
LIABILITIES			
Current liabilities			
Trade and other payables	16	**(32 375)**	(34 638)
Current tax payable		**(1 868)**	(1 976)
Interest bearing loans and borrowings	17	**(7 521)**	(12 930)
Derivative financial instruments	18	**–**	(777)
Provisions	21	**(2 456)**	(1 510)
		(44 220)	(51 831)
Non current liabilities			
Interest bearing loans and borrowings	17	**(63 575)**	(100 235)
Derivative financial instruments	18	**(605)**	–
Deferred tax liabilities	19	**(11 766)**	(18 941)
Employee benefit liability	20	**(11 230)**	(9 732)
Provisions	21	**(7 513)**	(14 487)
Other payables	16	**(2 175)**	(1 450)
		(96 864)	(144 845)
Liabilities of disposal group classified as held for sale		**–**	(3 271)
TOTAL LIABILITIES		**(141 084)**	(199 947)
NET ASSETS		**247 889**	249 218
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	22	**6 864**	6 864
Share premium		**101**	101
Other reserves		**8 920**	10 389
Treasury reserve		**(8 161)**	(7 014)
Hedging reserve		**(605)**	(697)
Translation reserve		**24 321**	33 084
Retained earnings		**216 449**	206 491
TOTAL EQUITY		**247 889**	249 218

The notes on pages 44 to 82 are an integral part of these consolidated financial statements

The financial statements on pages 40 to 43 were approved by the Board on 12 March 2013 and signed on its behalf by

Louis Eperjesi
Chief Executive Officer

James Brotherton
Chief Financial Officer

Tyman plc
Company number 02806007

Consolidated cash flow statement

For the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Cash flows from operating activities			
(Loss)/Profit before tax – continuing operations		(25 652)	2 632
(Loss)/Profit before tax – discontinued operations	25	(379)	8 785
Adjustments	28	50 335	26 335
Movement in inventories		79	(263)
Movement in trade and other receivables		2 768	965
Movement in trade and other payables		(593)	(2 830)
Provisions utilised		(1 911)	(1 854)
Pension contributions		(1 010)	(1 191)
Income tax paid		(4,862)	(1 870)
Net cash inflow from operating activities		18 775	30 709
Cash flows from investing activities			
Payments to acquire property plant and equipment		(5 462)	(4 384)
Payments to acquire intangible assets		(1 355)	(492)
Acquisition of subsidiary undertakings net of cash acquired	24	(16 726)	(10 280)
Proceeds on disposal of subsidiary undertakings	26	67 905	–
Interest received		309	340
Net cash inflow/(outflow) from investing activities		44 671	(14 816)
Cash flows from financing activities			
Interest paid		(4 540)	(70[illegible])
Dividends paid	27	(5,832)	(2 596)
Purchase of treasury shares		(1 147)	(250)
New bank loans raised		–	12 551
Refinancing costs paid		–	(2 643)
Repayment of borrowings		(39 815)	(119 621)
Repayment of capital element of finance leases		–	(10)
Net cash outflow from financing activities		(51 334)	(19 580)
Increase/(decrease) in cash and cash equivalents		12 112	(3 687)
Effect of exchange rates on cash and cash equivalents		(641)	325
Cash and cash equivalents at the beginning of the year	15	24 386	27 748
Cash and cash equivalents at the end of the year	15	35,857	24 386

The notes on pages 44 to 82 are an integral part of these consolidated financial statements

Notes to the financial statements

1 General information and basis of preparation
The Group s principal activities are the manufacture supply and distribution of building products Tyman plc (formerly Lupus Capital plc) is the Group s ultimate parent company and it is incorporated and domiciled in England and Wales at the address shown on page 88

The Group s shares are admitted to trading on AIM a market of the London Stock Exchange

1 1 Basis of preparation
The consolidated financial statements of Tyman plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs" as adopted by the "EU) the Companies Act 2006 applicable to companies reporting under IFRS and IFRIC interpretations

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below These policies have been consistently applied to all the years presented unless otherwise stated

The financial statements are prepared under the historical cost convention except for the revaluation to fair value of certain financial assets and liabilities (including derivatives) through profit and loss as described in the accounting policies below

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates It also requires management to exercise its judgement in the process of applying the Group s accounting policies Actual results could differ from those estimates

The Directors have at the time of approving the financial statements a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the financial statements

1 2 New and amended standards adopted by the Group
There were no standards interpretations and amendments adopted by the Group since 1 January 2012 which had a material impact on the Group s consolidated results or financial position

1 3 New standards and interpretations not yet adopted
The following standards interpretations and amendments to existing standards have been published and are mandatory for the Group s accounting periods beginning on or after 1 January 2013 and have not been applied in preparing these consolidated financial statements None of these is expected to have a significant effect on the consolidated financial statements of the Group

- Amendments to IAS 1 "Presentation of financial statements regarding other comprehensive income (effective 1 July 2012) The main change resulting from these amendments is a requirement for entities to group items presented in "other comprehensive income" (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments) The amendments do not address which items are presented in OCI
- IAS 19 "Employee benefits" (effective 1 January 2013) The impact on the Group will be to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability The Group has yet to assess the full impact of the amendments
- IFRS 13 "Fair value measurement" (effective 1 January 2013) IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group

2 Summary of significant accounting policies and basis of consolidation
2 1 Basis of consolidation
The financial statements consolidate the Company and its subsidiary undertakings (note 31) drawn up to 31 December each year The financial statements of the subsidiaries are prepared to the same reporting date as the parent, using consistent accounting policies

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de facto control De facto control may arise in circumstances where the size of the Group s voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies etc

Subsidiaries are fully consolidated from the date on which control over financial and operating policies is transferred to the Group and continue to be consolidated until the date that such control ceases

All business combinations are accounted for using the acquisition method The cost of a business combination is measured as the aggregate of the fair values at the acquisition date of any assets given liabilities incurred or assumed including contingent liabilities and equity instruments issued by the Group which includes the fair value of any asset or liability arising from a contingent consideration arrangement Acquisition costs are expensed as incurred The identifiable assets and liabilities of the acquiree are measured initially at fair value at the acquisition date The excess of the cost of the business combination over the Group s interest in the net fair value of the identifiable assets including those of an intangible and tangible nature liabilities and contingent liabilities is recognised as goodwill

Inter company transactions balances income and expenses on transactions between Group companies are eliminated Profits and losses resulting from inter company transactions that are recognised in assets are also eliminated but are considered an impairment indicator of the underlying asset transferred Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group

2 2 Principal accounting policies
The accounting policies set out below have been used to prepare the financial statements

2 2 1 Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group s interest in the net fair value of the identifiable assets liabilities and contingent liabilities of the acquiree

For the purpose of impairment testing goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs) or groups of CGUs that is expected to benefit from the synergies of the combination Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes Goodwill is monitored at the operating segment level

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment The carrying value of goodwill is compared to the recoverable amount which is the higher of value in use and the fair value less costs to sell Any impairment is recognised immediately as an expense and is not subsequently reversed

2 2 2 Intangible assets
Intangible assets are stated at cost less accumulated amortisation and impairment On acquisition of Group companies the Group recognises any separately identifiable intangible assets separately from goodwill initially measuring the intangible assets at fair value

Purchased intangible assets acquired through a business combination including purchased brands customer relationships trademarks and licences are initially measured at fair value and amortised on a straight line basis over their estimated useful economic lives as follows

- Acquired brands – 5 to 20 years
- Customer relationships – 9 to 15 years
- Computer software – 3 to 4 years

The estimated useful lives of acquired intangible assets are reviewed whenever events or circumstances indicate that there has been a change in the expected pattern of consumption of the future economic benefits embodied in the asset Any amendments to the estimated useful lives of intangible assets are recorded as a change in estimate in the period the change occurred

2 2 3 Property plant and equipment
Property plant and equipment are stated at cost less accumulated depreciation and impairment Cost includes expenditure that is directly attributable to the acquisition of the assets Subsequent costs are included in the asset s carrying value or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the specific asset will flow to the Group and the cost can be measured reliably Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred

Freehold land is not depreciated Depreciation is provided on all other property plant and equipment at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life at the following annual rates

- Freehold land – Not depreciated
- Freehold buildings – 2% to 5%
- Plant and machinery – 7 5% to 33%

Notes to the financial statements continued

2 Summary of significant accounting policies and basis of consolidation continued
The carrying values of property plant and equipment are reviewed for impairment periodically if events or changes in circumstances indicate that the carrying value may not be recoverable The assets residual values useful lives and method of depreciation are reviewed and adjusted if appropriate at the end of each financial year end

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement

2 2 4 Impairment of assets
Goodwill arising on business combinations is allocated to cash generating units (equivalent to the reported operating segments) The recoverable amount of the cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when events or changes in circumstance indicate that it might be impaired Goodwill that has been impaired previously cannot be reversed at a later date

The carrying values of property plant and equipment and intangible assets with finite lives are reviewed for impairment when events or changes in circumstance indicate the carrying value may be impaired If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of impairment loss

Where purchased intangible assets are considered by the Board of Directors to have an indefinite life they are not amortised but are subject to an impairment review on an annual basis or more frequently if necessary Intangible assets not yet available for use are tested for impairment annually

An impairment review is performed by comparing the carrying value of the property plant and equipment intangible asset or cash generating units to which goodwill has been allocated with its recoverable amount being the higher of the fair value less costs to sell and value in use The fair value less costs to sell is the amount that could be obtained on disposal of the asset The value in use is determined by discounting using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, the expected future cash flows resulting from its continued use including those on final disposal Impairment losses are recognised in the income statement immediately Where it is not possible to estimate the recoverable amount of an individual asset the Group estimates the recoverable amount of the cash generating unit to which it belongs Considerable management judgement is necessary to estimate discounted future cash flows Accordingly actual cash flows could vary considerably from forecast cash flows Impairment reversals are permitted to property plant and equipment or intangible assets (but not goodwill) to the extent that the new carrying value does not exceed the amount it would have been if no impairment loss had been previously recognised

2 2 5 Inventories
Inventories are valued at the lower of cost and net realisable value Cost includes cost of materials determined on a purchase cost basis direct labour and an appropriate proportion of manufacturing overheads based on normal levels of activity on a first in first out basis Net realisable value is based on estimated selling prices less further costs expected to be incurred to completion and disposal

Where necessary a provision is made to reduce cost to no more than net realisable value having regard to the nature and condition of inventory as well as its anticipated saleability

2 2 6 Provisions
Provisions are recognised when
- the Group has a present legal or constructive obligation as a result of a past event
- it is probable that an outflow of resources will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date taking into account the risks and uncertainties surrounding the obligation Where a provision is measured using the cash flows estimated to settle the present obligation its carrying amount is the present value of those cash flows using a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation The increase in the provision due to the passage of time is recognised in the income statement within net finance costs

Property related provisions comprise onerous leases and dilapidation costs Provisions for onerous leases are recognised where the unavoidable cost exceeds the expected benefit

Restructuring provisions comprise lease termination penalties and employee termination payments A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products at the Directors best estimate of the expenditure required to settle the Group s obligation

Other provisions relate to the tax consequences of international intragroup transactions for which the fiscal authorities may be expected to adopt opposing treatments in respect of revenue and cost recognition Other provisions are recognised at the date the international intragroup transactions occurred at the Directors best estimate of the expenditure required to settle the Group s obligation

2 2 7 Leases
Where the Group has substantially all the risks and rewards of ownership of an asset subject to a lease the lease is treated as a finance lease Assets held under finance leases and similar contracts which confer the rights and obligations similar to those attached to owned assets are capitalised at the inception of the lease at the fair value or if lower the present value of the minimum lease payments Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability Finance charges are recognised in the income statement

Assets held under finance lease are depreciated over the lower of the useful lives and the term of the lease

All other leases are treated as operating leases and rentals payable are charged to the income statement on a straight line basis over the lease term

2 2 8 Employee benefits
Pension obligations
The Group operates both defined contribution and defined benefit schemes

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets together with adjustments for unrecognised past service costs The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation In countries where there is no deep market in such bonds the market rates on government bonds are used

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise

Past service costs are recognised immediately in income unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period) In this case the past service costs are amortised on a straight line basis over the vesting period

The operating and financing costs of the pension schemes are charged to the income statement in the period in which they arise and are recognised separately The costs of past service benefit enhancements settlements and curtailments are also recognised in the period in which they arise The net surplus or deficit is presented with the other net assets on the balance sheet The related deferred tax is shown with the other deferred tax balances

For defined contribution plans contributions are recognised as employee benefit expense when they are due The Group has no further payment obligations once the contributions have been paid Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available

Other post employment obligations
Some group companies provide post retirement healthcare benefits to their retirees The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise These obligations are valued annually by independent qualified actuaries

Notes to the financial statements continued

2 Summary of significant accounting policies and basis of consolidation continued

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal In the case of an offer made to encourage voluntary redundancy the termination benefits are measured based on the number of employees expected to accept the offer Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value

Profit sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit sharing based on a formula that takes into consideration the profit attributable to the Company s shareholders after certain adjustments The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation

2 2 9 Share based payments

The Group operates an equity settled share based remuneration scheme (Long Term Incentive Plan "LTIP") for certain employees under which the entity receives services from employees as consideration for equity instruments (share options) of the Group

The fair value of the employee services received in exchange for the grant of options is expensed on a straight line basis over the vesting period based on the Group s estimate of shares that will eventually vest

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted excluding the impact of any non market vesting conditions Non market vesting conditions are included in assumptions about the number of options that are expected to vest At each balance sheet date the entity revises its estimates of the number of options that are expected to vest, with any changes in estimate recognised in the income statement, with a corresponding adjustment in equity The fair value of awards granted under LTIP is measured using a probability model to predict target EPS levels

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised

2 2 10 Financial assets and liabilities

Financial assets and liabilities are recognised on the Group s balance sheet when the Group becomes a party to the contractual provisions of the instrument and are generally derecognised when the contract that gives rise to it is settled sold cancelled or expires

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market They are included in current assets except for maturities greater than 12 months after the end of the reporting period These are classified as non current assets The Group s loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet

Trade receivables

Trade receivables are amounts due from customers for goods sold in the ordinary course of business If collection is expected in one year or less (or in the normal operating cycle of the business if longer) they are classified as current assets If not they are presented as non current assets

Trade receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method less appropriate allowances for estimated irrecoverable amounts

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables The amount of the write-down is determined as the difference between the carrying amount and present value of estimated future cash flows

Cash and cash equivalents

In the consolidated statement of cash flows and balance sheet cash and cash equivalents includes cash in hand deposits held at call with banks other short term highly liquid investments with original maturities of three months or less and bank overdrafts

Financial liabilities held at amortised cost

Financial liabilities held at amortised cost include trade payables accruals other payables and interest bearing loans and borrowings

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer) If not they are presented as non current liabilities

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

Interest bearing loans and borrowings
Interest bearing loans and borrowings are recognised initially at fair value net of transaction costs incurred Interest bearing loans and borrowings are subsequently carried at amortised cost using the effective interest method

2 2 11 Derivative financial instruments and hedging activities
Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative

The Group designates certain derivatives as either
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge) or
- hedges of a net investment in a foreign operation (net investment hedge)

For those instruments designated as hedges the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items This documentation identifies the hedging instrument the hedged item or transaction the nature of the risk being hedged and how effectiveness will be measured throughout its duration Such hedges are expected at inception to be highly effective

For derivatives that do not qualify for hedge accounting any gains or losses arising from changes in fair value are recognised immediately in the income statement

Cash flow hedges
Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage interest rate risk to which the cash flows of certain liabilities are exposed The effective portion of changes in the fair value of the derivative that is designated and qualifies for hedge accounting is recognised in other comprehensive income The ineffective portion is recognised immediately in the income statement Amounts accumulated in equity are reclassified to the income statement in the period in which the hedged item affects profit or loss However where a forecasted transaction results in a non financial asset or liability the accumulated fair value movements previously deferred in equity are included in the initial cost of the asset or liability

For all other cash flow hedges the gains or losses that are recognised in other comprehensive income are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss

Investments in foreign operations
A foreign currency exposure arises from net investments in Group entities whose functional currency differs from the Group s presentation currency The Group uses foreign currency loans to hedge foreign currency risk This translation risk does not give rise to a cash flow exposure Its impact only arises from the translation of the net investment in the Group s presentation currency

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income The gain or loss relating to the ineffective portion is recognised in the income statement Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold

2 2 12 Share capital
Ordinary shares are classified as equity

Where any Group company purchases the Company s equity share capital (treasury shares) the consideration paid including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company s equity holders until the shares are cancelled or reissued

Where such shares are subsequently sold or reissued any consideration received net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Company s equity holders

2 2 13 Segment reporting
The Group s operations are divided into three product segments Amesbury grouphomesafe and Schlegel International which is consistent with the segments identified in internal reports which are reviewed by the chief operating decision makers defined as the Board of Directors A product segment is a component of the Group that is engaged in providing a group of related products and is subject to risks and returns that are different from those of the other segments IFRS 8 also requires disclosure of information on geographical areas with the Group s system of internal reporting to key operating decision makers serving as a starting point

Notes to the financial statements continued

2 Summary of significant accounting policies and basis of consolidation continued

2 2 14 Revenue

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the Group and when the amount of revenue can be reliably measured Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied stated net of discounts returns and value added taxes As such revenue from the sale of goods is recognised when the risks and rewards of ownership of the goods have been substantially transferred to the buyer usually on dispatch of the goods

2 2 15 Current and deferred taxation

Income tax expense represents the sum of the current tax and deferred tax The tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The Group s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income

Deferred income tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the balance sheet liability method

Deferred income tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial *recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit* or loss nor the accounting profit

Deferred income tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered

Deferred income tax is calculated at the tax rates that have been enacted or substantively enacted at the balance sheet dates and that are expected to apply in the period when the liability is settled or the asset realised Deferred tax is charged or credited to profit or loss except when it relates to items charged or credited directly to other comprehensive income in which case the deferred tax is also dealt with in other comprehensive income

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and where the intention is to settle the balances on a net basis

2 2 16 Exceptional items

Where certain income or expense items recorded in the period are material by their size or incidence the Group reflects such items as exceptional items within a separate line on the income statement except for those exceptional items that relate to net finance costs and tax

Separate presentation of exceptional items provides an improved understanding of the elements of financial performance in the year so as to facilitate comparison with prior periods and to assess trends in financial performance

Exceptional items as disclosed in note 4 include one off redundancy and restructuring costs and transactions costs associated with merger and acquisition activity

2 2 17 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group s entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency) The consolidated financial statements are presented in Pounds Sterling which is the functional currency of the Company and the presentation currency of the Group

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges These are recognised directly in equity other than the ineffective element until the disposal of the net investment at which time they are recognised in the income statement

Group companies
On consolidation assets and liabilities of Group companies denominated in foreign currencies are translated into Sterling at the exchange rate prevailing at the balance sheet date Income and expense items are translated into Sterling at the average rates throughout the year

Exchange differences arising on the translation of opening net assets of Group companies together with differences arising from the translation of the net results at average or actual rates to the exchange rate prevailing at the balance sheet date are taken to other comprehensive income On disposal of a foreign entity the cumulative translation differences recognised in other comprehensive income relating to that particular foreign operation are recognised in the income statement as part of the gain or loss on disposal

2 2 18 Discontinued operations and non-current assets held for sale
Non current assets and all assets and liabilities classified as held for sale are measured at the lower of carrying value and fair value less costs to sell

Non current assets and all assets and liabilities or disposal groups are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use This condition is met only when a sale is highly probable the asset or disposal group is available for immediate sale in its present condition and management is committed to the sale which is expected to qualify for recognition as a completed sale within one year from the date of classification

2 2 19 Non GAAP measure accounting policy
The Directors believe that the underlying" profit and earnings per share measures provide additional useful information to shareholders on the underlying performance of the business These measures are consistent with how business performance is measured internally The adjusted profit before tax measure is not recognised under IFRS and may not be comparable with "underlying" profit measures used by other companies The adjustments made to reported profit before tax is to include the following

- Exceptional income and charges – these are largely one off in nature and therefore create volatility in reported earnings
- Amortisation and impairment of intangible items amortisation of borrowing costs unwinding of discount on provisions – these are non cash in nature and the events giving rise to them are expected to be infrequent

2 2 20 Critical accounting estimates and judgements
In the application of the Group s accounting policies the Directors are required to make judgements estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources The estimates and associated assumptions are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods

Critical judgements in applying the Group's accounting policies
The following areas represent the key judgements made by management in order to facilitate the preparation of the Group s financial statements

Taxation
The Group is subject to taxation in numerous jurisdictions Judgement is required in determining the worldwide provision for income taxes as there are transactions for which the ultimate tax determination is uncertain The amounts provided are accrued based on management s interpretation of country specific tax laws and the likelihood of settlement which may differ from actual liabilities This could have an adverse impact on the results and the net position of the Group (note 8)

Impairment reviews and discount rates
The Group tests intangible assets and goodwill for impairment in accordance with the stated accounting policy The value in use calculations requires the use of estimates of future growth and assessment of appropriate discount rates Future events could result in the assumptions used in the impairment reviews to change with a resultant adverse impact on the results and net position of the Group Details of estimates used and sensitivities in the impairment reviews are set out in note 10

Notes to the financial statements continued

2 Summary of significant accounting policies and basis of consolidation continued

Exceptional items

Exceptional items are expense or income items recorded in a period which have been determined by management as being material by their size or incidence and are presented separately within the results of the Group The determination of which items are disclosed as exceptional will affect the presentation of profit measures including EBITA and adjusted earnings per share and requires a degree of judgement Details regarding exceptional items reported during the year are set out in note 4

Key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements estimates and assumptions The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

Impairment of goodwill and other intangible assets

There are a number of assumptions management have considered in performing impairment reviews of goodwill and intangible assets In determining whether goodwill is impaired an estimation of value in use of the cash generating units to which goodwill has been allocated has been prepared The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value (note 10)

Provisions

Provisions are measured at the Directors best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material (note 21)

Valuation of financial instruments at fair value

Management makes a number of assumptions with regards to the models used to value financial instruments at their fair value at year end Valuation techniques commonly used by market practitioners are applied For derivative financial instruments assumptions are made based on quoted market rates adjusted for specific features of the instrument (note 18)

Intangible assets acquired in a business combination

On acquisition of Group companies the Group recognises any separately identifiable intangible assets from goodwill initially measuring each group of intangible assets at fair value Groups of intangible assets will include purchased brands customer relationships trademarks and licences The determination of fair value requires the Directors to estimate the useful economic life of each asset and the future cash flows expected to arise from each asset and to apply a suitable discount rate (note 11)

Inventories

Inventories are stated at the lower of cost and net realisable value with due allowance for excess obsolete or slow moving items Net realisable value is based on current assessments of future demand market conditions and new product development initiatives Should demand for the Group s products decline further during the next financial year as a result of the current economic downturn additional allowances may be necessary in respect of excess or slow moving items (note 13)

Defined benefit pension and post retirement benefit schemes

The benefit obligation is calculated using a number of assumptions including future salary increases increases to pension benefits mortality rates and in the case of post employment medical benefits the expected rate of increase in medical costs The present value of the benefit obligation is calculated by discounting the benefit obligation using market yields on high quality corporate bonds at the balance sheet date The plan assets consist largely of listed securities and their fair values are subject to fluctuation in response to changes in market conditions Effects of changes in the actuarial assumptions underlying the benefit obligation effects of changes in the discount rate applicable to the benefit obligation and effects of differences between the expected and actual return on the plan assets are classified as actuarial gains and losses and are recognised directly in equity Further actuarial gains and losses will be recognised during the next financial year An analysis of the assumptions that will be used by management to determine the cost of defined benefit plans that will be recognised in the income statement in the next financial year is presented in note 20

Deferred tax assets

Estimation is required of temporary differences between the carrying amount of assets and liabilities and their tax base Deferred tax liabilities are recognised for all taxable temporary differences but where deductible temporary differences exist management s judgement is required as to whether a deferred tax asset should be recognised based on the availability of future taxable profits It is possible that the deferred tax assets actually recoverable may differ from the amounts recognised if actual taxable profits differ from management s estimates (note 19)

3 Segmental analysis

The following tables present Group revenue and profit and certain assets and liability information regarding the Group s product segments which have been generated using Group accounting policies with no differences of measurement applied

During the year the Group restructured its United Kingdom and International divisions establishing separate management teams for each division These organisational changes together with the acquisitions and disposals impacted how the segments are identified measured and reported Consequently the Group has changed its reporting segments to reflect the manner in which performance is evaluated and resources allocated The Group now has three reporting segments namely Amesbury grouphomesafe and Schlegel International Each segment broadly represents the Group s geographical focus being the US UK and International operations respectively apart from the Group s UK based sealing division which has been included as part of the Schlegel International segment

During 2012 the Group disposed of its Oil Services and Composite Doors businesses (refer to notes 25 and 26) included as part of discontinued operations in the analysis below

Segment revenues and results

Year ended 31 December 2012	Continuing operations Amesbury £ 000	grouphomesafe £ 000	Schlegel International £ 000	Total £ 000	Discontinued operations United Kingdom £ 000	Total £ 000
Revenue	118 600	73 345	36 808	228 753	11 269	240 022
Result						
Underlying operating profit/(loss)	11 578	8 972	2 480	23,030	(197)	22,833
Property provision release				2,021	-	2,021
Total operating profit/(loss) before exceptional items amortisation of intangible assets and impairment of intangible assets				25 051	(197)	24 854
Exceptional items (note 4)				(2 574)	(215)	(2 789)
Amortisation of intangible assets (note 5)				(10 754)	-	(10 754)
Accelerated amortisation of intangible assets and impairment of intangible assets and goodwill (note 5)				(32,866)	-	(32 866)
Operating loss				(21 143)	(412)	(21 555)
Net finance (costs)/income				(4 509)	33	(4 476)
Loss before tax				(25 652)	(379)	(26 031)
Tax (note 8)				3 700	364	4 064
Loss after tax				(21 952)	(15)	(21 967)
Profit on disposal of discontinued operations				-	37 389	37 389
(Loss)/Profit for the year				**(21 952)**	**37,374**	**15 422**
Other segment information						
Cost of goods sold	83 555	48 961	21 507	154 023	9 508	163 531
Depreciation	2 779	1 274	838	4 891	194	5 085

Included within Schlegel International segment are revenues attributable to the United Kingdom of £5 483 000

No revenue from any single customer exceeds 5% of total revenue from continuing operations

Notes to the financial statements continued

3 Segmental analysis continued
Segment assets and liabilities

Year ended 31 December 2012	Continuing operations Amesbury £'000	Continuing operations groupHomesafe £'000	Continuing operations Schlegel International £'000	Continuing operations Total £'000	Discontinued operations United Kingdom £'000	Total £'000
Segment assets						
Total segment assets	213 676	119 113	37 515	370 304	-	370 304
Unallocated segment assets				2 567	-	2 567
Unallocated Group assets						16 102
Consolidated total assets						388 973
Segment liabilities						
Total segment liabilities	(30 127)	(25 702)	(8,818)	(64 647)	-	(64 647)
Unallocated segment liabilities				(71 960)	-	(71 960)
Unallocated Group liabilities						(4 477)
Consolidated total liabilities						(141 084)
Non current assets[1]	176,639	87 397	24 479	288 515	-	288 515
Other segment information						
Employee benefit liability	(11 230)	-	-	(11 230)	-	(11 230)
Goodwill allocation	107 375	61 910	15 611	184 896	-	184 896
Intangible asset allocation	50 542	20 794	2 498	73 834	-	73 834
Capital expenditure						
- Property plant and equipment	3 681	859	777	5 317	145	5 462
- Intangible assets	1 118	122	115	1 355	-	1 355

1 Non current assets exclude amounts relating to deferred tax assets

Non current assets of the Schlegel International segment include £3 460 000 attributable to the United Kingdom

Comparative information
Segment revenues and results

Year ended 31 December 2011	Continuing operations Amesbury £'000	Continuing operations groupHomesafe £'000	Continuing operations Schlegel International £'000	Continuing operations Total £'000	Discontinued operations United Kingdom £'000	Total £'000
Revenue	105 370	70 656	40 267	216 293	33 167	249 460
Result						
Underlying operating profit	10 779	8 154	3 290	22 223	9 011	31 234
Property provision release				1 221	-	1 221
Total operating profit before exceptional items and amortisation of intangible assets				23 444	9 011	32 455
Exceptional items (note 4)				(552)	(278)	(830)
Amortisation of intangible assets (note 5)				(10 565)	(1)	(10 566)
Operating profit				12 327	8 732	21 059
Net finance (costs)/income				(9,695)	53	(9 642)
Profit before tax				2 632	8 785	11 417
Tax (note 8)				6 428	(2 362)	4 066
Profit after tax				9 060	6 423	15 483
Other segment information						
Cost of goods sold	73 423	49 019	22 794	145 236	18 489	163 725
Depreciation	2 645	1 362	923	4 930	373	5 303

Included within the Schlegel International segment are revenues attributable to the United Kingdom of £5 956 000

No revenue from any single customer exceeds 5% of total revenue from continuing operations

Segment assets and liabilities

Year ended 31 December 2011	Continuing operations Amesbury £'000	Continuing operations groupHomesafe £'000	Continuing operations Schlegel International £'000	Continuing operations Total £'000	Discontinued operations United Kingdom £'000	Total £'000
Segment assets						
Total segment assets	222 360	147 161	54 282	423 803	21 114	444 917
Unallocated segment assets				2 616	–	2 616
Unallocated Group assets						1 632
Consolidated total assets						449 165
Segment liabilities						
Total segment liabilities	(35 051)	(31 713)	(9 354)	(76 118)	(3 271)	(79 389)
Unallocated segment liabilities				(115 281)	–	(115 281)
Unallocated Group liabilities						(5 277)
Consolidated total liabilities						(199 947)
Non current assets[1]	186 964	115 195	41 027	343 186	11 849	355 035
Other segment information						
Employee benefit liability	(9 732)	–	–	(9 732)	–	(9 732)
Goodwill allocation	94 622	91 407	27 649	213 678	11 421	225 099
Intangible asset allocation	74 078	18 191	6 778	99 047	35	99 082
Capital expenditure						
– Property plant and equipment	2 588	1 025	516	4 129	255	4 384
– Intangible assets	350	69	37	456	36	492

1 Non current assets exclude amounts relating to deferred tax assets

Non current assets of the Schlegel International segment include £3 979 000 attributable to the United Kingdom

4 Exceptional items

	Continuing operations 2012 £'000	Continuing operations 2011 £'000	Discontinued operations 2012 £'000	Discontinued operations 2011 £'000	Total 2012 £'000	Total 2011 £'000
Redundancy and restructuring costs	**1 825**	535	**215**	278	**2 040**	813
Transaction costs associated with M&A activity	**966**	282	**–**	–	**966**	282
Other	**(217)**	(265)	**–**	–	**(217)**	(265)
	2 574	552	**215**	278	**2 789**	830

5 Operating (loss)/profit

Operating (loss)/profit is stated after charging the following

	Continuing operations 2012 £'000	Continuing operations 2011 £'000	Discontinued operations 2012 £'000	Discontinued operations 2011 £'000	Total 2012 £'000	Total 2011 £'000
Depreciation of property plant and equipment	**4 891**	4 930	**194**	373	**5 085**	5 303
Amortisation of intangible assets	**10 754**	10 565	**–**	1	**10 754**	10 566
Amortisation of intangible assets – accelerated basis	**12 566**	–	**–**	–	**12 566**	–
Impairment of intangible assets	**9 570**	–	**–**	–	**9 570**	–
Impairment of goodwill	**10 730**	–	**–**	–	**10 730**	–
Operating lease rentals	**4 598**	3 492	**327**	959	**4 925**	4 451
Foreign exchange loss	**318**	455	**–**	–	**318**	455

The analysis of auditor's remuneration is as follows.

Group	2012 £'000	2011 £'000
Audit of Company	**99**	90
Audit of subsidiaries	**344**	378
Total audit	**443**	468
Other assurance services	**–**	25
Other non audit services not covered above	**104**	12
Total fees	**547**	505

Notes to the financial statements continued

6 Employees

Number of employees

The average monthly number of employees (including Directors) of the Group during the financial year was

	Continuing operations		Discontinued operations		Total	
	2012	2011	2012	2011	2012	2011
Administration	219	207	11	25	230	232
Sales	166	161	12	27	178	188
Operations	1 486	1 374	123	198	1 609	1 572
	1 871	1 742	146	250	2 017	1 992

The number of employees (including Directors) of the Group as at 31 December was

	Continuing operations		Discontinued operations		Total	
	2012	2011	2012	2011	2012	2011
Administration	236	197	–	24	236	221
Sales	175	158	–	22	175	180
Operations	1 477	1 319	–	212	1 477	1 531
	1 888	1 674	–	258	1 888	1 932

Employment costs

Employment costs of these employees during the year were as follows

	Continuing operations		Discontinued operations		Total	
	2012 £ 000	2011 £ 000	2012 £ 000	2011 £ 000	2012 £ 000	2011 £ 000
Wages and salaries	53 202	48 181	3 395	6 595	56 597	54 776
Social Security costs	5 389	5 914	175	605	5 564	6 519
Pension costs – defined contribution schemes	1 450	1 746	55	184	1 505	1 930
Pension costs – defined benefit schemes	569	639	–	–	569	639
Share based payments	482	172	–	–	482	172
	61 092	56 652	3 625	7 384	64 717	64 036

Directors remuneration

The remuneration payable to Directors considered to be the Group s key management personnel was as follows

	2012 £ 000	2011 £ 000
Short term employee benefits	864	734
Share based payments	180	54
	1 044	788

Full details of individual Directors remuneration are given in the remuneration report on pages 34 to 38

7 Finance income and costs

Finance income and costs from continuing operations

	2012 £ 000	2011 £ 000
Finance income		
Bank interest receivable	276	287
Finance costs		
Interest payable on bank loans and overdraft	(3 620)	(6 205)
Amortisation of borrowing costs	(681)	(3 148)
Ineffective portion of changes in value of cash flow hedges	80	(8)
Unwinding of discount on provisions	(271)	(492)
Pension scheme and other finance costs	(293)	(129)
	(4 785)	(9 982)
Net finance costs	(4 509)	(9 695)

8 Taxation

8 1 Tax on profit on ordinary activities

	Continuing operations		Discontinued operations		Total	
	2012 £ 000	2011 £ 000	2012 £ 000	2011 £'000	2012 £ 000	2011 £ 000
Current taxation						
UK Corporation tax expense/(credit)	1 388	(647)	(275)	2 439	1 113	1 792
Foreign tax expense	2 671	3 168	-	-	2 671	3 168
Current income tax expense/(credit)	4 059	2 521	(275)	2 439	3 784	4 960
Adjustments in respect of prior years	401	-	-	-	401	-
Exceptional adjustments in respect of prior years	-	(3 767)	-	-	-	(3 767)
Total current taxation	4 460	(1 246)	(275)	2 439	4 185	1 193
Deferred taxation						
Origination and reversal of temporary differences	(6 522)	(1 842)	(87)	(11)	(6 609)	(1 853)
Adjustment due to deferred tax rate change	(1 200)	(2 137)	(2)	-	(1 202)	(2 137)
Adjustments in respect of prior years	-	-	-	(66)	-	(66)
Exceptional adjustments in respect of prior years	(438)	(1 203)	-	-	(438)	(1 203)
Total deferred taxation	(8 160)	(5 182)	(89)	(77)	(8 249)	(5 259)
Income tax (credit)/expense in the income statement	(3 700)	(6 428)	(364)	2 362	(4 064)	(4 066)
Tax credit relating to components of other comprehensive income is as follows						
Deferred tax credit on actuarial gains and losses	(820)	(1 659)	-	-	(820)	(1 659)
Income tax credit in the statement of comprehensive income	(820)	(1 659)	-	-	(820)	(1 659)
Total current taxation	4 460	(1 246)	(275)	2 439	4 185	1 193
Total deferred taxation	(8 980)	(6 841)	(89)	(77)	(9 069)	(6 918)
Total taxation	(4 520)	(8 087)	(364)	2 362	(4 884)	(5 725)

The standard rate of Corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012 Accordingly the Group s UK profits for this accounting period are taxed at an effective rate of 24 5% (2011 26 5%) The tax rate of 23% was substantively enacted in July 2012 and UK deferred tax assets and liabilities have been provided at this rate

Taxation for other jurisdictions is calculated at rates prevailing in the respective jurisdictions

Exceptional adjustments in respect of prior periods arose from the clarification with the tax authorities of the tax treatment of provisions mainly those originally made at the time of the Schlegel acquisition in 2006 and the LSS acquisition in 2007

8 2 Reconciliation of the total tax charge

The tax assessed for the year differs from the standard rate of tax in the UK of 24 5% (2011 26 5%) The differences are explained below

	Continuing operations		Discontinued operations		Total	
	2012 £ 000	2011 £ 000	2012 £ 000	2011 £ 000	2012 £ 000	2011 £ 000
(Loss)/Profit before taxation	(25 652)	2 632	37 010	8 785	11 358	11 417
Rate of corporation tax in the UK of 24 5% (2011 26 5%)	(6 285)	697	9 067	2 328	2 782	3 025
Effects of						
Expenses not deductible/(income not taxable) for tax purposes	3 170	(499)	(9 429)	100	(6 259)	(399)
Overseas tax rate differences	652	481	-	-	652	481
Adjustment due to deferred tax rate change	(1 200)	(2 137)	(2)	-	(1 202)	(2 137)
Adjustment in respect of prior years	(37)	(4 970)	-	(66)	(37)	(5 036)
Income tax (credit)/expense in the income statement	(3 700)	(6 428)	(364)	2 362	(4 064)	(4 066)

Notes to the financial statements continued

9 Earnings per share

	2012 £ 000	2011 £ 000
(Loss)/Profit for the year – continuing operations	(21 952)	9 060
Profit for the year – discontinued operations	37 374	6 423
	15 422	15 483
Basic (loss)/earnings per share		
From continuing operations	(16 93p)	6 99p
From discontinued operations	28 83p	4 95p
	11 90p	11 94p
Diluted (loss)/earnings per share		
From continuing operations	(16 93p)	6 93p
From discontinued operations	28 37p	4 91p
	11 44p	11 84p

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares There is no difference between the basic and diluted loss per share for 2012 as the effect of all potentially dilutive ordinary shares outstanding was anti dilutive

The weighted average number of shares was

	2012 000	2011 000
Weighted average number of shares (including treasury shares)	137 287	137 287
Treasury shares	(7 643)	(7 580)
Weighted average number of shares – basic	129 644	129 707
Effect of dilutive potential ordinary shares – LTIP awards and options	2 108	1 011
Weighted average number of shares – diluted	131 752	130 718

Non GAAP measure

Underlying earnings per share from continuing operations before exceptional items

The Group presents an underlying earnings per share figure which excludes the impact of exceptional items amortisation and accelerated amortisation of intangible assets impairment of intangible assets and goodwill non cash finance costs and certain non recurring items Underlying earnings per share has been based on underlying earnings for each financial year and on the same weighted average number of shares in issue as the earnings per share calculation

Underlying profit after taxation from continuing operations is derived as follows

	2012 £ 000	2011 £ 000
(Loss)/Profit before taxation from continuing operations	(25 652)	2 632
Exceptional costs	2 574	552
Amortisation of intangible assets	10 754	10 565
Amortisation of intangible assets – accelerated basis	12 566	-
Impairment of intangible assets	9 570	-
Impairment of goodwill	10 730	-
Unwinding discount on provisions	271	492
Amortisation of borrowing costs	681	3 148
Underlying profit before taxation from continuing operations	21 494	17 389
Income tax credit	3 700	6 428
Add back Adjustment due to tax rate change	(1 200)	(2 137)
Add back Exceptional prior year tax adjustments	(438)	(4 970)
Add back Tax effect on exceptional costs and amortisation of intangible assets	(8 477)	(4 211)
Underlying profit after taxation from continuing operations	15 079	12 499
Property provision release	(2 021)	(1 221)
Tax effect on property provision release	495	324
Underlying profit after taxation from continuing operations before property provision release	13 553	11 602

Underlying profit after taxation from discontinued operations is derived as follows

	2012 £ 000	2011 £ 000
Profit before taxation from discontinued operations	37 010	8 785
Exceptional costs	215	278
Amortisation of intangible assets	–	1
Underlying profit before taxation from continuing operations	37 225	9 064
Income tax credit/(expense)	364	(2 362)
Add back Adjustment due to tax rate change	(2)	–
Add back Tax effect on exceptional costs and amortisation of intangible assets	(53)	(74)
Underlying profit after taxation from discontinued operations	37 534	6 628

Underlying earnings per share is summarised as follows

	2012	2011
Basic earnings per share		
From continuing operations	11 63p	9 64p
From discontinued operations	28 95p	5 11p
	40 58p	14 75p
Diluted earnings per share		
From continuing operations	11 45p	9 56p
From discontinued operations	28 49p	5 07p
	39 94p	14 63p

Underlying earnings per share before property provision release is summarised as follows

	2012	2011
Basic earnings per share	10 45p	8 94p
Diluted earnings per share	10 29p	8 88p

10 Goodwill

	Note	£ 000
Cost and net carrying value		
At 1 January 2011		223 531
Recognition on acquisition of subsidiary (restated)	24	1 881
Transfer of assets of disposal group classified as held for sale	26	(11 421)
Exchange difference		(313)
At 31 December 2011 (restated)		213 678
Recognised on acquisition of subsidiaries	24	3 237
Derecognised on disposal of subsidiaries	26	(14 307)
Impairment		(10 730)
Exchange difference		(6 982)
At 31 December 2012		**184 896**

Goodwill is monitored principally on an operating segment basis and the net book value of goodwill is allocated by Cash Generating Unit ("CGU") at 31 December 2012 as follows

	£ 000
Amesbury	107 375
Fab & Fix	2 335
grouphomesafe	59 575
Schlegel International	15 611
	184 896

CGUs are consistent with the reporting segments in the segment analysis (note 3) apart for Fab & Fix which is reported under the grouphomesafe reporting segment Going forward Fab & Fix will form part of the grouphomesafe CGU

Notes to the financial statements continued

10 Goodwill continued

In 2011 the Group reported two CGUs Building Products and Oil Services (now discontinued) During the year the Group restructured its United Kingdom and International divisions establishing separate management teams for each division These operational changes together with acquisitions and disposals impacted the manner in which segments and CGUs are identified The CGUs are now consistent with the way the business is reported to the Board on a monthly basis The net book value of goodwill was allocated by CGU at 31 December 2011 as follows

	£ 000
Building Products	213 678
Oil Services[1]	11 421
	225 099

1 Included as pa t of essets of disposal group classified as held for sale

Impairment tests for goodwill

Assumptions

The recoverable amounts of the CGUs are determined from value in use calculations Value in use is determined by discounting the future pre tax cash flows generated from the continuing use of the CGU using a pre tax discount rate

Cash flow projections are derived from financial plans approved by the Board and cover a five year period They reflect management s expectations of revenue growth operating cost and margin for each CGU based on past experience Cash flows after the five year forecast period were extrapolated using a long term growth rate of 1 5% in order to calculate the terminal recoverable amount

Discount rates are estimated using pre tax rates that reflect current market assessments of the time value of money and the risk profiles of the CGUs

The key assumptions used in the value in use calculations in each of the Group s CGUs at 31 December 2012 are as follows

	Average pre tax discount rate	Average revenue growth for years 1 to 5
Amesbury	12 4%	8 1%
Fab & Fix	12 3%	5 3%
grouphomesafe	11 7%	3 6%
Schlegel International	14 5%	9 8%

As noted above in 2011 the Group reported two CGUs Building Products and Oil Services (now discontinued) The key assumptions used in the value in use calculations in each of the CGUs at 31 December 2011 were as follows

	Average pre tax discount rate	Average revenue growth for years 1 to 3	Average revenue growth for years 4 to 5
Building Products	11 2%	6 1%	3 0%
Oil Services	8 5%	4 8%	3 5%

Impairment review results

The results of the impairment review process indicated that the carrying value of goodwill in the Schlegel International CGU is currently unsupportable and that impairment is necessary

The Group s European businesses which are part of the Schlegel International CGU have continued to experience challenging market conditions and this has been reflected in reduced expectations of future profitability in the value in use calculations for the Schlegel International CGU As a result, an impairment charge of £10 7 million has been recognised in administrative expenses in the income statement The carrying value of the remaining goodwill relating to the Schlegel International CGU was £15 6 million at 31 December 2012

Sensitivity to assumptions

Sensitivity analysis was calculated on the basis of lowering the forecast revenues by a constant percentage each year from year one onwards in perpetuity until the excess of value in use over the carrying value of the CGU s assets was reduced to zero Revenues would need to decrease by 9 2 percentage points for each year from year one onwards in perpetuity before any impairment would arise in respect of the CGU with the lowest impairment headroom

11 Intangible assets

	Note	Computer software £'000	Acquired brands £'000	Customer relations £'000	Total £'000
Cost					
At 1 January 2011		357	33 580	7 797	51 734
Additions		353	139	–	492
Recognised on acquisition of subsidiary (restated)	24	–	104	4 417	4 521
Transfer of assets of disposal group classified as held for sale	26	–	(36)	–	(36)
Exchange difference		6	(68)	(127)	(189)
At 31 December 2011 (restated)		716	33 719	122 087	156 522
Additions		1 279	76	–	1 355
Disposals		(8)	(8 984)	–	(8 992)
Recognised on acquisition of subsidiaries	24	–	5 534	4 667	10 201
Derecognised on disposal of subsidiaries	25	–	–	(1,238)	(1 238)
Exchange difference		(77)	(831)	(4 303)	(5 211)
At 31 December 2012		**1 910**	**29 514**	**121,213**	**152 637**
Accumulated amortisation					
At 1 January 2011		170	13 463	33 392	47 025
Amortisation for the year[1]		118	2 314	8 134	10 566
Transfer of assets of disposal group classified as held for sale	26	–	(1)	–	(1)
Exchange difference		–	(38)	(77)	(115)
At 31 December 2011		288	5 738	41 449	57 475
Amortisation for the year[1]		111	2,092	8 551	10 754
Amortisation for the year[1] – accelerated basis		-	922	11 644	12 566
Impairment		–	7 733	1,837	9 570
Disposals		(6)	(8 984)	-	(8 990)
Derecognised on disposal of subsidiaries	26	–	–	(660)	(660)
Exchange difference		(46)	(446)	(1 420)	(1 912)
At 31 December 2012		**347**	**17 055**	**61 401**	**78 803**
Net book value					
At 1 January 2011		187	20 117	84 405	104 709
At 31 December 2011		428	17 981	80 638	99,047
At 31 December 2012		**1 563**	**12 459**	**59 812**	**73 834**

1 Amortisation for the year is included in administrative expenses in the income statement

Change in estimate

During the year the Group undertook to review the estimated useful lives of its intangible assets Acquired brands with a cost of £3 486 000 and an initial indefinite useful life now have an estimated useful life of 15 years The change in estimate arose due to a revision of the expected usage of the intangible asset by the Group The change in estimate gave rise to an additional amortisation charge of £922 000 to the income statement in the current year There was no change to the estimated useful lives of the remaining acquired brands

The estimated useful lives of the United States ("US") and United Kingdom ("UK") customer relations intangibles acquired in the Laird acquisition in 2007 were evaluated based on a review of revenue forecasts used in the initial intangibles valuation against actual performance The results of the review have given rise to a change in the expected usage of the intangible assets by the Group As such the estimated useful lives of these intangibles were revised and the impact of the change in estimate resulting in an additional amortisation charge to the income statement is summarised as follows.

	Cost £'000	Initial useful life (years)	Revised useful life (years)	Change in estimate £'000
Customer relations – United States	75 492	16	12	9 088
Customer relations – United Kingdom	13 544	15	10	2 556
				11 644

Notes to the financial statements continued

11 Intangible assets continued

Impairment

The impairment charge on acquired brands of £6 223 000 relates to a US brand name which is no longer in use

The remaining £1 510 000 impairment on acquired brands and the £1 837 000 impairment on customer relations relates to intangibles acquired as part of the Schlegel acquisition in 2006 As mentioned in note 10 the Group's European businesses have continued to experience challenging market conditions, thus reducing the expectation of the future profitability of products marketed in this segment, under the Schlegel brand As a result, the recoverable amount of these intangible assets fell below cost, giving rise to an impairment loss Impairment losses have been recognised in administrative expenses in the income statement

12 Property, plant and equipment

	Note	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 January 2011		15 385	60 081	75 466
Additions		170	4 214	4 384
Disposals		–	(1 481)	(1 481)
Recognised on acquisition of subsidiary	24	–	704	704
Transfer of assets of disposal group classified as held for sale	26	(329)	(673)	(1 002)
Exchange difference		(44)	(210)	(254)
At 31 December 2011		15 182	62 635	77 817
Additions		773	4 689	5 462
Disposals		–	(3 110)	(3 110)
Transfers between fixed asset type		92	(92)	–
Recognised on acquisition of subsidiaries	24	–	935	935
Derecognised on disposal of subsidiaries	26	–	(3 793)	(3 793)
Exchange difference		(444)	(1 938)	(2 382)
At 31 December 2012		**15 603**	**59 326**	**74 929**
Accumulated depreciation				
At 1 January 2011		3 284	40 725	44 009
Charge for the year		491	4 812	5 303
Disposals		–	(1 167)	(1 167)
Transfer of assets of disposal group classified as held for sale	26	(95)	(514)	(609)
Exchange difference		(9)	(171)	(180)
At 31 December 2011		3 671	43 685	47 356
Charge for the year		482	4 603	5 085
Disposals		–	(3 040)	(3 040)
Derecognised on disposal of subsidiaries	26	–	(2 845)	(2 845)
Exchange difference		(109)	(1 303)	(1 412)
At 31 December 2012		**4 044**	**41 100**	**45 144**
Net book value				
At 1 January 2011		12 101	19 356	31 457
At 31 December 2011		11 511	18 950	30 461
At 31 December 2012		**11 559**	**18 226**	**29 785**

Depreciation in the year of £5 085 000 (2011 £5 303 000) is included in administrative costs in the income statement

13 Inventories

	2012 £ 000	2011 £ 000
Raw materials and consumables	11 417	12 388
Work in progress	1 148	2 010
Finished goods	14 993	12 188
	27 558	26 586

The cost of materials charged to the income statement during the year ended 31 December 2012 was £106 110 000 (2011 £101 299 000)

As at 31 December 2012 inventories are stated net of an allowance for excess obsolete or slow moving items of £5 110 000 (2011 £5 366 000)

An impairment charge of £744 000 (2011 £931 000) was recognised in respect of inventories during the year Inventories of £34 000 (2011 £Nil) were written down to net realisable value

There were no borrowings secured on the inventories of the Group (2011 £Nil)

14 Trade and other receivables

	2012 £ 000	2011 £ 000
Trade receivables	25 547	26 642
Less Provision for impairment	(1,855)	(2 558)
Trade receivables – net	23 692	24 084
Other receivables – net	547	1 449
Prepayments and accrued income	3 030	2 702
Total trade and other receivables	27,269	28 235

All trade and other receivables are current The net carrying values of trade and other receivables are considered to be a reasonable approximation of their fair values

At 31 December 2012 trade receivables of £20 462 000 (2011 £21 950 000) were considered to be fully performing

Net trade receivables of £3 230 000 (2011 £2 072 000) were past due but not impaired as at 31 December 2012 These relate to customers for whom there is no recent history of default The ageing of the net trade receivables is as follows

	Within normal payment terms		Past due		
	Fully performing £'000	Not fully performing £ 000	Within three months £ 000	Three to six months £ 000	Over six months £ 000
At 31 December 2012					
Trade receivables	20 462	–	3 109	96	25
At 31 December 2011					
Trade receivables	21 950	62	2 008	64	–

All of the Group s trade and other receivables have been reviewed for impairment. At 31 December 2012 trade receivables of £1 855 000 (2011 £2 558 000) were determined to be specifically impaired and provided for The individually impaired receivables mainly relate to customers affected by difficult economic situations

Movements on the provisions for impairment of trade receivables are as follows

	2012 £ 000	2011 £ 000
At 1 January	2 558	2 360
Provision for receivables impairment	824	1 358
Receivables written off during the year as uncollectable	(666)	(651)
Impairment losses reversed	(629)	(205)
Acquisition of subsidiaries (restated)	156	3
Transfers to disposal group classified as held for sale	–	(302)
Derecognised on disposal of subsidiaries	(350)	–
Exchange difference	(38)	(5)
At 31 December	1 855	2 558

The creation of provisions for impaired trade receivables is included in administrative expenses in the income statement

Notes to the financial statements continued

14 Trade and other receivables continued

Ageing of impaired trade receivables

	2012 £000	2011 £000
Trade receivables within normal payment terms not fully performing	1 001	995
Trade receivables past due date and aged up to three months from invoice date	757	1 268
Trade receivables past due date and aged between three and twelve months after invoice date	97	295
	1,855	2 558

The carrying amounts of the Group s trade and other receivables are denominated in the following currencies

	2012 £000	2011 £000
British Pounds	11 685	13 060
US Dollars	10 523	9 959
Euros	2,804	2,887
Other currencies	2,257	2 329
	27 269	28 235

15 Cash and cash equivalents

	2012 £000	2011 £000
Cash at bank and in hand	49 472	25,822
Short term deposits	903	14 945
Bank overdrafts	(14,518)	(16 381)
	35 857	24 386
Cash held in disposal group classified as held for sale	–	(3 960)
	35 857	20 426

The carrying amounts of the Group s cash and cash equivalents are denominated in the following currencies.

	2012 £000	2011 £000
British Pounds	22 960	8 758
US Dollars	8 660	7 046
Euros	2 570	3 484
Other currencies	1 667	1 138
	35 857	20 426

16 Trade and other payables

	2012 £000	2011 £000
Trade payables	19 015	20 442
Other taxes and social security costs	1 762	1 808
Accruals and deferred income	13 773	13 838
	34 550	36 088
Analysed as.		
Current liabilities	32,375	34 638
Non current liabilities	2 175	1 450
	34 550	36 088

The carrying amounts are considered to be a reasonable approximation of fair value

The carrying amounts of the Group s trade and other payables are denominated in the following currencies

	2012 £000	2011 £000
British Pounds	14 723	18 304
US Dollars	13 101	12 197
Euros	4 511	3 257
Other currencies	2 215	2 330
	34 550	36 088

17 Interest bearing loans and borrowings

	2012 £ 000	2011 £ 000
Unsecured borrowing at amortised cost		
Bank loans	72 796	115 504
Capitalised borrowing costs	(1 743)	(2 424)
	71 053	113 080
Secured borrowing at amortised cost		
Bank loans	43	85
	71 096	113 165
Analysed as		
Amount due for settlement within 12 months	7 521	12 930
Amount due for settlement after 12 months	63 575	100 235
	71 096	113 165

On 14 September 2011 the Group entered into a debt facility agreement which extends the Group s committed facilities to 31 March 2016 The multicurrency term loan of £110 million as well as the £30 million multicurrency working capital facility are unsecured and guaranteed by Tyman plc and its principal subsidiary undertakings

Scheduled repayments commenced annually on 31 December 2012 and will continue until 31 December 2015 with the balance outstanding payable on the termination date of the facility being 31 March 2016

There were no defaults in interest payments in the year under the terms of the loan agreements

The Group has the following undrawn borrowing facility

	2012 £ 000	2011 £ 000
Floating rate		
Expiring beyond 12 months	29 594	26 868
Total	29 594	26 868

The carrying amounts of the Group s interest bearing loans and borrowings are denominated in the following currencies.

	2012 £ 000	2011 £ 000
British Pounds	25 807	36 210
US Dollars	45 289	76 955
	71 096	113 165

18 Derivative financial instruments

	2012		2011	
	Assets £ 000	Liabilities £ 000	Assets £ 000	Liabilities £'000
Interest rate swaps – cash flow hedges				
Current portion	–	–	–	(777)
Non current portion	–	(605)	–	–
Total	–	(605)	–	(777)

Notes to the financial statements continued

18 Derivative financial instruments continued
Cash flow hedges
The full fair value of the hedging derivatives are classified as a non current asset or liability if the remaining maturity of the hedged instrument is more than 12 months and as a current asset or liability if the hedged item is less than 12 months

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2012 were £58 3 million (2011 £89 8 million)

During the year £92 000 (2011 £1 228 000) was recognised in the statement of comprehensive income and a credit of £80 000 (2011 charge £8 000) in the income statement for the ineffective portion of changes in the value of cash flow hedges

Details of the interest rate swaps are as follows

	Notional amount 000	Fixed interest rate paid	Floating interest rate received	Fair value 000
At 31 December 2012				
US Dollars swaps	$59 900	1 09 %	0 5130 %	$649
British Pounds swaps	£21 200	1 17 %	0 6675 %	£204
At 31 December 2011				
US Dollars swaps	$93 300	1 85 %	0 4625 % -0 5484 %	$880
British Pounds swaps	£29 400	2 05 %	1 0252 % -1 2306 %	£208

Fair value measurement
The Group uses the following hierarchy for determining the fair value of financial instruments by valuation technique
- Level 1 Quoted prices in active markets for identical assets and liabilities
- Level 2 Other techniques for which all inputs which have significant effect on the recorded fair value are observable either directly or indirectly
- Level 3 Techniques which use inputs which have a significant effect on the recorded fair value which are not based on observable market data

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques These valuation techniques maximise the use of observable market data where it is available and relay as little as possible on entity specific estimates If all significant inputs required to fair value an instrument are observable the instrument is included in level 2

If one or more of the significant inputs is not based on observable market date the instrument is included in level 3

Specific valuation techniques used to value financial instruments include
- Quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- Other techniques such as discounted cash flow analysis

Derivatives shown at fair value in the balance sheet have been valued by reference to level 2 techniques described above

Net investment hedges
The Group uses foreign currency denominated debt to hedge the value of its foreign currency denominated net assets due to movements in foreign exchange rates The value of the net investment hedge was £46 334 000 at 31 December 2012 (2011 £78 518 000) This hedge is considered highly effective and no ineffective portion has been recognised in profit or loss

19 Deferred tax
The analysis of deferred tax assets and deferred tax liabilities is as follows

	2012 £ 000	2011 £ 000 (restated)
Deferred tax assets	9 774	9 618
Deferred tax liabilities	(11 766)	(18 941)
Deferred tax liabilities (net)	**(1 992)**	(9 323)

The gross movement in deferred tax is as follows

	Note	2012 £000	2011 £000 (restated)
At 1 January		**(9 323)**	(15 715)
Acquisition of subsidiaries	24	**(2 229)**	1 847
Transfers to disposal group classified as held for sale	26	**–**	(80)
Disposals of subsidiaries	26	**144**	–
Income statement credit	8	**8 249**	5 259
Tax credit relating to components of other comprehensive income	8	**820**	–
Transfers to current tax		**–**	(712)
Exchange difference		**347**	78
At 31 December		**(1 992)**	(9 323)

The movement in deferred tax assets and liabilities during the year without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows

Deferred tax assets	Accelerated tax depreciation £000	Post retirement benefit provisions £000	Purchased goodwill £000	Other timing differences £000	Total £000
At 1 January 2011	439	–	3 406	3 809	7 654
Transfers to disposal group classified as held for sale	(3)	–	–	(77)	(80)
Income statement (charge)/credit	(383)	3 183	2 250	(2 854)	2 196
Rate change	79	–	(310)	(13)	(244)
Exchange difference	3	121	93	(125)	92
At 31 December 2011	135	3 304	5 439	740	9 618
Acquisition of subsidiaries	–	–	122	–	122
Income statement (charge)/credit	(6)	(136)	(507)	439	(210)
Rate change	(48)	–	(228)	(63)	(339)
Tax credit relating to components of other comprehensive income	–	820	–	–	820
Exchange difference	20	(158)	(105)	6	(237)
At 31 December 2012	**101**	**3 830**	**4 721**	**1 122**	**9 774**

Deferred tax liabilities	Accelerated tax depreciation £000	Intangible assets on acquisition £000	Other timing differences £000	Total £000
At 1 January 2011	(1 377)	(22 807)	815	(23 369)
Acquisition of subsidiaries	–	1 847	–	1 847
Income statement (charge)/credit	(596)	1 938	(416)	926
Rate change	(120)	2 488	13	2 381
Transfers to current tax	–	–	(712)	(712)
Exchange difference	(19)	26	(21)	(14)
At 31 December 2011	(2 112)	(16 508)	(321)	(18 941)
Acquisition of subsidiaries	–	(2 351)	–	(2 351)
Disposals of subsidiaries	–	144	–	144
Income statement credit	11	6 976	270	7 257
Rate change	–	1 485	56	1 541
Exchange difference	94	513	(23)	584
At 31 December 2012	**(2 007)**	**(9 741)**	**(18)**	**(11 766)**

Factors that may affect future tax charges

There are estimated tax losses of £14 403 000 (2011 £13 745 000) within the Group comprising capital losses of £4 581 000 (2011 £7 348 000) and trading losses of £9 822 000 (2011 £6 397 000) As the future use of these losses is uncertain in accordance with the Group s accounting policy only a portion of these losses have been recognised as a deferred tax asset

The standard rate of Corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012 Accordingly the Group s UK profits for this accounting period are taxed at an effective rate of 24 5% (2011 26 5%)

Notes to the financial statements continued

19 Deferred tax continued
A further reduction in the UK corporation tax rate to 23% was substantively enacted on 2 July 2012 and will be effective from 1 April 2013 The relevant deferred tax balances have therefore been re measured

In addition further changes to the UK Corporation tax system were announced in the Autumn statement 2012 This includes a further reduction to the main rate to reduce the rate to 22% from 1 April 2014 This change had not been substantively enacted at the balance sheet date and therefore is not included in these financial statements

The proposed reduction in the main rate of corporation tax to 22% from 1 April 2014 will be enacted separately The overall effect of this further change if it applied to the deferred tax balance at the balance sheet date would be to further reduce the deferred tax liability by £1 139 000

The amounts of deferred tax not recognised are as follows

	2012 £ 000	2011 £ 000
Tax losses	**(915)**	(846)
Capital losses	**(1 054)**	(1 837)
	(1 969)	(2 683)

No deferred tax liability is recognised on temporary differences of £40 500 000 (2011 £32 900 000) relating to the unremitted earnings of overseas subsidiaries As a result of UK legislation which largely exempts from UK tax the overseas dividends received the temporary differences arising on unremitted profits are unlikely to lead to additional UK corporate taxes Furthermore although the remittance to the UK of those earnings could still result in a tax liability arising as a result of withholding taxes levied by the overseas tax jurisdictions in which those subsidiaries operate such jurisdictions provide currently for zero dividend withholding tax in their tax agreements with the UK

20 Pensions and other post-employment benefit plans

	2012 £ 000	2011 £ 000
Balance sheet obligations for		
– Pension benefits	**(6 993)**	(6 658)
– Post retirement medical benefits	**(4 237)**	(3 074)
Liability in the balance sheet	**(11 230)**	(9 732)
Income statement charge for		
– Pension benefits	**390**	234
– Post retirement medical benefits	**179**	405
	569	639
Actuarial losses recognised in the statement of comprehensive income	**2 403**	2 945

20 1 Defined contribution pension schemes
The Group operates a number of defined contribution pension schemes the assets of which are held externally to the Group in separate trustee administered funds The costs of the Group s defined contribution pension schemes are charged to the income statement in the period in which they fall due The Group had unpaid pension contributions of £Nil (2011 £Nil) included within employee benefit liabilities

20 2 Defined benefit pension and post retirement benefit schemes
The Group s principal defined benefit pension scheme and post retirement healthcare scheme is operated in the United States An actuarial valuation was last performed as at 31 December 2012 When revalued scheme assets are included at market value and scheme liabilities are measured on an actuarial basis using the net periodic benefit cost these liabilities are discounted at the current rate of return on a high quality corporate bond of equivalent currency and term *Surpluses are only included to the extent that they are* recoverable through reduced contributions in the future or through refunds from the schemes

The expected long term return on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the long term capital market assumptions The overall return for each asset class was developed by combining a long term inflation component and the associated expected real rates The development of the capital market assumptions utilised a variety of methodologies including but not limited to historical analysis stock valuation models such as dividend discount models and earnings yields models expected economic growth outlook and market yields analysis

The current service cost and any past service costs are included in the income statement within administrative expenses and the expected return on the schemes assets net of the impact of the unwinding of the discount on scheme liabilities is included within other finance income and costs Actuarial gains and losses including differences between the expected and actual return on scheme assets are recognised net of the related deferred tax in the consolidated statement of comprehensive income

The pension scheme is closed to new entrants as a result the service costs to the Group will rise in future years The expected level of contributions to the defined benefit scheme and post retirement healthcare scheme in the year to December 2013 is £1 044 000 (2012 £1 314 000)

Other defined benefit pension schemes had net liabilities of £Nil (2011 £Nil)

Amounts recognised in the balance sheet are determined as follows

	2012 £ 000	2011 £ 000
Present value of funded obligations	(24 159)	(21 831)
Fair value of plan assets	12 929	12 099
Liability in the balance sheet	(11 230)	(9 732)

Movements in the present value of the defined benefit obligation during the year is as follows

	2012 £ 000	2011 £ 000
At 1 January	(21 831)	(18 866)
Current service cost	(276)	(254)
Interest cost	(937)	(977)
Employee contributions	(49)	(50)
Actuarial losses	(2 967)	(2 217)
Benefits paid	880	918
Past service cost	–	(256)
Exchange difference	1 021	(129)
At 31 December	(24 159)	(21 831)

Movements in the fair value of plan assets during the year is as follows

	2012 £ 000	2011 £ 000
At 1 January	12 099	11 622
Expected return on plan assets	(644)	(848)
Actuarial gains	1 852	968
Employer contributions	1 010	1 191
Employee contributions	49	50
Benefits paid	(880)	(918)
Exchange difference	(557)	34
At 31 December	12 929	12 099

The fair value of plan assets by category was as follows

	2012 £ 000	2011 £ 000
Equity securities	3 400	2 924
Debt securities	8 236	7 965
Real estate	646	726
Other	647	484
	12 929	12 099

The amounts recognised in the income statement are as follows

	2012 £ 000	2011 £ 000
Current service cost	276	254
Interest cost	937	977
Expected return on plan assets	(644)	(848)
Past service cost	-	256
Total	569	639

Of the total charge £276 000 (2011 £510 000) and £293 000 (2011 £129 000) were included in administrative expenses and finance income and costs respectively

Notes to the financial statements continued

20 Pensions and other post-employment benefit plans continued
20 2 Defined benefit pension and post retirement benefit schemes continued
Amounts recognised in the consolidated statement of comprehensive income in respect of the defined benefit pension and post retirement benefit schemes

	2012 £ 000	2011 £ 000
Actual return on plan assets	**1 208**	120
Expected return on plan assets	**(644)**	(848)
Experience gain/(loss) on assets	**564**	(728)
Experience loss on liabilities	**(2 967)**	(2 217)
Net loss	**(2 403)**	(2 945)

The cumulative actuarial loss recognised in the consolidated statement of comprehensive income since acquiring the pension obligations in April 2007 is as follows

	2012 £ 000	2011 £ 000
Cumulative actuarial loss recognised in the consolidated statement of comprehensive income	**(10 220)**	(7 817)

The principal actuarial assumptions were as follows

	2012	2011
Discount rate	**3 7%**	4 5%
Inflation rate	**2 3%**	3 0%
Expected return on plan assets	**6 0%**	8 1%
Future salary increases	**N/A**	N/A
Future pension increases	**0 0%**	0 0%
Health care cost trend[1]	**8 0%–4 5%**	9 0%–5 0%

1 The level of healthcare contributions are capped and adopting a higher trend rate does not materially affect the liability

Life expectancy assumptions were as follows

	2012	2011
Retiring at the end of the reporting period		
– Male	**19 9**	19 8
– Female	**21 7**	21 7
Retiring 20 years after the end of the reporting period		
– Male	**21 3**	21 3
– Female	**22 6**	22 6

The mortality assumptions employed in determining the present value of scheme liabilities under IAS 19 are in accordance with the underlying funding valuations and represented actuarial best practice in the relevant jurisdictions taking account of mortality experience and industry circumstances

The five year history of experience adjustments is as follows

	2012 £ 000	2011 £ 000	2010 £ 000	2009 £ 000	2008 £ 000
Fair value of plan assets at the end of the year	**12 929**	12 099	11 622	9 942	8 506
Defined benefit obligation at the end of the year	**(24 159)**	(21 831)	(18 866)	(17 440)	(15 822)
Deficit at the end of the year	**(11 230)**	(9 732)	(7 244)	(7 498)	(7 316)
Actual return less expected return on scheme assets	**564**	(728)	623	1 073	(2 392)
% of scheme assets	**4 4%**	(6 0%)	5 4%	10 8%	(28 1%)
Experience loss arising on scheme obligations (present value)	**(2 967)**	(2 217)	(481)	(2 682)	(799)
% of scheme obligations (present value)	**12 3%**	10 2%	2 5%	15 4%	5 0%

21 Provisions

	Property related £ 000	Restructuring £ 000	Warranty £ 000	Other £ 000	Total £ 000
At 1 January 2011	11 633	376	1 542	5 022	18 573
Charged/(Credited) to the income statement					
– Additional provision in year	262	105	1 201	300	1 868
– Unused amounts reversed	(1 165)	(56)	(187)	(1 700)	(3 108)
Utilised in the year	(1 290)	(228)	(336)	–	(1 854)
Unwinding of discount	492	–	–	–	492
Exchange differences	(9)	2	33	–	26
At 31 December 2011	9 923	199	2 253	3 622	15 997
Charged/(Credited) to the income statement					
– Additional provision in year	486	13	1 019	–	1 518
– Unused amounts reversed	(2 868)	(61)	(944)	(1 971)	(5 844)
Utilised in the year	(1 321)	(137)	(453)	–	(1 911)
Unwinding of discount	271	–	–	–	271
Exchange differences	(23)	–	(39)	–	(62)
At 31 December 2012	**6 468**	**14**	**1 836**	**1 651**	**9 969**

Analysed as	2012 £ 000	2011 £ 000
Current liabilities	2 456	1 510
Non current liabilities	7 513	14 487
	9 969	15 997

Current liabilities are those aspects of provisions that are expected to be utilised within the next year

Property related
Property provisions relate to provisions for onerous leases of £4 661 000 (2011 £7 936 000) and leasehold dilapidations of £1 804 000 (2011 £1 987 000) and are expected to be utilised by 2018

For onerous leases the Group has provided for the rental payments due over the remaining term of existing operating lease contracts where a period of vacancy is ongoing The provision has been calculated after taking into account both the periods over which properties are likely to remain vacant and any likely sub lease income on a property by property basis The provision covers potential transfer of economic benefit over the full range of current lease commitments disclosed in note 30

The provision for leasehold dilapidations relates to contractual obligations to reinstate leasehold properties to their original state of repair The transfer of economic benefits will occur at the end of the leases set out in note 30

In 2012 the Group successfully assigned the lease on Unit A at Peterlee and have been released from all remaining obligations in connection with the Peterlee site This resulted in a release to the income statement of £2 021 000 of property provisions

Restructuring
Restructuring provisions include provisions for staff redundancy costs at restructured/closed business units and are expected to be utilised by the end of 2013

Warranty
The warranty provision is calculated based on historical experience of the ultimate cost of settling product warranty claims and potential claims Warranty provisions are expected to be utilised by the end of 2017

Other
Other provisions relate to the tax consequences of international intragroup transactions for which the fiscal authorities may be expected to adopt opposing treatments in respect of revenue and cost recognition Other provisions are expected to be utilised by 2014

Notes to the financial statements continued

22 Share capital

	Number of shares 000	Ordinary shares of 5p each £ 000
As at 31 December 2012 and 31 December 2011	137 287	6 864

The total authorised number of ordinary shares is 180 000 000 (2011 180 000 000) with a par value of 5p per share (2011 5p per share) All issued shares are fully paid

Share based payments
In 2012 the Group operated the LTIP The nil cost options awarded under the LTIP were valued using a probability model to predict EPS levels The charge to the income statement in 2012 was £482 000 (2011 £172 000)

LTIP
Conditional annual awards of shares are granted under the LTIP to certain Executive Directors and senior managers at the discretion of the Remuneration Committee Provided the participant remains an employee of the Group and the performance conditions are met awards will vest three years after the date of the grant at no cost to the employee The percentage of shares that will actually vest is dependent upon the Group s earnings per share growth over a three year measurement period ending 31 December 2013 Further information on the LTIP and the performance conditions is given in the remuneration report

The fair value of the awards granted under the LTIP and the assumptions used in the calculation of the share based payment charge are as follows

	LTIP
Valuation model	Probability model to predict EPS levels
Date of grant	3 July 2012
Number granted	1 177 263
Share price at date of award	130 pence
Fair value (pence)	52 pence
Exercise price (pence)	Nil pence
Expected life of award	3 years
Vesting conditions	Continuous service and cumulative underlying EPS over 3 years 2012 to 2014 in range of 33 to 45 6 pence

Movements in the number of outstanding conditional awards of shares currently exercisable are as follows

	2012 Number of shares '000	2011 Number of shares 000
At 1 January	2 022	1 413
Granted	1 177	699
Lapsed	(205)	(90)
At 31 December	**2 994**	2 022

In December 2012 the Company purchased 728 000 ordinary shares in the Company at a cost of £1 147 000 These shares are held by the Employees Benefit Trust to satisfy future vesting of awards of shares made under the LTIP

23 Financial instruments
23 1 Financial instruments by category

Assets as per balance sheet	2012 £ 000	2011 £'000
Loans and receivables		
Trade and other receivables[1]	23 692	24 084
Cash and cash equivalents	35 857	20 426
Total	59 549	44 510

Liabilities as per balance sheet	31 December 2012 Derivatives used for hedging £ 000	31 December 2012 Other financial liabilities at amortised cost £ 000	31 December 2012 Total £ 000	31 December 2011 Derivatives used for hedging £ 000	31 December 2011 Other financial liabilities at amortised cost £ 000	31 December 2011 Total £ 000
Borrowings[2]	–	72 839	72 839	–	115 589	115 589
Derivative financial instruments	605	–	605	777	–	777
Trade and other payables[3]	–	19 015	19 015	–	20 442	20 442
	605	91 854	92 459	777	136 031	136 808

1 Excludes non financial assets
2 Excludes capitalised borrowing costs of £1 743 000 (2011 £2 424 000)
3 Excludes non financial liabilities

23 2 Financial instruments risk profile
Capital risk management
The Group manages its capital structure to ensure that it will be able to continue as a going concern The capital structure of the Group consists of cash and cash equivalents (note 15) interest bearing loans and borrowings (note 17) and equity attributable to the shareholders of the parent as disclosed in the consolidated statement of changes in equity

Financial management
The Group s principal financial instruments comprise bank loans and cash and short term deposits The Group has various other financial instruments such as trade receivables and trade payables that arise directly from its operations No trading in financial instruments is undertaken

The Board reviews and agrees policies for managing each financial instrument risk and they are summarised below

Liquidity and credit risk
The Group maintains sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities Management monitors rolling forecasts of the Group s liquidity on the basis of expected cash flow

The Group manages liquidity risk by the pooling of cash resources and depositing funds available for investment in approved financial instruments with financial institutions Counterparty risk with respect to cash and cash equivalents is managed by only investing in banks and financial instruments with independently assessed credit ratings of at least A 2 as published by Standard and Poor s Individual risk limits are assessed by management based on the external ratings Management does not expect any losses from the non performance of these counterparties

Credit risk is also attributable to the Group s exposure to trade receivables due from customers Management assesses the credit quality of customers taking into account their financial position past experience and other factors In order to mitigate credit risk the Group utilises credit insurance in those areas of its operations where such insurance is available In areas where such insurance is not available management monitors the utilisation of credit limits by customers identified either individually or by group and incorporates this information in credit risk controls There are no significant concentrations of credit risk due to the diverse nature of the Group s client base

Trade receivables are presented in the balance sheet net of allowances for doubtful receivables estimated by the Group s management based on prior experience and their assessment of the current economic environment

The Group s exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date Management considers all financial assets that are not impaired for each of the reporting dates under review are of good credit quality including those that are past due

During the year ended 31 December 2012 the Group operated within its borrowing facilities

Notes to the financial statements continued

23 Financial instruments continued

23 2 Financial instruments risk profile continued

The table below analyses the present value of the Group s financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date

	Less than 1 year £ 000	Between 1 and 2 years £ 000	Between 2 and 5 years £ 000	Total £ 000
Borrowings[1]	8 136	8 136	56 567	72 839
Derivative financial instruments	–	–	605	605
Trade and other payables[2]	32 375	2 175	–	34 550
At 31 December 2012	**40 511**	**10 311**	**57 172**	**107 994**
Borrowings[1]	12 930	10 409	92 250	115 589
Derivative financial instruments	777	–	–	777
Trade and other payables[2]	20 442	1 450	–	21,892
At 31 December 2011	34 149	11 859	92 250	138 258

1 Excludes capitalised borrowing costs of £1 743 000 (2011 £2 424 000)

2 Excludes non financial liabilities

Interest rate risk

The interest rate profile of the Group s borrowings as at 31 December 2012 was as follows

	Floating rate borrowings[1] £ 000	Fixed rate borrowings £ 000	Total £ 000
At 31 December 2012			
British Pounds	26 441	–	26 441
US Dollars	46 398	–	46 398
	72,839	**–**	**72 839**
At 31 December 2011			
British Pounds	36 986	–	36 986
US Dollars	78 603	–	78 603
	115 589	–	115 589

1 Excludes capitalised borrowing costs of £1 743 000 (2011 £2 424 000)

The interest rate on the floating rate bank loans are linked to LIBOR The Group has used interest rate swaps to fix the cost of a proportion of these floating rate borrowings

	Floating rate borrowings[1] £ 000	Covered by interest swaps £ 000	Swap fixed rate %
At 31 December 2012			
British Pounds	26 441	21 200	1 167
US Dollars	46 398	37 065	1 094
	72 839	**58 265**	
At 31 December 2011			
British Pounds	36 986	29 400	2 045
US Dollars	78 518	60 377	1 850
	115 504	89 777	

1 Excludes capitalised borrowing costs

Interest rate sensitivity

The impact of a 50 basis point movement in floating interest rates on borrowings would have a c £400 000 (2011 £600 000) impact on profits This impact would be reduced by the tax effect on such a change

Interest rate risk of financial assets

The Board periodically reviews any exposure the Group may have to interest rate fluctuations The weighted average interest rate received on deposited funds was 1 24 per cent during the year (2011 1 82 per cent)

Foreign currency risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro Foreign exchange risk arises from future commercial and financing transactions recognised assets and liabilities denominated in a currency that is not the Group s functional currency and net investments in overseas entities

The Group has a number of overseas subsidiaries whose net assets are subject to currency translation risk The Group borrows in local currencies as appropriate to minimise the impact of this risk on the balance sheet

Closing rates	2012	2011
US Dollars	**1 6161**	1 5453
Euros	**1 2227**	1 1933
Average rates		
US Dollars	**1 5848**	1 6040
Euros	**1 2329**	1 1523

Foreign currency exchange rate sensitivity
Foreign currency financial assets and liabilities translated into British Pounds at the closing rate are as follows

At 31 December 2012	British Pounds £ 000	US Dollars £ 000	Euros £ 000	Other £ 000	Total £ 000
Financial assets					
Trade and other receivables[1]	10 513	8 922	2 423	1 834	23 692
Cash and cash equivalents	22 960	8 660	2 569	1 667	35 856
	33 473	**17 582**	**4 992**	**3 501**	**59 548**
Financial liabilities					
Borrowings[2]	26 441	46 398	–	–	72 839
Derivative financial instruments	203	402	–	–	605
Trade and other payables[3]	8 137	8 170	1 922	786	19 015
	34 781	**54 970**	**1 922**	**786**	**92 459**
Potential impact on profit or loss – (loss)/gain					
10% increase in functional currency		(897)	198	(101)	(800)
10% decrease in functional currency		1 096	(242)	124	978
Potential impact on other comprehensive income – (loss)/gain					
10% increase in functional currency		(432)	(11)	(171)	(614)
10% decrease in functional currency		528	14	207	749

At 31 December 2011	British Pounds £ 000	US Dollars £ 000	Euros £ 000	Other £ 000	Total £ 000
Financial assets					
Trade and other receivables[1]	11 303	8 461	2 424	1 896	24 084
Cash and cash equivalents	8 758	7 046	3 484	1 138	20 426
	20 061	15 507	5 908	3 034	44 510
Financial liabilities					
Borrowings[2]	36 986	78 603	–	–	115 589
Derivative financial instruments	208	569	–	–	777
Trade and other payables[3]	11 342	6 678	1 650	772	20 442
	48 536	85 850	1 650	772	136 808
Potential impact on profit or loss – (loss)/gain					
10% increase in functional currency		(896)	(28)	(141)	(1 065)
10% decrease in functional currency		1 096	34	172	1 302
Potential impact on other comprehensive income – (loss)/gain					
10% increase in functional currency		(306)	(179)	(127)	(612)
10% decrease in functional currency		375	219	155	749

1 Excludes non financial assets
2 Excludes capitalised borrowing costs of £1 743 000 (2011 £2 424 000)
3 Excludes non financial liabilities

Notes to the financial statements continued

23 Financial instruments continued
23 2 Financial instruments risk profile continued
The movements in exchange rates are considered to be indicative of the historic average movements in exchange rates

Capital management
The Group s capital management objectives are to safeguard the Group s ability to continue as a going concern so as to provide returns to shareholders and benefits to stakeholders The Group defines its capital as total equity plus net debt

In maintaining the capital structure the Group may adjust the amount paid as dividends to shareholders issue new shares or dispose of assets to reduce debt

The Group monitors its financial capacity by reference to financial covenant ratios including underlying net debt to adjusted EBITDA and interest cover If the Group fails to meet its key financial ratios required by its lenders this could impact the Group s average *interest rate of borrowings and the future availability of credit to the Group*

The Group is in compliance with its financial covenants within its committed bank credit facilities and has been in compliance throughout the financial year

	Note	2012 £ 000	2011 £ 000
Total borrowings[1]	17	**72 839**	115 589
Less cash and cash equivalents	15	**(35 857)**	(24 386)
		36 982	91 203
Total equity		**247 889**	249 218
Total capital		**284 871**	340 421

1 Excludes capitalised borrowing costs of £1 743 000 (2011 £2 424 000)

24 Acquisition of subsidiaries
24 1 Window Fabrication & Fixing Supplies Limited
On 2 August 2012 the Group completed the acquisition of Window Fabrication & Fixing Supplies Limited ("Fab & Fix") Fab & Fix is the leading supplier of perfectly matching hardware to the window and door market in the United Kingdom The company is a design led business with a focus on total quality and customer service based in Coventry This acquisition significantly deepens the grouphomesafe hardware offering and further diversifies our supply chain

Over time it is expected that the benefits of the high quality Fab & Fix product range will be made available to other Group companies with a particular focus on Schlegel International

Recognised amounts of identifiable assets acquired and liabilities assumed	£ 000
Property plant and equipment	540
Intangible assets	9 683
Inventories	2 777
Trade and other receivables	3 976
Cash and cash equivalents	1 361
Trade and other payables	(2 198)
Current tax	(165)
Deferred taxation	(2 105)
Total identifiable net assets	13 869
Goodwill arising on acquisition	2 335
Total consideration	**16 204**

Satisfied by	£ 000
Cash	**16 204**

Net cash flow arising on acquisition	£ 000
Cash consideration	16 204
Less cash and cash equivalents acquired	(1 361)
	14 843

The fair value of financial assets includes trade receivables with a fair value of £2 762 000 and a gross contractual value of £2 909 000 The best estimate at the acquisition date of the contractual cash flows not recoverable is £147 000

The Group incurred acquisition related costs of £374 000 for professional fees paid for due diligence other general professional fees and legal advice These costs have been included in exceptional costs in the Group s consolidated income statement

The revenue included in the consolidated income statement since 2 August 2012 contributed by Fab & Fix was £6 6 million Fab & Fix also contributed £0 7 million to the profit before taxation from continuing operations over the same period

Had the acquisition of Fab & Fix been completed on the first day of the financial year an additional £9 5 million of revenue and £1 3 million of loss before taxation from continuing operations would have been contributed to the Group

Fair values remain provisional in relation to this acquisition and the Group will complete this review in 2013 Any adjustment to the carrying value is unlikely to be significant to the individual acquisition

The estimated value of intangibles including goodwill deductible for tax purposes is £Nil

24 2 Unique Balance International
On 24 April 2012 the Group acquired the business and assets of Unique Balance International ("Unique") located in Montreal Canada Unique is a balance manufacturer specialising in heavy duty and commercial balances This small acquisition rounds out our North American balance offering as well as giving us opportunities in certain export markets

Recognised amounts of assets acquired and liabilities assumed	£ 000
Property plant and equipment	395
Intangible assets	518
Inventories	283
Trade and other receivables	88
Trade and other payables	(179)
Deferred taxation	(124)
Total identifiable net assets	981
Goodwill arising on acquisition	902
Total consideration	**1,883**

Satisfied by	£ 000
Cash	**1,883**

Net cash flow arising on acquisition	£ 000
Cash consideration	**1 883**

The fair value of financial assets includes trade and other receivables with a fair value of £88 000 and a gross contractual value of £97 000 The best estimate at the acquisition date of the contractual cash flows not recoverable is £9 000

The Group incurred acquisition related costs of £97 000 for professional fees paid for due diligence other general professional fees and legal advice These costs have been included in exceptional costs in the Group s consolidated income statement

The revenue included in the consolidated income statement since 23 April 2012 contributed by Unique was £997 000 Unique also contributed £(202 000) to the loss before taxation from continuing operations over the same period

Fair values remain provisional in relation to this acquisition and the Group will complete this review in 2013 Any adjustment to the carrying value is unlikely to be significant to the individual acquisition

The estimated value of intangibles including goodwill deductible for tax purposes is £Nil

Notes to the financial statements continued

24 Acquisition of subsidiaries continued
24 3 Overland Products Company, Inc
On 20 December 2011 the Group acquired 100 per cent of the issued share capital of Overland Products Company Inc The Group concluded the fair value review in relation to this acquisition in December 2012

Recognised amounts of identifiable assets and liabilities assumed	£ 000
Property plant and equipment	704
Intangible assets	4 521
Inventories	1 379
Trade and other receivables	482
Trade and other payables	(449)
Loan borrowings	(85)
Deferred taxation	1 847
Total identifiable net assets	8 399
Goodwill arising on acquisition	1 881
Total consideration	**10 280**

Satisfied by	£ 000
Cash	**10 280**

Net cash flow arising on acquisition	£ 000
Cash consideration	**10 280**

25 Discontinued operations
25 1 Composite Doors
On 31 August 2012 the Group completed the disposal of the business and assets of its composite doors business ("Composite Doors) to Britdoors Group Limited for a consideration of approximately £748 000

Composite Doors has been loss making since 2011 and has struggled to generate an acceptable return for the Group Against this backdrop the Board concluded that the prospects of Composite Doors returning to a sustained level of acceptable profitability under the Group s ownership as remote and earlier this year decided to explore the strategic options available to the Group for Composite Doors Following a targeted sales process the disposal was completed on 31 August 2012 on which date control of the business and assets passed to the acquirer

The results of the discontinued operations which have been included in the consolidated income statement were as follows

	Note	2012 £ 000	2011 £ 000
Discontinued operations			
Revenue		**9 166**	14 079
Cost of sales		**(8 867)**	(12 633)
Gross profit		**299**	1 446
Administrative expenses		**(1 691)**	(2 769)
Operating loss		**(1 392)**	(1 323)
Analysed as			
Underlying operating loss		**(1 177)**	(1 045)
Exceptional items	4	**(215)**	(278)
Operating loss		**(1 392)**	(1 323)
Result from discontinued operations before taxation		**(1 392)**	(1 323)
Income tax credit		**620**	347
Result from discontinued operations after taxation		**(772)**	(976)
Loss on disposal of discontinued operations	26	**(16 826)**	-
Net loss attributable to discontinued operations		**(17 598)**	(976)

The net cash flows attributable to the Composite Doors business are as follows

	2012 £ 000	2011 £ 000
Net cash outflow from operating activities	(1 156)	(991)
Net cash outflow from investing activities	(141)	(80)
Net cash outflow	(1 297)	(1 071)

25 2 Gall Thomson
On 13 March 2012 the Group completed the disposal of the Group s Oil Services division Gall Thomson to Copper Bidco Limited a company controlled by Phoenix Equity Partners for a total cash consideration of £75 million

Of the disposal proceeds £29 2 million were applied in permanent pay down of the Group s debt facilities offsetting future scheduled repayments Approximately £1 8 million of the disposal proceeds were spent on fees and expenses relating to the disposal

The results of the discontinued operations which have been included in the consolidated income statement were as follows

	Note	2012 £ 000	2011 £ 000
Discontinued operations			
Revenue		2 103	19 088
Cost of sales		(641)	(5 856)
Gross profit		1 462	13 232
Administrative expenses		(482)	(3 177)
Operating profit		980	10 055
Analysed as			
Underlying operating profit		980	10 056
Amortisation of intangible assets		–	(1)
Operating profit		980	10 055
Net finance income		33	53
Result from discontinued operations before taxation		1 013	10 108
Income tax expense		(256)	(2 709)
Result from discontinued operations after taxation		757	7 399
Profit on disposal of discontinued operations	26	54 215	–
Net profit attributable to discontinued operations		54 972	7 399

The net cash flows attributable to the Gall Thomson Group are as follows

	2012 £ 000	2011 £ 000
Net cash inflow from operating activities	1 535	9 676
Net cash inflow/(outflow) from investing activities	29	(120)
Net cash inflow	1 564	9 556

Notes to the financial statements continued

26 Disposals of subsidiaries

26 1 Composite Doors

As referred to in note 25 on 31 August 2012 the Group disposed of its interest in its composite doors business The loss on disposal and the net assets of the composite doors business at the date of disposal were as follows

	31 August 2012 £ 000
Goodwill	14 307
Intangible assets	578
Property plant and equipment	952
Inventories	1 150
Trade and other receivables	2 525
Trade and other payables	(2 169)
Deferred taxation	(144)
	17 199
Loss on disposal of discontinued operations	(16 826)
Net consideration	**373**
Satisfied by	
Cash and cash equivalents	373
Net cash inflow arising on disposal	
Initial consideration	748
Less disposal costs	(375)
Net consideration	**373**

26 2 Gall Thomson

As referred to in note 25 on 13 March 2012 the Group disposed of its interest in its Oil Services business comprising Gall Thomson and its subsidiaries The profit on disposal and the net assets of the Gall Thomson Group at the date of disposal were as follows

	13 March 2012 £ 000
Goodwill	11 421
Intangible assets	35
Property plant and equipment	389
Deferred tax asset	80
Inventories	1 242
Trade and other receivables	3 235
Cash and cash equivalents	5 374
Current tax payable	(836)
Trade and other payables	(2 454)
	18 486
Profit on disposal of discontinued operation	54 215
Accrued disposal costs	205
Net consideration	**72 906**
Satisfied by	
Cash and cash equivalents	72 906
Net cash inflow arising on disposal	
Initial consideration	74 672
Less disposal costs	(1 766)
Net consideration	72 906
Less cash and cash equivalents	(5 374)
Net consideration	**67 532**

27 Dividends

The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements

	2012 £ 000	2011 £ 000
Amounts recognised as distributions to equity holders in the year		
Final dividend for the year ended 31 December 2011 of 3 5p per share (2010 2 0p)	4 535	2 596
Interim dividend for the year ended 31 December 2012 of 1 0p per share (2011 Nil)	1 297	–
Total amounts recognised as distributions to equity holders in the year	5 832	2 596
Amounts not recognised in the financial statements		
Final dividend proposed for the year ended 31 December 2012 of 3 5p per share (2011 3 5p)	4 538	4 544

28 Adjustments to cash flows from operating activities

The following non cash and financing adjustments have been made to profit before tax for the year to arrive at operating cash flow

	Note	2012 £ 000	2011 £ 000
Net finance costs – continuing operations	7	4 509	9 695
Net finance income – discontinued operations	25	(33)	(53)
Depreciation		5 085	5 303
Amortisation and accelerated amortisation		23 320	10 566
Impairment of goodwill and intangible assets		20 300	–
Disposal of intangible assets and property plant and equipment		72	314
Non cash adjustments		(3 400)	338
Share based payments	22	482	172
		50 335	26 335

29 Contingent liabilities

	2012 £ 000	2011 £ 000
Performance bonds	–	145

The 2011 performance bonds related to guarantees provided by the bank to the Group s Oil Services business (now discontinued – refer note 25) on which no losses were anticipated

30 Financial commitments

The Group has entered into commercial leases on certain properties There are no restrictions placed upon the lessee by entering into these leases

The present value of future minimum rentals payable under non cancellable operating leases are as follows

	Land and buildings 2012 £ 000	Land and buildings 2011 £ 000
Within one year	3 766	3 208
Later than one year but less than five years	12 191	13 120
After five years	3 949	7 144
Total	19 906	23 472

	Other 2012 £ 000	Other 2011 £ 000
Within one year	275	309
Later than one year but less than five years	425	431
After five years	–	9
Total	700	749

Notes to the financial statements continued

31 Principal subsidiaries

Details of the principal subsidiaries of the Group all of which are wholly owned are as follows

Name	Country of incorporation	Nature of business
Corporate		
Jasper Acquisition Holdings Limited	United Kingdom	Holding company
Octroi Group Limited	United Kingdom	Holding company
Schlegel Acquisition Holdings Limited	United Kingdom	Holding company
Tyman Management Limited	United Kingdom	Management services
UK operations		
Balance UK Limited[1]	United Kingdom	Building products
ERA Products Limited[1]	United Kingdom	Building products
EWS (Manufacturing) Limited[1]	United Kingdom	Building products
grouphomesafe Limited[1]	United Kingdom	Holding company
Linear Limited[1]	United Kingdom	Building products
Schlegel UK (2006) Limited[1]	United Kingdom	Building products
Ventrolla Limited[1]	United Kingdom	Building products
Window Fabrication & Fixing Supplies Limited[1]	United Kingdom	Building products
US operations		
Amesbury Acquisition Holdings (No2) Inc[1]	United States	Holding company
Amesbury Door Hardware Inc (SD)[1]	United States	Building products
Amesbury Financial Holdings LLC[1]	United States	Holding company
Amesbury Group Inc[1]	United States	Holding company
Amesbury Group Plastic Profiles Inc[1]	United States	Building products
Amesbury Holdings Limited[1]	United Kingdom	Holding company
Amesbury Industries Inc[1]	United States	Building products
Balance Systems Inc[1]	United States	Building products
Bandlock Corporation Inc[1]	United States	Building products
Fastek Products Inc[1]	United States	Building products
Jasper Acquisition Limited[1]	United Kingdom	Holding company
Overland Products Company Inc[1]	United States	Building products
9261 9360 Quebec Inc[1]	Canada	Building products
Schlegel Systems Inc[1]	United States	Building products
Tyman Investments[1]	United Kingdom	Holding company
Other international operations		
Schlegel Australia Pty Limited[1]	Australia	Building products
Schlegel Belgium BVBA[1]	Belgium	Building products
Schlegel GmbH[1]	Germany	Building products
Schlegel SRL[1]	Italy	Building products
Schlegel Taliana SL[1]	Spain	Building products

1 Held by a subsidiary

32 Related party transactions

The following transactions were carried out with related parties of Tyman plc

Subsidiaries

Transactions between the Company and its subsidiaries which are related parties are eliminated on consolidation There were no transactions between the Company and its subsidiaries apart from intercompany loans

Key management compensation

Compensation for Directors who have the sole responsibility for planning directing and controlling the Group is disclosed in note 6

Full details of individual Directors remuneration are given in the remuneration report on pages 34 to 38

Independent auditors' report to the members of Tyman plc (formerly Lupus Capital plc)

We have audited the Parent Company financial statements of Tyman plc (formerly Lupus Capital plc) for the year ended 31 December 2012 which comprise the Parent Company balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors Responsibilities set out on page 32 the Directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the Parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board s Ethical Standards for Auditors

This report including the opinions has been prepared for and only for the Company s members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not in giving these opinions accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Parent Company s circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the Directors and the overall presentation of the financial statements In addition we read all the financial and non financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the Parent Company financial statements
- give a true and fair view of the state of the Company s affairs as at 31 December 2012
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors Report for the financial year for which the Parent Company financial statements are prepared is consistent with the Parent Company financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion
- adequate accounting records have not been kept by the Parent Company or returns adequate for our audit have not been received from branches not visited by us or
- the Parent Company financial statements are not in agreement with the accounting records and returns or
- certain disclosures of Directors remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit

Other matter
We have reported separately on the Group financial statements of Tyman plc for the year ended 31 December 2012

Simon O Brien (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 March 2013

Company balance sheet

As at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Investment in subsidiaries	4	**217 447**	192 453
		217 447	192 453
Current assets			
Debtors	5	**20 731**	9 835
Cash at bank and in hand		**28 829**	16 456
		49 560	26 291
Creditors Amounts falling due within one year	6	**(7,846)**	(5 956)
Net current assets		**41 714**	20 335
Total assets less current liabilities		**259 161**	212 788
Creditors. Amounts falling due after one year	6	**(7 876)**	(7 876)
Net assets		**251,285**	204 912
Capital and reserves			
Called up share capital	9	**6,864**	6 864
Share premium account	9	**101**	101
Other reserves	9	**8 920**	8 920
Treasury reserve	9	**(8 161)**	(7 014)
Retained earnings	9	**243 561**	196 041
Total shareholders' funds		**251 285**	204 912

The notes on pages 85 to 87 are an integral part of these financial statements

The financial statement on page 84 was approved by the Board on 12 March 2013 and signed on its behalf by

Louis Eperjesi
Chief Executive Officer

James Brotherton
Chief Financial Officer

Notes to the Company financial statements

1 Accounting policies
1 1 Basis of preparation
The separate financial statements of the Company are presented as required by the Companies Act 2006 As permitted by that Act the financial statements have been prepared in accordance with applicable UK accounting standards (UK GAAP)

The financial statements are prepared on the going concern basis under the historical cost convention The principal accounting policies which have been applied consistently throughout the year are set out below

1 2 Operating leases
Rentals payable under operating leases are charged to profit and loss on a straight line basis over the lease term

1 3 Investments in subsidiaries
Investments in subsidiaries are stated at cost less any provisions for impairment

1 4 Financial instruments
Financial assets and liabilities are recognised on the Company s balance sheet when the Company becomes a party to the contractual provisions of the instrument

Trade debtors are stated at their nominal value as reduced by appropriate allowances for estimated recoverable amounts

Trade creditors are stated at their nominal amount

1 5 Borrowings
Interest bearing loans and overdrafts are recorded at the proceeds received All borrowing costs are expensed as incurred on an accruals basis to the Company profit and loss account using the effective interest rate method

1 6 Share based payments
The Company has applied the requirements of FRS 20 "Share based payments" The Company issues equity settled share based payments to certain employees Equity settled share based payments are measured at fair value at the date of grant

The fair value of the employee services received in exchange for the grant of options is expensed on a straight line basis over the vesting period based on the Group s estimate of shares that will eventually vest

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted excluding the impact of any non market vesting conditions Non market vesting conditions are included in assumptions about the number of options that are expected to vest At each balance sheet date the entity revises its estimates of the number of options that are expected to vest with any changes in estimate recognised in the income statement with a corresponding adjustment in equity The fair value of awards granted under LTIP is measured using a probability model to predict EPS levels

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution The fair value of employee services received measured by reference to the grant date fair value is recognised over the vesting period as an increase to investment in subsidiary undertakings with a corresponding credit to equity in the parent entity accounts

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself and the charge will be treated as a cash settled transaction

2 Profit attributable to the shareholders of the Company
The Company is an investment holding company It receives dividend income from subsidiaries and bank interest It pays loan interest to a subsidiary The majority of administrative expenses are paid by the Company s subsidiary Tyman Management Limited including the whole amount of relevant auditor s remuneration and operating lease costs

As permitted by section 408 of the Companies Act 2006 the Company has elected not to present its own profit and loss account for the year The Company reported profit for the financial year ended 31 December 2012 of £52 870 000 (2011 £1 360 000) Included in the Company s reported profits for the year is a profit on disposal of subsidiary of £55 700 000 (2011 £Nil)

Notes to the Company financial statements continued

3 Employees
Other than the Directors there were no employees of the Company during the year (2011 Nil) Directors emoluments are set out in the Directors remuneration report in the Group s accounts

4 Investment in subsidiaries

	£ 000
Cost	
At 31 December 2011	193 064
Subscription of shares	44 422
Capital contribution relating to share based payments	482
Disposal of subsidiary	(17 000)
At 31 December 2012	**220 968**
Impairment	
At 31 December 2011	611
Charge for the year	2 910
At 31 December 2012	**3 521**
Net book value	
At 31 December 2011	192 453
At 31 December 2012	**217 447**

The 2012 subscription of shares relates to two subscriptions of shares in Jasper Acquisition Holdings Limited of £29 200 000 and £15 222 000 respectively

In March 2012 the Company disposed of its interests in its Oil Services business Gall Thomson Detailed disclosures of this disposal are set out in notes 25 and 26 of the Group accounts

Details of the principal subsidiaries of the Company all of which are wholly owned are as follows

Principal subsidiary	Country of incorporation	Nature of business
Jasper Acquisition Holdings Limited	United Kingdom	Holding company
Octroi Group Limited	United Kingdom	Holding company
Schlegel Acquisition Holdings Limited	United Kingdom	Holding company
Tyman Management Limited	United Kingdom	Management services

5 Debtors
The amounts owed by subsidiary undertakings are repayable on demand but are unlikely to be repaid within one year

	Note	2012 £ 000	2011 £ 000
Amounts receivable after one year			
Amounts owed by Group undertakings		20 513	9 835
Deferred tax asset	7	218	–
		20 731	9 835

6 Creditors

	2012 £ 000	2011 £ 000
Amounts falling due within one year		
Amounts owed to Group undertakings	7 190	5 484
Corporation tax	656	472
	7 846	5 956
Amounts falling due after one year		
Loan notes to Group undertakings	7 876	7 876
	7 876	7 876

The loan note is between the Company and Octroi Group Limited a subsidiary and interest is charged at a fixed rate of two per cent per annum payable half yearly in arrears

The maturity of creditors falling due after more than one year is as follows

	2012 £ 000	2011 £ 000
After five years	7 876	7 876

7 Deferred tax asset

	2012 £ 000	2011 £ 000
At 1 January	–	–
Income statement credit	218	–
At 31 December 2012	218	–

Deferred tax asset comprises

	2012 £ 000	2011 £ 000
Timing differences	218	–

8 Called up share capital

The share capital of the Company is as set out in note 22 of the Group accounts

9 Reconciliation of movements in shareholders' funds

	Called up share capital £ 000	Share premium account £ 000	Other reserves £ 000	Treasury reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2011	6 864	101	8 920	(6 764)	197 105	206 226
Purchase of treasury shares	–	–	–	(250)	–	(250)
Profit for the year	–	–	–	–	1 360	1 360
Dividends paid	–	–	–	–	(2 596)	(2 596)
Share based payments	–	–	–	–	172	172
At 31 December 2011	6 864	101	8 920	(7 014)	196 041	204 912
Purchase of treasury shares	–	–	–	(1 147)	–	(1 147)
Profit for the year	–	–	–	–	52 870	52 870
Dividends paid	–	–	–	–	(5 832)	(5 832)
Share based payments	–	–	–	–	482	482
At 31 December 2012	6 864	101	8 920	(8 161)	243 561	251 285

Details of share based payments are provided in note 22 of the Group accounts

10 Financial commitments

At 31 December 2012 the Company had future annual lease commitments on land and buildings under non cancellable operating leases as stated below These commitments were met on the Company s behalf by Tyman Management Limited

	2012 £ 000	2011 £ 000
Expiry date		
Within one year	197	113
After one year but less than five years	197	226
	394	339

11 Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard 8 "Related party disclosures" as a wholly owned subsidiary not to disclose details of related party transactions required by this standard

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Registrar
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The Registry
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Beckenham
Kent BR3 4TU

Nominated adviser and broker
Canaccord Genuity Limited
88 Wood Street
London EC1V 7QR

Definitions

Where appropriate "Underlying is defined as before amortisation and accelerated amortisation of intangible assets deferred tax on amortisation and accelerated amortisation of intangible assets impairment of intangible assets and goodwill exceptional items unwinding of discount on provisions amortisation of borrowing costs and the associated tax effect

"Underlying administrative expenses is defined as administrative expenses before property provision release exceptional items amortisation of intangible assets accelerated amortisation of intangible assets and impairment of intangible assets and goodwill

"Underlying net debt" is defined as interest bearing loans and borrowings net of cash and cash equivalents plus unamortised borrowing costs added back

Underlying operating profit" is defined as operating profit before property provision release exceptional items amortisation of intangible assets accelerated amortisation of intangible assets and impairment of intangible assets and goodwill

"Continuing operations is defined as the operations of the Tyman Group excluding Gall Thomson Environmental Limited and its subsidiaries and the Composite Doors business

"Controllable capital employed is defined as capital employed before tax balances (current deferred and sales taxes) interest accruals purchased goodwill and intangible assets

"Operational cash flow is defined as net cash inflow from operating activities before income tax paid pension contributions payments to acquire property plant and equipment and payments to acquire intangible assets

"Operating cash conversion is defined as operational cash flow divided by underlying operating profit

Roundings

Percentage increase/decrease numbers have been calculated using figures rounded to the nearest thousand from the financial statements which may lead to small differences in some figures and percentages quoted

Exchange rates

Closing rates	2012	2011
US Dollars	**1 6161**	1 5453
Euros	**1 2227**	1 1933

Average rates	2012	2011
US Dollars	**1 5848**	1 6040
Euros	**1 2329**	1 1523