



The Annual Report
and
Consolidated
Financial Statements
of
The Altro Group plc

for the year ended
31 December 2015

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Chairman's statement for the year ended 31 December 2015

The results for the year ended 31 December 2015 show sales of £121.4m (2014: £116.8m) and a profit before tax of £10.7m (2014: £15.6m). The results of the second half of the year did not reflect the excellent results of the first half. Please note that the results for 2014 have been adjusted to comply with the new accounting standard: FRS 102.

With effect from 1 January 2016 it is very pleasing to welcome Debolon Dessauer Bodenbeläge GmbH & Co. KG ("Debolon") and its employees into The Altro Group.

Debolon are manufacturers of quality vinyl flooring, based in Dessau. The Kopf family, who started the company in 1929, retain a shareholding in the company and continue to be involved with the business. This acquisition was financed using the Group's cash reserves. The technical and commercial benefits from this merger have already been seen in 2016.

In 2015, the board continued to invest in additional people, research and development, manufacturing and marketing. It is expected that this will lead to continued growth in 2016 and future years.

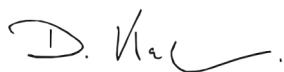
An interim dividend of 4.5p per share (2014: 4.5p) was paid to shareholders in November 2015. At the Annual General Meeting in June, the Group proposes to seek the approval of shareholders to pay a final dividend of 9.5p per share (2014: 9.5p) on 22 July 2016 to those shareholders on the register at close of business on 1 July 2016. The total dividend will therefore be 14.0p per share for the year to 31 December 2015 (2014: 14.0p).

A share valuation of 708p was obtained from Investec Bank plc in February 2016 (April 2015: 764p, October 2015: 842p) on behalf of the Trustees of the Employee Benefit Trust (EBT) and the Share Incentive Plan (SIP).

The Group continues to support share ownership by employees and plans to set aside £332k (2014: £332k) of shares for employees in 2016. The Company manages this through the Share Incentive Plan (SIP). In 2015, the actual cost in relation to the SIP was £311k (2014: £320k).

Later in the year, the Company intends to seek the approval of shareholders for the purchase of a number of its own shares. The Share Repurchase Scheme, together with the EBT, provides a market for the shareholders whilst reducing the dilution of shares in issue resulting from the allotment of shares to employees.

Although the second half performance for 2015 was disappointing, trading has recovered during the first quarter of 2016 and it is expected that the Company will continue to prosper.



D J Kahn

Strategic report

for the year ended 31 December 2015

Principal activities and review of the business

The Altro Group plc is an unquoted public limited company and the holding company of the Altro group of companies. Its balance sheet is disclosed on page 14 and the profit attributable to its shareholders is disclosed on page 13.

The principal activities of the business are the manufacture and marketing of:

- Altro safety flooring
- Altro Whiterock wall and ceiling systems
- Altro resin systems
- Autoglym vehicle care and Kanor car wash products.

During the year, the Group and its subsidiaries worked to increase its market presence and market share in the UK and internationally for the Altro and Autoglym product ranges. All areas of the business have contributed to the result for the year and are well placed to build on this position during 2016.

Financial review

The consolidated profit and loss account for the year is set out on page 13.

The key performance indicators (KPIs) for the Group are:

- Turnover - increase of 3.9% (2014: up 4.6%)
- Operating profit (before exceptional item) - decrease of 5.1% (2014: up 26.6%)
- Net funds - decrease of 25.1% (2014: up 127.5%)
- Shareholders' funds - increase of 9.9% (2014: up 14.1%)

The Group's net funds as at 31 December 2015 were £7.8m (2014: £10.5m). The decrease in net funds was due to the investment in Debolon (note 30).

The performance against KPIs is considered satisfactory given the overall economic environment in our markets.

Expenditure during the year has included investment in buildings, plant and machinery throughout the Group as well as additional contributions of £2.2m (2014: £1.8m) to the Defined Benefit Pension Scheme.

Future developments

With effect from 1 January 2016, Debolon Dessauer Bodenbeläge GmbH & Co. KG ("Debolon") and its employees joined The Altro Group. The technical and commercial benefits from this merger have already been seen in 2016.

To enable continued growth in future years, the Group plans to continue investing in its people, its capital expenditure and research and development.

Principal risks and uncertainties

The business is subject to a number of risks and the Group has procedures and systems to manage these. The key business risks affecting the Group are considered to relate to competition from other manufacturers, increased raw material and energy costs, regulatory changes, fluctuations in the UK and global economy and any action which may be taken by governments in our major markets to address their budget deficits.

The board takes action where possible to eliminate, reduce or mitigate specific risks through the adoption of appropriate strategies.

Strategic report (continued) for the year ended 31 December 2015

Financial risk management

The Group's operations expose it to a variety of financial risks, including the effects of changes in currency exchange rates, credit exposure, liquidity and interest rates.

Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department.

The main risks arising from the Group's financial management can be analysed as follows:

Currency risk

The Group is exposed in its trading operations to the risk of fluctuations in currency exchange rates. Where appropriate, forward contracts and swaps are used to hedge this exposure.

Credit risk

The Group's principal financial assets are loans receivable, bank balances and trade debtors which represent the Group's maximum exposure to credit risk in relation to financial assets. Risk is managed through internal monitoring processes and credit insurance.

Price risk

The Group is exposed to price risk on raw materials as a result of its operations and such exposure is monitored closely and reported on regularly. In the majority of cases, dual supply arrangements are in place.

Liquidity risk

The Group has positive cash balances with various banks and appropriate overdraft facilities in place where considered necessary.

Interest rate risk

The Group has limited exposure to interest rate risk as borrowings are not significant. The Group has loans receivable which are impacted by interest rates. There is also an exposure to the impact of longer term rate movements in the Defined Benefit Pension Scheme, which is managed by the Trustees of the Scheme and their advisers.

Approved by the Board of Directors and signed on behalf of the Board.



E P Boyle
Secretary
11 May 2016

Directors' report

for the year ended 31 December 2015

The directors present their report and the audited consolidated financial statements of The Altro Group plc ("the Company") - Company Registration Number: 01493087 - and its subsidiary undertakings (together, "the Group") for the year ended 31 December 2015. The directors of the Company, all of whom have been directors during the year and up to the date of signing the financial statements, are listed on page 12.

Financial risk management and the future developments of the business have been discussed in the Strategic report.

Dividends

The directors recommend a final dividend of 9.5p (2014: 9.5p) per share, resulting in a total dividend of 14.0p (2014: 14.0p) per share for the year. Based on the number of shares in issue at the date of this report, this would equate to a final dividend of £1.6m (2014: £1.6m). The total dividend paid in the year was 14.0p per share. Diluted earnings per share were 57.4p (2014: 67.8p). Assuming approval by shareholders at the Annual General Meeting, the final dividend will be paid on 22 July 2016 to all those on the share register at close of business on 1 July 2016.

Share capital

During 2015, the Group bought back and cancelled 130,890 (2014: 180,180) ordinary shares of 10p each (representing 0.8% (2014: 1.0%) of the called up share capital) at a price of 764p per share (2014: 555p per share) for a total of £1.0m (2014: £1.0m) with a nominal value of £13k (2014: £18k). 32,165 shares (2014: 5,036) were issued during the year.

The Company intends to seek the approval of shareholders at an Extraordinary General Meeting for the purchase of a number of its own shares. This will be the twenty-second year in which the Group will run the Share Repurchase Scheme for the benefit of all shareholders.

Share Incentive Plan (SIP)

43,225 shares under the SIP have been awarded in 2015 to 434 employees (2014: 57,441 shares awarded to 430 employees). The Group plans to set aside £332k (2014: £332k) of shares for employees in 2016. This allocation will be the fourteenth under the SIP.

Employee Benefit Trust (EBT)

Shares continue to be purchased by the EBT for use in the Group share schemes. The financial results of the EBT are incorporated into the consolidated financial statements of the Group.

Employees

The Group operates non-discriminatory employment policies which are designed to attract, retain and motivate the very best people, recognising that this can only be achieved through offering equal opportunities regardless of age, disability, gender, race, religion, colour, nationality, marital status and sexual orientation.

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned.

In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Group continues and that appropriate facilities are available and training is arranged. It is the policy of the Group that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Staff are encouraged to plan their careers within the Group and to participate in appropriate ongoing training, consistent with the needs of the business.

All divisions develop their own internal communications and employees receive regular updates on the Group's strategies, policies and results.

Directors' report (continued)

for the year ended 31 December 2015

Employees (continued)

The Group has taken appropriate steps during the financial year to introduce, maintain, or develop arrangements aimed at consulting employees or their representatives on a regular basis so that the views of employees can be taken into account in making decisions that are likely to affect their interests.

Our success is due to the teamwork and co-operation of the people within the Group. The directors thank all those who have worked so hard and contributed so much to achieve these results during a demanding time. The Group continues to develop and maintain a culture which encourages long service and we are proud that so many employees choose to remain with us over many years.

Health & Safety and the environment

Health & Safety and environmental performance remain key business objectives. Our Manufacturing and Sustainability efforts are centred on making proactive, tangible improvements, which translate into real benefits for the environment and savings for the business.

Research and development

Research and development remains at the forefront of our vision for the future and our strength and depth in this area are essential parts of our business. All research and development expenditure is charged to the profit and loss account as incurred.

Group pension schemes

The future of our pension schemes is underpinned by the knowledge that a strong and successful Group should ensure that pension obligations can be met today and in the future.

The Defined Benefit Pension Scheme was closed to future accrual on 31 March 2014. All members became deferred and the link to final salary was broken.

During the year the Group made a special contribution of £2.2m (2014: £1.8m) to the Scheme in line with the triennial funding plan agreed with the Pension Trustees.

Many employees who were previously members of the Defined Benefit Scheme have chosen to become members of a Defined Contribution Scheme.

Charitable and political donations

The group contributed £25,173 (2014: £8,262) for charitable purposes. There were no political contributions.

Going concern

In arriving at their decision to prepare these financial statements on the going concern basis, the directors have reviewed the Group's budget, forecasts and cash flow projections for 2016 and 2017 (including proposed capital expenditure) and compared these with the Group's cash holdings, its committed borrowing facilities and projected gearing ratios.

The directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future and so continue to adopt the going concern basis.

Purchase and disposal of shares

Any shareholder wishing to purchase or sell shares in the Company should contact our registrars, Capita Asset Services, or the Company Secretary.

Directors' report (continued)

for the year ended 31 December 2015

Directors' liability insurance

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year and is currently in force. The Company also purchased and maintained throughout the financial year, Directors' and Officers' liability insurance in respect of itself and its directors.

Adoption of FRS 102

Following the publication by the Financial Reporting Council of Financial Reporting Standard 100 ("FRS 100"), the Group has adopted FRS 102 as its accounting framework for the preparation of these financial statements.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the group and parent company financial statements (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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the 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 applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; 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 the Group 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 Company's websites. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

In accordance with Section 418 each director confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report (continued) **for the year ended 31 December 2015**

Independent auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.



E P Boyle
Secretary
11 May 2016

Independent auditors' report to the members of The Altro Group plc for the year ended 31 December 2015

Report on the financial statements

Our opinion

In our opinion, The Altro Group plc's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2015 and of the Group's profit and cash flows for the year then ended;
- 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.

What we have audited

The financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), comprise:

- the consolidated and company balance sheets as at 31 December 2015;
- the consolidated profit and loss account and consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the consolidated and company statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of The Altro Group plc for the year ended 31 December 2015

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

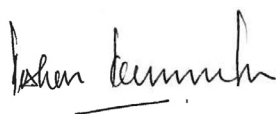
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Deshan Karunaratne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
11 May 2016

Directors and advisers

Directors

D J Kahn *Chairman*
E P Boyle
P L Caller
M P Fincham*
R J Kahn *Managing Director*
J F H Park*
**Non-executive*

Secretary

E P Boyle FCCA

Registered office

Works Road
Letchworth Garden City
Hertfordshire
SG6 1NW

Company registration number

01493087

Independent auditors

PricewaterhouseCoopers LLP
10 Bricket Road
St Albans
Herts
AL1 3JX

Bankers

Barclays Bank PLC

Solicitors

DLA Piper UK LLP

Stockbrokers

Investec Bank plc

Registrars

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Consolidated profit and loss account for the year ended 31 December 2015

	Notes	2015 £'000	Restated 2014 £'000
Turnover	5	121,374	116,799
Cost of sales		(54,446)	(53,188)
Gross profit		66,928	63,611
Distribution costs		(28,473)	(26,740)
Administrative expenses - other		(27,492)	(25,321)
Administrative expenses - Pension curtailment gain - exceptional item	6	-	4,652
Operating profit		10,963	16,202
Interest receivable and similar income	8	78	67
Interest payable and similar charges	8	(371)	(697)
Profit on ordinary activities before taxation	6	10,670	15,572
Tax on profit on ordinary activities	9	(1,038)	(4,257)
Profit for the financial year		9,632	11,315
Earnings per share	11		
Basic		57.4p	67.8p
Diluted		57.4p	67.8p
Adjusted		57.4p	45.5p

All the above results derive from continuing operations.

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the Company profit and loss account. The profit for the Company for the financial year was £3,051k (2014: £4,294k).

Consolidated statement of comprehensive income for the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Profit for the financial year		9,632	11,315
Other comprehensive income/(expense):			
Currency translation differences arising on consolidation		(78)	39
Remeasurements of net Defined Benefit Pension Scheme obligation	21	1,630	(694)
Total tax on components of other comprehensive (expense)/income		(780)	475
Other comprehensive income/(expense) for the year, net of tax		772	(180)
Total comprehensive income for the year		10,404	11,135


Consolidated balance sheet

as at 31 December 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	12	997	1,161
Tangible assets	13	39,347	40,906
		40,344	42,067
Current assets			
Inventories	15	16,436	15,541
Debtors - due in more than one year	16	4,490	-
Debtors - due in less than one year	17	22,890	20,541
Cash at bank and in hand		11,972	12,997
		55,788	49,079
Creditors: amounts falling due within one year	18	(17,674)	(16,803)
Net current assets		38,114	32,276
Total assets less current liabilities		78,458	74,343
Provisions for other liabilities	19	(619)	(583)
Net assets excluding Defined Benefit Pension Scheme liability		77,839	73,760
Defined Benefit Pension Scheme liability	21	(6,494)	(8,822)
Net assets including Defined Benefit Pension Scheme liability		71,345	64,938
Capital and reserves			
Called-up share capital	25	1,716	1,726
Share premium account		7,161	7,013
Other reserves		(2,135)	(1,347)
Retained earnings		64,603	57,546
Total equity		71,345	64,938

The notes on pages 19 to 51 are an integral part of these financial statements.

The financial statements on pages 13 to 51 were approved by the Board on 11 May 2016 and signed on its behalf by



R J Kahn
Managing Director


Company balance sheet

as at 31 December 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	13	26,741	27,348
Investments	14	11,964	10,648
		38,705	37,996
Current assets			
Debtors	17	-	526
Cash at bank and in hand		5,006	4,533
		5,006	5,059
Creditors - amounts falling due within one year	18	(4,531)	(3,192)
Net current assets		475	1,867
Total assets less current liabilities		39,180	39,863
Provision for other liabilities	19	(88)	(76)
Net assets		39,092	39,787
Capital and reserves			
Called-up share capital	25	1,716	1,726
Share premium account		7,161	7,013
Other reserves		(2,135)	(1,347)
Retained earnings		32,350	32,395
Total equity		39,092	39,787

The notes on pages 19 to 51 are an integral part of these financial statements.

The financial statements on pages 13 to 51 were approved by the Board on 11 May 2016 and signed on its behalf by



R J Kahn
Managing Director

Consolidated statement of changes in equity for the year ended 31 December 2015

	Called-up share capital £'000	Share premium account £'000	Other reserves			Total equity £'000		
			Capital redemption reserve £'000	Own shares £'000	Retained earnings £'000			
The Group								
Balance as at 1 January 2014	1,744	6,991	978	(2,495)	49,684	56,902		
Profit for the financial year	-	-	-	-	11,315	11,315		
Other comprehensive income for the year	-	-	-	-	(180)	(180)		
Total comprehensive income for the year	1,744	6,991	978	(2,495)	60,819	68,037		
Dividends paid	-	-	-	-	(2,268)	(2,268)		
Purchase of own shares	(19)	-	19	-	(1,000)	(1,000)		
Purchase of own shares for the SIP	-	-	-	-	(319)	(319)		
Purchase of own shares by the EBT	-	-	-	(1,119)	-	(1,119)		
Disposal of own shares by the EBT	-	-	-	1,270	9	1,261		
Shares issued	1	22	-	-	-	23		
Currency translation differences	-	-	-	-	-	-		
Increase in reserves arising from share-based payments	-	-	-	-	323	323		
Total transactions with owners, recognised directly in equity	(18)	22	19	151	(3,273)	(3,099)		
Balance as at 31 December 2014	1,726	7,013	997	(2,344)	57,546	64,938		
Balance as at 1 January 2015	1,726	7,013	997	(2,344)	57,546	64,938		
Profit for the financial year	-	-	-	-	9,632	9,632		
Other comprehensive income for the year	-	-	-	-	772	772		
Total comprehensive income for the year	1,726	7,013	997	(2,344)	67,950	75,342		
Dividends paid	-	-	-	-	(2,334)	(2,334)		
Purchase of own shares	(13)	-	13	-	(1,000)	(1,000)		
Purchase of own shares for the SIP	-	-	-	-	(330)	(330)		
Purchase of own shares by the EBT	-	-	-	(1,839)	-	(1,839)		
Disposal of own shares by the EBT	-	-	-	1,038	-	1,038		
Shares issued	3	148	-	-	-	151		
Currency translation differences	-	-	-	-	63	63		
Increase in reserves arising from share-based payments	-	-	-	-	254	254		
Total transactions with owners, recognised directly in equity	(10)	148	13	(801)	(3,347)	(3,997)		
Balance as at 31 December 2015	1,716	7,161	1,010	(3,145)	64,603	71,345		

Company statement of changes in equity

for the year ended 31 December 2015

			Other reserves				Total equity £'000			
	Called-up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Own shares £'000	Retained earnings £'000					
The Company										
Balance as at 1 January 2014	1,744	6,991	978	(2,495)	31,374	38,592				
Profit for the financial year	-	-	-	-	4,294	4,294				
Total comprehensive income for the year	1,744	6,991	978	(2,495)	35,668	42,886				
Dividends paid	-	-	-	-	(2,268)	(2,268)				
Purchase of own shares	(19)	-	19	-	(1,000)	(1,000)				
Purchase of own shares for the SIP	-	-	-	-	(319)	(319)				
Purchase of own shares by the EBT	-	-	-	(1,119)	-	(1,119)				
Disposal of own shares by the EBT	-	-	-	1,270	9	1,261				
Shares issued	1	22	-	-	-	23				
Capital contribution arising from share-based payments	-	-	-	-	323	323				
Total transactions with owners, recognised directly in equity	(18)	22	19	151	(3,273)	(3,099)				
Balance as at 31 December 2014	1,726	7,013	997	(2,344)	32,395	39,787				
Balance as at 1 January 2015	1,726	7,013	997	(2,344)	32,395	39,787				
Profit for the financial year	-	-	-	-	3,051	3,051				
Total comprehensive income for the year	1,726	7,013	997	(2,344)	35,446	42,838				
Dividends paid	-	-	-	-	(2,334)	(2,334)				
Purchase of own shares	(13)	-	13	-	(1,000)	(1,000)				
Purchase of own shares for the SIP	-	-	-	-	(330)	(330)				
Purchase of own shares by the EBT	-	-	-	(1,839)	-	(1,839)				
Disposal of own shares by the EBT	-	-	-	1,038	254	1,292				
Shares issued	3	148	-	-	-	151				
Capital contribution arising from share-based payments	-	-	-	-	314	314				
Total transactions with owners, recognised directly in equity	(10)	148	13	(801)	(3,096)	(3,746)				
Balance as at 31 December 2015	1,716	7,161	1,010	(3,145)	32,350	39,092				

Consolidated statement of cash flows

for the year ended 31 December 2015

	Notes	2015 £'000	2014 £'000
Net cash from operating activities	26	12,636	12,806
Taxation paid		(2,661)	(2,113)
Net cash generated from operating activities		9,975	10,693
Cash flow from investing activities			
Purchase of subsidiary (net of cash acquired)		-	(9)
Purchase of intangible assets	12	(3)	-
Purchase of tangible assets	13	(2,211)	(1,362)
Proceeds from disposals of tangible assets		-	21
Loans granted to third parties	15	(5,613)	-
Interest received		78	67
Net cash used in investing activities		(7,749)	(1,283)
Cash flow from financing activities			
Dividends paid to owners of the parent	10	(2,334)	(2,268)
Interest paid		(3)	(24)
Proceeds from issue of ordinary share capital (net of costs of issue)		1,038	1,284
Purchase of own shares by the EBT and for the SIP		(2,169)	(1,438)
Purchase of own shares		(1,000)	(1,000)
Net cash used in financing activities		(4,468)	(3,446)
Net increase in cash and cash equivalents		(2,242)	5,964
Cash and cash equivalents at the beginning of the year		10,465	4,599
Exchange (losses) on cash and cash equivalents		(386)	(98)
Cash and cash equivalents at the end of the year		7,837	10,465
Cash and cash equivalents consists of:			
Cash at bank and in hand		11,972	12,997
Overdrafts and short-term borrowings	18	(4,135)	(2,532)
Cash and cash equivalents		7,837	10,465

Notes to the consolidated financial statements for the year ended 31 December 2015

1 General information

The Altro Group plc ("the Company") and its subsidiaries (together "the Group") manufacture and sell safety flooring, wall and ceiling systems, resin systems and vehicle care and car wash products. The Group trades internationally and operates with a number of recognised brand names.

The Company is a public unlisted company limited by shares and is incorporated in England. The address of the registered office is Works Road, Letchworth Garden City, Hertfordshire, SG6 1NW.

2 Statement of compliance

The Group and individual financial statements of The Altro Group plc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Details of the transition to FRS 102 are disclosed in note 28.

(a) Basis of accounting

The financial statements are prepared on a going concern basis, under the historical cost convention as modified by the revaluation of land and buildings and in accordance with the Companies Act 2006. The principal accounting policies, which have been applied consistently to all periods, are set out below.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

(b) Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company shareholders.

The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company cash flows;
- (ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A as the information is provided in the consolidated financial statements disclosures;
- (iii) from disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18(c), 26.19 to 26.21 and 26.23, concerning its own equity instruments. The Company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein;
- (iv) from disclosing transactions with other wholly owned Group companies as stated in paragraph 33.1A of FRS 102: Related party disclosures.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

3 Accounting policies (continued)

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings up to 31 December.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

The Company has an established Employee Benefit Trust ("EBT") to which it is the sponsoring entity. Notwithstanding the legal duties of the trustees, the Group considers that it has 'de facto' control. The EBT is accounted for as assets and liabilities of the Company and is included in the consolidated financial statements. The Company's equity instruments held by the EBT are accounted for as if they were the Company's own equity and are treated as treasury shares. No gain or loss is recognised in profit or loss or other comprehensive income on the purchase, sale or cancellation of the Company's own equity held by the EBT.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(d) Foreign currency

(i) Functional and presentational currency

The Group's financial statements are presented in pound sterling and rounded to thousands. The Company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates of monetary assets and liabilities, denominated in foreign currencies, are recognised in the profit and loss account.

(iii) Translation

The trading results of Group undertakings are translated into pound sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in Other comprehensive income as currency translation differences on consolidation.

(e) Capital contributions

In accordance with FRS 102 section 26: Share-based payment, as the Company has granted rights over its equity instruments to the employees of Altro Limited, there is a corresponding increase recognised in the investment in the subsidiary.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

3 Accounting policies (continued)

(f) Goodwill and intangible assets

Goodwill, being the difference between the cost of the businesses acquired and the fair value of their separable net assets, is included in the balance sheet in accordance with FRS 102 section 19: Business combinations and goodwill. Purchases of intangible assets are included in the balance sheet at cost less accumulated amortisation. Goodwill and intangible assets are amortised in equal instalments over their estimated useful economic lives.

The annual rates used for intangible assets are:

- Goodwill - 5%
- Franchise - 5%
- Computer software - 10% to 33%

The useful economic lives are reviewed annually and revised if necessary. Provision is made for any impairment.

Amortisation and impairment losses are recognised in the profit and loss account under administration expenses.

(g) Investments - Company

Investment in a subsidiary is held at cost less accumulated impairment losses.

Borrowing costs are recognised in profit and loss in the period in which they are incurred.

(h) Tangible assets and depreciation

The cost of tangible assets is their purchase cost, together with any related incidental costs of acquisition. Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible assets to write them down to their estimated residual values over their expected useful economic lives. No depreciation is provided on freehold and long leasehold land and assets under construction.

The annual rates used for other assets are:

- freehold and long leasehold buildings - 2.5%;
- short leasehold buildings - 5% or term if under twenty years; and
- plant, equipment and vehicles - 10% to 50% according to type of asset.

Where there is evidence of impairment, an impairment review is completed at least annually and fixed assets are written down to the recoverable amount. Impairment losses are recognised in the profit and loss account under administration expenses. Any reversal of impairment is recognised as a credit to the profit and loss account.

(i) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

3 Accounting policies (continued)

(j) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents all direct costs incurred in bringing stocks to their present state and location, including an appropriate proportion of manufacturing overheads. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

(k) Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including foreign currency swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

3 Accounting policies (continued)

(k) Financial instruments (continued)

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(l) Provisions

Provisions principally comprise management's best estimate of costs required to make good for repair works, and anticipated costs to make good on modifications at leased premises. Provisions are made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated, and are undiscounted.

(m) Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the Group and value added taxes.

The Group recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of turnover can be measured reliably; and (d) it is probable that future economic benefits will flow to the entity.

(n) Research and development

Research and development expenditure is charged to the profit and loss account as incurred.

(o) Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements, share based payment plans and defined contribution pension plans.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined Benefit Pension Scheme

The Group operates a Defined Benefit Pension Scheme (DB Scheme), closed to new members in 2005 and to future accrual in 2014, the costs of which are assessed in accordance with the advice of an independent qualified actuary.

Pension costs for the DB Scheme have been accounted for in accordance with FRS 102 section 28: Employee benefits. The assets of the DB Scheme are measured at current bid price, and the liabilities using a projected unit method and discounted at a high quality corporate bond rate.

The DB Scheme asset or liability is recognised in full on the balance sheet, net of the effects of deferred tax. The cost charged to operating profit is the service cost of the DB Scheme. The interest costs are included in the net finance charge or income on the profit and loss account. Actuarial gains or losses are recognised in other comprehensive income.

(iii) Defined Contribution Pension Schemes

The Group also operates a number of Defined Contribution Pension Schemes (DC Schemes). The pension costs for the DC Schemes represent contributions payable by the Group in the year.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

3 Accounting policies (continued)

(o) Employee benefits (continued)

(iv) Share-based payment

The Group issues share options to certain employees. The fair value of equity-settled share-based payments is measured at the date of the grant. The fair value of cash-settled share-based payments is remeasured at the end of each year. The charge, based on fair value and the Group's estimation of shares that will eventually vest, is expensed on a straight line basis over the vesting period.

The calculation of the fair value of the share options issued by the Group has been based on the Black-Scholes valuation model, using a number of subjective assumptions, the most significant of which is that the expected volatility of the Group's share valuation will be 40%.

The Group operates a Share Incentive Plan on which it is also required to recognise a compensation charge under FRS 102 section 26: Share-based payment, calculated as detailed above.

Employer's National Insurance contributions arise on the exercise of certain share options. A provision for National Insurance Contributions on share option gains is made based on the difference between the market price of the Company's shares at the balance sheet date and the option exercise price, spread pro-rata over the vesting period of the options.

(p) Operating leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

(q) Dividends

In accordance with FRS 102 section 32: Events after the end of the reporting period, dividends proposed after the balance sheet date are not charged to the profit and loss account in the year. A final dividend for the year ended 31 December 2015 will be proposed at the Annual General Meeting on 15 June 2016.

Dividend income will be recognised when the Company's right to receive payment has been established. The Company's right to an interim dividend is established when it is paid, and the right to a final dividend is established when it is declared in a general meeting. If the right to the dividend cannot be established until the income is received, recognition will be delayed until then.

(r) EPS

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding the weighted average number of shares held by the Employee Benefit Trust.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has one class of dilutive potential ordinary shares, namely share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year.

The Group presented an adjusted earnings per share figure for 2014 which excluded the exceptional pension curtailment gain, net of deferred tax at the relevant rate of UK Corporation Tax. This adjusted earnings per share figure has been calculated by dividing the adjusted earnings by the weighted average number of ordinary shares outstanding during the year, excluding the weighted average number of shares held by the Employee Benefit Trust.

Notes to the consolidated financial statements (continued) for the year ended 31 December 2015

3 Accounting policies (continued)

(s) Restatement

A reclassification reducing both turnover and cost of sales by £1,185k has been made to the comparative financial information for the year ended 31 December 2014 to reflect the true nature of the underlying transactions. This has no impact on the profit for the year or net assets.

4 Critical accounting judgements and estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a substantial risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are addressed below.

Defined Benefit Pension Scheme

Although the Defined Benefit Pension Scheme ("DB Scheme") is closed to future accrual, the Group has an obligation to fund the Scheme. The present value of the obligation depends on a number of factors, including: life expectancy, asset valuations, inflation rates and the discount rates for scheme liabilities. Management estimates these factors, with recommendations from an independent actuary, in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

5 Turnover

Turnover by geographical area was:

	2015		Restated 2014	
	£'000	%	£'000	%
Territory				
United Kingdom	68,528	56	66,751	57
Continental Europe	18,266	15	18,187	16
The Americas	24,862	21	23,495	20
Australia and Asia Pacific	7,973	7	6,718	6
Rest of world	1,745	1	1,648	1
	121,374	100	116,799	100

The directors have elected not to show an analysis of turnover by class of business as, in their opinion, it would be prejudicial to the interests of the Group.

A reclassification reducing both turnover and cost of sales by £1,185k has been made to the comparative financial information for the year ended 31 December 2014 to reflect the true nature of the underlying transactions. This has no impact on the profit for the year or net assets.

6 Operating profit

The profit on ordinary activities before taxation is arrived at after charging / (crediting):

	2015	2014
	£'000	£'000
Amortisation of intangible assets	165	164
Depreciation of tangible assets	3,754	3,867
Loss on disposal of tangible fixed assets	-	53
Inventory obsolescence charges and reversals	179	152
Bad debt impairment and reversals	(73)	(20)
Research and development	2,063	1,788
Operating lease charges	1,447	1,511
Foreign exchange losses	213	630
Pension curtailment gain - exceptional item (note 21)	-	(4,652)
Fees payable to the Company's auditors for the audit of the Company and consolidated financial statements	88	69
Fees payable to the Company's auditor and its associates for other services:		
- the audit of the Company's subsidiaries	34	17
- tax compliance services	16	14
- tax advisory services	117	4
Total amount payable to the Company's auditor and its associates	255	104

Notes to the consolidated financial statements (continued) for the year ended 31 December 2015

7 Employees and directors

Group employees

The average monthly number of Group employees, including directors, during the year was:

	2015 Number	2014 Number
Manufacturing	143	145
Sales and marketing	241	222
Warehouse and distribution	74	75
Administration and management	174	158
	632	600

Employee costs, including directors, during the year were:

	2015 £'000	2014 £'000
Wages and salaries	26,014	24,134
Social security costs	2,804	2,586
Other pension costs	1,740	2,673
Employee share schemes (note 23)	1,316	575
Other staff benefits	1,008	1,186
	32,882	31,154

All staff are employed by subsidiaries within the Group. The Company has no employees (2014: nil).

Directors

The directors' emoluments were as follows:

	2015 £'000	2014 £'000
Aggregate emoluments	1,384	1,287
Defined Benefit Pension Scheme contributions	-	9
Defined Contribution Pension Scheme contributions	186	186
	1,570	1,482

Retirement benefits are accruing to no directors at 31 December 2015 (31 December 2014: one) under the DB Scheme. Contributions were made to a Defined Contribution Pension Scheme on behalf of one director (31 December 2014: one) in the year ended 31 December 2015.

During the year, 59,244 (2014: 69,467) approved and phantom options were awarded to the directors and 48,397 (2014: 52,877) were exercised.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

7 Employees and directors (continued)

Highest paid director

	2015	2014
	£'000	£'000
Highest paid director:		
Aggregate emoluments	643	582
Defined Contribution Pension Scheme contributions	186	186
	829	768

The amount of the accrued pension in the DB Scheme of the highest paid director at 31 December 2015 is £151k (2014: £132k). 6,185 share options (2014: none) and no phantom share options (2014: none) were exercised by the highest paid director in the year.

Key management

The compensation paid or payable to key management has been included in the above schedule for directors.

8 Net interest expense

	2015	2014
	£'000	£'000
Interest receivable and similar income:		
short term deposits	8	20
other	70	47
Interest receivable and similar income	78	67
Interest payable and similar charges:		
bank overdraft	(3)	(24)
finance charge on DB Scheme (note 21)	(368)	(673)
Interest payable and similar charges	(371)	(697)
Net interest expense	(293)	(630)

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

9 Tax on profit on ordinary activities

a) Tax expense included in profit or loss

	2015 £'000	2014 £'000
Current tax:		
UK corporation and income tax:		
current tax on income for the year	2,412	2,255
adjustments in respect of prior years	(868)	-
	1,544	2,255
Foreign tax:		
current tax on income for the year	(47)	234
adjustments in respect of prior years	-	199
	(47)	433
Current tax charge	1,497	2,688
Deferred tax:		
timing differences - origination and reversal	(459)	1,569
Deferred tax charge	(459)	1,569
Tax on profit on ordinary activities	1,038	4,257

b) Tax expense included in Other comprehensive income

	2015 £'000	2014 £'000
Deferred tax:		
timing differences - origination and reversal	780	(475)
Tax expense / (income) included in Other comprehensive income	780	(475)

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

9 Tax on profit on ordinary activities (continued)

c) Reconciliation of tax charge

The current tax charge for the year is lower (2014: higher) than the applicable hybrid rate of corporation tax in the UK of 20.25% (2014: 21.50%). The hybrid rate is a result of a tax rate of 21.00% for Financial Year 2014 and 20.00% for Financial Year 2015.

A reconciliation of the current tax charge for the year is presented below:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	10,670	15,572
Tax charge on profit on ordinary activities before taxation at a hybrid rate of 20.25% (2014: 21.50%)	2,161	3,348
Deferred tax on DB Pension Scheme liability	780	(475)
Expenses not deductible for tax purposes	35	539
Depreciation in excess of capital allowances	104	94
Movement in short-term timing differences	(270)	135
Differences in UK income tax and overseas tax rates	165	(8)
Adjustments in respect of prior years	(868)	199
Deferred tax on share schemes	(189)	-
Remeasurement of deferred tax - change in UK rate	-	-
Other	(100)	(50)
Tax charge for the year	1,818	3,782

d) Tax rate changes

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, UK profits for this accounting year are taxed at an effective rate of 20.25%.

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 26 October 2015.

As a result of the change in the UK main rates of corporation tax, the relevant deferred tax balances have been remeasured.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

10 Dividends

	2015 £'000	2014 £'000
Final dividend for prior year of 9.5p per share (2014: 9.0p)	1,585	1,510
Interim dividend for current year of 4.5p per share (2014: 4.5p)	749	758
	2,334	2,268

A final dividend of 9.5p (2014: 9.5p) per share for the year ended 31 December 2015 will be proposed at the Annual General Meeting on 15 June 2016. Based on the number of shares in issue at the date of this report, this would equate to a dividend of £1,578k (2014: £1,640k).

Dividends payable on shares held by the Employee Benefit Trust have been waived.

11 Earnings per share

	2015 £'000	2014 £'000
Profit for the financial year	9,632	11,315
Administrative expenses - Pension curtailment gain - exceptional item	-	(4,652)
Deferred tax on DB Pension Scheme gain	-	930
Adjusted profit for the financial year	9,632	7,593

	2015 Number of shares	2014 Number of shares
Weighted average number of shares in issue	17,267,774	17,164,709
Weighted average number of shares held by the Employee Benefit Trust	(485,378)	(485,148)
Basic weighted average number of shares in issue	16,782,396	16,679,561
Dilutive effect of share option schemes	9,325	4,995
Diluted weighted average number of shares	16,791,721	16,684,556
Earnings per share		
Basic	57.4p	67.8p
Diluted	57.4p	67.8p
Adjusted	57.4p	45.5p

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, excluding the weighted average number of shares held by the Employee Benefit Trust.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has one class of dilutive potential ordinary shares, namely share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year.

The Group presented an adjusted earnings per share figure for 2014 which excluded the exceptional pension curtailment gain, net of deferred tax at the relevant rate of UK Corporation Tax. This adjusted earnings per share figure has been calculated by dividing the adjusted earnings by the weighted average number of ordinary shares outstanding during the year, excluding the weighted average number of shares held by the Employee Benefit Trust.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

12 Intangible assets

The Group

	Franchise £'000	Goodwill £'000	Computer Software £'000	Total £'000
Cost				
At 1 January 2015	141	3,216	154	3,511
Currency translation differences	-	-	(4)	(4)
Additions	-	-	3	3
Disposal	-	-	(91)	(91)
At 31 December 2015	141	3,216	62	3,419
Accumulated amortisation				
At 1 January 2015	87	2,136	127	2,350
Currency translation differences	-	-	(2)	(2)
Disposal	-	-	(91)	(91)
Charge for the year	7	155	3	165
At 31 December 2015	94	2,291	37	2,422
Net book value				
At 31 December 2015	47	925	25	997
At 31 December 2014	54	1,080	27	1,161

There are no individually material intangible assets held by the Group.

Company

The Company does not hold any intangible assets.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

13 Tangible assets

The Group	Land and buildings			Plant equipment and vehicles	Total
	Freehold	Long leasehold	Short leasehold		
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2015	2,182	34,750	700	42,410	80,042
Currency translation differences	(13)	-	11	(18)	(20)
Additions	11	75	17	2,108	2,211
Disposals	-	-	(46)	(2,698)	(2,744)
At 31 December 2015	2,180	34,825	682	41,802	79,489
At valuation	256	4,394	-	-	4,650
At cost	1,924	30,431	682	41,802	74,839
At 31 December 2015	2,180	34,825	682	41,802	79,489
Accumulated depreciation					
At 1 January 2015	679	8,242	605	29,610	39,136
Currency translation differences	(10)	-	23	(18)	(5)
Charge for the year	47	665	23	3,019	3,754
Disposals	-	-	(46)	(2,697)	(2,743)
At 31 December 2015	716	8,907	605	29,914	40,142
Net book value					
At 31 December 2015	1,464	25,918	77	11,888	39,347
At 31 December 2014	1,503	26,508	95	12,800	40,906
Comparable amounts determined according to the historical cost convention:					
cost	2,054	33,399	700	41,802	77,955
accumulated depreciation	(703)	(8,662)	(606)	(29,914)	(39,885)
Net book value					
At 31 December 2015	1,351	24,737	94	11,888	38,070
At 31 December 2014	1,388	25,402	94	12,799	39,683

Land and buildings were revalued in 1989 which resulted in an increase to the carrying value of property, plant and equipment in both the Group and the Company. The valuation was carried out by an independent valuer who took into account market values of land and buildings at that time.

Notes to the consolidated financial statements (continued) for the year ended 31 December 2015

13 Tangible assets (continued)

The Company	Land and buildings		Total £'000
	Freehold £'000	Long leasehold	
		£'000	
Cost or valuation			
At 1 January 2015	1,095	34,749	35,844
Additions	-	74	74
At 31 December 2015	1,095	34,823	35,918
At valuation	256	4,394	4,650
At cost	839	30,429	31,268
At 31 December 2015	1,095	34,823	35,918
Accumulated depreciation			
At 1 January 2015	255	8,241	8,496
Charge for the year	16	665	681
At 31 December 2015	271	8,906	9,177
Net book value			
At 31 December 2015	824	25,917	26,741
At 31 December 2014	840	26,508	27,348
Comparable amounts determined according to the historical cost convention:			
cost	969	33,398	34,367
accumulated depreciation	(262)	(8,661)	(8,923)
Net book value			
At 31 December 2015	707	24,737	25,444
At 31 December 2014	723	25,402	26,125

Notes to the consolidated financial statements (continued) for the year ended 31 December 2015

14 Investments

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
At 1 January	-	-	10,648	10,107
Capital contribution arising from share-based payment charge	-	-	1,316	541
At 31 December	-	-	11,964	10,648

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The capital contributions arising from the FRS 102 Section 26: Share-based Payment charge are due to the Company granting share options to employees of Altro Limited. This results in a corresponding increase in investment in Altro Limited.

Principal trading subsidiaries

The principal trading subsidiaries at 31 December 2015 were:

Company	Parent entity	Country of incorporation	Class of shares	% of shares held	Activity
Altro Limited	The Altro Group plc	England & Wales	Ordinary	100	Manufacturing and marketing
Altro APAC Pty Limited	The Altro Group plc	Australia	Ordinary	100	Distribution
Altro GmbH	Altro Limited	Germany	-	100	Distribution
Altro Nordic AB	Altro Limited	Sweden	Ordinary	100	Distribution
Altro Scandess SA	Altro Limited	Spain	Ordinary	100	Distribution
Altro Canada Inc	Altro Limited	Canada	Common	100	Distribution
Altro USA Inc	Altro Limited	USA	-	100	Distribution
Altro Middle East DMCC	Altro Limited	UAE	-	100	Distribution
Altro Trading (Shanghai) Company Limited	Altro Limited	China	-	100	Distribution

Dormant entities

The following companies are wholly owned by the Group but are dormant at the year end:

Altro Whiterock Limited	Kanor Chemicals Limited
Altrofix Limited	Terrazzolite Limited
Altroport Surfaces Limited	Valet-Glym Limited
Autoglym Limited	Zolatone Polomyx Limited
Autoglym Products Limited	The Altro Group SIP Trustees Limited
The Altro Group Trustees Limited	Altro Floors Limited
Recofloor Limited	

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

15 Inventories

Group	2015 £'000	2014 £'000
Raw materials and consumables	4,710	4,547
Finished goods and goods held for resale	11,726	10,994
	16,436	15,541

Inventories are stated after provisions for impairment of £2,770k (2014: £2,591k).

Company

The Company has no inventories at 31 December 2015 (2014: nil).

16 Debtors - due in more than one year

Group	2015 £'000	2014 £'000
Due within 1 year	1,123	-
Due 1 - 5 years	4,490	-
Total loans receivable	5,613	-

A loan to Debolon Dessauer Bodenbeläge GmbH & Co. KG ("Debolon") was agreed in November 2015. A total of £5,613k was transferred to Debolon in December 2015. Of this, £4,490k will accrue interest and is not due to be repaid until further notice. As per the agreement, the remaining £1,123k was repaid to the Group in January 2016 and has therefore been classed as a current asset.

Company

The Company has no loans at 31 December 2015 (2014: nil).

17 Debtors - due in less than one year

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Trade debtors	16,869	16,562	-	-
Amounts owed by group undertakings	-	-	-	526
Other debtors	1,080	695	-	-
Corporation tax	55	-	-	-
Deferred tax asset	609	-	-	-
Prepayments and accrued income	3,154	3,284	-	-
Loan (note 16)	1,123	-	-	-
	22,890	20,541	-	526

Amounts owed by group undertakings are unsecured, repayable on demand and accrue interest at relevant agreed rates to the extent that such balances are overdue but are otherwise interest-free.

Trade debtors are stated after provisions for impairment of £376k (2014: £459k).

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

18 Creditors: amounts falling due within one year

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Bank loans and overdrafts	4,135	2,532	2,787	2,532
Trade creditors	4,822	5,328	-	-
Corporation tax	-	1,108	219	-
Other taxation and social security	1,548	1,191	-	-
Amounts owed to group undertakings	-	-	282	-
Other creditors	404	331	-	-
Accruals and deferred income	6,765	6,313	1,243	660
	17,674	16,803	4,531	3,192

Amounts owed to group undertakings are unsecured, interest-free and repayable on demand. At 31 December 2015, an overdraft facility of US\$2,000k (2014: nil) from one bank was secured against a letter of credit from another.

19 Provisions for other liabilities

The Group

	Deferred tax £'000	Other £'000	Total £'000
At 1 January 2015	47	536	583
(Credited) / charged to profit and loss account	(459)	397	(62)
Utilised in the year	(197)	(193)	(390)
Released in the year	-	(72)	(72)
Other movement	-	(49)	(49)
At 31 December 2015	(609)	619	10

Other provisions represent estimated amounts in respect of worldwide dilapidations and reparations. This provision is expected to be used over the next five years.

The Company

	Deferred tax £'000	Other £'000	Total £'000
At 1 January 2015	76	-	76
Charged to profit and loss account	12	-	12
At 31 December 2015	88	-	88

Deferred tax

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Accelerated capital allowances	378	629	88	76
Other short-term timing differences	(340)	(582)	-	-
Overseas deferred tax	(647)	-	-	-
Deferred tax (asset) / liability	(609)	47	88	76

Notes to the consolidated financial statements (continued) for the year ended 31 December 2015

19 Provisions for other liabilities (continued)

Deferred tax asset relating to Defined Benefit Pension Scheme deficit

	Group	Group
	2015	2014
	£'000	£'000
At 1 January	2,206	3,138
Deferred tax charge to profit and loss account	-	(1,407)
Deferred tax credit to Other comprehensive income	(780)	475
At 31 December	1,426	2,206

20 Operating lease commitments

The commitments at 31 December under non-cancellable operating leases are:

	2015		2014	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Leases expiring:				
within one year	797	445	770	565
between one and five years	390	578	1,018	615
after five years	2,956	-	2,929	-
	4,143	1,023	4,717	1,180

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

21 Retirement benefits

(a) Defined Benefit Pension Scheme (DB Scheme)

The Group operates a funded DB Scheme in the UK which offers both pensions in retirement and death benefits to members. A full actuarial valuation was carried out as at 30 April 2014; the results have been updated to 31 December 2015 by a qualified independent actuary and showed a deficit at that date of £7,920k (2014: £11,028k) gross of deferred tax, measured in accordance with FRS 102 Section 28: Employee benefits.

The DB Scheme was closed to future accrual on 31 March 2014. All members became deferred and the link to final salary was broken. This resulted in a pension curtailment gain of £4,652k in 2014, which has been disclosed as an exceptional item due to its one-off nature.

The Group plans to reduce the DB Scheme obligation through an agreed contribution of £2,500k (2014: £1,750k) per year.

i) Net pension liability

The pension liability at 31 December was as follows:

	2015 £'000	2014 £'000
Fair value of DB Scheme assets	109,328	108,667
Present value of DB Scheme liabilities	(117,248)	(119,695)
Pension liability before tax	(7,920)	(11,028)
Related deferred tax asset	1,426	2,206
Net pension liability	(6,494)	(8,822)

The present value of unfunded DB Scheme liabilities is nil (2014: nil). The irrecoverable surplus in the DB Scheme is nil (2014: nil).

ii) Analysis of assets and expected rates of return

The fair value of plan assets at 31 December were:

	2015 £'000	2014 £'000
Equities	22,670	30,550
LDI funds and cash	29,598	39,380
Diversified Growth Funds	57,060	38,737
Fair value of DB Scheme assets	109,328	108,667

The DB Scheme assets do not include any of the Company's own financial instruments, nor any property occupied by, or other assets used by the Company.

Notes to the consolidated financial statements (continued) for the year ended 31 December 2015

21 Retirement benefits (continued)

iii) Financial and demographic assumptions

The principal financial assumptions used by the actuary at the balance sheet date were:

	2015	2014
	%	%
Rate of increase in pensions in payment (post 2006)	2.2	2.1
Rate of increase in pensions in payment (post 1997, pre 2006)	3.6	3.6
Rate of increase in pensions in payment (pre 1997)	3.0	3.0
Discount rate	3.9	3.7
RPI Inflation	3.2	3.1
CPI Inflation	2.1	2.0

The assumed life expectancies on retirement at age 65 were:

		2015	2014
		Years	Years
Retiring today	males	22.8	22.5
	females	24.8	24.5
Retiring in 20 years' time	males	24.4	24.3
	females	26.4	26.3

The assumptions used in determining the overall expected return of the DB Scheme have been set with reference to yields available on government bonds and appropriate risk margins.

iv) Changes in fair value of DB Scheme assets

	2015	2014
	£'000	£'000
Fair value of DB Scheme assets at 1 January	108,667	94,403
Interest income on DB Scheme assets	4,004	4,214
Actuarial (loss) / gain	(2,110)	11,651
Contributions by employer	2,187	2,068
Contributions by DB Scheme members	-	198
Benefits paid	(3,079)	(3,579)
Administration costs incurred	(341)	(288)
Fair value of DB Scheme assets at 31 December	109,328	108,667

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

21 Retirement benefits (continued)

v) Changes in present value of DB Scheme liabilities

	2015 £'000	2014 £'000
Present value of DB Scheme liabilities at 1 January	119,695	110,095
Current service cost	-	401
Interest cost	4,372	4,887
Contributions by DB Scheme members	-	198
Curtailement gain	-	(4,652)
Remeasurement (gain) / loss	(3,740)	12,345
Benefits paid	(3,079)	(3,579)
Present value of DB Scheme liabilities at 31 December	117,248	119,695

vi) Analysis of amounts recognised in the profit and loss account

	2015 £'000	2014 £'000
Current service cost	-	401
Administration expenses	341	288
Curtailement gain	-	(4,652)
Total operating charge / (credit)	341	(3,963)
Interest on DB Scheme net deficit	368	673
Total finance income (note 8)	368	673

vii) Amounts recognised in Other comprehensive income

	2015 £'000	2014 £'000
Actual return on DB Scheme assets less interest income - (loss) / gain	(2,110)	11,651
Remeasurement gain / (loss) on DB Scheme liabilities	3,740	(12,345)
	1,630	(694)

(b) Defined Contribution Pension Schemes (DC Schemes)

The Group makes contributions into a number of Defined Contribution Pension Schemes, whose assets are held in separate funds. The total contributions payable by the Group in the year in respect of these schemes were £1,399k (2014: £1,984k). There were no accrued contributions at the year end (2014: nil). Contributions of £1,907k were prepaid at the year end (2014: £2,093k).

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

22 Financial instruments

Group

The Group has the following financial instruments:

	2015 £'000	2014 £'000
Financial assets that are debt instruments measured at amortised cost		
- Trade receivables	16,869	16,562
- Other receivables	1,080	695
- Loans	5,613	-
	23,562	17,257
Financial liabilities at fair value through profit or loss		
Foreign exchange forward contracts	(7)	(132)
Financial liabilities measured at amortised cost		
- Trade creditors	4,822	5,328
- Accruals	6,765	6,313
- Other creditors	404	331
- Bank overdrafts and other borrowings	4,135	2,532
	16,126	14,504

Derivative financial instruments - forward contracts

The Group enters into forward foreign currency contracts to mitigate the exchange rate risk for purchases and sales. At 31 December 2015, the outstanding contracts all mature within 9 months (2014: 12 months) of the year end. The Group is not committed to buy currencies (2014: committed to buy €2,000k). At 31 December 2015 the Group had committed to sell €1,000k for a fixed sterling amount (2014: AUD \$330k, CAD \$4,275k, US \$8,400k and SEK 7,000k).

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP:EUR. The fair value of the forward foreign currency contracts is £7k loss (2014: £132k loss).

Bank overdrafts and other borrowings

At 31 December 2015, an overdraft facility of US\$2,000k (2014: nil) from one bank was secured against a letter of credit from another. The interest rate per annum applicable to this credit facility is 2.5% above LIBOR. Amounts owed to the bank will be due for repayment within one year at the end of the term.

No interest (2014: nil) is charged on the remainder of the bank overdraft.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

23 Share-based payment

During the year ended 31 December 2015, the Group operated three share-based payment arrangements, as follows:

The Altro Group plc 2007 United Kingdom Approved Share Option Scheme (Approved Scheme)

The Approved Scheme was introduced in 2007. Under the Approved Scheme the board can grant options over shares in the Company to employees of the Group. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The contractual life of an option is ten years. Awards are generally reserved for employees at senior and director level. There are six eligible participants at the balance sheet date. As appropriate, the Company has made annual grants since the inception of the Approved Scheme. Options granted under the Approved Scheme will become exercisable on the third anniversary of the date of grant and exercise is conditional on there having been real growth in the earnings per share of the Group in any three years between the date the option was granted and the date of exercise. Real growth means an increase above the General Index of Retail Prices of not less than 2% and earnings per share are as shown in the Group's audited financial statements. Exercise of an option is subject to continued employment and is settled by equity.

The Altro Group plc Phantom Share Option Scheme 2005 (Phantom Scheme)

The Phantom Scheme was introduced in 2005 and the board can grant options over notional shares in the Company to employees of the Group. The contractual life of an option is seven years and options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. Awards under the Phantom Scheme are generally reserved for employees at senior and director level. There are six eligible participants at the balance sheet date. As appropriate, the Company has made annual grants since 2006. Options granted will become exercisable on the third anniversary of the date of grant. There are no performance conditions attached to the exercise of an option under the Phantom Scheme. Exercise of an option is subject to continued employment for three years. An option is usually satisfied in cash although the board does have an absolute discretion to satisfy payment in whole or in part by the issue of equity in the Company.

The Altro Group plc Share Incentive Plan (SIP)

The SIP was introduced in 2003 and the board can award free shares in the Company to UK-based employees of Altro Limited. Under current legislation free shares must be kept in trust for a minimum of three years and for five years to take advantage of full tax benefits. There is an upper statutory limit of £3,600 worth of shares per tax year. Awards are granted with a fixed price equal to the market price of the shares at the date of award. Awards under the SIP are reserved for employees who have been in continuous employment for a period of six months prior to the award eligibility date. The eligibility date is set one month prior to the award date. Recipients of a grant made under either the Approved Scheme or Phantom Scheme do not participate in the SIP. There are 485 eligible employees at the balance sheet date. The Company has made annual awards since 2003 and there are no performance conditions attached to an award. An award is satisfied by the issue of equity shares. The exercise price is nil and dividends are paid as they fall due.

The charge in respect of share-based payment transactions included in the Group's consolidated profit and loss account for the year is as follows:

	2015	2014
	£'000	£'000
Expense arising from share-based payment arrangements	1,316	575

A reconciliation of option and SIP movements over the year to 31 December 2015 is shown below. Shares issued under the SIP do not have an exercise price and therefore only a reconciliation of the number of awards has been shown and not of their weighted average exercise price.

	2015		2014	
	Number of options	Weighted average exercise price pence	Number of options	Weighted average exercise price pence
Outstanding at 1 January	942,433	436	965,020	436
Granted during the year	132,982	571	163,130	498
Exercised during the year	(265,628)	442	(99,728)	408
Cancelled/lapsed during the year	(1,633)	475	(85,989)	501
Outstanding at 31 December	808,154	485	942,433	436
Exercisable at 31 December	381,377	434	239,600	418

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

23 Share-based payment (continued)

During the year three directors exercised share options (2014: four).

The weighted average fair value of the share options granted during the year was calculated using the Black-Scholes option valuation model, with the following assumptions and inputs:

Approved scheme:	2015	2014
Risk-free interest rate	0.7%	n/a
Expected volatility	40%	n/a
Expected option life	3-10 years	n/a
Expected dividend yield	2.5%	n/a

Phantom scheme:	2015	2014
Risk-free interest rate	0.7%	1.0%
Expected volatility	40%	40%
Expected option life	2-6 years	4 years
Expected dividend yield	2.0%	2.5%

The expiry dates and exercise prices of the share options outstanding at 31 December are as follows:

Share option schemes	Settlement method	Number of options		Exercise price pence	Exercisable between
		2015	2014		
Approved	Equity	-	24,740	485	03.04.2011 and 03.04.2015
		-	7,425	404	05.03.2012 and 05.03.2019
		11,650	11,650	515	04.04.2014 and 04.04.2021
		-	1,633	475	11.04.2015 and 11.04.2022
		21,012	-	571	11.04.2018 and 11.04.2025
Total Approved		32,662	45,448		
Phantom	Cash	31,535	52,662	404	05.03.2012 and 05.03.2016
		41,139	79,523	316	15.07.2013 and 15.07.2017
		31,340	63,600	515	04.04.2014 and 04.04.2018
		57,485	100,223	475	11.04.2015 and 11.04.2019
		81,324	96,157	521	11.04.2016 and 11.04.2020
		105,689	105,689	467	11.04.2017 and 11.04.2021
		68,745	-	571	11.04.2018 and 11.04.2022
Total Phantom		417,257	497,854		
Share Incentive Plan	Equity	353,387	399,131		
Total Share Incentive Plan		353,387	399,131		
Total share options outstanding		803,306	942,433		

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

24 Investment in own shares

The Group accounts for its own shares held by the trustees of the Employee Benefit Trust (EBT) as a deduction from shareholders' funds as required by FRS 102 Section 22.16. The costs of running the EBT are charged to the Company's profit and loss account as they occur and are financed by advances from the Company.

	At 31 December 2015	At 31 December 2014
Number of shares in the Company owned by the EBT	534,274	459,523
Nominal value of shares held	£53,427	£45,952
Cost price of shares held	£3,146,560	£2,344,330
Prevailing valuation of the shares (pence)	842	571
Total market value of shares	£4,498,587	£2,623,876
Maximum number of shares in the Company owned by the EBT during the year	563,232	565,877
Minimum number of shares in the Company owned by the EBT during the year	468,891	412,839

The EBT does not award shares to employees. When awards are made to eligible employees for the SIP grant, the shares are transferred from the EBT to the SIP Trust to be held on trust for those individuals. The EBT sells shares it holds both to employees and to The Altro Group plc. The shares held by the EBT are therefore not under option to employees.

Dividends payable on these shares are waived.

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

25 Called-up share capital

Authorised, called up, allotted and fully paid share capital

	2015 £'000	2014 £'000
Authorised:		
50,000,000 ordinary shares of 10p each (2014: 50,000,000 ordinary shares of 10p each)	5,000	5,000
Called up, allotted and fully paid:		
17,163,607 ordinary shares of 10p each (2014: 17,262,332 ordinary shares of 10p each)	1,716	1,726

Movements in share capital in the year

	2015 Number of shares	2014 Number of shares
At 1 January	17,262,332	17,437,476
Shares issued	32,165	5,036
Own shares purchased	(130,890)	(180,180)
At 31 December	17,163,607	17,262,332

Allotment of shares

During the year 32,165 (2014: 5,036) options were exercised to acquire ordinary shares. 149,342 (2014: 82,621) options were exercised under The Altro Group plc Phantom Share Option Scheme 2005, which did not result in the issue of shares.

Purchase of own shares

During the year the Company purchased and subsequently cancelled 130,890 (2014: 180,180) of its own shares. The nominal value of the shares was £13,089 (2014: £18,018) and the amount paid was £1,000k (2014: £1,000k).

Shareholder analysis

	Number	Shares (millions)	%
Directors and their families	13	10.5	61%
Employees, ex-employees and their families	382	4.4	26%
The Share Incentive Plan and the Employee Benefit Trust	14	0.9	5%
Institutions	2	0.2	1%
Other	2	1.2	7%
	413	17.2	100%

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

26 Notes to the consolidated cash flow statement

	2015 £'000	2014 £'000
Profit for the financial year	9,632	11,315
Adjustments for:		
Tax on profit on ordinary activities	1,038	4,257
Net interest expense	293	630
Operating profit	10,963	16,202
Amortisation of intangible assets	165	164
Depreciation of tangible assets	3,754	3,867
Loss on disposal of tangible assets	-	53
Curtailment gain	-	(4,652)
Post employment benefits less payments	(1,478)	(1,379)
Share based payment charge	1,316	575
Currency translation differences and other non-cash movements	-	(73)
Decrease in net provisions	(83)	(91)
Working capital movements:		
- increase in inventories	(1,074)	(452)
- Increase in debtors and prepayments	(562)	(2,289)
- (Decrease) / increase in payables	(365)	881
Net cash inflow from operating activities	12,636	12,806

27 Capital commitments

Group

	2015 £'000	2014 £'000
Contracted but not provided for	716	551

Company

The Company does not have any capital commitments at 31 December 2015 (2014: nil).

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

28 Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under UK GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 December 2014 to the total equity as at 1 January 2014 and 31 December 2014 between UK GAAP as previously reported and FRS 102.

There were no changes to the Company financial statements as a result of the transition to FRS 102. All of the figures presented in this note refer to the Group.

a) Profit and loss account

	Notes	Year ended 31 December 2014		
		As previously reported £'000	Effect of transition £'000	FRS 102 (as restated) £'000
Turnover	A, E	118,534	(1,735)	116,799
Cost of sales	A, E	(54,615)	1,427	(53,188)
Gross profit		63,919	(308)	63,611
Distribution costs		(26,740)	-	(26,740)
Administrative expenses	A, B, C	(25,061)	(260)	(25,321)
Pension curtailment gain - exceptional item		4,652	-	4,652
Operating profit		16,770	(568)	16,202
Interest receivable and similar income	C	789	(722)	67
Interest payable and similar charges	C	(24)	(673)	(697)
Profit on ordinary activities before taxation		17,535	(1,963)	15,572
Tax on profit on ordinary activities		(4,257)	-	(4,257)
Profit for the financial year		13,278	(1,963)	11,315

b) Statement of Other comprehensive income

	Notes	Year ended 31 December 2014		
		As previously reported £'000	Effect of transition £'000	FRS 102 (as restated) £'000
Profit for the financial year		13,278	(1,963)	11,315
Other comprehensive income:				
Currency translation differences		39	-	39
Remeasurements of net defined benefit obligation	C	(2,377)	1,683	(694)
Total tax on components of other comprehensive income		475	-	475
Other comprehensive income for the year, net of tax		(1,863)	1,683	(180)
Total comprehensive income for the year		11,415	(280)	11,135

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

28 Transition to FRS 102 (continued)

c) Balance sheet

Notes	At 1 January 2014			At 31 December 2014		
	As previously reported	Effect of transition	FRS 102 (as restated)	As previously reported	Effect of transition	FRS 102 (as restated)
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets						
Intangible assets	1,295	-	1,295	1,161	-	1,161
Tangible assets	43,618	-	43,618	40,906	-	40,906
	44,913	-	44,913	42,067	-	42,067
Current assets						
Inventories	15,037	-	15,037	15,541	-	15,541
Debtors	B 18,252	280	18,532	20,541	-	20,541
Cash at bank and in hand	7,469	-	7,469	12,997	-	12,997
	40,758	280	41,038	49,079	-	49,079
Creditors: amounts falling due within one year	B, D (15,589)	(300)	(15,889)	(16,503)	(300)	(16,803)
Net current assets	25,169	(20)	25,149	32,576	(300)	32,276
Total assets less current liabilities	70,082	(20)	70,062	74,643	(300)	74,343
Provision for other liabilities	(606)	-	(606)	(583)	-	(583)
Net assets excluding Defined Benefit Pension Scheme liability	69,476	(20)	69,456	74,060	(300)	73,760
Defined Benefit Pension Scheme liability	(12,554)	-	(12,554)	(8,822)	-	(8,822)
Net assets including Defined Benefit Pension Scheme liability	56,922	(20)	56,902	65,238	(300)	64,938
Capital and reserves						
Called-up share capital	1,744	-	1,744	1,726	-	1,726
Share premium account	6,991	-	6,991	7,013	-	7,013
Other reserves	(1,517)	-	(1,517)	(1,347)	-	(1,347)
Retained earnings	B, D 49,704	(20)	49,684	57,846	(300)	57,546
Total equity	56,922	(20)	56,902	65,238	(300)	64,938

Notes to the consolidated financial statements (continued)

for the year ended 31 December 2015

28 Transition to FRS 102 (continued)

d) Notes to the transition

A Foreign exchange rates

FRS 102 requires transactions in foreign currencies to be translated into the presentational currency at the actual rate at the date of the transaction. Previously under UK GAAP, the Group used the contracted forward exchange rates to translate the foreign currency sales and purchases. On transition to FRS 102, the Group has made an adjustment to reflect foreign currency transactions at the actual exchange rates at the date of transactions.

The financial impact of this adjustment on the Group sales is offset by the reduction in costs of sales and in administration expenses. The impact of this adjustment is shown in the profit and loss statement shown in part 28a) above.

B Financial instruments

FRS 102 requires derivative financial instruments to be recognised at fair value. Previously under UK GAAP, the Group did not recognise these instruments in the financial statements. On transition to FRS 102, the Group has recognised the foreign currency forward contracts in the balance sheet and revalued them at the reporting date.

At 1 January 2014, the Group had an asset in relation to the gain on forward contracts of £280k and an additional £280k of retained earnings brought forward. The gain on these forward contracts was realised in 2014 and the asset released. At 31 December 2014 the Group had no asset or liability in relation to forward contracts.

C Defined Benefit Pension Scheme

Under previous UK GAAP, the Group recognised an expected return on Defined Benefit Pension Scheme assets in the profit and loss account. Under FRS 102 a net interest expense, based on the net Defined Benefit Pension Scheme liability, is recognised in the profit and loss account. There has been no change to the defined benefit liability at either 1 January 2014 or 31 December 2014. The effect of this change has been to reduce the credit to the profit and loss account in the year to 31 December 2014 by £1,683k and increase Other comprehensive income by an equivalent amount.

D Holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the Group recognising a liability for holiday pay of £300k on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid. In the year to 31 December 2014, no additional charge was recognised in the profit and loss account and the liability at 31 December 2014 remained at £300k.

E Restatement

A reclassification reducing both turnover and cost of sales by £1,185k has been made to the comparative financial information for the year ended 31 December 2014 to reflect the true nature of the underlying transactions. This has no impact on the profit for the year or net assets. Although unrelated to the FRS 102 translation, this reclassification has also been included in the above table.

Notes to the consolidated financial statements (continued) for the year ended 31 December 2015

29 Related party transactions

The Company has taken advantage of the exemption available in paragraph 33.1A of FRS 102: Related party disclosures and has not disclosed transactions with other wholly owned Group companies. Transactions between group companies that eliminate in the consolidated financial statements are not disclosed.

A close family member of a director is employed by the Group. The remuneration is considered to be at market value.

30 Events after the reporting year

On 1 January 2016, Alto Limited indirectly acquired 80% of the ordinary share capital of Debolon Dessauer Bodenbeläge GmbH & Co. KG ("Debolon"). Debolon manufactures and sells flooring systems; it is based in Germany, but trades internationally.

In order to fund Debolon, a loan was agreed in November 2015. A total of £5,613k was transferred to Debolon in December 2015. Of this, £4,490k has been classed as non-current as at 31 December 2015. The remaining £1,123k was repaid to the Group in January 2016 and has been classed as a current asset.

31 Ultimate parent company

The ultimate parent undertaking and controlling party is The Altro Group plc, a Company incorporated in Great Britain and registered in England and Wales. For the year ended 31 December 2015, The Altro Group plc is the parent undertaking of the largest and smallest group of undertakings whose results are consolidated in these financial statements at 31 December 2015.

Five year financial summary

This summary does not form part of the audited financial statements.

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Balance sheet					
Fixed assets	40,344	42,067	44,913	42,929	37,409
Current assets	55,788	49,079	40,758	41,378	45,507
Total assets	96,132	91,146	85,671	84,307	82,916
Ordinary shareholders' funds	71,345	64,938	56,922	60,309	57,400
Other creditors	18,293	17,386	16,195	16,468	17,649
Defined Benefit Pension Scheme liability	6,494	8,822	12,554	7,530	7,867
Total funds employed	96,132	91,146	85,671	84,307	82,916
Turnover and profits					
Turnover	121,374	116,799	111,620	112,297	109,338
Operating profit	10,963	16,202	9,124	10,144	8,752
Profit for the financial year	9,632	11,315	6,486	7,228	6,222
Ordinary dividends	2,334	2,268	2,289	2,306	2,332
	Pence	Pence	Pence	Pence	Pence
Diluted earnings per share	57.4	67.8	38.3	42.1	35.6
Adjusted earnings per share	57.4	45.5	38.3	42.1	35.6
Dividends per share	14.0	14.0	13.5	13.5	13.5
Net assets per share	415.7	376.2	326.4	344.7	325.6
Gearing ratio %	0.0	0.0	0.0	0.0	0.0
Average number of employees	632	600	634	636	621

The final dividends are not included in the ordinary dividends total above, in accordance with FRS 102 (see note 10). They are included in the dividends per share.

Figures for 2015 and 2014 have been reported under FRS 102. Figures for 2011 to 2013 are as previously reported under UK GAAP.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of The Altro Group plc ("the Company") will be held at Works Road, Letchworth Garden City, Hertfordshire, SG6 1NW on **Wednesday 15 June 2016**, at 5.00pm.

Ordinary business

1. To receive and adopt the report of the directors and the financial statements for the year ended 31 December 2015, together with the report of the auditors.
2. To declare a final dividend of 9.5p per issued Ordinary Share of 10p each of the Company in respect of the year ended 31 December 2015.
3. To authorise the directors' remuneration payable for the year ended 31 December 2015.
4. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company and to authorise the directors to agree their remuneration.

Special business

5. To consider and if thought fit, pass the following resolution which will be proposed as a special resolution:

THAT pursuant to a members' resolution passed on 19 June 2014 to extend the Phantom Share Option Scheme 2005 ("Scheme") for 3 years from that date and a resolution of the Board of Directors passed on 3 March 2016 to amend the Scheme Rules to satisfy the aforementioned resolution, the deletion of clause 2.1.2 ("no Phantom Option may be granted under the Scheme after the tenth anniversary of the Date of Adoption") in the Phantom Share Option Scheme 2005 Rules be and is hereby unconditionally approved and ratified by the shareholders and this amendment shall be applied retrospectively from 1 January 2016.

6. To consider and if thought fit, pass the following resolution which will be proposed as a special resolution:

THAT subject to the passing of resolution 5, the Phantom Share Option Scheme 2005 Rules be further amended to delete all references to a 42 day period of grant by the deletion of the words "within a period of 42 days immediately following an Announcement Date" from clause 2.1 and the deletion of the whole of clause 2.3 (including 2.3.1 and 2.3.2.) and that these amendments be applied retrospectively from the date of the first grant under the Scheme.

7. To consider and if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

THAT pursuant to section 551 of the Companies Act 2006 ("Act") and in substitution for all existing authorities, the directors be and are generally and unconditionally authorised to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £3,283,056.80 for a period expiring fifteen months after the date of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company, but the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after expiry of this authority and the directors may allot shares or grant such rights in pursuance of that offer or agreement as if the authority conferred by this resolution had not expired.

8. To consider and if thought fit, pass the following resolution which will be proposed as a special resolution:

THAT in substitution for all existing powers and subject to the passing of resolution 7, the directors be and are generally empowered pursuant to section 570 of the Act to allot equity securities, within the meaning of section 560 of the Act, for cash pursuant to the general authority conferred by resolution 7 as if section 561 of the Act and all pre-emption rights conferred by the Articles of Association of the Company did not apply to the allotment, for a period of fifteen months after the date of this resolution or, if earlier, at the conclusion of the next Annual General Meeting of the Company, but the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the directors may allot securities in pursuance of that offer or agreement as if the power conferred by this resolution had not expired, but so that the aggregate nominal value of the equity securities allotted under this authority does not exceed £85,847.16.

9. To consider and if thought fit, pass the following resolution which will be proposed as a special resolution:

THAT it be clarified and approved that all special resolutions approving the disapplication of pre-emption rights passed by the members of the Company prior to today's date have disapplied all pre-emption rights wholly and completely including those rights conferred by the Articles of Association from time to time and that all allotments of ordinary shares in the Company made pursuant to such resolutions be and are hereby unconditionally approved and ratified by the shareholders.

By order of the Board



E P Boyle

Secretary

11 May 2016

Registered Office: Works Road, Letchworth Garden City, Hertfordshire, SG6 1NW

Note: A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company. See form of proxy for more details.

Further notes to the Notice of Annual General Meeting of The Altro Group plc

These further notes should be read in conjunction with, and form part of, the Notice of Annual General Meeting set out at page 55 in The Annual Report and Consolidated Financial Statements.

1. A member is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a member of the Company.
2. A member may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the number of shares set out in the other proxy appointments is in excess of the number of shares held by the member may result in the proxy appointment being invalid.
3. The appointment of a proxy will not preclude a member from attending and voting in person at the meeting.
4. When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's registrar at Capita Asset Services PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or the proxy form may be photocopied. State clearly on each proxy form the number of shares in relation to which the proxy is appointed.
5. A member which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.