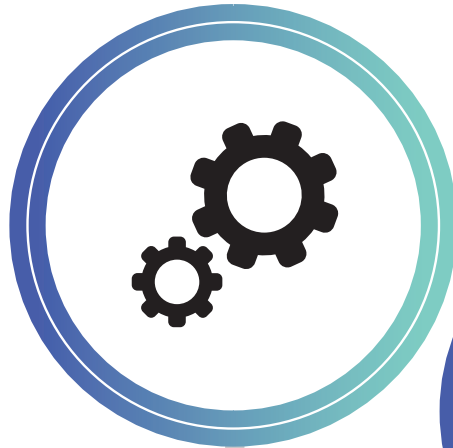




elektron
technology

Connect Monitor Control

Elektron Technology plc
Annual Report and Accounts 2015



Checkit. Monitor everything, from anywhere, on any device. Stay on top of food safety on the move, analyse records and optimise your business.

www.checkit.net

Different and better

Elektron Technology is a global business that designs, manufactures and markets products that connect, monitor and control.

We offer a unique combination of insight and applications. It's what makes them different and better, driven by the desire to deliver innovation to a connected world.



Find out more online at
www.elektron-technology.com

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Group highlights

Financial performance¹

- Revenue from continuing operations: £44.4m (2014: £46.3m), including sales from new products (defined as products launched in the last three years) of £3.3m (2014: £2.5m)
- Operating profit before non-recurring or special items: £1.7m (2014: £0.6m)
- Profit before tax from continuing operations: £0.2m (2014: loss £4.9m)
- Adjusted earnings per share from continuing operations (before non-recurring or special items): 1.0 pence (2014: loss 0.3 pence)
- Net borrowings: £2.7m (2014: £8.0m)

Restructuring and investment

- New Product Development capitalised expenditure (NPD): £1.1m (2014: £1.9m), with focus on Checkit development

Financing

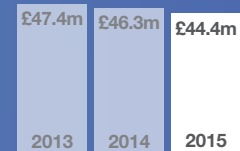
- Gross proceeds of £3.3m from share placing and open offer

¹ Figures for continuing operations, except where otherwise stated.

* Before non-recurring or special items

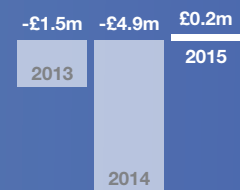
Revenue on continuing operations

£44.4m



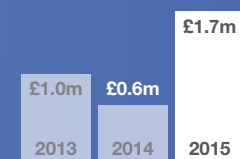
Profit before tax

£0.2m



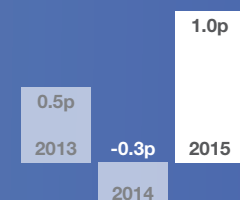
Operating profit*

£1.7m



Adjusted earnings per share

1.0p



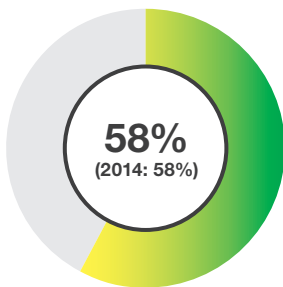
Segments

The Elektron development process

We bring together advanced engineering expertise and diverse talents within our Cambridge Technology Centre. By pooling talents across a variety of scientific and engineering disciplines, we're able to take advantage of emerging trends and deliver better products, faster.

Connectivity

Group sales



Sales

£25.8m
(2014: £27.0m)

Operating profit¹

£2.9m
(2014: £1.7m)

¹ Continuing operations and before non-recurring or special items.

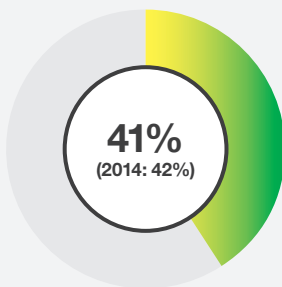
Key products

- Sealed connectors for the most demanding environments
- Switches, indicators, battery and fuseholders



Instrumentation, Monitoring and Control

Group sales



Sales

£18.4m

(2014: £19.3m)

Operating loss¹

£(0.5)m

(2014: £(1.0)m)

¹ Continuing operations and before non-recurring or special items.

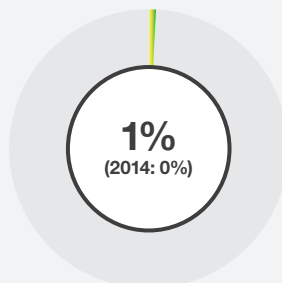
Key products

- Ophthalmic instruments
- Nanopositioning and sensing equipment
- Coating and surface measurement instruments
- Vehicle power management systems
- Router cutter design and manufacture
- Distribution of scientific equipment and consumables



Checkit

Sales



Sales

£0.2m

(2014: £0.1m)

Operating loss¹

£(0.7)m

(2014: (£0.1)m)

¹ Continuing operations and before non-recurring or special items.

Key products

Checkit is a smart, wireless solution that makes the vital process of monitoring food safety and hygiene faster, easier and more reliable.

A completely paperless system, Checkit simplifies record-keeping and, with instant alerts to highlight food safety issues, provides complete assurance that the business – and its customers – are protected and provides instant integration to our Cloud application and remote access on any device.

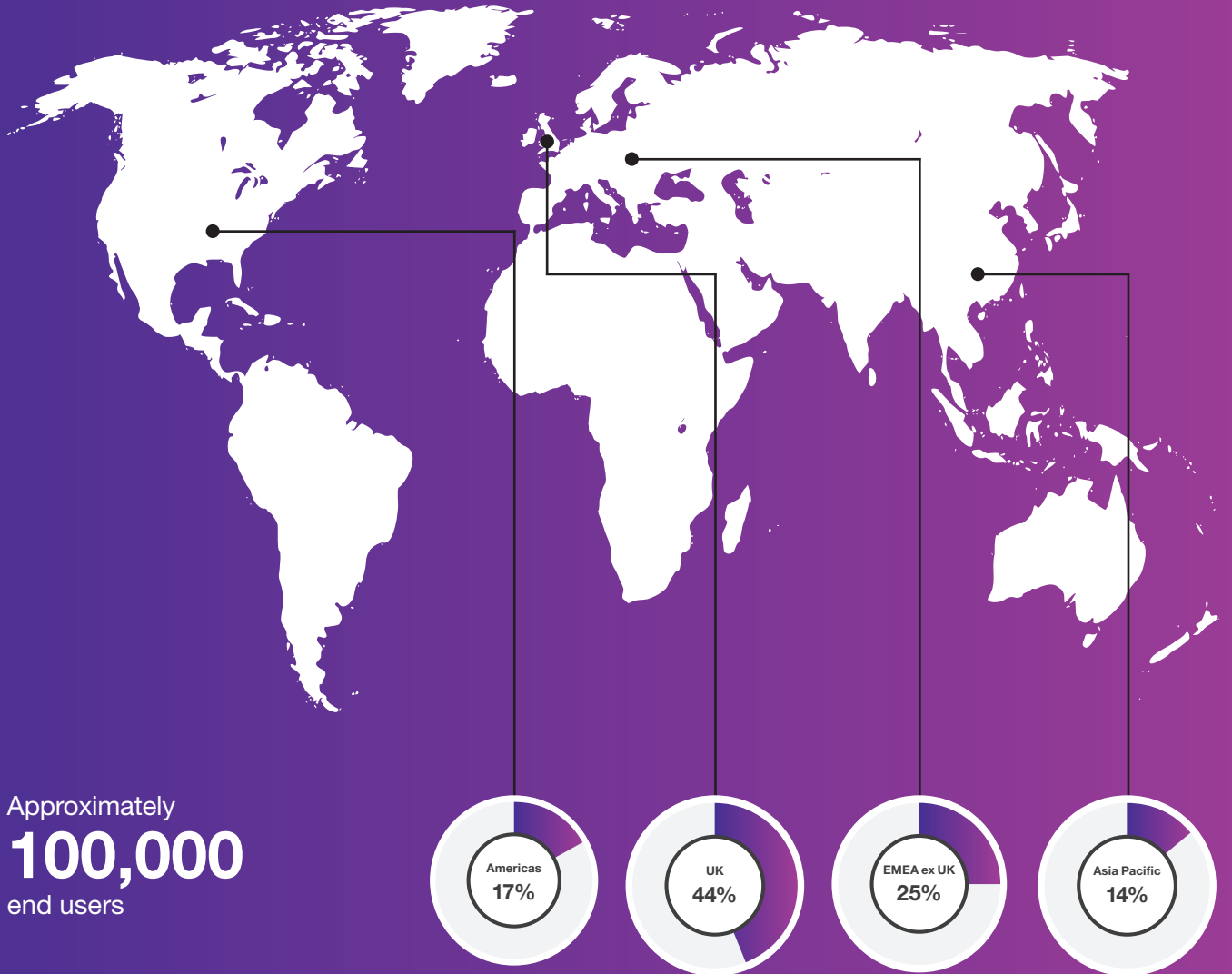


At a glance

Business is increasingly globalised and moving faster everyday. Elektron has built an organisation focused on delivering innovation across every continent and even in space.

Our globalised markets

Our customers are served by a network of over 7,000 distribution partners spanning more than 125 countries. This means that we are well placed to deliver the key technology products required by today's globalised businesses.



Review of performance and strategic update

“Elektron owns a portfolio of well established products and brands that provide cash flow as well as customer access and feedback.”



Keith Daley
Chairman

Overview

We conceive, design and market innovative engineered products and services for businesses that connect, monitor and control.

We have a multi-skilled team of engineers, software and product line specialists based in Cambridge focused on the opportunities created by global trends in the following areas:

- new waves of “aware” business applications: Checkit;
- demand for ubiquitous power and data: Bulgin; and
- growth in high precision manufacturing: Queensgate.

In addition, Elektron owns a portfolio of well established products and brands that provide cash flow as well as customer access and feedback.

The results for the year demonstrate the good progress the Group has made during the past twelve months. As expected, revenues are lower than the previous year, down 4% to £44.4m as a result of declines in legacy product ranges and the strategic decision to rationalise low margin products. However, selective price increases and reductions in overheads have generated operating profit (before non-recurring or special items) of £1.7m, almost treble 2014’s £0.6m.

As previously announced, all operational exceptional cash costs have been eliminated with non-recurring or special items relating principally to the fundraise, renegotiation of bank facilities and the successful completion of the Strategic Alternatives Process.

Whilst the Group saw a net £2.5m cash inflow during the period as a result of the fundraise, significantly increased working capital control and improved operating performance led to a further reduction in net debt in the second half of the year to £2.7m (2014: £8.0m).

Brand strategies

Elektron has a diverse portfolio of brands and products. The Group’s strategy is to invest in fledgling brands and products within the portfolio that are capable of substantial growth whilst ensuring that cash flow from the lower growth established brands is maximised by strictly controlling costs and defending existing market positions where possible. Detailed segmental operating performance is covered in the Financial review on pages 16 to 18.

The Connectivity segment saw a strengthening of financial performance. Revenue was down 4% to £25.8m (2014: £27.0m), but operating profit before non-recurring or special items was up by 71% to £2.9m (2014: £1.7m) as a result of the benefits from a sales focus on higher margin design-in products and from cost cutting initiatives started in previous years.



John Wilson
Chief Executive

Review of performance and strategic update continued

Brand strategies continued

Within the Instrumentation, Monitoring and Control (IMC) segment, losses were reduced by 55% to £0.5m (2014: £1.0m). The (albeit reduced) losses incurred were principally due to the continuing costs of re-establishing the Queensgate business that had struggled to retain market position for many years prior to the recent NPD investment. Although it has a very long sales cycle, there are promising signs that the investment in Queensgate will bear fruit over the next two years.

The Board believes that Checkit will, in future years, be an important growth driver for the Group and has decided to show this segment separately for the first time given the level of investment involved and the opportunity it presents. Checkit is effectively a start-up and, as budgeted, incurred losses for the year of £0.7m (2014: £0.1m).

Summaries of the strategies for individual brands are set out below.

Connectivity brands

(58.1% of Group turnover, 21% of gross capitalised development costs to date).

Bulgin connectors (very large lower growth markets) and other electromechanical components (large lower growth markets): Invest in connectivity NPD and “value-added” capability, marketing and sales resource.

Arcolectric switches and indicators (medium-sized declining markets): Work to defend existing business from very low cost competitors operating on single-digit margins and ensure costs are as low as possible.

The Board believes it is helpful to categorise global markets for the Group’s products as follows:

| Market size | Defined as |
|-------------|------------------------------|
| Very large | In excess of £2 billion |
| Large | £500 million to £2 billion |
| Medium | £200 million to £500 million |
| Small | Up to £200 million |

We categorise the Group’s different classes of revenue according to the growth characteristics of the markets in which they participate as summarised below:

| Revenue in markets categorised as: | 2015 £m | 2014 £m | Change % |
|------------------------------------|-------------|-------------|---------------|
| High growth | 2.3 | 2.0 | +15.0% |
| Static/lower growth | 31.2 | 31.4 | - 0.6% |
| Declining | 10.9 | 12.9 | - 15.5% |
| Total | 44.4 | 46.3 | - 4.1% |

IMC brands

(41.4% of Group turnover, 50% of gross capitalised development costs to date mainly in Queensgate and Ophthalmic).

Sheen instrumentation, Wallace instrumentation, Carnation vehicle control systems and Titman router cutters (all small static markets): Seek to ensure costs are as low as possible and identify NPD and value engineering opportunities.

Agar (including Agar Medical, formerly Qados) and Digitron instrumentation distribution (small and medium-sized static and modestly growing markets): Invest in “e-commerce” and seek to add complementary products from third parties.

Ophthalmic instrumentation (small high growth markets): Invest in additional sales resource and look for further NPD opportunities.

Queensgate nanopositioning systems (potential for increased market share within medium-sized potentially high growth markets): Continue to develop business with large users, look for further NPD opportunities once the existing investment has been validated by further customer orders, and offer complementary design service capability to OEM end users.

Checkit

(0.5% of Group turnover, 29% of gross capitalised development costs to date).

Checkit food safety system (excellent growth potential within currently small but potentially very large high growth markets): Devote a significant proportion of Group technical, sales and marketing resources to this brand in the current financial year, with two important launches currently expected.

The first offering for Checkit is targeted at organisations that process, serve or sell food. Checkit allows such organisations to transform the way they manage food safety processes, providing a smart alternative to the manual checking and paper-based recording processes that are predominant in the industry. As a result, Checkit customers are able to:

- reduce costs associated with performing checks, preparing and reporting on audit information and training staff. Additionally, energy consumption can be optimised and equipment failure anticipated leading to significantly reduced downtime and food wastage.
- reduce risk: safety management is enforced rigorously, with exceptions reported and escalated and monitoring taking place 24 hours a day. The results range from protection against food wastage to the reduction in customer health incidents and resulting investigation and prosecutions.
- improve operational control and insight ensuring that policies are set and enforced uniformly and performance is monitored.

Checkit

As a result, companies can better control customer experience, protect their reputations and improve their offering to the market.

In practice, Checkit achieves these results by providing electronic checklists to its customers' staff that guide and record routine activities, and by automatically monitoring key environmental variables such as temperature and humidity. All results are logged, alerts are raised and escalated automatically. Key performance indicators (KPIs) can be viewed from anywhere using Checkit's cloud dashboards. Checkit hardware, software and support are provided as a service with a single monthly charge. The Board believes that this approach is a disruptive innovation for this industry, providing Checkit's customers with a fully comprehensive, affordable and predictable model, while delivering a growing recurring revenue stream to the business.

Food safety represents an attractive market due to the disruptive potential of technology and innovation to move a large number of customers to a new breed of product. The opportunity is global, with a sense of the scale provided by the fact that over 450,000 business sites are regularly inspected by environmental health officers in the UK alone (source: Food Standards Agency). Almost all such sites are using paper-based food safety management systems.

Transformation is made possible by cost effective, powerful technologies, including those frequently referred to as the "Internet of Things". We believe that Checkit is well placed to respond to this opportunity through our enhanced product development capabilities and our knowledge and experience of the market gained through our legacy Digitron business. The opportunity is made even more attractive by the presence of other application and market areas that could benefit from a similar approach.

In FY2014/15, we launched an expanded feature set for the current Checkit product, providing cloud-based dashboards and the essential ability to manage the schedules of routine tasks undertaken by employees. This product has now won a number of new clients. It was also recognised at The Caterer Annual Awards, winning first prize for Product Excellence.

Based on these results and our assessment of the broader market potential, the Group has been investing in the creation of the new generation of Checkit product needed to fully exploit the opportunity. In the current financial year, investment in NPD and sales and marketing is expected to absorb much of the cash flow from the established brands, with two major product launches planned.

Acquisitions and disposals

During the year Elektron concluded its Strategic Alternatives Process, during which it invited bids for the entire Group. As previously reported, it received a number of expressions of interest including a bid involving a share price of 10 pence. After consultation with certain major shareholders the Board rejected this bid and concluded the Process by initiating a fundraising supported by existing shareholders.

During the year we also received approaches from parties expressing interest in individual businesses within the Group's portfolio. To date none of these discussions has resulted in a transaction since the prices offered have not met the Board's expectations. In evaluating proposals the Board takes into careful consideration the potential acquirer's plans for staff working in the businesses concerned.

The Group does not have any acquisitions under consideration at the present time in view of the significant opportunities available within its existing portfolio.

Dividends

Having considered the financial performance to 31 January 2015 and the resources needed to invest in NPD, the Board believes that it is in the Group's best interests not to pay a dividend for the year.

People

Average monthly employee numbers reduced by 239 (19%) in the year to 31 January 2015 to 1,050 (2014: 1,289), mainly as a result of the drive to improve operational efficiency, with the greatest reduction in our Tunis manufacturing facility.

Last year, we again increased the number of people working on software projects to 18 at year end compared with two personnel three years ago. Further software roles will be created in the current year as our products become more interactive and user friendly.

We have an extraordinary team of managers and staff who are addressing the challenges facing us with determination and enthusiasm. The Group is now benefiting from the stability and experience of the team that has been assembled over the past few years. We should like to thank them all.

Outlook

The underlying operating performance of the Group has shown a marked improvement due to the actions taken during the last two years.

We see significant opportunities as a result of our new product offerings, geographic sales expansion and technical capabilities. In the short term we expect some erosion of demand for several of our legacy product ranges. In the medium term, the Group's strategy is that growth from new products will increasingly outweigh sales from the legacy products leading to growth and enhanced profitability.

The Board is particularly excited both by the brands that have received investment during the last three years and by the potential of Checkit, which is currently in its start-up phase. Given the need to invest in NPD as well as marketing and sales as products are launched we intend to devote substantially all of Elektron's free cash flow in the current year to these activities within Checkit as well as the other brands.

The trading performance in the first two months of the financial year has been in line with the Board's expectations.

On behalf of the Board

Keith Daley
Chairman
30 April 2015

John Wilson
Chief Executive

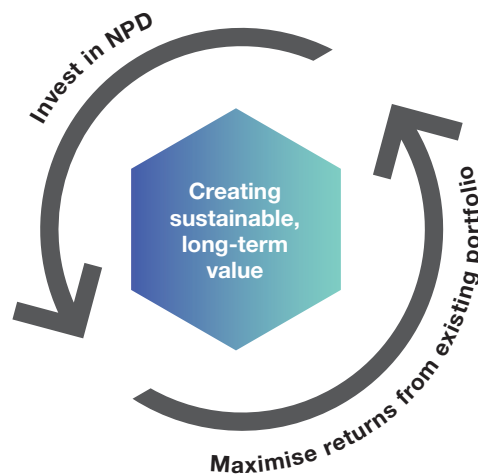
Business model

A clear vision for the future

Our business model is focused on creating sustainable long-term value and, equally importantly, on how we run our business.

We create value in two simple ways: Investing in NPD whilst maximising operating returns from the Group’s existing portfolio of brands.

Our approach to running our business is to identify and then manage the key issues for the Group’s continued success. These include strong and effective risk management, maintaining high standards of governance and transparency, and developing a multi-disciplined and diverse entrepreneurial team aimed at delivering value to all of our stakeholders.



In summary:

Innovate for growth

Objectives

- Continual investment in NPD, to create a high growth product portfolio.

Key activities

- Engineering team in Cambridge Technology Centre.
- Multi-year investment programme for core products developed.
- Major new product introductions in respect of Checkit, planned to be launched during and Connectivity FY 2015/16.

Focus resources for success

Objectives

- Invest selectively in products with the highest profit and growth potential.
- Realise value from products that do not fit the strategy.
- Drive waste and inefficiency from our working practices and aspire to be best in class.

Key activities

- Review the existing portfolio for profit, return on capital and growth potential.
- Continual focus on lean manufacturing processes and effective management of supply chain.

Invest in infrastructure, people and capabilities

Objectives

- Create a scalable organisation to sustain growth.
- Ensure safe procedures and operations for our people.

Key activities

- Single global Enterprise Resource Planning (ERP) system used by all operations.
- Ancillary systems (Customer Relationship Management (CRM) and analytics) and robust global networks substantially in place.
- Capable multi-tiered leadership team and skilled workforce.

Innovation case studies

Bulgin Subsea Remotely Operated Vehicle (ROV) Tether Connector

The industry/background

Within the multi-billion pound oil and gas industry, robust, mission critical components are essential for machinery and equipment. This case study focuses on the remotely operated vehicles (ROVs) within the subsea sector, where the addressable market for the solution comprises nine key manufacturers. At any one time there are >500 ROVs in use in the field with >2,000 on standby globally.

The challenge

ROVs are integral to subsea operations, with vehicle downtime being a particular problem for many within the industry. For each day an ROV is out of action due to power signal/power loss, it can cost upwards of £100,000 per day whilst engineers test and reterminate each connector. Bulgin was tasked to conceive and develop a connector to eliminate the risks of downtime.

Our solution

A custom-designed connector has been developed incorporating Bulgin's extensive expertise in environmental sealing. The connector solution provides a traditional uninterrupted power and data solution with the addition of fibre optic signals and is designed to operate at a subsea depth of 7,000m. As a result the connector incorporates dynamic pressure balancing via free flow of dielectric oil from the surface to the connector. The "ROV Tether Connector" has been engineered to provide a secure connection able to withstand demanding subsea conditions, such as high pressures and extreme temperatures.

The connector will further mitigate any downtime due to its quick yet secure coupling and locking mechanism when mated.

The solution provided by our connector saves the subsea project's unforeseen cost in any potential downtime scenarios.

The result

Our client is one of the largest operators in the subsea ROV market and is leading the way with this technology. Their product unveiling will be at this year's Offshore Technology Conference (OTC) exhibition in Texas, USA.



Queensgate

The industry/background

Synchrotron operators are looking to produce light sources that are much brighter, and therefore scientifically more useful x-ray beams. As these machines push for higher and higher performance this creates more and more demand for precision metrology, vibration isolation and nanopositioning.

Our customer in this case needed to be able to measure distances of over 1cm to an accuracy of 0.1 micrometre (100 millionths of a metre). Measuring at this accuracy is one of Queensgate's core competencies, but the challenge here was measuring over such a large distance. In addition, the system had to operate in the heart of the synchrotron, in an ultra-high vacuum, at -180C, in high levels of radiation and in a magnetic field. All of this places severe demands, and limitations, on the materials and designs that can be used.

The solution

Queensgate created a new type of capacitive sensor based on ceramic discs with gold plating, unlike previous metal sensors which were bonded ground and polished plates. This unique approach has the advantage of reducing manufacturing time, deskill assembly and improving yields. From a customer perspective it improved vacuum compatibility, gave higher radiation stability and improved resolution. As a result we have been able to deliver world-leading performance and solve a critical problem for our customer.

This approach is now being used as the foundation for a new range of high performance, cost-effective standard products that will be targeted at the BIG science market. This is an area where our expertise, superior product solutions and historical reputation meets an increasing demand for ever greater accuracy and stability.



Innovation case studies continued

Checkit – Abel & Cole case study

With over 25 years' experience Abel & Cole delivers weekly seasonal, organic fruit and vegetables to homes throughout the UK. The Checkit system received a full install after a 30-day trial prior to Christmas 2014.

Brief overview of the system installed

17 fixed sensors installed across three sites. These mainly monitor temperature but also include a humidity sensor and a contact sensor. Abel & Cole were subsequently asked to complete a customer feedback exercise.

“Prior to installing Checkit what was the main food safety issue that your business encountered?”

The issue was about satisfying temperature monitoring requirements and fulfilling due diligence. We were operating a system whereby the quality control team were checking the temperatures twice a day and recording the data manually. There were long gaps between the records, especially overnight and at weekends and we felt this could be improved. We have now moved to a standardised, automated process and we're really happy with it.

Checkit gives us much more visibility and we're able to react much quicker to issues – so being able to respond rapidly makes a big difference to the business. After the trial, we were able to roll Checkit out to our chilled and ambient sites.

“What made you consider Checkit? Did you look at or trial other systems?”

We looked at a couple of other temperature monitoring systems, but what stood out was Checkit's cloud functionality. We're regularly out and about across multiple sites so this gives us the opportunity to check in and see what's happening.

“How has staff training been approached and received?”

Checkit training has been given to Quality Control team leaders and half a dozen staff in order to be able to respond to alarms. The maintenance team also has logins so that they can carry out their own investigations.

“Are staff using less paperwork now?”

Abel & Cole currently has 16 areas across three sites that require temperature monitoring, so if you allow 20 minutes per check to get there, wave a probe and record the information then this soon adds up over time. Checkit removes the need for collecting data manually in this way, so there is a huge time saving.

“What areas have you seen an improvement in within the business since Checkit was installed?”

Having heritage data and being able to interrogate the systems is a great improvement. Also, having something more “visual” in terms of the user interface, and even the sensors in departments, installs a sense of involvement from teams. The necessary steps of logging comments in order to clear alarms instils a process of people investigating the reasons behind the temperature being out of spec, which means they're more aware of it next time. The automated email alerts are also great – although we hope to not get too many of these!

“What impact has the data that Checkit provides had? And how is this data being used?”

The data that Checkit provides guarantees that we fulfil due diligence from a temperature monitoring point of view and it really helps to deal with customer queries. We now have the evidence to prove how we're operating at the storage stage of the supply chain.

The graphs and data that can be downloaded from the system allow us to see very easily how temperature across the sites is doing and gives us good discussion points in operational and hazard analysis and critical control points (HACCP) meetings.

“Have there been other unforeseen benefits to using the system?”

The Checkit door and temperature sensors can be moved quickly and easily to any location, renamed and re-assigned. That means we will always have a degree of flexibility when our factory expands, the layout is changed or the function of a room changes to accommodate new production priorities. We can add more units and we're also expecting more functionality in the months to come as Checkit evolves to meet our demands.

This system is helping us achieve the highest scores in internal and external audits. If any food processor conducted their own trial they would also find it to be a very capable and flexible system.

“Checkit gives us more data more frequently; it's more accessible and gives us greater control. It's also ridiculously easy to use.”

Further case studies maybe found on Checkit.net

Principal risks and uncertainties

The management of the business and the nature of Elektron's growth strategy are subject to a number of risks and uncertainties. Elektron's risk management processes are forward-looking in the identification, management and mitigation of the key business risks that could impact the Group's immediate and long-term performance.

The following risks are those that the Group considers could have the most serious adverse effect on its performance and reputation.

| Risk description | Potential impact | Mitigation |
|------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Markets | | |
| Level of sales | Elektron's revenues are, and will be, principally from sales of its products. There can be no assurance that current product revenues can be maintained or increased in the future. Product sales may be affected by adverse market conditions or other factors, including pricing pressures from governments or other authorities, competition, the withdrawal of a product because of a regulatory or other reason, or the financial or commercial failure of a marketing partner. Some of the markets for Group products are in decline. The Group is highly operationally geared, which means that a relatively small reduction in sales can lead to a much larger percentage reduction in profits. | <p>The Group has approximately 4,000 customers (with no one customer amounting to more than 5% of sales) and substantially more end users worldwide. Its portfolio of brands and products to some extent mitigates risk through diversity.</p> <p>The investment in NPD assists in reducing the risk of sales decline by focusing on products that are, in one way or another, unique within markets that are growing or are expected to grow.</p> <p>The Group's sales force is focused on geographically diverse markets in order to reduce the risk of a downturn in a particular geography.</p> |
| Reliance on legacy business to fund NPD | Approximately 60% of the Group's products were developed more than 15 years ago and are sold in low growth, static or declining markets. If the rate of attrition were to accelerate, it would become increasingly difficult to fund NPD to create future growth. | The Group continually focuses on reducing costs and thereby giving customers best value for money in order to defend itself against competition in difficult markets. It seeks to bring new products to market at the earliest possible time and will not engage in speculative developments. It seeks to obtain best value for money from its development programmes. |
| Relationship with end users | We sell a significant proportion of our products through distributors and in many cases do not have direct contact with end users. Distributors may suggest the substitution of competitors' products for our products. | <p>The Group has incorporated a requirement for point of sale (POS) data into many contracts with distributors. With POS data the Group can monitor the account base being managed through distribution. This enables maintenance of existing customers and identification of new customers.</p> <p>We seek to arrange joint visits with distributors to key customers of our products.</p> |

Principal risks and uncertainties continued

Risk description

Potential impact

Mitigation

Markets continued

| | | |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>International nature of the Group</p> | <p>The Group sells globally and manufactures a proportion of its products outside the United Kingdom, which in turn exposes us to the economic and political environments of those locations.</p> | <p>The Group carefully monitors conditions in each country in which it operates and in appropriate cases ensures it is paid in advance. It keeps its insurance arrangements under regular review and takes out appropriate cover.</p> |
| <p>Price erosion</p> | <p>Elektron experiences competition both from emerging suppliers based in low-cost countries and traditional European and American suppliers seeking to obtain market share by reducing prices.</p> | <p>The Group manages this risk by continual monitoring of competitive activity and by the continual investment in the design of innovative products for niche applications.</p> <p>It operates a low cost manufacturing facility in Tunisia.</p> <p>It seeks to promote its offerings by focusing on excellent customer service and quality rather than price.</p> |

NPD, including Checkit

| | | |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Success of NPD</p> | <p>Products developed may not work. They may not be accepted in the market leading to write-offs of capitalised development.</p> | <p>Each NPD project is managed through a stage gated process during which the project is assessed on a regular basis against the market requirements (which are regularly reviewed). This allows early visibility and fixing of issues, consequently limiting exposure.</p> |
| <p>Control of NPD</p> | <p>Development projects may overrun in time and cost causing losses to the Company.</p> | <p>The scope of each project is defined by the project specifications. The project is monitored on a monthly basis against its scope. In addition, the stage gate process continually refines the plan, eliminating major uncertainties early on in the project.</p> |
| <p>Checkit demand unpredictable</p> | <p>Checkit's initial target market consists of around 500,000 businesses in the UK. If demand for the initial launch were too great, Elektron would not be able to supply product whether for operational or financial reasons. This would tarnish the brand and cause losses.</p> <p>Certain products supplied by Elektron are critical to the operation of customers' equipment, where consequential losses due to malfunction may lead to customer costs significantly in excess of the value of the products supplied.</p> | <p>The Group will manage this risk by controlling demand creation activities (for example, by phasing the launch of new offerings and introducing lead generation activities incrementally) by building an extremely flexible supply chain and by automating key internal processes such as account creation to increase scalability.</p> |

Risk description**Potential impact****Mitigation****Markets**

| | | |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Currently non-existent markets | Checkit is an innovative product with several proposed features that do not currently exist in the market. Its target market currently uses paper-based systems. It is therefore necessary to make assumptions as to how the market will develop. If those assumptions are wrong the Company will have misallocated resources causing losses. | The business case for Checkit is based on considerable feedback gained in marketing the current first generation product, and the Group is continually evaluating learning and research from the market. Our approach and technology provide capabilities that mitigate some of this risk. They are suitable for a wide variety of food business types and have applications beyond food hygiene in a number of large markets. We are, therefore, not reliant on one highly specific segment. |
| Cloud services | The Group is reliant on cloud services provided by third parties in respect of its Checkit product. The failure or withdrawal of these services would mean that Checkit could not function. | This risk is mitigated by selecting large, global providers with demonstrable scale and reliability to provide the Checkit cloud offerings and by designing the systems, where possible, to allow functionality to be moved between providers. |

Finance and operations

| | | |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Commodity and currency fluctuations | A significant amount of Elektron's purchases are plastic moulding powders and metal parts. Consequently, exposure to movements in commodity prices can affect profitability. A significant percentage of Elektron's input and output transactions are denominated in currencies other than Sterling. | We regularly review prices and currencies in order to ensure that an appropriate level of cost is passed on to customers. We do not tie ourselves into long-term pricing contracts with customers. We do not tie ourselves into long-term currency hedging contracts. Where possible we match currency inflows and outflows. Elektron incorporates Design for Manufacture and Cost techniques to ensure Elektron's products use no more of such commodities than product offerings of our direct competitors. |
| Bank facilities and liquidity | The Group's bank facilities contain performance covenants including minimum headroom, interest cover, debt to borrowing ratio and debt service ratio, which if breached could lead to a need to renegotiate terms or, in the extreme case, a reduction or withdrawal of the facilities concerned. The Group only has a limited forward order book for its products creating unpredictability in revenues and cash. | The Group maintains regular and transparent dialogue with its primary facility lender to ensure they are aware of developments in the business and reviews the level of facilities required with them based on the Group's forecasts. These forecasts indicate that it will meet the covenant tests under this facility. The Board receives weekly and monthly information to enable it to consider the Group's short and medium-term performance. If performance is not in line with forecast, the Group has a number of mitigating actions that could be implemented. |

Principal risks and uncertainties continued

Risk description

Potential impact

Mitigation

Finance and operations continued

| | | |
|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IT systems | <p>Elektron is increasingly reliant on its IT systems, which if lost would mean that the Group would be unable to function.</p> | <p>The Group has engaged and invested in disaster recovery and business continuity plans to reduce the risk of outage and improve recovery from major interruptions. The Group maintains an appropriate level of backup at all times.</p> |
| Reliance on key individuals and retention of high quality staff | <p>The Group is increasingly dependent on key persons in commercial or management areas. The profitability and reputation of the business may be adversely impacted if they were to depart without warning. The Group is highly dependent on its Technology team in Cambridge to enable it to grow.</p> | <p>The Group seeks to attract and retain well qualified staff by designing appropriate remuneration packages and making Elektron an attractive place to work. Considerable emphasis is placed on teamwork.</p> <p>The Group seeks to identify employees who may be considering leaving with a view to addressing any concerns.</p> |
| Reliance on key suppliers | <p>Certain of the Group's products are reliant on single-sourced items. If those suppliers were unable to supply, the Group would be unable to sell some products.</p> | <p>The Group maintains an open dialogue with suppliers to ensure that an early warning system is in place. Where subcontracted items are single sourced, the Group ensures that appropriate technical files and work instructions are maintained.</p> |
| Customer reliance on Group products | <p>Many of Elektron's products are essential to the running of its customers' businesses. Were those products to fail, Elektron could be liable for consequential losses.</p> | <p>The Group seeks to protect itself by ensuring that all products meet quality standards.</p> <p>Conditions of sale contain clauses limiting losses to the amount of the sale. Consequential losses are excluded from liability.</p> |

Key performance indicators

We regularly produce a wide variety of key figures for all of our businesses that enable us to identify performance against budget and the previous year.

Key performance indicators are shown below:

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| <p>Gross profit margin</p> <p>The ratio of gross profit to revenue expressed as a percentage.</p> | <p>35.6%</p> <p>(2014: 34.8%)</p> |
| <p>Net operating profit percentage of revenue before non-recurring or special items</p> <p>The ratio of net operating profit before non-recurring or special items to revenue expressed as a percentage.</p> | <p>3.8%</p> <p>(2014: 1.3%)</p> |
| <p>Interest cover</p> <p>The ratio of profit before finance and non-recurring or special costs to net interest payable on borrowings.</p> | <p>5.8x</p> <p>(2014: 1.2x)</p> |
| <p>Basic earnings/(loss) per share</p> <p>The profit/(loss) after tax on continuing operations divided by the weighted average number of ordinary shares in issue during the year, excluding treasury shares.</p> | <p>0.1p</p> <p>(2014: (5.1)p)</p> |
| <p>Adjusted earnings/(loss) per share</p> <p>The profit/(loss) after tax before non-recurring or special items on continuing operations, divided by the weighted average number of ordinary shares in issue during the year.</p> | <p>1.0p</p> <p>(2014: (0.3)p)</p> |
| <p>Net gearing</p> <p>The ratio of total borrowings less cash to shareholders' funds expressed as a percentage.</p> | <p>26%</p> <p>(2014: 108%)</p> |
| <p>Net assets per share</p> <p>Net assets divided by the number of ordinary shares in issue at the balance sheet date, excluding treasury shares, expressed in pence per share.</p> | <p>6.5p</p> <p>(2014: 7.0p)</p> |
| <p>Headcount</p> <p>The average monthly number of persons employed by the Group (2014 includes temporary labour to clear overdue backlog).</p> | <p>1,050</p> <p>(2014: 1,289)</p> |
| <p>Sales from new products</p> <p>Sales achieved from products launched within the last three years.</p> | <p>£3.3m</p> <p>(2014: £2.5m)</p> |

Financial review

“The impact of selective price increases, product rationalisation and the delivery of efficiency improvements led to a substantial improvement in underlying operating profits.”



Andy Weatherstone
Chief Financial Officer

Following the completion of the fundraising at the end of the first half of the year the Group was able to focus on operational performance and this has resulted in a return to profit and a significant reduction in working capital. Investing in NPD to support future growth remains key given the further decline in revenues in 2015.

Group revenue for the year decreased by 4% to £44.4m (2014: £46.3m), with parts of both Connectivity and IMC segments suffering a decline. Checkit, as a start-up operation, contributed a modest amount to revenues of £0.2m (2014: <£0.1m). The impact of selective price increases, product rationalisation and the delivery of efficiency improvements led to a substantial improvement in underlying operating profits from £0.6m in 2014 to £1.7m in 2015, an increase of 183%. Excluding Checkit's start-up losses of £0.7m (2014: £0.1m), operating profit (before non-recurring and special items) improved by £1.7m (243%) from £0.7m to £2.4m.

As expected, following the completion of the Group's major streamlining plans last year,

Non-recurring or special items

| | 2015 £m | 2014 £m |
|------------------------------------------------------------------------|------------|------------|
| Restructuring | — | 2.7 |
| Review of the Group's strategic options, including refinancing costs | 0.8 | 0.4 |
| Amortisation of intangibles and impairment of intangibles and goodwill | 0.2 | 1.7 |
| Charges relating to share-based incentive plans | 0.2 | 0.2 |
| Total | 1.2 | 5.0 |

The overall profit before tax from continuing operations was £0.2m (2014: loss £4.9m).

the level of non-recurring or special items during the year has reduced significantly. These amounted to £1.2m (2014: £5.0m), of which £0.4m (2014: £1.9m) were non-cash.

Segmental performance

| Connectivity | 2015 £m | 2014 £m |
|--------------------------------------------------------|------------|------------|
| Revenue | 25.8 | 27.0 |
| Operating profit before non-recurring or special items | 2.9 | 1.7 |

Benefiting from the completion of the consolidation of moulding and assembly operations within the Tunis facility, Connectivity's operating profits grew strongly by £1.2m (71%). This improvement was in spite of a 4% fall in revenue.

Bulgin revenues grew 5% over the prior year, driven by double-digit percentage growth in the Americas arising from the changes made to the sales strategy during the last two years.

With an optimised distribution channel the direct sales force is now better structured to focus its attention on managing key OEM accounts and channel partners. In contrast, Arcoelectric revenues contracted by 15%, with falls concentrated in Asia Pacific and EMEA, principally due to increased low cost competition.

The Group will continue to focus its efforts in seeking out higher margin opportunities with its new products and enhanced capabilities. With strengthened local management in Tunisia and the introduction of advanced processes and metrics, the Group expects to deliver further efficiency improvements and cost reductions in the current year.

| IMC* | 2015 £m | 2014 £m |
|------------------------------------------------------|------------|------------|
| Revenue | 18.4 | 19.3 |
| Operating loss before non-recurring or special items | (0.5) | (1.0) |

* Following the introduction of the new business unit structure at the beginning of this year, the Materials division is now reported as part of the IMC segment and, given its future expected significance, Checkit is now reported separately. Accordingly, prior year comparatives have been restated.

IMC revenues fell by 5% mainly due to the previously reported strategic decision to rationalise the Group's low margin factored products sold to the NHS, which, together with cost reductions and efficiencies, helped deliver a £0.5m reduction in operating losses to £0.5m.

The strategy to invest in developing areas of the business is largely responsible for IMC's losses, with the revenue levels not yet being able to fully absorb the fixed operational cost.

Ophthalmic sales grew 22% over the prior year as a result of new products launched in the two previous financial years. Sheen and Wallace sales performance showed some stability after the declines experienced in 2014 following a factory move, whilst Carnation sales were up over 20% benefiting from new contracts, arising from a pick-up in demand to upgrade NHS ambulance fleets.

Queensgate's work with key strategic customers on its nano-positioning products is progressing well. This should allow the Group to capitalise on opportunities within this sector within the medium term.

The Group is continuing to identify selective areas of investment in new product innovation for these brands coupled with a clear focus on reducing its cost of manufacture and overhead base.

Checkit

| | 2015 £m | 2014 £m |
|------------------------------------------------------|------------|------------|
| Revenue | 0.2 | <0.1 |
| Operating loss before non-recurring or special items | (0.7) | (0.1) |

As noted in the operational review, Checkit is effectively a start-up business and the losses for the year represent costs incurred to support the development of the brand.

Whilst the Board believes Checkit has great potential, Checkit is expected to remain loss making whilst the revenue stream and associated margin increase over the medium term.

Sales from new products and NPD

Sales from new products (defined as products launched within the previous three years) were £3.3m during the year (2014: £2.5m).

Elektron spent £2.1m on NPD and sustaining engineering in the financial year (2014: £2.4m). Of this, £1.1m was capitalised (2014: £1.9m), mainly focused on Checkit and Queensgate. In the current year the Group's expenditure will be focused mainly on Checkit.

The net book value of capitalised NPD is as follows:

| £m | 2015 | 2014 |
|-------------------------------------|------------|------------|
| Bulgin | 0.7 | 0.8 |
| Queensgate | 1.2 | 1.2 |
| Ophthalmic | 0.4 | 0.4 |
| Other | — | 0.1 |
| Subtotal underlying business | 2.3 | 2.5 |
| Checkit | 1.2 | 0.6 |
| Total | 3.5 | 3.1 |

Net finance costs

Interest costs on borrowing decreased by £0.2m to £0.3m (2014: £0.5m), reflecting the decrease in the average level of net debt from £7.9m in 2014 to £4.8m in 2015, representing an effective interest rate of 6.1% (2014: 5.5%).

Taxation

The Group continues not to recognise any deferred tax in respect of UK trading losses or other timing differences.

At 31 January 2015 the Group had estimated unused trading losses in excess of £5m to offset against future UK profits.

Earnings/(loss) per share

The average number of ordinary shares in issue during the year was 140.2m (excluding shares held by the Employee Benefit Trust). Basic earnings per share in respect of continuing operations before non-recurring or special items were 1.0 pence (2014: loss 0.3 pence).

After taking into account non-recurring or special items the Group recorded earnings per share on continuing operations of 0.1 pence (2014: loss 5.1 pence).

Cash flow and net debt

The Group generated cash of £4.9m (2014: £2.3m) from operations before non-recurring or special items, of which £1.4m (2014: £0.3m) was from a reduction of working capital following an implementation of improved cash management procedures. The Group spent £1.1m (2014: £4.5m) on strategic review, refinancing and other non-recurring costs.

Total capital investment in the year was £1.6m (2014: £3.1m), representing 84% of depreciation and amortisation.

The improvement in cash generated from operations and the fundraise in June and July 2014 of £2.5m resulted in total net borrowings of £2.7m, a reduction of £5.3m from the previous year.

Financial review continued

Bank facilities, covenants and going concern

At 31 January 2015 the Group had available facilities of £7.2m, which include a revolving credit facility of £3.2m, available invoice finance facilities of £3.4m (which could increase up to £6.0m depending on sales levels), and leasing facilities of £0.5m, together with a bank overdraft of £0.1m. At 31 January 2015 available headroom on these facilities amounted to £4.5m.

The Group successfully agreed revised covenants in respect of its revolving credit facility with its existing lender during the year and these covenants reflect the latest financial forecasts of the Group with a suitable degree of headroom incorporated. The facility runs until April 2016 amortising by £1.1m each year. Due to the relatively short period to the expiry of this facility the Group has held discussions with its bankers and they have confirmed that in the absence of unforeseen circumstances and the Group continuing to meet or exceed its forecasts, they are not aware of any reason why they would not renew this facility. It is anticipated that new facilities will be formally agreed during this current financial year.

The Directors have prepared and reviewed forecasts and projections for a period of not less than twelve months from the approval of the annual report. These are based upon detailed assumptions, in particular with regard to the key risks and uncertainties, together with the level of borrowings and other facilities made available to the Group. The Board also takes account of reasonably possible changes in trading performance to determine whether the Group should be able to operate within its current level of facilities.

In the event, that actual performance falls below the current forecast levels in this period, the Group has a number of mitigating factors available to it and the Board has the required monitoring and controls in place in order to be able to put the necessary actions in place if it sees a need to do so.

The Directors have, at the time of approving the financial statements after taking into account the factors noted above concluded that the Group has adequate financial resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis.

Potential litigation – update

As reported in the 2014 annual report, a shareholder, Mr B Bridge, has issued proceedings under The Companies Act 2006 in the Liverpool District Registry of the High Court seeking permission to pursue a derivative claim against certain Directors of the Company, (namely Keith Daley, Tony Harris, Ric Piper and John Wilson) and certain former directors (namely Noah Franklin and Simon Acland).

Since the 2014 annual report was approved on 2 July 2014 the proceedings have been delayed, largely as a result of procedural failings on the part of Mr Bridge.

At a procedural hearing held on 1 October 2014 the court refused permission against Tony Harris and Ric Piper, against whom it was satisfied that no sufficient claim had been made out. Accordingly, Tony Harris and Ric Piper are no longer defendants.

The court has not yet been able to consider whether it is appropriate to grant permission to continue the intended claim against the remaining Directors and former Directors detailed above. A further hearing is listed on 16 and 17 June 2015 at which the permission application is expected to be finally determined.

Despite obtaining permission on 1 October 2014 to amend his claim, Mr Bridge has not yet done so. Mr Bridge's claim remains as outlined in Note 28 to the financial statements.

The Company has continued to receive professional advice on Mr Bridge's claim, which, on the evidence, the court is highly likely to refuse permission to continue the claim against the remaining current and former directors.

At the hearing in June 2015 the court will, if it does give permission to continue the claim, also consider Mr Bridge's application for an indemnity out of the assets of the Company in respect of his costs. The potential cost consequences for the Company remain as outlined in Note 28 to the financial statements. In view of the professional advice received, the Company, having carefully considered the matter, does not consider that it is appropriate to make a provision for the costs at this time.

In the event that the claim is continued it would be expected to come to court in 2016 or later.

On behalf of the Board

Andy Weatherstone
Chief Financial Officer
30 April 2015

Directors and advisers



Keith Daley (59)
Executive Chairman

Appointed to the Board in 2004 and as Chairman in 2008, Keith originally trained as a corporate banker. He is an experienced serial entrepreneur and Chairman with a strong sales and marketing focus. He has bought, invested in, managed and sold numerous businesses over the past 30 years.

Keith takes primary responsibility for Checkit and IMC line management as well as functional responsibility for Marketing and Legal. He leads on all corporate finance transactions such as acquisitions and disposals.



John Wilson (39)
Chief Executive Officer

Appointed to the Board in August 2010 and as Chief Executive in December 2010, John originally joined Elektron Technology in March 2008 as Technical Director. Prior to this he had spent his career in senior management positions in the UK and North America as well as consulting for a world-leading technology consultancy.

John takes primary responsibility for Connectivity line management as well as functional responsibility for Technology and New Product Development. He takes the lead on Sales outside the UK and spends a significant amount of time overseas.



Andrew 'Andy' Weatherstone (51)
Chief Financial Officer

Appointed to the Board in January 2014, Andy is a Chartered Accountant with over 17 years' experience at main board level within UK public quoted companies. He initially developed his career with KPMG before moving on to hold senior financial positions with smaller quoted companies.

Andy leads the finance function and in addition takes functional responsibility for IT and HR. He takes the lead on Connectivity Operations.



Richard 'Ric' Piper (62)
Senior Independent Non-Executive Director

Appointed to the Board in July 2012, Ric is a Chartered Accountant and has held senior finance roles in a number of companies, including ICI, Citicorp, Logica and engineering design and consultancy WS Atkins where he was Group Finance Director. Ric is a non-executive director of a number of Main Market and AIM companies and is a partner of Restoration Partners Limited, which advises technology businesses. He is a member of the Financial Reporting Review Panel. Ric chairs the Nominations Committee and the Remuneration Committee.



Anthony 'Tony' Harris (62)
Non-Executive Director

Appointed to the Board in October 2013, Tony has over 30 years' international board experience across a broad range of industry sectors including telecommunications, IT, manufacturing, security, healthcare, logistics and private equity. He has extensive experience leading business turnarounds and implementing significant growth strategies for global technology and distribution businesses. Tony has served as a non-executive director on the boards of both public and private companies and is currently the Chairman of Carousel Logistics Holdings Limited. Tony chairs the Audit Committee.

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BA Hons, FCIS

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Report of the Directors

The Directors present their annual report on the affairs of the Group together with the audited financial statements for the year ended 31 January 2015.

Principal activity

Elektron Technology is a global business that designs, manufactures and markets products that connect, monitor and control. The principal activity of the Company is that of a holding company.

The Directors are not aware, at the date of this report, of any likely major changes in the Group's activities during the next year.

The principal operating subsidiaries of the Group as at 31 January 2015 are listed in Note 15.

Results and dividends

There was a profit for the year after taxation of £0.2m (2014: loss £6.7m).

No interim dividend was paid in the year (2014: nil pence per share). The Directors are not recommending the payment of a final dividend (2014: nil pence per share).

Research and development

The continual advancement of technology and processes by the Group means costs are incurred each year in research and development. The Directors consider that research and development continues to play a vital role in maintaining and increasing the Group's competitive position in the market. Details are set out in Note 13 to the financial statements.

Substantial shareholdings

As at the date of this report, the Company was aware, or has been notified in accordance with chapter 5 of the Disclosure Transparency Rules, of the following interests of 3% or more in its issued ordinary share capital, in addition to Directors' holdings which are disclosed in the Remuneration Committee report:

| | |
|-------------------------------------------------|--------|
| D & A Income Limited | 24.13% |
| Mr J Kinder | 15.71% |
| Elektron Technology 2012 Employee Benefit Trust | 8.10% |
| Mr & Mrs N Slater | 6.01% |
| Mr A Perloff and Panther Securities Plc | 4.92% |

The Company's website www.elektron-technology.com provides updated information on substantial shareholdings.

Health, safety and environment

The Group recognises and accepts its responsibilities for health and safety and is committed to achieving the highest practicable standards in health and safety management for all its operations to safeguard its employees, customers and the local community.

The Group is committed to the care of the environment and the maintenance of environmental controls as they relate to the business and aims to ensure that its activities comply at all times with relevant environmental legislation.

Directors and their interests

Biographical details of the current Directors are set out on page 19 and details of Directors' beneficial interests in the shares of the Company as at 31 January 2015 are set out in the report of the Remuneration Committee on pages 23 to 26.

As last year, the Board is following best guidance recommendations and, accordingly, the whole Board will be offering itself for re-appointment or appointment as appropriate.

Share capital

As at the date of this report, the total number of shares in issue (being ordinary shares of 5 pence each) is 186,100,851.

During the year, the Company issued 66,574,586 ordinary shares of 5 pence each.

Details of the share capital are given in Note 22 to the financial statements.

Charitable and political donations

The Group made no political contributions (2014: £Nil) and no charitable donations (2014: £Nil) during the year.

Employees

The Group has human resources policies designed to meet the needs of its Group companies and employees around the world. Recognition is given to individual employees' needs and requirements and employees are encouraged to apply their skills, knowledge and energy. The Group recognises the importance of its employees and their training.

The Group is committed to equality of opportunity for all, regardless of gender, race, age, disability, religion or sexual orientation, where it is reasonable and practicable within existing legislation. This applies equally to recruitment and to the promotion, development and training of staff. The Group recognises that the needs of the business will continue to change. As such, training is and will continue to be offered such that employees are able to enhance their skill base to assist the business in meeting future challenges.

The Group continues to keep its staff informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings. At each of our main sites, an Employee Forum has been established.

Corporate governance statement

The Company is listed on the Alternative Investment Market (AIM) and is not required to comply with the provisions of the UK Corporate Governance Code 2014 (2014 Code). However, the Directors recognise the importance of, and accordingly support, the principles of good corporate governance as contained within the 2014 Code and apply these where they consider they are appropriate to the Group. The Group is unable to achieve compliance with the 2014 Code in a number of areas this year, among other matters, because independent Non-Executive Directors do not constitute the majority of the Board. The Directors will continue to assess compliance with the 2014 Code. These matters are explained in further detail in the sections that follow.

Directors

(i) The Board

The Board currently comprises the Executive Chairman, two other Executive Directors and two Non-Executive Directors. Brief biographical details of the Directors appear on page 19. These illustrate the level and range of business experience, which the Board believes enables it to provide clear and effective leadership of the Group. The composition of the Board is reviewed regularly. Appropriate training, briefings and induction information are available to all Directors on appointment and subsequently, as necessary, taking into account existing qualifications and experience. New Directors are subject to election by shareholders at the first Annual General Meeting (AGM) after their appointment.

The Board meets formally at least ten times each year and more frequently where business needs require. The Board receives reports from the Executive Directors, Business Unit and functional Heads ensuring matters are considered fully and enabling Directors to discharge their duties properly. The Board has a schedule of matters reserved to it for decision and the requirement for Board approval on those matters is known to senior management within the Group. This includes subjects such as material capital and revenue commitments, business acquisitions and disposals, health and safety and appointments to the boards of subsidiary companies.

There is an agreed procedure whereby Directors wishing to take independent professional advice in furtherance of their duties may do so, if necessary, at the Group's expense.

In addition, each Director has access to the services of the Company Secretary. The Secretary is charged by the Board with ensuring that all Board procedures are followed and relevant regulations are complied with.

(ii) Executive Chairman and Chief Executive

The division of responsibilities between the Executive Chairman and the Chief Executive is clearly established and understood.

The Board operates with a number of Board Committees.

(iii) Audit, Remuneration and Nominations Committees

Tony Harris chairs the Audit Committee. Ric Piper chairs the Nominations Committee and the Remuneration Committee.

The Audit Committee consists of the Non-Executive Directors. The Executive Directors are encouraged to attend Audit Committee meetings where possible as part of the programme to maintain the Group's systems of internal controls. Part of each meeting is held with the external auditor without the Executive Directors being present. The Audit Committee considers the adequacy and effectiveness of the risk management and control systems of the Group and reports the results to the Board. It reviews the scope and results of the external audit, its cost effectiveness and the objectivity of the auditor. The Committee also reviews the annual financial statements, the interim statement, the preliminary announcement and other financial announcements prior to their approval by the Board, together with accounting policies and compliance with accounting standards and internal control procedures. The Audit Committee report is on pages 29 and 30.

The Nominations Committee consists of the Non-Executive Directors and the Chairman of the Board and reviews the structure, size and composition of the Board and its Committees. It identifies and nominates suitable candidates to the Board and gives full consideration to succession planning for Directors and other senior executives, and keeps under review the leadership needs of the organisation.

The Remuneration Committee, which comprises the Non-Executive Directors, determines and agrees with the Board the framework and policy of executive remuneration packages, including bonuses, incentive payments, share options or awards and pension arrangements. The remuneration of the Non-Executive Directors is agreed by the Board. The Remuneration Committee report is on pages 23 to 28.

The terms of reference for each of the Board Committees are available on request from the Company Secretary.

(iv) Supply of information

To enable the Board to perform its duties effectively and allow Directors to discharge their responsibilities, full and timely access is given to all relevant information.

The agenda for regular Board meetings includes a Chief Executive Officer's report and a report from the Chief Financial Officer together with documents regarding specific matters.

(v) Appointments to the Board

The role of the Nominations Committee is to review and make recommendations on all appointments to the Board.

(vi) Re-appointment

Any Director appointed during the year is required, in accordance with the Company's Articles of Association (the Articles), to retire and seek appointment by shareholders at the next AGM. The Articles also require that one third, but not more than one third, of the Directors retire by rotation each year and seek re-appointment at the AGM. The Directors required to retire will be those who have been longest in office since their last appointment or re-appointment and the date for determination of the number of Directors is not earlier than 28 days prior to the date of the Notice of the AGM. However, ahead of the AGM in 2014 the Board took the decision to follow best practice recommendations for larger fully listed companies and, consequently, the whole Board will be seeking re-appointment at the forthcoming AGM.

Directors' remuneration

Details of Directors' remuneration are contained in the Remuneration Report on pages 23 to 28.

Report of the Directors continued

Directors' indemnities

The Company has granted indemnities to each of its Directors in respect of all losses arising out of or in connection with the execution of their powers, duties and responsibilities as Directors to the extent permitted by the Companies Act 2006 and the Company's Articles of Association. Such qualifying third party indemnity provision remains in force at the date of approving the Directors' report. In addition, Directors and officers of the Company and its subsidiaries are covered by Directors' and officers' liability insurance.

Communication with shareholders

(i) Dialogue

The Group recognises the importance of constructive communication with its shareholders to ensure its strategy and performance are understood. This is achieved principally through the Group's interim report, annual report and AGM. In addition, a range of corporate information is available to investors on the Group's website.

(ii) Use of the Annual General Meeting

All shareholders have the opportunity to raise questions at the Company's AGM. In view of the low number of attendees at general meetings, the Board does not make formal business presentations but instead allows time for informal discussion after the conclusion of formal proceedings.

Accountability and audit

(i) Internal financial control

The Board has overall responsibility for the Group's system of internal financial control, which is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The key procedures that are in place are:

- a comprehensive budgeting system including reviews at operating unit level and formal reviews and approvals of the annual budget by the Directors;
- monitoring of actual results and comparison to budget for each operating unit on a monthly basis;

- a clearly defined organisation structure within which individual responsibilities are identified and can be monitored; and
- defined procedures for the appraisal, review and authorisation of capital and major revenue and development expenditure.

(ii) Financial reporting

It is the Board's responsibility to present a balanced assessment of the Group's position and prospects. The respective responsibilities of the Directors and the auditor in connection with these financial statements are explained on pages 31 to 33.

Auditor and disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's auditor are aware of that information. This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

Deloitte LLP has indicated its willingness to continue in office as auditor and a resolution concerning their re-appointment will be proposed at the forthcoming AGM.

Annual General Meeting

The Company's AGM will be held on 30 July 2015. A letter from the Chairman and Notice of AGM that sets out the resolutions to be considered and approved at the meeting, will be sent out nearer to the meeting.

On behalf of the Board

Martin Reeves
Company Secretary
 30 April 2015

Registered number
448274

Remuneration report



Ric Piper

Chairman of the Remuneration Committee

Dear Shareholder

I am pleased to present our 2015 Remuneration Committee Report, which has been prepared by the Committee and approved by the Board.

The Committee believes that it is important that we communicate openly and transparently with shareholders and, to do so, we have improved the Remuneration report this year by adding this introductory letter summarising the key points of the Directors' remuneration and the Committee's activities and also by adding tables showing the remuneration policy and the single total figure of remuneration.

The financial statements clearly demonstrate that the year ended 31 January 2015 saw a significant improvement in the performance of the Group compared with the previous year, with a return to profitability. Additionally, the Board has continued to rebalance the Group's business and invest in establishing a high growth portfolio of brands for the longer term.

The Remuneration Committee decided, however, that it would not change the basic pay of the Executive Directors, nor pay any bonuses in respect of that year.

Since the year end we have commenced a review of executive remuneration ahead of the 2015 AGM. Given that the exercise prices of current long-term incentives are significantly higher than the current share price, the Committee intends to implement a new long-term incentive plan in due course,

having first discussed our future approach with our major shareholders. Our proposed remuneration policy for Executive Directors will allow for a significant portion of pay to be linked to the future performance of the Group.

At our forthcoming AGM we intend to seek shareholder approval for our Remuneration report, as well as any new long-term incentive arrangements if proposals are ready by that time. I very much hope you will support our proposals in due course.

Companies with securities listed on AIM are not required to comply with either The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 or the UKLA Listing Rules.

However, the Remuneration Committee is committed to maintaining high standards of corporate governance and open communication with shareholders and has applied the regulations and guidelines as far as practical given the current size and development of the Group.

Should any shareholder wish to discuss the Remuneration report with me, I can be contacted via the Company Secretary at the Company's registered office: Broers Building, JJ Thomson Avenue, Cambridge CB3 0FA or by email: martin.reeves@elektron-technology.com.

Unaudited information

The independent auditor is not required to audit and has not, except where indicated, audited the information included in the Remuneration report. The audited information meets the remuneration disclosure requirements of Rule 19 of the AIM Rules for Companies.

Composition and role of the Remuneration Committee

The Remuneration Committee consists only of independent Non-executive Directors. During the financial year ended 31 January 2015 its members were Ric Piper and Tony Harris, both of whom served throughout the period.

None of the Committee has had any personal financial interest (other than as shareholders), conflicts of interests arising from cross-directorships or day-to-day involvement in running the business.

The Committee is responsible for setting policy on Directors' remuneration and for determining the individual remuneration packages of the Group's Executive Directors.

It is also responsible for considering management proposals for remuneration and employment terms for the Group's senior staff, including arrangements for bonus payments and long-term incentive plans, and for all staff where the issue of equity is involved.

Executive Directors' remuneration policy

The Group's remuneration policy is designed to motivate, retain and attract Directors and senior executives of the high calibre necessary for a business with Elektron's complexity, international scope and ambitions and to ensure that their interests are closely aligned with those of shareholders.

The Remuneration Committee actively reviews the Group's remuneration structure, seeking independent advice where appropriate, to ensure that it is designed to deliver this policy efficiently and effectively, balancing this with the need to obtain value for money for the Group.

A remuneration policy table for the Executive Directors is set out below showing how the Remuneration Committee intends the policy to operate for the next three financial years, commencing 1 February 2015.

Remuneration report continued

Executive Directors' remuneration policy continued

| Remuneration element, purpose and link to strategy | Operation | Maximum opportunity | Performance metrics |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Basic salary</p> <p>To pay competitive basic salary to attract, retain and motivate the talent required to operate and develop the Group's businesses and to develop and deliver the Group's strategy.</p> | Basic salaries are reviewed on an annual basis. | <p>Salary increases in practice are expected to be extremely limited.</p> <p>In exceptional circumstances, at the Committee's discretion, increases of a higher amount may be made, taking into account individual circumstances such as alignment to market level and if it is necessary for the recruitment and/or retention of an Executive Director.</p> | None, although the overall performance of the individual will be taken into consideration by the Committee when reviewing and setting salary levels. |
| <p>Pension</p> <p>To provide an opportunity for Executives to build up income on retirement.</p> | All Executive Directors are eligible to participate in the Group Personal Pension Scheme, or to receive a contribution to self-invested personal pension schemes or to receive a payment in lieu of the above. | 10% of basic salary. | Not applicable. |
| <p>Benefits</p> <p>To provide market-competitive non-cash benefits.</p> | Executive Directors receive benefits that consist primarily of car allowance, income protection in the event of long-term ill health, private family healthcare insurance and death-in-service benefits. | Benefits may vary by role and are set at levels which the Committee considers to be sufficient based on the role and individual circumstances. | Not applicable. |
| <p>Annual Bonus Plan based on current year performance</p> <p>To incentivise and reward strong performance against financial annual targets, thus delivering value to shareholders.</p> | <p>The Remuneration Committee intends that the bulk of any increase in annual cash remuneration should come as a result of this bonus scheme.</p> <p>Financial performance targets are typically set in the first quarter of the financial year.</p> <p>The Committee then assesses actual audited performance compared to those performance targets following the completion of the financial year and determines the bonus payable to each individual. Bonus payments may be delivered in cash or shares at the Remuneration Committee's discretion.</p> <p>The plan is reviewed annually.</p> | <p>For Executive Directors (excluding, as explained below, the Executive Chairman) on-target performance shall not exceed 30% of salary and maximum performance shall not normally exceed 120% of salary.</p> <p>The Committee shall have discretion to pay higher levels of bonuses in the case of exceptional performance.</p> <p>The Executive Chairman does not currently participate in the Annual Bonus Plan. If any bonus were to be proposed for him, it would be subject to specific shareholder approval.</p> | Performance is determined by the Committee on an annual basis by reference to specific profit targets. |
| <p>Long Term Incentive Plan (LTIP) arrangements</p> <p>To drive sustained long-term performance that supports the creation of shareholder value.</p> | Awards are designed to provide a meaningful reward to Executive Directors linked to the long-term success of the business. | <p>One-off JSOP awards and share appreciation rights were made in 2012 (see notes below).</p> <p>Possible future LTIP awards are currently being reviewed.</p> <p>The Executive Chairman has notified the Committee that he does not wish to participate in any new LTIP arrangements, given his current substantial shareholding.</p> | <p>Vesting of 2012 awards is subject to continued employment and performance of the share price. If no entitlement has been earned at the end of the relevant performance period, awards will lapse.</p> <p>Performance metrics for possible future LTIP awards are currently under review.</p> |
| <p>Company Share Option Plan (CSOP)</p> <p>To drive sustained long-term performance that supports the creation of shareholder value.</p> | Option grants are made from time to time at the Committee's discretion. | Any aggregate outstanding CSOP awards made to a participant may not relate to shares with value(s) at time of grant(s) exceeding £30,000, the limit approved by HM Revenue & Customs ("HMRC"). | Vesting of options awards is subject to a vesting period of at least three years and continued employment. If no entitlement has been earned at the end of the relevant performance period, awards will lapse. |

Notes to the opposite table

Annual bonus plan

The bonus plan for the year to 31 January 2016 ("FY2015/16") for John Wilson and Andy Weatherstone is based on achievement of certain profit targets. Under the terms of the plan John Wilson and Andy Weatherstone would be eligible to earn a bonus of 30% and 23% of basic pay, respectively, on achievement of a Connectivity and IMC audited operating profit for FY2015/16 of £3.3 million, an increase of 37.5% over

the profits reported for FY2014/15 of £2.4 million (see Note 2 to the financial statements). Bonus payments would then increase on a pro-rata basis for audited operating profit in excess of this level up to a maximum level of £4.6 million, which would result in bonuses of 117.5% and 94% of John Wilson's and Andy Weatherstone's basic pay, respectively. Should profits exceed this level then any further bonus payments would be at the absolute discretion of the Remuneration Committee. The profit targets are after taking into account the cost of the related bonus.

It should be noted that the above profit targets exclude the operating results of Checkit.

The Board has stated that in the current year it expects Checkit (which is effectively a start-up) to absorb substantially all of the cash flow from the existing businesses.

Bonuses are not contractual and remain at the discretion of the Remuneration Committee.

No bonuses were paid or are payable to Executive Directors in relation to the year (2014: £Nil).

Long Term Incentive Plans

The Company operates the following plans.

Company Share Option Plan (CSOP)

The Company operates a Company Share Option Plan (CSOP) for Executives, up to the £30,000 individual limit for HMRC-approved options. No new awards under the CSOP were made to Directors during the year. Directors' interests under this plan at 31 January 2014 and 2015 are set out in the table below.

| Directors' interests in approved options over ordinary shares of 5p each | Exercise period | Option price | No. of options at 31 January 2014 and 2015 |
|--------------------------------------------------------------------------|-----------------|--------------|--------------------------------------------|
| Keith Daley | 2014–2021 | 38.0p | 78,000 |
| John Wilson | 2014–2021 | 38.0p | 78,000 |
| Total | | | 156,000 |

Long Term Incentive Plan (LTIP)

The 2012 awards are made up of Joint Share Ownership (JSOP) awards and Share Appreciation Rights, which, when combined, allow participants to receive the benefit of any increase in the share price above 25p. How the 2012 awards operate is explained further below.

Each participant has entered into a joint ownership agreement with the trustee of the Elektron Technology 2012 Employee Benefit Trust (the "Trust") under the terms of which each participant has a right to receive the sale proceeds on disposal above a 30p per share hurdle (the "Base Amount"). The earliest realisation date is the third anniversary of the awards date in respect of 75% of the award and the fifth anniversary of the awards date in respect of 25% of the award.

The amount payable by each participant in respect of the jointly owned interests is the higher of 0.75p per share or the amount equal to the unrestricted market value for tax purposes of the interest as agreed with HMRC. In the event that HMRC were to determine that a higher amount is payable, the excess may remain as loans to the participants until such time as the interest is realised or lapses.

In addition to their interest in jointly owned shares, the participants were granted stock appreciation rights which entitle them to the growth in value of a share from 25p up to the Base Amount and which may be settled in shares or cash at the discretion of the Remuneration Committee, concurrently with the realisation of the interest in the jointly owned shares.

As a condition for receiving the 2012 awards, the Executive Directors have invested approximately £65,000 in aggregate in the Group. This investment will be lost if the share price does not rise above 25p.

There have been no variations to the terms and conditions or performance criteria for share options or JSOP-related rights during the year.

No new awards were issued during the year.

Employment contracts

All Executive Directors are employed on service contracts terminable on six months' notice by the Company or the Director.

Approach to recruitment or appointment of executive directors

The Committee shall exercise discretion to award remuneration to an individual outside of the scope of the executive directors' policy table whose appointment to the Company as an executive director is being contemplated by the Committee in exceptional circumstances and where the interests of the Group require an exception to be made in order to secure the recruitment successfully.

Remuneration report continued

Non-executive Directors

All Non-executive Directors serve under letters of appointment and either party can terminate on three months' written notice. Their remuneration is determined by the Board within the limits set by the Articles of Association and is based on information on fees paid in similar companies and the skills and expected time commitment of the individual concerned. The Non-executive Directors receive no remuneration or benefits in kind other than their basic fees, and are not eligible for any equity-based incentive schemes. During the year the Board confirmed that Non-executive Directors are no longer eligible to join the Group's HMRC-approved SAYE share scheme, which is otherwise open to all eligible Group employees in the UK.

Total emoluments and the single figure of total remuneration

Emoluments for the Executive Directors and Non-executive Directors are set out below. The figures below represent emoluments earned as Directors during the relevant financial year. Such emoluments are paid in the same financial year, with the exception of bonuses, which may be paid in the year following that in which they are earned but are charged in the year to which they relate.

Audited information

| Year to 31 January 2015 | Basic pay £'000 | Benefits ¹ £'000 | Bonuses £'000 | Severance £'000 | Total £'000 | Pension contribution ² £'000 | LTIPs vested/ options exercised in the year £'000 | Single figure of total remuneration £'000 |
|--------------------------------|--------------------|--------------------------------|------------------|--------------------|----------------|-----------------------------------------------|---------------------------------------------------------------|----------------------------------------------------|
| Executive Directors | | | | | | | | |
| Keith Daley | 200 | 12 | — | — | 212 | 20 | — | 232 |
| John Wilson | 200 | 27 | — | — | 227 | 20 | — | 247 |
| Andy Weatherstone | 181 | 9 | — | — | 190 | 15 | — | 205 |
| Non-executive Directors | | | | | | | | |
| Ric Piper | 48 | — | — | — | 48 | — | — | 48 |
| Tony Harris | 30 | — | — | — | 30 | — | — | 30 |
| Total 2015 | 659 | 48 | — | — | 707 | 55 | — | 762 |

1 Benefits include car or car allowance, fuel and private medical insurance for Directors and dependants. In April 2014 John Wilson received a one-off payment of £12,500 as compensation for receiving a car allowance in lieu of a fully expensed company car with effect from that date.

2 Includes payments made in lieu of pension contributions.

| Year to 31 January 2014 | Basic pay £'000 | Benefits ¹ £'000 | Bonuses £'000 | Severance £'000 | Total £'000 | Pension contribution ² £'000 | LTIPs vested/ options exercised in the year £'000 | Single figure of total remuneration £'000 |
|----------------------------------------------------|--------------------|--------------------------------|------------------|--------------------|----------------|-----------------------------------------------|---------------------------------------------------------------|----------------------------------------------------|
| Executive Directors | | | | | | | | |
| Keith Daley | 200 | 12 | — | — | 212 | 20 | — | 232 |
| John Wilson | 200 | 17 | — | — | 217 | 20 | — | 237 |
| Andy Weatherstone (appointed January 2014) | 12 | — | — | — | 12 | — | — | 12 |
| Noah Franklin (resigned January 2014) ³ | 166 | 11 | — | 44 | 221 | 17 | — | 238 |
| Non-executive Directors | | | | | | | | |
| Ric Piper | 48 | — | — | — | 48 | — | — | 48 |
| Tony Harris (appointed October 2013) | 10 | — | — | — | 10 | — | — | 10 |
| Simon Acland (resigned October 2013) | 28 | — | — | — | 28 | — | — | 28 |
| Total 2014 | 664 | 40 | — | 44 | 748 | 57 | — | 805 |

1 Benefits include car or car allowance, fuel and private medical insurance for Directors and dependants.

2 Includes payments made in lieu of pension contributions.

3 Of this total severance payment, £22,025 was paid after 31 January 2014.

Basic pay of Andy Weatherstone includes fees paid to A&JW Management Services Limited, a company of which he is a beneficial owner, prior to him becoming a full-time permanent member of the Board on 4 April 2014, which amounted to £35,000 in 2015 (2014: £12,000).

The emoluments of the highest paid Director were £214,000 (2014: £217,000) and in addition the Group made pension contributions or payments in lieu of pension contributions of £20,000 (2014: £20,000).

The annual basic pay for each of the Directors at year end and as at the date of this report is listed below, together with the date of last review:

| | Basic pay at date of report £'000 | 2015 £'000 | 2014 £'000 | Last increased |
|-------------------|--------------------------------------|---------------|---------------|----------------|
| Keith Daley | 200 | 200 | 200 | April 2010 |
| John Wilson | 200 | 200 | 200 | February 2011 |
| Andy Weatherstone | 175 | 175 | — | — |
| Ric Piper | 48 | 48 | 48 | — |
| Tony Harris | 36 | 30 | 30 | March 2015 |

Bonus payments were made to John Wilson of £77,000 in FY2011/12 and £17,000 in FY2012/13.

No other bonus payments have been received by the Directors since 31 January 2011.

Directors' share ownership

The shares owned by the Directors serving at 31 January 2015, including their interests in shares via the Joint Share Ownership Plan (JSOP), which are jointly held with the trustee of the trust, are shown below:

| | Shares owned outright at 31 January 2014 | Shares owned outright at 31 January 2015 | JSOP interests at 31 January 2014 and 2015 | Total at 31 January 2014 | Total at 31 January 2015 |
|--------------------------------|---------------------------------------------|---------------------------------------------|-----------------------------------------------|-----------------------------|-----------------------------|
| Executive Directors | | | | | |
| Keith Daley | 12,090,016 | 17,530,016 | 4,722,000 | 16,812,016 | 22,252,016 |
| John Wilson | 35,661 | 35,661 | 3,922,000 | 3,957,661 | 3,957,661 |
| Andy Weatherstone | — | 50,000 | — | — | 50,000 |
| Non-executive Directors | | | | | |
| Tony Harris | 10,000 | 80,000 | — | 10,000 | 80,000 |
| Ric Piper | 326,000 | 380,333 | — | 326,000 | 380,333 |
| Total | 12,461,677 | 18,076,010 | 8,644,000 | 21,105,677 | 26,720,010 |

During the year Keith Daley acquired 3,800,000 ordinary shares on 23 June 2014 as part of the share placing by the Company and 1,640,000 ordinary shares on 17 July 2014 as part of the Open Offer by the Company.

On 17 July 2014, Tony Harris acquired 70,000 ordinary shares and Ric Piper acquired 54,333 ordinary shares as part of the Open Offer by the Company.

There are no changes to this information as at the date of this report.

Remuneration report continued

Savings-related Share Option Scheme

During 2014, the Group introduced the Elektron Technology plc Savings-related Share Option Scheme 2012 (the "Scheme"), an HMRC-approved share scheme which is open to all eligible Group employees in the UK. Following an invitation issued on 25 April 2013, 85 employees, including Directors, elected to join the Scheme and options were granted on 21 May 2013 over a total of 4,510,190 shares at an exercise price of 8.8p per share. Under normal circumstances, the earliest date on which options are exercisable under the Scheme is three years from the date of grant.

| Directors' interests on options over ordinary shares of 5p each under the Elektron Technology Savings-related Share Option Scheme 2012 | Exercisable from | Option price | No. of options at 31 January 2014 | No. of options at 31 January 2015 |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------|-----------------------------------|-----------------------------------|
| Keith Daley | May 2016 | 8.8p | 102,272 | 102,272 |
| Ric Piper | May 2016 | 8.8p | 102,272 | — |
| John Wilson | May 2016 | 8.8p | 102,272 | 102,272 |
| Total | | | 306,816 | 204,544 |

As noted above, during the year, the Board confirmed that Non-executive Directors are not eligible to join the Group's Scheme, which is otherwise open to all eligible Group employees in the UK. Accordingly, Ric Piper cancelled his SAYE option and withdrew from the Scheme.

Approval

This report was approved by the Board of Directors on the date shown below and signed on its behalf by:

Ric Piper
 Chairman of the Remuneration Committee
 30 April 2015

Audit Committee report



Tony Harris
Chairman of the Audit Committee

This report describes the membership and operation of the Audit Committee.

The Audit Committee consists only of independent Non-Executive Directors. Tony Harris is the current Chairman. Throughout the financial year ended 31 January 2015 its members were Tony Harris and Ric Piper.

Key responsibilities

- Monitoring the integrity of the half-yearly and annual financial statements and formal announcements relating to the Group's financial performance;
- reviewing significant financial reporting issues and accounting policies and disclosures in financial reports;
- reviewing the effectiveness of the Group's internal control procedures and risk management systems;

- considering how the Group's internal audit requirements shall be satisfied and making recommendations to the Board;
- making recommendations to the Board on the appointment or re-appointment of the Group's independent external auditor;
- a review of the independent auditor's audit strategy and implementation plan and its findings in relation to the annual report and half-year report;
- overseeing the Board's relationship with the independent auditor, including their continuing independence and, where appropriate, the selection of new independent auditor; and
- ensuring that an effective whistleblowing procedure is in place.

The Board considers that Tony Harris and Ric Piper have recent and relevant financial experience.

The Committee met three times during the year. The independent auditor attended all of the meetings and the Committee met privately with the independent auditor during the year.

Operation of the Committee

The Committee's terms of reference were reviewed and updated in March 2014 to conform to current best practice. No significant changes were deemed necessary. They are available on request from the Company Secretary.

The terms of reference will be next reviewed by January 2016.

The main activities of the Committee during the year were as follows:

- **Financial statements** – The Committee reviewed the interim and full-year financial statements. Presentations were made by management and the independent auditor about the key technical and judgemental matters relevant to the financial statements. The Committee was satisfied that it was appropriate for the Board to approve the financial statements as fair, balanced and understandable;
- **internal financial control systems** – The Committee reviewed the recommendations made by the independent auditor and management's responses and actions. The Committee was satisfied that it was appropriate for the Board to make the statements regarding internal controls included in the report of the Directors and the Directors' responsibilities statement; and
- **internal audit** – The Committee undertook its annual review and proposed to the Board, which agreed, that it was not appropriate for the Group to undertake formal internal audit activities during the year.

The Chairman of the Committee reported to the Board on the Committee's activities after each meeting, identifying relevant matters requiring communication to the Board and recommendations on the steps to be taken.

Audit Committee report continued

Independent auditor

The appointment of the independent external auditor is approved by shareholders annually. The independent auditor's audit of the financial statements is conducted in accordance with International Standards on Auditing, ISA (UK and Ireland) issued by the Auditing Practices Board.

The independent auditor, with Stuart Henderson as Senior Statutory Auditor, provides the following services:

- a report to the Audit Committee giving an overview of the results, significant contracts and judgements and observations on the control environment; and
- an opinion on the truth and fairness of the Group and Company accounts.

The Audit Committee monitors the cost-effectiveness of audit and non-audit work performed by the independent auditor and also considers the potential impact, if any, of this work on independence.

Approval is required prior to the independent auditor commencing any material non-audit work in accordance with a Group policy approved by the Committee. Certain work, such as providing bookkeeping services, is prohibited.

The Audit Committee also regulates the appointment of former employees of the independent auditor to positions in the Group. The Audit Committee regularly reviews all fees for non-audit work paid to the independent auditor. Details of these fees can be found in Note 4 to the financial statements.

The Committee concluded that the level of non-audit fees, which represented 28% (2014: 9%) of the audit fees for the Group, did not have a negative impact on Deloitte LLP's independence.

The independent auditor also operate procedures designed to safeguard their objectivity and independence. These include the periodic rotation of audit partner, use of independent concurring partners, use of a technical review panel (where appropriate) and annual independence confirmations by all staff. The independent auditor's report to the Committee on matters including independence and non-audit work on an annual basis.

Evaluation of the Committee

No evaluation of the Committee was undertaken during the year.

Approval

This report was approved by the Committee, on behalf of the Board, on the date shown below and signed on its behalf by:

Tony Harris
Chairman of the Audit Committee
30 April 2015

Directors' responsibilities statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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.

In preparing the Group financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of 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 Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' responsibilities statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Strategic report includes a fair review of the development and performance of the business, the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

John Wilson
Chief Executive Officer

Andy Weatherstone
Chief Financial Officer
30 April 2015

Independent auditor's report

to the members of Elektron Technology plc

We have audited the financial statements of Elektron Technology plc for the year ended 31 January 2015, which comprise the consolidated statement of comprehensive income, the consolidated and parent Company balance sheets, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related Notes 1 to 28 and Notes 1 to 13 for the Company.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report 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.

Opinion on financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 January 2015 and of the Group's profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- The parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in Note 1 to the Group financial statements, the Group, in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Opinion on other matters 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Stuart Henderson (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom
30 April 2015

Consolidated statement of comprehensive income

year ended 31 January 2015

| | Notes | 2015 £m | 2014 £m |
|------------------------------------------------------------------------------------------------------|-------|---------------|------------|
| Revenue | 2 | 44.4 | 46.3 |
| Cost of sales | | (28.6) | (30.2) |
| Gross profit | | 15.8 | 16.1 |
| Operating expenses | | | |
| Operating expenses (excluding non-recurring or special items ¹) | 3 | (14.1) | (15.5) |
| Operating profit before non-recurring or special items | | 1.7 | 0.6 |
| Non-recurring or special items | 4 | (1.2) | (5.0) |
| Total operating expenses | 3 | (15.3) | (20.5) |
| Operating profit/(loss) | 4 | 0.5 | (4.4) |
| Finance costs | 5 | (0.3) | (0.5) |
| Profit/(loss) before taxation | | 0.2 | (4.9) |
| Taxation | 8 | — | (0.4) |
| Profit/(loss) after taxation from continuing operations | | 0.2 | (5.3) |
| Discontinued operations | 9 | — | (1.4) |
| Profit/(loss) for the period | | 0.2 | (6.7) |
| Other comprehensive expense | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Exchange differences on translation of foreign operations | | (0.2) | (0.4) |
| Total result/comprehensive expense for the financial year attributable to equity shareholders | | — | (7.1) |
| Earnings/(loss) per share from continuing operations | | | |
| Basic and diluted EPS | 11 | 0.1p | (5.1)p |
| Adjusted and diluted adjusted EPS ² | 11 | 1.0p | (0.3)p |
| Earnings/(loss) per share from continuing and discontinued operations | | | |
| Basic and diluted EPS | 11 | 0.1p | (6.4)p |
| Adjusted and diluted adjusted EPS ² | 11 | 1.0p | (0.6)p |

1 See Note 1 to financial statements for definition.

2 Before non-recurring and special items.

Consolidated balance sheet

as at 31 January 2015

| | Notes | 2015 £m | 2014 £m |
|------------------------------------------------------------|-------|-------------|------------|
| Assets | | | |
| Non-current assets | | | |
| Capitalised R&D | 13 | 3.5 | 3.1 |
| Other intangible assets | 13 | 2.3 | 2.7 |
| Property, plant and equipment | 14 | 2.8 | 3.4 |
| Total non-current assets | | 8.6 | 9.2 |
| Current assets | | | |
| Inventories | 17 | 5.4 | 6.2 |
| Trade and other receivables | 18 | 6.8 | 9.5 |
| Cash and cash equivalents | | 0.6 | 0.8 |
| Total current assets | | 12.8 | 16.5 |
| Total assets | | 21.4 | 25.7 |
| Current liabilities | | | |
| Trade and other payables | 19 | 6.8 | 8.9 |
| Borrowings | 20 | 1.0 | 3.7 |
| Current portion of long-term borrowings | 20 | 1.3 | 1.5 |
| Provisions | 21 | 0.2 | 0.5 |
| Total current liabilities | | 9.3 | 14.6 |
| Non-current liabilities | | | |
| Long-term borrowings | 20 | 1.0 | 3.6 |
| Long-term provisions | 21 | 0.2 | 0.1 |
| Total non-current liabilities | | 1.2 | 3.7 |
| Total liabilities | | 10.5 | 18.3 |
| Net assets | | 10.9 | 7.4 |
| Equity attributable to equity holders of the parent | | | |
| Called up share capital | 22 | 9.3 | 6.0 |
| Share premium | 22 | 5.4 | 5.4 |
| Merger reserve | 22 | 1.1 | 1.1 |
| Capital redemption reserve | 22 | 0.2 | 0.2 |
| Own shares | 22 | (3.5) | (3.5) |
| Other reserves | 22 | 0.7 | 0.5 |
| Translation reserve | 22 | (0.8) | (0.6) |
| Retained earnings | 22 | (1.5) | (1.7) |
| Total equity | | 10.9 | 7.4 |

The financial statements of Elektron Technology plc (registered no. 448274) were approved by the Board of Directors and authorised for issue on 30 April 2015 and were signed on its behalf by:

Keith Daley
Director

Andy Weatherstone
Director

Consolidated statement of changes in equity

year ended 31 January 2015

| | Share capital £m | Share premium £m | Merger reserve £m | Capital redemption reserve £m | Own shares ¹ £m | Other reserves £m | Translation reserve £m | Retained earnings £m | Total £m |
|-------------------------------------------------|---------------------|---------------------|----------------------|----------------------------------|-------------------------------|----------------------|---------------------------|-------------------------|-------------|
| At 1 February 2013 | 6.0 | 5.4 | 1.1 | 0.2 | (3.5) | 0.3 | (0.2) | 5.0 | 14.3 |
| Total comprehensive expense for the year | — | — | — | — | — | — | (0.4) | (6.7) | (7.1) |
| Credit to equity for share-based payments | — | — | — | — | — | 0.2 | — | — | 0.2 |
| At 31 January 2014 | 6.0 | 5.4 | 1.1 | 0.2 | (3.5) | 0.5 | (0.6) | (1.7) | 7.4 |
| Total comprehensive expense for the year | — | — | — | — | — | — | (0.2) | 0.2 | — |
| Share issue | 3.3 | — | — | — | — | — | — | — | 3.3 |
| Credit to equity for share-based payments | — | — | — | — | — | 0.2 | — | — | 0.2 |
| At 31 January 2015 | 9.3 | 5.4 | 1.1 | 0.2 | (3.5) | 0.7 | (0.8) | (1.5) | 10.9 |

1 The treasury shares are held by the Elektron Technology 2012 Employee Benefit Trust.

Consolidated statement of cash flows

year ended 31 January 2015

| | Notes | 2015 £m | 2014 £m |
|------------------------------------------------------------|-------|--------------|------------|
| Net cash inflow/(outflow) from operating activities | 6 | 3.5 | (2.3) |
| Investing activities | | | |
| Purchase of property, plant and equipment | 14 | (0.5) | (0.7) |
| Purchase of other intangible assets | 13 | (1.1) | (2.4) |
| Proceeds from the sale of property, plant and equipment | | 0.1 | — |
| Disposal of businesses | 9 | — | 2.3 |
| Net cash used in investing activities | | (1.5) | (0.8) |
| Financing activities | | | |
| Proceeds from ordinary share issue | 22 | 3.3 | — |
| (Decrease)/increase in bank loans | | (5.2) | 2.9 |
| New finance leases | | — | 0.2 |
| Payment of hire purchase and finance liabilities | | (0.3) | (0.4) |
| Net cash (used in)/from financing activities | | (2.2) | 2.7 |
| Net decrease in cash and cash equivalents | | (0.2) | (0.4) |
| Cash and cash equivalents at the beginning of period | | 0.8 | 1.2 |
| Cash and cash equivalents at the end of period | | 0.6 | 0.8 |

Notes to the consolidated financial statements

year ended 31 January 2015

General information

Elektron Technology plc (the "Group" or "Elektron") is a public limited liability company incorporated in England and Wales and domiciled in the UK. The address of its registered office is Broers Building, JJ Thomson Avenue, Cambridge CB3 0FA. The nature of the Group's operations and its principal activities are set out in the Report of the Directors on pages 20 to 22.

These financial statements are presented in Sterling, the currency of the primary economic environment in which the Group operates, and all values are rounded to the nearest hundred thousand (£0.1m) except where otherwise stated. Foreign operations are included in accordance with the accounting policies set out in Note 1.

1. Summary of significant accounting policies

The particular accounting policies adopted by the Directors in the preparation of these consolidated financial statements are described below:

Basis of accounting

The consolidated financial statements of Elektron Technology plc have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. The principal accounting policies adopted are set out below. These policies have been applied consistently to all years presented, unless otherwise stated.

Adoption of new and revised standards

In the current year, the Group has applied a number of amendments to IFRSs and a new interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 "Investment Entities" – As the Company is not an investment entity (assessed based on the criteria set out in IFRS 10 as at 1 January 2014), the adoption of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets" – These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 "Fair Value Measurement." The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

IFRIC 21 "Levies" – The interpretation provides guidance on how different levy arrangements should be accounted for; in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The application of this interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

Amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities" – As the Group does not have any financial assets and financial liabilities that qualify for offset, the adoption of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

IFRS 11 (amendments) "Accounting for Acquisitions of Interests in Joint Operations" – As the Group does not have any interest in joint operations, the adoption of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

IFRS 10 and IAS 28 (amendments) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" – The application of these amendments has had no material impact on the disclosures in the Group's consolidated financial statements.

Standards not affecting the reported results nor the financial position

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9 "Financial Instruments"

IFRS 15 "Revenue from Contracts with Customers"

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

1. Summary of significant accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are:

Critical accounting judgements

- The classification of non-recurring or special items (Note 4): In line with the way the Board and chief operating decision maker reviews the business, non-recurring or special items are separately identified. Management has defined and reports such items as restructuring and site closure costs, costs associated with acquisitions, amortisation of acquired intangible assets and other non-recurring and non-operating items;
- the accounting for discontinued operations (Note 9): Allocations of shared costs to discontinued operations have been based on an assessment of support provided taking into account historical performance; and
- the capitalisation of development costs (Note 13): Internally-generated intangible assets arising from development is recognised if, and only if, all of the conditions required by IAS 38 “Intangible Assets” have been demonstrated.

Sources of estimation uncertainty

- The impairment of goodwill (Note 12): Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate future cash flows expected from the cash-generating unit and a suitable discount rate in order to calculate present value. Goodwill was fully impaired in the previous year;
- the recoverability of internally generated intangible assets (Note 13): At each balance sheet date, the Group reviews the carrying amounts of its internally generated intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Estimated future cash flows deriving from these assets must be determined and an appropriate discount rate applied to calculate present value;
- the estimation of the deferred income tax asset (Note 16): Deferred taxation assets are recognised for subsidiaries with a past history of profitable trends where there is persuasive and reliable evidence in the form of management accounts and financial projections that taxable profits are anticipated;
- the estimation of the net realisable value of inventory (Note 17): Provision is made to write down slow-moving and obsolete items to net realisable value, based on an assessment of technological and market developments and an analysis of historic and projected usage of quantities on hand; and
- the estimation of the cost of restructuring activities and dilapidations (Note 21).

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Review of performance and strategic update on pages 5 to 7. The principal risks and uncertainties facing the business are described on pages 11 to 14. The Financial review on pages 16 to 18 gives details of the Group's principal banking facilities.

The Directors have prepared and reviewed current cash flow projections for a period not less than twelve months from the approval of the annual report. These projections take account of reasonably possible changes in trading performance, borrowing facilities and forecast covenant compliance. In the event, should actual performance fall below the current forecast levels in this period, the Group has a number of mitigating factors available to it and the Board have the required monitoring and controls in place in order to be able to put the necessary actions in place if they see a need to do so.

The Directors have no reason to believe that any of the existing borrowing facilities might be withdrawn or that there would be any other material change in the current financial projections of the Group. As a result the Directors have formed a judgement when approving the financial statements that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Consolidation

The consolidated financial statements incorporate the financial statements of Elektron Technology plc and all subsidiary undertakings drawn up to 31 January each year. Subsidiaries are all entities over which the Group has the power to control the financial and operating policies so as to obtain benefit from their activities. The results of businesses acquired during the year are included from the effective date of acquisition. The results of businesses discontinued during the year are included until the date of disposal. Business combinations are accounted for using the purchase method. Balances between Group companies are eliminated and no profit is taken on intra-Group sales.

Notes to the consolidated financial statements continued

year ended 31 January 2015

1. Summary of significant accounting policies continued

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair value (at the date of exchange) of assets given, liabilities incurred or assumed, equity instruments issued and cash paid by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the statement of comprehensive income as incurred.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (2008) "Business Combinations" are recognised at their fair value at the acquisition date.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents any excess of cost of the acquired entity over the Group's interest in the fair value of the entity's identifiable assets and liabilities acquired and is capitalised as a separate item. Goodwill is recognised as an intangible asset.

Under the business combination exemption of IFRS 1, goodwill previously capitalised or written off to reserves under UK GAAP is not recycled to the statement of comprehensive income on calculating a gain or loss on disposal.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently where there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. Impairment losses are recognised in the statement of comprehensive income.

Negative goodwill, representing the amount by which the net fair value of the assets and liabilities of an acquired business exceeds the acquisition cost is, in accordance with IFRS 3, recognised in the statement of comprehensive income in the year of acquisition.

Other intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

The cost of acquiring software (including associated implementation costs where applicable) that is not specific to an item of property, plant and equipment is classified as an intangible asset.

Other intangible assets that are separately acquired by the Group are stated at fair value. The category of other intangible assets also includes marketing, customer and technology-related assets arising from the acquisition of Hartest Holdings plc recognised at fair value.

Amortisation of intangible assets is charged on a straight line basis over the estimated useful lives of intangible assets determined on an asset-by-asset basis. The estimated useful lives are as follows:

- | | |
|-----------------------------------------------------|-------------|
| — Computer software | 3–10 years |
| — Marketing, customer and technology-related assets | 10–20 years |
| — Development costs | 4 years |

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants relating to property, plant and equipment and intangible assets are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned.

1. Summary of significant accounting policies continued**Property, plant and equipment**

The cost of property, plant and equipment is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated on the cost of each property, plant and equipment asset individually on a straight line basis and is designed to write off the costs of the assets less any residual value over their estimated useful lives. The estimated useful lives are:

| | |
|------------------------------|-------------------|
| – Plant, equipment and tools | 3–15 years |
| – Motor vehicles | 4 years |
| – Fixtures and fittings | 8–16 years |
| – Leasehold improvements | Term of the lease |

Reviews are made periodically of the estimated remaining lives of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear. The carrying value is reviewed for impairment in the period if events or changes in circumstances indicate the carrying value may not be recoverable. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Impairment of tangible and intangible assets excluding goodwill

The carrying amount of the Group's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount with the impairment loss recognised as an operating expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all direct expenditure and, where appropriate, production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow moving and defective stocks. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs to completion.

Employee benefits

Pensions to employees are provided through defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions to an independent entity. The Group has no legal obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

Share-based employee remuneration

The Group's management awards certain employee incentives from time to time on a discretionary basis and through its Company Share Option Plan (CSOP) and its Joint Share Ownership Plan (JSOP).

In accordance with IFRS 2 "Share-based Payment", the Group reflects the economic cost of awarding shares and share options to employees by recording an expense in the statement of comprehensive income equal to the fair value of the benefit awarded, fair value being estimated using the Black-Scholes option pricing model. The expense is recognised in the statement of comprehensive income over the vesting period of the award. Equity-settled share-based payments to employees, and others providing similar services, are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 22.

Notes to the consolidated financial statements continued

year ended 31 January 2015

1. Summary of significant accounting policies continued

Share capital

(a) Treasury shares

Where the Group purchases its own equity share capital (treasury shares) the consideration paid, including any directly attributable incremental costs (net of taxes), is deducted from equity attributable to the Company's shareholders until the shares are cancelled, reissued or disposed of.

(b) Trust shares

The Elektron Technology 2012 Employee Benefit Trust (the "Trust") uses funds provided by the Group to meet the Group's obligations under the employee share option plans and the JSOP. All shares acquired by the Trust are purchased on the open market or, in the case of the JSOP shares, may be issued directly to the Trust at the then market value. Where the Group holds its own equity shares through the Trust, these shares are shown as a reduction in equity, consideration paid or received is shown in the reconciliation of equity movements and no gain or loss is recognised within the consolidated income statement or the statement of comprehensive income on the purchase, sale, issue or cancellation of these shares.

Leases

In accordance with IAS 17 "Leases", the economic ownership of a leased asset is transferred to the lessee if they bear substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any, to be borne by the lessee. A corresponding amount is recognised as a finance leasing liability.

Subsequent accounting for assets held under finance lease agreements, i.e. depreciation methods and useful lives, correspond to those applied to comparable acquired assets. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed to finance costs. Finance charges represent a constant periodic rate of interest on the outstanding balance of the finance lease liability.

All other leases are treated as operating leases. Payment on operating lease agreements is recognised as an expense on a straight line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Financial liabilities/assets

The Group's financial liabilities are overdrafts, revolving credit and invoice discounting facilities, trade and other payables and finance leasing liabilities. They are included in the balance sheet line items "borrowings", "long-term borrowings" and "trade and other payables".

Financial liabilities are recognised when the Group becomes party to the contractual arrangements of the instrument.

All interest-related charges are recognised as an expense in "finance cost" in the statement of comprehensive income.

Finance lease liabilities are measured at initial value less the capital element of lease repayments.

Trade payables are stated at their amortised cost.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides goods directly to a debtor. Receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the statement of comprehensive income.

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

Equity instruments

Share capital is determined using the nominal value of shares that have been issued. Equity-settled share-based employee remuneration is credited to other reserves until the related equity instruments are realised by the employee.

1. Summary of significant accounting policies continued**Cash and cash equivalents**

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts and include cash at bank and in hand and bank deposits available at less than 24 hours' notice. Bank overdrafts and invoice discounting advances are presented as current liabilities to the extent that there is no right of offset with cash balances. The carrying value of these assets is approximately equal to their fair value.

Accounting for taxes

Current tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Where an item of income or expense is recognised in the statement of comprehensive income, any related tax generated is recognised as a component of tax expense in the statement of comprehensive income. Where an item is recognised directly to equity and presented within the statement of comprehensive income, any related tax generated is treated similarly.

Deferred taxation

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

Deferred taxation liabilities are generally recognised on all taxable temporary differences. Deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date. The carrying value of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which taxable temporary differences can be utilised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The Group manufactures and sells a range of engineered products to industrial markets. Sales of goods are recognised when a Group entity has despatched products to the customer, the customer has full discretion over the use of the components, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the risks of obsolescence and loss have been transferred, and either the products have been accepted in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Service revenue is recognised at the point at which the service is provided to the customer. Maintenance and support revenue is recognised proportionally on a straight line basis over the life of the contract.

Notes to the consolidated financial statements continued

year ended 31 January 2015

1. Summary of significant accounting policies continued

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Sterling, which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation.

Financial risk management

The Group's multinational operations and debt financing expose it to a variety of financial risks. In the course of its business, the Group is exposed to foreign currency risk, interest rate risk, liquidity risk and credit risk. Financial risk management is an integral part of the way the Group is managed. Financial risk management policies are set by the Board. Further details are included in the Report of the Directors.

The Group does not hold or use derivative financial instruments.

(i) Foreign currency risk

Foreign currency risk arises both where sale or purchase transactions are undertaken in currencies other than the respective functional currencies of Group companies (transactional exposures) and where the results of overseas companies are consolidated into the Group's reporting currency of Sterling (translational exposures). The Group has overseas operations that record their results in different local functional currencies. In countries where the Group does not have operations, it frequently has some customers or suppliers that transact in a foreign currency. The Group is therefore exposed to the changes in foreign currency exchange rates between a number of different currencies, but the Group's primary exposures relate to the US Dollar, Euro and to the Tunisian Dinar.

The Group's policy is not to hedge its exposure using financial instruments, but to mitigate exposure by natural hedges.

The Group's translational exposures to foreign currency risks can relate both to the statement of comprehensive income and net assets of overseas subsidiaries. The Group's policy is not to hedge the translational exposure that arises on consolidation of the statements of comprehensive income of overseas subsidiaries.

(ii) Interest rate risk

Interest rate risk arising from borrowing at variable rates is not hedged.

1. Summary of significant accounting policies continued**Financial risk management** continued**(iii) Liquidity risk**

Liquidity risk represents the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages this risk by maintaining adequate committed lines of funding. The undrawn facilities committed to the Group as at 31 January 2015 are set out in Note 26.

(iv) Credit risk

Credit risk arises because a counterparty may fail to perform its obligations. The Group is exposed to credit risk on financial assets such as cash balances, trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts recognised in the balance sheet are net of appropriate allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the current economic environment. Trade receivables are subject to credit limits and control and approval procedures in the operating companies. Due to its large geographic base and number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables.

Credit risk associated with cash balances is managed by transacting with financial institutions with high quality credit ratings. Accordingly, the Group's associated credit risk is limited. The Group has no significant concentration of credit risk.

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Group balance sheet.

Capital management

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

Details of share-based payments are disclosed in Note 22.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

From time to time the Group purchases its own shares in the market; the timing of these purchases depends on market prices. Buy and sell decisions are made on a specific transaction basis by the Board.

There were no changes to the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Non-GAAP measure

These financial statements contain references to operating profit before non-recurring or special items. This financial measure does not have any standardised meaning prescribed by IFRS and is therefore referred to as non-GAAP measures. The non-GAAP measure used by the Company may not be comparable to similar measures used by other companies.

The definition of operating profit before non-recurring or special items is set out earlier in this Note (critical accounting judgements and key sources of estimation uncertainty). The Board believes that this is a useful supplemental metric as it provides an indication of the results generated by the Company's principal business activities prior to consideration of how the results are impacted by one-time exceptional charges or how the results are affected by the accounting standards associated with the Group's share-based payment expense.

Notes to the consolidated financial statements continued

year ended 31 January 2015

2. Segmental reporting

The Group has continued to adopt the provisions of IFRS 8 “Operating Segments” and historically shown summary information in respect of these segments. This segmentation is consistent with internal reports to the chief operating decision maker for use in assessing business performance and allocating Group resources. The chief operating decision maker is the Chief Executive of the Group. The activity of each segment is explained in the Review of performance and strategic update.

| | Segment revenue | | Operating profit/(loss) before non-recurring or special items | | Operating profit/(loss) | |
|-------------------------------------------------------|-----------------|------------|---------------------------------------------------------------|------------|-------------------------|------------|
| | 2015 £m | 2014 £m | 2015 £m | 2014 £m | 2015 £m | 2014 £m |
| Segment revenues and results of continuing operations | | | | | | |
| Connectivity | 25.8 | 27.0 | 2.9 | 1.7 | 2.2 | (0.6) |
| Instrumentation, Monitoring and Control (IMC) | 18.4 | 19.3 | (0.5) | (1.0) | (1.0) | (3.7) |
| Total Connectivity and IMC | 44.2 | 46.3 | 2.4 | 0.7 | 1.2 | (4.3) |
| Checkit | 0.2 | — | (0.7) | (0.1) | (0.7) | (0.1) |
| Total | 44.4 | 46.3 | 1.7 | 0.6 | 0.5 | (4.4) |
| Finance costs (net) | | | | | (0.3) | (0.5) |
| Profit/(loss) before tax | | | | | 0.2 | (4.9) |

Revenue reported above represents revenue generated from external customers.

The accounting policies of the reportable segments are the same as the Group’s accounting policies described in Note 1.

Segment profit represents the profit earned by each segment, including a share of central administration costs, which are allocated on the basis of actual use or pro rata to sales. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

| | | |
|------------------------------------------------|-------------|------------|
| Segment assets | 2015 £m | 2014 £m |
| Connectivity | 10.4 | 13.2 |
| Instrumentation, Monitoring and Control | 9.8 | 12.5 |
| Total Connectivity and IMC | 20.2 | 25.7 |
| Checkit | 1.2 | — |
| Consolidated assets | 21.4 | 25.7 |
| Segment liabilities | 2015 £m | 2014 £m |
| Connectivity | 5.6 | 9.8 |
| Instrumentation, Monitoring and Control | 4.7 | 8.5 |
| Total Connectivity and IMC | 10.3 | 18.3 |
| Checkit | 0.2 | — |
| Consolidated liabilities | 10.5 | 18.3 |

2. Segmental reporting continued

| Other segment information | Depreciation and amortisation | | Additions to non-current assets | |
|------------------------------------------------|-------------------------------|------------|---------------------------------|------------|
| | 2015 £m | 2014 £m | 2015 £m | 2014 £m |
| Connectivity | 0.7 | 0.6 | 0.5 | 1.3 |
| Instrumentation, Monitoring and Control | 1.0 | 1.1 | 0.4 | 1.8 |
| Total Connectivity and IMC | 1.7 | 1.7 | 0.9 | 3.1 |
| Checkit | 0.2 | — | 0.7 | — |
| Total | 1.9 | 1.7 | 1.6 | 3.1 |

Geographical information

The Group considers its operations to be in the following geographical regions:

| | Revenue from external customers | | Non-current assets | |
|-----------------------------------------------|---------------------------------|------------|--------------------|------------|
| | 2015 £m | 2014 £m | 2015 £m | 2014 £m |
| United Kingdom | 19.3 | 20.6 | 7.8 | 8.2 |
| Rest of Europe, Middle East and Africa | 12.3 | 12.7 | 0.8 | 0.6 |
| Asia Pacific and China | 5.1 | 5.7 | — | 0.3 |
| Americas | 7.7 | 7.3 | — | 0.1 |
| Total | 44.4 | 46.3 | 8.6 | 9.2 |

3. Net operating expenses

| | 2015 £m | 2014 £m |
|-------------------------------------------------------------|-------------|------------|
| Net operating expenses | | |
| Selling and distribution costs | 6.1 | 7.3 |
| Administrative expenses | 8.0 | 8.2 |
| Operating expenses excluding non-recurring or special items | 14.1 | 15.5 |
| Non-recurring or special items (see Note 4) | 1.2 | 5.0 |
| Total operating expenses | 15.3 | 20.5 |

Non-recurring or special items are disclosed separately to improve visibility of the underlying business performance.

Management has defined such items as restructuring and site closure costs, acquisition costs, amortisation of acquired intangible assets, share-based payments and other non-recurring items incurred outside the normal course of business.

Notes to the consolidated financial statements continued

year ended 31 January 2015

4. Operating profit/(loss)

| | 2015 £m | 2014 £m |
|----------------------------------------------------------------------------------------|------------|------------|
| Operating profit/(loss) is after charging: | | |
| Depreciation on owned property, plant and equipment | 0.7 | 0.9 |
| Depreciation on property, plant and equipment held under finance leases | 0.1 | — |
| Amortisation of non-acquisition intangible assets | 0.9 | 0.6 |
| Impairment of other intangible assets | 0.2 | 0.2 |
| Research and development expenditure | 1.1 | 0.7 |
| Loss on foreign currency translation | 0.1 | 0.3 |
| Operating lease rentals: | | |
| – land and buildings | 1.0 | 1.1 |
| – plant and machinery | 0.1 | 0.1 |
| Auditor's remuneration: | | |
| – fees payable to the Company's auditor for the audit of the Company's annual accounts | — | — |
| – the audit of the Company's subsidiaries pursuant to legislation | 0.2 | 0.2 |
| Total audit fees for audit services | 0.2 | 0.2 |
| – tax services | — | — |
| Total auditor's remuneration | 0.2 | 0.2 |
| Non-recurring or special items: | | |
| – Tunisia restructuring costs | — | 1.4 |
| – UK restructuring costs | — | 0.9 |
| – redundancy costs | — | 0.4 |
| – strategic review costs | 0.8 | 0.4 |
| – goodwill impairment charge | — | 1.1 |
| – IFRS 2 charge | 0.2 | 0.2 |
| – amortisation of acquisition intangible assets | 0.2 | 0.2 |
| – impairment of acquisition intangible assets | — | 0.4 |
| Total non-recurring or special items | 1.2 | 5.0 |

Included within auditor's remuneration for audit services is less than £0.1m (2014: less than £0.1m) for the audit of overseas subsidiaries carried out by auditor other than Deloitte LLP and less than £0.1m (2014: less than £0.1m) payable to Deloitte LLP for the audit of the Company's annual accounts.

The restructuring costs in the year ended 31 January 2014 include amounts payable during the year due to the consolidation of operations in the UK and the Asia-Pacific region and related factory closure costs.

5. Finance costs

| | 2015 £m | 2014 £m |
|--------------------------------------------------------------|------------|------------|
| Bank overdrafts and loans wholly repayable within five years | 0.2 | 0.4 |
| Finance leases and hire purchase contracts | 0.1 | 0.1 |
| | 0.3 | 0.5 |

6. Net cash flows from operating activities

| | 2015 £m | 2014 £m |
|----------------------------------------------------------------------------------------------|------------|------------|
| Profit/(loss) before taxation | | |
| – from continuing operations | 0.2 | (4.9) |
| – from discontinued operations (Note 9) | – | (1.4) |
| Adjustments for: | | |
| Depreciation | 0.8 | 0.9 |
| Non-recurring or other special items | | |
| – continuing | 1.2 | 5.0 |
| – discontinued | – | 0.7 |
| Amortisation of development costs and computer software | 0.9 | 0.6 |
| Loss on disposal of fixed assets | 0.1 | 0.3 |
| Loss on disposal of discontinued operations | – | 0.4 |
| Interest payable | 0.3 | 0.5 |
| Operating cash flow before working capital changes and non-recurring or special items | 3.5 | 2.1 |
| Decrease/(increase) in trade and other receivables | 2.7 | (0.6) |
| Decrease in inventories | 0.8 | 0.7 |
| (Decrease)/increase in trade and other payables | (2.1) | 0.2 |
| Payments for non-recurring and other special items | (1.1) | (4.5) |
| Other non-cash movements | – | (0.1) |
| Cash generated/(utilised) by operations | 3.8 | (2.2) |
| Interest paid | (0.3) | (0.5) |
| Taxation refunded | – | 0.4 |
| Net cash inflow/(outflow) from operating activities | 3.5 | (2.3) |

Notes to the consolidated financial statements continued

year ended 31 January 2015

7. Staff information (including Directors)

Employee costs were:

| | Note | 2015 £m | 2014 £m |
|-----------------------|------|-------------|------------|
| Wages and salaries | | 12.4 | 14.5 |
| Social security costs | | 1.4 | 1.6 |
| Other pension costs | 25 | 0.3 | 0.3 |
| | | 14.1 | 16.4 |

Redundancy costs of £0.1m (2014: £0.4m) were incurred in the year and were included within operating costs. Redundancy costs incurred in 2014 were included in special and non-recurring items (see Note 4).

The average monthly number of people employed by the Group during the year including Executive Directors was as follows:

| | 2015 Number | 2014 Number |
|--------------------------|----------------|----------------|
| Administration and sales | 162 | 192 |
| Production | 888 | 1,097 |
| | 1,050 | 1,289 |

Details of Directors' remuneration are included in the Report of the Remuneration Committee on pages 23 to 26. Production personnel in 2014 included additional temporary labour to clear overdue order backlog.

8. Taxation

(a) Analysis of tax charge/(credit) for the year

| | Notes | 2015 £m | 2014 £m |
|------------------------------------------------|-------|------------|--------------|
| Continuing operations | | | |
| Current taxation: | | | |
| UK corporation tax credit on loss for the year | | — | — |
| Underprovision for prior year | | — | — |
| Total current taxation | | — | — |
| Deferred taxation: | | | |
| Origination and reversal of timing differences | 16 | — | — |
| Losses derecognised | 16 | — | 0.4 |
| Tax charge on continuing operations | | — | 0.4 |
| Discontinued operations | | | |
| Current taxation: | | | |
| UK corporation tax credit on loss for the year | | — | — |
| Over provision for prior year | | — | (0.1) |
| Total current taxation | | — | (0.1) |
| Deferred taxation: | | | |
| Origination and reversal of timing differences | 16 | — | 0.1 |
| Tax charge on discontinued operations | | — | — |

8. Taxation continued**(b) Factors affecting taxation/charge/(credit) for the year**

Deferred taxation assets amounting to £1.2m (2014: £1.3m) have not been provided in respect of unutilised income tax losses that can be carried forward against future taxable income as there is currently insufficient evidence that these assets will be recovered. The Finance Act 2013, which provides for reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective 1 April 2015, was substantially enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

| | 2015 | | 2014 | |
|--------------------------------------------------------------------------------------------------------------------------|-----------------|--------------|----------|-------|
| | Tax rate | £m | Tax rate | £m |
| Profit/(loss) on continuing operations before taxation | | 0.2 | | (4.9) |
| Profit/(loss) on ordinary activities multiplied by weighted average standard rate of corporation tax in the UK of 21.33% | 21.3% | — | 23.2% | (1.1) |
| Effects of: | | | | |
| Expenses not deductible for tax purposes | 50.0% | 0.1 | (2.0)% | 0.1 |
| Overseas tax rates | (150.0)% | (0.3) | 8.2% | (0.4) |
| UK R&D tax credit | — | — | 2.0% | (0.1) |
| Tax effect of goodwill impairment | — | — | (6.1)% | 0.3 |
| Utilisation of tax losses brought forward | 50.0% | 0.1 | — | — |
| Non-recognition of tax losses | 50.0% | 0.1 | (33.3)% | 1.6 |
| | — | — | (8.2)% | (0.4) |

(c) Factors that may affect future taxation charges

Deferred taxation assets amounting to £1.0m (2014: £1.3m) have not been provided in respect of unutilised income tax losses that can be carried forward against future taxable income as there is currently insufficient evidence that these assets will be recovered.

9. Discontinued operations

Discontinued operations in 2014 comprise those of Total Carbide Limited (sold on 12 June 2014 realising £2.0m in cash and loss on disposal of £0.3m), the Sifam and Tinsley brands, the manufacturing subsidiary Elektron Components (Shenzhen) Limited (sold on 21 October 2014 realising £0.3m and a loss on disposal of £0.4m) and the discontinuance of Tinsley brand activities in India.

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

| | 2014 £m |
|---------------------------------------------------------------------------|------------|
| Revenue | 3.4 |
| Operating expenses | (3.7) |
| Non-recurring or special items | (0.7) |
| Loss before tax | (1.0) |
| Attributable tax charge | — |
| Loss on disposal of discontinued operations | (0.4) |
| Attributable tax expense | — |
| Net loss from discontinued operations attributable to equity shareholders | (1.4) |

Notes to the consolidated financial statements continued

year ended 31 January 2015

10. Dividends paid

No interim or final dividend was paid for year ended 31 January 2015 (2014: nil)

11. Earnings/(loss) per share

The calculation of the basic earnings/(loss) per share (basic EPS), diluted earnings/(loss) per share (diluted EPS) and earnings/(loss) per share before non-recurring or special items (adjusted EPS) is based on the following data. Shares held in treasury are excluded from the number of shares in issue for the purposes of earnings per share calculations. The calculation of the diluted earnings/(loss) per share is based on the basic earnings/(loss) per share adjusted to allow for the issue of shares on the assumed conversion of all dilutive options. However, in accordance with IAS 33 "Earnings Per Share", potential ordinary shares are only considered dilutive when their conversion would decrease the profit per share or increase the loss per share from continuing operations attributable to the equity shareholders. As at 31 January 2015 there were 18,496,718 potential ordinary shares which have been disregarded in the calculation of diluted earnings per share as they were considered non-dilutive at this date.

Earnings/(loss)

| | 2015 £m | 2014 £m |
|--------------------------------------------------------------------------------------------------------------------|------------|------------|
| Earnings/(loss) from continuing operations | | |
| Earnings/(loss) for the purposes of basic and diluted EPS being net loss attributable to the owners of the Company | 0.2 | (5.3) |
| Adjustment in respect of non-recurring or special items net of taxation of nil (2014: £0.6m) | 1.2 | 5.0 |
| Earnings/(loss) for the purposes of adjusted EPS | 1.4 | (0.3) |
| Earnings/(loss) from continuing and discontinued operations | | |
| Profit/(loss) for the purposes of basic and diluted EPS being net loss attributable to the owners of the Company | 0.2 | (6.7) |
| Adjustment in respect of non-recurring or special items net of taxation of nil (2014: £0.6m) | 1.2 | 6.1 |
| Earnings/(loss) for the purposes of Adjusted EPS | 1.4 | (0.6) |

Number of shares

| | 2015 No. | 2014 No. |
|----------------------------------------------------------------------------|-------------|-------------|
| Weighted average number of ordinary shares for the purposes of basic EPS | 140,221,240 | 104,450,615 |
| Effect of dilutive potential ordinary shares: | | |
| Share options | — | — |
| Weighted average number of ordinary shares for the purposes of diluted EPS | 140,221,240 | 104,450,615 |

Earnings/(loss) per share

| | 2015 | 2014 |
|---------------------------------------------|------|--------|
| From continuing operations | | |
| Basic and diluted EPS | 0.1p | (5.1)p |
| Adjusted and diluted adjusted EPS | 1.0p | (0.3)p |
| From continuing and discontinued operations | | |
| Basic and diluted EPS | 0.1p | (6.4)p |
| Adjusted and diluted adjusted EPS | 1.0p | (0.6)p |

12. Goodwill

| | 2015 £m | 2014 £m |
|-------------------------|------------|------------|
| Cost and net book value | | |
| At 1 February | — | 1.2 |
| Disposal | — | (0.1) |
| Impairment charge | — | (1.1) |
| At 31 January | — | — |

12. Goodwill continued

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill has been allocated to one CGU.

Up until the preparation of the 2014 financial statements the Group tested goodwill annually for impairment or more frequently if there were indications that goodwill might be impaired. The recoverable amount of the CGU was determined from value-in-use calculations.

In preparing the 2014 financial statements the Board decided, based upon its testing, that it was appropriate to fully impair the Group's goodwill.

The key assumptions to which the value-in-use calculation is most sensitive are those regarding the discount rates, growth rates and expected changes to selling prices and costs during the period.

In 2014 the Group prepared cash flow forecasts derived from the most recent financial budgets and high level plans approved by the Board for the period to 31 January 2017 assuming no growth in cash flows thereafter. The forecasts reflected the difficult trading conditions experienced in that year where relevant and these forecasts were used in the value-in-use calculation.

The rate used to discount forecast cash flow was is 15% (2014: 15%), which was deemed to be the Group's weighted average cost of capital.

In order to reflect the risk associated with the CGU, the Directors risk adjusted the discount rate through sensitivity analysis and conclude the carrying value of the goodwill no longer remained appropriate and, accordingly, the full amount of goodwill was impaired in 2014.

13. Other intangible assets

| | Development costs £m | Computer software £m | Acquired intangible assets £m | Total £m |
|-------------------------------|-------------------------|-------------------------|----------------------------------|-------------|
| Cost | | | | |
| At 1 February 2013 | 2.0 | 1.3 | 2.5 | 5.8 |
| Additions | 1.9 | 0.5 | — | 2.4 |
| Reclassification ¹ | (0.1) | — | — | (0.1) |
| Disposals | (0.3) | — | — | (0.3) |
| At 31 January 2014 | 3.5 | 1.8 | 2.5 | 7.8 |
| Additions | 1.1 | — | — | 1.1 |
| At 31 January 2015 | 4.6 | 1.8 | 2.5 | 8.9 |
| Amortisation | | | | |
| At 1 February 2013 | 0.2 | 0.3 | 0.5 | 1.0 |
| Charge for the year | 0.4 | 0.2 | 0.2 | 0.8 |
| Disposals | (0.2) | — | — | (0.2) |
| Impairment charge | — | — | 0.4 | 0.4 |
| At 31 January 2014 | 0.4 | 0.5 | 1.1 | 2.0 |
| Charge for the year | 0.7 | 0.2 | 0.2 | 1.1 |
| At 31 January 2015 | 1.1 | 0.7 | 1.3 | 3.1 |
| Carrying amount | | | | |
| At 1 February 2013 | 1.8 | 1.0 | 2.0 | 4.8 |
| At 31 January 2014 | 3.1 | 1.3 | 1.4 | 5.8 |
| At 31 January 2015 | 3.5 | 1.1 | 1.2 | 5.8 |

¹ Asset classifications have been reviewed following the consolidation of UK activities onto a single ERP system.

Notes to the consolidated financial statements continued

year ended 31 January 2015

13. Other intangible assets continued

| | 2015 £m | 2014 £m |
|-----------------------------------------|------------|------------|
| Development cost additions by project | | |
| Connectivity | 0.1 | 0.4 |
| Queensgate | 0.2 | 0.7 |
| Ophthalmic | 0.1 | 0.3 |
| Other | — | 0.1 |
| Total Connectivity and IMC | 0.4 | 1.5 |
| Checkit | 0.7 | 0.4 |
| Total development cost additions | 1.1 | 1.9 |

| | Cost value | | Net book value | |
|-----------------------------------|------------|------------|----------------|------------|
| | 2015 £m | 2014 £m | 2015 £m | 2014 £m |
| Total amounts by project | | | | |
| Connectivity | 1.0 | 0.9 | 0.7 | 0.8 |
| Queensgate | 1.4 | 1.2 | 1.2 | 1.2 |
| Ophthalmic | 0.5 | 0.4 | 0.4 | 0.4 |
| Other | 0.4 | 0.4 | — | 0.1 |
| Total Connectivity and IMC | 3.3 | 2.9 | 2.3 | 2.5 |
| Checkit | 1.3 | 0.6 | 1.2 | 0.6 |
| Total development costs | 4.6 | 3.5 | 3.5 | 3.1 |

Acquired intangible assets include marketing (£0.9m), customer (£1.3m), and technology (£0.3m) related assets arising from the acquisition of Hartest Holdings plc, which are being amortised over their estimated useful lives, which are estimated to be between 10 and 20 years. In accordance with the requirements of IAS 12, an initial deferred tax liability of £0.5m was recognised separately in respect of these assets. The deferred tax liability has been reduced in line with the amortisation of these assets. As at 31 January 2015 the remaining deferred tax liability amounted to £0.2m. An impairment charge of £0.4m was recognised in relation to the acquired intangible assets in 2014, in conjunction with the impairment testing of goodwill. The Group has tested the intangible assets for impairment and no further impairment was considered necessary in 2015.

The Group has prepared cash flow forecasts derived from the most recent financial budgets and high level plans approved by the Board for the period to 31 January 2018 assuming no growth in cash flows thereafter. The forecasts reflect the trading conditions experienced in the current year where relevant and these forecasts have been used in the value-in-use calculation.

The key assumptions to which the value-in-use calculation is most sensitive are those regarding the discount rates, growth rates and expected changes to selling prices and costs during the period.

The rate used to discount forecast cash flows is 15% (2014: 15%), which is deemed to be the Group's weighted average cost of capital.

14. Property, plant and equipment

| | Leasehold improvements £m | Plant and machinery £m | Equipment, fixtures, fittings and vehicles £m | Total £m |
|-------------------------------|---------------------------------|------------------------------|-----------------------------------------------------------|-------------|
| Cost | | | | |
| At 1 February 2013 | 1.4 | 14.8 | 3.0 | 19.2 |
| Currency translation | — | (0.1) | — | (0.1) |
| Reclassification ¹ | — | 0.1 | — | 0.1 |
| Disposal of businesses | (0.3) | (6.0) | (0.1) | (6.4) |
| Additions | 0.1 | 0.3 | 0.3 | 0.7 |
| Disposals | — | (0.1) | (0.3) | (0.4) |
| At 31 January 2014 | 1.2 | 9.0 | 2.9 | 13.1 |
| Currency translation | (0.1) | — | — | (0.1) |
| Additions | 0.2 | 0.2 | 0.1 | 0.5 |
| Disposals | (0.1) | (0.4) | (0.2) | (0.7) |
| At 31 January 2015 | 1.2 | 8.8 | 2.8 | 12.8 |
| Depreciation | | | | |
| At 1 February 2013 | 0.5 | 11.6 | 1.7 | 13.8 |
| Disposal of businesses | (0.3) | (4.5) | (0.1) | (4.9) |
| Charge for the year | 0.1 | 0.5 | 0.3 | 0.9 |
| Disposals | — | — | (0.1) | (0.1) |
| At 31 January 2014 | 0.3 | 7.6 | 1.8 | 9.7 |
| Charge for the year | 0.1 | 0.3 | 0.4 | 0.8 |
| Disposals | — | (0.3) | (0.2) | (0.5) |
| At 31 January 2015 | 0.4 | 7.6 | 2.0 | 10.0 |
| Net book value | | | | |
| At 1 February 2013 | 0.9 | 3.2 | 1.3 | 5.4 |
| At 31 January 2014 | 0.9 | 1.4 | 1.1 | 3.4 |
| At 31 January 2015 | 0.8 | 1.2 | 0.8 | 2.8 |

¹ Asset classifications have been reviewed following the consolidation of UK activities onto a single ERP system.

The net book value of assets held under finance leases and hire purchase contracts was £0.1m (2014: £0.2m).

Notes to the consolidated financial statements continued

year ended 31 January 2015

15. Investment in subsidiary undertakings

The principal subsidiary undertakings at 31 January 2015 were:

| Name | Country of incorporation | Nature of business | Shares held by parent | Shares held by Group |
|------------------------------------------------|--------------------------|-------------------------------------------------------------------------------------------|-----------------------|----------------------|
| Elektron Technology UK Ltd | England and Wales | Design, manufacture and sale of electromechanical components and instrumentation products | 100% | 100% |
| Elektron Technology Corporation | USA | Sale of electromechanical components and instrumentation products | 0% | 100% |
| Elektron Tunisie Sarl | Tunisia | Manufacture of electromechanical components | 0% | 100% |
| Elektron Technology (Shanghai) Trading Limited | China | Sale of electromechanical components and instrumentation products | 100% | 100% |
| Elektron Technology PTE Ltd | Singapore | Sale of electromechanical components and instrumentation products | 100% | 100% |

All subsidiary undertakings are operated primarily in the country of incorporation.

16. Deferred tax

| | 2015 £m | 2014 £m |
|----------------------------------------------------------|------------|------------|
| Deferred tax assets recoverable after more than one year | — | — |

The gross movement on the deferred tax asset is as follows:

| | Notes | 2015 £m | 2014 £m |
|-----------------------------------------------------------|-------|--------------|------------|
| At 1 February 2014 | | — | 0.5 |
| Deferred tax on intangible assets | 8a | — | 0.1 |
| Losses derecognised | | — | (0.4) |
| Origination and reversal of other timing differences | 8a | — | (0.2) |
| At 31 January 2015 | | — | — |
| This is made up of the following: | | | |
| Depreciation in excess of capital allowances | | 0.3 | (0.3) |
| Taxation losses | | — | 0.3 |
| Short-term timing differences | | — | 0.3 |
| Deferred tax on separately identifiable intangible assets | | (0.3) | (0.3) |
| Undiscounted asset for deferred taxation | | — | — |

Deferred taxation assets have only been recognised for subsidiaries with a past history of profitable trends where there is persuasive and reliable evidence in the form of management accounts and financial projections that taxable profits are anticipated to arise in the foreseeable future. Deferred taxation assets amounting to £1.0m (2014: £1.3m) have not been provided in respect of unutilised income tax losses that can be carried forward against future taxable income as there is currently insufficient evidence that these assets will be recovered.

No deferred tax liabilities have been provided in respect of the unremitted earnings of the overseas subsidiaries. The amount of such unremitted earnings is estimated to be a retained profit of £4.8m (2014: £3.5m).

17. Inventories

| | 2015 £m | 2014 £m |
|-------------------------------------|------------|------------|
| Raw materials | 2.9 | 3.0 |
| Work in progress | 0.3 | 0.5 |
| Finished goods and goods for resale | 2.2 | 2.7 |
| | 5.4 | 6.2 |

In the ordinary course of business, the Group makes provision for slow-moving, excess and obsolete inventory as appropriate. Inventory is stated after charging impairments of less than £0.1m (2014: £0.3m), which are included within operating profit.

The amount of inventory recognised as an expense within the cost of sales amounted to £27.7m (2014: £30.2m).

18. Trade and other receivables

| | 2015 £m | 2014 £m |
|--------------------------------|------------|------------|
| Trade receivables | 6.4 | 9.4 |
| Less: provision for impairment | (0.7) | (0.8) |
| Trade receivables – net | 5.7 | 8.6 |
| Other receivables | 0.3 | 0.1 |
| Prepayments | 0.8 | 0.8 |
| | 6.8 | 9.5 |

The fair values of trade and other receivables are considered to be as stated above.

Trade receivables can be analysed as follows:

| | 2015 £m | 2014 £m |
|---------------------------|------------|------------|
| Not past due | 4.7 | 6.4 |
| Past due but not impaired | 1.0 | 2.2 |
| Past due and impaired | 0.7 | 0.8 |
| | 6.4 | 9.4 |

The ageing of trade receivables classed as past due but not impaired is as follows:

| | 2015 £m | 2014 £m |
|--------------------------|------------|------------|
| Up to one month past due | 0.9 | 1.7 |
| Over one month past due | 0.1 | 0.5 |
| | 1.0 | 2.2 |

Trade receivables are normally due within 30 to 90 days and do not bear any effective interest rate. Some trade receivables are covered by credit insurance. There is no specific concentration of credit risk as the amounts recognised represent a large number of receivables from various customers.

Trade receivable days are 47 days (2014: 56 days).

Trade receivables of £0.7m (2014: £0.8m) are considered potentially impaired. The specifically impaired receivables relate to a wide variety of individual customers. Provisions for impairment are management's best estimates based on prior experience and an assessment of the current economic environment.

Notes to the consolidated financial statements continued

year ended 31 January 2015

18. Trade and other receivables continued

Ageing of impaired receivables:

| | 2015 £m | 2014 £m |
|-------------------------------------------|------------|------------|
| Between one month and two months past due | 0.2 | 0.3 |
| Over two months past due | 0.5 | 0.5 |
| | 0.7 | 0.8 |

Movements on the provision for impairment of trade receivables are as follows:

| | 2015 £m | 2014 £m |
|-------------------------------------------------------------|------------|------------|
| At 1 February 2014 | 0.8 | 0.7 |
| (Decrease)/increase in provision for receivables impairment | (0.1) | 0.1 |
| At 31 January 2015 | 0.7 | 0.8 |

The gross carrying amounts of trade and other receivables are denominated in the following currencies:

| | 2015 £m | 2014 £m |
|--------------|------------|------------|
| Sterling | 4.9 | 6.2 |
| US Dollar | 1.0 | 1.7 |
| Euro | 0.6 | 1.1 |
| Indian Rupee | — | 0.4 |
| Other | 0.2 | 0.1 |
| | 6.7 | 9.5 |

19. Trade and other payables

| | 2015 £m | 2014 £m |
|------------------------------|------------|------------|
| Trade payables | 4.0 | 6.0 |
| Other payables | 0.7 | 0.6 |
| Accruals and deferred income | 2.1 | 2.3 |
| | 6.8 | 8.9 |

The fair value of trade payables has not been disclosed as, due to their short-term nature, management considers the carrying amounts recognised in the balance sheet to be a reasonable approximation of their fair value.

Trade payable days are 45 days (2014: 55 days).

20. Borrowings

| | 2015 £m | 2014 £m |
|--------------------------------------------------------------|------------|------------|
| Bank overdrafts and invoice discounting facilities | 1.0 | 3.7 |
| Obligations under finance leases and hire purchase contracts | 0.5 | 0.8 |
| Bank loans | 1.8 | 4.3 |
| | 3.3 | 8.8 |
| Short-term borrowings | 1.0 | 3.7 |
| Current portion of long-term borrowing | 1.3 | 1.5 |
| Long-term borrowings | 1.0 | 3.6 |
| | 3.3 | 8.8 |
| Analysis of repayments | | |
| Bank overdrafts and invoice discounting facilities: | | |
| Within one year | 1.0 | 3.7 |
| Finance leases and hire purchase contracts: | | |
| Within one year | 0.2 | 0.4 |
| In two to five years | 0.3 | 0.4 |
| | 0.5 | 0.8 |
| Bank loans: | | |
| Within one year | 1.1 | 1.1 |
| In two to five years | 0.7 | 3.2 |
| | 1.8 | 4.3 |
| | 3.3 | 8.8 |

Bank overdrafts and invoice discounting facilities of £1.0m (2014: £3.7m) and bank loans of £1.8m (2014: £4.3m) are secured by debentures and fixed charges over certain Group assets. Balances have been offset where appropriate.

Bank overdrafts and invoice discounting facilities of £1.0m (2014: £3.7m) attract interest at 3.25% above currency base rate.

Bank loans attract interest at 4.35% over LIBOR.

Finance leases and hire purchase contracts of £0.5m attract interest at 2.2% to 3.65% over base rates.

21. Provisions

| | 2015 £m | 2014 £m |
|-------------|------------|------------|
| Non-current | 0.2 | 0.1 |
| Current | 0.2 | 0.5 |
| | 0.4 | 0.6 |

Notes to the consolidated financial statements continued

year ended 31 January 2015

21. Provisions continued

| | Dilapidation costs £m | Restructuring costs £m | Total £m |
|-------------------------------------|--------------------------|---------------------------|-------------|
| At 1 February 2014 | 0.1 | 0.5 | 0.6 |
| Provided for/(utilised) in the year | 0.1 | (0.3) | (0.2) |
| At 31 January 2015 | 0.2 | 0.2 | 0.4 |
| Anticipated utilisation | | | |
| Within one year | — | 0.2 | 0.2 |
| Beyond one year | 0.2 | — | 0.2 |

The dilapidation costs relate to redecoration, maintenance and reinstatement costs required to meet the terms of property leases held by the Group.

The restructuring costs relate principally to redundancy and other costs of streamlining the Group based on detailed plans that have been communicated to the affected parties. The Group plans to complete the restructuring by September 2015.

22. Share capital and reserves

Share capital

| | 2015 £m | 2014 £m |
|-----------------------------------------------------------------|-------------|------------|
| Authorised | | |
| 200,000,000 (2014: 200,000,000) ordinary shares of 5 pence each | 10.0 | 10.0 |
| Allotted, called up and fully paid | | |
| 186,100,851 (2014: 119,526,265) ordinary shares of 5 pence each | 9.3 | 6.0 |

Of the allotted, called up and fully paid share capital, 15,075,650 shares (2014: 15,075,650 shares) are held by the Elektron Technology 2012 Employee Benefit Trust (EBT) and are treated as treasury shares. Excluding these shares, the issued share capital at 31 January 2015 was 171,205,201 (2014: 104,450,615).

Shares held by the EBT include 9,568,000 shares (2014: 10,150,000 shares) jointly owned with employees participating in the Joint Share Ownership Plan (JSOP). Employee interests in the JSOP reduced by 582,000 during the year as a result of employees leaving the Group.

The middle-market price of the ordinary shares at 31 January 2015 was 5.62 pence per share and the range during the year was 4 pence per share to 7.25 pence per share.

The Company completed two share issues during the year. On 23 June 2014 the Company completed a placing of 46,800,000 new ordinary shares and on 18 July 2014 the Company completed an open offer, issuing 19,774,586 new ordinary shares. Both were made at a price of 5 pence each, resulting in an increase in allotted, called up and fully paid ordinary shares to 186,100,851.

Share options

Elektron Technology plc Savings-related Share Option Scheme: As at 31 January 2015, there was a total of 1,728,393 options outstanding held by 40 employees including Directors. These options are exercisable after 21 May 2016 and the exercise price is 8.8 pence.

Elektron Technology plc Executive Share Option Scheme

| Year of grant | Exercise period | Option price | Number of options | |
|---------------|-----------------|--------------|-------------------|--------------|
| | | | 2015 '000 | 2014 '000 |
| 2004 | 2007–2014 | 15.81p | — | 300 |

During the year, 300,000 options lapsed. In accordance with the transitional provisions, IFRS 2 "Share-based Payments" has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005.

22. Share capital and reserves continued**Share options** continued

Elektron Technology plc Company Share Option Plan (CSOP)

| Year of grant | Exercise period | Option price | Number of options | |
|---------------|-----------------|--------------|-------------------|--------------|
| | | | 2015 '000 | 2014 '000 |
| 2011 | 2014–2021 | 38.00p | 390 | 468 |
| 2012 | 2015–2022 | 25.00p | 120 | 460 |
| 2014 | 2015–2022 | 17.00p | 450 | 600 |
| 2014 | 2016–2023 | 10.625p | 580 | 580 |
| 2014 | 2016–2023 | 11.00p | — | 200 |

The weighted average exercise price of all options under the CSOP is 20.54 pence.

During the year 768,000 share options lapsed as a result of employees leaving the Group.

Options in the form of stock appreciation rights over 780,000 shares were granted in 2012 for employees outside the UK. The exercise period is 2015–2022 and the exercise price is 25.00 pence.

Share-based payments including awards under the CSOP and the SAYE schemes are valued using an independent probability valuation model and take account of performance criteria (if any). The significant inputs into the model for awards during the year were:

| | |
|-------------------------------------------------------------------------------------|------------------|
| Risk-free interest rate – yield on zero coupon UK Government bonds at date of grant | 0.64% to 0.98% |
| Weighted average contractual life | 3 years |
| Weighted average share price | 10.38p to 13.75p |
| Strike price | 8.8p to 11p |
| Volatility of share price | 41% |
| Forfeiture rate | 20%–50% |

The Group recognised a charge of £0.2m in the year (2014: £0.2m).

Reserves

The nature of the reserves shown in the consolidated balance sheet and consolidated statement of changes in equity is as follows:

Share premium

Amount subscribed for share capital in excess of nominal value.

Merger reserve

Amount arising on an acquisition in prior years satisfied substantially by the issue of share capital and thereby eligible for merger relief under the provisions of Section 612 of the Companies Act 2006.

Capital redemption reserve

The cumulative nominal value of own shares acquired by the Company.

Own shares

The value of the Company's shares held by the Elektron Technology 2012 Employee Benefit Trust.

Translation reserves

Gains and losses arising on retranslating the net assets of overseas operations into Sterling of £0.8m (2014: £0.6m).

Other reserves

A reserve arising from the application of IFRS 2 "Share-based Payments" of £0.7m (2014: £0.5m).

Retained earnings

Cumulative gains and losses recognised in the consolidated statement of comprehensive income not included above.

Notes to the consolidated financial statements continued

year ended 31 January 2015

23. Capital commitments

Expenditure sanctioned but not contracted for amounted to £0.1m (2014: £0.1m), and expenditure contracted but not provided for in the financial statements amounted to £Nil (2014: £Nil).

24. Operating lease commitments

At 31 January 2015 the Group had total commitments under non-cancellable operating leases as follows:

| | Land and buildings | | Other | |
|-------------------------------------|--------------------|------------|------------|------------|
| | 2015 £m | 2014 £m | 2015 £m | 2014 £m |
| Minimum lease payments: | | | | |
| Expiring within one year | 0.4 | 0.1 | 0.1 | 0.1 |
| Expiring between two and five years | 0.4 | 1.1 | 0.2 | 0.1 |
| Expiring after five years | 2.0 | 1.7 | — | — |
| | 2.8 | 2.9 | 0.3 | 0.2 |

25. Retirement benefit schemes

The Group operates a Group Personal Pension Plan (which is a defined contribution scheme) for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of the trustees.

Contributions to the Group Personal Pension Plan and to other personal pension plans are charged to the statement of comprehensive income as they become payable. The pension cost charge for the year was £0.3m (2014: £0.3m) and outstanding contributions at the year end amounted to less than £0.1m (2014: £0.1m).

26. Financial assets and liabilities

(i) Financial instruments

The Group's financial instruments comprise borrowings, cash and cash equivalents, and various items such as trade receivables and payables that arise directly from its operations. The main purpose of these instruments is to raise finance for operations. The Group has not entered into derivatives transactions nor does it trade in financial instruments as a matter of policy. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk. The Board's policy on each is described in Note 1 and has not changed since 2012. Operations are financed through working capital management and short-term flexibility is achieved by revolving credit and invoice discounting facilities.

Treasury matters are dealt with on a Group basis and are approved by the Board. At 31 January 2015 gross gearing on net assets was 30.9% (2014: 119.5%).

(ii) Financial assets: excluding receivables due within one year

Details of trade and other receivables are provided in Note 18. The only other current financial asset held is cash and cash equivalents. The balances as at 31 January are detailed below:

| | 2015 £m | 2014 £m |
|--------------------|------------|------------|
| US Dollar accounts | 0.1 | 0.4 |
| Indian Rupees | 0.1 | 0.1 |
| Euro accounts | 0.1 | 0.2 |
| Chinese Yuan | — | 0.1 |
| Pound Sterling | 0.3 | — |
| | 0.6 | 0.8 |

26. Financial assets and liabilities continued**(iii) Financial liabilities: excluding non-debt current liabilities**

The only financial liabilities of the Group which are subject to interest charges are bank loans, invoice discounting facilities, overdrafts and obligations under finance leases and hire purchase contracts. All borrowings attract interest at variable rates. At 31 January the interest rate profile of the Group's financial liabilities was as follows:

| | 2015 £m | 2014 £m |
|-------------------------------------|------------|------------|
| Floating rate financial liabilities | 3.4 | 8.8 |

(iv) Maturity

The maturity profile is shown in Note 20.

(v) Fair value of financial assets and liabilities

IFRS 7 "Financial Instruments" requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets (Level 1);
- inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly (Level 2); and
- inputs for the asset or liability that are not based on observable market data (Level 3).

There were no applicable assets or liabilities at 31 January 2015 (2014: nil).

(vi) Committed undrawn borrowing facilities

At the year end the Group had committed undrawn facilities of £3.9m (2014: £1.1m) that related to revolving credit, invoice discounting, leasing and overdraft facilities repayable on demand in the event of any breaches in the covenants given by the Group.

(vii) Currency risk

The Group has transactional currency exposure arising from normal trading activity. Such exposure arises from sales and purchases in currencies other than Sterling. The Group does not trade in derivatives or make speculative hedges.

At 31 January 2015 the Group had no commitments under non-cancellable forward contracts (2014: £Nil).

The Group's currency exposure, being those transactional exposures that give rise to net currency gains and losses recognised in the statement of comprehensive income, was as follows:

| | Assets | | Liabilities | |
|--------------|------------|------------|-------------|------------|
| | 2015 £m | 2014 £m | 2015 £m | 2014 £m |
| US Dollar | 1.1 | 2.1 | (0.2) | 2.4 |
| Euro | 0.6 | 1.3 | (0.3) | 1.0 |
| Indian Rupee | 0.1 | 0.5 | – | 0.2 |
| | 1.8 | 3.9 | (0.5) | 3.6 |

(viii) Sensitivity analysis

For the year ended 31 January 2015 it is estimated that, for a 10% exchange rate movement, the Group's Sterling-reported profit before tax would have changed by:

- £0.1m (2014: less than £0.1m) for the US Dollar;
- £0.1m (2014: less than £0.1m) for the Euro; and
- less than £0.1m (2014: less than £0.1m) for the Indian Rupee.

Sensitivity to other currencies and interest rates are not considered to be material in the context of the 2015 results.

Notes to the consolidated financial statements continued

year ended 31 January 2015

26. Financial assets and liabilities continued

(ix) Categories of financial instruments

| | 2015 £m | 2014 £m |
|-----------------------------------------------|------------|-------------|
| Financial assets | | |
| Cash and bank balances | 0.6 | 0.8 |
| Loans and receivables | 6.8 | 9.5 |
| | 7.4 | 10.3 |
| Financial liabilities | | |
| Other financial liabilities at amortised cost | | |
| Trade and other payables | 4.7 | 6.6 |

27. Related party transactions

(a) Transactions between Group companies, which are related parties, have been eliminated on consolidation and have therefore not been disclosed.

(b) The Group occupies a number of leasehold properties with annual rentals of £0.3m (2014: £0.3m), the landlord of which is part of Panther Securities Plc, a substantial shareholder in Elektron Technology plc.

Elektron Technology plc, the Company, has also given rental guarantees to Panther Securities Plc as described in Note 12 to the parent company financial statements.

28. Potential litigation

As reported in last year's annual report, a shareholder, Mr B Bridge, issued proceedings under The Companies Act 2006 in the Liverpool District Registry of the High Court seeking permission to pursue a derivative claim against certain Directors of the Company (namely Keith Daley, Tony Harris, Ric Piper and John Wilson) and certain former Directors (namely Noah Franklin and Simon Acland), collectively the "Directors".

The proceedings have been delayed, largely as a result of procedural failings on the part of Mr Bridge. At an earlier procedural hearing the court refused permission against Tony Harris and Ric Piper, against whom it was satisfied that no sufficient claim had been made out.

The court has not yet been able to consider whether it is appropriate to grant permission to continue the intended claim against the remaining Directors. A further hearing is listed for 16 and 17 June 2015 at which the permission application is expected to be finally determined.

Despite obtaining permission to amend his claim on 1 October 2014, Mr Bridge has not done so. As a result, Mr Bridge's claim remains as outlined below.

The Company has continued to receive professional advice on Mr Bridge's claim, and that advice is now that, on the evidence, the court is highly likely to refuse permission to continue the claim against the remaining Directors.

At the hearing in June, the court will, if it does give permission to continue the claim, also consider Mr Bridge's application for an indemnity out of the assets of the Company in respect of his costs. The potential cost consequences for the Company remain as outlined below. In view of the advice received, the Company, having carefully considered the matter, does not consider that it is appropriate to make a provision for the costs at this time.

In the event that the claim is continued it would be expected to come to court in 2016 or later.

28. Potential litigation continued**Details of the claim**

The Companies Act 2006 (the "Act") provides a means by which an individual shareholder of a company may bring proceedings in respect of a claim which vests in, and in which a remedy is sought on behalf of, the Company. This is known as a derivative claim.

The Company has instructed solicitors and counsel to advise and represent it. It should be noted that, although a party to the proceedings, the Company has only a limited, neutral role and that the permission hearing will be conducted principally between Mr Bridge and the Directors. The court is obliged to refuse permission for a derivative action to proceed if a person acting under a general duty to promote the success of the company would not seek to continue the claim.

In summary, Mr Bridge is alleging various breaches of duty by the Directors, including dishonesty, "a reckless acquisition spree", illegal share price manipulation and the implementation of unfair bonus and share schemes without proper shareholder approval. The Directors refute the allegations made by Mr Bridge and have instructed their own solicitors and counsel.

Cost consequences

The potential cost consequences for the Company are outlined below:

- In the event that the permission application is successful, the Board believes that it is likely the court will order the Company to indemnify Mr Bridge in respect of his legal costs of pursuing the derivative claim. However, as far as these costs are concerned, the Company expects to be able to recover them in accordance with the terms of its own insurance policy.
- If the permission application is unsuccessful, the claim will not proceed and the only issue for the Company will be that it will be liable for that element of the Directors' costs that is irrecoverable and/or not covered by their insurance, under the indemnity given by the Company to its officers under its Articles of Association. The Company will not be able to recover these costs through the Company's insurance.
- Should the permission be granted but the claim subsequently fails, the Company has been advised that it could be liable for the entirety of the Directors' costs under the indemnity referred to above and the Company would not expect to be able to recover any of these costs through its insurance.

At present it is not possible to estimate the uninsured costs; in a worst case scenario, they could be significant.

Parent company balance sheet

as at 31 January 2015

| | Notes | 2015 £m | 2014 £m |
|----------------------------------------------------------------|-------|--------------|------------|
| Fixed assets | | | |
| Tangible assets | 3 | 1.2 | 1.6 |
| Investments in subsidiary undertakings | 4 | 0.6 | 2.4 |
| | | 1.8 | 4.0 |
| Current assets | | | |
| Debtors | 5 | 18.1 | 18.7 |
| Cash in hand and at bank | | 0.1 | — |
| | | 18.2 | 18.7 |
| Creditors: amounts falling due within one year | 6 | (2.8) | (6.2) |
| Net current assets | | 15.4 | 12.5 |
| Total assets less current liabilities | | 17.2 | 16.5 |
| Creditors: amounts falling due after more than one year | 7 | (0.3) | (1.4) |
| Provisions for liabilities | 9 | — | (0.1) |
| Net assets | | 16.9 | 15.0 |
| Capital and reserves | | | |
| Called up share capital | 10 | 9.3 | 6.0 |
| Share premium | 10 | 5.4 | 5.4 |
| Merger reserve | 10 | 1.1 | 1.1 |
| Capital redemption reserve | 10 | 0.2 | 0.2 |
| Other reserves | 10 | 0.3 | 0.1 |
| Profit and loss account | 10 | 0.6 | 2.2 |
| Shareholders' funds | | 16.9 | 15.0 |

The financial statements were approved by the Board of Directors and authorised for issue on 30 April 2015 and were signed on its behalf by:

Keith Daley
Director

Andy Weatherstone
Director

Notes to the parent company financial statements

as at 31 January 2015

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

The principal accounting policies of the Company are set out below. Except as stated below, the following accounting policies have remained unchanged from the previous year and continue to be the most appropriate.

The Company has taken advantage of the exemption of FRS 8 "Related Party Disclosure" not to show transactions with companies in the Group headed by Elektron Technology plc which are publicly available.

The Company has taken advantage of the exemption in paragraph 2d of FRS 29 "Financial Instruments: Disclosure" and not disclosed information required by that standard, as the Group's consolidated financial statements, in which the Company is included, provide equivalent disclosures for the Group under IFRS 7 "Financial Disclosure".

Tangible fixed assets

The cost of fixed assets is their purchase cost less depreciation. Depreciation is calculated on the cost of each tangible fixed asset individually on a straight line basis and is designed to write off the cost of the asset, less any residual value over their estimated lives. Assets are not depreciated until they are brought into use. The estimated useful lives are:

| | |
|------------------|-----------|
| – Equipment | 3–7 years |
| – Software | 3–7 years |
| – Motor vehicles | 4 years |

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable, as an incentive to sign an operating lease, are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Investments in subsidiary undertakings

Investments are included at cost net of any provision for impairment.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised where it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Retirement benefits

Defined contribution pension scheme

The pension costs charged against profits are the contributions payable to individual policies in respect of the accounting period.

Financial instruments

Income and expenditure arising on financial instruments is recognised on an accruals basis and credited or charged to the profit and loss account in the financial period to which it relates.

Notes to the parent company financial statements continued

as at 31 January 2015

1. Accounting policies continued

Share-based payments

The Company has applied the requirements of FRS 20 "Share-based Payment". In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005.

The Company issues equity-settled share-based payments to certain employees. These payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

The fair value of all equity-settled share-based payments is measured using the Black-Scholes option pricing model. The expected life used in these models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Cash flow statement

The Company has not presented a separate cash flow statement in accordance with the exemption provided by FRS1 (Revised), as its cash flows are included within the cash flows of the Group, as set out on page 35 of this report.

2. Profit/(loss) for the financial year

As permitted by Section 408 of the Companies Act 2006 the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year amounted to £1.6m (2014: £0.2m).

3. Tangible fixed assets

| | Equipment and vehicles £m |
|---------------------------|---------------------------------|
| Cost | |
| At 1 February 2014 | 2.3 |
| Disposals | (0.1) |
| At 31 January 2015 | 2.2 |
| Depreciation | |
| At 1 February 2014 | 0.7 |
| Charge for the year | 0.3 |
| At 31 January 2015 | 1.0 |
| Net book value | |
| At 31 January 2015 | 1.2 |
| At 31 January 2014 | 1.6 |

Equipment above includes Group IT project hardware and software costs.

4. Investments in subsidiary undertakings

| | 2015 £m | 2014 £m |
|-------------------------------------|------------|------------|
| At 1 February | 2.4 | 2.4 |
| Dissolution of dormant subsidiaries | (1.8) | — |
| At 31 January | 0.6 | 2.4 |

During the year Bulgin Components PLC and Cross Technology Limited, 100% owned subsidiaries of Elektron Technology PLC, were dissolved.

5. Debtors: amounts falling due within one year

| | 2015 £m | 2014 £m |
|-----------------------------------------|-------------|------------|
| Amounts owed by subsidiary undertakings | 18.0 | 18.4 |
| Other debtors | — | 0.2 |
| Prepayments | 0.1 | 0.1 |
| | 18.1 | 18.7 |

6. Creditors: amounts falling due within one year

| | 2015 £m | 2014 £m |
|-----------------------------------------|------------|------------|
| Bank loans and overdrafts (Note 8) | 1.1 | 3.5 |
| Amounts owed to subsidiary undertakings | 1.1 | 1.9 |
| Finance leases (Note 8) | 0.2 | 0.2 |
| Trade payables | — | 0.3 |
| Other taxes and social security costs | 0.1 | — |
| Other creditors | 0.1 | 0.1 |
| Accruals and deferred income | 0.2 | 0.2 |
| | 2.8 | 6.2 |

7. Creditors: amounts falling due after more than one year

| | 2015 £m | 2014 £m |
|-------------------------|------------|------------|
| Bank loans (Note 8) | — | 1.0 |
| Finance leases (Note 8) | 0.3 | 0.4 |
| | 0.3 | 1.4 |

8. Loans and other borrowings

| | 2015 £m | 2014 £m |
|------------------------------------------------------|------------|------------|
| Bank overdrafts | — | 2.4 |
| Bank loans | 1.1 | 2.1 |
| Finance leases | 0.5 | 0.6 |
| | 1.6 | 5.1 |
| Maturity of financial liabilities | | |
| In one year or less | 1.3 | 3.7 |
| In more than one year, but not more than two years | 0.3 | 1.2 |
| In more than two years, but not more than five years | — | 0.2 |
| | 1.6 | 5.1 |

Bank loans of £1.1m are secured by debentures and fixed charges over certain of the assets of the Company and the Group. Bank loans attract interest at 4.35% over LIBOR.

Notes to the parent company financial statements continued

as at 31 January 2015

9. Provisions

| | 2015 £m | 2014 £m |
|----------------------|------------|------------|
| At 1 February | 0.1 | 0.1 |
| Released in the year | (0.1) | — |
| At 31 January | — | 0.1 |

10. Share capital and reserves

Details of the share capital and reserves are given in Note 22 of the notes to the consolidated financial statements.

| | Share capital £m | Share premium £m | Merger reserve £m | Capital redemption reserve £m | Other reserves £m | Profit and loss account £m | Total £m |
|------------------------------------------|------------------------|------------------------|-------------------------|----------------------------------------|-------------------------|-------------------------------------|-------------|
| At 1 February 2014 | 6.0 | 5.4 | 1.1 | 0.2 | 0.1 | 2.2 | 15.0 |
| Share issue | 3.3 | — | — | — | — | — | 3.3 |
| Credit to equity for share-based payment | — | — | — | — | 0.2 | — | 0.2 |
| Loss for the year | — | — | — | — | — | (1.6) | (1.6) |
| At 31 January 2015 | 9.3 | 5.4 | 1.1 | 0.2 | 0.3 | 0.6 | 16.9 |

11. Capital expenditure commitments and operating lease commitments

Capital expenditure contracted but not provided for in the financial statements amounted to £Nil (2014: £Nil). The Company had £0.2m annual operating lease commitments for land and buildings at 31 January 2015 (2014: £0.2m).

12. Contingent liabilities

The Company has given certain guarantees in respect of invoice discounting arrangements of certain subsidiary companies up to £0.7m and has guaranteed rental obligations of certain subsidiary companies up to £0.3m.

13. Related party transactions

Related party transactions are the same for the Company as for the Group. Details can be found in Note 27 of the notes to the consolidated financial statements.

Five-year record

consolidated five year record

| | 2015 £m | 2014 £m | 2013 £m | 2012 £m | 2011 £m |
|-------------------------------------------------|-------------|------------|------------|------------|------------|
| Revenue – continuing operations | 44.4 | 46.3 | 47.4 | 63.1 | 49.2 |
| – discontinued operations | – | 3.4 | 9.2 | 1.2 | 0.8 |
| | 44.4 | 49.7 | 56.6 | 64.3 | 50.0 |
| Adjusted operating profit ¹ | 1.7 | 0.3 | 1.6 | 4.9 | 5.1 |
| Profit/(loss) before taxation | 0.2 | (6.3) | (0.8) | 2.4 | 3.3 |
| Total equity | 10.9 | 7.4 | 14.3 | 15.8 | 14.6 |
| Adjusted earnings/(loss) per share ¹ | 1.0p | (0.6)p | 1.2p | 3.2p | 4.1p |
| Earnings/(loss) per share | 0.1p | (6.4)p | (0.4)p | 1.7p | 2.9p |
| Dividends paid and proposed per share | – | – | – | 0.83p | 0.80p |

¹ Adjusted for goodwill, discontinued operations and non-recurring or special items.

Web property

www.agarscientific.com

www.arcoelectric.com

www.bulgin.co.uk

www.carnationdesigns.com

www.checkit.net

www.digitron.com

www.elektron-technology.com

www.queensgate.co.uk

www.sheeninstruments.com

www.titman.co.uk

www.titman.de

www.wallaceinstruments.co.uk

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