

ALENT

EVERY DAY EVERYWHERE

**ANNUAL REPORT
& ACCOUNTS 2013**



ALENT INGENUITY ADDS VALUE EVERY DAY, EVERYWHERE.

OUR CUSTOMERS ARE THE LEADING MANUFACTURERS IN MARKETS SUCH AS SMARTPHONES, TABLETS, LED LIGHTING AND AUTOMOTIVE – HIGH-GROWTH SECTORS WITH EXCELLENT PROSPECTS.



ONLINE RESOURCE

This annual report is available on our website in pdf format, as well as a microsite summarising the key messages for this year.

WWW.ALENT.COM

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We build long-term, collaborative relationships with our customers, working with them to gain a deep understanding of their manufacturing processes and future material needs. We add quantifiable value to their businesses by providing highly engineered and customised specialty chemicals and materials which allow them to increase the efficiency and quality of their operations and products – both existing and next generation.

Our leading technologies are supported by “copy exact” production, “just in time” supply, outstanding technical service and global R&D resources. We have high-quality businesses with leading market positions, delivered by our global presence with over 2,500 people working in more than 40 countries and selling into more than 100 countries.

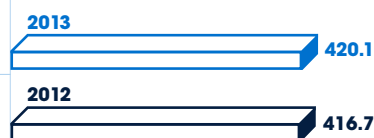
KEY HIGHLIGHTS

STRONG CASH CONVERSION AND SOLID PERFORMANCE IN CHALLENGING END-MARKETS

Net Sales Value (NSV)⁽¹⁾

£420.1m

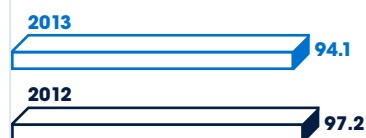
2012: **£416.7m**



Adjusted operating profit⁽²⁾

£94.1m

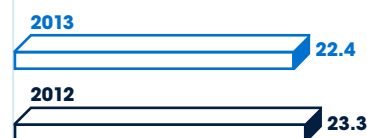
2012: **£97.2m**



NSV⁽¹⁾ margin

22.4%

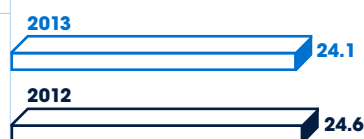
2012: **23.3%**



Adjusted EPS⁽⁴⁾

24.1p

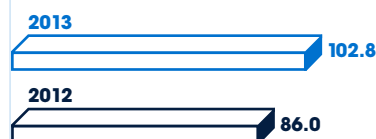
2012: **24.6p**



Adjusted cash generated from operations⁽⁵⁾

£102.8m

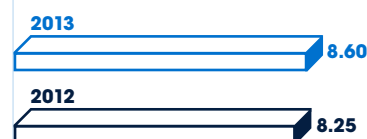
2012: **£86.0m**



Full year dividend per share

8.60p

2012: **8.25p**



OPERATIONAL GROWTH

Net sales value (NSV) **£420.1m**

Adjusted operating profit **£94.1m**

NSV margin **22.4%**

Adjusted profit before tax⁽³⁾ **£88.0m**

Adjusted earnings per share **24.1p**

Statutory profit before tax **£77.7m**

Statutory earnings per share **22.1p**

INVESTING FOR GROWTH

Research and development (R&D) spend and percentage of NSV **£16.0m/3.8%**

Capital expenditure and percentage of depreciation **£13.7m/152%**

FINANCIAL DISCIPLINE

Adjusted cash generated from operations **£102.8m**

Adjusted cash generated from operations/EBITDA **99.7%**

Return on investment **13%**

Net debt/EBITDA and interest cover **1.0x and 22.0x**

CORPORATE SOCIAL RESPONSIBILITY

Customer complaints **0.24%**

On-time deliveries **96.81%**

Energy consumption (MMbtu) **287,118**

Greenhouse gas emissions (CO₂e) **26,004MT**

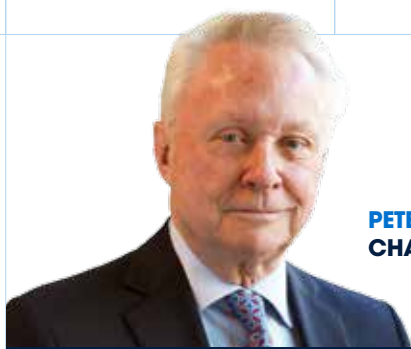
Total recordable injury rate (TRIR) **0.68**

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More detail on our KPIs

1. NSV is revenue less commodity metals (tin, silver, gold)
- 2, 3, 4 Adjusted operating profit, adjusted profit before tax, adjusted profit for the year and adjusted earnings per share are, as appropriate, each stated before: exceptional items; amortisation of acquired intangible assets; deferred tax on acquired intangible assets and goodwill; acquisition costs; the impact arising from the fair valuing of financial instruments; profits or losses arising on business disposals; and demerger costs, and include the effect of proforma adjustments (note 12(m)).
5. Adjusted cash generated from operations is equal to cash generated from operations (after adding back £4.8m (2012: £21.7m) of Woking restructuring and demerger cash costs).

CHAIRMAN'S LETTER



PETER HILL, CBE
CHAIRMAN

“Our strategy will deliver long-term growth and sustainable margin improvement.”

DEAR SHAREHOLDER,

Last year, in my first report as Chairman, I introduced Alent plc as an independent company following our demerger from Cookson Group plc. I set out how Alent plc would further develop and execute our strategy to strengthen our position as a preferred supplier of highly engineered and customised specialty chemicals and materials across the electronics, industrial and automotive markets.

One year on, I can report that Alent's performance in 2013 has reinforced our confidence in our strategic direction.

We set out in this report how we continue to develop and deliver on our strategy. Our focus on high unit growth end-markets, our differentiated value-add customer strategy, our strong market and technology positions allied to our innovation leadership and our financial strength, will both support organic growth and acquisitions, and will deliver long-term growth and sustainable margin improvement to our shareholders.

Results

In a challenging external environment, Alent delivered a solid set of results in 2013. Whilst adjusted operating profit declined 3.2% to £94.1m (2012: £97.2m) and adjusted EPS declined 2.0% to 24.1p (2012: 24.6p) we believe we have outperformed in the majority of our end-markets both by holding or improving our market share positions and taking actions to improve our performance. Pricing discipline was maintained, cost control and restructuring for the future increased, and margins were largely maintained or improved. Cash generation from operations was exceptionally strong during the year, resulting in a much-strengthened balance sheet and a year-end net debt to EBITDA ratio of 1.0x (2012: 1.3x).

Dividend

The Board is recommending a final dividend for 2013 of 5.71 pence with a total dividend per share for 2013 of 8.60 pence. This is an increase of 4.2% on the prior year and in line with the Group's progressive dividend policy of full year dividend growth expected to be at least in line with earnings growth, and targeting a dividend cover in the near term within a range of 3.0 to 2.8 times. The Directors' intention is to maintain a capital structure that is both efficient and balanced between investment for growth and returns to shareholders.

Health, Safety, Environment & Sustainability (HSES)

The Group is committed to the continuous improvement in respect of health, safety, environment and sustainability, and our performance in this important area of our business continues to be of a high industry standard. Nevertheless, we remain extremely vigilant in monitoring and continuously improving our processes and activities that impact upon the safety of our people and the environment.

Governance and Board

Strong governance is integral to the long-term success of Alent and the Board is committed to ensuring that the business continues to be governed and managed with openness, honesty and transparency. Our Governance Report on pages 48 to 66 sets out the approach we take and highlights the key focus areas of the Board in 2013. During this, our first year, the Directors, both collectively and individually, visited and inspected a substantial proportion of Alent's global operations, R&D centres and facilities, meeting management and staff. We have been uniformly impressed. We have also introduced and are progressing new governance and risk management processes. These actions will continue during 2014.

Our people

It has been a year of tangible progress for the Group – strategically, operationally and financially. This could not have been achieved without the dedication, focus and commitment of all our people and, on behalf of the Board, I would like to thank them for their considerable efforts and I look forward to another year of continued progress in delivering on our plans.

PETER HILL, CBE
CHAIRMAN
4 MARCH 2014

ALENT EVERY DAY

FOCUS ON GROWTH MARKETS

Our business comprises two focused specialty chemicals and materials business units with #1 and #2 positions in our markets.

Assembly Materials

Predominantly electronics market focused

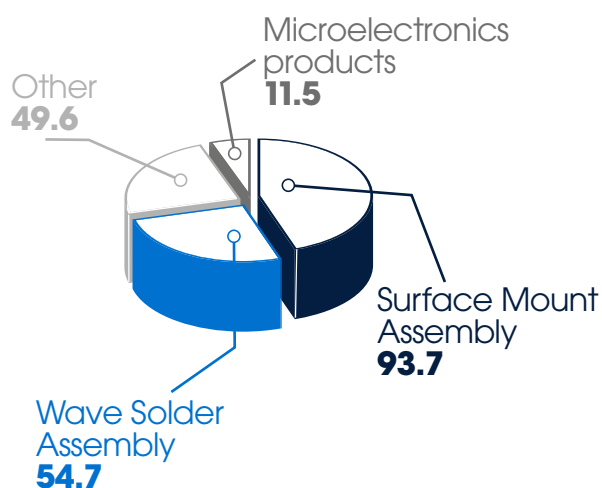
Trading as **Alpha**®, our Assembly Materials division is the global leader in the development, manufacturing and sales of innovative materials used to enable global electronic/digital connectivity.



NSV **£209m** Adjusted operating profit **£58m**

DIVERSIFIED NSV

Assembly Materials (£m):



Surface Chemistries

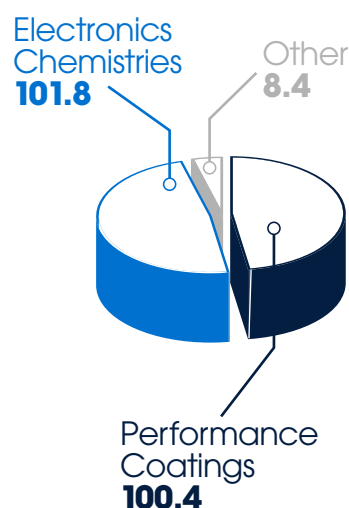
Serving mainly the electronics and automotive markets

Trading as **Enthone**®, our Surface Chemistries division makes everything you see, and many things you don't see, last longer, work better and look more beautiful. Our coatings add value to a diversity of products worldwide.



NSV **£211m** Adjusted operating profit **£43m**

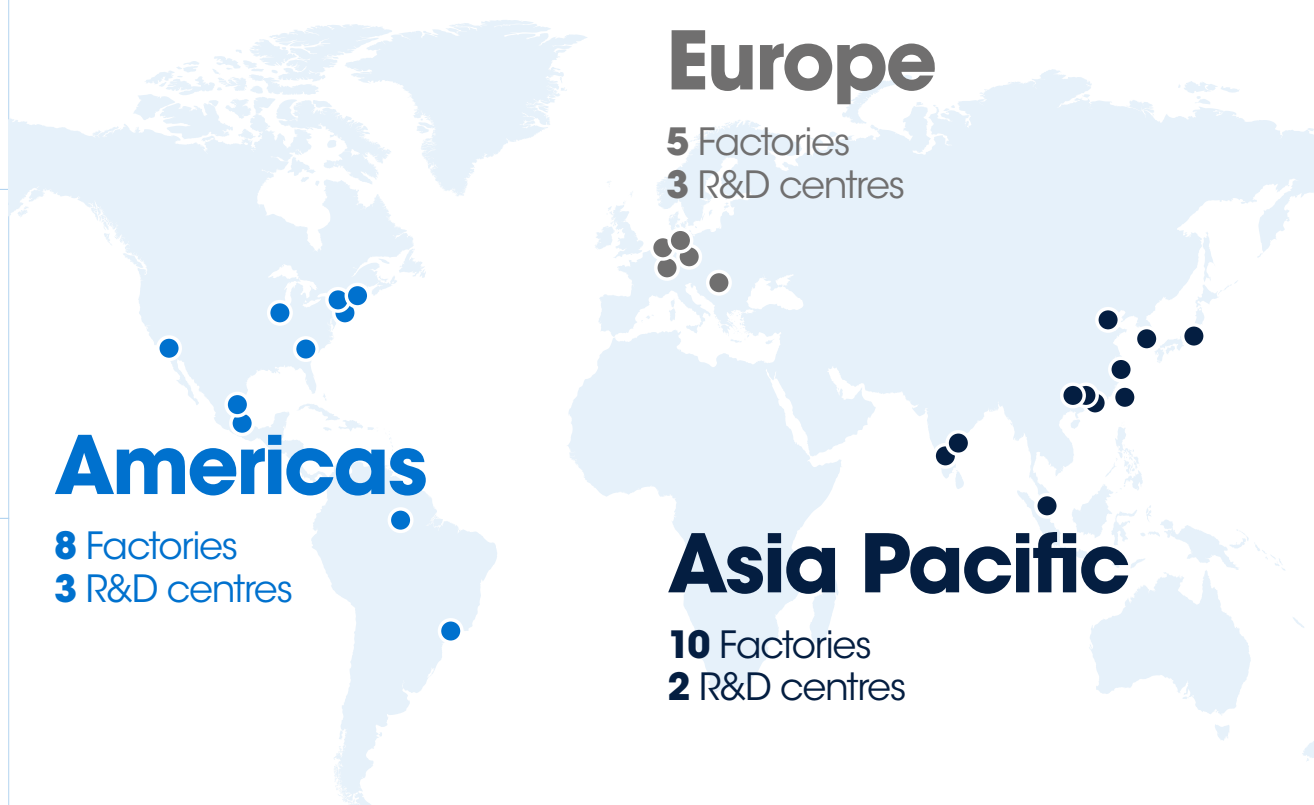
Surface Chemistries (£m):



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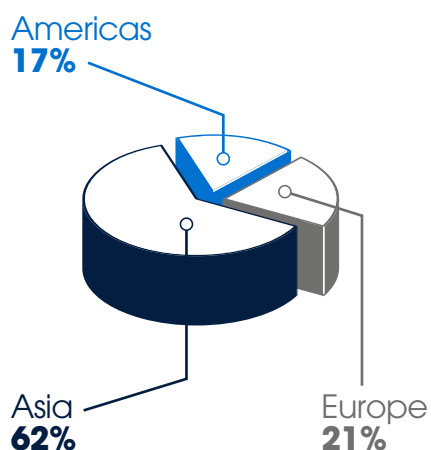
GLOBAL PRESENCE

Strategically positioned manufacturing and R&D presence, close to industry defining customers.

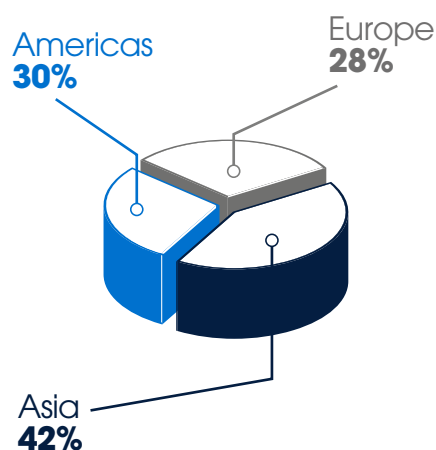


GEOGRAPHICAL SPLIT

NSV:



Headcount:



ALENT FOCUSED MARKETS

ADDING VALUE

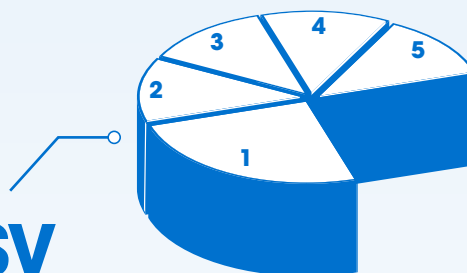
We add value to our customers' businesses by providing products, processes and services which allow them to increase the efficiency and quality of their operations and products.

OUR OFFERING

- Highly engineered and customised specialty chemicals and materials;
- enabling applications serving fast-growing segments in the electronics, automotive and industrial end-markets;
- technically advanced products which enable customers to produce next-generation devices;
- "just in time" delivery from a global manufacturing base of 23 facilities strategically located around the world; and
- strong relationships with our customer base that develop a deep understanding of our end-customers' manufacturing processes and future material needs.

**OUR FOCUS IS ACROSS TWO HIGH
UNIT GROWTH END-MARKETS:**

**Electronics:
c. 70% of Group NSV**



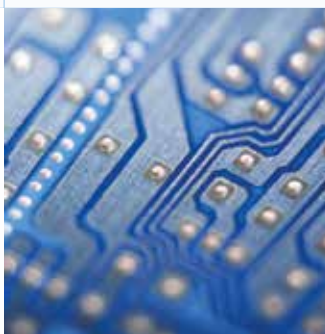
**1.
Personal
Computers**



**2.
Mobile &
Infrastructure**



**3.
Microelectronics
& Semiconductors**



**4.
Auto
Electronics**



OUR PRODUCTS

- Semiconductor fabrication materials, such as copper damascene electroplating chemistry which provides the "wires" within a semiconductor integrated circuit chip;
- semiconductor packaging materials, including solder spheres for ball grid arrays and chip-scale packages, die attach adhesives and copper pillar electroplating chemistry;
- interconnect materials, principally electroplating chemistries for fabrication of printed circuit boards;
- assembly materials, comprising solder in a variety of forms, including bar, wire, paste and preforms; and
- non-electronic electroplating products and services, principally for automotive applications which include decorative, wear-resistant and corrosion-resistant applications.

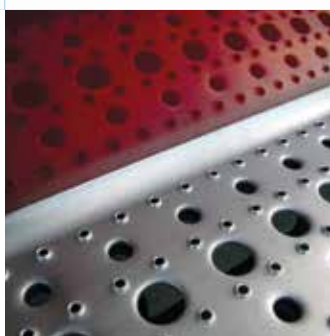
**Auto/Industrial:
c. 30% of Group NSV**



5. Other Electronics



1. Auto Electroplating



2. Water Treatment



3. Other Electroplating



OUR BUSINESS MODEL

Our business model is centred around our customers – OEMs in high growth markets in the electronics, automotive and industrial segments.

We develop deep, long-standing collaborative relationships with our customers in order to supply high performance, value adding consumable products and services – both for refinements to existing products and innovative next-generation products.



ADDING VALUE

ENABLING VALUE

DELIVERING VALUE

SHARING VALUE

					STRATEGIC REPORT
					CORPORATE GOVERNANCE
	<p>We add value for our customers by supplying high-performance, value-adding, consumable products and services that allow them to:</p>	<ul style="list-style-type: none"> • Create next-generation products • Reduce production costs • Improve operational efficiency 	<ul style="list-style-type: none"> • Cut energy usage • Reduce environmental impact 		FINANCIAL STATEMENTS
	<p>We continually hone and develop our skills and capabilities to ensure we are able to innovate and deliver for our customers in the short and long term with:</p>	<ul style="list-style-type: none"> • Market leadership through differentiating products and solutions • Leading global market positions based on technology leadership, reliable “just in time” supply and outstanding technical service 	<ul style="list-style-type: none"> • Global footprint close to industry defining customers • Value-add sales strategy targeting OEMs • Financial strength 		ADDITIONAL INFORMATION
	<p>We deliver value to customers across the world through 23 factories and 8 R&D centres strategically located close to customers:</p>	<p>Collaboration</p> <ul style="list-style-type: none"> • Long-standing collaborative customer relationships <p>R&D</p> <ul style="list-style-type: none"> • Technology and fast cycle R&D providing innovation driven growth 	<p>Manufacturing</p> <ul style="list-style-type: none"> • Production and technical support resources close to our customers in every geographic region • Significant presence in the higher-growth developing economies 		
	<p>We create value for all our stakeholders:</p>	<p>Customers</p> <ul style="list-style-type: none"> • Develop strong relationships with our customer base and have a deep understanding of end-customers’ manufacturing process and future material needs <p>Shareholders</p> <ul style="list-style-type: none"> • Provide attractive returns to investors on a long-term basis • Committed to maintaining a strong financial position to support our business 	<p>Employees</p> <ul style="list-style-type: none"> • Invest in and develop our most-valued asset: our people • Provide equal opportunities for all our people <p>Community</p> <ul style="list-style-type: none"> • Committed to operating a sustainable, responsible organisation that protects the environment and the health and safety of those with whom we have relationships 		
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CHIEF EXECUTIVE'S STATEMENT



STEVE CORBETT
CHIEF EXECUTIVE

"We are focused on continuing the transition of the business and delivering on our commitment to shareholders."

Overview

2013 was Alent's first full year as an independent company. During the year, we have made considerable progress in developing our strategy and prioritising the goals and aspirations that will drive the future performance of our business. Throughout this report I will provide an overview of our performance in year one.

Our first year was not without its challenges. Our principal electronics end-market contracted during the course of 2013. Consumer confidence remained subdued during the year, negatively impacting demand for electronic products. Industry forecasts for global electronic equipment revenue growth were modified downward throughout the year, with industry analysts now estimating a decline of 2.9% for full year 2013, down from the 4.5% growth forecast at the beginning of 2013.

Personal computer unit volume was a key underperforming end-market. Other high unit volume electronic applications such as flat screen TVs experienced little, or negative unit growth during 2013. Whilst China continued to grow, there was weaker demand for new products and technologies which had a significant impact on electronics end-markets. Eurozone markets were weak although slightly improving in the second half of 2013. Automotive and industrial markets have been mixed, with Western European automotive contracting 2% during the year, whilst NAFTA and Asia Pacific have grown 4% and 6% respectively.

Against this challenging end-market backdrop, Alent delivered a solid financial performance during the year. Group NSV increased 0.8% (down 1.4% at constant currency rates) to £420.1m (2012: £416.7m), demonstrating our ability to outperform the majority of our end-markets. NSV in our Assembly Materials business increased 0.7% (down 0.9% at constant currency rates) with growth impacted by underlying weak end-markets, limited new product launches from a number of global OEMs and subdued consumer confidence. NSV in our Surface Chemistries business increased 0.9% (down 2.0% at constant currency rates) with solid growth in both our Performance Coatings and Printed Circuit Board segments through share capture offset by lower sales of copper damascene.

Throughout this report, we set out the progress we have made against our strategic objectives. Whilst the strategy has evolved as we progressed through the year, the key elements of the strategy as set out on page 12 of this report remain unchanged.

STEVE CORBETT
CHIEF EXECUTIVE
4 MARCH 2014

OUR STRATEGY

The key elements of our strategy are to:

Focus on high unit growth end-markets

Unit volumes are the underlying driver of NSV growth for Alent. Demand for our products is directly linked to demand for our customers' end-products. We specifically focus our sales, marketing and product development efforts on those high-demand end-products which in turn drive high unit count applications and demand for our products.

The electronics market is forecast to experience growth in terms of value, and unit volumes over the medium to long-term. Our leading positions across a very broad range of the electronics value chain, including the personal computer, smartphone, tablet, automotive electronics, microelectronics, semiconductor and general electronics end-markets means that we have significant exposure to this underlying growth trend.

Similarly, the global automotive market is expected to experience continued unit growth. This is enhanced by a growing trend in the automotive industry for increased electronic content in cars, and increased use of functional coatings for decorative, wear-resistant and anti-corrosion applications, which is benefiting both of our strategic businesses.

Leverage our differentiated value-add customer strategy

Alent has strong collaborative relationships with many Original Equipment Manufacturers (OEMs) who specify which specialty materials, chemistries and technologies are used in their products. We leverage these relationships to increase OEM qualification of our products. Our long-standing relationships provide a formidable barrier to entry for competition.

Alongside this important differentiator, we continue to focus on the value-add sales competencies across all our people so as to realise the full margin potential of the products and technologies we offer our customers. Equally important is the service element we provide through our technical process support and customer training academies. The knowledge and expertise of our technical service organisation is highly valued by OEMs and subcontractors, and this further strengthens our customer relationships.

Continue to develop higher-margin products

We continue to migrate away from lower-margin commoditised products to focus on higher-margin, higher-value, innovative products. The constant evolution through product innovation means that we expect further gradual mix improvement across our portfolio.

Improve mix and operational efficiencies

We continue to develop operational excellence programmes to increase productivity and reduce costs and have been incorporating Six Sigma practices into our operations since 2001. We have continued to right size and streamline the business structure to optimise further our manufacturing footprint, customer service and administrative processes.

Further invest in R&D to expand our market, technology and innovation leadership

Continued investment in R&D ensures that Alent remains ahead of emerging trends, delivering solutions to strengthen our leadership position in terms of innovation and product development in our market niches.

We continue to strengthen our market leading positions. With a global presence, close proximity to customers and leading technologies, we are constantly identifying new opportunities in high unit growth complementary end-markets.

Leverage our financial strength to support organic growth and acquisitions

Alent is an asset-light, strong free cashflow-generative business. We continue to invest in the business to support organic growth and will pursue appropriately sized acquisitions focusing on technology or bolt-on market share-led consolidations. We maintain a progressive dividend policy.

OUR GOALS AND CULTURE

We are a preferred supplier of highly engineered and customised specialty chemicals and materials, delivering leading technology, represented by our innovative products, processes and people.

OUR VISION

Our vision is to be the industry's preferred supplier of highly engineered and customised specialty chemicals and materials. We will achieve this vision by equipping our people with the training and resources to provide a significant competitive advantage. By promoting a culture that emphasises our values, we ensure a brighter and better future for our people and our company.

OUR VALUES

- Customer- and market-oriented innovation.
- Teamwork and collaboration.
- Enthusiasm and passion.
- Results- and people-orientated.
- Flexibility, responsiveness and agility.

OUR MISSION

Our mission is to exceed our customers' expectations by providing highly engineered and customised specialty chemicals and materials that deliver leading technology, supported by superior applications expertise to our target markets.

OUR OBJECTIVES

- We will be a customer- and market-driven company that our customers rely on and prefer to do business with.
- We will be an innovative company that develops high-value, innovative products in a timely manner.
- We will create an organisation that has deep technical competence.
- We will continue to invest in our people by providing training and resources that drive high performance, creating a significant competitive advantage.

DELIVERING LONG-TERM GROWTH

Our position as Global Market Leader, Our Competitive Advantage and our Financial Strength will result in our Outperformance of our End-Markets through the cycle.

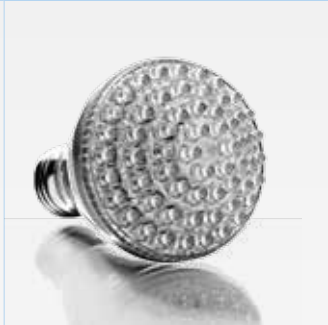
1. A GLOBAL MARKET LEADER

p15



2. COMPETITIVE ADVANTAGE

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3. FINANCIAL STRENGTH

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4. OUTPERFORMANCE OF END-MARKETS

p23



1. A GLOBAL MARKET LEADER

Alent is a global market leader operating in an industry with high barriers to entry, comprising two focused specialty chemicals and materials business units with #1 and #2 global market share positions.

OUR END-MARKETS

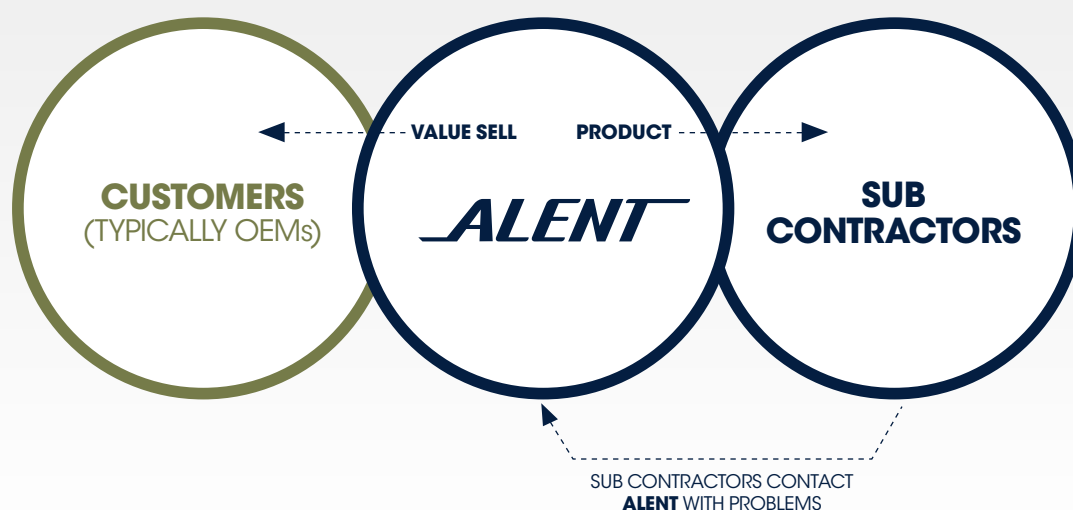
Alent is a global provider of highly engineered specialty chemicals and materials, servicing a broad customer base, with our products being used in the manufacture of a wide array of end-products. Our products are an integral part of products most of us use each and every day.

Overall, our revenue by end-market is approximately 70% electronics, with industrial and automotive making up the balance. Our key sub-segments within these key end-markets are illustrated on pages 6 to 7 of this report.

Unit volumes are the underlying driver of revenue growth for Alent. Demand for our products is directly linked to demand for our customers' end-products. We specifically focus our sales, marketing and product development efforts on those high-demand end-products, which in turn drive high unit count applications and demand for our products.

CLOSE RELATIONSHIPS

WE HAVE DEEP, COLLABORATIVE RELATIONSHIPS WITH OEMs.



1. A GLOBAL MARKET LEADER

CONTINUED

Electronics Industry

The principal end-market for Alent is global electronics production, which accounts for approximately 70% of our revenue.

We operate within the electronics materials segment of the electronics value chain, where we supply highly engineered specialty chemicals and intermediate materials to our customers.

We supply electronic component manufacturers and OEMs, who, in turn, supply the electronic equipment manufacturers and suppliers.

According to Prismark Partners, the electronics materials segment is estimated in 2013 to be a \$133 billion market and the overall market for electronic products is estimated at \$1,667 billion. Our products end up in electronic systems across a very broad range of applications, and are used in essentially everything with an on-off switch.

In the electronics market, there is a strong trend towards increased interconnect density and portability in consumer electronics. Consumer demand is for faster, smaller and lighter products, which is leading to increasing miniaturisation and complexity and the use of multi-layer circuit boards. Alent is at the forefront of this trend and a leading player in the development and supply of specialty materials that enable the design and manufacture of today's leading-edge electronic devices.

According to Henderson Ventures, the electronics market is expected to grow 5.6% CAGR from 2013 to 2015. It is the volume of electronic devices which is a key growth driver for our business. The electronics industry has historically been a "price down" industry, with reduced prices for each generation of product. This means that forecasts of market growth by value tend to understate the market growth by volume, and volume is the key driver of demand for our products.

Automotive Industry

As in the electronics end-market, volume is a key driver of demand for our products in the industrial/automotive segment. Automotive is a particularly OEM-driven segment and our strong reputation and relationships with those OEMs position us well. According to IHS Global, vehicle volumes are expected to grow approximately 4% CAGR from 2013 to 2017. On top of this, there is a strong trend for increased electronic content in vehicles and increasing demand for functional and decorative coatings, which benefits both of our divisions. This dynamic will enable us to benefit from a twofold increase, both in the number of units as well as the increased product content.

The need for improved corrosion-resistant and wear-resistant coatings, driven by the need to provide longer warranty protection to customers, is driving demand for our products. The improved quality of automobiles and requirement to reduce weight is also driving higher demand for increasingly sophisticated decorative finishes, which both enhance customer perception of the vehicle and enable lower weight materials (e.g. plastics) to be used in their production.

MARKET-LEADING POSITIONS WITH GLOBAL MANUFACTURING PRESENCE

Alent has globally-recognised brands and a high number of market leading (#1 and 2) positions in our chosen end-market segments.

We continue to strengthen our market leading positions. With global presence, close proximity to customers and leading technologies, we are constantly identifying new opportunities in high unit growth complementary end-markets.

LONG-STANDING AND COLLABORATIVE CUSTOMER RELATIONSHIPS

We attribute our market leading position to close collaborative partnerships with industry-defining customers. These long-standing relationships extend from the design stage through to extensive post-sale technical support. Our products are generally process critical, designed with and customised for our customers, and hence there is an extensive qualification process which enhances customer relationships. The cost of our products represents a small proportion of material cost to the customer but our products provide significant value through improved yield, reliability and a lower total cost of ownership.

Alent has a strong reputation among OEMs who often specify what specialty materials, chemistries and technologies are used in their products. We will continue to leverage these relationships to increase OEM qualification of our products. Our long-standing collaborative relationships provide a formidable barrier to entry for competition.

TECHNOLOGY AND INNOVATION

We continue to provide industry leading fast-cycle R&D activities to our customers to ensure that we remain ahead of emerging trends and deliver solutions to maintain our leadership position in terms of innovation and product development in our market niches. Our goal is to quickly solve customer problems, either through our network of experienced technical service engineers, or if required, a custom formulated product to meet the unique needs of a specific customer or application.

GLOBAL FOOTPRINT

Our global presence gives Alent close proximity to our customers and high-growth end-markets. This allows us to deliver high-quality customer sales and post-sales service, "just in time" global low-cost manufacturing, efficient supply chains and fast-cycle R&D. Our local presence and knowledge helps us to constantly evolve and extend our collaboration with our customers and strengthen our relationships.



2. COMPETITIVE ADVANTAGE

Our competitive advantage is our OEM-focused strategy backed up by our R&D capabilities and our global manufacturing footprint.

Client relationships and OEM strategy

Approximately 70% of sales of our products end up in electronic systems across a very broad range of applications – essentially everything with an on-off switch. How these systems are actually built plays an important role in Alent's strategy.

Many OEMs whose branded electronic systems are sold to consumers do not manufacture their own products but instead rely on subcontractors. Each OEM develops their own unique supply chain strategy. These individual OEM strategies span a very broad range.

At one end, there are OEMs that closely manage all aspects of their supply chain. They design their own circuit boards and control the selection of the printed circuit board fabricators who will build those circuit boards and will specify which materials from specific suppliers are to be used to fabricate those circuit boards.

The completed printed circuit boards are then sold to an assembly subcontractor for final assembly. Here again, the OEM specifies exactly which components will be used from which

suppliers, and which joining and other assembly materials will be used by the subcontractor to assemble the product.

In this extreme case of control by the OEM, they have oversight of all the materials and components used in the manufacture of their product. They can therefore guarantee the quality and reliability of the finished product, thus preserving and enhancing their brand image amongst global consumers.

At the other end of the spectrum are OEMs whose supply chain strategy is simply to procure everything at the lowest possible cost. These OEMs allow the assembly subcontractors to procure printed circuit boards from whomever they wish and are only concerned about cost. These OEMs do not specify who will build the circuit boards or which materials will be used. Once the circuit board is fabricated, the assembly subcontractor procures the various components and assembly materials strictly on the basis of cost with little regard for quality or reliability.

Alent focuses its sales, marketing and product development efforts on those OEMs who actively manage their supply chains. It is our belief that, over the long-term, these OEMs will build and maintain their market share and be able to retain and build upon their brand image with consumers.

INVESTMENT IN NEW PRODUCTS



					STRATEGIC REPORT
					CORPORATE GOVERNANCE
					FINANCIAL STATEMENTS
					ADDITIONAL INFORMATION
	<p>Alent strives to partner with these OEMs and become an indispensable part of their own new product design infrastructure. Our mission is to understand the manufacturing and assembly challenges of new designs and to deliver new or modified materials, “just in time” to enable new OEM product launches that deliver no sacrifice in quality, reliability or overall cost of ownership.</p> <p>This focus on the right OEMs over the past decade has been one of the foundations for the improvement in Alent’s business. These long-standing relationships provide a formidable barrier to entry for competition.</p> <p>Research and Development</p> <p>A key takeaway from our OEM-focused strategy is the ability to listen to the customer and to translate this into an R&D project with very specific performance and time delivery milestones. We then deliver the product, or the solution to the problem, on time and supported by a data package detailing the productivity and reliability that this product will deliver in a high-volume manufacturing environment.</p> <p>We work very hard in our R&D laboratories to demonstrate and prove the value that our products deliver. We do this by replicating our customer’s manufacturing processes in our laboratories. This ensures that we can generate meaningful and relevant data on productivity and reliability that is presented to the OEM. These comprehensive data packages show the OEM that our products lower their total cost of ownership whilst at the same time deliver improved reliability.</p> <p>Our global R&D spend falls into three categories:</p> <p>Approximately 70% is allocated to customer-specific development. This involves incremental enhancements to existing products at the customer’s request. Customer-specific projects go through a four-stage development process of business justification, specification, execution and commercialisation.</p> <p>A further 20% is allocated to new product development – the creation of new products or the provision of significant enhancements to existing products. These projects are managed by a “Stage Gate” process which approves, monitors and controls the project through its life cycle. At each</p>	<p>“Stage Gate”, a decision is taken as to whether the project is viable to proceed to the next stage.</p> <p>The remaining 10% is allocated to new technology or new market development. This involves brainstorming, idea generation and the exploration, selection and nurturing of emerging, breakthrough and disruptive technologies that will support our strategic initiatives and innovation pipeline over the next several years.</p> <p>With our global presence and leading technologies, we are regularly identifying new opportunities in high-growth complementary segments such as solar and LED. Although these markets are still at relatively early stages of their development, our Board believes they could provide significant additional sources of revenue in the future. The opportunity comes both from leveraging existing products and technologies in these new markets and through developing new product solutions, as well as potentially through bolt-on acquisitions.</p> <p>Strategic proximity to customers</p> <p>Alent must be able to manufacture a product wherever in the world the OEM chooses to have their product made, and Alent alone has the global footprint to accomplish this.</p> <p>Not only does Alent deliver the product from a local manufacturing site, we also provide the assembly subcontractor or circuit board fabricator with our local technical service support. This ensures that in a high-volume production environment, the product performs as designed and delivers the productivity and cost of ownership designed into the product.</p> <p>This OEM-focused strategy backed up by Alent’s fast-cycle R&D capabilities and global “copy exact” manufacturing footprint provide tangible value to the OEM.</p> <p>Alent’s motto has long been “our products must deliver measurably better performance or we cannot expect to command a premium price versus the competition”. As good as our sales people are, we cannot sell value to our customers if our products do not deliver value. Thus, it is critical that our products and services are viewed by customers as delivering a tangible performance improvement versus the competition.</p>			
WWW.ALENT.COM				ANNUAL REPORT & ACCOUNTS 2013	ALENT 19



SPOTLIGHT Product migration



The Problem

There was a requirement for next-generation chips to be thinner to meet market demand for higher processing power in smaller form factors. Thinner chips had excessive warpage during processing.



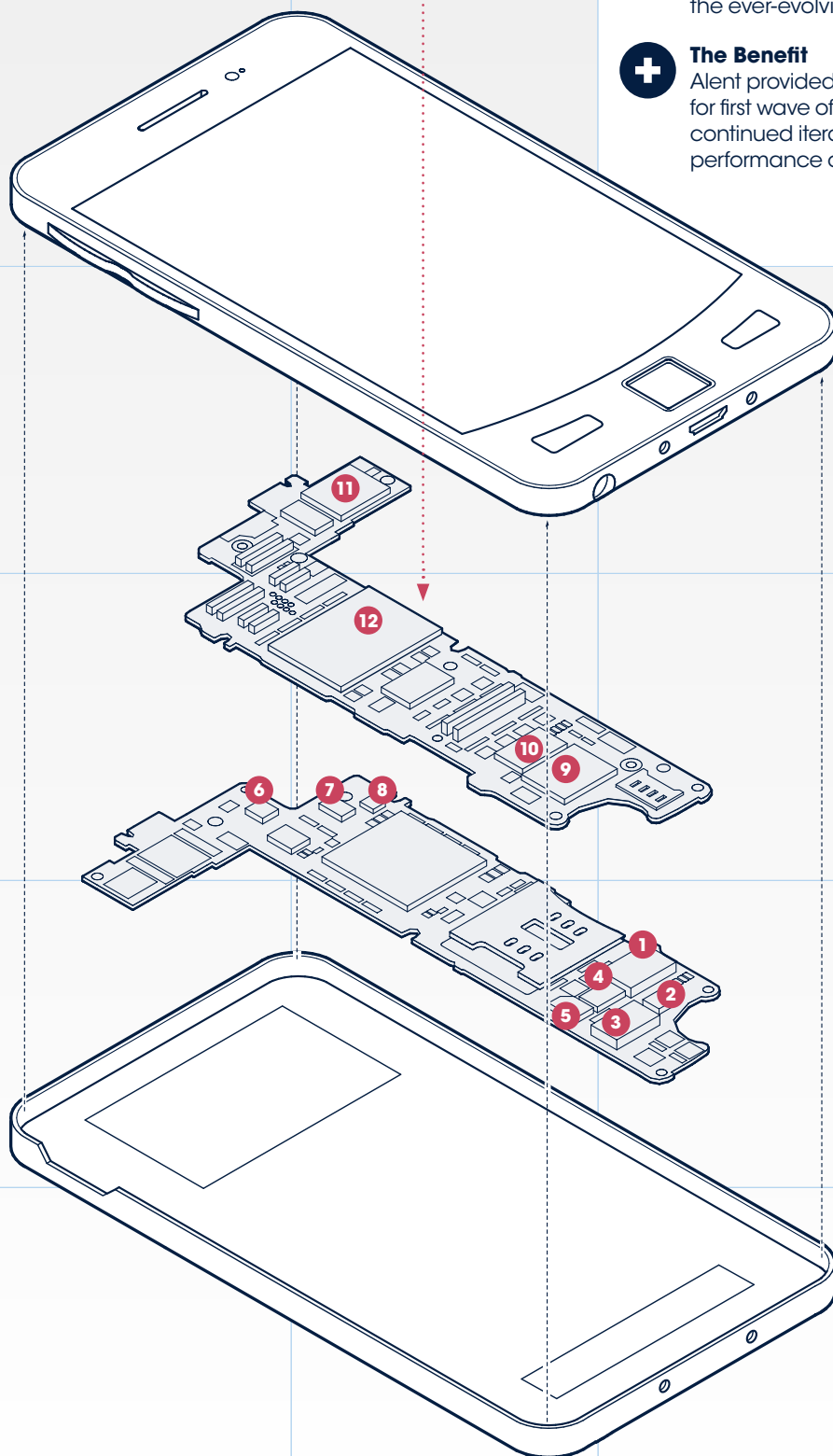
The Solution

Alent developed an enhanced Solder Paste for the ever-evolving chip component market.

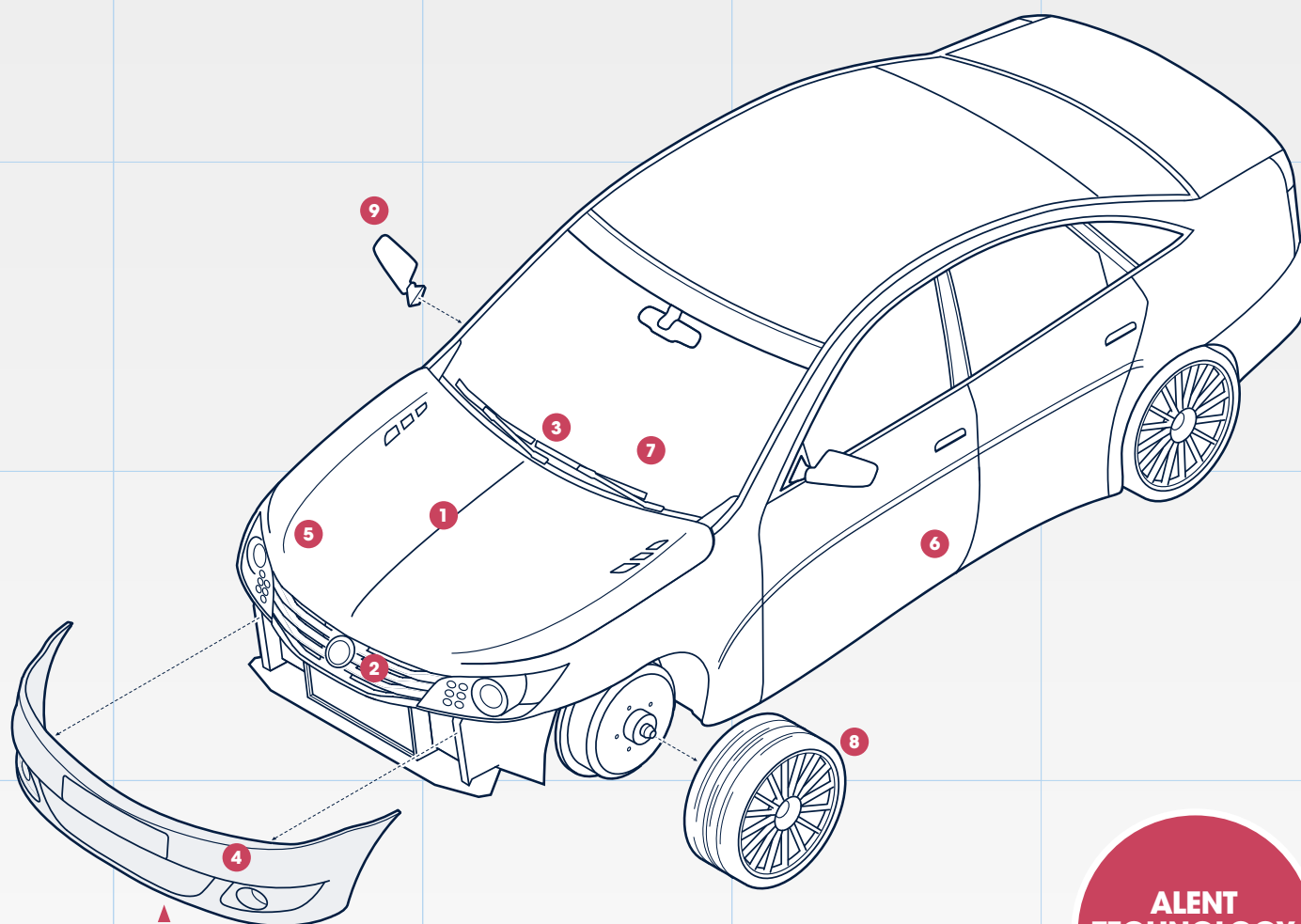


The Benefit

Alent provided a rapid response in the short-term for first wave of implementation by OEMs, with continued iterative development to maintain performance on next-generation chips.



1. Qualcomm RTR8605 Multi-Band RF Transceiver
2. Skyworks SKY77464 Power Amplifier
3. Avago ACPM-7181 GSM WCDMA PA
4. TriQuint TQM9M9030 Dual Duplexer Bank
5. TriQuint TQM666052 WCDMA PA Duplexer
6. TI 343S0538 Touchscreen Controller
7. STMicro AGD8 2135 Gyroscope
8. STMicro 8134 33DH Three-Axis Accelerometer
9. Qualcomm MDM6610 Chipset
10. Qualcomm PM8028 Power Management IC
11. Murata SWSS1830010 WiFi/Bluetooth Module
12. Toshiba THGVX1GD2GLA08 16GB MLC NAND Flash Memory



ALENT TECHNOLOGY IN ACTION:

1. Critical safety systems (ABS, airbag)
2. Plating on plastics
3. Cabin electronics
4. Decorative:
 - Internal and external
 - Anti-wear
5. Underhood controllers
6. Entry/exit security
7. Climate control
8. Aluminium wheels, plastic-clad wheels
9. Side-view mirrors



SPOTLIGHT Plating on Plastics



The Problem

A major European plating shop needed a significant EU financial investment to enable expansion of its plating on plastics chemical process manufacturing line to meet OEM requirements.



The Solution

Championed by Alent's R&D, a patented process for enhanced corrosion protection enabled the customer to resubmit an EU subsidy application.



The Benefit

Secured investments of more than US \$4m to allow for c7 times increase in production capacity.

3. FINANCIAL STRENGTH

Alent is an asset light, strong free cash generative business that is delivering continuous improvement.

Cost and efficiency continuous improvement

Our ongoing focus on cost and efficiency improvements will continue to drive progression in our margins over the medium to long-term. We continue to right size and streamline the business to further optimise our manufacturing footprint, customer service and administrative processes. We are committed to Six Sigma Methodology and its "quest for excellence" as an ongoing strategy to improve our business processes allowing us to exceed our customers' expectations and add value to their business.

CASH CONVERSION¹

99.7%
2012: **76.9%**



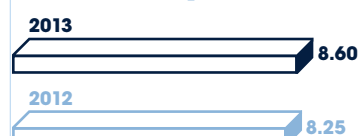
NET DEBT/EBITDA

1.0x
2012: **1.3x**



FULL YEAR DIVIDEND

8.60p
2012: **8.25p**



1. Cash conversion is equal to adjusted cash generated from operations/EBITDA.

Strong cash conversion

Alent has strong cash conversion, with adjusted operating cash conversion 99.7% of EBITDA during 2013. We are continually looking to improve our cash conversion, principally through improved working capital performance. We will continue to utilise the strong cash conversion to invest in the business via R&D and capital expenditure to support organic growth opportunities and maintain our competitive advantage.

Balance sheet strength and cash utilisation

Alent has a strong balance sheet. Return on invested capital is 13% and Net Debt to EBITDA was 1.0x at the end of 2013. We will continue to pay a progressive dividend and will utilise the balance sheet strength to drive future growth, both organically and through appropriately sized M&A activity.

Growth via M&A

We will consider appropriately sized, targeted acquisitions, to strengthen our product portfolio, or further strengthen our market position to enhance our overall growth prospects.

p88

Financial statements



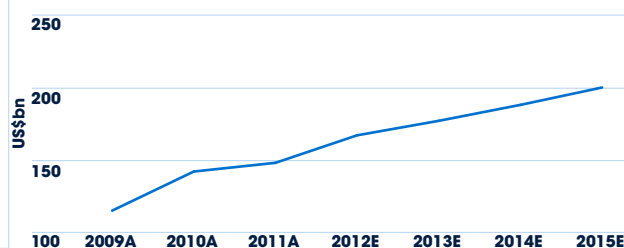
4. OUTPERFORMANCE OF END-MARKETS

Our position as a global market leader, our competitive advantage and our financial strength will result in our outperformance of our end-markets.

Our products end up in electronics systems across a very broad range of applications, and are used in essentially everything with an on-off switch. As with the electronics end-market, volume is a key driver of demand for our products in the industrial/automotive segment. As demonstrated in the charts below, growth in our end-markets remains positive over the medium term.

Automotive End-Markets

AUTOMOTIVE ELECTRONICS CONTENT FORECASTS



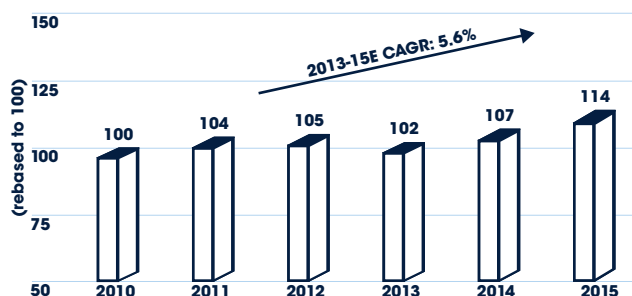
— Electronic content (US\$bn)

Source: Prismark Partners, August 2012.

- OEMs play key role in specifying suppliers across the chain.
- The electronics content within a vehicle is growing at a rate that significantly exceeds the underlying automotive unit growth rate.
 - Electronics value is on average – US\$2,000 per automotive today.
 - Electronics content as a percentage of the total vehicle cost is expected to rise significantly as market penetration of hybrid and electric vehicles increases.

Electronics End-Markets

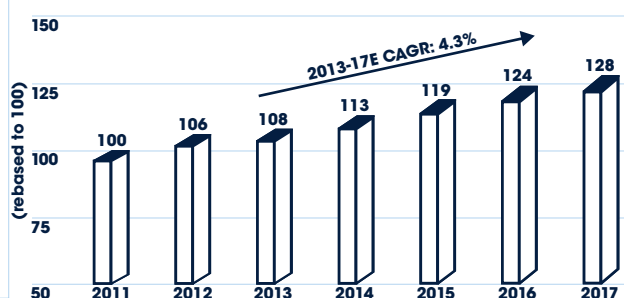
ELECTRONIC EQUIPMENT



Source: Henderson, December 2013.

- Electronics market forecast to improve significantly from 2014 onwards.

AUTOMOTIVE PRODUCTION GROWTH



Source: IHS Global, October 2013.

- Global automotive production expected to grow above historic rates driven by emerging markets.
- Electronics content within a vehicle growing at an even higher rate.

OUR VIEW OF OUR PERFORMANCE vs OUR KEY MARKETS 2013 vs 2012

End-Market	Alent vs End-Market
Automotive	
Europe	↑
RoW	↔
Total Electronics	↑
Surface Mount Assembly	↑
Printed Circuit Boards	↑
Semiconductor	
Electronic chemistries	↑
Copper damascene	↓
Water Treatment Business	↑

OUR KEY PERFORMANCE INDICATORS

We monitor progress against our strategic objectives via a series of financial and non-financial KPIs.

PRIORITY

PROGRESS

OPERATIONAL GROWTH

Net sales value (NSV)

NSV is revenue less commodity metals that pass through to customers. As the changes in the value of these commodity metals are passed through to customers, NSV is a more appropriate measure of the underlying activity of the business.



Adjusted operating profit and NSV margin

Adjusted operating profit and NSV margin are metrics used to determine the underlying performance of the Group.



Adjusted earnings per share

Adjusted earnings per share is used to assess the earnings capacity of the Group.



INVESTING FOR GROWTH

Research and development (R&D) spend and percentage of NSV

R&D is a means by which the Group can generate future growth by developing new products and services.



Operational capital expenditure and percentage of depreciation

Operational capital expenditure is capital invested to maintain or upgrade physical assets in the Group.



FINANCIAL DISCIPLINE

Adjusted cash generated from operations

Adjusted cash generated from operations is a means to assess the underlying cash generation of the Group.



Return on investment

Return on investment is a means to assess the underlying financial performance of the Group.



Net debt/EBITDA

Net debt/EBITDA is used to assess the financial position of the Group and its ability to fund future growth.



PRIORITY

PROGRESS

CORPORATE SOCIAL RESPONSIBILITY

Customer complaints

Our customers are at the heart of our strategy and vital to our success. Therefore "Right first time" is our key measure for dealing with our customers.



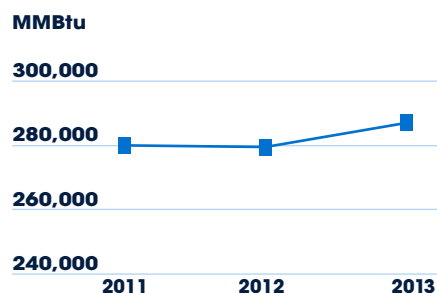
On-time deliveries

Our customers are dependent on us for delivery of products and services on time, to cost and to specification.



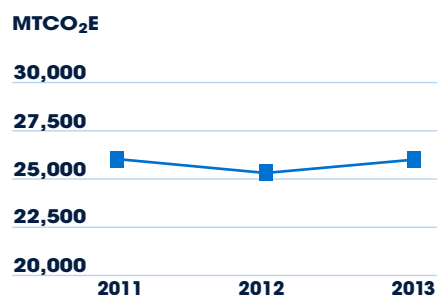
Energy consumption

Over the past number of years, we have reduced our overall consumption of energy through the implementation of energy and GHG reduction projects. We do not have very energy intensive processes and expect similar emission numbers going forward. Note: In calculating energy consumption, we use the US national average to convert KWh to MMBtu.



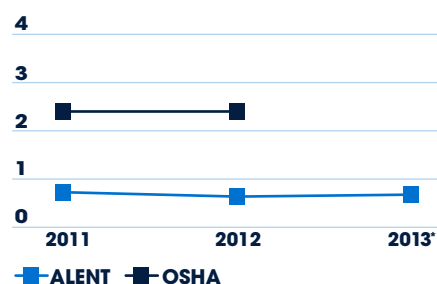
Greenhouse gas emissions

As with energy consumption, we expect similar emission numbers going forward.



Total recordable injury rate (TRIR)

Rate of injuries and illnesses is used to monitor progress towards the Group's goal of zero work-related injuries and illness.



*OSHA data for 2013 has yet to be published.

BUSINESS UNIT REVIEW

Assembly Materials



We believe we have outperformed the majority of our end-markets in what was a challenging environment. Our principal end-markets have delivered negative unit volume growth during the course of 2013. Consumer confidence remained subdued during the year, negatively impacting demand for electronic products. Industry forecasts for global electronic equipment revenue growth were modified downward throughout the year, with industry analysts now estimating a decline of 2.9% for full year 2013, down from the 4.5% growth forecast at the beginning of 2013.

Electronic content within vehicles continued its upward trend with growing global automotive production. Despite tablet computer and smartphone unit growth, other high unit volume electronic applications such as flat screen TVs experienced little, or negative, unit growth during 2013, with personal computer unit volume a key underperforming end-market. Whilst China continued to grow, there was weaker demand for new products and technologies which had a significant impact on electronics end-markets. Eurozone markets were weak although slightly improving in the second half of 2013.

Against this challenging backdrop, NSV in our Assembly Materials division declined 0.9% on a constant currency basis versus the prior year. NSV improved in the second half of 2013 compared to H1 2013 by 7.8% and was up 2.0% compared to H2 2012. However the H2 2013 acceleration was less than we had expected due to underlying weak electronic end-markets, limited new product launches from a number of global OEMs and generally subdued consumer confidence.

Despite lower volumes, adjusted operating profit only decreased 2.7% on a constant currency basis. The NSV margin was slightly down at 27.8%, reflecting a stable pricing environment.

In our more mature Wave Solder Assembly segment, NSV declined 4.7% on a constant currency basis. We continued to experience a mix shift from wave solder to surface mount technology and as a consequence, year-on-year volume of bar solder declined 4%. Despite the volume decline, product margin contribution increased 1% as a result of price discipline and continuing mix shift within the segment from lead to lead-free and lower silver content products.

In our higher-performance and higher-margin Surface Mount Assembly segment, NSV declined 3.7% on a constant currency basis due to lower product volumes. We did see a general pick-up in demand during H2 2013 compared to H1 2013 as well as H2 2012, clawing back some of the weakness in H1 2013. Sales of tape-and-reel packaged preforms, which are manufactured shapes of solder used in smartphones and tablets, declined due to end-product design outs. In challenging markets for personal computers, our solder paste business performed well with volume down only 1% as we gained market share in this segment and product margin contribution was up 8%. Wire volume was down 8% largely due to general market sluggishness in Asia, particularly Taiwan and China.

Microelectronics includes a range of products that are sold into the semiconductor packaging, LED and photovoltaic end-markets, including electronic polymers, solder spheres, and die-attach materials. NSV was down 4.2% on a constant currency basis with improving demand in nano-silver and PV ribbon where commercial sales are gaining traction, being offset by lower volumes in spheres. The growth prospects over the medium term remain very strong.

The Other category includes our water treatment chemicals business, recycling and reclaim operations, and our consumer products. NSV increased 11.2% on a constant currency basis, due primarily to stronger demand for our water treatment products off the back of new product launches and efforts to globalise sales. The contribution from our recycling business decreased in the year, due to lower metal prices and tighter supplies of scrap feed stocks.

Cost control, pricing and improved mix combined to ensure that margin contribution increased across most product lines despite the lower volumes.



Surface Chemistries

Surface Chemistries NSV decreased 2.0% on a constant currency basis versus the prior year. NSV improved slightly in the second half of 2013 compared to H1 2013, but was slightly down compared to H2 2012. Solid full year growth from our Performance Coatings and Printed Circuit Board fabrication chemistry segments led to outperformance versus their underlying end-markets. This was offset by weaker sales of copper damascene during the year.

Adjusted operating profit decreased 9.7% on a constant currency basis with NSV margin decreasing 1.7pts to 20.3%. Whilst we have increased NSV and margin contribution from our Performance Coatings and Printed Circuit Board fabrication chemistry businesses through market share gains and disciplined pricing, this was more than offset by the impact of lower sales of high-margin copper damascene additive. Excluding the mix effect of the lower copper damascene sales, NSV margin was maintained.

Automotive and industrial end-markets saw a modest pick-up in demand during H2 2013 compared to H1 2013. Increased demand for our Performance Coatings products in Asia and the Americas, was offset by weakness in European automotive production. For 2013, Western Europe experienced a 2% unit volume decline (source: LMC Automotive) in light vehicle production with the second half of 2013 growing 1% versus the second half of 2012. However, our outperformance in Europe and stronger demand in North American and Asian automotive markets resulted in our Performance Coatings segment NSV being up 1.1% versus the prior year on a constant currency basis.

In our Electronics segment, our Printed Circuit Board chemistry NSV was up 2.5% due to market share gains in surface finishes and increased market share in plated through-hole metallisation.

Despite the global semiconductor market being flat in terms of silicon area (excluding solar), our copper damascene proprietary additive sales were down 18%. As previously reported, lower sales to a single customer who "back integrated" a chemistry suite from competition at the larger feature nodes impacted performance. We are well positioned and the strength of our business is reflected in our position at 28nm which remains solid, with process of record status at 22/20nm with a number of global customers. We have also made significant progress at the 14nm node with a handful of strategic customers.

The smaller product group, "Other" includes equipment sales, where we sell electroplating equipment to our customers and small amounts of non-proprietary resale products sourced from third parties and resold to customers. We continue to reduce NSV from this sub-segment due to minimal margin contribution.

We have continued to invest in the business with both R&D and capital expenditure. Our manufacturing footprint continues to be strengthened with our new Surface Chemistries facility in Shanghai now being commissioned.

OUR APPROACH TO CORPORATE RESPONSIBILITY

Sustainability is a key part of our business model and we recognise its importance in delivering shareholder value.



STEVE CORBETT
CHIEF EXECUTIVE

BACKGROUND

Alent employs some 2,500 people, has a global base of manufacturing facilities and is serving customers in more than 100 countries worldwide. We operate in “just in time” supply chains with short lead times from order to delivery. We therefore have a relatively large number of small- and medium-sized facilities located close to our customers throughout the world’s major economic regions, rather than large, centralised factories supplying customers worldwide. Our manufacturing processes are not energy intensive (total energy costs are approximately 1% of revenue) and do not produce large quantities of hazardous or other wastes and emissions.



www.alent.com/sustainability

POLICY

We recognise that appropriate attention to the fulfilment of our corporate responsibilities can enhance our overall performance. In structuring our approach to the various aspects of corporate social responsibility, we take account of guidelines and statements issued by stakeholder representatives and other regulatory bodies from around the world. Social, environmental and ethical matters are reviewed by the Board, including the impact such matters may have on our management of risk.

Sustainability is a key part of our business model and we recognise its importance in delivering shareholder value. Our sustainability approach is embedded in our business through four key areas:

1. OUR CODE OF CONDUCT:

requiring all of our businesses and our people to comply with the highest standards of legal and ethical behaviour;

2. OUR PEOPLE:

investing in and developing our most valued asset: our people;

3. OUR PRODUCTS & SERVICES:

developing innovative products and services which promote sustainability in our customers’ production processes and products; and

4. OUR HEALTH, SAFETY & ENVIRONMENT:

protecting the health and safety of our people, contractors, customers and the general public, and reducing energy consumption and waste in our operations.

1. OUR CODE OF CONDUCT

The Group has a Code of Conduct (the “Alent Code”), which is obligatory and sets out the standards expected of everyone, without exception, who works for Alent in any of its worldwide operations. The Alent Code emphasises our commitment to ethics and compliance with the law, and sets out required standards of legal and ethical behaviour. Everyone within the Group is accountable for upholding its requirements.

The Alent Code sets out clear and simple principles covering: customers, products and services; employees; investors; society and local communities; health, safety and the environment; conflicts of interest; and competitors.



Long-term customer satisfaction is recognised as being essential to the attainment of Group goals, as is maintaining a reputation for integrity in all business and other dealings, both with customers and suppliers. The Alent Code defines how we must compete vigorously and honestly.

We believe we can only achieve our goals through the efforts of our people. Job satisfaction requires working environments that motivate our people, together with opportunities for training and development to maximise personal potential. Wherever they work, our people have the right to be treated in good faith and with respect for the dignity of the individual. All of our companies must ensure that recruitment, training, promotion, career development, termination and similar employment-related issues are based on individual ability, achievement, experience and conduct without regard to race, colour, nationality, culture, ethnic origin, religion, gender, sexual orientation, age, disability or any other reason not related to job performance or prohibited by applicable law.

We are committed to the highest standards of corporate governance and transparent investor communication, as discussed in more detail in the "Governance" section of this report.

We seek to be a good corporate citizen wherever we conduct business, to observe all national and local laws and take into account regional and local concerns, customs and traditions.

The Alent Code requires all of its people, officers and Directors to have a duty of loyalty to the Group. Personal interests that do, may or might appear to conflict with Group interests must be avoided at all times.

Approach to anti-bribery and corruption training

The Alent Code and its policies on anti-bribery and corruption require that employees and others working on behalf of the Company do not engage in any form of bribery or corruption.

Our anti-bribery and corruption compliance programme has been implemented globally via an e-learning training module. New employees, as relevant, are required to complete the e-learning training as part of their induction process.

The Alent Code is reproduced in full on the Group's website.



www.alent.com/about-us

2. OUR PEOPLE

We believe in the importance of investing in and developing our most valued asset: our people. We utilise a variety of programmes tailored to help our people enhance their performance, set and achieve objectives, and develop their leadership skills. In addition, we recognise and reward their high performance and achievements.

Our programmes are based on our core values:

- customer- and market-oriented innovation;
- teamwork and collaboration;
- enthusiasm and passion;
- results- and people-orientation; and
- flexibility, responsiveness, and agility.

There are several critical success factors that underpin our strategy while driving our people development initiatives:

- we must be a customer- and market-driven company that our customers rely on and prefer to do business with;
- we must be a company that develops high-value, innovative products in a timely manner;
- we must create an organisation that has deep technical competence;
- we expect differentiated performance of our people through rewards and recognition; and
- our goal is to recruit and retain high-performing people who create value for our organisation.

Employee development

To achieve success, we need to ensure that we work within a culture that supports these critical success factors. Our comprehensive development opportunities help introduce, reinforce and further strengthen each of our people's special talents. Regardless of what stage in their career, each programme challenges participants to learn new and better ways to achieve their personal and professional goals.

We believe our people are our competitive advantage and we have created comprehensive development opportunities to introduce, reinforce and further strengthen their special talents. These opportunities include:

- EDGE (Employee Development Generates Excellence) programmes;
- Alent University (multi-language e-learning platform);
- Six Sigma;
- Alent leadership programmes;
- Alent technical training; and
- education/training reimbursement.

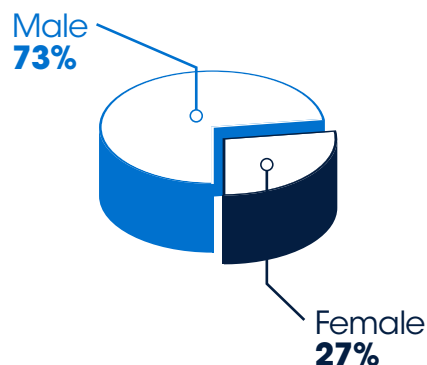
In support of our commitment to our people and their development, in late 2013 we launched the "Alent University", a multi-language online learning management system to enhance our various employee-development opportunities and further define our suite of blended learning programmes.

In addition to our development opportunities, we are committed to providing competitive pay and a comprehensive benefits package to attract and retain the best employees. Our plans and initiatives include health and welfare plans; incentive plans; wellness opportunities; work/life benefits; and market benchmark compensation plans.

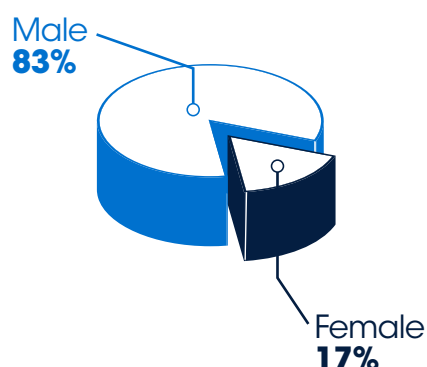
OUR APPROACH TO CORPORATE RESPONSIBILITY

CONTINUED

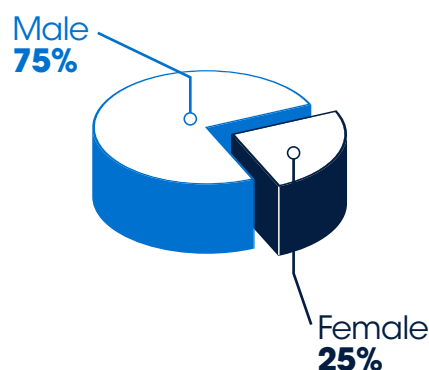
Total headcount



Senior management



Plc board



We believe that these initiatives are an important reason for our ability to consistently help create added value for our customers, allowing us to outperform many other competitors in our industry segments.

Human rights

We recognise our responsibility to respect and support human rights. Therefore the working conditions of our people are in compliance with the internationally recognised standards and laws of the countries in which we operate. Furthermore we acknowledge and support the principles of the eight core conventions that the International Labour Organisation has identified as being fundamental to the rights of people in the workplace:

1. Freedom of Association and Protection of the Right to Organise Convention, 1948
2. Right to Organise and Collective Bargaining Convention, 1949
3. Forced Labour Convention, 1930
4. Abolition of Forced Labour Convention, 1957
5. Minimum Age Convention, 1973
6. Worst Forms of Child Labour Convention, 1999
7. Equal Remuneration Convention, 1951
8. Discrimination (Employment and Occupation) Convention, 1958

Diversity

We are committed to diversity and inclusion, not only in response to compliance requirements, but also because we believe it is the right thing to do. We embrace the cultures of countries where we do business by:

- linking diversity initiatives to the Group's strategic business plans;
- identifying internal barriers to success;
- eliminating bias and discrimination from employment policies and practices;
- ensuring advancement opportunities are provided to all employees; and
- supporting the Group's policies on diversity and harassment.

The Board strongly supports the spirit of the Davies Report "Women on Boards". The importance of gender diversity is recognised in our commitment to recruit, develop and promote people on merit at all levels across the Group.

We are committed to gender-balanced leadership and want to ensure that we attract and retain the best people for our business. 17% of our senior managers and 32% of our supervisors are women; these figures have been steadily increasing. Additionally, 25% of our Board is female. Our senior management and Board support our diversity and inclusion strategy, and are focused on ways to improve the number of women at both the executive and management level in the future, to ensure that we generate innovative and creative thinking for our business.

Charitable work

We are committed to being a responsible corporate citizen through support for appropriate charitable projects, organisations and charities. With offices throughout the world, each location is encouraged to engage with the local community to develop its own local charitable programmes. The needs of the communities in which we operate are varied and diverse and although there are no global initiatives, there are numerous "grassroots" charitable efforts carried out within the regions. Examples include:

- American Cancer Society – year-round donations are generated through various events, including participation in the annual "Relay for Life" event;
- sponsorship of UK charity – Shooting Star Chase – a children's hospice caring for babies, children and young people with life-limiting conditions, and their families;
- supporter of UK charity – National Energy Action (NEA), whose work improves and promotes energy efficiency and brings social, environmental, housing and employment benefits; and
- donations have been made throughout the years in support of the relief effort for natural disasters such as tsunamis, earthquakes and hurricanes.

Furthermore, employees are encouraged to act as responsible and responsive citizens and to support projects, organisations and services that work towards the common good and improvement of their community and society.

Employee helpline

We have a 24-hour Employee Business Concern Helpline telephone and email facility. This is an independent and confidential service through which our people worldwide may register any concerns about any incorrect or irregular practices they perceive in our workplace or business environments.

3. OUR PRODUCTS & SERVICES**Green technologies**

Our commitment to being a leading and preferred supplier of advanced, consumable specialty chemicals and engineered materials includes developing technologies that are socially responsible and eco-friendly. Our product technology focus is to develop environmentally-friendly products, many that are lead-free, halogen-free and hexavalent-free. Many of our products and processes help support our customers' sustainability strategies.

We collaborate with our customers, technology partners, and the world's leading manufacturers to ensure that our green technologies create value by meeting current and future performance, productivity, design, profitability, safety, and regulatory requirements.

Conflict minerals

We have been very engaged with critical industry stakeholders in the Conflict Minerals issue and regulation over the past few years. In August 2012, the US Securities and Exchange Commission ("SEC") published the final rules of implementation of Section 1502 of the Dodd Frank Act regarding Conflict Minerals, requiring any USA publicly held company annually to disclose its use of conflict minerals that originated in Conflict Countries. As a UK listed company, we are not required to comply but we choose to do so as we strongly believe in this initiative. Conflict minerals are those minerals whose derivatives are tin, tantalum, tungsten or gold. We take very seriously our obligations in this process and have been very proactive in communicating our goals to our suppliers for transparency and have initiated our due diligence to certify our source tin's status as "Conflict-Free".

We are also actively participating in the Conflict-Free Tin Initiative, launched in September 2012 by the Dutch government. Its aim is to establish a pilot programme to create demand for Conflict-Free Tin from a conflict region whose economy has collapsed due to a series of severe internal and cross-border conflicts. This initiative is designed to prevent an unintended boycott of minerals from the area due to the increased due diligence required when supplying Conflict Minerals from Conflict Countries.

ALTOONA SITE CERTIFIED AS CONFLICT-FREE SMELTER

Alent's facility in Altoona, USA, the largest single electronic solder recycling site in North America, has received certification as a conflict-free minerals smelter by the Electronic Industry Citizenship Coalition, Incorporated and the Global e-Sustainability Initiative Conflict-Free Smelter Audit Review Committee, as confirmed by a 3rd party compliance audit of its facility in November 2013. Alent is an early adopter of the Conflict-Free Sourcing Initiative.

As the leading global supplier of soldering materials, we acknowledge the importance of the Conflict Minerals legislation and its impact on the global electronics supply chain. This certification, as well as our participation in the Conflict-Free Tin Initiative, demonstrates our leadership and commitment to a conflict-free supply chain for the electronics assembly industry.

We take extremely seriously our obligations in this process and have been very proactive in communicating our goals to suppliers for transparency and documented certification of our source tin's status as "Conflict Free". We have documented and implemented a Conflict Minerals Policy based on the Organisation for Economic Co-Operation and Development Framework for Due Diligence.

Metals recycling

We move c5% of the world's tin in any given year. We continue to invest and expand in our capabilities to take back metal waste streams and responsibly reclaim that waste into high-purity raw materials for reuse. Our metals recycling services operate the largest solder metals recycling facility in North America with major operations in Europe and significant operations in South America.

Water treatment

Our water treatment business has long been committed to developing products and services that help our customers lower their environmental impact. Through initiatives such as the Home Energy Conservation Act, the UK Government has taken steps to address the key issue of global warming by reducing greenhouse gas emissions. We have developed a portfolio of products that enable domestic users to minimise their carbon footprint by ensuring their systems operate at optimum efficiency.

In 2013, we extended our range accredited with the Carbon Footprint logo from 5 to 23 products, which underpins our commitment to reducing carbon emissions and promoting sustainability. Each of our individual product's carbon footprint is certified to PAS 2050; a specification for the assessment of the lifecycle greenhouse gas emissions. Furthermore, each carbon footprint product is assessed on a two-year basis and must prove a continuous programme of reduction in order to keep the label.

OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

We are also a member and sponsor of the National Energy Action (NEA) charity whose partners assist the UK Government in delivering the ever-challenging targets to tackle fuel poverty in the UK. The definition of fuel poverty has been revised recently to encompass households where their income is below the poverty line (taking energy costs into account); and their energy costs are higher than typical for their household type. The correct use of our products is proven to maintain energy efficiency levels of boilers, reducing fuel wastage and thus lowering bills.

We have a vital part to play in ensuring the success of renewable water-borne central heating technology by developing the next generation of water treatment products. These protect the hardware of the new systems by offering full protection against corrosion, limescale and microbacterial contamination, as well as offering heat-transfer properties.

Our products also comply with the principles of the Kyoto Protocol by being low in toxicity and manufactured to the ISO 14001 environmental quality standard. They are free from nitrates, phosphates and EDTA, making them highly biodegradable when discharged into the environment.

As part of our R&D programme, we are pioneering the development of organic products and renewable technology heat transfer fluids to complement our water treatment range.

Operational excellence

Our efforts to achieve operational excellence in all of our facilities include a strong focus on maximising sustainable opportunities. Examples of just a few of our many Six Sigma projects undertaken throughout the Group are outlined below:

REDUCTION OF PLASTIC PACKAGING



Objective

Reduce shipping costs by 20%, whilst being conscientious stewards of the environment.



Six Sigma Project

Our German operation in Langenfeld wanted to reduce the return costs of chemical packaging whilst reducing its environmental impact.



Results

Using Six Sigma tools, a 20% reduction in plastic packaging was achieved, resulting in reduced transport and disposal costs whilst providing environmental benefits.

ACHIEVE BEST-IN-CLASS PRODUCT PERFORMANCE OF PV RIBBON



Objective

Optimise our manufacturing process and obtain best-in-class performance of pv ribbon.



Six Sigma Project

Use a combination of statistical process control tools, process capability analysis, and manufacturing experimentation techniques in order to achieve the desired product performance characteristics.



Results

The Singapore site achieved a 15% improvement in a critical customer-required parameter resulting in best-in-class performance of our pv ribbon.

4. OUR HEALTH, SAFETY AND ENVIRONMENT ("HS&E")

We recognise our operations impact a wide community of stakeholders, including investors, customers, business associates, our people and local communities. As such, we have a wide range of initiatives to support health, safety and environmental activities. Those activities include advanced manufacturing facilities, designed to international standards, a high level of training for chemical operators, and segregation of raw materials and finished goods. All of our operations are designed with waste water treatment and pollution abatement equipment which meets or exceeds local compliance requirements.

Alent is committed to operating a sustainable, responsible organisation that protects the environment and the health and safety of those with whom we have relationships – our customers, our suppliers, our shareholders, our people, the environment and the communities in which we operate. Our commitment to protecting the environment is focused both on minimising the impact of our operations and on making a contribution towards a sustainable future through the design of our products. Compliance with applicable HS&E laws and regulations is a fundamental obligation for all our businesses. We therefore monitor energy consumption and greenhouse gas emissions as Group level KPIs.

We are committed to maintaining a level of HS&E performance that is amongst the leaders in the specialty chemicals industry, and to demonstrating respect for the individual and the environment. We recognise that successful HS&E management involves integrating sound principles and practices into our daily activities so that business management and good performance levels are achieved by the collaborative effort of all of our people.

The Board has overall responsibility for our HS&E policy and for monitoring its implementation. Executives and line managers at all levels are directly responsible through the normal management structure for HS&E matters in the operations under their control.

Particular emphasis is focused on the following areas:

- **regulatory compliance:** compliance with air, water and waste emissions, and industrial hygiene criteria;
- **health and safety performance:** protecting the health and safety of our people, contractors, customers and the general public; and
- **environmental performance:** reducing energy consumption and greenhouse gas emissions.

REGULATORY COMPLIANCE

All of our manufacturing locations are certified to ISO 14001, the international standard for environmental management systems. In addition, 19 of our operations are certified to OHSAS 18001, the international occupational health and safety management system. Certification to these international standards is not appropriate for all facilities, particularly smaller ones and those with very limited environmental, health and safety impact.

Regulatory actions against Alent companies have been at a low level for several years. This is indicative of the emphasis on continuous HS&E performance improvement across the industry in relation to statutory obligations.

Like many manufacturers, some of our operations have potential environmental liabilities because of past operations at their current or former sites. Where remediation is required, we work with external specialists and with government authorities to ensure that remediation is conducted effectively and efficiently.

REACH

In Europe, the second registration deadline under the Registration, Evaluation, Authorisation and Restriction of Chemical Substances – EC1907/2006 regulations ("REACH") took place in June 2013. This requires the registration of all substances produced or imported in quantities of between 100 and 1,000 metric tonnes per year. We have provided our suppliers with the data required for them to meet this deadline. We have also begun preparing for the final stage of REACH which will require the registration of chemicals produced or imported in quantities of between 1 and 100 metric tonnes per year and has a deadline of 2018.

ROHS

We continue to effectively address RoHS (Restriction of Hazardous Substances) and any customer-required restricted substance management through proactive contact with our suppliers and continued sampling of materials deemed to be "high risk".

HEALTH AND SAFETY PERFORMANCE

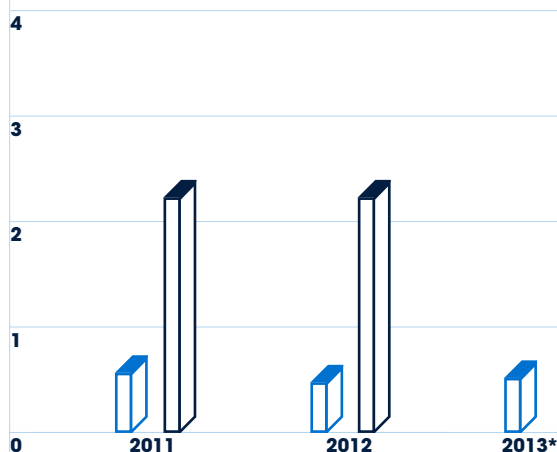
Our operations are impacted by the normal health and safety risks associated with manufacturing and other activities within the countries in which we operate. Our HS&E management programmes are designed to be forward-looking in the identification, management and mitigation of HS&E risks.

We utilise audits, inspections and risk analyses to assess and continually improve our safety programmes. Both management systems and compliance audits are performed and results are shared across the organisation.

We developed a new communications vehicle in 2012, to address common safety concerns identified through incident reports and internal audits. Safety Bulletins serve as a concise platform to convey critical safety information and programmes that can be deployed throughout the Group in a timely manner. Safety Bulletins released in 2013 covered topics such as transferring and dispensing hazardous materials, incident reporting and investigation, and management of change.

TOTAL RECORDABLE INJURY RATE (TRIR)

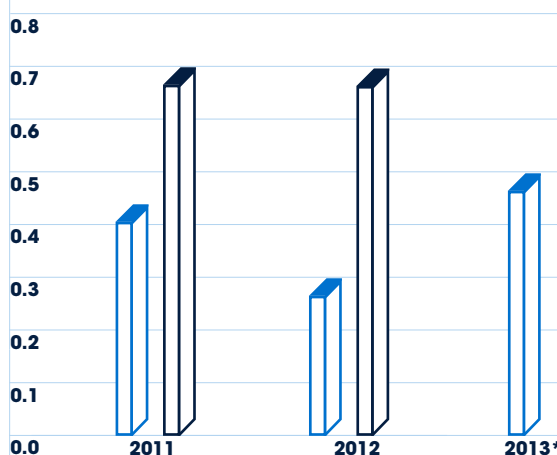
■ ALENT ■ OSHA



*OSHA data for 2013 has yet to be published.

LOSS WORK INCIDENT RATE (LWIR)

■ ALENT ■ OSHA



*OSHA data for 2013 has yet to be published.

Global Incident Rate

We use a number of metrics to evaluate health and safety performance globally. All of our facilities report injuries in accordance with United States Department of Labor Occupational Safety and Health Administration (OSHA) record-keeping rules. Our incident rates are compared to NAICS 35 – the chemical manufacturing incident rates from the United States Department of Labor – Bureau of Labor Statistics.

Total Recordable Injury Rate (TRIR) measures the number of recordable injuries/illnesses per 100 workers. In 2013, we achieved a TRIR of 0.68. Lost Work Incident Rate (LWIR) tracks the number of injuries/illnesses per 100 workers with one day or more away from work. Our 2013 LWIR was 0.50. Our strong performance in these areas continues, with both rates substantially below the benchmark for our industry of 2.40 for TRIR and 0.70 for LWIR.

ENVIRONMENTAL PERFORMANCE

Energy Consumption

Our manufacturing processes are not energy intensive and do not produce large quantities of air emissions. We operate a programme aimed at reducing energy use and its associated emissions of greenhouse gases (GHG). We also leverage our extensive Six Sigma programme to identify and execute projects around the reduction of energy consumption at our facilities around the world.

OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

In 2013, we consumed 287,118 million Btus (British Thermal Units) MM Btu of energy. Of this 111,615MM Btu was electricity use (indirect energy). The remainder of our energy use consisted of natural gas and fuel oil (direct energy). Note: In calculating energy consumption, we use the US national average to convert KWh to MM Btu.

GHG Emissions

Our methodology for measuring GHG emissions follows the Greenhouse Gas Protocols of the World Business Council for Sustainable Development and the World Resource Institute. We report direct and indirect GHG emissions in terms of CO₂-equivalents (CO₂-e). Direct GHG emissions are those that occur from stationary and mobile sources that we own or control. These emissions are also referred to as "Scope 1" emissions. Indirect emissions, or "Scope 2" emissions, are related to the use or purchase of electricity.

For 2013, we have added an intensity/normalisation ratio to gauge performance and to be compliant with the UK GHG reporting requirements. Margin over Material (MOM) was used as this factor as it effectively removes fluctuations in material cost from the calculations and is the best gauge for our business.

We have collected data from all of our major manufacturing locations and major sites. We have excluded sales/business offices and warehouses as we believe these are insignificant. In 2014, we will review all office and warehouse space to confirm their energy/GHG emissions are, as we expect, insignificant. In addition, we will perform an inventory/audit of all Freon usage within the business and include any releases in our 2014 GHG emissions data. From a preliminary review, the type of Freon most used is R22 which is exempt from the current GHG reporting criteria.

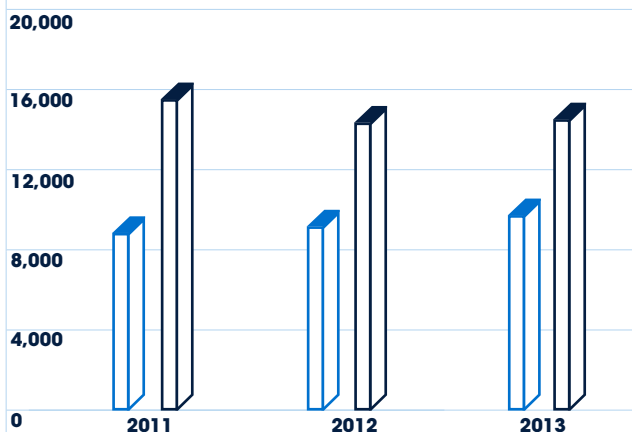
In 2013, we had a total of 26,004 metric tons of GHG emissions, made up of 10,571 metric tons of direct (scope 1) and 15,433 metric tons of indirect (scope 2) GHG emissions. On an absolute basis, our total GHG emission saw a 2.72% increase from the 2012 totals.

As a better gauge of performance, this year we generated a GHG Intensity number based on MOM in which we saw a 6.25% increase from the 2012 intensity number which we will be tracking from here forward.

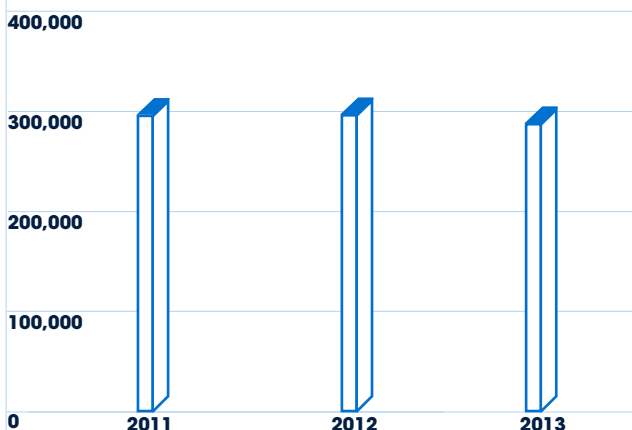
Prior to 2010, we had reduced our overall consumption of energy through the implementation of energy and GHG reduction projects. We do not have very energy intensive processes and expect similar emissions numbers going forward.

YEARLY GHG EMISSIONS SCOPE BREAKDOWN (MTCO₂E)

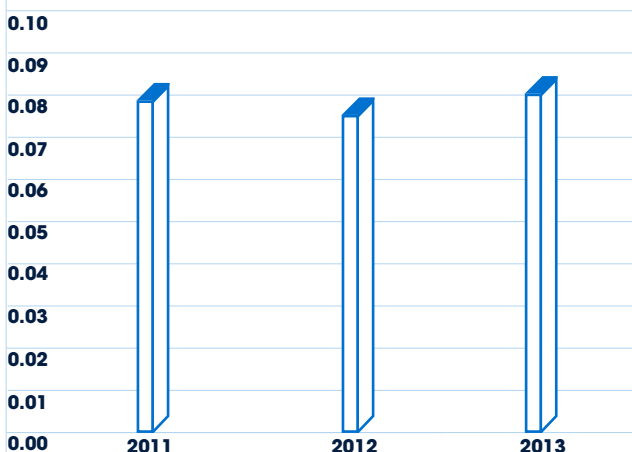
■ SCOPE 1 ■ SCOPE 2



YEARLY MARGIN OVER MATERIAL (£k)



GHG INTENSITY (MTCO₂E/MOM)



RISK MANAGEMENT AND INTERNAL CONTROLS

Our fully integrated system of risk management and internal controls provides visibility and accountability for risks throughout Alent.

RISK ASSESSMENT APPROACH

Alent faces a wide range of risks across our global business. Efficient and effective management of our risks is at the centre of Alent plc and the way we operate.

The risk assessment approach is designed to identify, categorise and assess in terms of impact and likelihood of occurrence before, and after, control mitigation, the key risks facing the business.

At the centre of the risk assessment is the framework for identifying, evaluating and managing significant risks faced by the business with Alent plc at the centre of the risk assessment. Surrounding the centre are controls utilised to protect the Group from existing and potential risks that could impact the business.

We have a Risk Management Policy which provides a consistent approach to risk management throughout the Group. Risks are identified and mitigated at every level within the Group. Where applicable, risks are aggregated and all Group risks and mitigation actions shared with the operating companies to ensure consistency of mitigation and localisation where possible.

Not all risks are within the control of the Group.

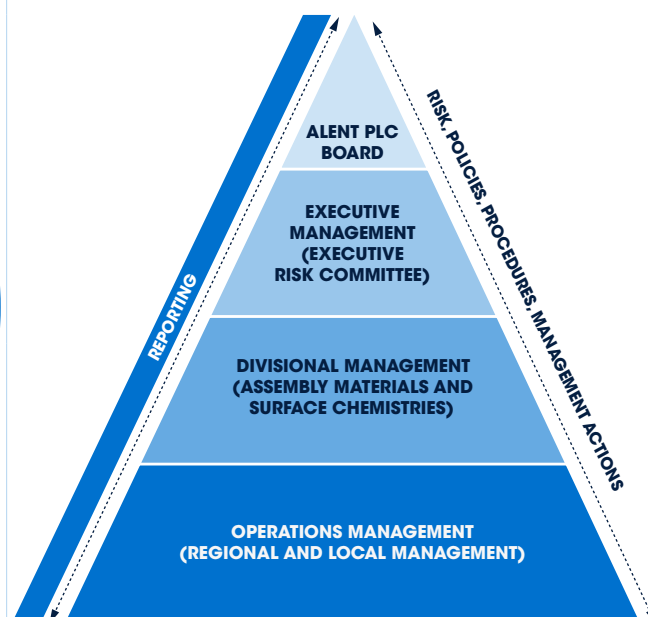
However, our approach to risk management ensures we have controls in place to reduce the impact of such risks where possible, should they occur.

RISK MANAGEMENT ROLES

Ultimately the Board is responsible for the Group's risk management and internal control frameworks. The Board will regularly review insurance and other measures adopted to manage risks within the Group. The Audit Committee will regularly monitor, review and evaluate the effectiveness of the system and controls of the Group.

The Board delegates a level of risk to the Executive Management team through a series of Group policies and delegated authority matrices.

During the course of 2013, the Group established an Executive Risk Committee to review, evaluate, mitigate and report on risks within the Group. These include business unit risks, Group risks, internal risks, external risks, financial risks and non-financial risks. The Committee meets regularly and provides the Board with updates on any major risks that could have a material impact on the Group, assessing the impact and likelihood of occurrence before, and after, control mitigation.



RISK MANAGEMENT AND INTERNAL CONTROLS

CONTINUED

Throughout its global operations, the Group faces various risks, both internal and external, which could have a material impact on the Group's long-term performance.

The Group manages the risk inherent in its operations in order to mitigate exposure to all forms of risk, where practical, and to transfer risk to insurers, where cost-effective. The risks below are not the only risks the Group will face. Some risks are not yet known and some could change their level of materiality and impact on the Group in the future. All of these risks could materially affect the Group, its divisions, and results of future operations or financial condition.

RISK AND IMPACT ON STRATEGY	KEY ACTIONS	TREND*
ECONOMIC RISK Global, economic and market related risks The financial performance and financial position of the Group may be adversely affected by a significant weakening in demand in its core end-markets and general macro-economic conditions. During an economic/financial downturn, there is an increased possibility that organisations with which the Group has either trading or funding relationships may not honour their obligations (counter-party risk).	<ul style="list-style-type: none"> • A review of intelligence related to our end-markets to ensure that any deterioration in those markets is identified early, communicated appropriately and acted upon. • The Board will regularly review Group strategy, which will determine the markets in which the Group operates. The current spread of the Group's business, both geographically and by end-market served, provides some protection to the Group should conditions in particular markets deteriorate. • Cost-reduction initiatives and the cost base remains tightly controlled. • Counterparties are chosen carefully so that those with poor credit ratings and reputations are avoided by the Group wherever possible. • Treasury policies and procedures detail the minimum rating criteria for banks where deposits can be made. Group subsidiaries are required to operate effective credit control procedures. • Surplus cash positions and bank balances held at subsidiary level are reviewed on a regular basis by the Group's treasury department and actions taken where appropriate. • "Default lender" language was negotiated into the bank facility in the event that an existing bank lender cannot meet its lending obligations. • Group companies must hold adequate and specific reserves against possible bad debts. 	
FINANCIAL Financial Risk - Treasury The Group's financial position and trading results may be adversely affected by fluctuations in exchange rates, interest rates or the rate of inflation.	<ul style="list-style-type: none"> • The treasury policy is regularly updated and communicated to the divisions. • Transactional and balance sheet translation risks associated with currency exchange rate fluctuations through hedging and funding policies are actively managed. • There is a Group policy that foreign currency transaction exposures that are material at an individual operating unit level are hedged using appropriate instruments such as forward foreign exchange contracts. For key operating currencies, the Group policy is to broadly match the currency profile of its borrowings with the currencies of its asset base. • Where appropriate, the Group manages its interest rate exposures using interest rate swaps or other instruments. 	
OPERATIONAL RISK Technology and innovation Alent may lose customers to competitors with new or alternative technologies if its businesses either do not adequately adapt to market developments or are unable to protect, maintain and enforce its intellectual property.	<ul style="list-style-type: none"> • Significant investments in research and development are made to sustain competitive advantage and take appropriate action to ensure the cost base remains competitive. • The Group applies for patents over its products, technologies and processes in a number of jurisdictions, including, but not limited to, Europe and the USA. • New product and service offerings by competitors are regularly monitored and any perceived breach of Group registered patents, know how or designs is vigorously challenged. • The Group avoids holding key intellectual property in countries which do not afford an acceptable degree of legal protection to Alent. • Significant investment takes place in research and development facilities and will continue to ensure that the Group remains able to front-run emerging trends, and maintain its leadership position in terms of innovation and product development in its market niches. 	

*Trend indicates perception of how risk has moved year-on-year.

RISK AND IMPACT ON STRATEGY**KEY ACTIONS****TREND*****Operational Risk – Personnel**

The loss of key personnel or the failure to attract, develop or retain skilled or qualified employees could negatively impact the Group.

- The Group has created comprehensive development opportunities to introduce, reinforce and further strengthen employee talents.
- The Group utilises a variety of programmes tailored to help its employees enhance their performance, set and achieve objectives, develop their leadership skills and recognise and reward their achievements.
- A succession planning programme with an identified succession plan is in place for all senior members of staff.
- The Remuneration Committee approves fit-for-purpose employee compensation and incentive programmes.

**Operational Risk – Intellectual property**

If the Group fails or is unable to protect, maintain and enforce its intellectual property, it may lose its exclusive right to use its technologies and processes.

- New product and service offerings by competitors are regularly monitored and any perceived breach of a Group patent is vigorously challenged.
- The Group applies for patents over its major products, technologies and processes in a number of jurisdictions, including but not limited to Europe and the USA.
- To the extent possible, the Group avoids holding key intellectual property in countries which do not afford an acceptable degree of legal protection to the Group.

**Operational Risk – Raw material prices**

The Group's future prospects, financial position and results of operations could be adversely affected if it is unable to pass on to its customers fluctuations in the prices of the raw materials which it purchases.

- The Group has processes in place to ensure that any increases or decreases in the cost of commodity metal prices are passed on to its customers.
- Group systems are automatically uploaded with LME (London Metal Exchange) prices or equivalent on a daily basis. These prices are then agreed and passed on to the customer at the time of placing an order.

**REGULATORY RISK****Environmental, health and safety**

Changing regulatory environment and criteria, particularly in emerging markets and future expenditure on compliance with environmental and health and safety laws and regulations may materially adversely affect the Group's future prospects, financial position and results of operations.

- Executives and line managers at all levels are directly responsible through the normal management structure for HS&E matters in the operations under their control.
- Group facilities are ISO compliant to quality, environmental and health and safety standards by a third party registrar.
- The Group has in place an insurance programme covering all of its businesses which provides an acceptable level of coverage for the operational risks which they face.

**Regulatory Risk – Failure to comply with laws, regulations and restrictions/ethics and governance**

Should the Group's businesses fail to comply with applicable legal and regulatory requirements, this may result in a financial loss or restriction on their ability to operate.

- As part of its planning process before entering a new market or territory, or expanding in an existing market or territory, the Group undertakes a rigorous assessment of the risks involved.
- In addition, the spread of the Group's major businesses, both geographically and by end-market served, provides some protection to the Group should any of its businesses be adversely impacted by legal, regulatory or other changes in an individual market or territory.
- The Group has in place an insurance programme covering all of its businesses which provides an acceptable level of coverage for the operational risks they face.



FINANCIAL REVIEW



DAVID EGAN
GROUP FINANCE
DIRECTOR

“The Group has delivered excellent cash conversion and improved net debt position.”

OVERVIEW

I am pleased to be reporting on a solid set of results for 2013 despite subdued economic environments and end-markets that proved to be more challenging than expected. Global economies have shown lower than expected growth and consumer confidence remained subdued during the year. Despite these challenges, we have either held or grown market share in the majority of our end-markets, maintained price discipline and continued to exert tight cost control. Whilst adjusted operating profit was behind last year, cash generation was very strong resulting in a significant strengthening of the balance sheet leading to a net debt to EBITDA ratio of 1.0x versus 1.3x at the end of 2012.

GROUP RESULTS HIGHLIGHTS

A summary of the Group's results is set out below. Further detail on the performance of each Division is included on pages 26 to 27.

	At reported rates		% change at	
	2013	2012	Reported	Constant
Revenue (£m)	684.7	713.9	(4.1)	(5.8)
NSV (£m)	420.1	416.7	0.8	(1.4)
Adjusted operating profit (£m)	94.1	97.2	(3.2)	(5.4)
NSV margin (%)	22.4	23.3	(0.9)pts	(0.9)pts
Adjusted profit before tax (£m)	88.0	89.0	(1.1)	(3.5)
Adjusted profit for the year (£m)	67.1	68.2	(1.6)	(4.0)
Adjusted earnings per share (p)	24.1	24.6	(2.0)	(4.4)
Adjusted cash generated from operations (£m)	102.8	86.0	19.5	
Net debt (£m)	96.5	144.4	33.2	
Leverage (x EBITDA)	1.0	1.3	0.3x	
Full year dividends per share (p)	8.60	8.25	4.2	
Statutory profit before tax (£m)	77.7	73.2	6.1	
Statutory earnings per share (p)	22.1	16.2	36.4	

A full definition of non-GAAP measures is outlined on pages 97 to 98.

SUMMARY GROUP INCOME STATEMENT

	Statutory results 2013 £m	Exceptional items adjustments 2013 £m	Adjusted results 2013 £m	Statutory results 2012 £m	Proforma adjustments 2012 £m	Exceptional items adjustments 2012 £m	Adjusted results 2012 £m
Revenue	684.7	-	684.7	713.9	-	-	713.9
Operating profit before JVs and exceptionals	94.1	-	94.1	103.0	(5.8)	-	97.2
Share of post-tax profit of JVs	0.8	-	0.8	0.3	-	-	0.3
Exceptional items	(10.3)	10.3	-	(15.8)	-	15.8	-
Operating profit	84.6	10.3	94.9	87.5	(5.8)	15.8	97.5
Demerger costs	-	-	-	(10.7)	-	10.7	-
Net finance costs	(6.9)	-	(6.9)	(3.6)	(4.9)	-	(8.5)
Profit before tax	77.7	10.3	88.0	73.2	(10.7)	26.5	89.0
Income tax costs – ordinary activities	(20.9)	-	(20.9)	(23.3)	2.5	-	(20.8)
Income tax costs – exceptional items	4.8	(4.8)	-	(4.9)	-	4.9	-
Profit for the year	61.6	5.5	67.1	45.0	(8.2)	31.4	68.2
Earnings per share (pence)	22.1		24.1	16.2			24.6

SEGMENTAL ANALYSIS

	At reported rates		% change at	
	2013	2012	Reported	Constant
NSV (£m)				
Assembly Materials	209.5	208.0	0.7	(0.9)
Surface Chemistries	210.6	208.7	0.9	(2.0)
Alent Group	420.1	416.7	0.8	(1.4)
Adjusted operating profit (£m)				
Assembly Materials	58.2	58.7	(0.9)	(2.7)
Surface Chemistries	42.7	46.0	(7.2)	(9.7)
Corporate	(6.8)	(7.5)	9.3	10.5
Alent Group	94.1	97.2	(3.2)	(5.4)
NSV margin (%)				
Assembly Materials	27.8	28.2	(0.4)pts	(0.5)pts
Surface Chemistries	20.3	22.0	(1.7)pts	(1.7)pts
Alent Group	22.4	23.3	(0.9)pts	(0.9)pts

The remainder of this financial review will make reference to “adjusted results” which incorporate the combined effect of proforma adjustments and the exclusion of exceptional items and demerger costs.

FINANCIAL REVIEW CONTINUED

Group NSV increased 0.8% to £420.1m (2012: £416.7m), generally outperforming weak end-markets. NSV in our Assembly Materials business increased 0.7% to £209.5m (2012: £208.0m), with growth impacted by underlying weak end-markets, limited new product launches from a number of global OEMs and subdued consumer confidence. NSV in our Surface Chemistries business increased 0.9% to £210.6m (2012: £208.7m) with solid growth in both our Performance Coatings and electronic segments through share capture offset by lower sales of copper damascene.

Group adjusted operating profit decreased by £3.1m (3.2%) to £94.1m (2012: £97.2m). On a constant currency basis the decrease was 5.4%. Group NSV margin decreased 0.9pts, both on a reported and constant currency basis to 22.4% (2012: 23.3%).

Assembly Materials adjusted operating profit decreased 0.9% (down 2.7% at constant currency rates) to £58.2m (2012: £58.7m) with the NSV margin decreasing 0.4pts to 27.8% (2012: 28.2%). Lower smartphone, personal computer and European automotive volumes impacted profit and NSV margin during the year. Despite weak end-market demand, pricing discipline was maintained and tight cost control continued.

Surface Chemistries adjusted operating profit decreased 7.2% (down 9.7% at constant currency rates) to £42.7m (2012: £46.0m) with the NSV margin decreasing 1.7pts to 20.3% (2012: 22.0%). Whilst we increased NSV and margin contribution from our Performance Coatings and Printed Circuit Board chemistry business through market share gains and disciplined pricing, this was more than offset by the impact of lower sales of high margin copper damascene additive. Excluding the mix effect of the lower copper damascene sales, NSV margin was broadly maintained.

Corporate costs of £6.8m (2012: £7.5m) are marginally down on the prior year largely due to lower incentive costs.

EXCEPTIONAL ITEMS

Total exceptional costs for the Group were £10.3m (2012: £15.8m), and were restructuring related charges, principally arising in connection with initiatives that included redundancy programmes, the downsizing or closure of facilities, the streamlining of manufacturing processes and the rationalisation of product lines. The net tax credit attributable to these restructuring charges was £1.9m (2012: £0.6m). We would expect an exceptional cost relating to restructuring of c£3m-£5m for full year 2014 as we continue to right size and streamline the business structures.

DEMERGER COSTS

There were no demerger costs in the year (2012: £10.7m).

NET FINANCE COSTS

Net finance costs in the year were £6.9m, a decrease of £1.6m or 18.8% on the adjusted proforma net finance cost for 2012. Interest on net borrowings of £5.7m (2012: £7.6m) was lower than 2012 due to lower gross debt levels on the back of stronger cash generation and lower interest rates. The net interest cost associated with the net liabilities of the Group's defined benefit pension and other post-retirement benefit plans was £1.1m (2012: £0.5m).

ADJUSTED PROFIT BEFORE TAX

Adjusted profit before tax decreased 1.1% to £88.0m (2012: £89.0m) whilst on a constant currency basis, the decrease was 3.5%.

TAX CHARGE

The adjusted tax charge on ordinary activities was £20.9m (2012: £20.8m), on an adjusted profit before tax of £88.0m (2012: £89.0m). The effective tax rate (ETR) (before share of post-tax profit of joint ventures) was 24.0% (2012: 23.4%). The 2013 ETR is slightly higher than the prior year due primarily to higher withholding tax on the repatriation of dividends from overseas territories.

The tax credit on exceptional items was £4.8m (2012: charge £4.9m). Included within the 2013 tax credit is the recognition of a deferred tax asset of £6.1m (2012: £nil) in respect of a portion of the accumulated US tax losses. Prior to 2013 the accumulated tax losses in the US were not recognised as a deferred tax asset due to uncertainty in the future profitability from our US operations. As at 31 December 2013 there were approximately US\$240m of gross US tax losses available to Alent. Further details are provided in note 11 of the Annual Report and Accounts.

As a result of an anticipated change in the geographic split of profit before tax and the continued repatriation of dividends from overseas territories, we expect the ETR for the full year 2014 to be between 25% and 26%. This assumes no change in the ETR from utilisation of our deferred tax asset associated with our US tax losses.

ADJUSTED PROFIT FOR THE YEAR

Adjusted profit for the year decreased by 1.6% to £67.1m (2012: £68.2m).

ADJUSTED EARNINGS PER SHARE

Adjusted earnings per share decreased by 2.0% to 24.1 pence per share (2012: 24.6 pence per share). The weighted average number of shares was 278.4m (2012: 277.5m).

RESEARCH AND DEVELOPMENT (R&D)

R&D is critical to the continued success of Alent to meet the demand for leading-edge products for smaller, lighter and faster electronics and to take advantage of the opportunities presented by new and fast-growing markets. In addition, tightening environmental regulations mean that improvements to existing products are required in order to ensure continued compliance.

Alent invests significant amounts in R&D and endeavours to sustain its competitive advantage. In 2013, total R&D spend was £16.0m, (2012: £16.5m) equivalent to 3.8% (2012: 4.0%), of NSV. Of this expenditure, £7.9m (2012: £8.1m) or 3.8% (2012: 3.9%) of NSV was in the Assembly Materials business whilst £8.1m (2012: £8.4m) or 3.8% (2012: 4.0%) of NSV was in the Surface Chemistries business. All R&D costs have been expensed through the Group income statement. Going forward, we would expect R&D spend to broadly track NSV growth.

CAPITAL STRUCTURE

The Group's Consolidated Balance Sheet at 31 December 2013 is summarised as follows:

	2013			2012		
	Assets £m	Liabilities £m	Net assets £m	Assets £m	Liabilities £m	Net assets £m
Property, plant and equipment	85.2	-	85.2	83.9	-	83.9
Intangible assets	288.5	-	288.5	295.0	-	295.0
Investment in joint ventures	5.5	-	5.5	12.6	-	12.6
Other non-current assets and liabilities	13.7	(44.7)	(31.0)	15.7	(46.6)	(30.9)
Current assets and liabilities	183.7	(104.2)	79.5	193.9	(109.8)	84.1
Employee benefits	-	(18.8)	(18.8)	-	(24.3)	(24.3)
Capital employed	576.6	(167.7)	408.9	601.1	(180.7)	420.4
Net cash/(debt)	63.1	(159.6)	(96.5)	81.5	(225.9)	(144.4)
Total at 31 December	639.7	(327.3)	312.4	682.6	(406.6)	276.0

Net assets at the end of 2013 were £312.4m, an increase of £36.4m on the 2012 level of £276.0m. The reason for the increase is principally strong cash generation and the resultant reduction in net debt.

Return on invested capital of 12.6% for 2013 is broadly similar to that of 2012.

CASH FLOW

	2013 £m	2012 £m
EBITDA	103.1	111.9
Net decrease/(increase) in trade and other working capital	5.6	(20.0)
Outflow related to restructuring charges	(4.0)	(3.8)
Additional funding contributions into Group pension plans	(1.9)	(2.1)
Adjusted cash generated from operations	102.8	86.0
Net interest paid	(4.1)	(2.6)
Income taxes paid	(19.3)	(22.1)
Adjusted net cash inflow from operating activities	79.4	61.3
Capital expenditure excluding Woking	(13.7)	(16.4)
Add back additional funding contributions to Group pension plans	1.9	2.1
Proceeds from sale of property, plant, equipment and dividend from JV	5.6	2.1
Adjusted free cash flow	73.2	49.1
Payment of demerger costs	(4.8)	(5.7)
Outflow in relation to purchase of Woking site (restructuring of £16.0m, capex of £5.5m)	-	(21.5)

FINANCIAL REVIEW CONTINUED

Cash generation during the year has been very strong, leading to reduced net debt and a strengthening of our balance sheet.

EBITDA for 2013 was £103.1m (2012: £111.9m).

Working capital inflow in 2013 was £5.6m (2012: outflow £20.0m). Working capital as a percentage of sales was 17.5% (2012: 18.3%). The significant improvement was driven by a combination of lower raw material costs, working capital initiatives and a one-off benefit associated with the early receipt of a long-term equipment financing transaction. Going forward, assuming stable raw material costs, we would expect some working capital build in the first half of 2014 in advance of the traditional stronger demand in the second half of the year. We remain focused on reducing the working capital needs of the business although this is to some extent influenced by raw material costs.

Restructuring cash costs of £4.0m (2012: £3.8m) were incurred in the year in respect of restructuring initiatives leaving provisions made but unspent of £9.7m (2012: £3.8m). We would expect a restructuring cash outflow of c£8-10m in 2014.

Adjusted cash generated from operations was £102.8m (2012: £86.0m) and represented a cash conversion of 99.7% of EBITDA, an improvement of 22.8pts from our 2012 cash conversion of 76.9%.

Net interest paid of £4.1m (2012: £2.6m) was in respect of interest on borrowings, whilst income taxes paid amounted to £19.3m (2012: £22.1m). The tax cash flow in 2013 benefited from a small number of one-off items, without which the tax cash would have been similar to 2012. We would expect income taxes paid in 2014 to be similar to our effective tax rate of between 25% and 26%.

Capital expenditure in 2013 was £13.7m (2012: £16.4m excluding Woking). This represents 152% (2012: 184%) of depreciation. The main expenditure during 2013 was incurred on the new manufacturing plants in Shanghai, China and Chennai, India as well as continuing upgrade of our R&D equipment and facilities. Our Shanghai facility is currently being commissioned whilst Chennai will commence commissioning during the first half of 2014. Following the completion of the plant in Chennai, our manufacturing footprint will be largely complete. As such, we expect capital expenditure to be running at 1.0-1.5 times depreciation in 2014 and beyond.

Adjusted free cash flow for the year was £73.2m (2012: £49.1m).

Demerger cash costs incurred in the year were £4.8m (2012: £5.7m) with no further cash costs anticipated.

NET DEBT

Net debt at 31 December 2013 was £96.5m (2012: £144.4m). Gross borrowings were £159.6m whilst cash on hand was £63.1m. At 31 December 2013, the Group's gross borrowings were denominated in US Dollars (45%), Euros (19%) and pounds sterling (35%).

£154.5m (2012: £227.5m) of the Group's gross borrowings comprise drawings under a £300m committed bank facility. Loans made under this facility bear interest at a floating rate per annum based on the London interbank offer rate (LIBOR) as applicable plus a margin ranging from 1.25% per annum to 2.25% per annum depending on the ratio of consolidated net borrowings to proforma EBITDA. The facility expires in September 2017.

Financial covenants applicable to the facility include adjusted EBITDA to net interest (minimum 4.0 times) and net debt to adjusted EBITDA (maximum 3.0 times). As at 31 December 2013, Alent was operating well within these covenants as the ratio of EBITDA to net interest was 22.0 times and the ratio of net debt to EBITDA was 1.0 times.

PENSIONS AND OTHER POST-RETIREMENT OBLIGATIONS

	2013			2012		
	US £m	ROW £m	Total £m	US £m	ROW £m	Total £m
Fair value of plan assets	37.9	2.0	39.9	39.1	2.0	41.1
Funded defined benefit obligations	(45.4)	(2.5)	(47.9)	(51.7)	(2.7)	(54.4)
Status of funded plans	(7.5)	(0.5)	(8.0)	(12.6)	(0.7)	(13.3)
Unfunded plans	(5.6)	(5.2)	(10.8)	(5.7)	(5.3)	(11.0)
Total net liabilities	(13.1)	(5.7)	(18.8)	(18.3)	(6.0)	(24.3)

The Group operates defined contribution and defined benefits pensions plans, principally in the US and Germany. The Group's largest defined benefit plan in the US is closed to new members and to further accruals for existing members. As at 31 December 2013, the net deficit in Alent's post-retirement defined benefit plans was £18.8m (2012: £24.3m) with assets of £39.9m (2012: £41.1m) and liabilities of £58.7m (2012: £65.4m).

DIVIDEND

The Board is recommending a 4.2% increase in the full year dividend, with a final dividend for 2013 of 5.71p per share making a total of 8.60p for the year (2012: 8.25p). This is equivalent to 2.8 times dividend cover from adjusted EPS. The final dividend, if approved at the Annual General Meeting on 19 May 2014, is to be paid on 19 June 2014 to shareholders on the register on 16 May 2014. Any shareholder wishing to participate in the Alent Dividend Reinvestment Plan ("DRIP") needs to have submitted their election to do so by 29 May 2014. We maintain our progressive dividend policy with full year dividend growth expected to be at least in line with earnings growth, and targeting a dividend cover in the near term within a range of 3.0 to 2.8 times. In the normal course, the interim dividend will be equivalent to 35% of the full year dividend for the previous year. The Directors' intention is to maintain a capital structure that is both efficient and balanced between investment for growth and returns to shareholders.

TREASURY MANAGEMENT

The Group maintains a centralised Treasury function which is responsible for setting treasury policy throughout the Alent Group, and for much of the Group's treasury activity (particularly funding, risk management and cash management). Operating companies are responsible for those activities best controlled locally (eg payments and collections, local bank relationships and transactional foreign exchange management). The Group's Treasury Policies and Procedures, which provide the framework for this activity, are approved by the Alent plc Board and reviewed on a regular basis.

FUNDING AND LIQUIDITY MANAGEMENT

The majority of the Group's funding requirements are met by means of its £300m committed bank facility, with limited use of local overdraft facilities where appropriate. Operating companies are required to remit surplus cash to Group Treasury, as soon as practical, through participation in the Group's cash management systems or, where such participation is not possible, by payment of dividends or repayment of intercompany loans.

INTEREST RATE RISK MANAGEMENT

The Group's interest rate risk arises principally on its core borrowings. This risk is managed, when appropriate, by the use of interest rate swaps. At 31 December 2013, 81% of the Group's gross borrowings were hedged by means of interest rate swaps which had the effect of fixing the interest rate on these borrowings until March 2014.

TAXATION POLICY

Alent's tax strategy is to manage tax risks and tax costs in a manner consistent with shareholders' best long-term interest, taking into account both economic and reputational factors. The Group's tax strategy aims to ensure compliance with all relevant statutory obligations and to mitigate the tax charge to a level that is consistent with the Group's legal obligations in all relevant jurisdictions. The Group seeks to build constructive, open working relationships with tax authorities through transparency, and actively considers the implications of tax planning on the Group's corporate reputation. Arm's length principles are applied in the pricing of all intra-group transactions in accordance with OECD guidelines. The Group has strong controls and clear policies and procedures covering tax which the Group follows. We approach tax planning with the aim of paying the right amount of tax at the right time in each tax jurisdiction.

GOING CONCERN BASIS

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, accordingly, they have adopted the going concern basis in preparing the financial statements for the year ended 31 December 2013.

SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with IFRS and the material accounting policies are set out in the notes to the financial statements of this report. The Group has adopted new and revised IFRS as detailed in note 2.

FINANCIAL REVIEW CONTINUED

Applying accounting policies requires the use of certain judgments, assumptions and estimates. The following accounting policies have been identified as being the most significant and where there is most risk of material adjustment to the carrying value of the Group's assets and liabilities within the financial statements:

- goodwill;
- employee benefits;
- liability reserves; and
- taxation.

See note 3 to the Group financial statements for more detail.

RELATED PARTY TRANSACTIONS

During 2013, the Group's related party transactions were between the Company and its subsidiaries and have been eliminated on consolidation. Transactions between Alent plc and Vesuvius plc have been treated as related party up until the date of the demerger, 19 December 2012. The details of these transactions have been included in note 35 on page 133.

FOREIGN EXCHANGE RISK

It is the Group's policy to manage the currency risk on its net assets by matching the currency profile of its core borrowings with the currency profile of its earnings and net assets. At 31 December 2013, 35% of the Group's gross borrowings were denominated in Pounds Sterling, 45% in US Dollars, and 19% in Euros.

The Group does not hedge the translation exposure on the income statements of its overseas subsidiaries. Foreign currency transaction exposures that are material at an individual operating unit level are hedged using forward foreign exchange contracts.

CURRENCY IMPACT ON TRADING

The Group reports its results in pounds sterling but conducts its business in multiple foreign currencies. The revenue mix in its major currencies in 2013 was as follows:

	2013	2012
US Dollars	26%	25%
Chinese Renminbi	21%	20%
Euros	22%	19%
Taiwanese Dollars	9%	10%
Brazilian Reals	5%	5%

Based on the 2013 mix of non-pound sterling denominated revenue and adjusted operating profit, a 1% movement in US Dollars (relative to pounds sterling) changes revenue by £1.8m and adjusted operating profit by £0.2m.

A 1% movement in Chinese Renminbi (relative to pounds sterling) changes revenue by £1.4m and adjusted operating profit by £0.4m. A 1% movement in Euros (relative to pounds sterling) changes revenue by £1.5m and adjusted operating profit by £0.2m.

The Group has a policy of broadly matching the currency of borrowings to the currency of its operating activities for its major trading currencies. At the end of 2013, 65% of the Group's gross borrowings were denominated into non-sterling currencies, principally US Dollar and Euros.

STATUTORY INFORMATION

Whilst the previous sections of this results announcement focused on the adjusted results for the Group, this section comments on the statutory results as presented in the Group financial statements.

INCOME STATEMENT

	2013 Statutory £m	2012 Statutory £m
Revenue	684.7	713.9
Operating profit before JVs and exceptionals	94.1	103.0
Share of post-tax profit of joint ventures	0.8	0.3
Exceptional items	(10.3)	(15.8)
Operating profit	84.6	87.5
Demerger costs	-	(10.7)
Net finance costs	(6.9)	(3.6)
Profit before tax	77.7	73.2
Income tax – ordinary activities	(20.9)	(23.3)
– exceptional items	4.8	(4.9)
Profit for the year	61.6	45.0

OPERATING PROFIT BEFORE JVS AND EXCEPTIONAL ITEMS

	At reported rates		change at	
	2013 £m	2012 £m	Reported %	Constant %
Assembly Materials	58.2	57.5	1.2	(0.7)
Surface Chemistries	42.7	45.2	(5.5)	(8/2)
Corporate	(6.8)	0.3	n/a	n/a
Alent Group	94.1	103.0	(8.6)	(10.6)
NSV margin				
Assembly Materials	27.8%	27.6%	0.2pts	0.1pts
Surface Chemistries	20.3%	21.7%	(1.4)pts	(1.3)pts
Alent Group	22.4%	24.7%	(2.3)pts	(2.3)pts

REVENUE

Group revenue decreased by £29.2m to £684.7m (2012: £713.9m). On a constant currency basis the decline was 5.8%. The revenue decrease is impacted by the "pass through" to customers of lower tin and silver prices, both major raw materials for Assembly Materials, and lower gold prices in the Surface Chemistries business. For the full year 2013, the average prices of tin, gold and silver were, respectively, 6%, 15% and 23% lower than the same period in the prior year, such that approximately £15m of the Group's revenue decrease was as a result of these lower metal prices. The balance of the revenue reduction was due to reduced demand for lower margin, more commoditised products (particularly bar solder and non-proprietary chemicals) and lower gold consumption partially offset by the continued market penetration of innovative, higher margin, products.

OPERATING PROFIT

Assembly Materials operating profit increased by £0.7m (1.2%) to £58.2m (2012: £57.5m). The NSV margin increased 0.2pts to 27.8% (2012: 27.6%). Surface Chemistries operating profit decreased by £2.5m (5.5%) to £42.7m (2012: £45.2m). The NSV margin declined 1.4pts to 20.3% (2012: 21.7%).

NET FINANCE COSTS

Finance costs on a statutory basis amounted to £7.4m (2012: £4.1m) including £1.1m (2012: £0.5m) for the net interest cost associated with the Group's net defined benefit pension liabilities. Finance income amounted to £0.5m (2012: £0.5m).

PROFIT BEFORE TAX

Profit before tax increased by £4.5m to £77.7m (2012: £73.2m) primarily due to lower exceptional items.

TAX CHARGE

The tax charge on ordinary activities was £20.9m (2012: £23.3m) on profit before tax of £77.7m (2012: £73.2m), an effective adjusted tax rate (before exceptionals and share of post-tax profit from joint-ventures) of 24.0% (2012: 23.4%).

PROFIT FOR THE YEAR

Profit for the year was £61.6m (2012: £45.0m).

EARNINGS PER SHARE

Earnings per share were 22.1p (2012: 16.2p). The weighted average number of shares was 278.4m (2012: 277.5m).

DAVID EGAN
GROUP FINANCE DIRECTOR
4 MARCH 2014

OUR BOARD

A strong and diverse Board: Ultimate responsibility for the management of Alent rests with the Board of Directors. Our Board comprises the Chairman, two Executive Directors and five Non-executive Directors. The primary focus of the Board is on strategic and policy issues.



PETER HILL CBE
CHAIRMAN AND CHAIRMAN OF THE NOMINATIONS COMMITTEE

Skills and experience:

Peter served as Chief Executive of Laird PLC from 2002 until he stepped down from the board in November 2011. He previously held senior management positions with BTR plc (subsequently Invensys plc) and was an executive director of Costain Group PLC. He was previously a Non-executive Director of Cookson Group plc, Meggitt PLC and Oxford Instruments plc, and was a non-executive board member of UK Trade and Investment. Peter is a Non-executive Director of Essentra plc and of the Royal Air Force.

Nationality:

Peter Hill is a British citizen.

Appointment date:

31 October 2012



STEVE CORBETT
CHIEF EXECUTIVE

Skills and experience:

Steve was at Cookson Group plc from 1990 and held various senior management roles within its joining technologies businesses before, in 2002, being appointed President of Enthone, the then newly acquired surface chemistries business. He was promoted to President and Chief Executive Officer of Cookson's Performance Materials division in 2004 and served as an executive director of Cookson Group plc from May 2012 until he resigned from the board in October 2012 following the announcement of the proposed demerger of Cookson Group plc. He previously held senior roles with Heraeus GmbH and Corning Glass.

Nationality:

Steve Corbett is a US citizen.

Appointment date:

31 October 2012



DAVID EGAN
GROUP FINANCE DIRECTOR

Skills and experience:

David was previously the Chief Financial Officer at ESAB, which was the largest division of Charter International plc which was itself acquired by Colfax Corporation in 2012. Prior to joining ESAB in 2008, David was Group Financial Controller of Hanson plc based in London, and prior to that Chief Financial Officer, Hanson Asia Pacific based in Singapore. He has extensive international experience of businesses in Europe, the Russian Federation, Asia, Australasia, and the Americas. David is a qualified Certified Practising Accountant (CPA), Australia.

Nationality:

David Egan holds dual British and Australian citizenship.

Appointment date:

1 January 2013



DR EMMA FITZGERALD
NON-EXECUTIVE DIRECTOR

Skills and experience:

Emma is Director, Gas Distribution for National Grid plc. Prior to joining National Grid, she pursued a 20-year career with Royal Dutch Shell where she held a variety of technical, strategic and general management positions based in Asia and Europe including Vice President Global Retail Network, and as Managing Director of Shell China/Hong Kong Lubricants based in Beijing. Emma was previously a Non-executive Director of Cookson Group plc and has also served on subsidiary boards in both Korea and China. Emma holds a DPhil in solid state physics and surface chemistry, is a Trustee of The Windsor Leadership Trust, and sits on the leadership development advisory panel for the Prime Minister's Office of the Singapore Government.

Nationality:

Emma FitzGerald is a British citizen.

Appointment date:

31 October 2012

The Board approves the Group strategy, oversees the allocation of resources and monitors the overall performance of the Group. Biographies for each of our Directors are set out below.



LARS FÖRBERG
NON-EXECUTIVE DIRECTOR

Skills and experience:

Lars is a managing partner of Cevian Capital, which holds over 21% of Alent's issued share capital. Lars co-founded Cevian Capital in 2002. In 1997, he joined AB Custos, the Swedish investment company, ultimately becoming Chief Investment Officer. Prior to AB Custos, he had been an investment manager of Nordic Capital. Lars is a Non-executive Director of Danske Bank. He also sits on the nominations committee of: Metso Corporation, the global Finnish technology and services company; Tieto Corporation, the Finnish IT service company; and AB Volvo, the Swedish truck and construction equipment manufacturer.

Nationality:

Lars Förberg is a Swedish citizen.

Appointment date:

31 October 2012



NOËL HARWERTH
**NON-EXECUTIVE DIRECTOR
AND CHAIRMAN OF THE
REMUNERATION COMMITTEE**

Skills and experience:

Noël spent 15 years with Citicorp, latterly as Chief Operating Officer of Citibank International, having previously been with Dun and Bradstreet and Kennecott Copper Corporation. She is currently Chairman and Non-executive Director of Sumitomo Mitsui Banking Corporation Europe, a Non-executive Director and member of the audit committee of the London Metal Exchange, and a Non-executive Director of Standard Life plc and Dominion Diamond Corporation Inc. She was a Non-executive Director and Chairman of the remuneration committee of Logica plc until 2012, and was previously a Non-executive Director of Impellam Group plc, Corus Group plc, TFL Group, Avocet Mining PLC and until 2013, RSA Insurance Group plc.

Nationality:

Noël Harwerth holds dual British and US citizenship.

Appointment date:

31 October 2012



JAN OOSTERVELD
NON-EXECUTIVE DIRECTOR

Skills and experience:

Jan spent 32 years with Royal Philips Electronics, where he was a member of the group management committee with responsibility for corporate strategy, and was previously the Chief Executive of Philips Asia Pacific and the Chairman of LG Philips LCD. He is a Non-executive Director and Chairman of the remuneration committee of Candover Investments plc and a non-executive corporate director of Barco N.V. He served as Chairman of the supervisory board of Crucell N.V. until December 2011 and was previously a Non-executive Director of Cookson Group plc. Jan is also a professor at IESE Business School in Barcelona.

Nationality:

Jan Oosterveld is a Dutch citizen.

Appointment date:

31 October 2012



MARK WILLIAMSON
**NON-EXECUTIVE DIRECTOR,
SENIOR INDEPENDENT DIRECTOR
AND CHAIRMAN
OF THE AUDIT COMMITTEE**

Skills and experience:

Mark was formerly Chief Financial Officer of International Power plc. He joined International Power in 2000 as Group Financial Controller and was appointed to the board as Chief Financial Officer in 2003, stepping down in 2012. Previously, he was Group Financial Controller and Group Chief Accountant at Simon Group plc, the engineering and bulk chemicals group. He is Chairman of Imperial Tobacco Group PLC, having previously served as Chairman of the audit committee, and is a Non-executive Director and SID of National Grid plc. Mark qualified as a Chartered Accountant in South Africa.

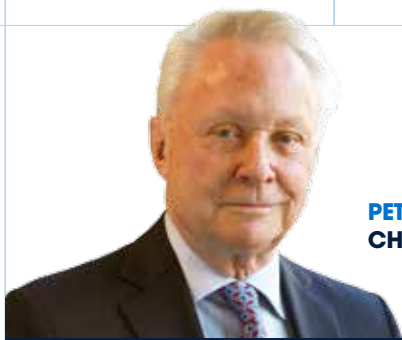
Nationality:

Mark Williamson is a British citizen.

Appointment date:

31 October 2012

CORPORATE GOVERNANCE



PETER HILL, CBE
CHAIRMAN

DEAR SHAREHOLDER,

I am pleased to present the Company's corporate governance report for 2013 on behalf of the Board.

At the end of our first year, I can confirm that the new Board has proven itself to be working well together; the intense work undertaken has unified and strengthened the Board. We have met more than we would do normally which has enabled the Board to develop further its strategy for the Company. I feel the Board has the right depth and mix of skills and experience, knowledge and independence to address a number of tough challenges and to ensure that it acts in the best interests of shareholders as a whole. The Board is well placed to maximise the opportunities for Alent and its shareholders.

The Board is committed to maintaining high standards of corporate governance and ensuring values and behaviours are embedded and consistent across the business. As a new company we have sought to enshrine best practice and believe that good governance is integral to our strategy and decision making processes. Throughout this first year, either collectively or individually, all Board members have visited many of the Company's operations and sites and engaged with our people and other stakeholders in order to gain an invaluable insight into the culture and values prevailing throughout the business.

As stewards of the Company, I believe it is the responsibility of the whole Board to ensure that the Company's strategy is aligned with the interests of our investors and stakeholders. During the year the Chairs of the Audit and Remuneration Committees, the Executive Directors and myself have extensively engaged with our major stakeholders to try and understand their views.

We believe that a robust governance framework based on integrity and transparency, which promotes challenge and accountability, is the cornerstone of our organisation. We have endeavoured to set out in this Report clear information for all stakeholders on how Alent sets out to achieve its goals.

I would like to encourage all shareholders to attend our AGM on 19 May 2014. It is an excellent opportunity to meet the Board and some senior executives.

PETER HILL
CHAIRMAN
4 March 2014

WHAT IS OUR APPROACH TO GOVERNANCE?

This report, including the reports from the Nominations, Audit and Remuneration Committees, describes the Company's corporate governance structure and explains how the Company has applied all the principles set out in sections A to E of the UK Corporate Governance Code issued by the Financial Reporting Council (the "UK Code"). The UK Code is intended to promote the interest of shareholders, increase director accountability and encourage greater stakeholder engagement and has been designed to provide investors with greater insight into the activities of companies, through the work of the Board and its Committees. As a company with a premium listing on the London Stock Exchange, the Company is committed to ensuring that the highest standards of corporate governance are maintained and we intend to comply fully with the main and supporting principles of the UK Code.

The Company's auditors, KPMG, are required to review whether or not the Corporate Governance Report reflects the Company's compliance with the provisions of the UK Code specified for their review by the Listing Rules of the UK Listing Authority and to reflect if it does not reflect such compliance. No such report has been made. Copies of the UK Code are publicly available at www.frc.org.uk.

HOW HAVE WE RESPONDED TO RECENT GOVERNANCE DEVELOPMENTS?

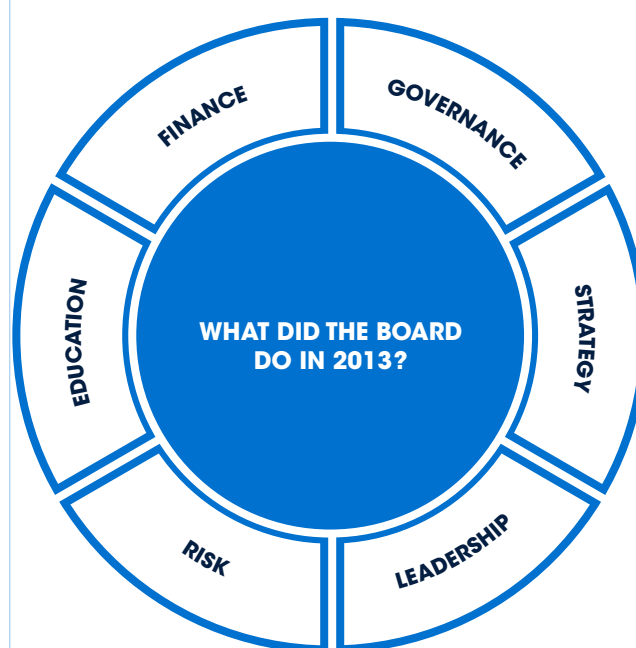
The Board has received regular updates from both myself, the Company Secretary and the Company's advisers enabling it to consider all governance developments as well as receiving appropriate training and education on relevant issues.

LEADERSHIP

The Role of the Board

The Board is appointed by shareholders, who are the owners of the Company. The Board's principal responsibility is to act in the best interests of the shareholders as a whole, within the legal framework of the Companies Act 2006. Ultimate responsibility for the management and long-term success of Alent rests with the Board of Directors. The Board focuses primarily upon strategic, policy and governance issues and is responsible for the Company's long-term success. It approves the Company's strategy, oversees the allocation of resources, approves the Company's operating budgets which are normally proposed by the Chief Executive and monitors the performance of the Company against them. The Board is also responsible for identifying, evaluating and managing the key risks faced by the Company, and for establishing the effectiveness of the Company's systems of internal controls. It has a formal schedule of matters reserved to it and delegates certain matters to Committees as set out in the Report. In addition, the Non-executive Directors constructively challenge the Executive Directors and review their performance. The Board reviews, at least annually, the performance of the Chairman.

HOW THE BOARD SPENT ITS TIME



Schedule of matters reserved to the Board for formal consideration, and which are reviewed annually, include:

- setting the Group's strategy;
- reviewing the Company and divisional performance;
- approval of the annual budget;
- approval of major corporate transactions, including acquisitions, divestments, capital expenditure and major changes to the Group's capital structure;
- approval to enter into contracts which are deemed to be material either strategically or by reason of size, duration or liability;
- approval of key policies, including the Company's financing and treasury policies, and others such as those relating to Health, Safety, Environment and our Code of Conduct (the "Alent Code"), as well as key areas of commitment such as Diversity and Inclusion;
- preparing the Group's and Company's financial statements;
- recommending or declaring a dividend;
- reviewing the Group's overall governance arrangements including approval of the delegated authorities matrix;
- maintaining effective internal controls and risk management processes;
- succession planning and appointments to the Board;
- setting senior executive remuneration; and
- reviewing the performance of the Board itself and its Committees.

CORPORATE GOVERNANCE

CONTINUED

WHO IS OUR BOARD?

The Composition of the Board

The Board currently has eight Directors, comprising the Non-executive Chairman, Peter Hill CBE; the Chief Executive, Steve Corbett; the Finance Director, David Egan; and five Non-executive Directors, Dr Emma FitzGerald, Lars Förberg, Noël Harwerth, Jan Oosterveld and Mark Williamson. With the exception of Lars Förberg, all of the Non-executive Directors are considered to be independent. Simon O'Hara serves as Company Secretary.

NAME	POSITION	INDEPENDENT	NATIONALITY
Peter Hill CBE	Chairman	yes and at time of appointment	British
Mark Williamson	Senior Independent Director/ Non-executive Director	yes	British
Steve Corbett	Chief Executive	no	American
David Egan	Finance Director	no	British, Australian
Emma FitzGerald	Non-executive Director	yes	British
Lars Förberg	Non-executive Director	no	Swedish
Noël Harwerth	Non-executive Director	yes	British, American
Jan Oosterveld	Non-executive Director	yes	Dutch

HOW IS OUR BOARD ORGANISED?

The Roles of the Chairman and Chief Executive and Division of Responsibilities

The division of responsibilities between the Chairman and the Chief Executive has been agreed by the Board and is set out in writing.

THE CHAIRMAN

The Chairman leads the Board, promoting a culture of openness, challenge and debate and ensuring its effectiveness and high standards of corporate governance to safeguard the interests of shareholders. The Chairman facilitates and encourages open communication and constructive working relationships between the Executive and Non-executive Directors and provides overall guidance to the Executive Directors and senior management.

The Chairman, in conjunction with the Nominations Committee, is also responsible for Board succession planning and has ultimate responsibility for communication and dialogue with shareholders, together with ensuring that the Board acts in the best interest of shareholders taken as a whole.

The Chairman, in conjunction with the Company Secretary and Executive Directors, sets the agenda for Board meetings and ensures that all Board and Committee members receive accurate, timely and clear information prior to meetings. A clear structure for the operation of the Board and its Committees is in place. The Chairman meets routinely with the Chief Executive, the Finance Director and the Company Secretary to discuss relevant matters. The Board considers that the Chairman is able to, and does, devote sufficient time to his duties at Alent.

The biographical details of the Chairman and details of his relevant experience are set out on page 46.

THE CHIEF EXECUTIVE

The Chief Executive has overall responsibility for the day-to-day management of the business, the performance for which he is accountable and upon which he reports to the Board. He has the lead role in developing the Company's strategic direction for consideration and approval by the Board, and for the implementation of the agreed strategy. The Chief Executive is responsible on a day-to-day basis for, and oversees, the Company's performance in health, safety and environmental matters.

The Chief Executive is supported by the Finance Director in the provision to the Board of high-quality financial information on the Company's performance.

The Role of Executive Directors

The Executive Directors have specific executive responsibilities, of which the Chief Executive's are set out above. The Chief Executive provides leadership to the management team, sets the culture, standards, ethics and values of the Company, and is responsible for management development and succession planning within the Company. The Finance Director has particular responsibility for the accuracy and completeness of the Company's financial reporting, for treasury, tax and risk management, and for internal financial controls.

Executive Directors are not members of the Board Committees, although they may be invited to attend. Both Mr Corbett and Mr Egan attended all Audit Committee meetings during the year. Mr Corbett was also a regular attendee at the Remuneration Committee.

The biographical details of the Executive Directors and details of their relevant experience are set out on page 46.

The Company Secretary

Simon O'Hara is the Company Secretary and has acted as Secretary to all Committees during the year. The Secretary supports the Chairman on corporate governance matters. Together with the Chairman, he is responsible to the Board in respect of compliance with Board procedures, ensuring a timely flow of information and for the setting of the annual programme of Board and Committee meetings and their agendas. Furthermore, he has responsibility, via the Chairman, for ensuring that the Board is kept up to date on legislative, regulatory and governance matters and developments and that all induction and professional development needs are met.

The Company Secretary ensures that there is an appropriate level of communication between the Board and its Committees and between senior management and the Non-executive Directors.

All Directors have access to the advice and services of the Company Secretary.

Board meetings

The Board convened formally on nine occasions during 2013 and held a number of ad-hoc committee meetings, either face to face or telephonically, in which it considered non-routine business. In addition, the Chairman and the other Non-executive Directors met routinely on their own without the Executive Directors present, and, at least once during the year the Non-executive Directors met without the Chairman being present to discuss matters such as the Chairman's performance.

The Board used one of its meetings in 2013 specifically to consider and review the Company's strategy and its implementation, and its future prospects and has used subsequent meetings to review additional areas of the Group's strategy.

The biographical details of the Non-executive Directors and details of their relevant experience are set out on pages 46 to 47.

The Senior Independent Director

Mark Williamson is our Senior Independent Director.

The Board nominates one of the Non-executive Directors to act as Senior Independent Director and provide an alternative contact at Board level, other than the Chairman, to whom shareholder matters can be addressed. The Senior Independent Director, when necessary, supports the Chairman and the other Non-executive Directors on Company related matters. He will act as a sounding board for the Chairman and, should it be required, can act as an intermediary for any concerns of other Non-executive Directors. There is a written job specification for the role which is reviewed annually by the Nominations Committee. The Senior Independent Director is responsible for undertaking the annual evaluation of the Chairman's performance, leading the recruitment process for a new Chairman while ensuring an orderly succession process.

CORPORATE GOVERNANCE

CONTINUED

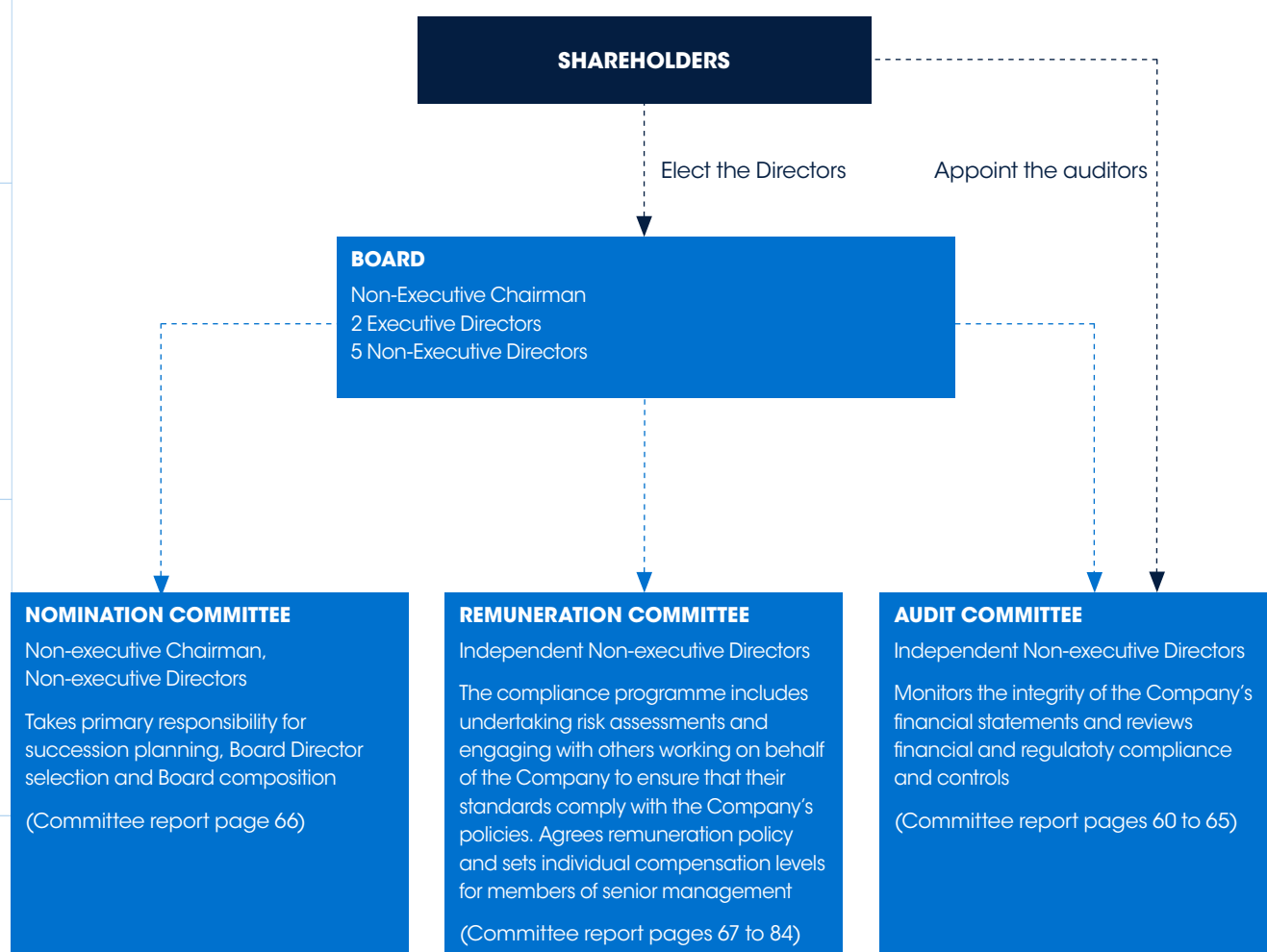
HOW IS THE BOARD STRUCTURED?

Board Committees

The Board is assisted by three Committees: Audit, Remuneration and Nominations Committees, as set out in the diagram below. Each Committee is responsible for reviewing and overseeing activities within its particular terms of reference; copies of which are available on the Company's website: www.alent.com. At each scheduled Board meeting the Chairman of each Committee provides a summary of any Committee meeting held since the previous Board meeting, and the minutes of all Committee meetings are circulated to the Board. Individual reports from each Committee Chairman for 2013 are provided on pages 60 to 84.

In addition to the three Board Committees there are a number of executive management committees which have been established to consider various issues involved in the day-to-day operational management of the Company, and matters for recommendation to the Board and its Committees.

Membership of the Audit and Remuneration Committees is composed of the independent Non-executive Directors. The Board also delegates specific responsibilities to its Finance and Share Schemes Committees.



AUDIT COMMITTEE**Responsibilities:**

To monitor the integrity of financial reporting and to assist the Board in its review of the effectiveness of the Company's internal controls and risk management systems.

Chair of Committee:

Mark Williamson

Membership:

Independent Non-executive Directors, excluding the Chairman.

Attending by invitation:

Company Chairman; Lars Förberg (non-independent Non-executive Director); the Chief Executive; the Finance Director; and the external auditor are invited to attend on a regular basis. The Head of Internal Audit and the Group Financial Controller are invited as and when appropriate.

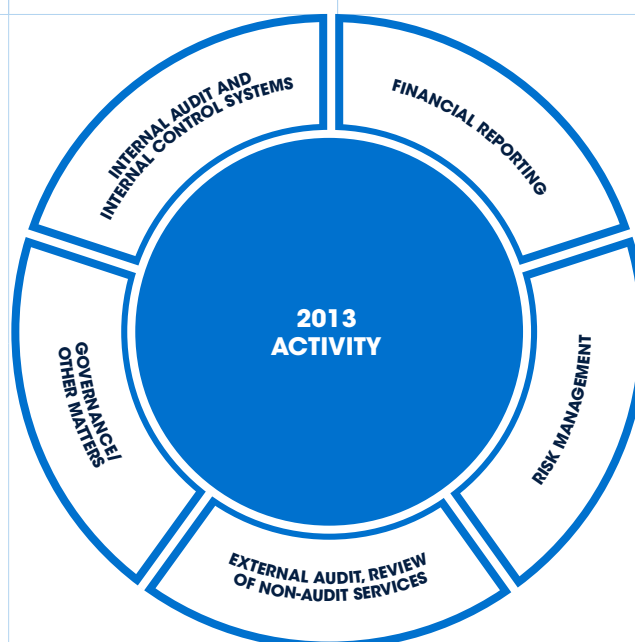
The Chairman of the Committee may request the attendance of others at meetings, including external advisers.

Minimum number of meetings per year:

Four

Committee Report:

Page 60

**REMUNERATION COMMITTEE****Responsibilities:**

To determine the appropriate remuneration packages for the Company's Chairman, Executive Directors, and Company Secretary and to recommend and monitor the level and structure of remuneration for other senior management.

Chair of Committee:

Noël Harwerth

Membership:

Independent Non-executive Directors, excluding the Chairman.

Attending by invitation:

Company Chairman; Lars Förberg (non-independent Non-executive Director); the Chief Executive; and the Vice-President, Human Resources are invited to attend as required.

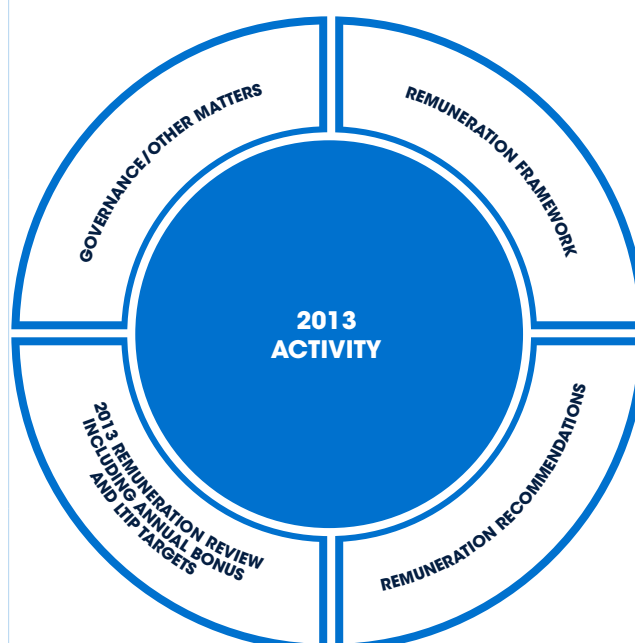
The Chairman of the Committee may request the attendance of others at meetings including external advisers.

Minimum number of meetings per year:

As necessary (it is anticipated that at least three meetings will be held each year).

Committee Report:

Page 67



CORPORATE GOVERNANCE

CONTINUED

NOMINATIONS COMMITTEE

Responsibilities:

To advise the Board on appointments, retirements and resignations from the Board and its Committees and review succession planning for the Board.

Chair of Committee:

Peter Hill, the Chairman (except where considering his own succession or replacement, in which case the Committee is chaired by Mark Williamson, the Senior Independent Director).

Membership:

The Chairman and the Non-executive Directors.

Attending by invitation:

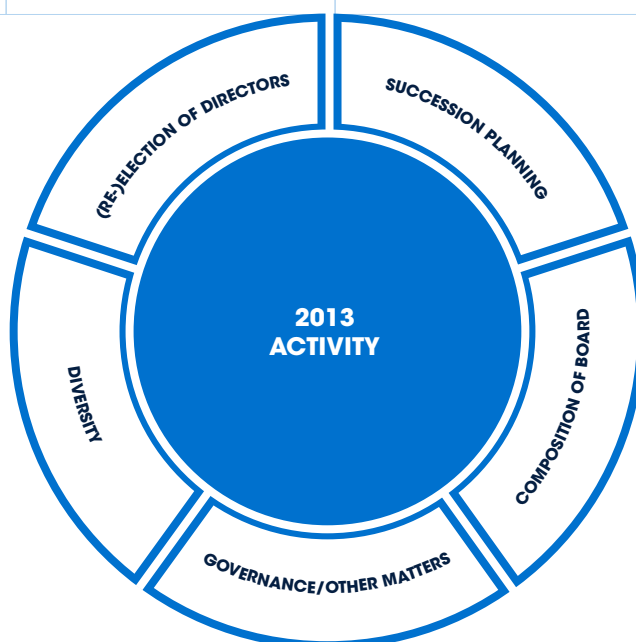
Chief Executive. The Chairman of the Committee may request the attendance of others at meetings, including external advisers.

Minimum number of meetings per year:

As necessary.

Committee Report:

Page 66



Each Committee has written terms of reference agreed by the Board. These are available to view on the Company's website www.alent.com.

FINANCE COMMITTEE

Responsibilities:

To approve specific funding and treasury-related matters as set out in the Company's delegated authorities or as delegated from time to time by the Board.

Chair of Committee:

The Chairman.

Membership:

The Chairman, the Chief Executive, the Finance Director and the Company Treasurer.

Attending by invitation:

Others whom the Chairman shall so require.

Minimum number of meetings per year:

As necessary.

SHARE SCHEMES COMMITTEE

Responsibilities:

To facilitate the administration of the Company's share schemes.

Chair of Committee:

Any member.

Membership:

Any two Directors.

Attending by invitation:

Others whom the Chairman shall so require.

Minimum number of meetings per year:

As necessary.

WHO ATTENDS BOARD MEETINGS

Board Attendance	Board	Audit	Remuneration	Nominations	Overall
Attendance					
Total meetings	9	5	5	1	20
Peter Hill	9	-	-	1	10
Mark Williamson	9	5	5	1	20
Steve Corbett	9	-	-	-	9
David Egan	9	-	-	-	9
Emma FitzGerald	9	5	5	1	20
Lars Förberg ¹	8	-	-	1	9
Noël Harwerth	9	5	5	1	20
Jan Oosterveld	9	5	5	1	20

1. Lars Förberg attended all meetings except the June Board meeting.

Overall total does not include two telephonic Board meetings attended by all Non-executive Directors.

Overall total does not include attendance by invitation of the Chairman, the Executive Directors and Mr Förberg to Committee meetings.

BOARD EFFECTIVENESS**How do we get the best out of our Board?**

The Board seeks to ensure that both it and its Committees have the appropriate range of skills, experience, knowledge and independence to enable them to discharge their respective duties and responsibilities effectively. Alent is privileged to have a Board of Directors with such international business backgrounds and a range of diverse skills, experience and nationalities. This diversity has been invaluable in developing the Company's business strategy and enables such a global manufacturing business to be effectively governed.

The Board considers its size to be appropriate for the requirements of the business. No one other than the respective Committee Chairmen and members of the Committees are entitled to be present at meetings of the Audit, Nominations and Remuneration Committees, but others may attend by invitation.

The Board considers the majority of the Non-executive Directors to be independent of management and free from any business or other relationship which could affect the exercise of their independent judgment.

The Chairman satisfied the independence criteria on his appointment to the Board. Dr Emma FitzGerald, Noël Harwerth, Jan Oosterveld and Mark Williamson have been determined by the Board to be independent in character and judgment. Lars Förberg is not considered to be independent as he is managing partner of Cevian Capital which holds 21.94% of Alent's issued ordinary share capital.

Appointments to the Board and its Committees

The Nominations Committee leads the process for Board appointments and makes recommendations to the Board. The Board through the Nominations Committee follows a formal, rigorous and transparent procedure based on

objective criteria for the appointment of new Directors to the Board. The Committee considers any proposed recruitment in the context of the Company's strategic priorities. Board appointments are made on merit. Non-executive appointees are required to demonstrate that they have sufficient time to devote to the role. The Nominations Committee is also responsible for reviewing the Board succession recognising the importance of recruiting Non-executive Directors with the necessary technical skills and knowledge relevant to the work of its Committees. Further information on the Nominations Committee is set out in the Nominations Committee Report on page 66.

Time commitment of the Chairman and Non-executive Directors

The Chairman and Non-executive Directors each have a letter of appointment which sets out the terms and conditions of their directorship. An indication of the anticipated time commitment is provided in the recruitment role specification, and their letters of appointment provide details of the meetings that they are expected to attend, along with indicating the need to accommodate travelling time (particularly for overseas trips) and to set aside sufficient time to prepare for meetings and regularly to refresh and update their skills and knowledge. All Directors agree to commit sufficient time for the proper performance of their responsibilities and understand that this will vary from year to year depending on the Company's activities. Directors are expected to attend all Board meetings and any additional meetings (including Committee meetings) as required. Directors' other significant commitments are disclosed to the Board at the time of their appointment and they are required to notify the Board of any subsequent changes. The Company has reviewed the availability of the Non-executive Directors and considers that each of them is able to, and in practice does, devote the necessary amount of time to the Company's business.

CORPORATE GOVERNANCE

CONTINUED

OUR INDUCTION PROGRAMME

Induction and training

The Company Secretary is tasked with ensuring that a comprehensive induction programme is provided to all new Directors. This includes visits to manufacturing and other Company facilities, one to one meetings with key Company executives and wider management and introductions to the Company's principal external advisers, as appropriate. For example, at its Board meetings in Providence RI and West Haven CT, the Non-executive Directors were given the opportunity to meet Alent's wider US leadership group at both formal presentations and informal lunch and dinner events. Subsequently, after each site visit the Board or appropriate Committee has been briefed on the impressions gained by Directors attending the visit.

New Directors are advised of their legal and other duties and obligations as Directors of a listed company. Reference materials are provided, including information about the Board, its committees, Directors' duties, procedures for dealing in the Company's shares and other regulatory and governance matters. The Board's learning is continued through Board and Committee briefings.

The Chairman meets with Directors on an ongoing basis to review any training and development needs. In addition, the Directors are provided with details of seminars and training courses relevant to their role. They are encouraged to attend those they consider appropriate and are supported by the Company in so doing. Where a general training need is identified, in-house training will be provided to the entire Board.

For example, before the start of the Board's May meeting, the Company's legal advisers led a bespoke training session addressing the duties and responsibilities of Directors of listed companies. Similarly, during the year, the Company's external auditors presented a separate training session to advise Non-executive Directors of regulatory developments and statutory changes impacting their responsibilities and obligations.

DIRECTOR INDUCTION PROGRAMME

Board and Governance

- Alent's governance model, Directors' duties, interests and potential conflicts
- Committee induction

Alent's Business

- Assembly Materials (January Meeting)
- Surface Chemistries (January Meeting)
- Research and Development, production and overview of our operations (September Meeting)
- Site visits

Functional Input

- Finance and tax
- Controls, external auditors and internal audit
- Human Resources (June Meeting)
- Ethics and compliance

Information

The Board has in place processes to ensure that it is supplied in a timely manner with information of an appropriate quality to enable it to adequately discharge its duties. Papers are provided to the Directors in advance of the relevant Board or Committee meeting to enable them to make further enquiries about any matters prior to the meeting should they so wish. This also allows Directors who are unable to attend to submit views in advance of the meeting.

The Company Secretary oversees the distribution of these papers and ensures that there is an appropriate level of communication between the Board and its Committees and between senior management and the Non-executive Directors. He also keeps the Board informed of relevant developments in corporate governance. The Chief Executive provides, as a matter of routine, a written update on important business issues between meetings and invites the views of the Directors on these.

Support

There is an agreed procedure in place to support Directors in the furtherance of their duties, to take independent legal advice if necessary, at the Company's expense.

EVALUATION OF BOARD EFFECTIVENESS

Performance evaluation

The first annual Board review provided an opportunity to reflect on collective and individual effectiveness during the Board's first year of working together. In accordance with the provisions of the Code, the Board of Alent plc undertook a formal and rigorous externally facilitated review of its own performance and effectiveness and assessed the performance of its Committees and individual Board members. The Chairman, assisted by the Company Secretary, led the evaluation process. The Senior Independent Director was responsible for the performance evaluation of the Chairman.

As this was the Board's first evaluation exercise, we took the view that the approach should take the form of a desk-based questionnaire, which could also be completed electronically. The Directors and the Company Secretary were asked their view on a range of subjects, including:

- the operation of the Board;
- Board administration
- strategy and performance;
- risk and governance; and
- individual Committee evaluation.

Within this framework the Board considered the balance of skills, experience, independence and knowledge of the Company on the Board, its diversity, including gender, how the Board worked together as a unit and other factors relevant to its effectiveness.

How are we progressing?

It was clear from the Board review that good progress has been made against the actions the Board set itself last year. The Board successfully:

- engaged with institutional shareholders throughout the year;
- engaged with senior management and ensured via a number of site visits that the Board collectively understood the business and its markets and the environment in which it operates;
- ensured that the Company's financial controls and risk management systems are robust and defensible; and
- reviewed the basis of executive remuneration, and produced a set of recommendations better to align the policy with Alent's strategy (as set out on page 67 of the Annual Report and Accounts).

Following the outcome of the Review, the Board has committed itself to a number of actions in 2014, including:

- continuing to challenge and effectively support the management team as we continue to evolve the strategy as set out on page 12;
- continuing to strive to make progress on planning the long-term framework for Board discussion, enabling more time for fuller debate on a range of strategic subjects;
- ensuring appropriate challenge and debate around risk and the approach to risk by reviewing the need for a Risk Committee;
- continuing to review the balance and the content of the Board papers and meeting agendas; and
- reviewing how we can continue to benefit from the extensive and diverse experience of our Non-executive Directors.

WHAT IS OUR APPROACH TO SHAREHOLDERS RE-APPOINTING DIRECTORS?**Re-election of Directors**

The Code recommends that all Directors of FTSE 350 companies be subject to annual re-election by shareholders. All the Directors will therefore be offering themselves for re-election at this year's AGM, with the biographical details of each of the Directors, including details of their other directorships and relevant skills and experience, set out on pages 46 to 47. The Board believes that each of the Directors standing for re-election is effective and demonstrates commitment to their respective roles. Accordingly, the Board recommends that shareholders approve the resolutions to be proposed at the 2014 AGM relating to the re-election of the Directors.

The current policy is for Non-executive Directors to serve on the Board for nine years, with review at the end of three and six years, subject to shareholder re-election, mutual agreement and annual performance evaluation.

DO THE DIRECTORS HAVE DEEDS OF INDEMNITY?**Directors' indemnities**

To the extent permitted by section 236 of the Companies Act 2006, the Directors have been granted Qualifying Third-Party Indemnity Provisions by the Company. The indemnities for Directors of Alent plc have been in force throughout the year.

Directors' conflicts of interest

The Board has a formal system in place for Directors to review regularly their interests and to deal with situations where a Director reports any conflicts of interest. Any conflict situation reported to the Chairman and the Company Secretary is considered by the Board based on its particular facts. Any authorisations given to a Director who has a conflict situation are recorded in the Board minutes and in a register of Directors' conflicts which is reviewed annually by the Board. The Board believes that the systems it has in place for reporting situational conflicts operates effectively.

CORPORATE GOVERNANCE

CONTINUED

ACCOUNTABILITY

How does the Board formally satisfy itself that it has sound risk management and internal control systems?

The Audit Committee

The membership of the Audit Committee is set out on page 53. The Audit Committee Report, which summarises the terms of reference of the Audit Committee and describes its work in discharging its responsibilities, is set out on pages 60 to 65.

Financial and business reporting

In its reporting to shareholders the Board recognises its responsibility to present a fair, balanced and understandable assessment of the Company's position and prospects. The Strategic Report on pages 2 to 45 sets out explanations for the basis on which the Company generates or preserves value over the longer term and the strategy for delivering the objectives of the Company.

Directors' and Auditor's Responsibility

A statement of the Directors' responsibility for preparing the Annual Report & Accounts is included on page 87.

A statement by the Auditor, KPMG LLP, setting out their reporting responsibilities, is included on page 88.

Going concern

The Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly, they have adopted a going concern basis in preparing the financial statements of the Group and the Company.

How does the Board identify Alent's significant risks?

Risk management and assessment and internal control systems

The Board has overall responsibility for the establishment and maintenance of the Company's system of risk management and internal control, and for reviewing its effectiveness.

The Board's process for identifying and evaluating Alent's significant risks, its risk management and assessment system and its internal control system form part of the Audit Committee Report on pages 60 to 65. The Audit Committee assists the Board in reviewing the effectiveness of the Company's system of internal control, including financial, operational and compliance controls, and risk management systems.

The Company's systems and controls are designed to provide the Directors with reasonable assurance that any problems are identified on a timely basis and are dealt with appropriately.

In accordance with the provisions of the Code, the Directors confirm that they have reviewed the effectiveness of the Company's system of internal control and that the necessary actions have been taken to remedy and control any control weaknesses identified during the year.

Since the date of this review there have been no significant changes in internal controls or other matters which could significantly affect them. The key risks facing the Company are set out on pages 35 to 37.

During 2013, the Board further developed its procedures and embedded processes in respect of its Ethics, Health, Safety, Environmental and Sustainability activities. Current activities are described in the Corporate Responsibility Review, on pages 28 to 34. At Board level, the Chief Executive takes the lead on these matters.

The Board reviews the role of insurance and other measures used in managing risks across the Company, receives regular reports on any major issues that have arisen during the year and makes an annual assessment of how the risks have changed over the period under review.

The Board considers significant financing and investment decisions concerning the Company, including the giving of guarantees and indemnities, and monitors policy and control mechanisms for managing treasury risk. At the year-end, following the review by the Audit Committee of internal financial controls and of the processes covering other controls, the Board evaluates the results of the internal control and risk management procedures conducted by senior management. This includes a self-certification exercise by which senior financial and operational management throughout the Company certify the effectiveness of the system of internal controls within the businesses for which they are responsible, together with their compliance throughout the year with the Company's policies and procedures.

REMUNERATION

How do we decide what Directors are paid?

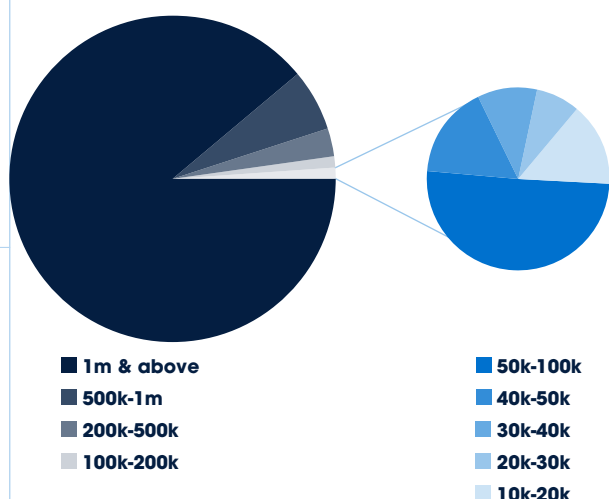
Executive compensation and risk

All the independent Non-executive Directors serve on both the Audit and Remuneration Committees. They are therefore able to bring their experience and knowledge of the activities of each Committee to bear when considering the critical judgments of the other. This means that the Directors are in a position to consider carefully the impact of incentive arrangements on the Company's risk profile and to ensure the Company's remuneration policy and programme is structured so as to accord with the long-term objectives and risk appetite of the Company.

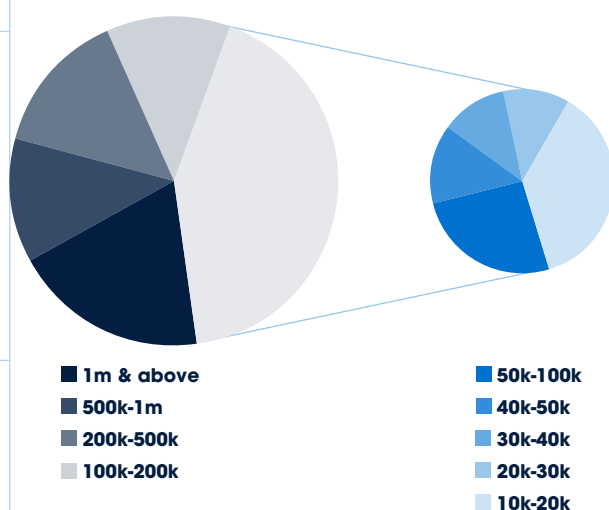
RELATIONS WITH SHAREHOLDERS

Who are our major shareholders

% of shareholders



Number of shareholders



How does our Board engage with our shareholders and ensure that it is aware of shareholders views?

The Board believes that it is a priority to communicate with shareholders and uses various methods to reach as many shareholders as possible. There are programmes for the Chief Executive, Finance Director and the Head of Investor Relations to meet with the Company's major institutional investors in the UK, the US and Continental Europe. The Board also seeks to ensure effective engagement with shareholders through the Company's regular communications, the AGM, as well as through Capital Markets Days to provide the Company's stakeholders with more detailed insight into the Company's future strategy and investment proposition and other investor relations activities.

In addition, the Chairman of the Remuneration Committee commenced, in the first quarter of 2014, meetings with key institutional shareholders and their representative bodies to discuss the proposals for the Company's new remuneration policy, and further meetings will be held during the year.

Result of our 2013 Annual General Meeting

	Resolutions	% of votes for	% of votes against	Votes withheld
1	Report and Accounts	100.00	0.00	1,022,589
2	Final Dividend	100.00	0.00	732
3	Remuneration Report	98.91	1.09	28,366
4-16	Directors	97.82-99.81	0.19-2.18	5,578-914,726
12	Re-appointment of Auditor	97.65	2.35	246,731
13	Remuneration of Auditor	98.31	1.69	248,080
14	Authority to Allot Shares	98.62	1.38	776
15	Disapply Pre-emption Rights	99.55	0.45	895
16	Purchase Own Shares	99.99	0.01	146,113
17	Incur Political Expenditure	99.83	0.17	14,103
18	Notice of General Meeting	90.53	9.47	691

CORPORATE GOVERNANCE

CONTINUED

The Company's investor relations programme is managed by the Chief Executive and Finance Director, together with the Investor Relations Manager. The majority of meetings with investors are led by them, but the Chairman, Senior Independent Director and other Directors are also available to meet with shareholders as appropriate. At these meetings, investors are offered the opportunity to meet with the Chairman or the Senior Independent Director, and indeed the Chairman and the Senior Independent Director held joint and separate meetings with several shareholders during the course of the year.

The Company reports its financial results to shareholders twice a year, with the publication of its Annual and Half-Yearly Financial Reports and will issue two further trading updates each year with the publication of its Interim Management Statements. In conjunction with these announcements, presentations or teleconference calls will be held with institutional investors and stock market analysts. Recordings of these will be made available on the Company's website www.alent.com along with copies of any presentation materials issued.

Regular updates on shareholder issues and discussions are provided to the Board. Board members continue to receive copies of significant analysts' notes issued on the Company. All Directors are expected to attend the Company's AGM, providing shareholders with the opportunity to question them about issues relating to the Company, either during the meeting or informally.

Annual General Meeting

Communication with private shareholders is largely through the AGM, which is held at a central London location.

Shareholders are given the opportunity to ask questions of the Board and the Chairman of each Board Committee during the AGM and to meet the Directors informally. Separate resolutions are proposed at the AGM on a poll for each item of business and shareholders are asked to vote "for", "against" or "vote withheld" on each resolution. Votes are counted and an announcement confirming whether each resolution was passed at the AGM is made through the London Stock Exchange and can be viewed on the Alent website, together with a summary of the number of votes cast in respect of each resolution. The majority of shareholders have elected to access the Annual Report and other shareholder documents online via the Alent website rather than receiving a copy by post.

AUDIT COMMITTEE REPORT

Members

Mark Williamson (Committee Chairman)

Dr Emma FitzGerald

Nöel Harwerth

Jan Oosterveld

AUDIT COMMITTEE STATEMENT

Membership

The Committee comprises independent Non-executive Directors under my Chairmanship and meets at least four times during the year. The Board also considers that the Audit Committee members together possess the necessary commercial, financial and audit expertise to help them assess effectively the complex accounting, audit and risk issues they have to address.

The Board considers that I have recent and relevant financial experience, as required by the Code.

Appointment on the Audit Committee is for a period of three years, extendable by no more than two additional three-year periods.

At my invitation, the non-independent Non-executive Director Lars Förberg, the Chairman of the Company, the Chief Executive, the Finance Director and the Company's Auditor, KPMG LLP, regularly attend meetings. Other executives, including in particular the Group Financial Controller and the Head of Internal Audit, are invited to attend as and when appropriate. The Committee regularly meets separately with each of KPMG, the Finance Director and the Head of Internal Audit without others being present.

Key Objectives

The objectives of the Committee are:

- to provide effective governance over the appropriateness of the Group's financial reporting including the adequacy of related disclosures, the performance of both the internal audit function and the external auditor, and the management of the Group's systems of internal control, business risks and related compliance activities; and
- to monitor the integrity of financial reporting and to assist the Board in its review of the effectiveness of the Company's internal controls and risk management systems.

CORPORATE GOVERNANCE

CONTINUED

Financial reporting

The primary role of the Committee in relation to financial reporting is to review with both management and the external auditor the appropriateness of the half-year and annual financial statements concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgments have been applied or there has been discussion with the external auditor;
- whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- any correspondence from regulators in relation to our financial reporting.

To aid our review, the Committee considers reports from the Group Finance Director, Group Financial Controller and also reports from the external auditor on the outcomes of its half-year review and annual audit. As a Committee we support KPMG LLP in displaying the necessary professional scepticism their role requires.

The primary areas of judgment considered by the Committee in relation to the 2013 accounts, and how these were addressed, were:

LITIGATION AND OTHER LIABILITY RESERVES

The Group has a small number of litigation and other liability provisions. The level of provisioning for liabilities for known and probable costs resulting from both legal and other regulatory requirements and the disclosure of contingent liabilities are issues where both management and legal judgments are important. The Committee addressed these issues by reviewing the background to the provisions, reviewing reports prepared and presented by the Group's Vice President & General Counsel, discussing and challenging the key judgments with management in determining the value of provisions required, reviewing any regulatory laws or judgments, considering any legal advice that may have been received and taking into account the audit work performed by KPMG. The Committee enquired of management and the external Auditor as to the existence of other matters potentially requiring a provision to be made. After due consideration of these matters the Committee concluded that it is satisfied with the level of provisioning in the financial statements and the disclosures pertaining to contingent liabilities as shown in notes 30 and 33 in the Annual Report and Accounts.

TAXATION

The level of tax provisioning and the recognition of deferred tax assets in relation to unutilised tax losses, require assumptions and judgments from management. The Committee reviewed reports and received a

presentation from the Group's Director of Taxation highlighting the key tax risks that the Group faces, the tax strategy, the tax controls, the assumptions and judgments underpinning the level of tax provisioning and the recognition of deferred tax assets. The Committee also reviewed reports prepared by the external auditor on tax provisions, deferred tax and effective tax rates. In particular, the Committee reviewed and challenged management's assumptions and judgments that sufficient future taxable income will be realised by the Group's US operations, thereby supporting the recognition of a deferred tax asset in the 2013 Annual Report and Accounts in relation to previously unrecognised tax losses in the US. The Committee is satisfied with both the level of tax provisions and the deferred tax assets recognised in the financial statements. The Committee is also satisfied with the presentation of the recognition of the US deferred tax asset as an exceptional tax item in the Group income statement as described in note 11 of the financial statements.

THE CARRYING VALUE OF GOODWILL AND PROPERTY, PLANT AND EQUIPMENT

Judgment is required to determine the extent to which goodwill has a value that will benefit the performance of each of the Group's cash-generating units ("CGU") over future periods. To assist in making this judgment, an assessment of the recoverable amount of each of the Group's CGU's is undertaken to support the carrying value of goodwill. The Committee reviewed the analyses prepared by management, including the assumptions underpinning the calculations and the sensitivity analysis on the available headroom. The Committee also considered the external auditor's testing thereof, including the sensitivity of the outcome of impairment testing to the use of different discount rates. On the basis of the evidence reviewed, and given the recoverable amounts of each of the Group's CGU's being significantly higher than their carrying values, the Committee concluded that there was no impairment to goodwill. Details of the key assumptions and judgments used are set out in note 17 to the financial statements. In addition to goodwill, where specific indications of a potential impairment to the Group's property, plant and equipment are present, calculations are prepared by management to support the carrying value of the asset in the Group balance sheet. During 2013, a small number of specific assets were reviewed with a potential indication of impairment. Again, after due challenge and debate the Committee concluded that no impairment of the Group's property, plant and equipment was required.

DISCLOSURE OF EXCEPTIONAL ITEMS

As detailed in note 2.6 of the financial statements, items of an exceptional nature are disclosed separately on the face of the Group's income statement. Management consider both materiality and the nature and function of the item in deciding whether an item warrants such exceptional disclosure. The Committee review the disclosure of exceptional items in the financial statements on an individual basis to establish that all such items fall within the Group's policy for reporting exceptional items as previously agreed by the Committee and approved by the Company's auditor. In particular, the Committee considered the presentation of each exceptional item as detailed in notes 8 and 11 of the

CORPORATE GOVERNANCE

CONTINUED

As part of the Board's process for reviewing the effectiveness of the system of internal control, it delegates the following matters to the Audit Committee to be carried out during the year:

- review of external and internal audit work plans;
- consideration of reports from management, internal audit and external audit on the system of internal control and any significant control weaknesses; and
- discussions with management on the actions taken on problem areas identified by Board members, in internal audit reports or in external audit management letters.

At the year-end, following the review by the Audit Committee of internal financial controls and of the processes covering other controls, the Board evaluates the results of the internal control and risk management procedures conducted by senior management. This includes a self-certification exercise by which senior financial and operational management throughout the Company certifies the effectiveness of the system of internal controls within the businesses for which they are responsible, together with their compliance throughout the year with the Company's policies and procedures.

Internal audit

The Company's internal audit function operates on a global basis. The Head of Internal Audit is responsible for developing the function, within the framework of common Company policies and standards, and for carrying out assignments in accordance with an annual audit plan approved by the Audit Committee. In 2013, 24 internal audit assignments were undertaken covering approximately 30% of the applicable businesses as required by the Audit Charter. The Head of Internal Audit reports directly to the Audit Committee Chairman with functional responsibility to the Finance Director. The Audit Committee receives reports from the Head of Internal Audit and reports to the Board on the results of its review.

External Audit

APPOINTMENT OF AUDITOR

The Audit Committee is responsible for making recommendations to the Board in relation to the appointment, reappointment and removal of the Auditor. In undertaking this duty, the Committee takes into consideration a number of factors concerning the Auditor and the Company's current activity, including:

- the quality both of reports provided by the Auditor to the Audit Committee and the Board, and of advice given;
- the level of understanding demonstrated of the Company's businesses;
- the independence of the Auditor, in light of the provision of non-audit services;

- the objectivity of the Auditor's views on the controls throughout the Company;
- its ability to coordinate a global audit, working to tight deadlines;
- the cost-competitiveness of the Auditor in relation to the audit costs of comparable UK companies;
- the tenure of the incumbent Auditor; and
- the periodic rotation of the senior audit management assigned to the audit of the Company.

In addition, the Audit Committee considers external reviews of the performance and quality of the Auditor, including:

- the Annual Report issued by the Audit Inspection Unit of the Financial Reporting Council on the work of the Auditor;
- the Auditor's own annual Transparency Report; and
- evaluations of the effectiveness of the external audit process.

KPMG LLP has been the Company's Auditor since the demerger from Cookson plc on the 19 December 2012. The Company is following the finalisation of draft EU legislation and implementation of the decisions of the UK Competition Commission in relation to auditor tenure in order to ensure our compliance with these requirements as they become clear, as well as the current Code requirement to put the external audit contract out to tender at least every ten years. The Audit Committee is recommending the Auditor for reappointment at the AGM in 2014.

The terms on which the Auditor is engaged do not include any contractual obligations which would prevent the Directors appointing a different audit firm should this be considered appropriate.

INDEPENDENCE AND OBJECTIVITY OF AUDITOR

The Audit Committee is cognisant of the need to ensure that the independence and objectivity of the Auditor is continually maintained. It has put in place safeguards to ensure that the independence of the external Auditor is not compromised. These safeguards include:

- seeking ongoing confirmation that the Auditor is independent of the Company in its own professional judgment; and
- considering all the relationships between the Auditor and the Company, including those relating to the provision of non-audit services and whether these impair, or appear to impair, the Auditor's judgment or independence.

NON-AUDIT SERVICES

The Audit Committee monitors the other services being provided to the Company by the Auditor. The Company has a policy governing the Company-wide conduct of non-audit work by the Auditor to ensure that this does not impair its independence or objectivity. The Auditor is prohibited from performing services where it:

- may be required to audit its own work;
- would participate in activities that would normally be undertaken by management;
- is remunerated through a "success fee" structure; or
- acts in an advocacy role for the Company.

The policy sets out the categories of work that the Auditor is prohibited from undertaking. Other than these, the Company does not impose an automatic prohibition on the Auditor undertaking non-audit work. The Auditor is eligible for selection to provide non-audit services that are not, or are not perceived to be, in conflict with Auditor independence, provided it has the skill, competence and integrity to carry out the work in the best interests of the Company.

Recruitment to the Company of any new employee who had been employed by the Auditor in the past five years requires the approval of the Audit Committee.

Proposals for any non-audit related fees which the Company is intending to pay to the Auditor are presented to the Audit Committee. Any individual assignment where the fee is likely to be in excess of £30,000 must be pre-approved by the Audit Committee. Where appropriate, services are tendered prior to awarding work to the Auditor. Details of the amounts paid to the Auditor during the year for audit and other services are set out in note 7 on page 103.

Committee evaluation

The Committee conducts a formal review of its effectiveness annually and concluded that its performance was effective. Details of the Board and Committee evaluation process can be found on page 56.

Employee helpline

This is an independent and confidential service through which employees worldwide may register any concerns about any incorrect or irregular practices they perceive in Alent's workplaces. The helpline is operated 24 hours a day, seven days a week, by an organisation that specialises in the provision of such services. It can be contacted by phone, email or via a designated website. Translation facilities are available for those for whom English is not their first or preferred language.

Approach to anti-bribery and corruption training

The Alent Code and its policies on anti-bribery and corruption require that employees and others working on behalf of the Company do not engage in any form of bribery or corruption.

Our anti-bribery and corruption compliance programme has been implemented globally via an e-learning training module. New employees, as relevant, are required to complete the e-learning training as part of their induction process.

The compliance programme includes undertaking risk assessments and engaging with others working on behalf of the Company to ensure that their standards comply with the Company's policies.

The Alent Code is reproduced in full on the Group's website www.alent.com.

On behalf of the Audit Committee

MARK WILLIAMSON

CHAIRMAN OF THE AUDIT COMMITTEE
4 MARCH 2014

CORPORATE GOVERNANCE

CONTINUED

REMUNERATION COMMITTEE REPORT

Members

Noël Harwerth (Committee Chairman)

Dr Emma FitzGerald

Jan Oosterveld

Mark Williamson

The Remuneration Committee members are the Independent Non-executive Directors excluding the Board Chairman. The Committee's principal roles are to set the appropriate remuneration for the Chairman, the Executive Directors and the Company Secretary, and to monitor the levels and structure of remuneration below Board level. Further details of the Remuneration Committee and its activities are provided in the Directors' Remuneration Report on pages 67 to 84. The Chair of the Remuneration Committee reports the outcome of Committee meetings to the Board.

NOMINATIONS COMMITTEE REPORT

Members

Peter Hill (Committee Chairman) and the Non-executive Directors.

The Nominations Committee advises the Board on appointments to, and retirements and resignations from, the Board, and reviews the Company's succession plans. The members of the Nominations Committee are the Chairman, and the Non-executive Directors. The Committee meets as and when required and is chaired by the Chairman or a Non-executive Director. The Chairman would not act as Chairman of the Nominations Committee where it was dealing with the appointment of his successor. Formal meetings will be held to consider standing items of business; there is also expected to be a significant level of ad-hoc discussion between members of the Nominations Committee, particularly when a recruitment exercise is taking place.

When considering the appointment of new Directors, the Nominations Committee draws up a specification, taking into consideration the diversity of the Board, the balance of skills, knowledge and experience, the independence of Board members and the ongoing requirements of the Company. The Nominations Committee's foremost priority will be to ensure that the Company has the best possible leadership. Its prime responsibility is to ensure the strength of the Board. Board appointments will be made on merit against objective criteria, selecting the best candidate for the post.

The Nominations Committee utilises, where appropriate, the services of executive search firms to identify appropriate candidates and will only use those firms that have adopted the Voluntary Code of Conduct addressing gender diversity and best practice in search assignments. Wherever possible, the Nominations Committee will arrange for all Directors to meet with the preferred candidate. The Nominations Committee makes recommendations for each appointment to the full Board. Care is taken to ensure that all proposed appointees have sufficient time available to devote to the role and do not have any conflicts of interest.

The Nominations Committee reviews the Company's succession plans for members of the Board. The Board as a whole also considers this subject. Both of Alent's divisions submit detailed succession plans in respect of senior divisional executives to the Board for review each year. The Board also considers succession planning for senior corporate executives.

The Nominations Committee also considers diversity generally across the Company. It is the Company's aim to maintain an appropriate level of diversity on the Board to reflect the diverse nature of the Company's operations, and to increase the level of diversity in executive management below Board level.

The Board fully supports the recommendations of the Davies Report entitled "Women on Boards".

The Board actively seeks to meet with key executives throughout the Company so as to gain a greater understanding of the breadth and depth of management talent. This enables members of the Committee to adopt a more informed approach to succession planning.

The Chairman of the Nominations Committee reports the outcome of Nominations Committee meetings to the Board.

On behalf of the Nominations Committee

PETER HILL, CBE

**CHAIRMAN OF THE NOMINATIONS COMMITTEE
4 MARCH 2014**

By Order of the Board

SIMON O'HARA
**COMPANY SECRETARY
4 MARCH 2014**

REMUNERATION REPORT

DEAR SHAREHOLDER,

I am pleased to present the Remuneration Committee's report on Directors' remuneration for 2013. In this Annual Statement, which precedes our Policy Report and Annual Report on Remuneration, I have set out the context for the remuneration decisions, and the outcome of our review of remuneration which was completed in 2013.

Remuneration decisions

The key decisions on Executive Director Remuneration proposed in 2013 related to salary increases for 2014 and payments of variable remuneration. With regard to the former, the Committee decided to increase salaries for the Executive Directors by 2.5% which was in line with the 2.5% increase to base salary for the general workforce. As for variable remuneration, no payments are to be made to Executive Directors based on performance in 2013. This is largely a result of overall trading for 2013 being slightly below our expectations due to the softer than anticipated demand in consumer electronics end-markets which resulted in Alent failing to hit its budgeted profit targets.

The Committee also approved awards to be made to the Executive Directors under the Alent Share Plan. These awards will vest in 2016 subject to the satisfaction of EPS growth targets and a relative TSR performance condition.

Alent's incentive arrangements were established prior to the demerger of Alent from Cookson Group plc and were not designed specifically for Alent. As a result, in the 2012 Alent report on remuneration, the Committee highlighted its intent to review executive remuneration including annual and long-term incentive compensation to ensure that remuneration is appropriately aligned with Alent shareholders, market practice and Alent strategy. This review is now complete, and the key findings under the "Proposed Changes for 2014" section of the Directors' Remuneration Report (DRR) relating to the annual bonus plan are noted as follows.

Summary of 2013 annual bonus arrangements

The 2013 annual bonus outcome is determined by performance against an annual EPS target. This outcome is then modified up or down by up to 10% based on working capital performance. There is no deferral of bonus payments into shares. The bonus outcomes for the achievement of Threshold, Target and Maximum performance targets for 2013 are set out below:

Performance target for 2013	Bonus outcome ¹	
	CEO (% of salary)	FD (% of salary)
Threshold	0%	0%
Target	62.5%	50%
Maximum	125%	100%

1. Note that bonus payouts between different performance levels are determined on a linear basis

The review identified that the 2013 and prior annual bonus performance ranges between threshold and maximum had been too narrow which resulted in "all or nothing" bonus outcomes and a perception that the bonus failed to reward years of particularly strong performance. With regard to performance measures, the review highlighted the opportunity to increase both the motivational effect of the annual bonus and the alignment of the plan with corporate strategy by including other performance measures which could drive the delivery of Alent strategy.

Proposed changes for 2014

The Committee is proposing the following changes for 2014 in order to incentivise and reward strong performance, align the annual incentive closer to Alent strategy, and increase shareholder alignment.

Change 1: Introduce a "superior" performance target and increase bonus maximum

Increasing the top end of the performance range with the introduction of superior performance targets and increasing the maximum bonus opportunity will make the annual bonus outcomes less "all or nothing" whilst ensuring that the additional bonus opportunity is only payable for the achievement of challenging targets. For both the Chief Executive and Finance Director it is proposed to increase the maximum bonus opportunity to 150% and 125% of base salary respectively.

Change 2: Introduce deferral into Alent shares, to be held for three years, of half of any bonus above target opportunity (see table below for detail)

Introducing bonus deferral will increase the alignment of executive and shareholder interests, increase the retention value and period of the annual bonus, and ensure that the payment of any extra bonus opportunity is only for the delivery of sustained long-term performance. Awards of Alent shares will be made under the existing Share Plan.

Change 3: Modest increase to target bonus (see table below for detail)

Modest increases to target bonus opportunities will help address the below market positioning of target bonus and also help address the reduction in cash compensation resulting from the introduction of deferral.

Change 4: Introduction of additional performance measures to the annual bonus

To help drive Alent strategy, it is proposed to incorporate additional performance measures in the annual bonus. It is intended that the relative weightings of these measures could be changed from year to year to reflect changes in Alent strategy. The proposed measures and weightings for 2014 are set out below and reflect the continued focus on EPS and return on NSV margin:

- Adjusted EPS targets (50% of opportunity)
- Return on NSV Margin (30%)
- Personal/Strategic Objectives (20%)

REMUNERATION REPORT CONTINUED

A summary of the combined effect of these changes on the bonus payable for different levels of performance is set out below:

Performance target	Bonus outcome ¹			
	CEO (% of salary)		FD (% of salary)	
	Current	Proposed	Current	Proposed
Threshold	0%	0%	0%	0%
Target	62.5%	70%	50%	55%
Stretch	125%	125%	100%	100%
Superior	125%	150%	100%	125%
Above Superior	125%	150%	100%	125%

1. Note that bonus payouts between different performance levels are determined on a linear basis.

Conclusion

We propose to introduce these changes for the 2014 financial year. The other elements of Executive Director Remuneration, including the Alent Share Plan, are expected to remain broadly unchanged from current practice. We believe our proposals are balanced and fair, will help to incentivise the delivery of Alent strategy and support success for Alent and its shareholders.

Furthermore, the Company is committed to open and transparent dialogue with its shareholders on remuneration as well as other governance matters. As a matter of course the Remuneration Committee will continue to consult with key institutional shareholders and various representative bodies about the pay and incentive arrangements of the Company's Executive Directors. We look forward to a continuing dialogue on both the Alent business, and what we need to do in respect of overall remuneration practices for our Executive Directors and the Company as a whole.

I hope you have found this Annual Statement helpful, and will be able to support the Remuneration Policy Report and Annual Report on Remuneration at this year's Annual General Meeting.

Yours sincerely,

NOËL HARWERTH
CHAIRMAN, REMUNERATION COMMITTEE
4 MARCH 2014

DIRECTORS' REMUNERATION POLICY

The following Remuneration Policy Report summarises the Remuneration Committee's policy for the remuneration of Executive Directors which will operate from 1 January 2014 and, if approved by shareholders at the Annual General Meeting, will become formally effective at the 2014 AGM.

Executive Directors' Remuneration Policy Table

All the elements of Executive Directors' remuneration (both fixed and variable) which comprises of base salary, annual bonus, deferred awards, long-term share incentives and retirement benefits (pension) are outlined in the following table:

Element of Remuneration	Link to Strategy	Operation	Opportunity	Performance Metrics
Base salary	Helps to recruit and retain. Reflects the individual's experience, role and contribution within the Company.	Paid in cash. Normally reviewed by the Remuneration Committee annually and any increases effective from 1 January.	No prescribed maximum annual increase. However, merit increases align to group increases and those for the wider workforce except in exceptional circumstances.	n/a
Benefits	Helps to recruit and retain.	Executive Directors are eligible to receive certain benefits in kind.	These principally comprise company car allowances, life assurance and medical insurance. Provision of relocation assistance upon appointment if/when applicable.	n/a
Annual Incentive	Incentivises Executive Directors to achieve specific, pre-defined annual targets.	Half of any bonus above target is deferred in shares for three years. The remainder is paid in cash. Subject to clawback.	150% of base salary (70% at Target) for the Chief Executive. 125% of base salary (55% at Target) for the Finance Director.	At least 70% of the award is based on financial measures such as EPS. The remainder is based on personal / strategic measures of performance. For each individual bonus element, achievement of the threshold performance target delivers no payment for that element.
Alent Share Plan	Flexible "umbrella plan" designed to align Executive Directors' interests with those of shareholders and aid retention of Executive Directors over a three-year performance period.	Awards are generally made annually. Awards can be made as performance shares, market-priced options, or a combination of both. Awards vest at least three years after their award date subject to the achievement of specified performance conditions. For performance shares, the Remuneration Committee has the discretion to award participants cash or additional shares equal in value to the dividends accrued on any shares that vest. Subject to clawback.	Maximum face value of an award is: – 200% of base salary for performance shares; or – 300% of base salary for market-priced options. If a combination of performance shares and market-price options is awarded then the commercial value of the mixed grant cannot be higher than the commercial value that could have been awarded under a single grant.	Vesting of awards is based on: (i) the Company's TSR performance versus a peer group selected by the Committee. (ii) internal financial measures as selected by the Committee, such as EPS. At least 50% of any award will always be based on internal financial measures. Prior to any vesting the Remuneration Committee has also stipulated that, as an additional hurdle, it needs to be satisfied that vesting has been justified by the underlying financial performance of the Company over the performance period.
Retirement Benefits	Helps to recruit and retain key employees. Ensures income in retirement.	Retirement benefits are provided by way of an allowance which can be delivered in cash or as a payment to a defined contribution arrangement.	30% of base salary.	n/a

REMUNERATION REPORT CONTINUED

Shareholding guideline

The Remuneration Committee encourages Executive Directors to build and hold a shareholding in the Company equivalent in value to at least one times gross base salary. For new Executive Directors, the target is to achieve this within a four-year period.

Difference between remuneration policy for executive directors and other employees

The Remuneration Committee considers remuneration across Alent when setting remuneration policy for Executive Directors and the same principles apply to all employees when determining salary increases. In addition, the Annual Incentive and Alent Share Plan are operated for employees who are not Executive Directors. The key difference in policy is that variable remuneration represents a greater proportion of Executive Directors' total package than it does for other employees.

Choice of performance measures and target setting

For the Annual Incentive and Alent Share Plan, our policy is to choose performance measures which help drive and reward the achievement of Alent strategy, and also provide alignment between employees and shareholders. Further detail on performance measures and targets is disclosed in the Annual Report on Remuneration.

Non-executive Directors Remuneration Policy Table

The following table outlines the remuneration policy for Non-executive Directors of Alent:

Element of Remuneration	Link to Strategy	Operation	Opportunity	Performance Metrics
Base Fees	Reflects the individual's experience, role and contribution within the Company.	The Board sets the remuneration of the Non-executive Directors after considering the role and responsibilities of each Director and the practice of other companies. The Non-executive Directors do not participate in Board discussions on their own remuneration.	No prescribed maximum annual increase. Increases are only made if justified by UK market benchmarks. Fees are set at a maximum of £500,000 in aggregate.	n/a
Additional fees	Reflects additional time commitment and responsibility.	Additional fees paid to the Audit and Remuneration Committee Chairman and the Senior Independent Director.	No prescribed maximum annual increase. Increases are only made if justified by UK market benchmarks.	n/a

Clawback Arrangements

Variable remuneration paid to Executive Directors is subject to clawback arrangements in the event that a misstatement is identified in the Company's consolidated financial statements. When a misstatement is identified by the Remuneration Committee which requires the restatement of a prior year's accounts in order to ensure compliance with the requirements of International Financial Reporting Standards or any applicable law, then such portion as the Remuneration Committee deems appropriate of any variable remuneration paid to Executive Directors (including from both the Annual Incentive and the Alent Share Plan and on an after-tax basis) resulting from a measure of financial performance affected by the misstatement will be subject to clawback provisions.

External Appointments

Executive Directors are permitted to hold positions as Non-executive Directors of other companies provided that these do not lead to conflicts of interest. The Board sanctions each such request on a case-by-case basis. Fees received are retained by the Executive Director concerned.

Policy on Service Contracts and Letters of Appointment

Our policy is to offer service contracts for Executive Directors with notice periods of between six to 12 months. Service contracts do not contain any change of control provisions. In the event of termination upon notice by either the Company or an Executive Director, the Company has the option of making a payment in lieu of any notice due, a significant part of which is subject to offset against subsequent income earned by the Executive Director.

For the Chairman, appointment is terminable on six months' notice. All other Non-executive Directors' appointments are terminable on three months' notice on either side. All Non-executive Directors are subject to retirement, and election or re-election, in accordance with the Company's Articles of Association and now stand for re-election annually.

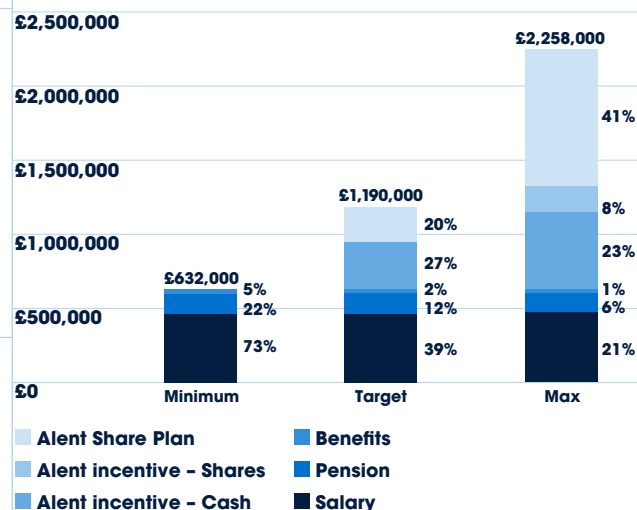
				STRATEGIC REPORT
				CORPORATE GOVERNANCE
				FINANCIAL STATEMENTS
				ADDITIONAL INFORMATION
<p>Exit Payment Policy</p> <p>This Exit Payment Policy sets out the framework on how termination payments will be calculated for each element of Directors' remuneration together with the policy on the setting of notice periods.</p> <p>An Executive Director's appointment is terminable by the Company on not less than 12 months' written notice, and by the Executive on not less than six months' written notice. In the case of termination, the Company can choose to make a payment in lieu of notice for part or all of the notice period. Any such payment in lieu will be no greater than base salary, pension contributions and the value of benefits to which the Director would have been entitled for the duration of the remaining notice period, net of statutory deductions in each case. Half of this payment will be made in a lump sum, the remainder in six equal monthly installments. If the Director finds a role paying equivalent or better base salary or fees, no further installments shall be payable, and the value of any lesser new base salary or fees shall be deducted from any further instalments.</p> <p>Executives have no contractual right to an annual bonus award. However, if the Committee determines that an annual bonus should be payable after an executive has served notice, then annual bonus payments will be pro-rated for time served during the year and paid after the completion of the termination year's performance period as aligned to plan guidelines.</p> <p>Under the rules of the Alent Share Plan, awards will lapse in full unless specified "good leaver" circumstances apply. These circumstances include:</p> <ul style="list-style-type: none"> • retirement; • ill health; • injury or disability; • redundancy; • death; • employment with a company which ceases to be a Group member or relating to a business or part of a business which is transferred to a person who is not a group member; and • any other reason as the Committee decides. <p>Where the Committee exercises its discretion to treat an Executive Director as a good leaver it will take into account the individual's performance and the reasons for their departure.</p> <p>Good leavers' awards of performance shares or market-priced options made under the Alent Share Plan normally vest at the usual time unless the Committee determines that they should vest earlier. However, they are always subject to the achievement of any performance criteria. Good leavers' awards of deferred shares relating to the Annual Incentive will vest on the date of termination since there are no performance conditions needed to be met. In addition, awards normally will be pro-rated to reflect the time employed from the award date unless, under normal circumstances, the Committee determines otherwise.</p>				<p>In addition, no contractual arrangements have been made prior to the coming into effect of the regulations that could impact on the quantum of Directors' termination payments.</p> <p>The Non-executive Directors are not entitled to receive compensation for loss of office at any time. The Chairman is entitled to six month's notice.</p> <p>Policy on Recruitment Remuneration</p> <p>The Company will follow the principle that the remuneration package for a new Director would be set in accordance with the terms of the approved remuneration policy in force at the time of appointment. This means that the maximum level of variable remuneration (such as bonus and long-term incentive awards) would be in line with the maximums set out in the policy table in force at the time of appointment. Currently these maximums are:</p> <ul style="list-style-type: none"> • Annual Incentive: 150% of base salary. • Alent Share Plan: 200% of base salary for performance shares; or 300% of base salary for market-priced options. <p>However, the Committee may offer additional cash and/or share-based elements to "buy out" remuneration lost when leaving a former employer. These elements of remuneration, including awards made under Listing Rule 9.4.2 R, will only be offered when the Committee considers them to be in the best interests of the Company and, therefore, shareholders. Any such "buy out" payments would be based solely on remuneration lost when leaving the former employer and would reflect (as far as practicable) the delivery mechanism (i.e. cash, shares, options), time horizons and performance requirements attaching to that remuneration. Shareholders will be informed of any such payments at the time of appointment.</p> <p>In the case of an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms on grant, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the first AGM following their appointment.</p> <p>Other aspects of our recruitment policy include:</p> <ul style="list-style-type: none"> • Where it is appropriate to offer a below-median salary to a new Executive Director, a series of increases to the desired salary positioning may be given over the proceeding few years subject to individual performance and experience in role. • Different performance measures may be set initially for the annual bonus, taking into account the responsibilities of the individual, and the point in the financial year that they joined. • A new Director may receive fees for professional advice as appropriate. • A new Director may receive relocation assistance as stated in the Executive Directors Remuneration Policy Table.
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REMUNERATION REPORT CONTINUED

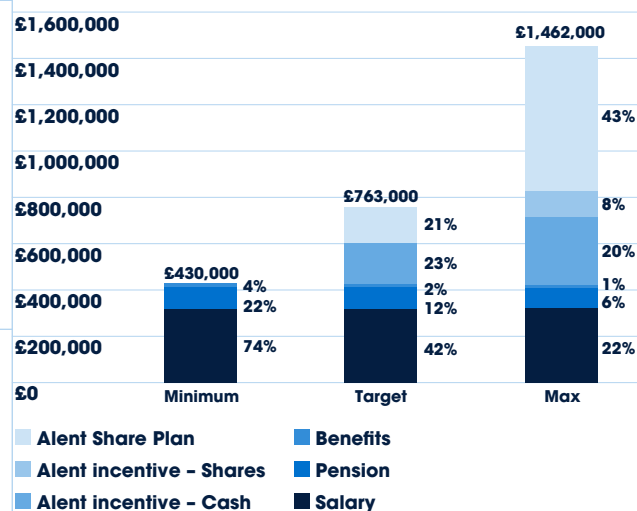
Scenario charts - an illustration of application of remuneration policy

The chart below shows an illustration of remuneration under different performance scenarios. The potential value of the Alent Share Plan payout does not take into account share price movement or the value of additional shares which may be added to the number of shares released on vesting to reflect dividends paid during the performance period.

Chief Executive Scenario:



Finance Director Scenario:



Assumptions made for each scenario are as follows:

- **Minimum:** latest known salary, benefits and pension as shown in the single figure table.
- **Target:** Minimum remuneration plus target annual bonus plus 25% vesting of awards under the Alent Share Plan. Assumes Alent Share Plan awards equal to 200% of salary for both the Chief Executive and Finance Director.
- **Maximum:** minimum remuneration plus maximum annual bonus plus 100% vesting of awards under the Alent Share Plan. Assumes Alent Share Plan awards equal to 200% of salary for both the Chief Executive and Finance Director.

Consideration of Group Employee Conditions

Although there is no formal consultation with employees in the company in drawing up Directors' remuneration policy, the policy is aligned to the overall compensation guideline of driving high performance which is applicable to all Alent employees. There are no specified comparison metrics taken into account when determining Directors' remuneration policy.

Consideration of Shareholder Views

Alent is committed to open and transparent dialogue with its shareholders on remuneration as well as other governance matters. All views expressed by Alent's shareholders at the Annual General Meeting or during the reported financial year are taken into account by the Committee when making decisions relating to the Directors' remuneration policy. In relation to any changes to the Directors' remuneration policy, the Committee will typically consult with shareholders before such changes are submitted for shareholder approval so that shareholder views can be taken into account.

In normal circumstances, we expect to submit the Directors' remuneration policy once every three years. However, Alent will include the policy section on an annual basis to provide consistency and make cross-referencing easier for the reader.

Key areas of discretion

Key areas of discretion in the application of our remuneration policy include, but are not limited to:

- The choice of financial performance measures in variable remuneration and the choice of performance targets for those measures;
- The choice of whether to pay an annual bonus to an Executive Director who is serving their notice period;
- Discretion in exceptional circumstances to amend previously set incentive targets or to adjust the proposed payout to ensure a fair and appropriate outcome;
- Certain decisions relating to the Alent Share Plan as set out in the plan rules regarding change of control and leaver provisions.

ANNUAL REPORT ON REMUNERATION

This section of the Directors' remuneration report explains how the Directors' remuneration policy as set out in the Remuneration Policy Report will be implemented in 2014, and how it has been implemented in 2013.

Implementation of the Remuneration Policy in 2014

Remuneration in 2014 will be broadly the same as in 2013, but with some changes to the Annual Incentive arrangements.

Base Salary

The Committee has reviewed base salaries in line with policy and has decided that base salaries for the Executive Directors will be increased by 2.5% in line with the workforce general increase of 2.5%. This means that effective 1 January 2014, the base salaries for Steve Corbett and David Egan will be £464,333 (converted from USD to GBP at a fixed exchange rate of 1.6556) and £317,750 respectively.

NED fees

In 2013 the base Non-executive Director fee was £45,000 and £165,000 for the Chairman. Additional fees to Committee Chairmen were £15,000, and additional fees for the Senior Independent Director were £5,000. The Committee reviewed the fee structure during the year and determined that the fees will remain at the same level.

Annual Incentive

The Annual Incentive (AI) performance measures will be changed in 2014 better to align the annual bonus opportunity with Alent's strategy. Accordingly, while there will be continued focus on EPS targets for 2014 there will be an additional measure for the achievement of NSV margin. As a result, the performance measures along with the respective percentages that form the basis of an individual's total AI target opportunity for 2014 will be:

- Adjusted EPS Targets (50% of total opportunity);
- Return on NSV Margin (30%) – Calculated as adjusted operating profit divided by net sales value;
- Personal Objectives (20%).

As set out in the Annual Statement and Policy Report, the maximum opportunity for the Chief Executive and Finance Director will be 150% and 125% of base salary, respectively. In addition, half of any bonus paid above target will be deferred in shares for three years to increase alignment between the long-term interests of executives and shareholders.

Alent Share Plan awards

The Committee intends to make grants of 200% of salary to each of the Executive Directors in 2014. The performance condition relating to these awards will be disclosed in next year's annual report on remuneration.

REMUNERATION REPORT CONTINUED

Remuneration outcomes for 2013

In this section we have provided information on what was paid to our Directors in 2013, and the reasons why those payments were made.

Single Total Figure for Remuneration

Executive Directors: "Single Figure" for 2013 Total Remuneration

£1,127,664

Elements of Remuneration	Salary	Benefits ¹	Bonus ²	Alent Share Plan ³	Pension	Other ⁴	Total
Steve Corbett 2013 ⁷	£453,008	£28,976	£0	£0	£135,902	£0	£617,886
Steve Corbett 2012 ⁵	£16,691	£643	£1,463	£0	£0	£0	£18,797
David Egan 2013	£310,000	£16,498	£0	£0	£93,000	£90,280	£509,778
David Egan 2012 ⁶	£0	£0	£0	£0	£0	£0	£0

1. Taxable benefits for 2013 includes: company car allowances, life assurance and medical insurance.

2. The 2013 bonus relates to Annual Incentive payments for performance in the 2013 financial year. The calculation for 2013 amount is set out on page 75.

3. The 2013 value for Steve Corbett relates to his Cookson awards converted into Alent shares upon demerger which were originally granted on 1 April 2011. The performance period for these awards was 1 January 2011 to 31 December 2013. As shown on page 75, 0% of the awards will vest and all of the awards lapsed. David Egan had no performance-based Alent Share Plan awards vesting during the year.

4. The 2013 value for David Egan relates to the recruitment award of 23,909 shares granted on 28 March 2013 under the Alent Share Plan. Half of these shares vested on 1 January 2014 whilst the remaining half will vest on 1 January 2015 subject to continued service. These awards were made to "buy out" awards of variable remuneration at his previous employer and were disclosed in the 2012 remuneration report. These awards have been valued using the grant date share price of 377.6p.

5. The details only reflect the applicable period after 19 December 2012 under Alent plc. Steve Corbett was CEO of the Performance Materials division of Cookson Group until his appointment as Alent CEO on 19 December 2012. His total remuneration single figure for 2012 taking in consideration both of these roles was £671,526.

6. David Egan only joined on 1 January 2013.

7. Converted Steve Corbett's 2013 remuneration from USD to GBP utilising a fixed exchange rate of 1.6556.

Chairman and Non-executive Directors: "Single Figure" for 2013 Total Remuneration

£425,000

Elements of Remuneration	Salary and Fees	Benefits	Bonus	Alent Share Plan	Pension	Total
Peter Hill 2013	£165,000	£0	£0	£0	£0	£165,000
Peter Hill 2012 ¹	£5,711	£0	£0	£0	£0	£5,711
Emma FitzGerald 2013	£45,000	£0	£0	£0	£0	£45,000
Emma FitzGerald 2012 ¹	£1,558	£0	£0	£0	£0	£1,558
Lars Förberg 2013	£45,000	£0	£0	£0	£0	£45,000
Lars Förberg 2012 ²	£7,673	£0	£0	£0	£0	£7,673
Noël Harwerth 2013	£60,000	£0	£0	£0	£0	£60,000
Noël Harwerth 2012 ²	£10,231	£0	£0	£0	£0	£10,231
Jan Oosterveld 2013	£45,000	£0	£0	£0	£0	£45,000
Jan Oosterveld 2012 ¹	£1,558	£0	£0	£0	£0	£1,558
Mark Williamson 2013	£65,000	£0	£0	£0	£0	£65,000
Mark Williamson 2012 ²	£11,038	£0	£0	£0	£0	£11,038

1. The above details only reflect the applicable period after 19 December 2012 under Alent plc

2. The above details only reflect the applicable period from appointment after 31 October 2012 under Alent plc

3. Note: no pension, annual bonus or Alent Share Plan awards are paid to Non-executive Directors.

Additional information in respect of the single figure table

The information below sets out how amounts disclosed in the single figure table regarding the Annual Incentive and Alent Share Plan were determined.

ANNUAL INCENTIVE

In 2013 Annual Incentive payments for the Chief Executive and Finance Director were based on adjusted EPS and a Working Capital adjustor. As the adjusted EPS target was not achieved, no bonus was payable for performance over 2013. Full disclosure of the bonus calculation is provided below:

Measure	Weighting	Threshold target	Maximum target	2013 Achievement	Outcome
Adjusted EPS	100%	90% of target	110% of target	Below threshold target	0% of maximum
Working Capital	n/a (Can adjust bonus from 0.9x to 1.1x)	95%	105%	Over achieved but does not apply due to Adjusted EPS threshold target not being met	0%
Total bonus outcome Calculated as the Adjusted EPS outcome multiplied by the Working Capital outcome					0% of maximum

Total bonus outcome	=	Maximum bonus	x	Adjusted EPS outcome (0% to 100%)	x	Working capital adjustor (0.9 to 1.1)
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The maximum bonus opportunities for the Chief Executive and Finance Director in 2013 were 125% of salary and 100% of salary respectively. As a result, the bonus outcome of 0% of maximum (as shown in the table above) resulted in a payment of 0% of salary for both the Chief Executive and Finance Director.

ALENT SHARE PLAN VESTING

Awards shown in the 2013 single figure represent the grants made to Executive Directors in 2011 under the Cookson Group plc (Cookson) LTIP for which the performance period ended on 31 December 2013. These awards were rolled over to become awards over Alent shares of equivalent value after the demerger and were due to vest in April 2014.

The performance condition for these awards is measured over a three-year period, but by reference to Cookson performance up to the Demerger Effective Time and by reference to Alent performance thereafter to the end of the period. The awards continue to be subject to the terms and conditions of the existing Cookson LTIP, save that the relevant company (and relevant remuneration committee) is Alent instead of Cookson.

REMUNERATION REPORT CONTINUED

Vesting of 50% of these awards is based on adjusted EPS growth, whilst the remaining 50% is based on TSR growth relative to a comparator group. As shown in the tables below, both of the targets were not achieved at the end of the performance period:

EPS performance condition

	2013 adjusted EPS	% of Total Award Vesting
Performance targets for 2013 adjusted EPS	Less than 33.4 pence	0%
	33.4 pence	12.5%
	40.1 pence	50%
	Between 33.4 pence and 40.1 pence	Pro rata between 12.5% and 50%
Outcome	24.1p	0%

TSR performance condition

	Alent 3-year TSR rank vs. FTSE250, excluding Investment Trusts at 31 Dec 2013	% of Total Award Vesting
Performance targets for Alent TSR at end of the performance period	Below Median	0%
	Median	12.5%
	Upper Quintile	50%
	Between Median and Upper Quintile	Pro rata between 12.5% and 50%
Outcome	Below Median	0%

1. The performance condition for these awards is measured over a three-year period, but by reference to Cookson performance up to the Demerger Effective Time and by reference to Alent performance thereafter to the end of the period.

Steve Corbett has 102,631 shares subject to this performance condition. All of his awards lapsed.

Total Pension Entitlements

In accordance with their contracts, Messrs Corbett and Egan receive pension allowances of 30% of their base salaries to enable them to make their own pension provision as they may choose or take as a salary supplement.

Loss of Office Payments

No loss of office payments were made during the year.

Variable pay and other share awards granted during 2013

Alent share plan performance share awards

During 2013, awards with a face value of 200% of salary were granted to Mr Corbett and Mr Egan under the Alent Share Plan. Details of these awards are shown in the table below. No other awards were made to either Mr Corbett or Mr Egan.

Individual	Scheme	Type of award	Award basis	Face Value ¹	% vesting for achieving minimum level of performance	End of performance period	Summary of performance condition
Steve Corbett	Alent Share Plan	268,203 performance shares	200% of salary	£988,596	25% ²	31/12/2015	50% of award subject to a relative TSR performance measure.
David Egan	Alent Share Plan	168,204 performance shares	200% of salary	£620,000	25% ²	31/12/2015	50% of award subject to an EPS growth performance condition.

1. Based on a share price of 368.6p which was the average mid-market quotations for Tuesday 2 April 2013 to Friday 5 April 2013 and Monday 8 April 2013.

2. Assumes that the threshold target is achieved for both the TSR and EPS performance condition.

Vesting of half of these awards will be determined by Alent TSR performance over the performance period relative to a comparator group, whilst the remainder will be determined by Alent EPS growth. Further information on the performance condition is provided in the tables, below:

EPS performance condition

	2015 adjusted EPS	% of Total Award Vesting
Performance targets for 2015 adjusted EPS	Less than 29.72 pence	0%
	29.72 pence	12.5%
	Between 29.72 pence and 32.74 pence	Pro rata between 12.5% and 31.25%
	Between 32.74 pence and 35.97 pence	Pro rata between 31.25% and 50%
	35.97p	50%

TSR performance condition

	TSR rank vs. comparator group ¹ at end of performance period	% of Total Award Vesting
Performance targets for Alent TSR at end of the performance period	Below Median	0%
	Median	12.5%
	Upper Quartile	50%
	Between Median and Upper Quartile	Pro rata between 25% and 50%

1. The 2013 TSR comparator group is: Air Liquide, Arkema, ATMI, AZ Electronic Materials, Cabot Microelectronics, Croda, Dow, DuPont, Elementis, HB Fuller, Henkel, Illinois Tool Works (ITW), Johnson Matthey, Lanxess, Nitto Denko, OM Group, Park Electrochemical, Solvay, Umicore, Victrex, Wacker Chemie AG.

Restricted share awards to David Egan

In 2013, David Egan was granted an award of shares which were made as part of his recruitment arrangement. These awards were made in order to "buy out" awards from his previous employer which he forfeited in order to join Alent. Half of these shares vested on 1 January 2014 whilst the remaining half will vest on 1 January 2015 subject to continued service. Further detail is set out below:

Individual	Scheme	Type of award	Award basis	Face Value ¹	% vesting for achieving minimum level of performance	End of performance period	Summary of performance condition
David Egan	Alent Share Plan	23,909 shares	Buy out of previous incentive arrangements.	£90,280	n/a	n/a	n/a Half of these shares vested on 1 January 2014 whilst the remaining half will vest on 1 January 2015 subject to continued service.

1. Based on a share price of 377.6p which was the closing mid-market price on the date of grant, 28 March 2013.

REMUNERATION REPORT CONTINUED

Statement of Directors' shareholdings and share interests

This section sets out the interests of Directors in the Alent Share Plan together with their beneficial interests.

ALENT SHARE PLAN

Executive	Type	Grant Date	Number of shares at 1 January 2013	Granted during year	Vested during year	Lapsed during year	Number of shares at 31 December 2013	Percentage vesting for achieving minimum level of performance	Performance condition ³	End of performance period	Vesting date
Steve Corbett ⁴	Cookson performance shares	7 April 2010	108,332	–	(73,340)	(34,992)	–	25% ²	Cookson 2010 condition	31 December 2012	7 April 2013
Steve Corbett	Cookson performance shares	1 April 2011	102,631	–	–	–	102,631	25% ²	Cookson 2011 condition	31 December 2013	1 April 2014
Steve Corbett	Cookson performance shares	5 April 2012	118,121	–	–	–	118,121	25% ²	Cookson 2012 condition	31 December 2014	5 April 2015
Steve Corbett	Cookson matching shares	5 April 2012	222,544	–	–	–	222,544	11.1%	Cookson 2012 condition	31 December 2014	5 April 2015
Steve Corbett	Alent Share Plan	9 April 2013	–	268,203	–	–	268,203	25% ²	Alent 2013 condition	31 December 2015	9 April 2016
Total			551,628	268,203	(73,340)	(34,992)	711,499				
David Egan	Alent Share Plan	28 March 2013	–	11,954	–	–	11,954	n/a	n/a ¹	n/a ¹	1 January 2014
David Egan	Alent Share Plan	28 March 2013	–	11,955	–	–	11,955	n/a	n/a ¹	n/a ¹	1 January 2015
David Egan	Alent Share Plan	9 April 2013	–	168,204	–	–	168,204	25% ²	Alent 2013 condition	31 December 2015	9 April 2016
Total				192,113			192,113				

1. These awards were made as part of David Egan's recruitment arrangements. They will vest subject to continued employment.

2. Assumes that the threshold target is achieved for all performance conditions.

3. Detail on the performance conditions is set out in the next section.

4. Steve Corbett's 2010 Alent Shares Award was vested at 67.7% for his total Performance Shares. The 2010 award represents 50% Vesuvius, 50% Alent shares with the same vesting conditions based on the performance of Cookson up to the 18 December 2012.

The information in the above table is audited by the Company's Auditor. Further detail on the performance conditions is set out below.

PERFORMANCE CONDITIONS RELATING TO AWARDS MADE UNDER THE ALENT SHARE PLAN

In the case of Alent Share Plan grants for which the performance period ends on 31 December 2014, these represent the grants made to Executive Directors in 2012 under the Cookson LTIP. These awards over Cookson shares were rolled over to become awards over Alent shares of equivalent value. Performance will still be measured over a three-year period, but by reference to Cookson performance up to the Demerger Effective Time and by reference to Alent performance thereafter to the end of the period. The awards continue to be subject to the terms and conditions of the existing Cookson LTIP, save that the relevant company (and relevant remuneration committee) is Alent instead of Cookson.

The vesting of the awards, when originally granted, was based on Cookson's performance against specified performance conditions measured over a three-year period. Vesting of 50% of shares awarded was based upon Cookson's three-year TSR performance relative to that of the constituent companies of the FTSE 250, excluding Investment Trusts, and 50% on EPS growth over the three-year period. The two measures operated independently.

The new Alent targets for measuring performance for the 2011 and 2012 Cookson LTIP awards, following the Demerger, have been determined as follows:

- As regards the EPS target, the Cookson headline EPS threshold and maximum vesting targets for the final year of the relevant three-year performance period have been split between Alent and Vesuvius by reference to their respective trading profit contributions to Cookson's total 2012 trading profit such that the new Alent and Vesuvius targets aggregate to the currently disclosed Cookson targets. The respective Alent adjusted EPS values as reported for the final year of the three-year performance period will then be compared with these new threshold and maximum targets to determine the vesting outcome.

- As regards the TSR target, Cookson's TSR growth from the start of the relevant three-year performance period up to the time of the Demerger will be determined and added to the TSR growth of Alent from the Demerger date to the end of the three-year performance period. This aggregate TSR growth will then be ranked against the TSR of the relevant comparator group and the resulting vesting outcome will be calculated against the TSR performance schedule in the Cookson LTIP.

COOKSON 2011 PERFORMANCE CONDITION

Vesting of 50% of Performance and Matching Share Awards under the 2011 Cookson LTIP awards is based on adjusted EPS growth in accordance with the following schedule:

Adjusted EPS for 2013 financial year	Performance Shares Vesting Percentage	Matching Shares Vesting Ratio (Matching Shares: Investment Shares)
Less than 33.4 pence	0%	0
33.4 pence	12.5%	0.25 : 1
40.1 pence	50%	1.125 : 1
Between 33.4 pence and 40.1 pence	Pro rata between 12.5% and 50%	Pro rata between 0.25 : 1 and 1.125 : 1

Vesting of 50% of Performance and Matching Share Awards under the 2011 Cookson LTIP awards is based on Alent TSR relative to the FTSE250, excluding Investment Trusts, in accordance with the following schedule:

Alent three-year TSR rank vs. FTSE250, excluding Investment Trusts at 31 Dec 2013	Performance Shares Vesting Percentage	Matching Shares Vesting Ratio (Matching Shares: Investment Shares)
Less than median	0%	0
Median	12.5%	0.25 : 1
Upper quintile	50%	1.125 : 1
Between median and upper quintile	Pro rata between 12.5% and 50%	Pro rata between 0.25 : 1 and 1.125 : 1

COOKSON 2012 PERFORMANCE CONDITION

Vesting of 50% of Performance and Matching Share Awards under the 2012 Cookson LTIP awards is based on adjusted EPS growth in accordance with the following schedule:

Adjusted EPS for 2014 financial year	Performance Shares Vesting Percentage	Matching Shares Vesting Ratio (Matching Shares: Investment Shares)
Less than 34.6 pence	0%	0
34.6 pence	12.5%	0.25 : 1
42.7 pence	50%	1.125 : 1
Between 34.6 pence and 42.7 pence	Pro rata between 12.5% and 50%	Pro rata between 0.25 : 1 and 1.125 : 1

Vesting of 50% of Performance and Matching Share Awards under the 2012 Cookson LTIP awards is based on Alent TSR relative to the FTSE250, excluding Investment Trusts, in accordance with the following schedule:

Alent three-year TSR rank vs. FTSE250, excluding Investment Trusts at 31 Dec 2014	Performance Shares Vesting Percentage	Matching Shares Vesting Ratio (Matching Shares: Investment Shares)
Less than median	0%	0
Median	12.5%	0.25 : 1
Upper quintile	50%	1.125 : 1
Between median and upper quintile	Pro rata between 12.5% and 50%	Pro rata between 0.25 : 1 and 1.125 : 1

Alent 2013 performance condition

The performance condition for the 2013 award has already been set out on page 76 under the section "variable pay and other share awards granted in 2013".

REMUNERATION REPORT CONTINUED

Service Contracts and Letters of Appointment

Highlighted below are the current service contracts and letters of appointment for Alent's Directors:

STEVE CORBETT

Steve Corbett is employed as Chief Executive of the Company pursuant to the terms of a service agreement made with Alent Investments Limited dated 31 October 2012, which was assigned to Alent upon completion of the Demerger. Mr Corbett's appointment is terminable by the Company on not less than 12 months' written notice, and by Mr Corbett on not less than six months' written notice. Mr Corbett is subject to certain non-compete and non-solicitation covenants for a period of 12 months following the termination of his employment. The agreement is governed by the law of the State of Rhode Island, USA.

DAVID EGAN

David Egan was appointed as the Finance Director of the Company effective on 1 January 2013. He is eligible for the specific plans as outlined and approved by the Remuneration Committee. Mr Egan's appointment is terminable by the Company on not less than 12 months' written notice, and by Mr Egan on not less than six months' written notice. Mr Egan is subject to certain non-compete and non-solicitation covenants for a period of 12 months following the termination of his employment. The agreement is governed by English law.

Neither of the Executive Directors' contracts contains any change of control provisions. Both contracts give the Company the option, in the event of termination upon notice by either party, to make a payment in lieu of any notice due, a significant part of which is subject to offset against subsequent income earned by the relevant Executive Director.

No Director had any material interest in a contract of significance (other than service agreements) with the Company or any subsidiary company during the year.

NON-EXECUTIVE DIRECTOR LETTERS OF APPOINTMENT

	Date of appointment	Annual General Meeting at which current term is expected to expire	Unexpired notice period
Chairman (Non-executive Director)			
Peter Hill	10 September 2012	19 May 2014	6 months
Non-executive Directors			
Emma FitzGerald	31 October 2012	19 May 2014	3 months
Jan Oosterveld	31 October 2012	19 May 2014	3 months
Noël Harwerth	31 October 2012	19 May 2014	3 months
Lars Förberg	31 October 2012	19 May 2014	3 months
Mark Williamson	31 October 2012	19 May 2014	3 months

Directors' Shareholdings

The beneficial interests of the Directors and their families in the ordinary shares of the Company as at 31 December 2013 are shown below, together with the total number of shares subject to performance conditions which have been granted under the Alent Share Plan:

Ordinary shares	31 Dec 2013 Ordinary shares No.	Alent Share Plan ¹
Steve Corbett	132,392	711,499
David Egan	10,082	192,113
Peter Hill	60,000	-
Emma FitzGerald	8,282	-
Lars Förberg	NIL	-
Noël Harwerth	1,993	-
Jan Oosterveld	16,645	-
Mark Williamson	8,000	-

1. Awards under the Alent Share Plan are subject to the achievement of performance conditions and are set out on pages 75 to 77.
2. There were no changes to the interests of the Directors in the ordinary shares of the Company in the period from 1 January 2014 to 4 March 2014.
3. Full details of Directors' shareholdings and share allocations are given in the Company's Register of Directors' Interests, which is open to inspection at the Company's registered office during business hours.
4. Mr Förberg is Managing Partner of, and has a financial interest in, Cevian Capital, which held just over 20% of Alent's issued share capital on the date of his appointment to the Alent Board and continues to hold an interest of just under 22% in Alent's issued share capital as of the date of this Report. None of the other Directors, nor their spouses nor minor children, held non-beneficial interests in the ordinary shares of the Company during the year.
5. The information in the above table is audited by the Company's Auditor.

REMUNERATION REPORT CONTINUED

Shareholding guidelines

As set out in the Policy Report, The Remuneration Committee encourages Executive Directors to build and hold a shareholding in the Company equivalent in value to at least one times gross base salary. For new Executive Directors, the target is to achieve this within a four-year period.

As at 31 December 2013, Steve Corbett held 132,392 shares in Alent and David Egan held 10,082 shares in Alent. Using the Company's closing share price at 31 December 2013 of 355p, this represents 104% of base salary (gross, pre-tax) for Steve Corbett, and 12% of base salary (gross, pre-tax) for David Egan.

Spend on Pay

The percentage change in profit, dividends and overall expenditure on pay in the reporting period compared to the previous period is set out below.

	2013 £m	2012 £m	% change
Adjusted Operating Profit ¹	94.1	97.2	(3%)
Dividends paid ²	23.3	-	-
Overall Expenditure on Pay	124.5	111.7	11%

1. Before share of joint ventures and exceptional items, and including the effect of proforma adjustments.

2. Alent plc demerged from the former Cookson group on 19 December 2012.

3. Alent does not have a share buyback programme.

Percentage change in the remuneration of the Chief Executive and the average employee

Alent plc demerged from the former Cookson Group plc on 19 December 2012, at which point Steve Corbett was promoted to the position of Chief Executive of Alent plc. Accordingly, percentage change information for the role of Chief Executive of Alent plc is not applicable. At the date of demerger, Steve Corbett's promotion was reflected in a salary increase of 20% due to his changing role, and increased responsibilities.

The table below sets out the percentage change in the remuneration of the average employee.

	Salary	Benefits	Annual bonus
Average employee ¹	3%	5%	9%

1. Salary includes car allowances. Benefits principally comprise employee medical benefit costs.

Consideration by Directors of matters relating to the Directors' remuneration

THE REMUNERATION COMMITTEE

The primary role and responsibilities of the Remuneration Committee are:

- setting the appropriate remuneration for the Chairman, the Executive Directors and the Company Secretary;
- recommending and monitoring the level and structure of remuneration for senior management, being the first layer of management below Board level; and
- overseeing the operation of any executive share incentive plans.

A copy of the Remuneration Committee's Terms of Reference is available on the Company's website www.alent.com and the members of the Remuneration Committee are set out on page 53 of the Corporate Governance Report.

ADVICE PROVIDED TO THE REMUNERATION COMMITTEE:

In formulating its policies and deciding individual remuneration levels, the Remuneration Committee is advised by the Chief Executive and the Company Secretary, by the external advisers New Bridge Street (NBS), part of Aon PLC, and the law firm Clifford Chance LLP ("CC"). NBS has been appointed directly by the Remuneration Committee to provide advice on executive remuneration matters, including remuneration structure and policy, updates on market practices and trends, guidance on the implementation and operation of long-term incentive plans and provides share award valuation advice to the Company. NBS has also provided the Remuneration Committee with remuneration benchmarking data for certain executives. CC provides advice on the drafting and operation of the Alent Share Plan and other executive or employee share arrangements operated by the Company from time to time. NBS is a signatory to the Remuneration Consultants Group Code of Conduct in relation to Executive Remuneration Consulting in the UK. During 2013 NBS was paid a total of £80,915 for its services to the Committee as listed above, and CC was paid a total of £65,418 for its services to the Committee. The Remuneration Committee is satisfied that advice received from its advisers is objective.

ACTIVITIES OF THE REMUNERATION COMMITTEE:

The Remuneration Committee met five times in 2013, once more than planned, to consider such matters as:

- salary review, annual and long-term incentive proposals for the Executive Directors and senior management;
- reviewing achievement against the performance targets, and approving payouts, in respect of the Annual Incentive;
- setting performance targets and approving the structure of the Annual Incentive arrangements;
- considering the Company's performance against the performance conditions applicable to the Cookson awards rolled over into awards over Alent shares, and authorising the vesting of these awards where relevant;
- setting the performance conditions and authorising the grant of awards under the Alent Share Plan;
- receiving feedback on the Remuneration Committee Chairman's meetings with key institutional shareholders regarding the Company's remuneration policy and practice, and, in the light of this, advice received from the external advisers regarding trends in remuneration practice and governance, discussing the Company's approach to executive remuneration and reviewing whether any changes should be made;
- reviewing the Remuneration Committee's Terms of Reference, and recommending any amendments to the Board for approval;
- reviewing and approving the 2012 Directors' Remuneration Report; and
- reviewing the 2013 Directors' Remuneration Report.

Statement of shareholder voting

At the 2013 AGM Alent's shareholders approved the remuneration report. The voting outcome is summarised in the table below:

	2013 AGM	% of votes cast
Votes cast in favour	205,360,564	98.91%
Votes cast against	2,265,705	1.09%
Total votes cast	207,626,269	100%
Number of abstentions	28,366	n/a

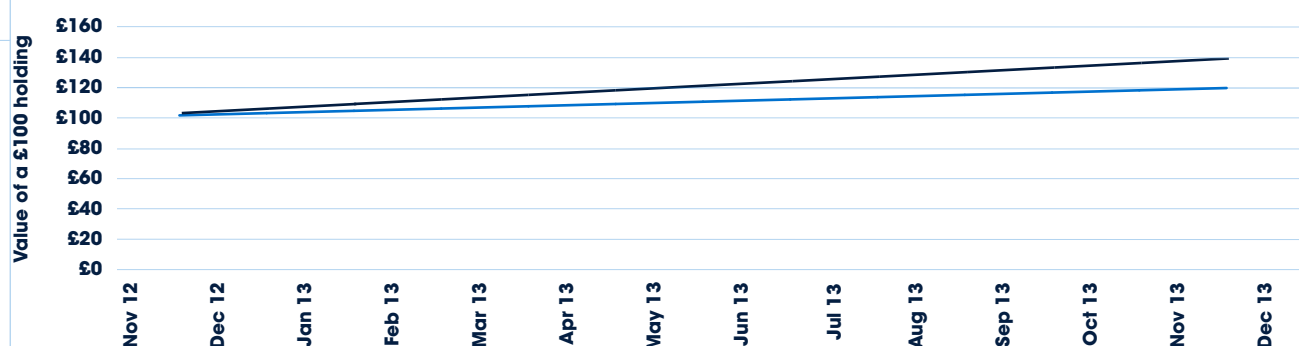
REMUNERATION REPORT CONTINUED

Performance graph and table

Given that Alent did not exist until 19 December 2012, it is not possible to produce a graph which compares the Company's TSR over the past five years with the return on an appropriate index (in compliance with the Large & Medium sized Companies and Groups (Accounts & Report) Regulations 2008). For completeness, and in accordance with the Regulations, the graph below does compare the Company's TSR over the shortened period from the Demerger to 31 December 2012 with the return on the FTSE 250 index (excluding Investment Trusts) through 31 December 2013. This index has been chosen as the comparator index to reflect the size, international scope and diversity of the Company. The table following the chart shows the single figure remuneration for the Chief Executive over the same period.

TOTAL SHAREHOLDER RETURN

Source: Thomson Reuters



This graph shows the value, by 31 December 2013, of £100 invested in Alent plc on 19 December 2012 compared with the value of £100 invested in the FTSE 250 Index (excluding investment trusts) on the same date.

— FTSE250 xIT — Alent

Year Ending	Executive	Total Remuneration	Annual Bonus (% of max)	Alent Share Plan Vesting (% of max)
31 December 2013	Steve Corbett	£617,886	0%	0%
31 December 2012 ¹	Steve Corbett	£18,797	8.9%	0%

1. The above details only reflect the applicable period after 19 December 2012 under Alent plc.

Share Usage

Under the rules of the Plan the Company has the discretion to satisfy awards either by the transfer of existing shares or by the allotment of newly issued shares. The decision on how to satisfy awards is taken by the Board, which considers the most prudent and appropriate sourcing arrangement for the Company.

The Alent Share Plan complies with the current ABI guidelines on headroom which provide that overall dilution under all plans should not exceed 10% over a ten-year period in relation to the Company's issued share capital, with a further limitation of 5% in any ten-year period on discretionary schemes.

Details of the awards granted to Executive Directors and outstanding under the Cookson LTIP as at 31 December 2012 and outstanding awards under the Alent Share Plan are given in note 27 to the consolidated financial statements and note 10 to the Company financial statements.

Sections subject to Audit

The following sections of this report are subject to Audit:

- Single Total Figure for Remuneration
- Variable pay and other share awards granted during 2013
- Statement of Directors' shareholdings and share interests

On behalf of the Board

**NOËL HARWERTH CHAIRMAN
REMUNERATION COMMITTEE
4 MARCH 2014**

DIRECTORS' REPORT



SIMON O'HARA
COMPANY SECRETARY

The Directors submit their Annual Report together with the audited accounts of the Group and of the Company, Alent plc, registered in England and Wales No.8197966, for the year ended 31 December 2013.

The Strategic Report, the Corporate Governance Report, and Board sections of the Annual Report, together with the information on financial risk management objectives and policies contained in notes 25 of the consolidated financial statements, are each incorporated by reference into, and form part of, this Directors' Report.

This Directors' Report also represents the management report for the purpose of compliance with DTR 4.1.8R of the UK Listing Authority disclosure rules.

ACCOUNTABILITY AND AUDIT

A responsibility statement of the Directors and a statement by the Auditor about its reporting responsibilities can be found on pages 87 and 88 respectively. The Directors fulfil the responsibilities set out in their statement within the context of an overall control environment of central strategic direction and decentralised operating responsibility.

The following additional disclosures are made in compliance with the Companies Act 2006, the Disclosure and Transparency Rules and the UK Corporate Governance Code 2010.

ACTIVITIES

Alent plc is a holding company. A list of its principal subsidiary companies is set out on pages 132.

2014 ANNUAL GENERAL MEETING

The AGM of the Company will be held at 11.00 am on Monday 19 May at the offices of UBS, 1 Finsbury Avenue, London EC2M 2PP.

The notice of the 2014 AGM is contained in the circular to shareholders accompanying this Annual Report, together with an explanation of resolutions to be considered at the meeting.

GOING CONCERN

The Directors have assessed the future funding requirements of the Group and the Company and compared it to the level of long-term debt and committed back facilities for the 12 months from the date that the financial statements were approved. The assessment included a sensitivity analysis on the key factors which could affect future cash flow and funding requirements. Having undertaken this work the Directors are of the opinion that the Group has adequate resources to fund its operations for the foreseeable future and so determine that it is appropriate to prepare the accounts on a going concern basis.

DIVIDEND

The Board is recommending a final dividend in respect of 2013 of 5.71 pence per ordinary share which, if approved, will be paid on 19 June 2014 to shareholders on the register at 16 May 2014.

DIRECTORS

Biographical information for all the current Directors of the Company is given on page 46 to 47. All the Directors will retire at the AGM and offer themselves for election. Further information on the contractual arrangements of the Executive Directors is given on page 80. The Non-executive Directors do not have service agreements.

Mr Mike Butterworth resigned as a Director upon the appointment of Mr David Egan as Group Finance Director on 1 January 2013.

SHARE CAPITAL AND CAPITAL STRUCTURE

As at the date of this report, the Company had an issued share capital of 278,460,707 ordinary shares of 10p each, being the total number of Alent plc shares with voting rights. All issued shares are fully paid. There are no other classes of share capital. Further information relating to the Company's issued share capital can be found in note 21 to the Company financial statements.

The Company operates a number of share-based incentive plans (further details about these are given in the Directors' Remuneration Report). For these plans the Company can satisfy entitlements either by the acquisition of existing shares or by the issue of new shares. No ordinary shares have been issued in relation to the exercise of options granted under the Company's share option schemes. Resolutions giving the Directors the authority to allot shares and make allotments of shares to persons other than existing shareholders in certain circumstances will be proposed at the AGM.

EMPLOYEE SHARE PLANS

Details of employee share plans are set out in note 27 to the accounts.

DIRECTORS' REPORT

CONTINUED

PENSIONS

In each country in which the Group operates, the pension arrangements in place are considered to be consistent with good employment practice in that particular area. Independent advisers are used to ensure that the plans are operated in accordance with local legislation and the rules of each plan. Group policy prohibits direct investment of pension fund assets in the Company's shares. Outside the UK and the US, the majority of pension plans in the Group are of a defined contribution nature. Current active employees in the UK are offered membership of a defined contribution plan, which is operated on a contract basis, with oversight by a governance committee.

All US retirement plan assets are held in trust for the exclusive benefit of plan participants and their beneficiaries. An independent financial institution acts as the Trustee. The trust assets are protected by law and by Federal Government Regulation and are subject to annual audit by an independent accountant, the Internal Revenue Service and the Department of Labor. Further details of pension arrangements are given in note 26.

APPOINTMENT AND REPLACEMENT OF DIRECTORS

The Directors shall not be fewer than five nor more than 15 in number. The Company may, by ordinary resolution, from time to time vary the minimum number and/or maximum number of Directors. The Board may appoint any person to be a Director (so long as the total number of Directors does not exceed the limit prescribed in the Articles). Any such Director shall only hold office until the next AGM and shall then be eligible for election.

ESSENTIAL CONTRACTS AND CHANGE OF CONTROL DISCLOSURE

A small number of senior management employees within the Group are entitled to receive payments of up to 12 months' salary in the event that employment is terminated in certain circumstances within 12 months of a change of control of Alent. The Remuneration Committee has approved these arrangements as being in line with Alent's wider Remuneration Policy, and no Director of Alent is entitled to any such payment.

The terms of the Group's committed bank facility contain provisions entitling the counterparties to exercise termination or other rights in the event of a change of control on takeover of the Company. A number of other arrangements to which the Company and its subsidiaries are party, such as other debt arrangements and share incentive plans, may alter or terminate on a change of control in the event of a takeover. In the context of the Group as a whole, these other arrangements are not considered to be significant.

SUBSTANTIAL SHAREHOLDINGS

INTERESTS IN VOTING RIGHTS

The following information has been disclosed to the Company under the FSA's DTRs in respect of notifiable interests in the voting rights of the Company's issued share capital exceeding the 3% notification threshold:

Fund Manager	Current rank	Country	Number of shares	% at 31/12/13
Cevian Capital	1	Jersey	61,088,726	21.94
Franklin Templeton	2	USA	29,994,472	10.77
Artisan Partners	3	USA	26,619,293	9.56
Janus Capital Management	4	USA	15,963,651	5.73
Schroder Investment Management	5	England	13,440,765	4.83
Governance for Owners	6	England	10,799,126	3.88
Dimensional Fund Advisers	7	USA	9,802,631	3.52

No material changes in the interests disclosed to the Company have been notified between 31 December 2013 and 28 February 2014.

Information provided to the Company pursuant to the FSA's DTRs is published on the Regulatory Information Service and on the Media/News/Regulatory News section of the Company's website.

The interests of Directors and their connected persons in the ordinary shares of the Company as disclosed in accordance with the Listing Rules of the UK Listing Authority are as set out on page 81 and details of the Directors' long-term incentive awards are set out on pages 75 to 79.

AUDITORS

DISCLOSURE OF INFORMATION TO THE AUDITOR

As at the date of this report, so far as each Director of the Company is aware, there is no relevant audit information of which the Company's Auditor is unaware and each Director hereby confirms that they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

APPOINTMENT OF AUDITOR

KPMG LLP has expressed its willingness to continue in office as Auditor and a resolution for the reappointment of KPMG LLP and to authorise the Directors to determine its remuneration are to be proposed at the AGM.

The Directors' Report was approved by the Board of Directors on 4 March 2014 and signed on its behalf by:

SIMON O'HARA
COMPANY SECRETARY
4 MARCH 2014

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors of Alent plc are responsible for preparing the Annual Report and the Group and parent company ("the Company") financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law and have elected to prepare the Company financial statements in accordance with UK Accounting Standards and applicable law ("UK Generally Accepted Accounting Practice").

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their profit or loss for that period. In preparing each of the Group and the Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the European Union;
- for the Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Report that comply with that law and those regulations.

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

DIRECTORS' APPROACH

The Board's objective is to present a balanced and understandable assessment of the Company's position and prospects, particularly in the Annual Report, half-year report (formerly the interim report) and other published documents and reports to regulators. The Board has established an Audit Committee to assist with this obligation.

STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL REPORT

As required by the Code, the Directors confirm that they consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performances, business model and strategy. When arriving at this position the Board was assisted by a number of processes including the following:

- the Annual Report is drafted by appropriate senior management;
- an extensive verification process is undertaken to ensure factual accuracy;
- comprehensive reviews of drafts of the Report are undertaken by members of the Executive and other senior management;
- an advanced draft is considered and reviewed by the Company's legal advisers and brokers; and
- the final draft is reviewed by the Audit Committee prior to consideration by the Board.

STATEMENT OF THE DIRECTORS RESPONSIBILITIES

Each of the Directors, as at the date of the Annual Report, whose names and functions are indicated below confirms that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, 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; and
- the Strategic Report on pages 2 to 45 contained in the Annual Report for the year 2013 includes a fair review of the development and performance of the business and 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.

Peter Hill	Chairman
Steve Corbett	Chief Executive
David Egan	Finance Director
Emma FitzGerald	Non-executive Director
Lars Förberg	Non-executive Director
Noël Harwerth	Non-executive Director and Chairman of the Remuneration Committee
Jan Oosterveld	Non-executive Director
Mark Williamson	Non-executive Director, Senior Independent Director and Chairman of the Audit Committee

The Annual Report on pages 2 to 141 was approved by the Board of Directors and authorised for issue on 4 March 2014 and signed on behalf of the Board by:

STEVE CORBETT
CHIEF EXECUTIVE
4 MARCH 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALENT PLC ONLY

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1. OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements of Alent plc for the year ended 31 December 2013 which comprise the Group income statement, the Group statement of comprehensive income, the Group statement of cash flows, the Group and parent company balance sheets, the Group statement of changes in equity and related notes. 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 December 2013 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

RECOGNITION OF US DEFERRED TAX ASSETS (£6.1M)

Refer to page 62 (Audit Committee statement), page 97 (accounting policies) and page 106 (financial disclosures)

- **The Risk:** The Group has recognised a deferred tax asset in respect of unutilised operating losses arising in the US. In addition the Group has further very significant US losses for which no deferred tax assets have been recognised in these financial statements. The amount of deferred tax assets (if any) that it is appropriate to recognise in respect of losses is based on judgment in respect of the timing and quantum of forecast future profits and the ability of the Group's US components to offset any of its accumulated losses against these expected profits. The risk is that the amount of the deferred tax asset is over or understated.
- **Our Response:** In this area, our audit procedures included, among others, using our own tax specialists to assist us in assessing and challenging the assumptions and judgments made by the Directors. In assessing the appropriateness of the level of deferred tax asset balance recognised in the Group balance sheet we compared the assumptions used in respect of future taxable income forecasts in the relevant components in the US to the Group's long term forecasts for consistency

and we critically assessed the assumptions and judgments made by the Directors by considering the historical accuracy of forecasts and, based on our knowledge of the client and the industry in which it operates, the sensitivities of the profit forecasts and our assessment of the risk of management bias. We also assessed the adequacy of the Group's disclosures (see Note 11) setting out the basis of the deferred tax balance and the level of estimation involved, as well as the appropriateness of disclosing the asset recognition within exceptional tax items.

VALUATION OF LITIGATION AND OTHER LIABILITIES (£16.1M)

Refer to page 62 (Audit Committee statement), page 97 (accounting policies) and page 130 (financial disclosures)

- **The Risk:** In providing for estimated known or probable costs resulting from both legal and other regulatory requirements, the Directors of the Group use their judgment and experience and, where appropriate, receive external advice. The completeness and valuation of the provision for legal and environmental claims are inherently judgmental due to the degree of uncertainty involved. The risk is that the amount provided in respect of legal or environmental claims is over or understated which could have a material impact on the Group's financial position and results for the year and that the disclosures relating to such provisions and contingent liabilities do not properly explain the risks and assumptions relating to these.
- **Our Response:** In this area our audit procedures included, among others, assessing whether all current cases had been appropriately considered by the Directors through inspecting, at the reporting component level, the claims reporting received from reporting components. In addition we met in-house legal counsel and management responsible for material claims to discuss the nature of ongoing claims (legal and other) and analysed external evidence such as correspondence from regulators and/ or reports from the Group's external advisers/lawyers to challenge the basis of provisions recorded. In addition we obtained formal confirmation from the Group's external counsel for a significant litigation. We also assessed the adequacy of the Group's disclosures (see Note 3 and Note 30) in respect of the description of the claims provided and the level of estimation involved in arriving at the provision, as well as the contingent liabilities disclosure for unprovided claims in Note 33.

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The materiality for the financial statements as a whole was set at £4 million. This has been determined with reference to a benchmark of Group profit before taxation which we consider to be one of the principal considerations for members of the Company in assessing financial performance of the group. Materiality represents 5% of

	<p>Group profit before taxation and 5% of Group profit before taxation adjusted for exceptional items as disclosed on the face of the income statement.</p> <p>We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of £0.3 million, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.</p> <p>Audits for Group reporting purposes were performed by component auditors at the key reporting components in the following countries: China, Germany, Hong Kong, India, Netherlands and Taiwan and by the Group audit team for the United Kingdom. In addition, specified audit procedures were performed by component auditors in Brazil and the United States of America. These group procedures covered 71% of total Group revenue; 75% of the total profits and losses before taxation that made up Group profit before taxation; and 95% of total Group assets.</p>		<p>In particular, we are required to report to you if:</p> <ul style="list-style-type: none"> • we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or • the Audit Committee Statement does not appropriately address matters communicated by us to the Audit Committee. 		STRATEGIC REPORT
	<p>The remaining 29% of revenue, 25% of the total profits and losses before taxation and 5% of total group assets is represented by 220 reporting components around the world. None of these 220 reporting components represented more than 3.8% of revenue, profit before tax or total group assets. Local statutory audits are performed over 21 of these components, but generally these are completed after the date of this report.</p>		<ul style="list-style-type: none"> • Under the Companies Act 2006 we are required to report to you if, in our opinion: <ul style="list-style-type: none"> • 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 and the part of the Directors' Remuneration Report to be audited 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. 		CORPORATE GOVERNANCE
	<p>The audits undertaken for Group reporting purposes at the key reporting components of the Group were all performed to materiality levels set by, or agreed with, the Group audit team. These materiality levels were set individually for each component and ranged from £0.2 million to £3 million.</p>		<ul style="list-style-type: none"> • Under the Listing Rules we are required to review: <ul style="list-style-type: none"> • the Directors' statement, set out on page 85, in relation to going concern; and • the part of the Corporate Governance Statement on pages 49 relating to the Company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review. 		FINANCIAL STATEMENTS
	<p>Detailed instructions were sent to all the auditors in these locations. These instructions covered the significant areas that should be addressed by these component auditors (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported back to the Group audit team. The Group audit team visited the United States and attended the German audit close meeting via telephone. Telephone meetings were also held with the auditors at these locations and all of the countries in all locations in scope for Group reporting purposes that were not physically visited.</p>		<p>We have nothing to report in respect of the above responsibilities.</p> <p>SCOPE OF REPORT AND RESPONSIBILITIES</p> <p>As explained more fully in the Statement of Directors' Responsibilities set out on page 87, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of accounts is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the Company's members as a body and subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2013a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.</p>		ADDITIONAL INFORMATION
	<p>4. OUR OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 IS UNMODIFIED</p> <p>In our opinion:</p> <ul style="list-style-type: none"> • the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and • 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. 				
	<p>5. WE HAVE NOTHING TO REPORT IN RESPECT OF MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION</p> <p>Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.</p>		<p>MICHAEL MALONEY (SENIOR STATUTORY AUDITOR)</p> <p>For and on behalf of KPMG LLP, Statutory Auditor, Chartered Accountants, 15 Canada Square, London, E14 5GL</p>		
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GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £m	Restated 2012 £m
Revenue	5	684.7	713.9
Manufacturing costs before exceptional items	8	(433.3)	(460.6)
Administration, selling and distribution costs before exceptional items	8	(157.3)	(150.3)
Operating profit before share of joint ventures and exceptional items	5	94.1	103.0
Share of post-tax profit of joint ventures		0.8	0.3
Exceptional items	8	(10.3)	(15.8)
Operating profit	5	84.6	87.5
Demerger costs	9	-	(10.7)
Finance costs	10	(7.4)	(4.1)
Finance income	10	0.5	0.5
Profit before tax	11	77.7	73.2
Income tax costs – ordinary activities	11	(20.9)	(23.3)
– exceptional items	11	4.8	(4.9)
Profit for the year		61.6	45.0
Earnings per share (pence)	12		
Basic		22.1	16.2
Diluted		22.1	16.2

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £m	2012 £m
Profit for the year		61.6	45.0
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of the net defined benefit liability		3.9	(3.5)
Income tax relating to items not reclassified	11	-	0.2
		3.9	(3.3)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of the net assets of foreign operations		(15.1)	(11.0)
Exchange differences on translation of net investment hedges		8.5	-
Change in fair value of cash flow hedges		(0.4)	1.9
		(7.0)	(9.1)
Other comprehensive loss for the year, net of tax		(3.1)	(12.4)
Total comprehensive income for the year		58.5	32.6

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £m	2012 £m
Cash flows from operating activities			
Profit for the year		61.6	45.0
Adjustments for:			
Depreciation		9.0	8.9
Share of post-tax profit of joint ventures		(0.8)	(0.3)
Exceptional items	8	10.3	15.8
Demerger costs	9	-	10.7
Net finance costs	10	6.9	3.6
Net income tax costs	11	16.1	28.2
EBITDA		103.1	111.9
Decrease/(increase) in inventories		0.9	(5.1)
Decrease/(increase) in trade receivables		4.5	(0.6)
Increase/(decrease) in trade payables		2.4	(8.4)
Increase in other working capital balances		(2.2)	(5.9)
Net decrease/(increase) in trade and other working capital		5.6	(20.0)
Outflow related to restructuring charges	8	(4.0)	(19.8)
Payment of demerger costs	9	(4.8)	(5.7)
Additional funding contributions into Group pension plans		(1.9)	(2.1)
Cash generated from operations		98.0	64.3
Interest paid		(4.6)	(3.1)
Interest received		0.5	0.5
Income taxes paid		(19.3)	(22.1)
Net cash inflow from operating activities		74.6	39.6
Cash flows from investing activities			
Capital expenditure		(13.7)	(21.9)
Proceeds from the sale of property, plant and equipment		0.1	1.8
Proceeds from the sale of investments		0.4	-
Acquisition of subsidiaries and joint ventures, net of cash acquired	31	(1.0)	(1.4)
Dividends received from joint ventures		5.5	0.3
Other investing outflows		(1.8)	-
Net cash outflow from investing activities		(10.5)	(21.2)
Net cash inflow before financing activities		64.1	18.4
Cash flows from financing activities			
(Repayment of)/increase in borrowings	14	(64.5)	251.5
Purchase of own shares		(0.2)	-
Dividends paid to equity shareholders	24	(23.3)	-
Capital contribution to Vesuvius plc		-	(245.0)
Borrowing facility arrangement costs		-	(2.9)
Net cash (outflow)/inflow from financing activities		(88.0)	3.6
Net (decrease)/increase in cash and cash equivalents	14	(23.9)	22.0
Cash and cash equivalents at 1 January		80.6	60.6
Effect of exchange rate fluctuations on cash and cash equivalents		(0.4)	(2.0)
Cash and cash equivalents at 31 December	14	56.3	80.6

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 £m	2012 £m
Assets			
Property, plant and equipment	15	85.2	83.9
Intangible assets	16	288.5	295.0
Interests in joint ventures		5.5	12.6
Investments		0.7	1.0
Deferred tax assets	11	11.2	5.2
Other receivables		1.8	9.5
Total non-current assets		392.9	407.2
Cash and short-term deposits	14	63.1	81.5
Inventories	19	51.6	53.5
Trade and other receivables	18	131.0	138.0
Income tax recoverable		0.6	2.1
Derivative financial instruments	20	0.5	0.3
Total current assets		246.8	275.4
Total assets		639.7	682.6
Equity			
Issued share capital	21	27.8	27.8
Other reserves	22	(437.7)	(430.8)
Retained earnings	23	722.3	679.0
Total equity		312.4	276.0
Liabilities			
Interest-bearing borrowings	25	153.4	225.6
Employee benefits	26	18.8	24.3
Other payables	28	0.6	4.4
Provisions	30	11.7	12.3
Deferred tax liabilities	11	32.4	29.9
Total non-current liabilities		216.9	296.5
Interest-bearing borrowings	25	6.2	0.3
Trade and other payables	28	80.1	88.1
Provisions	30	11.8	7.8
Income tax payable		12.1	13.6
Derivative financial instruments	20	0.2	0.3
Total current liabilities		110.4	110.1
Total liabilities		327.3	406.6
Total equity and liabilities		639.7	682.6

The financial statements were approved and authorised for issue by the Board on 4 March 2014 and signed on its behalf by:

STEVE CORBETT
CHIEF EXECUTIVE

DAVID EGAN
GROUP FINANCE DIRECTOR

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	Issued share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
As at 1 January 2012	417.7	(421.7)	458.7	454.7
Total comprehensive income				
Profit for the year	-	-	45.0	45.0
Other comprehensive loss	-	(9.1)	(3.3)	(12.4)
Total comprehensive (loss)/income	-	(9.1)	41.7	32.6
Transactions with owners				
Recognition of share-based payments	-	-	1.0	1.0
Capital reduction	(389.9)	-	389.9	-
Capital contribution to Vesuvius plc	-	-	(245.0)	(245.0)
Capital contribution from Vesuvius plc	-	-	32.7	32.7
Total transactions with owners	(389.9)	-	178.6	(211.3)
As at 1 January 2013	27.8	(430.8)	679.0	276.0
Total comprehensive income				
Profit for the year	-	-	61.6	61.6
Other comprehensive (loss)/income	-	(7.0)	3.9	(3.1)
Total comprehensive (loss)/income	-	(7.0)	65.5	58.5
Transactions with owners				
Recognition of share-based payments	-	-	1.4	1.4
Purchase of own shares	-	-	(0.2)	(0.2)
Redemption of redeemable preference shares	-	0.1	(0.1)	-
Dividends paid to equity shareholders	-	-	(23.3)	(23.3)
Total transactions with owners	-	0.1	(22.2)	(22.1)
As at 31 December 2013	27.8	(437.7)	722.3	312.4

Further information on the movements in the components of the other reserves and retained earnings shown in the table above may be found in notes 22 and 23.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2013

1. GENERAL INFORMATION

Alent plc ("the Company") is a public limited company registered in England and Wales and listed on the London Stock Exchange. The nature of the operations and principal activities of the Company and its subsidiary and joint venture companies ("the Group") are set out on pages 4 to 9 and its registered address is Forsyth Road, Sheerwater, Woking GU21 5RZ.

2. BASIS OF PREPARATION

2.1 BASIS OF ACCOUNTING

The consolidated financial statements of Alent plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

2.2 GROUP REORGANISATION AND DEMERGER IN 2012

There was no Group reorganisation and demerger activity in 2013.

In 2012 the Performance Materials division was demerged from Vesuvius plc with effect from 19 December 2012 and the entities making up the Performance Materials division were transferred to a new parent company, Alent plc. Application was made to the UK Listing Authority and to the London Stock Exchange for the issued share capital of Alent plc to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange.

Although Alent plc acquired the entire share capital of Alent Investments Limited, it did not have the power to govern the financial and operating policies of the Performance Materials division. For that reason, the acquisition was accounted for in accordance with the principles of reverse acquisition accounting as set out in IFRS 3, *Business Combinations*. For the purposes of these consolidated financial statements, this had the effect of the legal acquirer, Alent plc, being treated as having been acquired by its legal subsidiary, Alent Investments Limited. The impact of adopting this reverse acquisition accounting basis is set out in each applicable note to these consolidated financial statements, which have been prepared as if the continuing operations of the Group were in existence for the whole of the period from 1 January 2012 to 31 December 2012.

2.3 BASIS OF CONSOLIDATION

The consolidated financial statements of the Group incorporate the financial statements of the Company and entities controlled by the Company (its "subsidiaries"). Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing whether control exists, potential voting rights that are currently exercisable are taken into account. The results of subsidiaries acquired or disposed of during the year are included in the Group income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those detailed herein to ensure that the Group financial statements are prepared on a consistent basis. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

2.4 GOING CONCERN

As discussed in more detail in the Directors' Report on page 85, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, accordingly, they have adopted the going concern basis in preparing the financial statements for the year ended 31 December 2013.

2.5 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in millions of pounds sterling, which is the functional currency of the Company, and rounded to one decimal place. Foreign operations are included in accordance with the policies set out in note 25.1.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

2. BASIS OF PREPARATION (CONTINUED)

2.6 DISCLOSURE OF EXCEPTIONAL ITEMS

IAS 1, *Presentation of Financial Statements*, provides no definitive guidance as to the format of the income statement, but states key lines which should be disclosed, encourages disclosure of additional line items where such presentation will assist in understanding financial performance and requires separate disclosure of material items of income or expense. Accordingly, the Company discloses exceptional items separately on the face of its Group income statement, together with a full explanation of the nature and function of such items in the notes to the financial statements.

Both materiality and the nature and function of the item are considered in deciding whether an item warrants treatment as an exceptional item. Such items may include, inter alia: the financial effect of major restructuring activity; profits or losses relating to current and non-current assets; gains or losses relating to employee benefit plans; profits or losses arising on business disposals; recognition and utilisation of deferred tax assets; and other items, including the taxation impact of the aforementioned items, which have a significant impact on the Group's results either due to their size or nature.

2.7 NEW AND REVISED IFRS

Effective from 1 January 2013, the Group has adopted the following amended and revised standards.

Amendment to IAS 1, *Presentation of Financial Statements* As a result of the amendments to IAS 1, the Group statement of comprehensive income has been modified to present separately items that may subsequently be reclassified to profit or loss from those that will never be reclassified. Comparative information has been restated accordingly. The adoption of this amendment has no impact on the previously reported comprehensive income or financial position of the Group.

IAS 19, *Employee Benefits (revised 2011)* IAS 19 revised has changed the way in which the Group calculates interest income on its pension plan assets and the way in which this interest is presented within the Group income statement. Under IAS 19 revised, interest income is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the plan assets at the beginning of the annual period, taking into account any changes in the assets during the period as a result of employer contributions and benefit payments. Previously, the Group determined interest income on its pension plan assets based on their long-term rate of expected return. The net finance cost on the net defined benefit liability was previously presented gross within finance income and finance costs in the Group income statement. The amount is now presented as a single net finance cost on the net defined benefit liability within finance costs. Prior year comparatives have been restated accordingly. This change in policy has no impact on the previously reported total comprehensive income or financial position of the Group.

During the year a number of other new and amended IFRS became effective and were adopted by the Group, none of which had a material impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share. A number of other new and amended IFRS were issued during the year, which do not become effective until after 1 January 2014, none of which is likely to have a material impact on the Group's net cash flows, financial position, total comprehensive income or earnings per share.

3. CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Determining the carrying amount of some assets and liabilities requires estimation of the effect of uncertain future events. The major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities are noted below.

3.1 GOODWILL

The Directors use their judgment to determine the extent to which goodwill has a value that will benefit the performance of the Group over future periods. To assist in making this judgment, the Directors undertake an assessment, at least annually, of the carrying value of the Group's capitalised goodwill. In the assessment undertaken as at 31 December 2013, further details of which are given in note 17, value in use was derived from discounted five-year cash flow projections, using a growth rate of 3.0% in the years beyond the projection period and pre-tax discount rates. The projection period is, in the opinion of the Directors, an appropriate period over which to view the future results of the Group's businesses for this purpose. Changes to the assumptions used in making these forecasts could significantly alter the Directors' assessment of the carrying value of goodwill.

3. CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.2 EMPLOYEE BENEFITS

The Group's financial statements include the costs and obligations associated with the provision of pension and other post-retirement benefits to current and former employees. It is the Directors' responsibility to set the assumptions used in determining the key elements of the costs of meeting such future obligations. The assumptions are set after consultation with the Group's actuary, and whilst the Directors believe that the assumptions used are appropriate, a change in the assumptions used would affect the Group's profit and financial position.

3.3 LIABILITY RESERVES

Alent has extensive international operations and is subject to various legal and regulatory regimes, including those covering taxation and environmental matters. Several of the Group's subsidiaries are parties to legal proceedings, certain of which are insured claims arising in the ordinary course of the operations of the company involved, and are aware of a number of issues which are, or may be, the subject of dispute with tax authorities. Reserves are made for the expected amounts payable in respect of known or probable costs resulting both from legal or other regulatory requirements, or from third-party claims. As the settlement of many of the obligations for which reserve is made is subject to legal or other regulatory process, the timing and amount of the associated outflows is subject to some uncertainty. The Directors use their judgment and experience to make reserves in the financial statements for an appropriate amount relating to such matters.

3.4 TAXATION

(a) Current tax

Tax benefits are not recognised unless it is probable that they will result in future economic benefits to the Group. In assessing the amount of the benefit to be recognised in the financial statements, the Directors exercise their judgment in considering the effect of negotiations, litigation and any other matters that they consider may impact upon the potential settlement. Any interest and penalties on tax liabilities are provided for in the tax charge. The Group operates internationally and is subject to tax in many different jurisdictions. As a consequence, the Group is routinely subject to tax audits and local enquiries which, by their very nature, can take a considerable period of time to conclude. Provisions are made for known issues based upon the Directors' interpretation of country-specific tax law and their assessment of the likely outcome.

(b) Deferred tax

The Group has recognised deferred tax assets in respect of unutilised losses and other timing differences arising in a number of the Group's businesses. Account has been taken of future forecasts of taxable profit in arriving at the values at which these assets are recognised. If these forecast profits do not materialise or change, or there are changes in tax rates or to the period over which the losses or timing differences might be recognised, then the value of deferred tax assets will need to be revised in a future period.

The Group also has losses and other timing differences for which no deferred tax assets have been recognised in these financial statements, relating either to loss-making subsidiaries where the future economic benefit of the timing difference is not probable or to where the timing difference is of such a nature that its value is dependent on certain types of profit being earned, such as capital profits. If operating or other appropriate profits are earned in future in these companies, these losses and other timing differences may yield benefit to the Group in the form of a reduced tax charge.

4. NON-GAAP FINANCIAL MEASURES

The Company uses a number of non-Generally Accepted Accounting Practice ("non-GAAP") financial measures in addition to those reported in accordance with IFRS. The Directors believe that these non-GAAP measures, listed below, are important when assessing the underlying financial and operating performance of the Group and its businesses.

4.1 NET SALES VALUE ("NSV")

NSV is revenue less commodity metals that pass through to customers. As the changes in the value of these commodity metals are passed through to customers, NSV is a more appropriate measure of the underlying activity of the business.

4.2 RETURN ON SALES AND NSV MARGIN

Return on sales is calculated as adjusted operating profit divided by revenue. NSV margin is calculated as adjusted operating profit divided by NSV.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

4. NON-GAAP FINANCIAL MEASURES (CONTINUED)

4.3 ADJUSTED RESULTS

Adjusted operating profit, adjusted profit before tax, adjusted profit for the year and adjusted earnings per share are, as appropriate, each stated before: exceptional items; amortisation of acquired intangible assets; deferred tax on acquired intangible assets and goodwill; acquisition costs; the impact arising from the fair valuing of financial instruments; profits or losses arising on business disposals; and demerger costs, and include the effect of proforma adjustments (note 4.13).

4.4 ADJUSTED CASH GENERATED FROM OPERATIONS

Adjusted cash generated from operations is cash generated from operations as reported in the Group statement of cash flows after adding back £nil (2012: £16.0m) for Woking restructuring (note 8) and £4.8m (2012: £5.7m) for demerger cash costs (note 9).

4.5 FREE CASH FLOW

Free cash flow is defined as net cash flow from operating activities after net outlays for the purchase and sale of property, plant and equipment and dividends from joint ventures but before additional funding contributions to Group pension plans.

4.6 AVERAGE WORKING CAPITAL TO SALES RATIO

The average working capital to sales ratio is calculated as the percentage of average working capital balances to the annualised revenue for the year. Average working capital (comprising inventories, trade and other receivables, and trade and other payables) is calculated as the average of the six previous month-end balances, and annualised revenue is derived from the revenue for the previous six months.

4.7 EBITDA

EBITDA is calculated as the total of operating profit before share of post-tax profit of joint ventures, exceptional items and depreciation charges.

4.8 NET INTEREST

Net interest is calculated as interest payable on borrowings less interest receivable, excluding any item therein considered by the Directors to be exceptional.

4.9 INTEREST COVER

Interest cover is the ratio of EBITDA to net interest.

4.10 NET DEBT

Net debt comprises the net total of: short-term deposits; cash at bank and in hand; bank overdrafts; and current and non-current interest-bearing borrowings net of capitalised borrowing costs.

4.11 NET DEBT TO EBITDA

Net debt to EBITDA is the ratio of net debt at the year-end to EBITDA for that year.

4.12 RETURN ON INVESTMENT

Return on investment ("ROI") is calculated as adjusted operating profit after tax plus share of post-tax profit of joint ventures, divided by invested capital (being total equity plus net debt, net employee benefit liabilities and goodwill previously written off to, or amortised against, reserves).

4.13 PROFORMA ADJUSTMENTS

In order to provide clearer financial information and performance metrics of Alent, proforma financial adjustments have been made to present the results for 2012 as if Alent had been a standalone Group for the whole of that period.

Proforma central costs of £7.5m represent estimated annual costs associated with becoming a separate stand-alone Group. Accordingly these costs have been presented on a proforma basis in the segmental analysis for 2012.

Proforma finance costs adjustments have been made to reflect Alent's post-demerger banking arrangements and debt levels, increasing the statutory net finance costs for 2012 by £4.9m, to £8.5m on a proforma basis.

Proforma tax adjustments have been made to reflect Alent's post-demerger structure and performance. As a result the proforma tax charge on ordinary activities for 2012 was £20.8m on adjusted profit before tax of £89.0m, an effective tax rate (before share of post-tax profit from joint ventures) of 23.4%.

5. SEGMENT INFORMATION

The segment information contained in this note makes reference to several non-GAAP financial measures, definitions for which can be found in note 4.

5.1 ACCOUNTING POLICY

(a) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for goods supplied and services rendered to customers after deducting rebates, discounts and value-added taxes, and after eliminating sales within the Group. Where a contractual arrangement consists of two or more separate elements that can be provided to customers either on a stand-alone basis or as an extra, such as the provision of supplementary materials with equipment, revenue is recognised for each element as if it were an individual contractual arrangement.

Sale of goods Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the customer, there is no continuing management involvement with the goods and recovery of the related consideration is probable. In practice this usually occurs when the goods have been delivered to, and accepted by, the customer. A provision for anticipated returns is made based primarily on historical return rates.

Construction contracts Where the outcome of a contractual arrangement, such as an equipment construction contract, can be estimated reliably, revenue and costs are recognised as performance occurs by reference to the stage of completion of the contract activity at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(b) Research and development costs

Research Expenditure on research activities is recognised in the income statement as an expense in the year in which it is incurred.

Development Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the income statement as an expense in the year in which it is incurred.

In determining whether development expenditure is capitalised as an intangible asset or recognised in the income statement as an expense, management considers whether the strict intangible asset recognition criteria set out in IAS 38, *Intangible Assets*, have been met at the time the expenditure is incurred. In making this determination, management recognise that a significant portion of the development expenditure undertaken by the Group is focused on incremental improvements to existing products, as opposed to new or substantially improved products, and that for most of the Group's product developments commercial feasibility is not probable until acceptance by potential end customers, so future economic benefits from the developments are not often probable at the time the expenditure is incurred.

5.2 BUSINESS SEGMENTS

For reporting purposes, the Group is organised into two main business segments, namely Assembly Materials and Surface Chemistries. It is the Alent Board that makes the key operating decisions in respect of these segments. The information used by the Board to review performance and determine resource allocation is presented with the Group's activities analysed between these two business segments. Taking into account the basis on which the Group's activities are reported to the Alent Board and the nature of the products and services within each of these business segments, the Directors believe that these two business segments are the appropriate way to analyse the Group's results. The principal activities of each of these segments are described in the Business Unit Review on pages 26 to 27.

Segment revenue represents revenue from external customers (inter-segment revenue is not material) and segment result is operating profit before share of joint ventures and exceptional items and before corporate costs directly related to managing the parent company, which are reported separately in the tables below. Segment result includes items directly attributable to a segment as well as those items that can be allocated on a reasonable basis.

During 2013, the comparative financial information reviewed by the Alent Board included the effect of proforma adjustments. Accordingly, the comparative financial information shown in the table below has been restated to reflect such proforma adjustments.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

5. SEGMENT INFORMATION (CONTINUED)

5.3 INCOME STATEMENT

	2013			
	Assembly Materials £m	Surface Chemistries £m	Corporate/ Unallocated £m	Group £m
Segment revenue	423.1	261.6	-	684.7
Segment net sales value	209.5	210.6	-	420.1
Adjusted segment EBITDA	63.4	46.5	-	109.9
Segment depreciation	(5.2)	(3.8)	-	(9.0)
Adjusted segment result	58.2	42.7	-	100.9
Adjusted corporate costs	-	-	(6.8)	(6.8)
Adjusted operating profit before share of joint ventures and exceptional items	58.2	42.7	(6.8)	94.1
Share of post-tax profit of joint ventures	-	0.8	-	0.8
Exceptional items	(4.4)	(5.9)	-	(10.3)
Operating profit	53.8	37.6	(6.8)	84.6
Finance costs				(7.4)
Finance income				0.5
Profit before tax				77.7
Return on sales margin (%)	13.8	16.3	-	13.7
NSV margin (%)	27.8	20.3	-	22.4
Capital expenditure additions (£m)	5.3	8.4	-	13.7
Average number of employees (number)	1,342	1,214	32	2,588

5. SEGMENT INFORMATION (CONTINUED)**5.3 INCOME STATEMENT (CONTINUED)**

	2012 Restated			
	Assembly Materials £m	Surface Chemistries £m	Corporate/ Unallocated £m	Group £m
Segment revenue	438.7	275.2	–	713.9
Segment net sales value	208.0	208.7	–	416.7
Adjusted segment EBITDA	64.1	49.5	–	113.6
Segment depreciation	(5.4)	(3.5)	–	(8.9)
Adjusted segment result	58.7	46.0	–	104.7
Adjusted corporate costs	–	–	(7.5)	(7.5)
Adjusted operating profit before share of joint ventures and exceptional items	58.7	46.0	(7.5)	97.2
Proforma adjustments ¹	(1.2)	(0.8)	7.8	5.8
Operating profit before share of joint ventures and exceptional items	57.5	45.2	0.3	103.0
Share of post-tax profit of joint ventures	–	0.3	–	0.3
Exceptional items	(0.4)	(9.7)	(5.7)	(15.8)
Operating profit	57.1	35.8	(5.4)	87.5
Demerger costs				(10.7)
Finance costs ²				(4.1)
Finance income ²				0.5
Profit before tax				73.2
Return on sales margin (%)	13.4	16.7	–	13.6
NSV margin (%)	28.2	22.0	–	23.3
Capital expenditure additions (£m)	6.9	15.0	–	21.9
Average number of employees (number)	1,347	1,212	21	2,580

1. See note 4.13 for an explanation of the proforma adjustments.

2. Excluding the impact of proforma adjustments.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

5. SEGMENT INFORMATION (CONTINUED)

5.4 GEOGRAPHIC ANALYSIS

	External revenue		Non-current assets	
	2013 £m	2012 £m	2013 £m	2012 £m
United States of America	165.0	174.5	112.4	113.6
China (including Hong Kong)	161.1	167.2	30.7	28.0
Germany	66.5	73.6	31.6	55.1
Taiwan	58.9	70.5	3.5	3.1
Brazil	31.7	33.7	2.4	2.7
United Kingdom	29.0	27.7	18.9	19.1
Singapore	28.5	28.1	90.7	96.1
Rest of the World	144.0	138.6	91.5	84.3
Total Group	684.7	713.9	381.7	402.0

External revenue disclosed in the table above is based upon the geographical location of the operation. The Group's customers are widely dispersed around the world and no single country included within Rest of the World in the table above, for either of the years presented, amounts to more than 5% of the Group's total external revenue. Non-current assets exclude deferred tax assets.

5.5 PRODUCTS AND CUSTOMERS

Information relating to the Group's products and services is given on pages 4 to 9. The Group is not dependent upon any single customer for its revenue and no single customer, for either of the years presented in the tables above, accounts for more than 10% of the Group's total external revenue.

6. EMPLOYEES

6.1 EMPLOYEE BENEFITS EXPENSE

	2013 £m	2012 £m
Wages and salaries	108.6	99.5
Social security costs	7.4	6.4
Pension costs – defined contribution pension plans (note 26)	5.8	5.6
– defined benefit pension and other post-retirement plans (note 26)	1.4	(1.0)
Share-based payments (note 27)	1.3	1.2
Total employee benefits expense	124.5	111.7

Of the total employee benefits expense of £124.5m (2012: £111.7m), £123.4m (2012: £111.2m) was charged in arriving at operating profit before share of joint ventures and exceptional items and £1.1m (2012: £0.5m) was charged within finance costs.

6. EMPLOYEES (CONTINUED)**6.2 REMUNERATION OF KEY MANAGEMENT PERSONNEL**

The members of the Board of Directors of Alent are the key management personnel of Alent. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report on pages 74 to 81.

For 2012, Directors of Alent plc who were also directors of Cookson Group plc were not included in the analysis in the table below as their costs were included in the central corporate costs of Cookson and were not recharged to Alent. As Mr Corbett was a Director of Alent plc and during the whole of the previous reporting period was Chief Executive of the Performance Materials division of Cookson Group, the analysis of his remuneration, which is included within the financial results of Alent for the 2012 reporting period, is noted below:

	2013 £m	2012 £m
Short-term employee benefits	0.8	0.4
Post-employment benefits	0.2	0.2
Share-based payments	0.6	0.3
Total remuneration of key management personnel	1.6	0.9

7. AMOUNTS PAYABLE TO KPMG LLP AND ITS ASSOCIATES

	2013 £m	2012 £m
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	0.2	0.3
Fees payable to the Company's auditor and its associates for other services:		
Audit of the Company's subsidiaries	0.7	0.8
Audit-related assurance services	0.1	-
Tax compliance services	0.1	0.1
Tax advisory services	-	0.3
Corporate finance services	-	1.2
Total auditor's remuneration	1.1	2.7

Fees relating to corporate finance services for 2012 represent amounts payable to KPMG LLP for services provided in relation to the demerger of Alent plc from the former Cookson Group plc.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

8. EXCEPTIONAL ITEMS

The table below details the exceptional items charged in arriving at Group operating profit, together with the segment against which they were charged.

	2013 £m	2012 £m
Restructuring charges		
Assembly Materials	(4.4)	(0.4)
Surface Chemistries	(5.9)	(3.1)
	(10.3)	(3.5)
Loss on construction contract		
Surface Chemistries	-	(6.6)
Disposal and closure costs		
Unallocated	-	(5.7)
Total exceptional items	(10.3)	(15.8)

Restructuring charges

Restructuring charges for the year amounted to £10.3m (2012: £3.5m) and arose in connection with initiatives to streamline the Group's manufacturing footprint and improve the Group's cost base. These initiatives included redundancy programmes, the downsizing or closure of facilities, the streamlining of manufacturing processes and the rationalisation of product lines. The net tax credit attributable to these restructuring charges was £1.9m (2012: £0.6m).

Restructuring cash costs of £4.0m (2012: £19.8m) were incurred in the year, of which £nil (2012: £16.0m) related to the purchase of a property in Woking, UK which was previously occupied on a leasehold basis and over which an onerous lease reserve had been established in 2009. The remaining cash costs in the year were incurred in respect of the restructuring initiatives commenced both in 2013 and in prior years, leaving provisions made but unspent of £9.7m (2012: £3.8m).

Loss on construction contract

The one-off loss on a construction contract of £6.6m in 2012 related to a contract for the installation of a chemical treatment line and represented the additional costs to complete the project incurred by Alent after the third party sub-contracted to carry out the work went into liquidation. The tax credit attributable to this loss was £1.9m.

8. EXCEPTIONAL ITEMS (CONTINUED)*Disposal and closure costs*

Costs of £5.7m arose in 2012 in connection with the demolition, monitoring and clean-up of sites of former Group businesses that were either closed or disposed of in prior years. No tax credit was attributable to these costs.

Impact of exceptional items on reported costs

The table below shows manufacturing costs and administration, selling and distribution costs, both before and after items reported as exceptional items in the Group income statement.

	2013			2012		
	Before exceptional items £m	Exceptional items £m	After exceptional items £m	Before exceptional items £m	Exceptional items £m	After exceptional items £m
Manufacturing costs	433.3	-	433.3	460.6	6.6	467.2
Administration, selling and distribution costs	157.3	10.3	167.6	150.3	9.2	159.5
	590.6	10.3	600.9	610.9	15.8	626.7

9. DEMERGER COSTS

One-off costs of £10.7m were incurred in 2012 in effecting the demerger of Alent from Cookson Group plc, of which £4.8m (2012: £5.7m) were paid in cash in the year. The costs principally related to professional fees for audit and accounting services, pension advice, and legal and regulatory compliance services. In addition to these costs, £2.9m of costs were incurred in 2012 associated with establishing Alent's new bank facility, which were capitalised against borrowings. No tax credit was attributable to these costs (2012: £2.9m charge).

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

10. FINANCE COSTS AND FINANCE INCOME

10.1 ACCOUNTING POLICY

Borrowing costs are recognised as an expense in the income statement using the effective interest rate method.

10.2 NET FINANCE COSTS

	2013 £m	Restated 2012 £m
Finance costs	7.4	4.1
Finance income	(0.5)	(0.5)
Total net finance costs	6.9	3.6

Finance costs and finance income in 2012 have been restated following the adoption of IAS 19, Employee Benefits (Revised 2011), such that £2.3m previously included within finance income is included above within finance costs and in the table in 10.3 below within the net interest expense of the net defined benefit liability.

10.3 FINANCE COSTS AND FINANCE INCOME

	2013 £m	Restated 2012 £m
Interest payable on borrowings		
Loans, overdrafts and factoring arrangements	6.2	0.9
Other borrowings	-	2.3
Total interest payable on borrowings	6.2	3.2
Other interest payable		
Net interest expense on the net defined benefit liability	1.1	0.5
Unwinding of discounted provisions	0.1	0.4
Total finance costs	7.4	4.1
Interest receivable	(0.5)	(0.5)
Total finance income	(0.5)	(0.5)

11. INCOME TAX

11.1 ACCOUNTING POLICY

Tax expense represents the sum of current tax and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items charged or credited in other comprehensive income or directly to equity, in which case the associated tax is also dealt with in other comprehensive income or directly to equity.

Current tax is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable nor deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax 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 rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

11. INCOME TAX (CONTINUED)**11.1 ACCOUNTING POLICY (CONTINUED)**

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax 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 to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

11.2 INCOME TAX COSTS

	2013 £m	2012 £m
Current tax		
Current year	18.9	22.1
Adjustments in respect of prior years	0.5	(0.9)
Total current tax	19.4	21.2
Deferred tax		
Origination and reversal of temporary taxable differences	2.9	4.6
Recognition of US deferred tax asset	(6.1)	-
Adjustments in respect of prior years	(0.1)	2.4
Total deferred tax	(3.3)	7.0
Total income tax costs	16.1	28.2
Total income tax costs attributable to:		
Ordinary activities	20.9	23.3
Exceptional items	(4.8)	4.9
Total income tax costs	16.1	28.2

The Group's total income tax costs of £16.1m (2012: £28.2m) include a credit of £4.8m (2012: £4.9m charge) relating to exceptional items as analysed in the table below:

	2013 £m	2012 £m
Restructuring charges	(1.9)	(0.6)
Loss on construction contract	-	(1.9)
Deferred tax on goodwill	3.2	4.5
Demerger related tax costs	-	2.9
Recognition of US deferred tax asset	(6.1)	-
Total tax (credit)/charge on exceptional items	(4.8)	4.9

Tax credited in the Group statement of comprehensive income in the year amounted to £nil (2012: £0.2m all of which related to net actuarial gains and losses on employee benefits plans).

The Group operates in a number of countries that have differing tax rates, laws and practices. Changes in any of these areas could, adversely or positively, impact the Group's tax charge in the future. Continuing losses, or insufficiency of taxable profit to absorb all expenses, in any subsidiary could have the effect of increasing tax charges in the future, relative to 2013, as effective tax relief may not be available for those losses or expenses. Other significant factors affecting the tax charge are described in notes 3.4 and 11.1.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

11. INCOME TAX (CONTINUED)

11.3 RECONCILIATION OF INCOME TAX COSTS TO PROFIT BEFORE TAX

	2013 £m	2012 £m
Profit before tax	77.7	73.2
Tax at the UK corporation tax rate of 23.25% (2012: 24.5%)	18.1	17.9
Overseas tax rate differences	4.4	2.9
Withholding taxes	2.7	5.6
Deferred tax on goodwill	3.2	4.5
Recognition of US deferred tax asset	(6.1)	-
Expenses not deductible for tax purposes (principally demerger costs in 2012)	0.2	2.6
Utilisation of unrecognised deferred tax asset	(6.8)	(6.8)
Adjustments in respect of prior years	0.4	1.5
Total income tax costs	16.1	28.2

11.4 DEFERRED TAX

	Accelerated capital allowances £m	Other operating losses £m	Pension costs £m	Intangible assets £m	Timing differences £m	Total £m
As at 1 January 2012	(0.9)	4.6	0.3	(25.8)	2.4	(19.4)
Exchange adjustments	-	(0.5)	0.2	1.4	0.4	1.5
Credit to Group statement of comprehensive income	-	-	0.2	-	-	0.2
Credit/(charge) to Group income statement	0.4	(1.4)	(0.1)	(4.5)	(1.4)	(7.0)
As at 1 January 2013	(0.5)	2.7	0.6	(28.9)	1.4	(24.7)
Exchange adjustments	-	(0.3)	-	0.6	(0.1)	0.2
Credit/(charge) to Group income statement	0.3	6.4	(0.1)	(3.2)	(0.1)	3.3
As at 31 December 2013	(0.2)	8.8	0.5	(31.5)	1.2	(21.2)

	2013 £m	2012 £m
Recognised in the Group balance sheet as:		
Non-current deferred tax assets	11.2	5.2
Non-current deferred tax liabilities	(32.4)	(29.9)
Net total deferred tax liabilities	(21.2)	(24.7)

Tax loss carry-forwards and other temporary differences of £0.2m (2012: £0.5m) were recognised by subsidiaries reporting a loss in 2012 or 2013. On the basis of approved business plans of these subsidiaries, the Directors consider it probable that the tax loss carry-forwards and temporary differences can be offset against future taxable profits.

The total deferred tax asset not recognised as at 31 December 2013 was £128.7m (2012: £139.3m) as analysed below.

	2013 £m	2012 £m
Operating losses	67.9	76.1
Capital losses available to offset future US capital gains (due to expire 2017)	18.5	18.8
Other timing differences	42.3	44.4
Total deferred tax asset not recognised	128.7	139.3

11. INCOME TAX (CONTINUED)**11.4 DEFERRED TAX (CONTINUED)**

In accordance with the accounting policy in note 11.1, these items have not been recognised as deferred tax assets on the basis that their future economic benefit is not probable. In total, there was a decrease of £10.6m (2012: £13.5m increase) in net unrecognised deferred tax assets during the year.

As at 31 December 2013, the Group had total operating losses carried forward with a tax value of £76.7m (2012: £78.8m) as analysed below.

	2013 £m	2012 £m
Losses available to set against future US taxable income (due to expire 2021 to 2032)	57.8	61.0
Losses available to set against future UK taxable income (may be carried forward indefinitely)	9.7	7.6
Losses available to set against future ROW taxable income		
Due to expire within 5 years	2.3	3.1
Due to expire between 5 and 20 years	2.8	2.9
Carried forward indefinitely	4.1	4.2
ROW operating losses	9.2	10.2
Total net operating losses	76.7	78.8

The above losses available relating to the rest of the world arise in a number of countries and are not individually significant, reflecting the spread of the Group's operations.

As at 31 December 2013, the Group had unrecognised US tax credits carried forward with a tax value of £18.1m (2012: £17.1m) as follows:

	2013 £m	2012 £m
US research and experimentation credits (due to expire 2017 to 2033)	4.9	4.8
US foreign tax credits (due to expire 2014 to 2022)	13.2	12.3
Total US tax credits	18.1	17.1

From 1 April 2013, the UK corporation tax rate reduced to 23%. On 2 July 2013, the UK Government passed the 2013 Finance Bill, which will reduce the main rate of corporation tax to 21% from 1 April 2014, with a further rate reduction to 20% from 1 April 2015. Accordingly, the Group's closing UK deferred tax liability has been provided using a tax rate of between 21% and 20%, depending on the expected timing of the realisation or settlement of the liability.

12. EARNINGS PER SHARE ("EPS")**12.1 PER SHARE AMOUNTS**

	2013 pence	2012 pence
EPS – basic	22.1	16.2
– diluted	22.1	16.2

12.2 EARNINGS FOR EPS

Basic and diluted EPS are based upon profit for the year as reported in the Group income statement of £61.6m (2012: £45.0m).

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12. EARNINGS PER SHARE ("EPS") (CONTINUED)

12.3 WEIGHTED AVERAGE NUMBER OF SHARES

	2013 m	2012 m
For calculating basic EPS	278.4	277.5
Adjustment for dilutive potential ordinary shares	0.6	0.9
For calculating diluted EPS	279.0	278.4

Prior to the demerger from Vesuvius plc on 19 December 2012, Alent was part of Cookson Group plc. Accordingly, Alent's weighted average share capital for 2012 has been calculated by reference to movements in the number of issued ordinary shares of Cookson Group plc for the period from 1 January 2012 to 19 December 2012 and by reference to movements in the number of issued ordinary shares of Alent plc with effect from 19 December 2012.

For the purposes of calculating diluted EPS, the weighted average number of ordinary shares is adjusted to include the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares relating to the Company's share-based payment plans. Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease earnings per share, or increase loss per share, from continuing operations.

Other than the ordinary shares shown as being dilutive in the table above, the Company had no other outstanding options or share awards in relation to its share-based payment plans that could dilute EPS in the future, but which are not included in the calculation of diluted EPS above because they were anti-dilutive in the years presented.

13. FREE CASH FLOW

	2013 £m	2012 £m
Net cash inflow from operating activities	74.6	39.6
Additional funding contributions to Group pension plans	1.9	2.1
Capital expenditure	(13.7)	(21.9)
Proceeds from the sale of property, plant and equipment	0.1	1.8
Dividends received from joint ventures	5.5	0.3
Free cash flow	68.4	21.9

14. RECONCILIATION OF MOVEMENT IN NET DEBT

	Balance at 1 January 2013 £m	Foreign exchange adjustments £m	Non-cash movements £m	Cash flow £m	Balance at 31 December 2013 £m
Short-term deposits	-	-	-	0.6	0.6
Cash at bank and in hand	81.5	(0.7)	-	(18.3)	62.5
Cash and short-term deposits	81.5	(0.7)	-	(17.7)	63.1
Bank overdrafts	(0.9)	0.3	-	(6.2)	(6.8)
Cash and cash equivalents	80.6	(0.4)	-	(23.9)	56.3
Current interest-bearing borrowings	(0.2)	-	-	-	(0.2)
Non-current interest-bearing borrowings	(227.7)	8.5	-	64.5	(154.7)
Capitalised borrowing costs	2.9	-	(0.8)	-	2.1
Borrowings, excluding bank overdrafts	(225.0)	8.5	(0.8)	64.5	(152.8)
Net debt	(144.4)	8.1	(0.8)	40.6	(96.5)

14. RECONCILIATION OF MOVEMENT IN NET DEBT (CONTINUED)

Net debt is a measure of the Group's net indebtedness to banks and other external financial institutions and comprises the net total of: short-term deposits; cash at bank and in hand; bank overdrafts; and current and non-current interest-bearing borrowings net of capitalised borrowing costs. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Group statement of cash flows. There is no significant difference between the fair value of the Group's net debt and the amount at which it is reported in the Group balance sheet.

15. PROPERTY, PLANT AND EQUIPMENT**15.1 ACCOUNTING POLICY**

Freehold land is carried at cost less accumulated impairment losses. Other items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Costs are capitalised only when it is probable that they will result in future economic benefits flowing to the Group and when they can be measured reliably. All other repairs and maintenance expenditure is charged to the Group income statement in the period in which it is incurred.

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment begins when the asset is available for use and is therefore not charged on construction in progress. Depreciation is charged to the Group income statement on a straight-line basis so as to write off the cost less residual value of the asset over its estimated useful life as follows:

Asset category	Estimated useful life
Freehold property	between 10 and 50 years
Leasehold property	the term of the lease
Plant and equipment – motor vehicles	between 1 and 5 years
– information technology equipment	between 1 and 5 years
– other	between 5 and 15 years

The depreciation method used, residual values and estimated useful lives are reviewed and changed, if appropriate, at least at each financial year-end. As described in note 17.1, an asset's carrying amount is immediately written down to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Gains and losses arising on disposals are determined by comparing the sales proceeds with the carrying amount and are recognised in the Group income statement.

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15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

15.2 MOVEMENT IN NET BOOK VALUE

	Freehold property £m	Leasehold property £m	Plant and equipment £m	Construction in progress £m	Total £m
Cost					
As at 1 January 2012	54.9	14.2	132.1	15.5	216.7
Exchange adjustments	(2.1)	(0.3)	(5.2)	(0.6)	(8.2)
Capital expenditure additions	5.6	0.4	6.1	9.8	21.9
Disposals	(4.4)	(0.1)	(3.3)	-	(7.8)
Reclassifications	(1.6)	2.6	5.5	(6.5)	-
As at 1 January 2013	52.4	16.8	135.2	18.2	222.6
Exchange adjustments	(0.9)	(0.7)	(4.3)	-	(5.9)
Capital expenditure additions	0.1	-	6.0	7.6	13.7
Disposals	(0.1)	(0.1)	(3.0)	-	(3.2)
Reclassifications	0.3	0.4	2.4	(3.1)	-
As at 31 December 2013	51.8	16.4	136.3	22.7	227.2
Accumulated depreciation and impairment losses					
As at 1 January 2012	34.8	6.5	99.6	-	140.9
Exchange adjustments	(1.3)	(0.3)	(3.4)	-	(5.0)
Depreciation charge	0.8	1.5	6.6	-	8.9
Disposals	(2.9)	-	(3.2)	-	(6.1)
Reclassifications	(1.4)	1.5	(0.1)	-	-
As at 1 January 2013	30.0	9.2	99.5	-	138.7
Exchange adjustments	(0.3)	(0.4)	(2.5)	-	(3.2)
Depreciation charge	0.8	0.9	7.3	-	9.0
Disposals	-	-	(2.5)	-	(2.5)
Reclassifications	0.3	-	(0.3)	-	-
As at 31 December 2013	30.8	9.7	101.5	-	142.0
Net book value as at 31 December 2013	21.0	6.7	34.8	22.7	85.2
Net book value as at 31 December 2012	22.4	7.6	35.7	18.2	83.9
Net book value as at 1 January 2012	20.1	7.7	32.5	15.5	75.8

The net book value of assets held under finance leases as at 31 December 2013, 31 December 2012 and 1 January 2012 was not material.

16. INTANGIBLE ASSETS

Intangible assets comprise goodwill that has been acquired through business combinations.

16.1 ACCOUNTING POLICY

Goodwill arising in a business combination is initially recognised as an asset at cost, measured as the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount of any non-controlling interest acquired over the net of the acquisition-date fair value amounts of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Goodwill is subsequently measured at cost less accumulated impairment losses, with impairment testing carried out annually, or more frequently when there is an indication that the cash-generating unit to which the goodwill has been allocated may be impaired. On disposal of a business, the attributable amount of goodwill is included in the calculation of the profit or loss on disposal.

16. INTANGIBLE ASSETS (CONTINUED)**16.2 MOVEMENT IN NET BOOK VALUE**

	2013	2012
	Goodwill £m	Goodwill £m
Cost and net book value		
As at 1 January	295.0	298.8
Exchange adjustments	(6.5)	(6.6)
Business combinations (note 31)	-	2.8
As at 31 December	288.5	295.0

16.3 ANALYSIS OF GOODWILL BY CASH-GENERATING UNIT ("CGU")

Goodwill acquired in a business combination is allocated to each of the Group's CGUs expected to benefit from the synergies of the combination. For the purposes of impairment testing, the Directors consider that the Group has two CGUs: the Assembly Materials and Surface Chemistries businesses. These CGUs represent the lowest level within the Group at which goodwill is monitored.

	2013 £m	2012 £m
Surface Chemistries	223.7	226.8
Assembly Materials	64.8	68.2
Total goodwill	288.5	295.0

17. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS**17.1 ACCOUNTING POLICY**

At each balance sheet date, the Directors review the carrying value of the Group's tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not feasible to estimate the recoverable amount of an individual asset, the Directors estimate the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

Goodwill acquired in a business combination is allocated to each of the Group's CGUs expected to benefit from the synergies of the combination and the Directors carry out annual impairment testing of the carrying value of its CGUs, to assess the need for any impairment of the carrying value of goodwill and other intangible and tangible assets associated with these CGUs.

For the purpose of impairment testing, the recoverable amount of an asset or CGU is the higher of (i) its fair value less costs to sell and (ii) its value in use. If the recoverable amount of a CGU is less than the carrying amount of that CGU, the resulting impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro rata on the basis of the carrying amount of each asset in the CGU. An impairment loss recognised for goodwill is not reversed in a subsequent period. An impairment loss recognised in a prior year for an asset other than goodwill may be reversed where there has been a change in the estimates used to measure the asset's recoverable amount since the impairment loss was recognised. The value in use calculations of the Group's CGUs are based on detailed business plans covering a three year period from the balance sheet date, higher level assumptions covering a further two year period and perpetuity calculations beyond this five year projection period. The cash flows in the calculations are discounted to their current value using pre-tax discount rates.

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17. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS (CONTINUED)

17.2 KEY ASSUMPTIONS

The key assumptions used in determining value in use are NSV margin, growth rates and discount rates. NSV margin assumptions are based on historical financial information, adjusted to factor in the anticipated impact of restructuring and rationalisation plans already announced at the balance sheet date.

Growth rates are determined with reference to: current market conditions; external forecasts and historical trends for the Group's key end-markets of electronics and automotive; and expected growth in output within the industries in which each CGU operates. A perpetuity growth rate of 3.0% (2012: 2.5%) has been applied based upon external forecasts of the long-term growth rates experienced in the Group's end-market locations.

Discount rates are calculated for each CGU, reflecting market assessments of the time value of money and the risks specific to each CGU. The pre-tax discount rate used for the Assembly Materials CGU was 14.1% (2012: 13.8%) and for the Surface Chemistries CGU 12.5% (2012: 14.0%).

17.3 GOODWILL IMPAIRMENT

In assessing goodwill for potential impairment as at 31 December 2013, the Directors made use of detailed calculations of the recoverable amount of the Group's CGUs as at 31 December 2013. Those calculations resulted in recoverable amounts significantly higher than the carrying values of each of the Group's CGUs and consequently no impairment charges were recognised.

18. TRADE AND OTHER RECEIVABLES

18.1 ACCOUNTING POLICY

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less impairment losses.

18.2 ANALYSIS OF TRADE AND OTHER RECEIVABLES

	2013			2012		
	Gross £m	Impairment £m	Net £m	Gross £m	Impairment £m	Net £m
Trade receivables						
– current	100.0	-	100.0	104.4	(0.1)	104.3
– 1 to 30 days past due	9.2	(0.1)	9.1	11.2	(0.2)	11.0
– 31 to 60 days past due	1.6	(0.1)	1.5	1.9	(0.4)	1.5
– 61 to 90 days past due	0.4	(0.1)	0.3	0.4	(0.1)	0.3
– more than 90 days past due	2.1	(1.8)	0.3	3.7	(3.4)	0.3
Trade receivables	113.3	(2.1)	111.2	121.6	(4.2)	117.4
Other receivables			14.6			15.5
Prepayments and accrued income			5.2			5.1
Total trade and other receivables			131.0			138.0

All of the Group's operating companies have policies and procedures in place to assess the creditworthiness of the customers with whom they do business. Where objective evidence exists that a trade receivable balance may be impaired, provision is made for the difference between its carrying amount and the present value of the estimated cash that will be recovered. Evidence of impairment may include such factors as the customer being in breach of contract, or entering bankruptcy or financial reorganisation proceedings. Impairment provisions are assessed on an individual customer basis for all significant outstanding balances and collectively for all remaining balances, based upon historical loss experience. Historical experience has shown that the Group's trade receivable provisions are maintained at levels that are sufficient to absorb actual bad debt write-offs, without being excessive.

18. TRADE AND OTHER RECEIVABLES (CONTINUED)**18.3 MOVEMENTS ON IMPAIRMENT PROVISIONS**

	2013 £m	2012 £m
As at 1 January	4.2	4.2
Exchange adjustments	-	(0.1)
Charge for the year	0.6	1.8
Receivables written off during the year as uncollectable	(2.1)	(1.6)
Unused amounts reversed	(0.6)	(0.1)
As at 31 December	2.1	4.2

Impairment charges, write-offs and the reversal of unused amounts shown in the table above are charged or credited as appropriate within administration, selling and distribution costs in the Group income statement. All of the provision for impairment of trade receivables at 31 December 2013 of £2.1m (2012: £4.2m) related to balances that were impaired on an individual basis.

Due to the large number of customers that the Group transacts its business with, none of which represents a significant proportion of the total outstanding trade receivables balance, the Group is not exposed to any significant concentration of credit risk. There is no significant difference between the fair value of the Group's trade and other receivable balances and the amount at which they are reported in the Group balance sheet.

19. INVENTORIES**19.1 ACCOUNTING POLICY**

Inventories are stated at the lower of cost (using the first-in, first-out method) and net realisable value. Cost comprises expenditure incurred in purchasing or manufacturing inventories together with all other costs directly incurred in bringing the inventory to its present location and condition and, where appropriate, attributable production overheads based on normal activity levels. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. The amount of any write-down of inventories to net realisable value is recognised as an expense in the year in which the write-down occurs.

19.2 ANALYSIS OF INVENTORIES

	2013 £m	2012 £m
Raw materials	17.4	14.3
Work-in-progress	8.1	11.9
Finished goods	26.1	27.3
Total inventories	51.6	53.5

The cost of inventories recognised as an expense and included in cost of sales in the income statement during the year was £378.5m (2012: £408.7m).

As at 31 December 2013, in addition to the inventory recorded in the balance sheet, the Group held £10.1m (2012: £13.8m) of precious metals on consignment terms. As the precious metals consignors retain title and associated risks and rewards of ownership under these arrangements, the value of the physical metal so held is not recognised in the balance sheet. Consequently, the obligations in respect of the consigned metal are not recognised as a liability in the Group balance sheet.

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20. DERIVATIVE FINANCIAL INSTRUMENTS

20.1 ACCOUNTING POLICY

The Group uses derivative financial instruments ("derivatives") in the form of forward foreign currency contracts and forward commodity contracts to manage the effects of its exposure to foreign exchange risk and commodity price risk. The way in which derivatives are used to manage the Group's financial risk is detailed in note 25.

Derivatives are measured at fair value. The fair value of forward foreign currency contracts and forward commodity contracts is calculated using market prices at the balance sheet date.

The method of recognising the gain or loss on remeasurement to fair value depends on whether the derivative is designated as a hedging instrument for hedge accounting purposes and, if so, the nature of the item being hedged. Strict conditions have to be satisfied in order to qualify for hedge accounting, including a determination both at inception of the hedge and on an ongoing basis that the hedge is expected to be highly effective in achieving offsetting changes in fair values or cash flows attributable to the hedged risk. The change in fair value of a derivative that is not designated as a hedging instrument for hedge accounting purposes is recognised within operating profit in the Group income statement. Wherever possible, the Group avoids the administrative burden of hedge accounting, and does not designate a derivative as a hedge when, in the absence of hedge accounting, the change in fair value of the hedged item is itself recognised within operating profit in the Group income statement in the same period as the change in fair value of the derivative. No derivatives are held for speculative purposes.

Cash flow hedges

The effective part of any gain or loss on a derivative that is designated as a cash flow hedge is recognised in other comprehensive income and presented in the hedging reserve in equity. The ineffective part of any gain or loss is recognised immediately within operating profit. When the transaction that was being hedged is realised and affects profit or loss, the cumulative gain or loss on the derivative is removed from the hedging reserve and recognised in the income statement in the same period.

Fair value hedges

The change in fair value of a derivative that is designated as a fair value hedge is recognised within operating profit in the income statement. The carrying amount of the hedged item is adjusted by the change in its fair value that is attributable to the hedged risk and this adjustment is recognised within operating profit in the income statement.

20.2 ANALYSIS OF DERIVATIVE FINANCIAL INSTRUMENTS

	2013		2012	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Cash flow hedges	-	-	0.2	-
Fair value hedges	0.5	(0.2)	0.1	(0.3)
Total derivative financial instruments	0.5	(0.2)	0.3	(0.3)

All of the fair values shown in the table above have been calculated using quoted prices from active markets. Cash flows in respect of the cash flow hedges shown in the table above will all occur in 2014. All of the £0.2m (2012: £0.3m) of derivative liabilities reported in the table above will mature within a year of the balance sheet date.

Cash flow hedges

Cash flow hedges in the table above include: forward foreign currency contracts used to hedge the currency risk in forecast sales or purchases; and forward metal purchase contracts used to hedge the cash flow risk relating to future sales arising from fluctuation in commodity metals prices.

Fair value hedges

Fair value hedges in the table above comprise forward foreign currency contracts used to hedge the currency risk in payables and receivables and forward metal sales contracts used to hedge the fair value risk relating to the balance sheet value of inventory arising from fluctuation in commodity metals prices.

21. ISSUED SHARE CAPITAL**21.1 ACCOUNTING POLICY**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

21.2 ANALYSIS OF ISSUED SHARE CAPITAL

Detailed information on the Company's issued share capital is given in note 7 of the Notes to the Company Financial Statements.

Further information relating to the Company's share capital is given in the Directors' Report on page 85.

22. OTHER RESERVES

	Other capital reserve £m	Other reserve £m	Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Total £m
As at 1 January 2012	444.7	(862.4)	-	(1.6)	(2.4)	(421.7)
Items included within other comprehensive income:						
Exchange differences on translation of the net assets of foreign operations	-	-	-	-	(11.0)	(11.0)
Change in fair value of cash flow hedges	-	-	-	1.9	-	1.9
As at 1 January 2013	444.7	(862.4)	-	0.3	(13.4)	(430.8)
Items included within other comprehensive income:						
Exchange differences on translation of the net assets of foreign operations	-	-	-	-	(15.1)	(15.1)
Exchange differences on translation of net investment hedges	-	-	-	-	8.5	8.5
Change in fair value of cash flow hedges	-	-	-	(0.4)	-	(0.4)
Transactions with owners:						
Redemption of redeemable preference shares	-	-	0.1	-	-	0.1
As at 31 December 2013	444.7	(862.4)	0.1	(0.1)	(20.0)	(437.7)

Other capital reserve

On 19 December 2012, Alent plc issued 278,448,752 ordinary shares of £1.50 each to the public shareholders of Vesuvius plc in return for the receipt of the entire share capital of Alent Investments Limited. Alent plc applied merger relief under section 612 of the Companies Act 2006 to this transaction and, accordingly, the excess of the total market value of Alent Investments Limited, being £862.4m, over the nominal value of the shares issued of £417.7m has been recorded in the other capital reserve.

Other reserve

The other reserve arose as a result of applying reverse acquisition accounting following the demerger of the Alent Group from Cookson Group plc, and represents the difference between the capital reserves of the legal acquirer of the Alent Group, Alent plc, and those of the legal acquiree, Alent Investments Limited.

Capital redemption reserve

On 9 December 2013, Alent plc redeemed the 50,000 redeemable non-voting preference shares with a nominal value of £1.00 per share. Further details can be found in note 7 of the Notes to the Company Financial Statements.

Translation reserve

The translation reserve in the table above comprises all foreign exchange differences attributable to the owners of the parent. These exchange differences arise from the translation of the financial statements of foreign operations and from the translation of financial instruments that hedge the Group's net investment in foreign operations.

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23. RETAINED EARNINGS

	Reserve for own shares £m	Share option reserve £m	Other retained earnings £m	Total retained earnings £m
As at 1 January 2012	-	2.0	456.7	458.7
Profit for the year	-	-	45.0	45.0
Items included within other comprehensive income:				
Remeasurement of the net defined benefit liability	-	-	(3.5)	(3.5)
Income tax on items recognised in other comprehensive income	-	-	0.2	0.2
Transactions with owners:				
Recognition of share-based payments	-	1.0	-	1.0
Release of share option reserve on exercised and lapsed options	-	(1.1)	1.1	-
Capital reduction	-	-	389.9	389.9
Capital contribution to Vesuvius plc	-	-	(245.0)	(245.0)
Capital contribution from Vesuvius plc	-	-	32.7	32.7
As at 1 January 2013	-	1.9	677.1	679.0
Profit for the year	-	-	61.6	61.6
Items included within other comprehensive income:				
Remeasurement of the net defined benefit liability	-	-	3.9	3.9
Transactions with owners:				
Recognition of share-based payments	-	1.4	-	1.4
Release of share option reserve on exercised and lapsed options	-	(1.4)	1.4	-
Purchase of own shares	(0.2)	-	-	(0.2)
Redemption of redeemable preference shares	-	-	(0.1)	(0.1)
Equity dividends paid	-	-	(23.3)	(23.3)
As at 31 December 2013	(0.2)	1.9	720.6	722.3

24. DIVIDENDS

A final dividend for the year ended 31 December 2012 of £15.3m (2011: £nil), equivalent to 5.5 pence per ordinary share, was paid in June 2013 and an interim dividend for the year ended 31 December 2013 of £8.0m (2012: £nil), equivalent to 2.89 pence per ordinary share was paid in October 2013, resulting in a total cash cost of dividends paid in 2013 of £23.3m (2012: £nil).

A proposed final dividend for the year ended 31 December 2013 of £15.9m, equivalent to 5.71 pence per ordinary share, is subject to approval by shareholders at the Company's Annual General Meeting and has not been included as a liability in these financial statements. If approved by shareholders, the dividend will be paid on 19 June 2014 to ordinary shareholders on the register at 16 May 2014.

25. FINANCIAL RISK MANAGEMENT**25.1 ACCOUNTING POLICY***(a) Non-derivative financial instruments*

Loans and borrowings are initially recognised at fair value plus directly attributable transaction costs. After initial recognition they are measured at amortised cost, using the effective interest method.

(b) Foreign currencies

The individual financial statements of each Group entity are prepared in their functional currency, which is the currency of the primary economic environment in which that entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated into pounds sterling, which is the presentational currency of the Group.

Reporting foreign currency transactions in functional currency

Transactions in currencies other than the entity's functional currency (foreign currencies) are initially recorded at the rates of exchange prevailing on the dates of the transactions. At each subsequent balance sheet date:

- (i) Foreign currency monetary items are retranslated at the rates prevailing at the balance sheet date. Exchange differences arising on the settlement or retranslation of monetary items are recognised in the Group income statement; and
- (ii) Non-monetary items measured at historical cost in a foreign currency are not retranslated.

Translation from functional currency to presentational currency

When the functional currency of a Group entity is different from the Group's presentational currency (pounds sterling), its results and financial position are translated into the presentational currency as follows:

- (i) Assets and liabilities are translated using exchange rates prevailing at the balance sheet date;
- (ii) Income and expense items are translated at average exchange rates for the year, except where the use of such average rates does not approximate the exchange rate at the date of a specific transaction, in which case the transaction rate is used; and
- (iii) All resulting exchange differences are recognised in other comprehensive income and presented in the translation reserve in equity and are reclassified to profit or loss in the period in which the foreign operation is disposed.

Net investment in foreign operations

Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation are initially recognised in other comprehensive income and presented in the translation reserve in equity and reclassified to profit or loss on disposal of the net investment.

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25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.2 FINANCIAL RISK FACTORS

The Group's treasury department, acting in accordance with policies approved by the Board, is principally responsible for managing the financial risks faced by the Group. The Group's activities expose it to a variety of financial risks, the most significant of which are market risk and liquidity risk.

(a) Market risk

Market risk is the risk that either the fair values or the cash flows of the Group's financial instruments may fluctuate because of changes in market prices. The Group is principally exposed to market risk through fluctuations in exchange rates ("currency risk") and interest rates ("interest rate risk").

Currency risk

The Group is exposed to currency risk on its borrowings and financial assets (being cash and short-term deposits) that are denominated in currencies other than pounds sterling. The Group's general policy is proportionally to match the currency profile of its core borrowings with the currency profile of its earnings and net assets achieved, where necessary, by the use of forward foreign exchange contracts ("FX swaps"). The currency profile of the Group's borrowings and financial assets is shown in the table below.

	2013			2012		
	Borrowings £m	Financial assets £m	Net debt £m	Borrowings £m	Financial assets £m	Net debt £m
Chinese renminbi	-	23.2	23.2	-	29.8	29.8
Euro	(31.5)	10.5	(21.0)	(0.1)	14.2	14.1
Sterling	(55.8)	5.7	(50.1)	(228.2)	16.5	(211.7)
United States dollar	(73.0)	0.2	(72.8)	(0.3)	7.5	7.2
Other	(1.4)	23.5	22.1	(0.2)	13.5	13.3
Capitalised borrowing costs	2.1	-	2.1	2.9	-	2.9
As at 31 December	(159.6)	63.1	(96.5)	(225.9)	81.5	(144.4)

Based upon the currency profile shown in the table above, while not impacting reported profit, the change in net debt arising from a 10% strengthening of sterling would increase reported equity by £4.4m (2012: reduce by £5.9m) and a corresponding 10% weakening of sterling would reduce reported equity by £5.4m (2012: increase by £7.2m).

25. FINANCIAL RISK MANAGEMENT (CONTINUED)**25.2 FINANCIAL RISK FACTORS (CONTINUED)**

The tables below show the net unhedged monetary assets and liabilities of Group companies that are not denominated in their functional currency and which could give rise to exchange gains and losses in the Group income statement.

Net unhedged monetary assets/(liabilities)						
	Sterling £m	US dollar £m	Euro £m	Renminbi £m	Other £m	Total £m
Functional currency:						
Sterling	-	(0.9)	0.1	-	-	(0.8)
United States dollar	(2.2)	-	(0.1)	-	1.9	(0.4)
Euro	-	(0.3)	-	-	-	(0.3)
Chinese renminbi	-	5.6	(0.6)	-	0.8	5.8
Other	-	10.8	(0.1)	-	0.7	11.4
As at 31 December 2013	(2.2)	15.2	(0.7)	-	3.4	15.7

Net unhedged monetary assets/(liabilities)						
	Sterling £m	US dollar £m	Euro £m	Renminbi £m	Other £m	Total £m
Functional currency:						
Sterling	-	(0.4)	(0.1)	-	-	(0.5)
United States dollar	(0.3)	-	(0.3)	-	1.9	1.3
Euro	-	0.5	-	-	-	0.5
Chinese renminbi	-	4.7	-	-	(0.4)	4.3
Other	(0.1)	12.8	0.2	1.6	(0.5)	14.0
As at 31 December 2012	(0.4)	17.6	(0.2)	1.6	1.0	19.6

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25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.2 FINANCIAL RISK FACTORS (CONTINUED)

Interest rate risk

The Group's interest rate risk principally arises in relation to its net financial debt.

The interest rate profile of the Group's borrowings and net financial debt is detailed in the tables below.

	Fixed rate financial liabilities £m	Floating rate financial liabilities £m	Total financial liabilities £m	Financial assets £m	Net financial assets/(debt) £m
Chinese renminbi	-	-	-	23.2	23.2
Euro	(29.1)	(2.4)	(31.5)	10.5	(21.0)
Sterling	(30.0)	(25.8)	(55.8)	5.7	(50.1)
United States dollar	(72.4)	(0.6)	(73.0)	0.2	(72.8)
Other	-	(1.4)	(1.4)	23.5	22.1
Capitalised borrowing costs	1.9	0.2	2.1	-	2.1
As at 31 December 2013	(129.6)	(30.0)	(159.6)	63.1	(96.5)

The fixed rate financial liabilities comprise drawings under the Group's syndicated bank facility on which the interest rate has been fixed by means of interest rate swaps. These swaps terminate on 18 March 2014, from which date these drawings will be classified as floating rate borrowings.

	Fixed rate financial liabilities £m	Floating rate financial liabilities £m	Total financial liabilities £m	Financial assets £m	Net financial assets/(debt) £m
Chinese renminbi	-	-	-	29.8	29.8
Euro	-	(0.1)	(0.1)	14.2	14.1
Sterling	-	(228.2)	(228.2)	16.5	(211.7)
United States dollar	-	(0.3)	(0.3)	7.5	7.2
Other	-	(0.2)	(0.2)	13.5	13.3
Capitalised borrowing costs	-	2.9	2.9	-	2.9
As at 31 December 2012	-	(225.9)	(225.9)	81.5	(144.4)

25. FINANCIAL RISK MANAGEMENT (CONTINUED)**25.2 FINANCIAL RISK FACTORS (CONTINUED)**

The floating rate financial liabilities shown in the tables above bear interest at various rates. The financial assets attract floating rate interest at various rates.

Based upon the interest rate profile of the Group's financial assets and liabilities shown in the tables above, a 1% increase in market interest rates would decrease both the net finance costs charged in the Group income statement and the net interest paid in the Group statement of cash flows by £0.3m (2012: increase £1.4m) and a 1% reduction in market interest rates would increase both the net finance costs charged in the Group income statement and the net interest paid in the Group statement of cash flows by £0.3m (2012: decrease £1.4m). Similarly, a 1% increase or decrease in market interest rates would result in no change (2012: no change) in the fair value of the Group's net debt.

(b) Liquidity risk

Liquidity risk is the risk that the Group might have difficulties in meeting its financial obligations. The Group manages this risk by ensuring that it maintains sufficient levels of committed borrowing facilities and cash and cash equivalents to ensure that it can meet its operational cash flow requirements and any maturing financial liabilities, while at all times operating within its financial covenants. The level of operational headroom provided by the Group's committed borrowing facilities is reviewed at least annually as part of the Group's three year planning process. Where this process indicates a need for additional finance, this will normally be addressed 12 to 18 months in advance by means of either additional committed bank facilities or raising finance in the capital markets.

As at 31 December 2013, the Group had committed borrowing facilities of £300m (2012: £300m), of which £145.5m (2012: £72.5m) were undrawn. These undrawn facilities are due to expire in September 2017.

The maturity analysis of the Group's gross borrowings is shown in the tables below.

	Non-current		Current		Total	
	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m
Loans and overdrafts	154.5	227.5	6.8	0.9	161.3	228.4
Obligations under finance leases	0.2	0.2	0.2	0.2	0.4	0.4
Capitalised borrowing costs	(1.3)	(2.1)	(0.8)	(0.8)	(2.1)	(2.9)
Total interest-bearing borrowings	153.4	225.6	6.2	0.3	159.6	225.9
					2013 £m	2012 £m
Interest-bearing borrowings repayable						
On demand or within one year					7.0	1.1
In the second year					0.2	0.1
In the third year					-	0.1
In the fourth year					154.5	-
In the fifth year					-	227.5
Capitalised borrowing costs					(2.1)	(2.9)
Total interest-bearing borrowings					159.6	225.9

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25. FINANCIAL RISK MANAGEMENT (CONTINUED)

25.3 CAPITAL MANAGEMENT

The Group monitors its capital using a number of key performance indicators, including free cash flow, average working capital to sales ratios, net debt to EBITDA ratios and ROI (note 4). The Group's objectives when managing its capital are:

- to ensure that the Group and all of its businesses are able to operate as going concerns and ensure that the Group operates within the financial covenants contained within its debt facilities;
- to maximise shareholder value through maintaining an appropriate balance between the Group's equity and net debt;
- to have available the necessary financial resources to allow the Group to invest in areas that may deliver acceptable future returns; and
- to maintain sufficient financial resources to mitigate against risks and unforeseen events.

The Group operated comfortably within the requirements of its debt covenants and has substantial liquidity headroom within its committed debt facilities. Details of the Group's covenant compliance and committed debt facilities can be found in the Financial Review on page 42.

26. EMPLOYEE BENEFITS

26.1 ACCOUNTING POLICY

(a) Defined benefit plans

The Group's net obligation in respect of its defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount using interest rates on high quality corporate bonds that have terms to maturity approximating the terms of the related pension liability, and deducting the fair value of any plan assets. These calculations are performed by independent actuaries using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses on the defined benefit obligations and the return on the plan assets, are recognised in the Group statement of comprehensive income. The net interest expense on the net defined benefit liability is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit liability at the beginning of the year and taking into account changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expense is recognised in the Group income statement. Gains and losses arising on settlements and curtailments are also recognised in the Group income statement.

(b) Defined contribution plans

The Group makes payments to defined contribution pension plans and has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the Group income statement when they fall due.

26.2 GROUP POST-RETIREMENT PLANS

The Group operates a number of pension plans around the world, both of the defined benefit and defined contribution type.

(a) Defined benefit plans

The Group's principal defined benefit pension plans are in the US. The assets of these plans are held separately from the Group in trustee-administered funds. The trustees are required to act in the best interests of the plans' beneficiaries. The Group also has defined benefit pension plans in other territories, but these are not individually material in relation to the Group as a whole.

26. EMPLOYEE BENEFITS (CONTINUED)**26.2 GROUP POST-RETIREMENT PLANS (CONTINUED)**

The Group's US defined benefit plans are closed to new members and to future benefit accrual for existing members. The main US plan, the Retirement Security Plan, has characteristics similar to defined contribution plans, but with a minimum performance level guaranteed by the Group on the members' accounts. The cash balance rate assumption in the table in note 26.3(a) refers to this minimum return. The Group's US defined benefit plans provide retirement benefits based on final salary or a fixed benefit. Actuarial valuations of the US plan are carried out annually by independent actuaries and the last full valuation was carried out as at 31 December 2012. At that date, the market value of the plan assets was £39.1m, representing a funding level of 76% of funded accrued plan benefits of £51.7m.

Funding levels for the Group's US defined benefit plan are determined by management after taking into account the results of the annual valuations of the plans, minimum funding levels prescribed by US government regulations and advice received from the Group's independent investment advisers. In 2014, the Group is expected to make aggregate contributions into its defined benefit plans of around £2.5m.

(b) Defined contribution pension plans

The total expense recognised for the Group's defined contribution pension plans and recognised in the Group income statement for the year amounted to £5.8m (2012: £5.6m).

26.3 DEFINED BENEFIT OBLIGATION*(a) Actuarial assumptions*

Actuarial assumptions are set by the Directors after consultation with independent professionally qualified actuaries. The principal assumptions used in calculating the costs and obligations of the Group's defined benefit pension plans relate to the Group's US plans and these are summarised in the tables below.

Life expectancy of US pension plan members	2013 years	2012 years
Age to which current pensioners are expected to live – Men	85.1	84.6
– Women	87.3	86.9
Age to which future pensioners are expected to live – Men	87.2	86.6
– Women	89.2	89.1

The mortality assumptions summarised in the table above are based on fully generational mortality tables that explicitly allow for differences in mortality levels and future trends in mortality, for people born in different years.

The other principal actuarial assumptions for the Group's US defined benefit pension plans are shown below.

	2013 % p.a.	2012 % p.a.
Discount rate	4.50	3.65
Cash balance rate	5.25	5.25

The discount rates in the table above, which are used to determine the liabilities of the US plans, are determined by reference to market yields on high quality corporate bonds, using the Citigroup pension discount curve. The cash balance rate is the minimum performance level guaranteed by the Group to members of its main defined benefit plan in the US.

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26. EMPLOYEE BENEFITS (CONTINUED)

26.3 DEFINED BENEFIT OBLIGATION (CONTINUED)

(b) Sensitivity analysis

The following table analyses the theoretical estimated impact on the Group's US pension plan liabilities resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant.

Assumption	Change in assumption	Impact on US plan liabilities
Discount rate	Increase/decrease by 0.1%	Decrease/increase by 1.0%
Mortality	Increase by one year	Increase by 3.0%

26.4 MOVEMENT IN NET DEFINED BENEFIT LIABILITIES

The following table shows a reconciliation from the opening balances to the closing balances for the Group's net defined benefit liability.

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2013 £m	2012 £m	2013 £m	2012 £m	2013 £m	2012 £m
At 1 January	65.4	71.4	(41.1)	(45.0)	24.3	26.4
Included in Group income statement						
Current service cost	0.3	0.2	-	-	0.3	0.2
Interest cost/(income)	2.3	2.8	(1.2)	(2.3)	1.1	0.5
Settlements	-	(8.5)	-	6.8	-	(1.7)
	2.6	(5.5)	(1.2)	4.5	1.4	(1.0)
Included in other comprehensive income						
Remeasurements:						
- Actuarial gain from changes in demographic assumptions	(0.5)	-	-	-	(0.5)	-
- Actuarial (gain)/loss from changes in financial assumptions	(5.5)	5.4	-	-	(5.5)	5.4
- Actuarial loss/(gain) from experience adjustments	1.1	(0.3)	-	-	1.1	(0.3)
- Return on plan assets	-	-	1.0	(1.6)	1.0	(1.6)
Exchange differences	(0.8)	(1.5)	0.6	2.1	(0.2)	0.6
	(5.7)	3.6	1.6	0.5	(4.1)	4.1
Other						
Employer contributions	-	-	(2.0)	(4.2)	(2.0)	(4.2)
Benefits paid	(3.6)	(4.1)	2.8	3.1	(0.8)	(1.0)
At 31 December	58.7	65.4	(39.9)	(41.1)	18.8	24.3
Analysis of net defined benefit liability						
In funded plans					8.0	13.3
In unfunded plans					10.8	11.0
					18.8	24.3

The analysis of the net defined benefit liability between funded and unfunded plans shown in the table above for 2012, includes a £1.1m reclassification to correct the presentation of an unfunded plan previously reported as funded.

The average duration of the obligations to which the liabilities of the Group's US pension plans relate is 12 years. The actual return on all Group pension plan assets was £0.2m (2012: £3.9m).

26. EMPLOYEE BENEFITS (CONTINUED)**26.5 PLAN ASSETS**

Plan assets comprise:

	2013 £m	2012 £m
Equities	10.1	14.7
Bonds	25.7	23.7
Other assets	4.1	2.7
Total assets	39.9	41.1

The allocation of assets in the Group's US plan is based upon a liability-focused investment strategy, designed to reduce the funding volatility of the plan as the funding level improves, and substantially to remove the investment risk of the plan once full funding on an accounting valuation basis is achieved. This is accomplished by dividing the portfolio into "return-seeking" and "liability-matching" portfolios. The return-seeking assets are designed to generate returns in excess of the change in the value of the plan's projected liabilities and the liability-matching portfolio, comprised of high quality fixed income investments, is designed to match the change in value of the plan's liabilities regardless of market conditions. The mix at 31 December 2013 between return-seeking and liability-matching assets was approximately 40%/60%. Other assets in the table above are principally comprised of cash.

26.6 INCOME STATEMENT RECOGNITION

The total net charge of £1.4m (2012: credit £1.0m) recognised in the Group income statement in respect of the Group's defined benefit plans is recognised in the following lines:

	2013 £m	Restated 2012 £m
In arriving at operating profit – within manufacturing costs	0.1	0.2
– within administration, selling and distribution costs	0.2	(1.7)
In arriving at profit before tax – within finance costs	1.1	0.5
Total net charge/(credit)	1.4	(1.0)

General pension plan administration costs paid out of plan assets during the year are included within ordinary finance costs and amounted to £0.2m (2012: £0.2m).

26.7 HISTORICAL INFORMATION

The history of the fair value of the Group's plan assets, the present value of defined benefit obligations, the net defined benefit liability in the plans and the experience gains and losses on plan assets and liabilities are shown below.

	Defined benefit plans				
	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Fair value of plan assets	39.9	41.1	45.0	51.9	44.3
Present value of defined benefit obligations	(58.7)	(65.4)	(71.4)	(78.8)	(71.5)
Net defined benefit liability	(18.8)	(24.3)	(26.4)	(26.9)	(27.2)
Experience losses/(gains) on plan liabilities	1.1	(0.3)	(0.6)	0.3	(0.7)
Experience losses/(gains) on plan assets	1.0	(1.6)	(1.4)	(0.8)	(5.6)

The cumulative amount of actuarial losses recognised in the Group statement of comprehensive income is £22.5m (2012: £26.4m).

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27. SHARE-BASED PAYMENTS

The number of awards and associated share prices in the tables below have been restated following the demerger of the Alent plc business from the former Cookson Group plc.

27.1 INCOME STATEMENT RECOGNITION

The total expense recognised in the Group income statement is shown below.

	2013 £m	2012 £m
Performance shares	0.8	1.0
Other shares	0.5	0.2
Total share-based payments expense	1.3	1.2

The Group operates a number of different share-based payment arrangements, the main features of which are detailed on pages 75 to 79 of the Directors' Remuneration Report.

27.2 DETAILS OF OUTSTANDING AWARDS

Outstanding awards						Awards exercisable as at 31 December 2013 no.	Weighted average outstanding contractual life of awards years	Range of exercise prices pence
	As at 1 January 2013 no.	Granted no.	Exercised no.	Forfeited/ lapsed no.	As at 31 December 2013 no.			
Performance shares	2,391,053	795,576	(572,742)	(278,735)	2,335,152	-	2.0	
Weighted average exercise price	nil	nil	nil	nil	nil	-		n/a
Other shares	370,645	73,805	(60,513)	-	383,937	-	1.4	
Weighted average exercise price	nil	nil	nil	-	nil	-		n/a
Outstanding awards						Awards exercisable as at 31 December 2012 no.	Weighted average outstanding contractual life of awards years	Range of exercise prices pence
	As at 1 January 2012 no.	Granted no.	Exercised no.	Forfeited/ lapsed no.	As at 31 December 2012 no.			
Performance shares	5,439,486	891,589	(3,676,962)	(263,060)	2,391,053	-	1.7	
Weighted average exercise price	nil	nil	nil	nil	nil	-		n/a
Other shares	422,044	131,441	(172,411)	(10,429)	370,645	-	1.4	
Weighted average exercise price	nil	nil	nil	nil	nil	-		n/a

For awards exercised during 2013, the share price at the date of exercise was 345.3p (2012: 337.2p).

27. SHARE-BASED PAYMENTS (CONTINUED)**27.3 PERFORMANCE SHARE AWARDS GRANTED DURING THE YEAR**

	2013		2012	
	EPS element	TSR element	EPS element	TSR element
Fair value of awards granted (per share)	340p	192p	310p	234p
Share price on date of grant (per share)	340p	340p	340p	340p
Expected volatility	n/a	31.8%	n/a	47.0%
Risk-free interest rate	n/a	0.3%	n/a	0.6%
Exercise price (per share)	nil	nil	nil	nil
Expected term (years)	4	4	4	4
Expected dividend yield	0%	0%	0%	0%

Share price volatility for awards granted in 2012 is based upon weekly movements in the former Cookson Group plc's share price over a period prior to the grant date that is equal in length to the expected term of the award.

28. TRADE AND OTHER PAYABLES**28.1 ACCOUNTING POLICY**

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

28.2 ANALYSIS OF TRADE AND OTHER PAYABLES

	2013 £m	2012 £m
Non-current		
Accruals and other payables	-	2.8
Deferred purchase consideration	0.6	1.6
Total non-current trade and other payables	0.6	4.4
Current		
Trade payables	42.0	40.2
Other taxes and social security	5.4	4.9
Accruals and other payables	31.7	41.9
Deferred purchase consideration	1.0	1.1
Total current trade and other payables	80.1	88.1

There is no significant difference between the fair value of the Group's trade and other payables balances and the amount at which they are reported in the Group balance sheet.

29. LEASES**29.1 ACCOUNTING POLICY**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

29.2 OPERATING LEASE COMMITMENTS

	2013 £m	2012 £m
The future aggregate minimum lease payments under non-cancellable operating leases are payable as follows:		
Not later than one year	5.4	5.9
Later than one year and not later than five years	13.0	13.5
Later than five years	2.7	2.7
Total operating lease commitments	21.1	22.1

The Group's property, plant and equipment assets are either purchased outright or held under lease contracts. Where the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the Group, the asset is capitalised in the Group balance sheet and the corresponding liability to the lessor is recognised as a finance lease obligation. Where all the risks and rewards of ownership are not transferred to the Group, the lease is classified as an operating lease and neither the asset nor the corresponding liability to the lessor is recognised in the Group balance sheet. The net book value of the Group's property, plant and equipment assets held under finance lease contracts at 31 December 2013 and 31 December 2012 was not material.

The cost incurred by the Group in the year in respect of assets held under operating leases, all of which was charged within operating profit, amounted to £6.4m (2012: £7.2m).

30. PROVISIONS

30.1 ACCOUNTING POLICY

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. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, provisions are discounted using a pre-tax discount rate that reflects both the current market assessment of the time value of money and the specific risks associated with the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

30.2 ANALYSIS OF PROVISIONS

	Disposal and closure costs £m	Restructuring and other charges £m	Total £m
As at 1 January 2013	15.4	4.7	20.1
Exchange adjustments	(0.1)	(0.1)	(0.2)
Charge to Group income statement	-	9.3	9.3
Unwind of discount	-	0.1	0.1
Cash spend	(1.8)	(4.0)	(5.8)
As at 31 December 2013	13.5	10.0	23.5

Of the total provision balance as at 31 December 2013 of £23.5m (2012: £20.1m), £11.7m (2012: £12.3m) is recognised in the Group balance sheet within non-current liabilities and £11.8m (2012: £7.8m) within current liabilities.

The provision for disposal and closure costs includes the Directors' best estimate of the costs to be incurred in the fulfilment of obligations incurred in connection with former Group businesses, resulting from either disposal or closure and the demolition and clean-up of closed sites. The provision as at 31 December 2013 principally comprised amounts payable in respect of environmental remediation and monitoring works, demolition and site clean-up costs, and associated regulatory liabilities. As the settlement of many of the obligations for which provision is made is subject to legal or other regulatory process, the timing of the associated cash outflows is subject to some uncertainty, but the majority of the amounts provided are expected to be utilised over the next five years.

Provisions for restructuring and other charges include the costs of all of the Group's initiatives to rationalise its operating activities. The balance of £10.0m as at 31 December 2013 includes £2.8m in relation to onerous lease provisions in respect of leases terminating between five and thirteen years, and £6.9m in relation to future expenditure on restructuring initiatives which is expected to be paid out over the next two years.

31. ACQUISITION OF SUBSIDIARIES NET OF CASH ACQUIRED

No acquisitions were made during the year. The £1.0m disclosed in the Group statement of cash flows in respect of the acquisition of subsidiaries net of cash acquired, comprised deferred consideration in respect of acquisitions in prior years.

In 2012 the Group acquired interests in subsidiaries for a total consideration of £3.2m, of which £0.4m was paid in cash on completion and £2.8m (of which £0.8m was subsequently paid in 2012) was contingent upon future performance. The fair value of net assets acquired, which did not include any cash, was £0.4m. Goodwill arising on these acquisitions amounted to £2.8m (note 16). The £1.4m disclosed in the Group statement of cash flows for 2012 in respect of the acquisition of subsidiaries net of cash acquired, comprised £0.4m paid in cash on completion, £0.8m of deferred consideration paid in respect of acquisitions in 2012 and £0.2m of deferred consideration paid in respect of earlier acquisitions.

32. OFF-BALANCE SHEET ARRANGEMENTS

In compliance with current reporting requirements, certain arrangements entered into by the Group in its normal course of business are not reported in the Group balance sheet. Of such arrangements, those considered material by the Directors are inventory held under precious metal consignment arrangements (note 19) and future lease payments in relation to assets used by the Group under non-cancellable operating leases (note 29).

33. CONTINGENT LIABILITIES

The Group has extensive international operations and is subject to various legal and regulatory regimes, including those covering taxation and environmental matters. Legal claims have been brought against certain Group companies by third parties alleging that persons have been harmed by exposure to hazardous materials used by those companies in the manufacture of industrial and consumer products, and further claims may be brought in the future. Several of the Group's subsidiaries are subject to legal proceedings, certain of which are insured claims arising in the ordinary course of the operations of the company involved, and the Directors are aware of a number of issues which are, or may be, the subject of dispute with tax authorities. Reserves are made for the expected amounts payable in respect of known or probable costs resulting both from legal or other regulatory requirements, or from third-party claims. As the settlement of many of the obligations for which reserve is made is subject to legal or other regulatory process, the timing and amount of the associated outflows is subject to some uncertainty.

Certain subsidiary companies of Alent plc and Vesuvius plc are defendants in two actions, brought by MacDermid (incorporated in the United States), which are pending in the Connecticut Superior Court and arising out of corporate activity involving the parties in the autumn of 2006. The first action was commenced in 2009 and the second action was commenced in August 2012. MacDermid claims damages of approximately \$62m, plus punitive or exemplary damages, costs and interest which are currently unquantifiable. Both Alent and Vesuvius believe these claims have no merit and are vigorously defending these actions. Each of Alent and Vesuvius anticipate filing motions for summary judgment in 2014 and, if any claims remain pending decisions on those motions, a trial in the first action is anticipated in 2015. Any liability relating to the MacDermid claim arising following the demerger of Cookson Group will be split equally between Alent plc and Vesuvius plc.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

34. PRINCIPAL SUBSIDIARIES AND JOINT VENTURES

Set out below is a list of material subsidiaries of the Group and Company as at 31 December 2013 and 31 December 2012.

Name	Country of incorporation and place of business	Ownership interest held by the Group	Ownership interest held directly by the parent
Alent Alpha Metals (Shenzhen) Co., Ltd	China	100%	-
Alent Brasil Soldas Ltda	Brazil	100%	-
Alent Finance Limited	UK	100%	-
Alent Hong Kong Limited	Hong Kong	100%	-
Alent Investments Limited	UK	100%	100%
Alent Singapore Pte Ltd	Singapore	100%	-
Alent, Inc	USA	100%	-
Alpha Fry Limited	UK	100%	-
Alpha Metals (Taiwan) Inc	Taiwan	100%	-
Alpha Metals Lotssysteme GmbH	Germany	100%	-
Alpha Metals, Inc	USA	100%	-
Alpha Netherlands B.V.	Netherlands	100%	-
Cookson Enthone Chemistry Trading (Shanghai) Co Ltd	China	100%	-
Cookson India Private Limited	India	100%	-
Cookson Investments, Inc	USA	100%	-
Enthone GmbH	Germany	100%	-
Enthone Inc	USA	100%	-

The following UK subsidiaries of the Group, having met the criteria set out in sections 479A-479C of the Companies Act 2006, are claiming exemption from the audit of their individual accounts afforded by those sections for the year ended 31 December 2013.

Name	Registered Number
Alent Finance Limited	8232406
Alent Holdings Brazil Limited	4985515
Alent Investments Limited	8180976
Alent New Finance (UK) Limited	8243686
Alent New Mexico Holdings Limited	8243942
Alent Property Limited	8058935
Alent Services Limited	8242265
Alpha Fry Limited	208173
Enthone Limited	1804603
Enthone-OMI Holdings (UK) Limited	232860

35. RELATED PARTIES

All transactions with related parties are conducted on an arm's length basis and in accordance with normal business terms. Transactions between related parties that are Group subsidiaries are eliminated on consolidation.

Prior to the demerger from Cookson Group plc on 19 December 2012, Vesuvius plc was a related party and the table below reports the transactions and balances that Alent had with Vesuvius prior to the demerger.

	2013 £m	2012 £m
Net interest expense	-	(2.3)
Net management fees expense	-	(5.5)
Net dividend expense	-	(355.9)

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013 £m	2012 £m
Fixed assets			
Investment in subsidiaries	5	863.4	862.4
Total fixed assets		863.4	862.4
Current assets			
Debtors – amounts falling due within one year		0.1	1.1
Cash at bank and in hand		0.4	–
Total current assets		0.5	1.1
Creditors – amounts falling due within one year			
Interest-bearing borrowings		(0.5)	–
Other creditors	6	(36.9)	(11.5)
Total current liabilities		(37.4)	(11.5)
Net current liabilities		(36.9)	(10.4)
Total assets less current liabilities		826.5	852.0
Creditors – amounts falling after more than one year			
Other creditors	6	–	(0.1)
Net assets		826.5	851.9
Equity capital and reserves			
Issued share capital	7	27.8	27.8
Other capital reserves	8	444.8	444.7
Retained earnings	8	353.9	379.4
Shareholders' funds – equity		826.5	851.9

The Company financial statements were approved and authorised for issue by the Board on 4 March 2014 and signed on its behalf by:

STEVE CORBETT
CHIEF EXECUTIVE

DAVID EGAN
GROUP FINANCE DIRECTOR

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

1.1 BASIS OF ACCOUNTING

Alent plc ("the Company") was incorporated on 31 August 2012 and is registered in England and Wales.

At a General Meeting on 26 November 2012, the shareholders of Cookson Group plc approved the demerger of the Performance Materials division. On 19 December 2012 (the demerger date), the businesses making up this division were transferred to an unrelated company, Alent plc, in exchange for the entire share capital of that company. As a result of the demerger, Alent plc became the ultimate parent company of the Alent subsidiaries. Trading of shares in Alent plc on the London Stock Exchange commenced on 19 December 2012.

The financial statements of Alent plc ("the Company"), are prepared in accordance with the Companies Act 2006 and under the historical cost convention and in accordance with UK GAAP. The Company has not presented a separate profit and loss account, as permitted by Section 408(3) of the Companies Act 2006.

1.2 GOING CONCERN

The Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the financial statements of the Group and the Company for the year ended 31 December 2013.

2. EMPLOYEE BENEFITS EXPENSE

The total employee benefits expense for the year comprises:

	2013 £m	2012 £m
Wages and salaries	0.4	-
Social security costs	0.1	-
Share-based payments	0.2	-
Total employee benefits expense	0.7	-

Details of the Directors' remuneration are disclosed in the Directors' Remuneration Report on pages 73 to 84. The remuneration expense of Mr Steve Corbett was borne by other Group companies.

The average number of employees during the year was 1 (2012: nil).

3. AUDIT AND NON-AUDIT FEES

Amounts payable to KPMG LLP in relation to audit and non-audit fees for 2013 and 2012 are disclosed within note 7 to the Group financial statements.

4. DIVIDENDS

A final dividend for the year ended 31 December 2012 of £15.3m (2011: £nil), equivalent to 5.5 pence per ordinary share, was paid in June 2013 and an interim dividend for the year ended 31 December 2013 of £8.0m (2012: £nil), equivalent to 2.89 pence per ordinary share was paid in October 2013, resulting in a total cash cost of dividends paid in 2013 of £23.3m (2012: £nil).

A proposed final dividend for the year ended 31 December 2013 of £15.9m, equivalent to 5.71 pence per ordinary share, is subject to approval by shareholders at the Company's Annual General Meeting and has not been included as a liability in these financial statements. If approved by shareholders, the dividend will be paid on 19 June 2014 to ordinary shareholders on the register at 16 May 2014.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

5. INVESTMENT IN SUBSIDIARIES

5.1 ACCOUNTING POLICY

Shares in subsidiaries are stated at cost less any impairment in value.

5.2 ANALYSIS OF INVESTMENT IN SUBSIDIARIES

	Shares in subsidiaries at cost £m
As at 1 January 2013	862.4
Additions	1.0
As at 31 December 2013	863.4

Details of principal subsidiaries and joint ventures of Alent plc and the countries in which they are incorporated are given in note 34 to the Group financial statements. A full list of Group companies will be included in the Company's Annual Return to the Registrar of Companies.

The name and registered number for each of the UK subsidiaries of the Company that have met the criteria set out in sections 479A-479C of the Companies Act 2006 and are exempt from audit (the "Exempt Subsidiaries") are given in note 34 to the Group financial statements. In accordance with sections 479A-479C of the Companies Act 2006, the Company has guaranteed the outstanding liabilities of each of the Exempt Subsidiaries that were outstanding as at 31 December 2013. Such liabilities are guaranteed until paid.

6. OTHER CREDITORS

	2013 £m	2012 £m
Amounts owed to subsidiary undertakings	36.2	6.5
Accruals and other creditors	0.7	5.0
Redeemable preference shares	-	0.1
Total other creditors	36.9	11.6
Less: amounts falling due after more than one year - redeemable preference shares	-	(0.1)
Total amounts falling due within one year	36.9	11.5

7. ISSUED SHARE CAPITAL

7.1 ACCOUNTING POLICY

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

7.2 ANALYSIS OF ISSUED SHARE CAPITAL

On incorporation, the Company's share capital consisted of one ordinary share with a par value of £1 ("the subscriber share").

On 18 September 2012, the Company issued 50,000 redeemable non-voting preference shares of £1 each. The preference shares were allotted for cash and remained unpaid by virtue of the holder giving an undertaking to pay up each share pursuant to sections 583(2) and 583(3) of the Companies Act 2006. On 9 December 2013 the company redeemed the 50,000 redeemable non-voting preference shares for total consideration of £50,000, with such consideration being satisfied by the cancellation of the undertaking to pay.

On 19 December 2012, the Company issued 278,448,752 ordinary shares of £1.50 each to the public shareholders of Vesuvius plc in return for the receipt of the entire share capital of Alent Investments Limited. The Company applied merger relief under section 612 of the Companies Act 2006 and, accordingly, the excess of the total market value of Alent Investments Limited, being £862.4m, over the nominal value of the shares issued of £417.7m, was recorded in an other capital reserve. On the same date, the subscriber share was converted into and redesignated as a deferred share of £1. The company repurchased and cancelled the deferred share on 9 December 2013.

7. ISSUED SHARE CAPITAL (CONTINUED)**7.2 ANALYSIS OF ISSUED SHARE CAPITAL (CONTINUED)**

On 19 December 2012, the capital of Alent plc was reduced by:

- a) cancelling and extinguishing paid-up capital on each of the Alent plc shares in issue immediately prior to the confirmation by the Court of the Alent plc capital reduction to the extent that the amount paid up on each such Alent plc share shall be 10 pence; and
- b) reducing the nominal value of each of the Alent plc shares to 10 pence each.

8. RESERVES**8.1 ACCOUNTING POLICY***(a) Taxation*

Both current and deferred tax are calculated using tax rates and laws that have been enacted, or substantively enacted, by the balance sheet date.

Current tax payable is based on the taxable result for the year. Deferred taxation is recognised, without discounting, in respect of all timing differences that have originated, but not reversed, at the balance sheet date, with the exception that deferred taxation assets are only recognised if it is considered more likely than not that there will be suitable future profits from which the reversal of the underlying timing differences can be deducted. Provision is made for the tax that would arise on remittance of the retained earnings of overseas subsidiaries only to the extent that, at the balance sheet date, dividends have been accrued as receivable.

8.2 ANALYSIS OF RESERVES

	Reserve for own shares £m	Other retained earnings £m	Total retained earnings £m	Other capital reserve £m	Capital redemption reserve £m	Total reserves £m
As at 1 January 2013	-	379.4	379.4	444.7	-	824.1
Share-based payments	-	0.9	0.9	-	-	0.9
Purchase of own shares	(0.2)	-	(0.2)	-	-	(0.2)
Dividends paid (note 4)	-	(23.3)	(23.3)	-	-	(23.3)
Loss recognised in the year	-	(2.8)	(2.8)	-	-	(2.8)
Redemption of preference shares	-	(0.1)	(0.1)	-	0.1	-
As at 31 December 2013	(0.2)	354.1	353.9	444.7	0.1	798.7

The other capital reserve of £444.7m was created on 19 December 2012 as described in note 7.2 above and does not form part of the reserves available for distribution by the Company.

On 9 December 2013 Alent plc redeemed and cancelled the 1 deferred share with a nominal value of £1.00. On the same date, Alent plc redeemed the 50,000 redeemable non-voting preference shares with a nominal value of £1.00 per share. Further details can be found in note 7 of the Company financial statements.

As at 31 December 2013, 0.1m ordinary shares of £0.10 each of the Company were held by The Alent Employees' Share Ownership Plan Trust, with a nominal value of £nil, which were purchased at a gross cost of £0.2m. The purchase of these shares was financed out of borrowings included in the Company balance sheet as at 31 December 2013. The market value of these shares was £0.2m as at 31 December 2013. The Trustee of the Trust has waived its rights to receive dividends on the shares held. The shares are held to meet obligations under the Company's share-based payment plans as and when they arise at the discretion of the Company.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

CONTINUED

8. RESERVES (CONTINUED)

8.2 ANALYSIS OF RESERVES (CONTINUED)

As at 31 December 2013, options exercisable over the Company's ordinary shares of 10 pence each and capable of being satisfied through new allotments of shares were as follows:

	Years of award/grant	Option prices £	Latest year of exercise/ vesting	Number of options/ allocations outstanding
Performance Share Awards	2011-2013	nil	2014-2018	2,335,152
Deferred Share Bonus Awards	2011-2013	nil	2014-2016	360,028
Restricted Share Awards	2013	nil	2014-2015	23,909

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share capital £m	Other capital reserve £m	Capital redemption reserve £m	Total retained earnings £m	Total reserves £m
At incorporation on 31 August 2012	-	-	-	-	-
Ordinary shares of £1.50 allotted in the period	417.7	444.7	-	-	862.4
Capital reduction	(389.9)	-	-	389.9	-
Loss recognised in the period	-	-	-	(10.5)	(10.5)
At 1 January 2013	27.8	444.7	-	379.4	851.9
Share-based payments	-	-	-	0.9	0.9
Purchase of own shares	-	-	-	(0.2)	(0.2)
Dividends paid (note 4)	-	-	-	(23.3)	(23.3)
Loss recognised in the year	-	-	-	(2.8)	(2.8)
Redemption of preference shares	-	-	0.1	(0.1)	-
As at 31 December 2013	27.8	444.7	0.1	353.9	826.5

10. SHARE-BASED PAYMENTS

10.1 ACCOUNTING POLICY

The Company principally operates equity-settled share-based payment arrangements for its employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date takes account of the effect of market-based conditions, such as the Total Shareholder Return target upon which vesting for some of the awards is conditional, and is expensed on a straight-line basis over the vesting period with a corresponding increase in equity. The cumulative expense recognised is adjusted for the best estimate of the shares that will eventually vest and for the effect of other non market-based vesting conditions, such as growth in headline earnings per share, which are not included in the fair value determined at the date of grant. For grants with market-based conditions attaching to them, fair value is measured using a form of stochastic option pricing model. For all other grants, fair value is measured using the Black-Scholes model.

10.2 PROFIT AND LOSS ACCOUNT RECOGNITION

The Company operates a number of different share-based payment arrangements, the main features of which are detailed on pages 75 to 79 of the Directors' Remuneration Report.

10. SHARE-BASED PAYMENTS (CONTINUED)**10.3 DETAILS OF OUTSTANDING SHARE AWARDS**

Outstanding Alent share plan awards					Awards exercisable as at 31 December 2013 no.	Weighted average outstanding contractual life of awards years	Range of exercise prices pence
	As at 1 January 2013 no.	Granted no.	Exercised no.	Lapsed no.	As at 31 December 2013 no.		
Performance shares	497,460	436,407	(36,670)	(17,494)	879,703	-	1.6
Weighted average exercise price	nil	nil	nil	nil	nil	-	n/a
Other shares	-	23,909	-	-	23,909	-	1.0
Weighted average exercise price	-	nil	-	-	nil	-	n/a

For awards exercised during 2013, the share price at the date of exercise was 345.3p.

Outstanding Alent share plan awards					Awards exercisable as at 31 December 2012 no.	Weighted average outstanding contractual life of awards years	Range of exercise prices pence
	As at 31 August 2012 no.	Transfers no.	Exercised no.	Lapsed no.	As at 31 December 2012 no.		
Performance shares	-	497,460	-	-	497,460	-	1.8
Weighted average exercise price	-	nil	-	-	nil	-	n/a

Details of awards granted during the year can be found in note 27 to the consolidated financial results.

11. CONTINGENT LIABILITIES

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee. Guarantees provided by the Company as at 31 December 2013 in respect of the liabilities of its subsidiary companies amounted to £161.8m (2012: £228.7m) which includes £154.5m (2012: £227.5m) of drawings under the syndicated debt facility.

Alent has extensive international operations and is subject to various legal and regulatory regimes, including those covering taxation and environmental matters. Several of the Company's subsidiaries are parties to legal proceedings, certain of which are insured claims arising in the ordinary course of the operations of the company involved, and are aware of a number of issues which are, or may be, the subject of dispute with tax authorities. While the outcome of litigation and other disputes can never be predicted with certainty, having regard to legal advice received and the insurance arrangements of the Company and its subsidiaries, the Directors believe that none of these matters will, either individually or in the aggregate, have a materially adverse effect on the Company's financial condition or results of operations.

12. RELATED PARTIES

All transactions with related parties are conducted on an arm's length basis and in accordance with normal business terms. Transactions between related parties that are wholly owned Group subsidiaries are not disclosed in this note.

SUMMARY GROUP RESULTS

	2013 £m	2012 £m	2011 £m	2010 £m
INCOME STATEMENT				
Revenue	684.7	713.9	814.4	720.9
Net sales value	420.1	416.7	433.3	413.4
Operating profit before share of joint ventures and exceptional items	94.1	103.0	99.6	71.0
Share of post-tax profit of joint ventures	0.8	0.3	1.2	1.3
Exceptional items	(10.3)	(15.8)	(3.5)	(5.3)
Operating profit	84.6	87.5	97.3	67.0
Demerger costs	-	(10.7)	-	-
Net finance costs	(6.9)	(3.6)	(2.9)	(3.6)
Profit before tax	77.7	73.2	94.4	63.4
Income tax costs – ordinary activities	(20.9)	(23.3)	(16.8)	(8.0)
– exceptional items	4.8	(4.9)	(3.2)	0.6
Profit for the year	61.6	45.0	74.4	56.0
BALANCE SHEET				
Property, plant and equipment	85.2	83.9	75.8	69.7
Intangible assets	288.5	295.0	298.8	301.0
Other non-current assets	19.2	28.3	33.4	23.7
Total non-current assets	392.9	407.2	408.0	394.4
Trade working capital	120.8	130.7	120.4	133.1
Net employee benefits liabilities	(18.8)	(24.3)	(26.4)	(26.9)
Other net liabilities	(86.0)	(93.2)	(98.8)	(104.1)
Total capital employed	408.9	420.4	403.2	396.5
Total equity	312.4	276.0	454.7	499.3
Net debt/(cash)	96.5	144.4	(51.5)	(102.8)
Total funding	408.9	420.4	403.2	396.5
STATEMENT OF CASH FLOWS				
Profit for the year	61.6	45.0	74.4	56.0
Adjustments for:				
Depreciation	9.0	8.9	8.5	8.7
Share of post-tax profit of joint ventures	(0.8)	(0.3)	(1.2)	(1.3)
Exceptional items	10.3	15.8	3.5	5.3
Demerger costs	-	10.7	-	-
Net finance costs	6.9	3.6	2.9	3.6
Income tax costs	16.1	28.2	20.0	7.4
EBITDA	103.1	111.9	108.1	79.7
Net decrease/(increase) in trade and other working capital	5.6	(20.0)	(9.6)	(19.5)
Outflow relating to restructuring charges	(4.0)	(19.8)	(3.8)	(9.0)
Payment of demerger costs	(4.8)	(5.7)	-	-
Additional funding contributions into Group pension plans	(1.9)	(2.1)	(1.7)	(3.1)
Net operating outflow related to assets and liabilities classified as held for sale	-	-	-	(1.6)
Cash generated from operations	98.0	64.3	93.0	46.5

SUMMARY DIVISIONAL RESULTS

		2013	2012	2011	2010
Assembly Materials					
Revenue	£m	423.1	438.7	527.3	446.7
Net sales value	£m	209.5	208.0	214.1	196.9
Segment result	£m	58.2	57.5	52.1	36.4
Return on sales	%	13.8	13.1	9.9	8.1
Return on net sales value	%	27.8	27.6	24.3	18.5
Number of employees – average	No.	1,342	1,347	1,352	1,463
– year-end	No.	1,333	1,332	1,355	1,339
Surface Chemistries					
Revenue	£m	261.6	275.2	287.1	274.2
Net sales value	£m	210.6	208.7	219.2	216.5
Segment result	£m	42.7	45.2	47.5	34.6
Return on sales	%	16.3	16.4	16.5	12.6
Return on net sales value	%	20.3	21.7	21.7	16.0
Number of employees – average	No.	1,214	1,212	1,209	1,216
– year-end	No.	1,185	1,193	1,194	1,212

GLOSSARY OF TECHNICAL TERMS

BGA	A BGA (Ball Grid Array) is a type of surface mount technology used for packaging integrated circuits.
Copper damascene	Chemicals used to create nanoscale copper connections within semiconductor wafers.
Die attach products	The "die" refers to the silicon die in active integrated circuit packages. The attachment is most commonly a thermal path to help draw the heat out of the package and is typically either a purely metal or a conductive polymeric bond. This application is critical to the integrated circuit's reliability and ultimate performance.
Electroplating	A plating process that uses electrical current to coat a conductive object with a thin layer of another material in order to bestow a desired property (e.g. corrosion-resistance and wear-resistance, aesthetic qualities, etc.) to a surface that otherwise lacks that property.
Flux	A chemical-based material designed to help reduce oxides and clean metal surfaces in order to enable effective "wetting" of metal surfaces to the molten solder alloy during the creation of a solder joint when attaching an electronic component to a printed circuit board.
Immersion silver	A printed circuit board final finish that provides tarnish resistance, low contact resistance and ease of cleaning. Specially designed to meet printed circuit board lead-free assembly and OEM requirements.
Integrated circuit or IC	An electronic circuit manufactured by lithograph, or the patterned diffusion of trace elements into the surface of a thin substrate of semiconductor material. Additional materials are deposited and patterned to form interconnections between semiconductor devices.
LED	A light-emitting diode.
Printed circuit board	A printed circuit board, a type of circuit board which has conducting tracks superimposed or "printed" on one or both sides. May refer to a board either before or after the assembly process. Also referred to as a printed wiring board ("PWB") in the USA.
Printed circuit board assembly	Printed circuit board assembly involves attaching components such as semiconductors and capacitors on to a fabricated board and making the required physical and electrical connections. This has to be done with precise accuracy if the finished printed circuit board is to function effectively.
Semiconductor wafers	A semiconductor wafer is a thin slice of semiconducting material, upon which microcircuits are constructed by chemical deposition of various materials.
Solder	An alloy of tin and other metals with a comparatively low melting point used to join less fusible metals.
Surface mount technology	Both a technology design and the electronic components that are used in the process of soldering components to the surface of a printed circuit board.
Through-hole assembly	The use of either older technology parts or parts requiring significant mechanical strength, where the component has wire leads that physically pass through holes in a printed circuit board.
Wafer bumping products	Metal alloys for wafer bump plating, including gold, copper, lead-free alloys and low alpha lead-based alloy.

SHAREHOLDER INFORMATION

STRATEGIC
REPORT

CORPORATE
GOVERNANCE

FINANCIAL
STATEMENTS

ADDITIONAL
INFORMATION

ENQUIRIES

For enquiries regarding ordinary shares, please contact:

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
United Kingdom

Or please telephone:
(UK only) 0871 384 2335
or (non UK) + 44 121 415 7047
or Fax: + 44 1903 833 168

For the hard of hearing, Equiniti now offers a special Textel service which can be accessed by dialling 0871 384 2255. Shareholders can also access their holdings online by visiting the Registrar's website at www.shareview.co.uk

For enquiries regarding corporate governance, please contact the Company Secretary at the registered office:

Alent plc
Forsyth Road
Sheerwater
Woking
Surrey GU21 5RZ

E-mail: shareholder.information@alent.com
Telephone: +44 (0)1483 793250
Fax: +44 (0)1483 793299

For investor queries, please contact the investor relations manager at the registered office:

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Fax: +44 (0)1483 793299

FINANCIAL CALENDAR*

May 2014	Q1 Interim Management Statement
19 May 2014	Annual General Meeting
August 2014	Announcement of 2013 Interim Results
November 2014	Q3 Interim Management Statement

* The financial calendar may be updated from time to time throughout the year. Please refer to our website www.alent.com for up-to-date information.

DIVIDEND REINVESTMENT PLAN

Shareholders are able to take their dividend as cash, or in shares through the DRIP (Dividend Reinvestment Plan) operated by the Company's Registrar, Equiniti. Further details are available at <http://www.shareview.co.uk/products/Pages/DividendReinvestmentPlan.aspx> or directly from Equiniti.

The Dividend Reinvestment Plan (DRIP) allows shareholders to use their cash dividends to buy more shares in the Company. Rather than receiving a dividend cheque through the post or having their bank account credited with the dividend payment, shareholders can choose to use their cash dividend to buy additional shares.

Whole shares are purchased with any residual money being carried forward and added to the next dividend. However, if the amount of the dividend, less any dealing costs incurred in completing the purchase, is insufficient to buy a single share, no charge is made and the dividend is carried forward.

E-COMMUNICATIONS

Using the Group's website as the main method of distribution for many statutory documents is part of our commitment to reducing our environmental impact. Shareholders can choose to receive communications, including the Annual Report & Accounts, and Notice of Meetings, in electronic form rather than by post.

This has a number of advantages, including:

- savings on environmental resources;
- significant cost savings for the Company on the delivery of documents; and
- speedier delivery of shareholder communications.

Shareholders can register through the online service provided by our Registrar, Equiniti, at www.shareview.co.uk. The registration process requires the input of a shareholder reference number (SRN), which can be found on the share certificate.

To ensure that shareholder communications are received in electronic form, "email" should be selected as the mailing preference.

Once registered, shareholders will be sent an email notifying them each time a shareholder communication has been published on the Company website, and providing them with a link to the page on the website where it may be found.

SHAREHOLDER INFORMATION

WARNING TO SHAREHOLDERS

Alent plc is legally obliged to make its share register available to the general public. Consequently some shareholders may receive unsolicited mail, including correspondence from unauthorised investment companies.

Companies have become increasingly aware that their shareholders have received unsolicited phone calls concerning their shareholding. These calls are typically from overseas-based brokers who target UK shareholders offering to sell what often turn out to be worthless or high-risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are advised to be very wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.

If you receive any unsolicited investment advice:

- ensure that you obtain the correct name of the person and organisation;
- check that they are properly authorised by the FCA before becoming involved. You can check at www.fca.org.uk; and
- report the matter to the FCA by calling 0845 606 1234 or visiting www.fca.org.uk.

ANALYSIS OF ORDINARY SHAREHOLDERS

AS AT 31 DECEMBER 2013

Range	Shareholder Analysis		Shareholding Analysis	
	No. of holders	% of holders	No. of shares	% of issued share capital
1-1,000	3,175	77.27	561,527	0.20
1,001-50,000	753	18.33	4,651,759	1.67
50,001-500,000	118	2.87	21,474,019	7.71
500,001+	63	1.53	251,761,447	90.42
Total	4,109	100	278,448,752	100

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