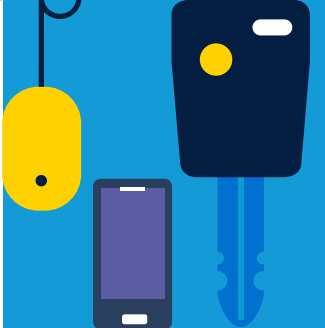
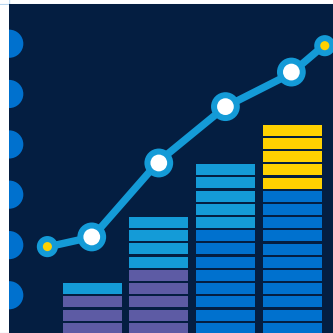


LEVERAGING OUR STRENGTHS



ANNUAL REPORT
& ACCOUNTS
2014

Alent will leverage its competitive advantage, its global market leadership and its financial strength to consistently outperform its core markets.

GLOBAL MARKET LEADER

Alent is a global supplier of specialty chemicals and engineered materials with #1 and #2 global market share positions.



COMPETITIVE ADVANTAGE

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

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 specialty chemicals and engineered 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.



CONTENTS**STRATEGIC REPORT**

- 02** Key Highlights
- 04** Chairman's Letter
- 06** Chief Executive's Statement
- 08** Our Business
- 09** Our Markets
- 12** Our Goals, Culture and Strategy
- 13** Our Strengths
- 14** Global Marketplace
- 16** Business Unit Review
- 20** Our Business Model
- 22** Our Strategy
- 24** Our Key Performance Indicators
- 26** Our Approach to Corporate Responsibility
- 31** Risk Management and Internal Controls
- 34** Financial Review

CORPORATE GOVERNANCE

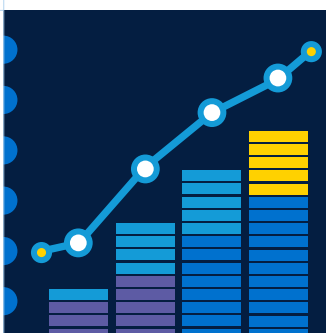
- 42** Our Board
- 44** Corporate Governance
- 63** Remuneration Report
- 80** Directors' Report
- 83** Statement of Directors' Responsibility

FINANCIAL STATEMENTS

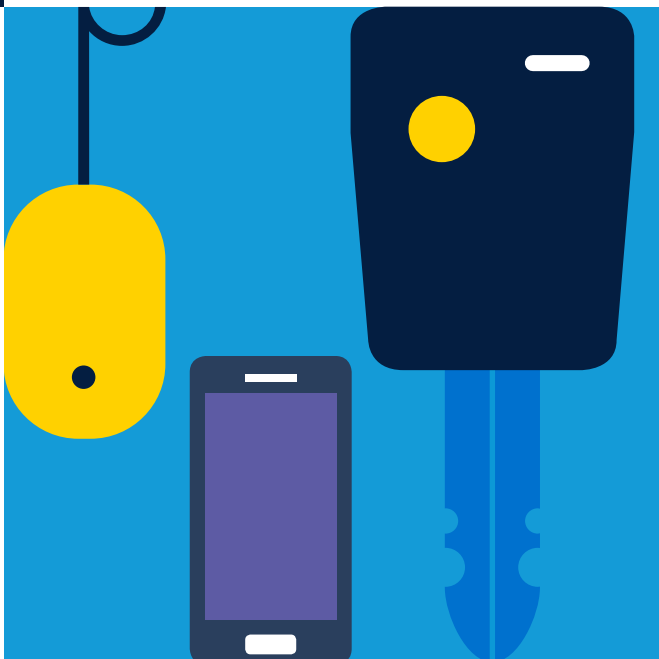
- 84** Independent Auditor's Report
- 86** Group Income Statement
- 87** Group Statement of Comprehensive Income
- 88** Group Statement of Cash Flows
- 89** Group Balance Sheet
- 90** Group Statement of Changes in Equity
- 91** Notes to the Financial Statements
- 127** Company Balance Sheet
- 128** Notes to the Company Financial Statements
- 134** Five Year Summary

ADDITIONAL INFORMATION

- 136** Glossary of Technical Terms
- 138** Shareholder Information
- 140** Advisers

**FINANCIAL
STRENGTH**

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

**OUTPERFORMANCE
OF MARKETS**

Our position as a global market leader, our competitive advantage and our financial strength will result in our outperformance of our core markets through the cycle.

KEY HIGHLIGHTS

Good performance in improving markets; continued outperformance.

Operational growth

Net Sales Value (NSV)⁽¹⁾

£413.0m

2013: **£420.1m**



Adjusted operating profit⁽²⁾

£95.1m

2013: **£94.1m**



NSV⁽¹⁾ margin

23.0%

2013: **22.4%**



Adjusted earnings per share⁽⁴⁾

25.0p

2013: **24.1p**



Adjusted profit before tax⁽³⁾ **£91.5m**

Statutory profit before tax **£73.4m**

Statutory earnings per share **17.0p**

Financial discipline

Adjusted cash generated from operations⁽⁵⁾

£94.0m

2013: **£102.8m**



Full year dividend per share

9.00p

2013: **8.60p**



Adjusted cash generated from operations/EBITDA **90.2%**

Return on capital employed **20.9%**

Net debt/EBITDA and interest cover **1.0x and 30.7x** (post the payment of £42m in the form of a special dividend)

Investing for growth

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

£15.2m/3.7%

2013: **£16.0m/3.8%**



Capital expenditure (CAPEX) and CAPEX
as a percentage of depreciation

£11.7m/129%

2013: **£13.7m/152%**



Corporate social responsibility

Greenhouse gas emissions (CO₂e)

22,862MT

2013: **26,004MT**



Total recordable injury rate (TRIR)

0.60

2013: **0.68**



Customer complaints **0.22%**

On-time deliveries **96.0%**

Energy consumption (MMbtu) **280,368**

For more information and more detail on our KPIs
See **PAGES 24-25**



1. NSV is revenue less commodity metals (tin, silver, gold). NSV margin is calculated as adjusted operating profit divided by NSV.
- 2, 3, 4. Adjusted operating profit, adjusted profit before tax, adjusted profit for the year and adjusted earnings per share are, where appropriate, each stated before: exceptional items; amortisation of acquired intangible assets; deferred tax on acquired intangible assets and goodwill; utilisation of deferred tax assets (where initial

5. recognition was as an exceptional item); acquisition costs; the impact arising from the fair valuing of financial instruments; and profits or losses arising on business disposals. Adjusted cash generated from operations is equal to cash generated from operations after adding back £0.2m (2013: £4.8m) of demerger cash costs.

CHAIRMAN'S LETTER

PETER HILL, CBE
Chairman



Dear Shareholder,

Overview

2014 has been a year of excellent progress. Alent has delivered a robust set of results, with good growth in sales, profits and margins together with strong cash generation. Our key end-markets of electronics and automotive showed return to growth during the year and we continued to outperform those markets. Our position as a global market leader, our competitive advantage and our financial strength enables us to outperform those markets that are core to Alent.

The strategy for Alent remains unchanged, and we set out in this Report how we will continue to further develop and deliver on that strategy. The key elements are to:

- focus on high unit growth end-markets;
- build on our differentiated value-add customer strategy;
- continue to develop higher-margin products;
- improve mix and operational efficiencies;
- further invest in R&D to expand our market, technology and innovation leadership; and
- utilise our financial strength to support organic growth and acquisitions.

Further detail on our strategy, and on its execution during 2014, is set out within the Strategic Report on pages 22 - 23.

Delivery of profitable growth

Alent delivered a robust set of results in 2014, with good progress in all key financial metrics. Net Sales Value showed a very creditable organic growth at constant currency of 4.6%; adjusted operating profit grew 7.6% and adjusted EPS by 11.1%, both on the same basis. NSV was £413.0m (2013: £420.1m), adjusted operating profit was £95.1m (2013: £94.1m) and adjusted EPS was 25.0 pence (2013: 24.1 pence). NSV margin increased to 23.0% (2013: 22.4%). Cash generation from operations was again extremely strong, and net debt at year end was £108.3m (2013: £96.5m) despite the payment of a special dividend of £42m during the year.

"2014 has been a year of excellent progress. Alent has delivered a robust set of results, with good growth in sales, profits and margins together with strong cash generation."

Dividend

The Board is recommending a final dividend for 2014 of 6.0 pence with a total dividend per share for 2014 of 9.0 pence. This is an increase of 4.7% 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 final dividend, if approved at the Annual General Meeting, will be paid on 19 June 2015 to shareholders on the register at 15 May 2015.

The Board is committed to maintaining a capital structure that is both efficient and balanced between investment for growth, both organically and through acquisitions, and returns to shareholders. In October 2014 we assessed our expected future cash generation and the capital required to support our ongoing growth plans, normal dividend payment and potential bolt-on acquisitions and announced a special dividend to shareholders of 15.0 pence per share, representing a return of £42m.

Health, Safety, Environment and Sustainability (HSES)

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

Governance

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 44 - 62 sets out the approach we take and highlights the key focus areas of the Board during 2014.

Board development

In September 2014, Steve Corbett stood down as Chief Executive. Steve played an important role in developing the underlying business and overseeing Alent's transition into becoming a publicly traded, specialty chemicals Company. We wish him success in his future endeavours.

Andrew Heath was appointed Chief Executive, joining Alent on 21 February 2015. Andrew's knowledge of and successful track record in delivering innovation and new technology to demanding global customers in the US, Europe and Asia will be of enormous benefit to Alent. His operational and corporate development expertise will bring valuable experience to our Board. Andrew will provide strong leadership to our well established senior management team and we look forward to working with him to take the Company forward.

I would also like to thank Rick Ertmann, President of our Assembly Materials business unit, who has been an extremely effective Interim Chief Executive.

Jan Oosterveld, Non-executive Director will be retiring following the Annual General Meeting on 7 May 2015. Jan joined the Board of Cookson Group plc in 2004 and was an inaugural Director of Alent. The Board thanks Jan for his very strong contribution and wishes him all future success.

Our people

Our progress in delivering against our strategy is only possible through the significant efforts and dedication of our people, while their calibre and commitment continues to impress. On behalf of the Board, I would like to thank all of our people for their continued efforts as together we focus on executing our strategy and taking Alent forward.

PETER HILL, CBE
Chairman
2 March 2015

CHIEF EXECUTIVE'S STATEMENT

Introduction

I am delighted to be presenting this, my first update as Chief Executive of Alent plc. Alent presents a great opportunity. The Company has strong products, with leading positions in global markets where demand will only continue to grow in the long-term. The fundamentals of our principal end-markets, electronics, automotive and industrial, remain robust. The Company delivered good growth on a constant currency basis in 2014, with profitability increasing ahead of NSV, and cash generation remaining strong; all of which are very attractive and a credit to the management team.

Initial observations

Since my appointment was announced in November 2014, I have taken the opportunity to visit a number of our facilities, in Asia, Germany and the US, prior to me joining officially. This has meant that I have already met and spoken with many people, which has greatly helped in gaining an understanding of the fundamentals of the business. I have also spent time with the Board and senior management team to understand the strategy.

My first impressions of the business have reinforced my view that Alent is a strong business with good prospects for the future. The 2014 results are testament to that. While the principal end-markets showed modest improvement, supported by signs of better consumer confidence, Alent continued its track record of outperforming these markets. Strong relationships with OEMs, alongside a comprehensive global technical service presence and fast-cycle R&D driving ongoing product innovation, have enabled Alent to grow its market share.

During my site visits, I had the opportunity to see the strategy in action and I can tell you that what I have seen as I travel around the business matched what I read and was told before I joined. Here are just a few examples:

- in Germany I met with the technical support team who explained what they have done to support and develop a long-term relationship with one of Europe's largest suppliers of plating on plastics for the automotive market;
- in Asia I saw the benefit of having local, fast-cycle R&D to support the development of new applications for customers, such as molded interconnect devices for mobile phones and advanced protective coatings for printed circuit boards;
- in Singapore I also witnessed the benefit of our OEM relationships pulling through a new polymer sintering product, Atrox, which is a disruptive technology for the semiconductor market currently in the approval process; and
- in the US I was impressed by the developments in fundamental and disruptive technologies. The development in Argomax, the silver nano paste

for high voltage, high temperature applications, and development in the leading technology nodes for copper damascene were particular highlights.

Alent clearly has some leading technology – I've been impressed with the technical capability within the business, from both a fundamental chemistry and material science perspective. This is vital in developing higher margin products and accessing the high unit growth end-markets.

Last, but by no means least, I have been impressed with the people I have met. They have been knowledgeable and passionate about the business, enthusiastic about what they do and focused on delivering on behalf of our customers.

My priorities

Alent has demonstrated that its competitive advantages enable it to outperform its end-markets. It is clear to me, and the Board, that Alent's strengths will enable it to continue to do so in the future, but also that there is more that can be achieved here.

So my focus is on growth, and in determining where and how Alent will grow in the long-term, and where capital will be allocated to deliver enhanced shareholder value. Opportunities exist to leverage our strong cash generation and balance sheet, to grow organically and through M&A.

My first priority, then, is to fully understand Alent. To evaluate the strengths of the business model and strategy, and the opportunities facing the business. Over the next few months I will visit the remainder of the Company's operations to fully appreciate how we operate, and continue to meet the rest of the team. I will also be visiting customers to see our products in action and talking to them to understand the performance of the business from their perspective. I will also prioritise meeting investors, to intently listen to their respective views of Alent. I will take all these views on board in determining where to drive the growth.

Investment for growth 2015 - 2016

As I've said, there is momentum in our business and in our end-markets. Industry experts are forecasting both the electronics and automotive markets to grow between 3 - 4% CAAGR from 2014 - 2018. Within those markets, there are attractive higher growth areas that present specific

"I am excited to have been asked to lead Alent. It is a strong Company with great prospects and I am eager to start working with the senior team in driving Alent through its next phase of growth and development".

opportunities for Alent such as tablets and automotive semiconductors, which are expected to grow around 7% and 9% respectively.

The improving end-market trends and the business performance in 2014 has reinforced our confidence in our strategic direction. Consequently, the Board and I feel the time is right to invest now, to extend our competitive advantage and accelerate future organic growth. Consequently, during the course of 2015 and 2016, we are embarking on a targeted investment programme; strengthening routes to market, product development, manufacturing and R&D.

Our customer-led, "fast-cycle R&D", and technical service model is key to our outperformance. We will, therefore, invest up to £7m during 2015, increasing headcount by around 100 people in these areas. The focus is on accelerating share gains, developing new products and new markets. We have a winning formula in this area and we will continue to build on this, ensuring we have the right people, in the right place, to take advantage of the opportunities we can see ahead with customers.

We will increase OEM sales headcount, particularly in Asia, to achieve key approvals and build customer intimacy. Headcount will be added to supplement our R&D teams, in support of both new and existing customers. Scientists and engineers will be recruited to increase product development, primarily in India and the US. We will also expand our global technical services capability to enhance support to customers.

Additionally we will increase capital expenditure during 2015 to 1.5 – 1.8x depreciation, focusing on upgrades to our manufacturing and R&D facilities, to support new processes, entry to new higher growth markets and the development of our high margin products. Specifically, we will be upgrading the copper damascene and wafer level packaging process lines in the US, and the powder manufacturing capability in Asia. Investment in R&D

equipment will be focused on high-margin products such as die-attach, LED, nano silver and performance coatings in our research centre in India. In the US, equipment will be added for advanced wafer fabrication research, and coating development equipment will be added for both decorative and performance coating applications in Europe.

We expect to see benefits starting to come through next year, with the full NSV growth benefit being delivered in 2017. Alent is a technology Company and it is essential that we innovate for the future if we are to remain ahead of the game. We will be mindful of end-market performance and will maintain discipline through the structured investment programme.

Outlook

As ever, while visibility remains limited, we expect to make continued progress over the course of the year, with our normal seasonal improvement in the second half. As things stand, we anticipate that our core markets will continue to grow at a similar rate to 2014, on a global basis, during the course of this year and that Alent will continue to outperform its key markets.

We are confident our targeted investment programme will accelerate growth and margin improvement and that we are well placed to take advantage of improving market conditions.

Conclusion

I am excited to have been asked to lead Alent. It is a strong Company with great prospects. I am eager to start working with the senior team in driving Alent through its next phase of growth and development. I look forward to updating you on progress in next year's Annual Report.

ANDREW HEATH
Chief Executive
2 March 2015



RICK REAGAN
President, Enthone

ANDREW HEATH
Chief Executive

DAVID EGAN
Finance Director

RICK ERTMANN
President, Alpha

OUR BUSINESS

Alent is a global supplier of specialty chemicals and engineered materials with #1 and #2 market share positions.

BUSINESS UNITS

Assembly Materials



Predominantly electronics market focused

Our Assembly Materials business is the global leader in the development, manufacturing and sales of interconnect materials, primarily into the electronics market.

Product line

Surface Mount Assembly

- solder paste, wire, preforms

Wave Solder Assembly

- bar solder and flux

Microelectronics

- electronic polymers, solder spheres, die-attach, pv ribbon

Other

- water treatment, reclaim business

NSV

£204.9m

Adjusted operating profit

£57.6m

Surface Chemistries



Serving mainly the electronics and automotive markets

Our Surface Chemistries business is a global supplier of high performance specialty chemistry, coatings and materials to the electronics, automotive and surface finishing industries as well as other industrial end-markets.

Product line

Performance Coatings

- decorative/wear/corrosion resistant coatings

Electronics Chemistries

- printed circuit board chemistries, interconnect electroplating chemistries, copper damascene

Other

- equipment sales

NSV

£208.1m

Adjusted operating profit

£44.6m

Global presence

Strategically positioned close to industry-defining customers



Manufacturing

Europe

- Langenfeld, Germany
- Budapest, Hungary
- s-Hertogenbosch, Netherlands
- Naarden, Netherlands

Asia

- Shanghai, China
- Shenzhen, China
- Chennai, India
- Sihung City, Korea
- Singapore
- Taoyuan, Taiwan

Americas

- Manaus, Brazil
- Sao Paulo, Brazil
- Mexico City, Mexico
- Monterrey, Mexico
- Pennsylvania, USA
- Connecticut, USA
- Illinois, USA

R&D

Europe

- Langenfeld, Germany
- s-Hertogenbosch, Netherlands

Asia

- Shanghai, China
- Bangalore, India
- Hiratsuka, Japan
- Singapore
- Taoyuan, Taiwan

Americas

- Connecticut, USA
- Georgia, USA
- New Jersey, USA

OUR MARKETS

STRATEGIC
REPORT

CORPORATE
GOVERNANCE

FINANCIAL
STATEMENTS

ADDITIONAL
INFORMATION

END-MARKETS FOR OUR PRODUCTS

Electronics



Personal Computers

10-15% of Group NSV

Mobile & Infrastructure

10-15% of Group NSV

Microelectronics & Semiconductors

10-15% of Group NSV

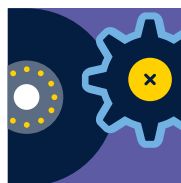
Automotive Electronics

10-15% of Group NSV

Other Electronics

10-15% of Group NSV

Automotive/Industrial



Automotive Electroplating

10-15% of Group NSV

Water Treatment

5-10% of Group NSV

Other Electroplating

10-15% of Group NSV

OUR FOCUS

- We focus on high unit, long-term growth markets.
- We have a broad exposure to the automotive and electronics industries, and our products are used in essentially everything with an on/off switch.
- In our non-electronics performance coatings business, although primarily focused on the automotive market, there are many other markets that require decorative coatings and also wear- and corrosion-resistant coatings.

OUR OFFERING

- A global supplier of specialty chemicals and engineered 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.

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.
- Corrosion-protection and wear-resistant coatings used primarily in automotive applications, including environmentally-friendly processes that optimise quality, increase functionality and extend product life.
- Decorative finishes engineered for durability and style, including a distinctive range of "green" finishes used in building/hardware and automotive applications.

OUR COMPETITIVE ADVANTAGE IN ACTION

The Opportunity

- To align with other world regions, remain competitive and meet customer expectations, Asian automotive OEMs have been extending corrosion warranties to vehicles manufactured within the region.
- Extended warranty periods have resulted in the rapid transition from conventional zinc plating to advanced zinc alloy plating systems that are production-proven to provide superior corrosion performance for automotive applications.
- The steady growth in Chinese consumer vehicle demand has coincided with the ever-increasing zinc alloy process requirements of Chinese OEMs and their Tier 1 plating applicators. Failure to meet the terms of the extended warranties directly impact profitability and brand loyalty of consumers.
- A major Chinese subcontractor responsible for plating millions of brake calipers each year required high performance zinc alloy plating chemistry that met current and future technology roadmaps and design specifications of their OEM customers.
- Enthone identified the opportunity and partnered with the subcontractor to demonstrate the ability to deliver cost-effective, high efficiency brake caliper plating that would consistently meet OEM performance requirements.

The Solution

- To verify the performance of our newly developed zinc-nickel system, Enthone R&D, product development and applications engineering teams installed a brake caliper sample plating line in our state of the art manufacturing plant, laboratories and customer research centre in Shanghai.
- Zinc-nickel and post-treatment processes were optimised to meet the high performance corrosion target, as set by some of the world's leading automotive OEMs.
- Following extensive testing, we were able to demonstrate to the subcontractor how the Enthone zinc-nickel systems, backed by local technical service teams, could reliably exceed OEM corrosion protection requirements.
- The technology was installed at our partner's new, high volume plating facility just north of Shanghai.

The Benefit

- Production parts approval process quickly followed with leading OEMs granting applicator accreditation using the Enthone chemistry.
- The current production run rate at the subcontractor exceeds 5 million brake calipers each year.

Brake calipers each year

+5million

Investment in our state of the
art manufacturing plant,
laboratories and customer
research centre in Shanghai

£20m



OUR GOALS, CULTURE AND STRATEGY

We will be the industry's preferred supplier of specialty chemicals and engineered materials, delivering leading technology represented by our innovative products, processes and people.

Our Goals and Culture

Our vision

- Our vision is to be the industry's preferred supplier of specialty chemicals and engineered 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 mission

- We will exceed our customers' expectations by providing specialty chemicals and engineered materials, delivering leading technology, supported by superior applications expertise to our target markets.

Our values

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

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.

Our strategy

1. Focus on high unit growth end-markets

For Alent, it's all about growth and delivering outperformance. We continue to target high unit volume applications such as tablets, flat screen televisions and automobiles, which in turn drives demand for our products.

2. Leverage our differentiated value-add customer strategy

We have continued to resource and deliver on our OEM marketing and selling strategy and have secured OEM specifications in both the consumer electronics and automotive markets.

3. Continue to develop higher-margin products

The shift from lower-margin commodity products such as bar solder to the higher-margin solder paste products continues.

4. Improve mix and operational efficiencies

We continue to streamline and right-size the business for the long-term. With our Shanghai facility fully commissioned, the shift of some of our manufacturing processes from the Netherlands to Hungary nearing completion, and our Chennai site in the commissioning stage, our global footprint is largely complete.

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

R&D is critical to the continued success of Alent to meet the demand for smaller, lighter and faster electronics and to take advantage of the opportunities presented by tightening environmental regulations as well as new and high-growth markets. Our R&D spend continues at a level of just under 4% of NSV. The majority of our R&D spend is customer-driven product improvements with a new product launched every week.

6. Leverage our financial strength to support organic growth and acquisitions

We have continued to invest in the business to support organic growth and will pursue appropriately sized acquisitions.

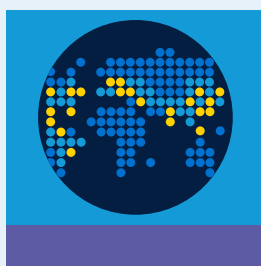
For more information on our strategy
See **PAGES 22-23**



OUR STRENGTHS

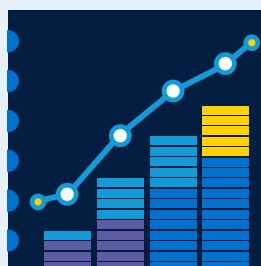
Our position as Global Market Leader, Our Competitive Advantage and Our Financial Strength will result in our Outperformance of our core markets through the cycle.

Our key strengths are our:



Global market leadership

Our business units have #1 and #2 global market share positions.



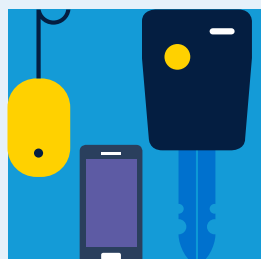
Financial strength

Our strong financial position enables us to invest in the future growth of the business, both organic and inorganic.



Competitive advantage

Our OEM strategy, R&D capabilities and global manufacturing footprint sets us apart from the competition.



Outperformance of markets

Our global market leadership, our competitive advantage and our financial strength, will allow us to outperform our core markets through the cycle.

GLOBAL MARKETPLACE

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

Electronics

The principal end-market for Alent is global electronics which accounts for approximately 70% of Group NSV.

Offering

Alent has a very broad exposure to the electronics industry and our products end up in electronic systems across a very wide range of applications, and are used in essentially everything with an on-off switch.

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

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

Trends

In the electronics market, the trend towards increased interconnect density and portability in consumer electronics continues. 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.

Growth

According to Prismark Partners, the electronics market is expected to grow 3.7% CAAGR from 2013-2018. 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.

Growth markets - Electronics 2013-2018 CAAGR: 3.7%

■ 2018 ■ 2013

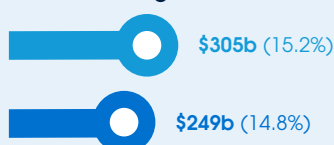
Smartphones (3.4% CAAGR)



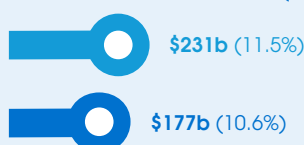
Tablets (7.4% CAAGR)



Servers/Storage/Comms.Infra (4.1% CAAGR)



Automotive Electronics (5.5% CAAGR)



Rest of Electronics Industry (2.9% CAAGR)



Source: Prismark Partners, November 2014

Business unit performance

Our view of our performance vs our key markets in 2014

Alent's exposure to end-market	Alent's Growth (2014)	Alent vs Market (2014)	Alent's exposure to end-market	Alent's Growth (2014)	Alent vs Market (2014)	Alent's exposure to end-market	Alent's Growth (2014)	Alent vs Market (2014)
Surface Chemistries (50% automotive/ industrial focused)	4.7%	▲	Assembly Materials (100% electronics focused)	4.4%	▲	Surface Chemistries (50% electronics focused)	4.7%	▲
Performance Coatings	3%	◀▶	Surface Mount Assembly	13%	▲	Electronics Chemistries	7%	▲
Plating on Plastics	4%	▲	Paste	10%	▲	Printed Circuit Board Chemistry	6%	▲
			Wire	7%	▲	Copper Damascene	8%	▲
						Microelectronics Plating Chemistry	9%	▲

Automotive/Industrial

The automotive and industrial end-markets account for the remaining 30% of Group NSV.

Offering

Alent's products are used to manufacture the various electronic systems in an automobile. In addition, our electroplating chemistries are used to provide corrosion and wear protection to vital systems. Our decorative electroplating chemistries are used in external and internal applications.

Whilst our non-electronics performance coatings business is primarily focused on the automotive end-market, there are many micro markets that require decorative, wear- and corrosion-resistant coatings.

Trends

The electronics content within a vehicle is growing at a rate that significantly exceeds the underlying automotive unit growth rate. Electronics content as a percentage of the total vehicle cost is expected to rise significantly as market penetration of hybrid and electric vehicles increase.

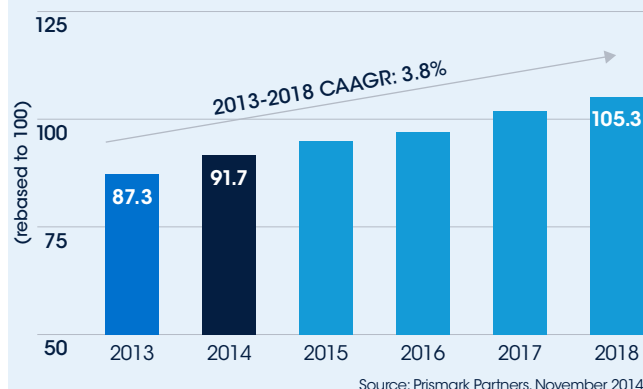
The need for improved corrosion-resistant and wear-resistant coatings, driven by the need to provide longer warranty protection to customers, is driving demand for our products. The improved quality of automobiles and the requirement to reduce weight is also driving higher demand for increasingly sophisticated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

Growth

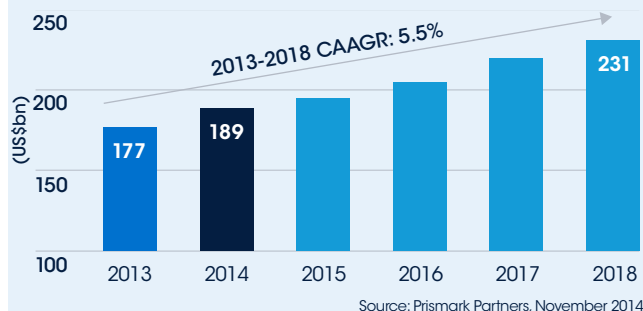
According to Prismark Partners, vehicle volumes are expected to grow approximately 4% CAAGR from 2013-2018. On top of this, there is a strong trend for increased electronic content in vehicles and increasing demand for functional and decorative coatings, which benefits both of our business units. This dynamic will enable us to benefit from a twofold increase, both in the number of units as well as the increased product content.

Growth markets - Automotive

Automotive production growth in units (m)



Automotive electronics content forecasts



Alent's market-leading position

Our strong global presence gives us 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 and relationships with our customers.

BUSINESS UNIT REVIEW



Assembly Materials

Assembly Materials is the global leader in the development, manufacturing and sales of innovative specialty and engineered materials, used to assemble printed circuit boards and advanced semiconductor packaging. This business unit accounts for c50% of Group NSV, and consists of four product lines: Wave Solder Assembly, Surface Mount Assembly, Microelectronics Products and Other.

Assembly Materials NSV for the full year increased 4.4% on a constant currency basis, outperforming the underlying end-markets. NSV improved in the second half of 2014 compared to H1 2014 by 8.2% and was up 4.5% compared to H2 2013. This was supported by a modest pickup in electronics markets through the year, with industry analysts, Henderson Ventures, forecasting 3.3% growth in the world production of electronic equipment for full year 2014 versus a decline of 2.6% in 2013.

Global automotive production is expected to grow above historic rates with electronics content within vehicles also growing. During the year we saw signs of improvement across our markets in Europe, Asia and the Americas although Brazil in particular, saw negative growth due to difficult economic conditions. Europe became more unpredictable during the second half of 2014 as both economic conditions and exports became less certain.

Adjusted operating profit increased 5.3% on a constant currency basis whilst NSV margin increased by 0.2pts. We have increased NSV and margin contribution from our Surface Mount Assembly product line through market share gain, disciplined pricing and our ongoing focus on cost control. This was partially offset by the performance of our reclaim business which was further impacted by tighter supplies of scrap feed stocks coupled with lower metal prices, particularly silver. The average price per ounce of silver has declined approximately 20% year-on-year.

Cost control, pricing discipline, improved mix and manufacturing efficiencies combined to ensure that margin contribution increased across most product lines during the year.

We continue to optimise our manufacturing footprint throughout the world. In Europe we have moved some of our manufacturing from the Netherlands to an enlarged facility in Hungary. This is now largely complete with the plant in Hungary now being commissioned. Meanwhile, our replacement manufacturing plant in Chennai, India is complete and will be commissioned in Q1 2015. In addition, during the year we also relocated manufacturing capacity from Sao Paulo to Manaus, Brazil. We are confident that these changes will deliver improved customer service, consistent high quality products and lower cost of manufacturing.

Wave Solder Assembly

In our more mature Wave Solder Assembly product line, NSV declined 1.0% on a constant currency basis. The ongoing mix shift from Wave Solder to Surface Mount Assembly continued, leading to a year-on-year volume decline of just under 7% in bar solder although our wave solder flux product volume increased 3.5% offsetting most of the bar volume decline.

Surface Mount Assembly

In our higher performance and higher margin Surface Mount Assembly product line, NSV increased 13.2% on a constant currency basis due to a strong performance across all product lines, with the exception of Stencils, where we have exited our American Stencil businesses during the course of the year. Solder paste in particular was very strong with volume up 10% and further progress in margins. We continue to leverage our OEM sales and marketing strategy in this area and have product specifications at many global Tier 1 and Tier 2 smartphone, tablet, personal computer and automotive electronics systems' OEMs. Sales of tape-and-reel packaged preforms, which are manufactured shapes of solder used in smartphones and automotive electronics, also delivered strong growth in volume and margin with many new design wins with targeted European automotive suppliers. There was further contribution from wire with volume up 7%, driven by increased demand in Asia.

Microelectronics Products

Microelectronics Products includes a range of products that are sold into the semiconductor packaging and LED end-markets, including electronic polymers, solder spheres, and die-attach materials. NSV increased 4.6% on a constant currency basis. We are seeing strong interest in our die-attach technology, however customer acceptance lead times are long. The growth prospects in this product line over the medium term remain very strong.

Other

The "Other" product line includes our water treatment chemicals business, recycling and reclaim operations, and our consumer products. NSV decreased 6.0% on a constant currency basis. NSV in our water treatment business increased 1.0% on a constant currency basis on the back of new product launches and continued efforts to globalise sales, having seen double digit growth in both North America and Asia, while economic conditions in Europe subdued revenues in some areas. Our reclaim business NSV and contribution margin were further impacted by lower volumes of scrap material, higher raw feed stock costs coupled with lower metal prices, particularly silver.



Surface Chemistries

Surface Chemistries is one of the world's leading specialty chemicals manufacturers serving the electronics and the automotive/industrial markets, with NSV split predominantly between these two end-markets. This business unit accounts for c50% of Group NSV, and consists of three product lines: Performance Coatings, Electronics Chemistries and Other.

Surface Chemistries NSV for the full year increased 4.7% on a constant currency basis due to solid growth from both our Performance Coatings and Electronics Chemistries product lines, leading to an outperformance versus underlying markets, as a result of market share capture, product development, customer service and consistent quality products. NSV improved in the second half of 2014 compared to H1 2014 by 3.2% and was up 6.3% compared to H2 2013.

The strong demand in Americas and Asia markets continued whilst Europe had started to show signs of recovery during the first half of the year before slowing a little and becoming more unpredictable during the second half of the year.

Adjusted operating profit increased 10.4% on a constant currency basis with NSV margin increasing 1.1pts to 21.4%. We have increased NSV and margin contribution from both our Performance Coatings and Electronics Chemistries product lines through market share gain, customer service, disciplined pricing and continued focus on cost control.

We have continued to invest in the future growth of the business. Our position in the Asia market was enhanced during the year with the commissioning of our state of the art plant, laboratories and customer research centre in Shanghai which is now providing us with the foundation to grow our presence and position in China.

Our replacement plant in Chennai, India is currently being commissioned, whilst we have closed our Tianjin manufacturing facility in China and transferred activity to Shanghai. In addition, we have continued to upgrade our existing facilities, particularly in West Haven, USA, and our research and development facilities worldwide, to ensure we have state of the art facilities to meet the ever increasing needs and requirements of our customers.

Performance Coatings

Automotive and industrial markets saw a modest pick-up in demand during the year, with IHS Automotive reporting 2014 worldwide unit growth of 3% in light vehicle production. We made solid progress in our Performance Coatings product line with NSV up 3.3% on a constant currency basis. Our functional and decorative coatings business delivered a strong performance on a global basis, particularly in Asia.

Electronics Chemistries

In our Electronics Chemistries product line, NSV increased 7.1% on a constant currency basis. Within this product line, our printed circuit board chemistry volumes were up 6% as we continued to gain market share in through-hole metallisation and final finishes.

In copper damascene, NSV increased by 7.8%. This strong growth was driven by the continued ramp up in production of the 28nm and 20nm advanced nodes. We continue to make progress at the 14nm and 10nm nodes with ongoing product evaluations at a number of key customers. Our market share position at the outer edge nodes remains unchanged.

In addition, in late 2014 we announced that we settled our litigation with Moses Lake Industries, Inc. (MLI) regarding Enthone's patented copper damascene applications. This resolves all pending legal disputes between the companies. Under the terms of the settlement, MLI entered into a license agreement with Enthone for monetary consideration. Under the license agreement, Enthone has granted MLI a non-exclusive worldwide license to key patents relating to advanced copper damascene processes.

Other

The smaller product line, "Other" includes equipment sales, where we sell electroplating equipment to our customers typically alongside a multi-year contract for Alent to provide the associated electroplating chemicals and small amounts of non-proprietary resale products sourced from third parties and resold to customers. We continue to reduce NSV from this product line due to minimal margin contribution.

COLLABORATIVE CUSTOMER RELATIONSHIPS

The Opportunity

- A well established UK metal finishing company to the oil and gas industry applies heavy hard chrome coatings that provide wear protection on pump rotors. The rotors are used in equipment that must withstand constant exposure to harsh climatic conditions.
- The customer's in-house hard chrome plating chemistry required c24 hours of plating time. This slow plating rate would no longer meet OEM and industry demands, therefore limiting profitability and growth.
- Furthermore, the existing process equipment was not in compliance with environmental regulations that come into effect in 2017 and will highly restrict the use of hexavalent chrome. The customer was faced with the high cost of equipment replacement should it wish to continue its hard chrome plating operation.
- A relatively new customer, the company had recently installed Enthone electroless nickel as part of its plating line and was pleased with performance and technical support provided.

The Solution

- An Enthone proprietary, high efficiency hard chrome process replaced the in-house process, reducing plating time to 16 hours.
- In addition, a newly developed fume suppressant was introduced to minimise emission from the plating tanks.
- An hexavalent chrome airborne emission study conducted by an independent, third party laboratory, validated the effectiveness of the Enthone hard chrome process chemistry in combination with the customer's equipment.
- Enthone's technical applications expertise and on-site technical services support addressed all customer concerns throughout the testing, validation and installation process.

The Benefit

- 35% capacity gain: The significant gain in capacity is allowing the customer to meet industry demand and grow its customer base.
- No equipment replacement required: The emission study certified that the customer may continue to operate their equipment beyond 2017 when using the Enthone chemistry.
- Market leadership: In the first year of introduction, the fume suppressant earned an immediate 10% market share.

Capacity gain
+35%

Plating time reduced to
16 hours



INVESTMENT IN NEW PRODUCTS

The Opportunity

- A world-leading power semiconductor manufacturer wanted a solution to package their new high performance semiconductor chips to achieve new standards in electrical efficiency and reliability.

The Solution

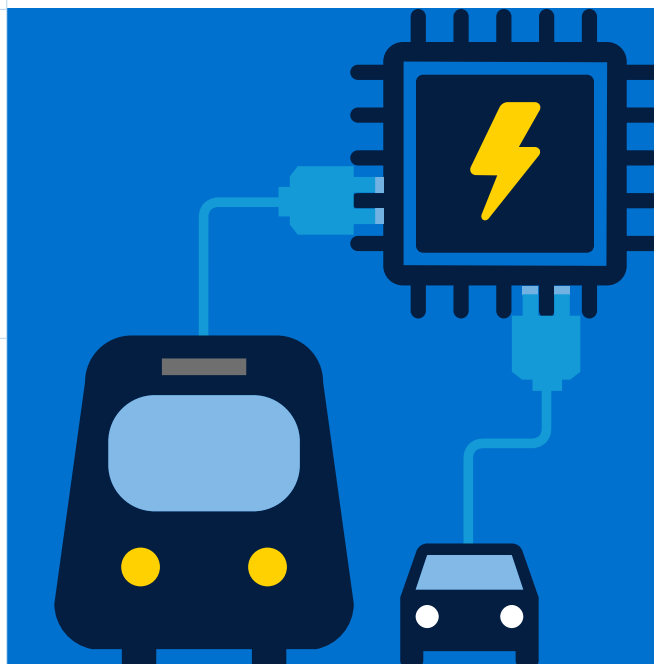
- Alpha developed a unique and versatile silver sinter paste that provides superior reliability and thermal/electrical performance when compared to other die-attach packaging solutions.
- Alpha delivered a sintered silver high volume manufacturing solution to the customer.
- The customer was given a world class material and a world class process to make their new power module designs a cost-effective reality.

The Benefit

- The customer's products went into field testing and delivered >35% more electrical efficiency when compared to current state-of-the-art power modules.
- These trials validated the customer's technology in the market and will allow them to take their new power modules into a wide variety of applications.

Electrical efficiency

>35%



TECHNOLOGY AND INNOVATION

The Opportunity

- A large Korean producer of home entertainment products wanted to switch from a dual to a single alloy surface mount technology process.
- Using the low temperature alloy allowed by the single surface mount technology process would yield the greatest benefit to the overall process but the challenges were securing improved mechanical strength and minimised solder drip from solder paste printed in the through holes.

The Solution

- Alpha developed a solder paste with its newly patented low temperature alloy for enhanced mechanical strength. In addition a paste flux chemistry was formulated to eliminate solder drip phenomena during the reflow process.

The Benefit

- Production with the new solder paste achieved the desired attributes with no changes to equipment, components or printed circuit board design.
- Cost savings through elimination of a dual process and the option to implement cheaper low temperature assembly parts enabled lower total cost of ownership.
- Alpha has created a high barrier to entry with its patented alloy and the opportunity to gain market share with this product at other customers.

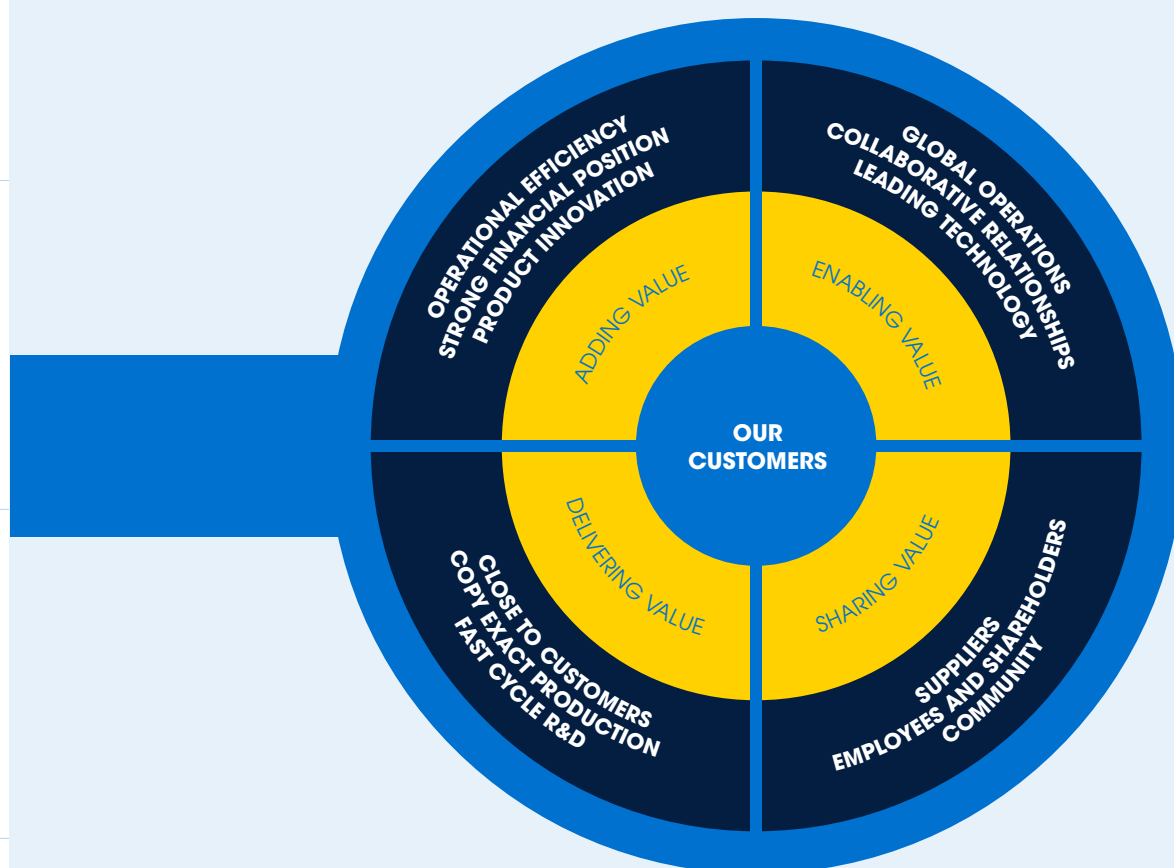
High barrier to entry

+Market Share



OUR BUSINESS MODEL

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



Focus

For Alent, it's all about growth and delivering outperformance. We focus on high unit, long-term growth markets and our objective is to outperform those end-markets.

Long-term sustainability

Our position as global market leader, our competitive advantage and our financial strength has enabled us to outperform our end-markets through the cycle.

Differentiated approach

We have a differentiated customer model in our OEM marketing and selling initiative. We couple our long-term customer relationships with our "fast cycle" R&D and global technical services to provide lower cost of ownership solutions to our customers and the OEMs that specify our products.

Investment and income

With strong cash conversion, we will continue to invest for the future and ensure our R&D facilities are equipped with the most advanced leading edge equipment to maintain our competitive advantage.

Adding value

We add value for our customers by supplying high-performance, value-adding, consumable products and services that allow them to:

- Create next-generation products.
- Reduce production costs.
- Improve operational efficiency.
- Cut energy usage.
- Reduce environmental impact.

Delivering value

We deliver value to customers across the world through our manufacturing plants and R&D centres strategically located close to industry-defining customers:

Collaboration

- Long-standing collaborative customer relationships.

R&D

- Technology and “fast cycle” R&D providing innovation driven growth.

Manufacturing

- Production and technical support resources close to our customers in every geographic region.
- Significant presence in the higher growth developing economies.

Enabling value

We continually enhance 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:

- Market leadership through differentiating products and solutions.
- Leading global market positions based on technology leadership, reliable “just in time” supply and outstanding technical service.
- Global footprint close to industry-defining customers.
- Value-add sales strategy targeting OEMs.
- Financial strength.

Sharing value

We create value for all our stakeholders:

Customers

- Develop strong relationships with our customer base and have a deep understanding of end-customers’ manufacturing processes and future material needs.

Shareholders

- Provide attractive returns to investors on a long-term basis.
- Committed to maintaining a strong financial position to support our business.

Employees

- Invest in and develop our most valued asset: our people.
- Provide equal opportunities for all our people.

Community

- Committed to operating a sustainable, responsible organisation that protects the environment and the health and safety of those with whom we have relationships.

OUR STRATEGY



Throughout this report, we will set out the progress we have made against our strategy. The key elements of our strategy and progress are outlined below.

1. Focus on high unit growth end-markets

Rationale

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- and corrosion-resistant applications, which is benefiting both of our strategic businesses.

2. Leverage our differentiated value-add customer strategy

Rationale

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 longstanding 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.

3. Continue to develop higher-margin products

Rationale

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.

4. Improve mix and operational efficiencies

Rationale

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.

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

Rationale

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.

6. Leverage our financial strength to support organic growth and acquisitions

Rationale

Alent is an asset light, strong free cash flow 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 KEY PERFORMANCE INDICATORS

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

PRIORITY/LINK TO STRATEGY

PROGRESS

Operational growth

Net sales value (NSV)

➔ Link to strategic point 1

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

➔ Link to strategic point 2, 3

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



Adjusted earnings per share

➔ Link to strategic point 6

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

➔ Link to strategic point 3, 5

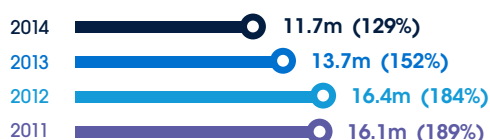
R&D is a means by which the Group can generate future growth by developing new products and services.



Operational capital expenditure and percentage of depreciation

➔ Link to strategic point 4

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



Financial discipline

Adjusted cash generated from operations

➔ Link to strategic point 6

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



Return on capital employed

➔ Link to strategic point 4

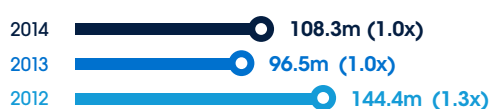
Return on capital employed is a means to assess the underlying financial performance of the Group.



Net debt/EBITDA

➔ Link to strategic point 6

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



PRIORITY/LINK TO STRATEGY

PROGRESS

Corporate social responsibility

Customer complaints

→ Link to strategic point 4

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

→ Link to strategic point 4

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



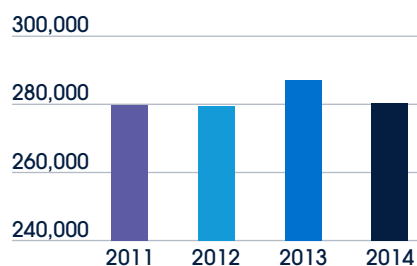
Energy consumption

→ Link to strategic point 4

The Group's aim is to reduce energy usage and associated greenhouse gas emissions. Over the past number of years, we have reduced our overall consumption of energy through the implementation of energy and greenhouse gas 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.

MMBtu



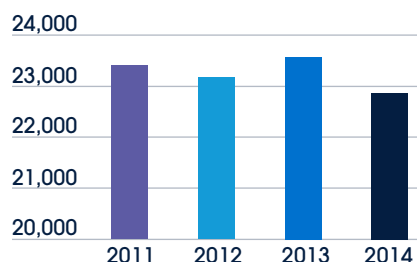
Greenhouse gas (GHG) emissions

→ Link to strategic point 4

As with energy consumption, measuring GHG emissions is part of the Group's programme to reduce energy usage and associated emissions.

We expect similar GHG emission numbers going forward.

MTCO₂e



Total recordable injury rate (TRIR)

→ Link to strategic point 4

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

Note: Industry benchmark data for 2014 is yet to be released. The number in the chart opposite is an estimate.



KEY

1. Focus on high unit growth end-markets
2. Leverage our differentiated value-add customer strategy
3. Continue to develop higher-margin products
4. Improve mix and operational efficiencies
5. Further invest in R&D to expand our market, technology and innovation leadership
6. Leverage our financial strength to support organic growth and acquisitions

For more information on our strategy
See **PAGES 22-23**



OUR APPROACH TO CORPORATE RESPONSIBILITY

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

BACKGROUND

Alent has a global base of manufacturing facilities and is serving customers in more than 100 countries worldwide. Our facilities are close to our customers to allow us to operate in "just in time" supply chains. 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.

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, health, safety and ethical matters are reviewed by the Board, including the impact such matters may have on our management of risk.

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 help our customers lower their environmental impact; and

4. OUR HEALTH, SAFETY AND ENVIRONMENT:

protecting the health and safety of our people, contractors, customers and the general public, and reducing energy consumption, water use 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. 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.

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.

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



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.

Employment development

We believe our people are key to 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 – a system designed to improve the effectiveness and efficiency of all business processes;
- Alent leadership programmes;
- Alent technical training; and
- education/training reimbursement.

In support of our commitment to our people and their development, we launched "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. Currently we are looking to expand our e-learning opportunities as well as our compliance outreach with a suite of multi-language core compliance training to further develop our corporate social responsibilities.

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

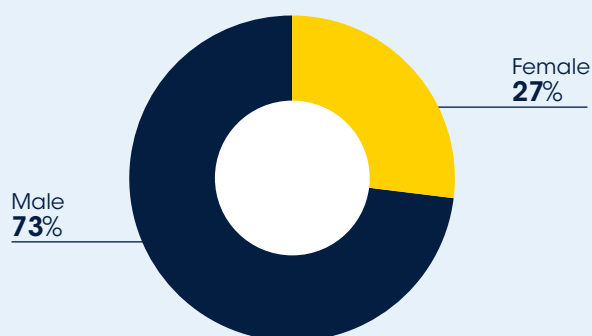
We believe that these initiatives are an important reason for our ability to consistently help create added value for our customers, allowing us to outperform many other competitors in our industry segments.

Charitable work

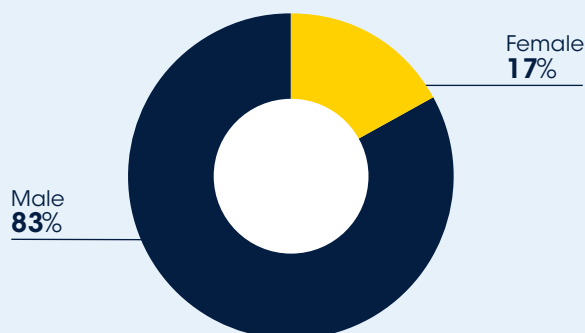
We are committed to being a responsible corporate citizen through support for appropriate charitable projects, organisations and charities. The needs of the communities in which we operate are varied and diverse and although there are no global initiatives, there are numerous "grassroots" charitable efforts carried out within the regions.

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. Additionally, as part of our Celebrating Achievement Programme, we award employees for their extraordinary demonstration of Alent values in society under the 'Social Responsibility' award category.

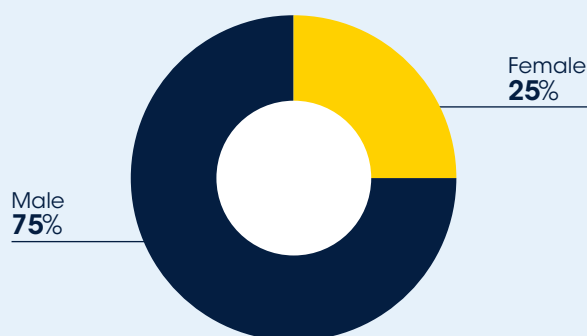
Total headcount



Senior management



Board



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.

The Alent Human Rights policy is reproduced in full on the Group's website.



OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

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.

Over the past year, we have further defined our global diversity initiatives through a more formalised Diversity Outreach Initiative which includes:

- the creation of a Global Diversity Council, comprising senior and middle management members, to study gender diversity issues and propose initiatives to increase gender diversity throughout Alent; and
- increased development of "Talent Pipeline" programmes focusing on recruitment and succession management as a process for identifying potential candidates for key positions including specific actions related to increasing the number of women candidates.

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 33% of our supervisors are women. 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.

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



3. OUR PRODUCTS & SERVICES

Green technologies

Alent has long been committed to developing products and services that help its customers lower their environmental impact. Our product technology focus is to develop environmentally-friendly products, many that are lead-free, halogen-free and hexavalent-free. 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.

We continue to invest in and expand our capabilities to take back metal waste streams and responsibly recycle that waste into high purity raw materials for reuse in our manufacturing processes.

Conflict minerals

Alent understands the seriousness of the possibility that tin mined in conflict areas of the Democratic Republic of Congo (DRC) may become part of the electronics supply chain. Moreover, we understand that profits from such tin mining in conflict areas may be encouraging certain unfair labour practices or other human rights violations in the DRC. We are committed to ensuring that minerals from conflict mines do not enter our supply chain.

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

Alent's policy is to operate in a manner which preserves health, safety and a sound environment. For our businesses worldwide, the minimum acceptable standard is to meet their legal HS&E obligations. The aim is continuous improvement.

We believe that good HS&E performance is an integral part of efficient and profitable business management. We recognise that these matters rank equally in importance with operational responsibilities and that success in these areas depends on the involvement and commitment of everyone in the organisation.

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 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, water usage 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, 20 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. All products are reviewed for correct labelling, packaging, transport documentation, and supporting safety data documents including Globally Harmonised Safety Sheets to support global market and commerce requirements.

Regulatory actions against Alent companies have been at a low level for several years. We monitor all EHS regulatory activities globally and focus on correcting any deficiencies. None of these issues have been significant, but all matters are taken seriously and corrective actions put in place to prevent reoccurrence.

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

Alent ensures worldwide compliance with REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) by a central coordination of all REACH related obligations.

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 "high risk".

HEALTH AND SAFETY PERFORMANCE

Our operations are impacted by the 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.

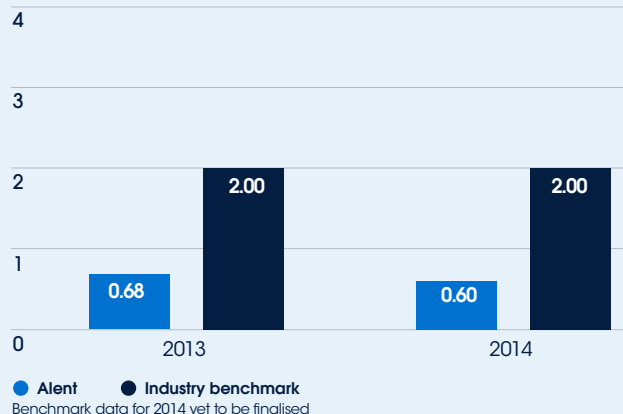
We utilise audits, inspections and risk analysis to assess and continually improve our safety programmes. Both management systems and compliance audits are performed and results are shared across the organisation.

Safety/best practise bulletins serve as a concise platform to convey critical safety information and programmes that can be deployed throughout the Group in a timely manner. Bulletins released in 2014 covered topics such as storage and handling of flammable and combustible liquids, chemical compatibility, electrical system maintenance, static electricity and equipment critical parts.

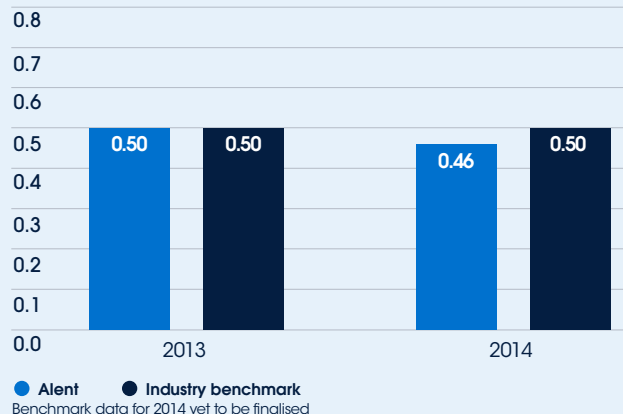
Global incident rate

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 a NAICS 325 benchmark for chemical manufacturing tracked by the United States Department of Labor – Bureau of Labor & Statistics.

Total recordable injury rate (TRIR)



Loss work incident rate (LWIR)



Total Recordable Injury Rate (TRIR) measures the number of recordable injuries/illnesses per 100 workers. In 2014, we achieved a TRIR of 0.60. Lost Work Incident Rate (LWIR) tracks the number of injuries/illnesses per 100 workers with one day or more away from work. Our 2014 LWIR was 0.46. These areas continue to be a focus for the business, with both rates below the industry benchmark of 2.00 for TRIR and 0.50 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 for the reduction of energy consumption at our facilities around the world.

In 2014, our manufacturing operations consumed 280,368 million British thermal units (MM Btu) of energy. Of this 117,060 MM Btu was electricity and steam 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.

OUR APPROACH TO CORPORATE RESPONSIBILITY CONTINUED

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 and makes use of emission factors in accordance with UK Department for Environment Food & Rural Affairs (Defra) and Department of Energy and Climate Change (DECC) guidelines. Previous years calculated (2010-2013) have been updated, in accordance with accepted methodologies, using the Defra emission factors to provide a consistent comparison with the 2014 calculated values. 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 and steam.

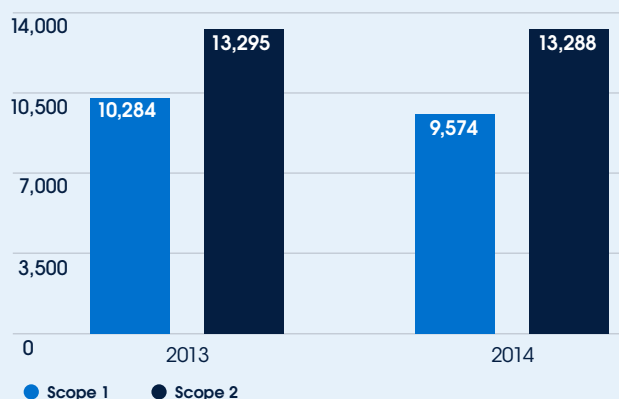
We have added an intensity/normalisation ratio to further measure our performance in this area. We report on Margin over Material (MOM) as it effectively removes fluctuations in material cost from the calculations and is the best gauge for our business. MOM for 2014 was £306,339.

We have collected fuel and electrical usage data from all of our major manufacturing locations and major sites to generate GHG emission data since 2010. This year we expanded the GHG emission review to also include all offices and warehouses under our control to calculate a more complete GHG impact for Alent consistent with GHG reporting methodologies. This is not an easy calculation, since in most cases we do not have direct readings of energy used at these locations. We are using methods of estimating typically Scope 2 (electricity consumption) GHG emission on square footage basis for the additional space to obtain the GHG impact. These methods are generated by approved agencies and are generally accepted.

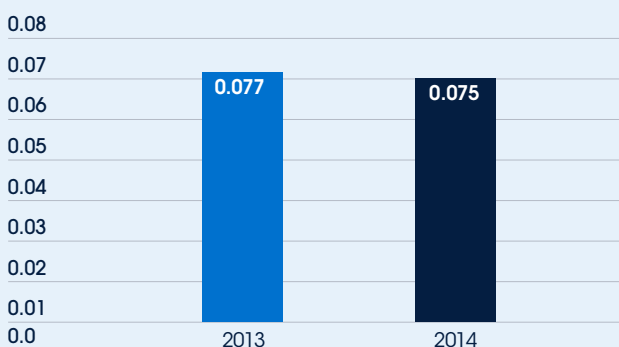
This year we also completed a refrigerant inventory review to highlight the use of refrigerant type materials and to determine potential GHG emission sources due to its high global warming potential (GWP). This review found that GHG emission from this source were insignificant (approximately 259 MT CO₂e) in normal operation of these refrigerant systems. This small number is in part due to the usage of R-22 at many facilities, which is an HCFC (Hydrochlorofluorocarbon), regulated as an ozone depleting substance and not included in GHG inventories even though it has a high GWP. Usage of R-22 continues to be phased out worldwide, in accordance with the Montreal Protocol, and replaced with other GHG regulated refrigerants. We will review this inventory on an annual basis to monitor this changeover.

In 2014, we had a total of 22,862 metric tons of GHG emissions, made up of 9,574 metric tons of direct (scope 1) and 13,288 metric tons of indirect (scope 2) GHG emissions

Yearly GHG emissions scope breakdown (MTCO₂E)



GHG intensity (MTCO₂E/MOM)



based on direct data. The additional space of offices and warehouses combined to an additional 4,588 MTCO₂ emission to the above Scope 2 total. We will be reviewing this estimated data in the upcoming year to work this into the total data to get a total picture of GHG emissions.

Water Use

This is the first year we have reviewed our water usage in more detail. Our major operations used 175,574 cubic metres of water for process and domestic use in 2014. Most of our operations are not very water dependant, but one of our businesses uses water as a raw material in its products and process operations. In the upcoming year, we will develop a programme to break down this usage more specifically and review opportunities to conserve this valuable resource.

The Alent HS&E policy is reproduced in full on the Group's website.



RISK MANAGEMENT AND INTERNAL CONTROLS

STRATEGIC
REPORT

CORPORATE
GOVERNANCE

FINANCIAL
STATEMENTS

ADDITIONAL
INFORMATION

Alent's fully integrated system of risk management and internal controls provides visibility and accountability for risks throughout the Group.

Risk assessment approach

Alent faces a wide range of risks across its global business. Efficient and effective management of these risks is at the centre of the way the Group operates.

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

As illustrated in the diagram below, Alent plc lies at the very centre of the Group's risk assessment process, and utilises various different controls and risk mitigation factors to protect itself from both the existing and potential risks it has identified that could impact the business.

Alent's risk management framework provides a consistent approach to dealing with risk 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 are shared with the operating companies to ensure consistency of mitigation and localisation where possible.

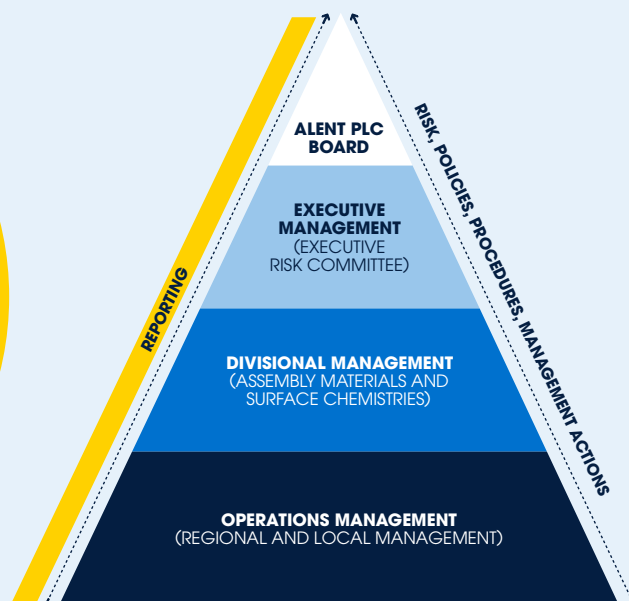
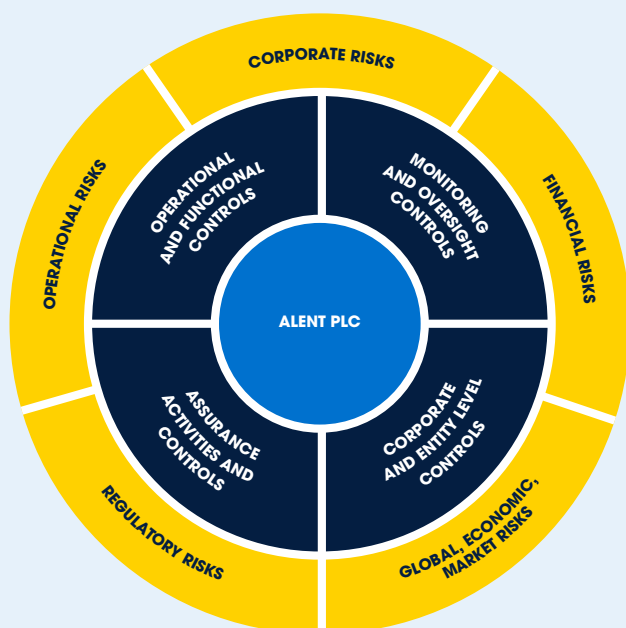
Not all risks are within the control of the Group. However, the Group's approach to risk management ensures it has controls in place to reduce the impact of any such risks wherever possible, should they occur.

Risk management roles

Ultimately the Board is responsible for the Group's risk management and internal control frameworks and it regularly reviews insurance and other measures adopted to manage risks within the Group. Additionally, the Audit Committee regularly monitors, reviews and evaluates the effectiveness of the risk management system and internal controls of the Group.

The Board delegates a level of risk management to the Executive Management team through a series of Group policies and delegated authority matrices. Executive Management discharges this responsibility through its Executive Risk Committee, which reviews, evaluates, mitigates and reports on risks within the Group. These risks include economic, financial, operational and regulatory.

The Executive Risk Committee meets regularly and provides the Board with updates on any risks that could have a material impact on the Group, assessing the impact and likelihood of occurrence before, and after, mitigating controls.



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 business units, and results of future operations or financial condition.

RISK	KEY ACTIONS	TREND*
ECONOMIC RISK End-market and macro economic 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.	<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 regularly reviews Group strategy, which determines 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 initiative and the cost base remains tightly controlled. 	↔
Counter-party risk During an economic/financial downturn, there is an increased possibility that organisations with which the Group has either trading or financial relationships may not honour their obligations (counter-party risk).	<ul style="list-style-type: none"> • Counter-parties are chosen carefully so that those with poor credit ratings and reputations are avoided by the Group wherever possible. • 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. • Group companies must hold adequate and specific reserves against possible bad debts. 	↔
FINANCIAL RISK Foreign exchange The Group's financial position and trading results may be adversely affected by fluctuations in exchange rates.	<ul style="list-style-type: none"> • The Group's treasury policies and procedures require operating companies to hedge material exposures arising from foreign currency transactions, utilising forward foreign exchange contracts. • The Group does not attempt to hedge the translational impact of exchange rate movements on reported earnings. • For key operating currencies, the Group manages the translational impact of exchange rate movements on its assets by broadly matching the currency profile of its borrowings with the currencies of its asset base. 	↔
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 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. • The Group applies for patents over its products, technologies and processes in a number of jurisdictions, encompassing all geographic regions. • 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. 	↔

RISK

KEY ACTIONS

TREND*

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 senior members of staff.
- The Remuneration Committee approves fit-for-purpose employee compensation and incentive programmes.

**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 increase or decrease 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.

**Exposure to loss of key manufacturing assets**

The loss of key manufacturing assets as a result of a major catastrophe could cause significant disruption and lead to temporary plant closures or suspension of operations and production which could negatively impact the Group's business and financial position.

- The Group delivers its products on a "just in time" basis from a manufacturing base located around the world. Its "copy exact" manufacturing structure allows the Group to produce products to the same specification across all of its global manufacturing sites.
- The Group's procurement strategy ensures that it has agreements in place with regional suppliers across the globe and can increase its supply of raw materials in each region as necessary.
- Business continuity plans are established and are regularly reviewed and updated as necessary to ensure they remain relevant.

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

The changing regulatory environment, particularly in emerging markets, and future expenditure on compliance with environmental and health and safety laws and regulations may 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 certified as being 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.

**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.
- 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 key risks which they face.



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

FINANCIAL REVIEW

A year of good progress with continued outperformance of key markets.

DAVID EGAN

Group Finance Director



OVERVIEW

I am pleased to be reporting on a year of good financial progress for Alent. On a constant currency basis, Alent has delivered growth in NSV, adjusted operating profit, NSV margin and adjusted EPS together with strong cash generation. Foreign exchange translation has been a major headwind on our reported results in 2014. Using 2014 average exchange rates would have decreased 2013 NSV and adjusted operating profit by 6%. Our principal markets, electronics, automotive and industrial, have all shown modest improvements as we progressed through the year. Global economies, on the whole, have shown growth although Europe and Brazil, in particular, have been subdued, whilst global consumer confidence has improved slightly year over year.

Alent has continued to consistently outperform its principal end-markets. 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.

As a result of our competitive advantages and financial discipline, Group NSV increased 4.6% on a constant currency basis, adjusted operating profit increased 7.6% on a constant currency basis and adjusted earnings per share increased 11.1% on a constant currency basis. In addition, robust financial balance sheet discipline was maintained.

Cash generation was strong during the year resulting in a significant strengthening of the balance sheet leading to a net debt to EBITDA ratio of 1.0x following the payment of the £42m special dividend in October 2014.

“Cash generation was strong during the year resulting in a significant strengthening of the balance sheet.”

GROUP RESULTS HIGHLIGHTS

A summary of the Group's results is set out below. Further detail on the performance of each business unit is included on pages 16 to 17.

	At reported rates		% change at	
	2014	2013	Reported	Constant
Revenue (£m)	644.8	684.7	(5.8)	(0.2)
NSV (£m)	413.0	420.1	(1.7)	4.6
Adjusted operating profit (£m)	95.1	94.1	1.1	7.6
NSV margin (%)	23.0	22.4	0.6pts	0.6pts
Adjusted profit before tax (£m)	91.5	88.0	4.0	11.3
Adjusted earnings per share (p)	25.0	24.1	3.7	11.1
Adjusted cash generated from operations (£m)	94.0	102.8	(8.6)	
Net debt (£m)	108.3	96.5	(12.2)	
Leverage (x EBITDA)	1.0	1.0	-	
Full year dividends per share (p)	9.00	8.60	4.7	
Statutory profit before tax (£m)	73.4	77.7	(5.5)	
Statutory earnings per share (p)	17.0	22.1	(23.1)	

A full definition of non-GAAP measures is outlined in note 4 on pages 93 to 94.

SUMMARY GROUP INCOME STATEMENT

	Statutory results 2014 £m	Adjustments 2014 £m	Adjusted results 2014 £m	Statutory results 2013 £m	Adjustments 2013 £m	Adjusted results 2013 £m
Revenue	644.8	-	644.8	684.7	-	684.7
Operating profit before exceptional items	95.1	-	95.1	94.1	-	94.1
Exceptional items	(18.1)	18.1	-	(10.3)	10.3	-
Operating profit	77.0	18.1	95.1	83.8	10.3	94.1
Share of post-tax profit of JVs	1.6	-	1.6	0.8	-	0.8
Net finance costs	(5.2)	-	(5.2)	(6.9)	-	(6.9)
Profit before tax	73.4	18.1	91.5	77.7	10.3	88.0
Income tax costs – ordinary activities	(28.5)	5.8	(22.7)	(20.9)	-	(20.9)
Income tax costs – exceptional items	1.9	(1.9)	-	4.8	(4.8)	-
Profit for the year	46.8	22.0	68.8	61.6	5.5	67.1
Earnings per share (pence)	17.0		25.0	22.1		24.1

A full definition of adjustments is outlined in note 4 on pages 93 to 94.

FINANCIAL REVIEW

CONTINUED

SEGMENTAL ANALYSIS

	At reported rates		% change at	
	2014	2013	Reported	Constant
NSV (£m)				
Assembly Materials	204.9	209.5	(2.2)	4.4
Surface Chemistries	208.1	210.6	(1.2)	4.7
Alent Group	413.0	420.1	(1.7)	4.6
Adjusted operating profit (£m)				
Assembly Materials	57.6	58.2	(1.0)	5.3
Surface Chemistries	44.6	42.7	4.4	10.4
Corporate	(7.1)	(6.8)	(4.4)	(6.0)
Alent Group	95.1	94.1	1.1	7.6
NSV margin (%)				
Assembly Materials	28.1	27.8	0.3pts	0.2pts
Surface Chemistries	21.4	20.3	1.1pts	1.1pts
Alent Group	23.0	22.4	0.6pts	0.6pts

Group revenue decreased by £39.9m to £644.8m (2013: £684.7m). On a constant currency basis the decline was 0.2%. The revenue decrease was impacted by foreign exchange headwinds and the "pass through" to customers of lower silver prices for consumption in the Assembly Materials business, and lower gold prices and consumption in the Surface Chemistries business. For the full year 2014, the average prices of tin, gold and silver were, respectively, 2%, 10% and 20% lower than the prior year, such that approximately £15.2m of the Group's revenue decrease was as a result of these lower metal prices.

Group NSV increased 4.6% at constant currency rates, a decrease of 1.7% on a reported basis to £413.0m (2013: £420.1m), outperforming our key end-markets. NSV in our Assembly Materials business unit increased 4.4% at constant currency rates, declining 2.2% on a reported basis to £204.9m (2013: £209.5m), with strong growth in our Surface Mount Assembly product line. NSV in our Surface Chemistries business unit increased 4.7% at constant currency rates, down 1.2% on a reported basis to £208.1m (2013: £210.6m), with solid growth in both our Performance Coatings and Electronics Chemistries product lines.

Group adjusted operating profit increased 7.6% at constant currency rates, an increase of 1.1% on a reported basis to £95.1m (2013: £94.1m). Group NSV margin increased 60pts to 23.0% (2013: 22.4%) through product mix, operational leverage and disciplined pricing and cost control.

During the year, we have continued to resource and deliver on our OEM marketing and selling strategy and have either held or improved our market share position in most market segments. Our fast cycle R&D is driven exclusively by the voice of our customers who are supported by our global network of highly skilled technical service engineers. This has enabled Alent to outperform its

competition by taking full advantage of its position in its core markets, driving market share gain.

The restructuring self-help activities throughout the Group have delivered to our expectations during the year with the majority of these activities now nearing completion.

Assembly Materials adjusted operating profit increased 5.3% at constant currency rates, a decrease of 1.0% on a reported basis to £57.6m (2013: £58.2m). NSV margin increased 0.2pts to 28.1% (2013: 27.8%). Strong margin progression across our Surface Mount Assembly product line, particularly solder paste, was in part offset by lower volumes in our Wave Solder Assembly product line and lower contribution from our reclaim business due to the impact of lower metal prices, particularly silver, and tighter supplies of scrap feed stocks.

Surface Chemistries adjusted operating profit increased 10.4% at constant currency rates, an increase of 4.4% on a reported basis to £44.6m (2013: £42.7m). NSV margin increased 1.1pts to 21.4% (2013: 20.3%). Solid market share growth in both Performance Coatings and Electronics Chemistries, and the recovery in part, of our copper damascene volumes, were the drivers for the strong year-on-year performance.

Corporate costs of £7.1m (2013: £6.8m) are broadly in line with the prior year.

The statutory operating profit before exceptional items increased 1.1% to £95.1m at reported rates (2013: £94.1m).

SHARE OF POST-TAX PROFIT OF JVS

The Group's share of post-tax profit from joint ventures of £1.6m (2013: £0.8m) included a one-off pension settlement gain of £1.4m (2013: £nil).

EXCEPTIONAL ITEMS

£m	2014 £m	2013 £m
Exceptional charges		
Restructuring charges	8.2	10.3
Litigation settlement charges	7.3	-
Disposal and closure costs	3.0	-
Impairment charges	2.1	-
Total exceptional charges	20.6	10.3
Exceptional income		
Litigation settlement income	(2.3)	-
Profit on disposal of continuing operations	(0.2)	-
Total exceptional income	(2.5)	-
Total net exceptional charges	18.1	10.3

Total net exceptional charges before tax for the Group were £18.1m (2013: £10.3m), comprising £20.6m (2013: £10.3m) of exceptional charges and exceptional income of £2.5m (2013: £nil).

The exceptional charges include £8.2m (2013: £10.3m) of restructuring charges, arising in connection with operational restructuring initiatives that included redundancy programmes, the downsizing or closure of facilities, the streamlining of manufacturing processes and the rationalisation of product lines; and corporate management restructuring initiatives comprising termination payments and other costs related to the replacement of the Chief Executive and other senior management positions. The net tax credit attributable to these restructuring charges was £0.7m (2013: £1.9m). Restructuring cash costs of £9.3m (2013: £4.0m) were incurred in the year, in respect of restructuring initiatives commenced both in 2014 and in prior years.

During 2014, the Group recognised litigation charges of £7.3m (2013: £nil) arising on settlement of legacy issues that pre-dated the demerger from Cookson Group plc in 2012. Of these charges, £6.4m (2013: £nil) relates to corporate activity involving MacDermid (incorporated in the United States) and dates back to 2006. The £6.4m charge represents Alent's share of the full and final settlement that was reached in February 2015. This matter had been noted as a contingent liability in Alent's 2013 annual report.

Costs of £3.0m (2013: £nil) were recognised in connection with the demolition, environmental clean-up and monitoring of sites of former Group businesses that were either closed or disposed of in prior years.

In addition, £2.1m (2013: £nil) of cost was recognised on the impairment of plant and equipment associated with an uneconomic product line in the Assembly Materials business unit.

During 2014 the Group recognised exceptional income of £2.3m (2013: £nil) following the settlement of patent litigation.

The profit on disposal of continuing operations of £0.2m (2013: £nil) arose on disposal of the US stencils business of the Assembly Materials business unit. The disposal generated cash proceeds of £0.5m (2013: £nil).

We are currently not expecting any exceptional costs to be incurred in 2015. We would expect a cash outflow of c£12m-£14m for full year 2015.

NET FINANCE COSTS

Net finance costs in the year were £5.2m, a decrease of £1.7m or 24.6% on the net finance cost for 2013. Interest on net borrowings of £4.3m (2013: £5.7m) was lower than 2013 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 £0.8m (2013: £1.1m).

PROFIT BEFORE TAX

Adjusted profit before tax increased 4.0% to £91.5m (2013: £88.0m) whilst on a constant currency basis, the increase was 11.3%.

The statutory profit before tax decreased by £4.3m to £73.4m (2013: £77.7m) primarily due to higher exceptional items.

TAX CHARGE

The adjusted tax charge on ordinary activities was £22.7m (2013: £20.9m). The effective tax rate (ETR) (before share of post-tax profit of joint ventures) was 25.2% (2013: 24.0%). The 2014 ETR is higher than the prior year due to the change in the geographic split of profit before tax and higher withholding tax on the repatriation of dividends from overseas territories.

The exceptional tax credit was £1.9m (2013: £4.8m). Included within the 2014 tax credit is the recognition of a deferred tax asset of £4.0m (2013: £6.1m) 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

FINANCIAL REVIEW

CONTINUED

profitability from our US operations. As at 31 December 2014, there were approximately US\$250m of gross US tax losses available to Alent.

We expect the ETR for the full year 2015 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.

The statutory tax charge was £26.6m (2013: £16.1m) on profit before tax of £73.4m (2013: £77.7m). This represents a statutory tax rate (before share of post-tax profit from joint-ventures) of 37.0% (2013: 20.9%). The increase in the statutory tax charge compared to 2013 is principally due to the recognition and utilisation of US deferred tax assets, which contributed a credit to the tax charge in 2013 of £6.1m and a net charge in 2014 of £1.8m, as illustrated in note 11.2 of the financial statements. The table below reconciles the statutory tax charge for the year of £26.6m (2013: £16.1m) to the adjusted tax charge for the year of £22.7m (2013: £20.9m).

	2014 £m	2013 £m
Statutory tax charge	26.6	16.1
Adjustments to exclude:		
Recognition of US deferred tax assets	4.0	6.1
Other exceptional items	(2.1)	(1.3)
Exceptional tax items	1.9	4.8
Utilisation of US deferred tax assets	(5.8)	-
Adjusted tax charge	22.7	20.9

CAPITAL STRUCTURE

The Group's Consolidated Balance Sheet is summarised as follows:

	2014			2013		
	Assets £m	Liabilities £m	Net assets £m	Assets £m	Liabilities £m	Net assets £m
Property, plant and equipment	85.9	-	85.9	85.2	-	85.2
Intangible assets	294.3	-	294.3	288.5	-	288.5
Investment in joint ventures	6.3	-	6.3	5.5	-	5.5
Other non-current assets and liabilities	15.7	(52.2)	(36.5)	13.7	(44.7)	(31.0)
Current assets and liabilities	182.1	(113.8)	68.3	183.7	(104.2)	79.5
Employee benefits	-	(24.1)	(24.1)	-	(18.8)	(18.8)
Capital employed	584.3	(190.1)	394.2	576.6	(167.7)	408.9
Net cash/(debt)	49.5	(157.8)	(108.3)	63.1	(159.6)	(96.5)
Total at 31 December	633.8	(347.9)	285.9	639.7	(327.3)	312.4

Net assets at the end of 2014 were £285.9m, a decrease of £26.5m on the 2013 level of £312.4m.

Return on capital employed was 20.9% for 2014, an increase of 0.7pts on the 2013 level of 20.2%.

PROFIT FOR THE YEAR

Adjusted profit for the year increased by 2.5% to £68.8m (2013: £67.1m), whilst on a constant currency basis, the increase was 9.9%. The statutory profit for the year was £46.8m (2013: £61.6m).

EARNINGS PER SHARE

Adjusted earnings per share increased 11.1% at constant currency rates, an increase of 3.7% on a reported basis to 25.0 pence per share (2013: 24.1 pence per share). This constant currency increase was driven by strong adjusted operating profit and lower net finance costs as a result of stronger cash generation and lower interest rates.

The weighted average number of shares was 275.3m (2013: 278.4m).

RESEARCH & 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 2014, total R&D spend was £15.2m, (2013: £16.0m) equivalent to 3.7% (2013: 3.8%) of NSV. Of this expenditure, £7.8m (2013: £7.9m) or 3.8% (2013: 3.8%) of NSV was in the Assembly Materials business whilst £7.4m (2013: £8.1m) or 3.6% (2013: 3.8%) 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.

CASH FLOW

	2014 £m	2013 £m
EBITDA	104.2	103.1
Net (increase)/decrease in trade and other working capital	(0.2)	5.6
Outflow related to restructuring charges	(9.3)	(4.0)
Litigation settlements	1.7	-
Additional funding contributions into Group pension plans	(2.4)	(1.9)
Adjusted cash generated from operations	94.0	102.8
Net interest paid	(3.3)	(4.1)
Income taxes paid	(17.5)	(19.3)
Adjusted net cash inflow from operating activities	73.2	79.4
Capital expenditure	(11.7)	(13.7)
Add back additional funding contributions into Group pension plans	2.4	1.9
Proceeds from sale of property, plant, equipment and dividend from JV	0.4	5.6
Adjusted free cash flow	64.3	73.2
Payment of demerger costs (not included above)	(0.2)	(4.8)

Cash generation during the year has been very strong.

EBITDA for 2014 was £104.2m (2013: £103.1m). Working capital outflow in 2014 was £0.2m (2013: £5.6m inflow). Working capital as a percentage of sales was 19.2% (2013: 18.3%), on a constant currency basis. Going forward, assuming stable raw material costs, we would expect some working capital build in the first half of 2015 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 £9.3m (2013: £4.0m) were incurred in the year in respect of restructuring initiatives leaving provisions made but unspent of £7.0m (2013: £9.7m). We would expect a restructuring cash outflow of c£5.0m in 2015.

Adjusted cash generated from operations was £94.0m (2013: £102.8m) and represented a cash conversion of 90.2% of EBITDA, down 9.5pts from our 2013 cash conversion of 99.7% due primarily to inventory build to support plant rationalisations and commissioning. We would anticipate some modest working capital improvement during the course of 2015.

Net interest paid of £3.3m (2013: £4.1m) was in respect of interest on borrowings, whilst income taxes paid amounted to £17.5m (2013: £19.3m). The tax cash flow in 2014 benefited from a small number of one-off items, without which the tax cash would have been similar to 2013. We would expect income taxes paid in 2015 to be similar to our effective tax rate of between 25% and 26%.

Capital expenditure in 2014 was £11.7m (2013: £13.7m). This represents 1.3 times (2013: 1.5 times) depreciation.

The total capital spend in 2014 was lower than we had expected due to a small number of project delays. This will result in some carry over capital expenditure into 2015.

The main expenditure during 2014 was incurred at our manufacturing facilities in West Haven, Chennai, Budapest and Shanghai plus continuing upgrade of our R&D equipment and facilities. Our Shanghai facility is fully commissioned, whilst Chennai and Budapest are in the commissioning stage. Once commissioned, our manufacturing footprint is largely complete.

In line with our plans to invest for future growth, we have a number of plant upgrades and process efficiency projects earmarked for capital expenditure whilst continuing to invest in the latest technology at our state of the art research and development facilities. As such, we expect capital expenditure to be running at 1.5 – 1.8 times depreciation in 2015. Adjusted free cash flow for the year was £64.3m (2013: £73.2m).

NET DEBT

Net debt at 31 December 2014 was £108.3m (2013: £96.5m). Gross borrowings were £157.8m whilst cash on hand was £49.5m. At 31 December 2014, the Group's gross borrowings were denominated in US Dollars (67%), Euros (16%) and Pounds Sterling (17%).

£155.3m (2013: £154.5m) 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 0.80% per annum to 1.50% per annum depending on the ratio of consolidated net borrowings to adjusted EBITDA. The facility expires in September 2019.

FINANCIAL REVIEW

CONTINUED

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 2014, Alent was operating well within these covenants as the ratio of net debt to EBITDA was 1.0 times and the ratio of EBITDA to net interest was 30.7 times.

PENSIONS AND OTHER POST-RETIREMENT OBLIGATIONS

	2014			2013		
	US £m	ROW £m	Total £m	US £m	ROW £m	Total £m
Fair value of plan assets	43.6	2.2	45.8	37.9	2.0	39.9
Funded defined benefit obligations	(54.8)	(3.1)	(57.9)	(45.4)	(2.5)	(47.9)
Status of funded plans	(11.2)	(0.9)	(12.1)	(7.5)	(0.5)	(8.0)
Unfunded plans	(6.7)	(5.3)	(12.0)	(5.6)	(5.2)	(10.8)
Total net liabilities	(17.9)	(6.2)	(24.1)	(13.1)	(5.7)	(18.8)

The Group operates defined contribution and defined benefit 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 2014, the net deficit in Alent's post-retirement defined benefit plans was £24.1m (2013: £18.8m) with assets of £45.8m (2013: £39.9m) and liabilities of £69.9m (2013: £58.7m).

CAPITAL RETURN

Alent's balance sheet continued to strengthen during the year with the business delivering strong cash flows since demerger. The Board is committed to maintaining a capital structure that is both efficient and balanced between investment for growth, both organically and through acquisitions, and returns to shareholders.

Having assessed our expected future cash generation and the capital required to support ongoing growth plans, ordinary dividends and potential bolt-on acquisitions, the Board approved and paid on 17 October 2014, a special dividend to shareholders of 15.0 pence per share, which represents a total payment of £42m. The special dividend was accompanied by a share consolidation.

DIVIDEND

The Board is recommending a 4.7% increase in the full year dividend, with a final dividend for 2014 of 6.0 pence per share making a total of 9.0 pence per share for the year (2013: 8.6 pence per share). This is equivalent to 2.8 times dividend cover from adjusted EPS. The final dividend, if approved at the Annual General Meeting on 7 May 2015, is to be paid on 19 June 2015 to shareholders on the register on 15 May 2015. Any shareholder wishing to participate in the Alent Dividend Reinvestment Plan ("DRIP") needs to have submitted their election to do so by 29 May 2015.

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.

REFINANCING

In order to maintain our financial flexibility, we successfully completed the re-financing of our existing syndicated bank facility with a group of eight relationship banks. The size of the facility remains unchanged at £300m, with the term of the facility being extended by a further two years to 21 September 2019.

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 (e.g. 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 2014, 69% 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 July 2016.

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 2014.

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.

Applying accounting policies requires the use of certain judgements, 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 2014, the Group's related party transactions were between the Company and its subsidiaries and have been eliminated on consolidation.

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 2014, 17% of the Group's gross borrowings were denominated in Pounds Sterling, 67% in US Dollars, and 16% 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 2014 was as follows:

	2014	2013
US Dollars	29%	26%
Chinese Renminbi	22%	21%
Euros	23%	22%
Taiwanese Dollars	8%	9%
Brazilian Reals	4%	5%

Based on the 2014 mix of non-Pound Sterling denominated revenue and adjusted operating profit, a 1% movement in US Dollars (relative to Pounds Sterling) changes revenue by £1.9m 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 2014, 83% of the Group's gross borrowings were denominated into non-Sterling currencies, principally US Dollars and Euros.

DAVID EGAN

Group Finance Director

2 March 2015

OUR BOARD

A strong and diverse Board: The primary focus of the Board is on strategic and policy issues. Biographies are set out below:

1 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, a Non-executive Director of the Royal Air Force and Non-executive Chairman of Volusion Group plc.

Nationality

Peter Hill is a British citizen.

Appointment date

31 October 2012

2 ANDREW HEATH
Chief Executive

Skills and experience

Andrew was previously at Rolls-Royce plc where he was a member of the Executive Leadership Team and President of Rolls-Royce Energy. Andrew is a Non-executive Director of Imagination Technologies plc where he is Chairman of the remuneration committee and a member of the audit and nomination committees. He was previously a Non-executive Director of Oxford BioSignals and LG Fuel Systems.

Nationality

Andrew Heath is a British citizen.

Appointment date

21 February 2015

3 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, including the Russian Federation, Asia, Australasia, and the Americas. David is Non-executive Director, Chairman of the audit committee and a member of the remuneration and nomination committees of Tribal Group plc. David is a qualified Certified Practising Accountant (CPA), Australia.

Nationality

David Egan holds dual British and Australian citizenship.

Appointment date

1 January 2013

4 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



5 **LARS FÖRBERG** Non-Executive Director

Skills and experience

Lars is a managing partner of Cevian Capital, which holds just under 22% 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 AB Volvo, the Swedish truck and construction equipment manufacturer.

Nationality

Lars Förberg is a Swedish citizen.

Appointment date

31 October 2012

6 **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 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 the British Horseracing Authority. Noël will step down from the position of Chairman and Non-executive Director of Sumitomo Mitsui Banking Corporation Europe at the end of Q1 2015. Previously, she was a Non-executive Director and Chairman of the remuneration committee of Logica plc, Non-executive Director of Impellam Group plc, Corus Group plc, TFL Group, Avocet Mining plc, RSA Insurance Group plc and Dominion Diamond Corporation Inc.

Nationality

Noël Harwerth holds dual British and US citizenship.

Appointment date

31 October 2012

7 **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, 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.

Jan Oosterveld has announced his intention to retire at the 2015 Annual General Meeting.

Nationality

Jan Oosterveld is a Dutch citizen.

Appointment date

31 October 2012

8 **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, Senior Independent Director (SID) and Chairman of the audit committee 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



I am presenting here the Company's Corporate Governance Report for 2014 on behalf of the Board. Alent plc is subject to the UK Corporate Governance Code (the "Code"). The Code encourages me to report personally on how its principles relating to the role and effectiveness of the Board have been applied. I am happy to do so.

We continue to develop both as a Board and as individual directors. The Board is committed to maintaining high standards of corporate governance and ensuring values and behaviours are embedded and consistent across the business. We continue to ensure that the Directors provide suitable leadership and direction to the Company in three ways; performance evaluation, succession planning and annual re-election by shareholders. Each of these are considered in turn within the Governance Report.

Evaluation

We have again undertaken an externally facilitated review of the performance of the Board, its committees and individual directors. A fuller description is set out on page 53 of this report. I am encouraged by its findings.

The results of the Board evaluation were taken into account in respect of the Board changes that have taken place.

The areas that show the most marked improvement include the conduct of meetings, the dynamics between Non-executive Directors and the executives, specifically the levels of challenge and support; the adequacy of strategic Board discussions; the placing of more emphasis on operational and Group risk, and Board decision-making.

The Board now has a greater sense of clarity in, and visibility of, our business.

Board Development

I have set out in my Chairman's Statement the development of the Board. The Chief Executive succession was undertaken with "military" precision. It was successfully accomplished, and the appointment of Andrew Heath was achieved with unanimous Board approval.

Looking Ahead

The Board will focus on future developmental actions during 2015.

The remainder of this report contains the narrative reporting required by the Code, the Listing Rules and the Disclosure and Transparency Rules including the role and work of the Nomination Committee.

I would like to encourage all shareholders to attend our AGM on 7 May 2015. It is an excellent opportunity to meet the Board and senior executives.

PETER HILL, CBE

Chairman

2 March 2015

Compliance Statement

Alent plc is subject to the UK Corporate Governance Code, published by the Financial Reporting Council (The "Code") and available on their website, www.frc.org.uk. This report addresses the requirements of the Code and explains how Alent plc has applied its main principles. During the year ended 31 December 2014 the Company has in all respects complied with the provisions of the Code.

What is our approach to Governance?

The Board of Alent is committed to ensuring that the highest standards of corporate governance are maintained. This section of the Annual Report & Accounts describes the Company's corporate governance structures and processes and how they have been applied throughout the year ended 31 December 2014.

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

Leadership

The Role and Responsibilities of the Board

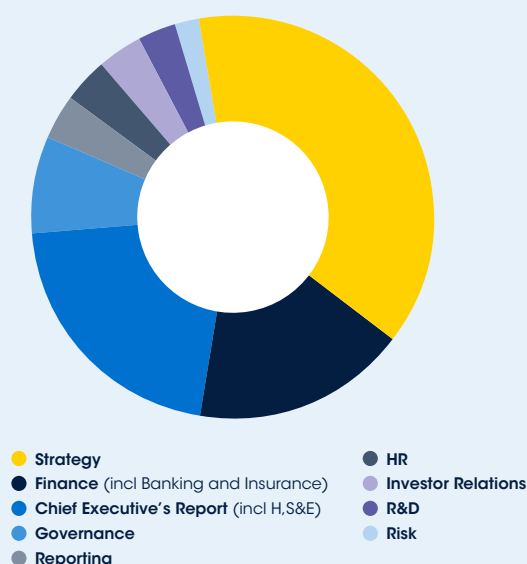
The Company is led and controlled by the Board of Directors, who have ultimate responsibility for the management of the Group. The Board focuses primarily upon strategic, policy and governance issues and is responsible for the Company's long-term success. It sets the Company's strategy, oversees the 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.

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.

Areas of Board Focus in 2014



CORPORATE GOVERNANCE

CONTINUED

Who is our Board?

The Composition of the Board

As at the date of this report, the Board has eight Directors, comprising the Chairman, five Non-executive Directors and the Executive Directors. The names of the Directors serving at the end of the full year 2014 and their biographical details are set out on pages 42 & 43. All Directors served throughout the year, save for Steve Corbett who stepped down as Chief Executive and a Director with effect from 3 September 2014. The Board determines whether Non-executive Directors are independent. With the exception of Lars Förberg, all of the Non-executive Directors are considered to be independent. Simon O'Hara served as Company Secretary during the year.

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

*Mr Corbett resigned as Chief Executive on 3 September 2014.

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 and manages the Board, promoting the highest standards of corporate governance together with a culture of openness, challenge and debate and ensuring its effectiveness 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 ensures effective communication with shareholders.

The Chairman, in conjunction with the Nomination 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 42.

	<p>The Chief Executive</p> <p>The Chief Executive provides leadership to the executive team in running the business. He 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.</p> <p>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.</p> <p>The Role of Executive Directors</p> <p>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.</p> <p>Executive Directors are not members of the Board Committees, although they may be invited to attend. Both the Chief Executive, and following his resignation the Interim Chief Executive, and Mr Egan attended all Audit Committee meetings as requested during the year. The Chief Executive and Interim Chief Executive were also regular attendees at the Remuneration Committee whilst in office.</p> <p>The biographical details of the Executive Directors and details of their relevant experience are set out on page 42.</p> <p>The Role of Non-executive Directors</p> <p>The Non-executive Directors bring a wide range of skills and international experience to the Board. Their role is to understand the business and its markets, to help shape, develop and review proposals for and then approve strategy, and to challenge constructively and support the management. Additionally, they scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. Further, their role is also to satisfy themselves with regard to the integrity of the Company's financial information and to ensure that the Company's financial controls and risk management systems are robust and defensible, determine appropriate levels of remuneration of Executive Directors, be involved in the appointment, and where necessary the removal of Executive Directors and monitor succession planning. Collectively they hold or have held senior positions in their chosen fields, including finance and mergers & acquisitions, and contribute a wide range of international experience and objective perspective to the Board. They represent a strong, independent element on the Board. As Chairmen of the Board Committees, the independent Non-executive Directors also fulfil important leadership roles. As members of the Board Committees, the independent Non-executive Directors bring focus on governance and succession planning, internal controls, risk management and remuneration policies.</p> <p>The biographical details of the Non-executive Directors and details of their relevant experience are set out on pages 42 to 43.</p>	<p>The Senior Independent Director</p> <p>Mark Williamson is our Senior Independent Director.</p> <p>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 Nomination 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.</p> <p>The Company Secretary</p> <p>During the period, Simon O'Hara was the Company Secretary and 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.</p> <p>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.</p> <p>All Directors have access to the advice and services of the Company Secretary.</p> <p>Board meetings</p> <p>The Board convened formally on eight occasions during 2014 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. Attendance at formal Board and Committee meetings is set out on page 51.</p> <p>The Board used one of its meetings in 2014 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.</p>	STRATEGIC REPORT	CORPORATE GOVERNANCE	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
WWW.ALENT.COM			ANNUAL REPORT & ACCOUNTS 2014 ALENT PLC	47		

CORPORATE GOVERNANCE

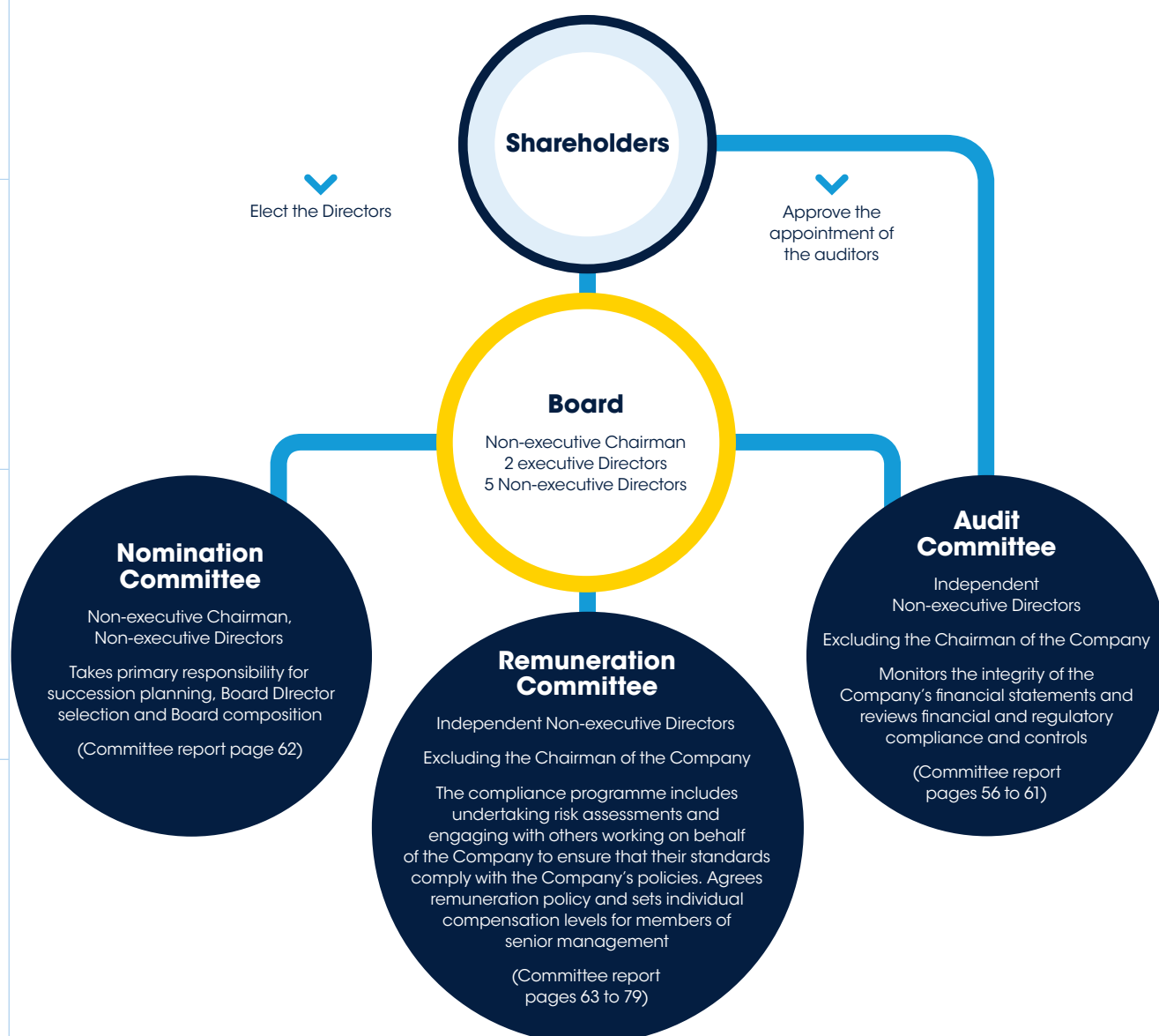
CONTINUED

How is the Board structured?

Board Committees

The Board is assisted by three principal Committees: Audit, Remuneration and Nomination 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 2014 are provided on pages 56 to 79.

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 of the Company.

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.

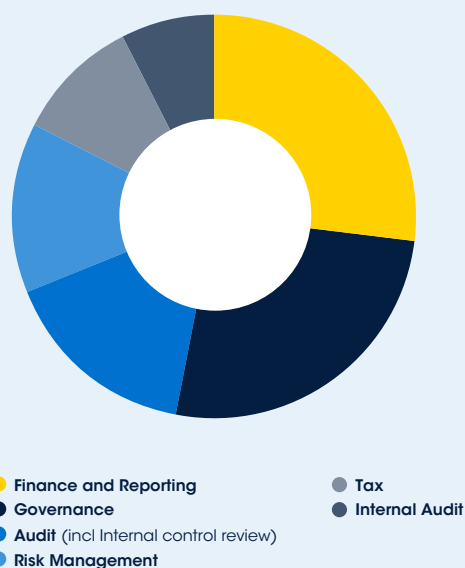
Minimum number of meetings per year:

Four

Committee Report:

Page 56.

Areas of Audit Focus in 2014



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 of the Company.

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 63.



CORPORATE GOVERNANCE

CONTINUED

Nomination 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 62.



In addition, the Board delegates certain responsibilities on an ad-hoc basis to a Finance Committee and Shares Scheme Committee. Each Committee has written terms of reference agreed by the Board. These are available to view on the Company's website www.alent.com.

The Group also operates a Group Executive Committee which is convened and chaired by the Chief Executive, and assists him in discharging his responsibilities. Under the direction of the Chief Executive, the Executive Committee is responsible for the operational management of the Group. Members of the Executive Committee are regularly invited to attend Board meetings to report on their areas of responsibility, including key data for the core businesses, financial information, existing and potential risks, and updates on developments in important markets.

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	Nomination
Attendance				
Total meetings	8	4	6	8
Peter Hill	8	-	-	8
Mark Williamson	8	4	6	8
Steve Corbett	5	-	-	-
Rick Ertmann*	3	-	-	-
David Egan	8	-	-	-
Emma FitzGerald	8	4	6	8
Lars Förberg	8	-	-	8
Noël Harwerth	8	4	6	8
Jan Oosterveld	8	4	6	8

*Mr Ertmann is not a Director of the Company but was invited to attend all Board meetings whilst Interim Chief Executive. The table 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, Nomination and Remuneration Committees, but others may attend by invitation.

Appointments are made on personal merit and against objective criteria. In case of candidates for Non-executive Directorship, care is taken to ascertain that they have sufficient time to fulfil their Board, and where relevant, Committee responsibilities. Non-executive Directors undertake to inform the Board of any changes to their commitments.

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 judgement.

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 judgement. Lars Förberg is not considered to be independent as he is managing partner of Cevian Capital which holds just under 22% of Alent's issued ordinary share capital. No one party has the legal right to nominate Directors to the Board.

Appointments to the Board and its Committees

The Nomination Committee leads the process for Board appointments and makes recommendations to the Board. The Board through the Nomination 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 Nomination 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 Nomination Committee is set out in the Nomination Committee Report on page 62.

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 each Director upon appointment. 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 September, held in Asia (Hong Kong) the Non-executive Directors were given the opportunity to meet Alent's wider 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 Company supports this by organising site visits and working sessions with a wide range of operational managers and external experts throughout the year. Each Director is expected to develop and refresh their knowledge and skills on an ongoing basis. The Board's learning is continued through Board and Committee briefings.

The Chairman agrees with each Director their training and development needs as and when required. Where a general training need is identified, in-house training will be provided to the entire Board. Each year, the Chairman will hold one-to-one meetings with each of the Directors, both to discuss their own development needs if any, and the Board Evaluation Exercise.

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 advice to the Non-executive Directors on 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. The Company Secretary 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.

	<p>Evaluation of Board effectiveness Performance evaluation</p> <p>The Board believes that annual evaluations are not only essential but provide a valuable opportunity for continuous improvement. The Chairman, assisted by the Company Secretary, leads the evaluation process. A formal and rigorous externally facilitated review covering the Board, its committees and individual Directors, including the Chairman and Company Secretary was undertaken.</p> <p>In 2014 the facilitator was, for a second year, David Mensley, an independent practitioner with no other connection to the Company. The Chairman held one on one meetings with each of the Directors as part of the evaluation process.</p> <p>The feedback from the evaluation was reviewed by the Chairman and the principal findings and recommendations presented to the Board.</p> <p>The Senior Independent Director was responsible for the performance evaluation of the Chairman.</p> <p>How are we progressing?</p> <p>Following the outcome of the Board review, general feedback showed considerable progress had been made during the course of 2014.</p> <p>The Board successfully:</p> <ul style="list-style-type: none"> continued to challenge and effectively support the management team as we continue to evolve the strategy as set out on pages 22 to 23; continued to make progress on planning the long-term framework for Board discussion, enabling more time for fuller debate on a range of strategic subjects; ensured appropriate challenge and debate around risk and the approach to risk; continued to review the balance and the content of the Board papers and meeting agendas; and reviewed how we can continue to benefit from the extensive and diverse experience of our Non-executive Directors. <p>The results of the Board evaluation were taken into account in respect of the Board changes that have taken place. The Board will focus on future developmental actions during 2015.</p>	<p>What is our approach to shareholders re-appointing Directors? Re-election of Directors</p> <p>Once appointed, all Directors are required to submit themselves for re-election by shareholders on an annual basis. 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 42 to 43. 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 2015 AGM relating to the re-election of the Directors.</p> <p>Do the Directors have Deeds of Indemnity? Directors' indemnities</p> <p>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.</p> <p>Directors' conflicts of interest</p> <p>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.</p>	STRATEGIC REPORT	CORPORATE GOVERNANCE	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
WWW.ALENT.COM		ANNUAL REPORT & ACCOUNTS 2014 ALENT PLC	53			

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 56. 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 56 to 61.

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 41 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 83.

A statement by the Auditor, KPMG LLP, setting out its reporting responsibilities, is included on pages 84 to 85.

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 56 to 61. 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 32 to 33.

During 2014, 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 "Our Approach to Corporate Responsibility" section, on pages 26 to 30. 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 judgements 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.

In addition, the Chairman of the Remuneration Committee will have meetings with key institutional shareholders and their representative bodies to discuss the Company's remuneration policy.

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 Investor Relations Manager 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.

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 Interim Financial Reports and will issue two further ad-hoc trading updates. 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.

By Order of the Board

HELEN BARRETT-HAGUE
Company Secretary
2 March 2015

Result of our 2014 Annual General Meeting

	Resolutions	% of votes for	% of votes against	Votes withheld
1	Report and Accounts	99.94	0.06	263,372
2	Final Dividend	100.00	0.00	1,616
3-10	Directors (average)	99.55	0.45	9,138
11	Re-appointment of Auditor	99.03	0.97	48,381
12	Remuneration of Auditor	100.00	0.00	47,364
13	Remuneration Report	99.42	0.58	6,482
14	Remuneration Policy	96.81	3.19	250,482
15	Incur Political Expenditure	99.85	0.15	6,943
16	Authority to allot equity securities	98.95	1.05	3,959
17	Disapply Pre-emption Rights	99.09	0.91	2,187
18	Purchase Own Shares	100.00	0.00	53
19	Notice of General Meeting	95.41	4.59	1,083

AUDIT COMMITTEE REPORT

Members

Mark Williamson (Committee Chairman)
Dr Emma FitzGerald
Noël Harwerth
Jan Oosterveld

Dear Shareholder,

I am pleased to present the Audit Committee Report of Alent plc. The role of the Audit Committee is to provide effective governance over the appropriateness of the Group's financial reporting, 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. It is also 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. Whilst the Board as a whole is responsible for approving the financial results, we undertake the detailed work to support that decision.

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, the Chairman of the Company, the Chief Executive, the Finance Director and the Company's Auditor, KPMG LLP (the "Auditor"), 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.

Responsibilities

The Committee assists the Board in carrying out its responsibilities in relation to financial reporting requirements, risk management and the assessment of internal controls. It also reviews the effectiveness of the Company's internal audit function and manages the Company's relationship with the external Auditor.

As part of this process of working with the Board and to maximise effectiveness, meetings of the Committee generally take place just prior to a Company Board meeting. I report to the Board as part of a separate agenda item, on the activity of the Committee and matters of particular relevance to the Board in the conduct of their work. All members of the Board receive the agenda, papers and minutes of Audit Committee meetings.

The Audit Committee operates under formal terms of reference that are reviewed on a regular basis. These terms of reference, which are available on the Company's website, www.alent.com, authorise the Committee to obtain outside legal or other independent professional advice at the cost of the Company and to secure the attendance at Audit Committee meetings of other parties with relevant experience and expertise should it be considered necessary.

As a Committee, we are responsible for:

- reviewing the announcements of the Group's financial results, including the Interim Report and Annual Report and Financial Statements, and monitoring compliance with relevant statutory and Listing Rules requirements;
- reporting to the Board on the appropriateness of the Group's accounting policies and practices including critical accounting policies and those judgements and estimates with the most significant effect on the amounts recognised in the financial statements;
- advising the Board on whether the Committee believes that the processes underlying the compilation of the Annual Report & Accounts are robust and support the assertion reached by the Board that the document, 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;

AUDIT COMMITTEE REPORT

CONTINUED

The primary areas of judgement considered by the Committee in relation to the 2014 accounts, and how these were addressed, were:

Provision for liabilities and contingent liabilities

Context

The international nature of the Group's operations exposes it to various different legal and regulatory regimes and consequently, from time to time, it faces claims that might relate to its products, to taxation liabilities, to environmental liabilities, or to other issues.

In considering these matters, and how best to present them in the financial statements, the Committee has to decide whether provisions need to be established in the Group's financial statements, and if so the size of the provisions required. Alternatively, if the Committee decides that there is insufficient information available to support making a provision, then it needs to determine whether it is appropriate instead to disclose the matter by way of note as a contingent liability.

Actions taken by the Audit Committee

During 2014, the Committee:

- reviewed details of all the potentially significant claims outstanding against the Group;
- received legal reports from the Group's General Counsel, who attended each Audit Committee meeting during the year, and questioned and challenged the judgements in those reports;
- took into account work performed by the external auditor; and
- enquired of management and the external auditor as to the existence of any other matters potentially requiring a provision to be made.

Outcome

After due consideration, the Committee concluded that it was satisfied with both the level and the disclosure of provisions, as shown in note 30 of the financial statements. Additionally, for those items disclosed as contingent liabilities, the Committee was satisfied that it was not appropriate to make a provision and that the disclosures in note 32 of the financial statements provided sufficient information about the nature of the item and the uncertainties relating to the amount or timing of any potential outflow required to settle the liability.

Taxation

Context

The level of tax provisioning and the recognition of deferred tax assets in relation to the future value that might be derived from the Group's unutilised tax losses, require assumptions and judgements to be made by management.

Actions taken by the Audit Committee

During 2014, 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 judgements underpinning the level of tax provisioning and the recognition of deferred tax assets;
- reviewed reports prepared by the external Auditor on tax provisions, deferred tax and effective tax rates; and
- reviewed and challenged management's assumptions and judgements that sufficient future taxable income will be realised by the Group's US operations, thereby supporting the continued recognition of a deferred tax asset in the financial statements in relation to unutilised tax losses in the US.

Outcome

The Committee satisfied itself with both the level of tax provisions and the deferred tax assets recognised in the financial statements. The Committee was 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.

Disclosure of exceptional items

Context

As detailed in note 2.6 of the financial statements, in order to present the Group's results in a way that assists the user of the accounts in understanding the financial performance of the Group and trends in its profitability, items of an exceptional nature are disclosed separately on the face of the Group's income statement. During the year, the Committee considered the accounting treatment of various different matters presented to it by management, to determine whether they should be excluded from the Group's operating profit and instead treated as exceptional items.

Actions taken by the Audit Committee

In making the determination of which of these matters, if any, should be treated as exceptional, the Committee:

- established whether the matter fell within the Group's internal policy for reporting exceptional items, as previously approved by the Committee and agreed by the company's Auditor;
- considered guidance in relation to the reporting of exceptional items issued by the Financial Reporting Council and, in particular, whether disclosure as an exceptional item would help the reader of the financial statements in understanding both the trends in, and the quality of, the Group's profitability;
- considered whether its approach was consistent with previous years and was not influenced by whether the item in question was a gain or a loss;

AUDIT COMMITTEE REPORT

CONTINUED

Internal audit

The Group'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 Group policies and standards, and for carrying out assignments in accordance with an annual audit plan approved by the Audit Committee. In 2014, 27 internal audit assignments were undertaken covering approximately 33%, 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 Group Finance Director. The Audit Committee receives reports from the Head of Internal Audit and reports to the Board on the results of its review.

During the year, a survey was conducted reviewing the quality of our internal audit function. Participants of the survey included Audit Committee members as well as executives within all major regions and functions of the Group. The team scored highly on their professional approach, experience, control and process improvement and overall value to the Group.

External Audit

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 Group's current activity.

KPMG LLP has been the Group's Auditor since Alent plc was listed on 19 December 2012. We formally reviewed the effectiveness of the external audit process and the quality of the audit. The review covered the following:

- the audit partners with particular focus on the lead audit engagement partner;
- 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 Group's businesses;
- the skills and experience of the audit team;

- the planning and scope of the audit and identification of areas of audit risk;
- the execution of the audit;
- the role of management in the audit process;
- the quality of communication between the external auditor and the Audit Committee;
- the quality of the formal report to Shareholders;
- 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 Group;
- the ability of the Auditor 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 Group.

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

- the Annual Report issued by the Audit Quality Review Team 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.

We conducted this review as part of our 2014 year end process. In addition a survey was completed to capture the views of each member of the Audit Committee, Group Finance Director, Group Financial Controller and various members of both regional and functional management teams. We considered the results from the survey as well as various inspection reports and shared this with our external auditor and with management. We also reviewed the fees of the external auditor and benchmarked these against a group of comparable size and complexity Groups. Our conclusions were that the external audit was carried out effectively and efficiently with the necessary objectivity and independence for an appropriate fee.

KPMG LLP has been the Group's Auditor since Alent plc was listed on 19 December 2012. The Group is following the EU legislation as well as the current Code requirement regarding external audit tenure. The Audit Committee is recommending the Auditor for reappointment at the AGM in 2015.

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 from the Auditor that it is in its own professional judgement independent of the Group; and
- considering all the relationships between the Auditor and the Group, including those relating to the provision of non-audit services and whether these impair, or appear to impair, the Auditor's judgement or independence.

In addition, recruitment to the Group of any new employee who had been employed by the Auditor in the past five years requires the approval of the Audit Committee.

Non-Audit Services

The Audit Committee monitors the other services being provided to the Group by the Auditor. The Group has a policy governing the Group-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 Group.

The policy sets out the categories of work that the Auditor is prohibited from undertaking. Other than these, the Group 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 Group.

Proposals for any non-audit related fees which the Group 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 97.

Committee evaluation

The Committee conducts a formal review of its effectiveness annually and the results of the review carried out in 2014 concluded that its performance was effective. Details of the Board and Committee evaluation process can be found on page 53.

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. All incidences received by the helpline are reviewed and reported to the audit committee and where applicable changes implemented.

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 Group 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, where 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 Group to ensure that their standards comply with the Group's policies.

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



On behalf of the Audit Committee

MARK WILLIAMSON

Chairman of the Audit Committee

2 March 2015

NOMINATION COMMITTEE REPORT

Members

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

The Nomination Committee has delegated authority from the Board set out in its written terms of reference, available on the Company's website, which were last reviewed in December 2012.

Role of the Nomination Committee

The Nomination Committee advises the Board on appointments to, and retirements and resignations from, the Board, and reviews the Company's succession plans. The Committee reports its material findings and recommendations at the next Board meeting and copies of the minutes of its meetings are circulated to all Directors.

Composition of the Nomination Committee

The members of the Nomination 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 acts as Chairman of the Nomination Committee except where the matter under consideration relates to him or succession to his role. No individual participates in discussion or decision making where the matter under consideration relates to them. Formal meetings are held to consider standing items of business; there is also a significant level of ad-hoc discussion between members of the Nomination Committee, particularly when a recruitment exercise is taking place.

Policy on Appointment of the Board

When considering the appointment of new Directors, the Nomination 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 Nomination Committee's foremost priority is 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 Nomination Committee is empowered to appoint search consultants, legal, tax and other professional advisers as it sees fit to assist with its work. Wherever possible, the Nomination Committee will arrange for all Directors to meet with the preferred candidate. The Nomination 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.

During the year Egon Zender was engaged to identify appropriate candidates for Chief Executive. A long list of potential appointees was considered and candidates were shortlisted for interview based on objective criteria. The Committee then recommended its preferred candidate, Andrew Heath, to the Board for appointment, with unanimous approval.

Activities of the Nomination Committee during the year

The Nomination Committee met eight times during the year and attendance at those meetings is shown on page 51 of this report. This frequency of meetings was unusual, and was directly linked to the Chief Executive succession.

Matters considered by the Committee in 2014 included the following:

- implementation and completion of the succession exercise for the Chief Executive;
- reviewed the Committee's report within the 2013 Annual Report and recommended approval to the Board;
- to regularly re-examine succession and the Board's balance of skills and experience and diversity which will be included as part of the Board's next annual strategy review;
- the independence of the Board and the potential lengths of tenure of each of the independent Non-executive Directors; and
- After the year-end, considered the outcome of the externally facilitated evaluation when discussing the effectiveness of the Non-executive Directors seeking re-election at the 2015 AGM.

The Board as a whole also considers succession plans for members of the Board. Jan Oosterveld announced his decision to retire at the 2015 AGM; a candidate specification was agreed by the Committee of the Board, a search firm appointed, and a recruitment process, led by the Chairman is underway. 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 Nomination 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 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.

On behalf of the Nomination Committee

PETER HILL, CBE
Chairman of the Nomination Committee
2 March 2015

REMUNERATION REPORT

Dear Shareholder,

I am pleased to present the Remuneration Committee's report on Directors' remuneration for 2014. This year we are not submitting the Remuneration Policy to a shareholder vote and are continuing to operate under the Remuneration Policy which was approved by shareholders at the 2014 AGM. In this Annual Statement, which precedes our Policy Report and Annual Report on Remuneration, I have set out the context for variable remuneration outcomes paid in relation to 2014 performance and the key changes regarding the implementation of remuneration in 2015.

Remuneration decisions

The key decisions on Executive Director Remuneration proposed in 2014 related to salary increases for 2015 and payments of variable remuneration. With regard to the former, the Committee decided to increase salaries for the Directors by 3% which was in line with the 3% increase to base salary for the general workforce. As for variable remuneration for the Executive Directors, payments have been made based on performance in 2014. This is a result of overall performance for 2014 meeting our expectations due to Alent outperforming its end-markets, new product introductions and improved operating efficiencies, which resulted in Alent exceeding 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 2017 subject to the satisfaction of EPS growth targets and a relative TSR performance condition.

Variable remuneration paid in relation to 2014

In 2014 Alent operated two elements of variable remuneration which had performance periods ending during the year, namely, the Annual Incentive and the Alent Share Plan. The Annual Incentive for 2014 delivered a payment between target and stretch which was largely driven off the back of improved EPS, NSV performance and delivery on personal objectives. As a result, the Annual Incentive payments to the Executive Directors for 2014 performance were as follows:

- Steve Corbett – achieved 74% of maximum opportunity or 110.8% of base salary prior to reduction due to loss of office on 3 September 2014, therefore pro-rated to 73.8% of base salary (£344,560); and
- David Egan – achieved 76% of maximum opportunity or 95.4% of base salary (£303,134).

The performance period for the Alent Share Plan awards granted on 5 April 2012 had a performance period which ended on 31 December 2014. None of these awards met the performance condition and all awards have lapsed.

For the 2014 Annual Incentive payment, 50% of the incentive earned over Target performance will be deferred into awards over Alent Shares that have a three year holding period. Given that Steve Corbett has left the organisation, there will be no requirement for him to defer his incentive into shares.

Proposed changes for 2015

In 2015 the Committee intends to implement the remuneration policy largely in the same manner as in 2014 with only three changes.

The first change is to increase base salary for the Finance Director, David Egan, and the Non-executive Directors' fees, by 3%, which is the same percentage increase as has been applied to the general workforce.

The second change is to the weighting of performance measures in the Annual Incentive so that financial performance is a more significant factor in determining the annual bonus outcome. The Committee believes that this change to the operation of the Annual Incentive is appropriate as it will help increase the focus of our executives on key financial measures and therefore increase the alignment of interests between our executives and shareholders. The change in weightings is set out in the table below:

	2014 bonus (previous weightings) (% of annual bonus opportunity)	2015 bonus (new weightings) (% of annual bonus opportunity)
Adjusted EPS	50%	55%
Return on NSV	30%	30%
Personal performance	20%	15%

Finally, the Committee is considering the clawback arrangements applying to awards made under the Alent Share Plan. The existing clawback arrangements are set out in the Remuneration Policy Report on page 65.

Change of Chief Executive

Steve Corbett stepped down as Chief Executive, and ceased to be a Director, on 3 September 2014. The Committee determined the termination payments to be made to Steve Corbett, in line with his contract. In summary, Steve Corbett received a payment in lieu of notice equal to his salary and benefits, half of which was paid in instalments for six months starting in October 2014, which reduced to the extent he found alternative employment. In addition, all of his outstanding incentive awards were pro-rated to reflect time served and will vest approximately six months after his notice date but subject to the relevant performance conditions. Further detail is set out on page 72 and on the Company's website <http://www.alent.com/corporate-responsibility/corporate-governance/> in adherence with Section 430 (2B) of the Companies Act 2006.

REMUNERATION REPORT

CONTINUED

Appointment of Andrew Heath

Andrew Heath became Chief Executive and was appointed a Director of the Company on 21 February 2015. All elements of his ongoing remuneration are in line with our remuneration policy and the structure is the same as for the previous Chief Executive:

- Base Salary: £475,000;
- Pension contribution: 30% of base salary;
- Annual Incentive Maximum: up to 150% of base salary;
- Annual Alent Share Plan award: up to 200% of base salary; and
- Benefits in kind: consisting of company car allowance, life assurance and medical insurance.

In order to secure the services of Andrew Heath, the Committee has provided him with Alent performance and restricted share awards under the Alent Share Plan to compensate him for share awards which he lost when he resigned from his former employer. These additional awards have been structured so that their value, time horizons and performance requirements all reflect as far as practicable the remuneration foregone in order to join Alent. Full detail of these awards will be disclosed at the time of grant and in the 2015 Annual Report on Remuneration.

Conclusion

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 Annual Report on Remuneration at this year's Annual General Meeting.

Yours sincerely,

NOËL HARWERTH

Chairman, Remuneration Committee

2 March 2015

DIRECTORS' REMUNERATION POLICY

The following Remuneration Policy Report summarises the Remuneration Committee's policy for the remuneration of Executive Directors which has operated since 1 January 2014 and which became formally effective following the approval of shareholders at the 2014 Annual General Meeting.

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. Further details are set out on page 76.

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 the 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.

Andrew Heath is a Non-executive Director of the FTSE listed Imagination Technologies Group plc, where he is Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.

David Egan is a Non-executive Director of the FTSE listed Tribal Group plc, where he is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committees. In 2014, Mr Egan received £32,631 for his services to Tribal Group whilst also a Director of Alent plc.

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 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.

Exit Payment Policy

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.

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 instalments. If the Director finds a role paying equivalent or better base salary or fees, no further instalments shall be payable, and the value of any lesser new base salary or fees shall be deducted from any further instalments.

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 or received 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.

Under the rules of the Alent Share Plan, awards will lapse in full unless specified "good leaver" circumstances apply. These circumstances include:

- 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.

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.

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.

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.

The Non-executive Directors are not entitled to receive compensation for loss of office at any time. The Chairman is entitled to six months' notice.

Policy on Recruitment Remuneration

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:

- Annual Incentive: 150% of base salary; and
- Alent Share Plan: 200% of base salary for performance shares; or 300% of base salary for market-priced options.

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.

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.

REMUNERATION REPORT

CONTINUED

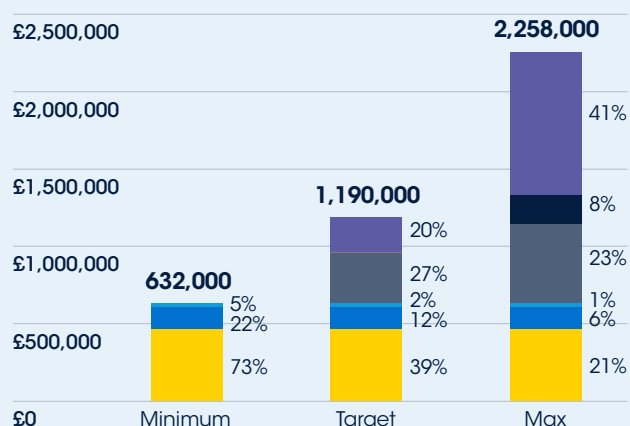
Other aspects of our recruitment policy include:

- 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; and
- a new Director may receive relocation assistance as stated in the Executive Directors remuneration policy table.

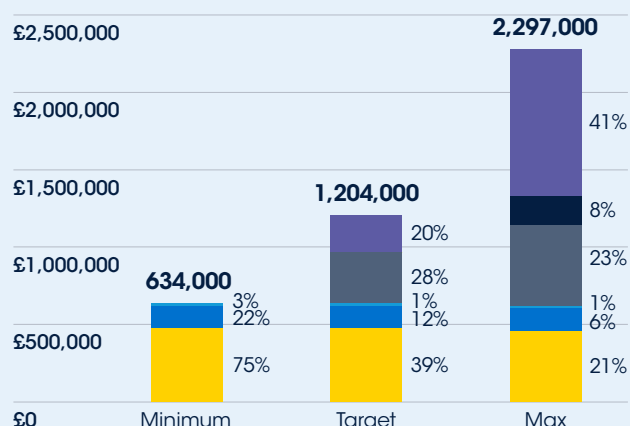
Chief Executive Scenario - January 2014

(based on Steve Corbett's salary when the policy was approved):



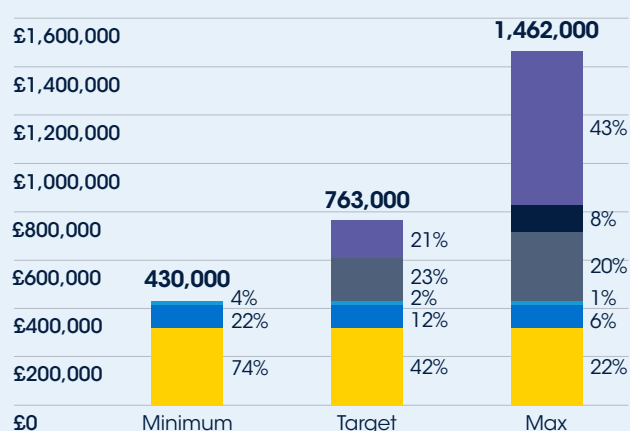
Chief Executive Scenario - February 2015

(based on Andrew Heath's current salary):



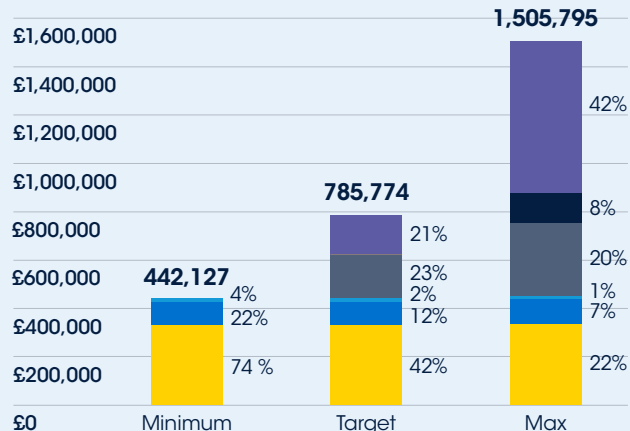
Finance Director Scenario - January 2014

(based on David Egan's salary when the policy was approved):



Finance Director Scenario - January 2015

(based on David Egan's current salary):



- Alent share plan
- Alent incentive - Shares
- Alent incentive - Cash
- Benefits
- Pension
- Salary

Scenario charts – an illustration of application of remuneration policy

The charts on the previous page show an illustration of remuneration under different performance scenarios. The first two charts show remuneration based on the salaries at the time that the policy was approved. The second two charts show remuneration based on the latest known salaries for the Executive Directors. 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.

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; and
- 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; and
- certain decisions relating to the Alent Share Plan as set out in the plan rules regarding change of control and leaver provisions.

ANNUAL IMPLEMENTATION 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 2015, and how it has been implemented in 2014.

Implementation of the Remuneration Policy in 2015

Remuneration in 2015 will be broadly the same as in 2014, but with minor changes to the Annual Incentive arrangements.

Base Salary

The Committee has reviewed base salaries in line with policy and has decided that base salary for David Egan will be increased by 3% in line with 3% increase to the general workforce. This means that effective January 2015, the base salary for David Egan will be £327,283. Andrew Heath's base salary will be £475,000.

Non-executive Director fees

In 2014, the base Non-executive Director fee was £45,000 and £165,000 for the Chairman. Additional fees to Committee Chairmen were £15,000, and for the Senior Independent Director were £5,000.

Effective 1 January 2015, Non-executive Director fees and Chairman fees were increased by 3% to £46,350 and £169,950, respectively. The increases are aligned to the average Alent increase of 3%. The SID and Committee Chairs' fees remain unchanged.

Annual Incentive

The Annual Incentive performance measures will continue to be aligned to Alent's strategy. Accordingly, there will be continued focus on EPS and NSV margin targets for 2015. However, in order to increase the focus of the Executive Directors on the financial performance of the Company, the annual bonus opportunity related to personal objectives will be:

- adjusted EPS targets (55% of total opportunity);
- return on NSV margin (30%) – calculated as adjusted operating profit divided by net sales value; and
- personal objectives (15%).

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 into awards over shares that have a three year holding period 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 2015. The performance condition relating to these awards will be disclosed in next year's annual report on remuneration and will continue to be based on EPS and relative TSR.

REMUNERATION REPORT

CONTINUED

Remuneration Outcomes for 2014

In this section we have provided information on what was paid to our Directors in 2014, and the reasons why those payments were made.

Single Total Figure for Remuneration

Executive Directors: "Single Figure" for 2014 Total Remuneration

£1,947,847

Elements of Remuneration	Salary	Benefits ¹	Bonus ^{2,6}	Alent Share Plan ³	Pension	Other ^{4,5}	Total
Steve Corbett 2014 ⁸	£316,500	£17,429	£344,560	£0	£94,357 ⁹	£442,155	£1,215,001
Steve Corbett 2013 ⁷	£453,008	£28,976	£0	£0	£135,902	£0	£617,886
David Egan 2014	£317,750	£16,660	£303,111	£0	£95,325	£0	£732,846
David Egan 2013	£310,000	£16,498	£0	£0	£93,000	£90,280	£509,778

1. Taxable benefits for 2014 includes: company car allowances, life assurance and medical insurance.

2. The 2014 bonus relates to Annual Incentive payments for performance in the 2014 financial year. The calculation for 2014 amount is set out on page 71.

3. The 2014 value for Steve Corbett relates to his Cookson awards converted into Alent shares upon demerger which were originally granted on 1 April 2012. The performance period for these awards was 1 January 2012 to 31 December 2014. As shown on page 72, the performance conditions were not met and all of the awards lapsed. David Egan had no performance-based Alent Share Plan awards vesting during the year.

4. The 2014 value for Steve Corbett relates to (i) the vesting of 21,898 shares under the Alent Share Plan which have been pro-rated and will vest on 3 April 2015 that are valued on the average share price of 335p over the last quarter of 2014, (ii) payments in lieu of notice paid on 3 October 2014 together with the monthly instalments relating to 2014, (iii) payments related to healthcare benefits, and (iv) legal and other expenses. Further detail of these payments is set out in the section of loss of office payments.

5. 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 vested on 1 January 2015. 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.

6. 50% of the annual bonus above target is deferred into shares for a period of three years. David Egan will be awarded shares equivalent to £64,174.

7. Converted Steve Corbett's 2013 remuneration from USD to GDP utilising an exchange rate of 1.6556.

8. Converted Steve Corbett's 2014 remuneration from USD to GDP utilising an exchange rate of 1.6473. Steve Corbett stepped down as Chief Executive on 3 September 2014. Numbers above reflect period from 1 January 2014 to 3 September 2014.

9. \$155,435 converted to GDP as part of termination agreement and payment up to 3 September 2014.

Chairman and Non-executive Directors: "Single Figure" for 2014 Total Remuneration

£425,000

Elements of Remuneration	Salary and fees ¹	
	2014	2013
Peter Hill	£165,000	£165,000
Emma FitzGerald	£45,000	£45,000
Lars Förberg	£45,000	£45,000
Noël Harwerth	£60,000	£60,000
Jan Oosterveld	£45,000	£45,000
Mark Williamson	£65,000	£65,000

Note

1. 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 2014 Annual Incentive payments for the Chief Executive and Finance Director were based on the achievement of an adjusted EPS target, return on NSV margin and personal objectives. EPS targets for 2014 were set on the basis of considerable stretch on the 2013 results and the NSV targets were also set to show further growth over 2013. Directors were also set measurable performance objectives in order to ensure delivery of operational and strategic goals. For both EPS and NSV, the 2014 outturn showed improvement over 2013 as can be seen in the 2014 Group results.

For the adjusted EPS, the Group achieved above target but below maximum and for the return on NSV, the Group achieved below target performance. For the Personal Objectives, the Committee assessed performance of both the Chief Executive and Finance Director in alignment with the 2014 objectives for the Group that determined achievement, respectively, at just below Stretch and at Superior performance levels.

The maximum bonus opportunities for the Chief Executive and Finance Director in 2014 were 150% of salary and 125% of salary respectively. As a result, the bonus outcome for 2014 performance is noted below:

- Chief Executive, Steve Corbett – 110.8% of salary pro-rated to 73.8% as a result of loss of office on 3 September 2014; and
- Finance Director, David Egan – 95.4% of salary.

Alent Share Plan Vesting

Awards shown in the 2014 single figure represent the grants made to Executive Directors in 2012 under the Cookson Group plc (Cookson) LTIP for which the performance period ended on 31 December 2014. These awards were rolled over to become awards over Alent shares of equivalent value after the demerger and were due to vest in April 2015.

The performance condition for these awards was 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 continued to be subject to the terms and conditions of the existing Cookson LTIP, save that the relevant company (and relevant remuneration committee) was Alent instead of Cookson.

Vesting of 50% of awards was based on adjusted EPS growth, whilst the remaining 50% was based on TSR growth relative to a comparator group. As shown in the tables overleaf, the performance targets for the 2012 Cookson LTIP awards were not met and the awards did not vest:

REMUNERATION REPORT

CONTINUED

Outcome of the 2012 Cookson LTIP EPS performance condition

	2014 adjusted EPS	% of Total award vesting
Performance targets for 2014 adjusted EPS	Less than 34.6 pence	0%
	34.6 pence	12.5%
	42.7 pence	50%
	Between 34.6 pence and 42.7 pence	Pro rata between 12.5% and 50%
Outcome	25.0p	0%

TSR performance condition

	Alent 3-year TSR rank vs. FTSE250, excluding Investment Trusts at 31 Dec 2014	% 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%

Note

1. The performance condition for these awards was 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.
2. Steve Corbett had awards over 340,665 shares subject to these performance conditions. All of his awards lapsed.

Total Pension Entitlements

In accordance with their contracts, Steve Corbett and David 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

Steve Corbett ceased to be a Director and the Chief Executive Officer of Alent plc on 3 September 2014 (the "Notice Date"). He was given the 12 months' notice provided for in his employment contract on this date, and was placed on garden leave until his employment terminated on 3 October 2014 (the "Leaving Date").

Steve Corbett received all salary and benefit entitlements accrued and due through to the Leaving Date, less withholdings required by law.

Steve Corbett was paid in lieu of the amount of notice that remains outstanding as at the Leaving Date. He therefore received a payment in lieu of notice calculated in accordance with his employment agreement, comprising base salary, pension allowance and the cost to the Company of providing contractual benefits for the balance of the notice period paid as follows:

- a lump sum payment of US\$478,991 (less withholdings required by law), was paid on 28 October 2014; and
- six monthly instalments of US\$79,831.83 (less withholdings required by law), subject to mitigation should Steve Corbett obtain new employment before the date on which an instalment falls due.

At Steve Corbett's election he is entitled to continue to receive certain US healthcare benefits provided by Alent for 12 months following the Leaving Date, the cost of which US\$13,475 will be met by Alent.

Steve Corbett was eligible to be considered for an annual incentive payment in respect of services rendered during 2014, calculated on a time pro-rated basis through the Notice Date, to reflect the proportion of the year during which he was actively employed. As a result, Steve Corbett was awarded a bonus of £344,560 for his performance over 2014 (see earlier section for full calculation of the annual bonus). This amount was calculated at the same time as for other executives, and will be paid at the same time as for other executives and was subject to the rules and the attainment of performance targets set out in the bonus scheme, subject to approval by the Remuneration Committee at the time.

Steve Corbett has awards under the Cookson Group Long Term Incentive Plan (of 118,121 and 222,544 shares), and awards under the Alent Share Plan (of 268,203 and 287,958 shares). These awards will be treated in accordance with the rules of each Plan, and will all lapse except for 21,898 shares of the 2014 Alent Share Plan award which will vest on 3 April 2015. This is based on the committees assessment of the achievement of the performance conditions at the leaving date and calculated on a time pro-rated basis.

Variable pay and other share awards granted during 2014

Alent share plan performance share awards

During 2014, awards with a face value of 200% of salary were granted to Steve Corbett and David Egan under the Alent Share Plan. Details of these awards are shown in the table below. No other awards were made to either Steve Corbett or David 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	287,958 ³ performance shares	200% of salary	£928,665	25% ²	31/12/2016	50% of award subject to a relative TSR performance measure.
David Egan	Alent Share Plan	197,054 ⁴ performance shares	200% of salary	£635,499	25% ²	31/12/2016	50% of award subject to an EPS growth performance condition.

1. Based on a share price of 322.5p which was the average mid-market quotations for Wednesday 5 March 2014 to Friday 7 March 2014 and Monday 10 March 2014 to Tuesday 11 March 2014 (being the five trading days before grant).

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

3. For Steve Corbett, 21,898 shares will vest on 3 April 2015 based on the committee's assessment of the achievement of the performance condition at the leaving date. The remaining 266,060 shares will lapse on 3 April 2015. See the section on loss of office payments for further details.

4. For David Egan, 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 conditions is provided in the tables, below:

EPS performance condition

	2016 adjusted EPS	% of Total award vesting
Performance targets for 2016 adjusted EPS	Less than 27.9 pence	0%
	27.9 pence	12.5%
	Between 27.9 pence and 30.4 pence	Pro rata between 12.5% and 31.25%
	Between 30.4 pence and 33.0 pence	Pro rata between 31.25% and 50%

TSR performance condition

	TSR rank vs. comparator group through the end of 2016 ¹	% 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 12.5% and 50%

1. The 2014 TSR comparator group is: Air Liquide, Arkema, Cabot Microelectronics, Croda, Dow Chemical, DuPont, Elementis, HB Fuller, Henkel, Illinois Tool Works (ITW), Integris, Johnson Matthey, Lanxess, Merck Group, Nitto Denko, OM Group, Park Electrochemical, Platform Specialty Products, Solvay, Umicore, Victrex and Wacker Chemie AG.

2. The EPS performance conditions take 2013 EPS as the base with stretching targets for 2016 adjusted EPS.

REMUNERATION REPORT

CONTINUED

Alent 2013 Grant

Vesting of half of these awards is determined by Alent TSR performance over the performance period relative to a comparator group, whilst the remainder is determined by Alent EPS growth in accordance with the following schedule:

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%

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 Quintile	50%
	Between Median and Upper Quintile	Pro rata between 12.5% and 50%

1. The 2014 TSR comparator group is: Air Liquide, Arkema, Cabot Microelectronics, Croda, Dow Chemical, DuPont, Elementis, HB Fuller, Henkel, Illinois Tool Works (ITW), Entegris, Johnson Matthey, Lanxess, Merck Group, Nitto Denko, OM Group, Park Electrochemical, Platform Specialty Products, Solvay, Umicore, Victrex and Wacker Chemie AG.

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.

Steve Corbett

Type	Grant Date	Number of shares at 1 January 2014	Granted during year	Vested during year	Lapsed during year	Number of shares at 31 December 2014	Percentage vesting for achieving minimum level of performance	Performance condition ³	End of performance period	Normal vesting date
Cookson performance shares	01-04-2011	102,631	-	-	(102,631)	-	25% ²	Cookson 2011 condition	31-12-2013	05-04-2014
Cookson performance shares	05-04-2012	118,121	-	-	-	118,121	25% ²	Cookson 2012 condition	31-12-2014	05-04-2015
Cookson matching shares	05-04-2012	222,544	-	-	-	222,544	11.1% ²	Cookson 2012 condition	31-12-2014	05-04-2015
Alent Share Plan	09-04-2013	268,203	-	-	-	268,203	25% ³	Alent 2013 condition	31-12-2015	09-04-2016
Alent Share Plan	12-03-2014	-	287,958	-	-	287,958	25% ⁴	Alent 2014 condition	31-12-2016	12-03-2017
Total		711,499	287,958	-	(102,631)	896,826				

David Egan

Alent share plan	28-03-2013	11,955	-	(11,955)	-	-	n/a	n/a ¹	n/a ¹	01-01-2014
Alent Share Plan	28-03-2013	11,954	-	-	-	11,954	n/a	n/a ¹	n/a ¹	01-01-2015
Alent Share Plan	09-04-2013	168,204	-	-	-	168,204	25% ²	Alent 2013 condition	31-12-2015	09-04-2016
Alent Share Plan	01-04-2014	-	197,054	-	-	197,054	25% ²	Alent 2014 condition	31-12-2016	12-03-2017
Total		192,113	197,054	(11,955)	-	377,212				

1. This award was made as part of David Egan's recruitment arrangements. It 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 2012 Cookson performance and matching share awards will lapse on 5 April 2015.
5. Steve Corbett's 2013 Alent Share Plan award will lapse on 3 April 2015.
6. 21,898 shares of Steve Corbett's 2014 Alent Share Plan award will vest on 3 April 2015 based on the Committee's assessment of the achievement of the performance conditions at the leaving date. The remaining 266,060 shares will lapse on 3 April 2015.

See section on Loss of Office Payments for further detail.

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 was 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 continued to be subject to the terms and conditions of the existing Cookson LTIP, save that the relevant company (and relevant remuneration committee) was 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 2012 Cookson LTIP awards, following the demerger, were 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 were 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 aggregated to the relevant Cookson targets. The respective Alent adjusted EPS values as reported for the final year of the three-year performance period were compared with these replacement threshold and maximum targets to determine the vesting outcome; and
- 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 were 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 was ranked against the TSR of the relevant comparator group and the resulting vesting outcome was calculated against the TSR performance schedule in the Cookson LTIP.

Service Contracts and Letters of Appointment

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

Andrew Heath

Andrew Heath was appointed as the Chief Executive of the Company effective on 21 February 2015. He is eligible to participate in the annual incentive and the Alent Share Plan. Mr Heath's appointment is terminable by the Company on not less than 12 months' written notice, and by Mr Heath on not less than six months' written notice. Mr Heath 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.

David Egan

David Egan was appointed as the Finance Director of the Company effective on 1 January 2013. He is eligible to participate in the annual incentive and the Alent Share Plan. 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.

REMUNERATION REPORT

CONTINUED

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	7 May 2015	6 months
Non-executive Directors			
Emma FitzGerald	31 October 2012	7 May 2015	–
Jan Oosterveld ¹	31 October 2012	7 May 2015	–
Noël Harwerth	31 October 2012	7 May 2015	–
Lars Förberg	31 October 2012	7 May 2015	–
Mark Williamson	31 October 2012	7 May 2015	–

1. Jan Oosterveld will be retiring following the Annual General Meeting on 7 May 2015.

Directors' Shareholdings

The beneficial interests of the Directors and their families in the ordinary shares of the Company as at 31 December 2014 are shown below, together with the total number of shares subject to performance conditions which have been granted under the Alent Share Plan. These amounts have been adjusted for the share consolidation carried out on 26 September 2014.

Ordinary shares	31 December 2014 Ordinary shares No.	Alent Share Plan ¹
David Egan	21,415	377,212
Peter Hill	57,391	–
Emma FitzGerald	15,421	–
Lars Förberg ²	NIL	–
Noël Harwerth	2,097	–
Jan Oosterveld	17,114	–
Mark Williamson	7,652	–

- Awards under the Alent Share Plan are subject to continued employment or the achievement of performance conditions that are set out on pages 74 to 75.
- 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.

There were no changes to the interests of the Directors in the ordinary shares of the Company in the period from 1 January 2015 to 2 March 2015.

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.

The information in the above table is audited by the Company's auditor.

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 2014, David Egan held 21,415 shares in Alent. Using the Company's closing share price at 31 December 2014 of 321p, this represents 21.6% 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.

	2014 £m	2013 £m	% change
Adjusted operating profit ¹	95.1	94.1	1%
Dividends paid ²	66.3	23.3	185%
Overall expenditure on pay ³	133.1	132.9	-

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

2. Dividends paid in 2014 include a special dividend of £42.0m. Ordinary dividends paid in 2014 amounted to £24.3m, a 4% increase on 2013.

3. The 2013 overall expenditure on pay has been amended from £124.5m to £132.9m to include £8.4m of employee benefits within exceptional items.

Alent does not have a share buyback programme.

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

Steve Corbett served as Chief Executive until 4 September 2014. In January 2014, Steve Corbett was awarded a 2.5% salary increase which was in line with the 2.5% salary increase awarded to the general workforce.

Although Steve Corbett was a US based employee, his remuneration benefits were designed based on the UK Market. As such, with Andrew Heath joining, the transition to reflecting only the UK 'average employee' remuneration details is the most relevant comparator given that Alent's headquarters are based in the UK.

The table below sets out the percentage change in the remuneration of the Chief Executive and the average UK employee.

	Salary	Benefits ¹	Annual Incentives
Chief Executive	2.5%	(20%)	n/a ²
Average UK employee	2.5%	9%	14%

1. Taxable benefits for 2014 includes: company car allowances, life assurance and medical insurance.

2. Steve Corbett did not receive an annual incentive in 2013. Details of his 2014 annual incentives are set out on page 71.

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 49 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, and by the external advisers New Bridge Street (NBS), part of Aon PLC. 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. NBS is a signatory to the Remuneration Consultants Group Code of Conduct in relation to Executive Remuneration Consulting in the UK. During 2014 NBS was paid a total of £99,000 for its services to the Committee as listed above. The Remuneration Committee is satisfied that advice received from NBS is objective.

REMUNERATION REPORT

CONTINUED

Activities of the Remuneration Committee:

The Remuneration Committee met six times in 2014, twice more than planned, to consider such matters as:

- addressing remuneration related to the transition and recruitment of the Chief Executive position;
- 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 2013 Directors' Remuneration Report; and
- reviewing the 2014 Directors' Remuneration Report.

Statement of shareholder voting

At the 2014 AGM Alent's shareholders approved the Annual Report on Remuneration and the Remuneration Policy Report. The voting outcomes are summarised in the table below:

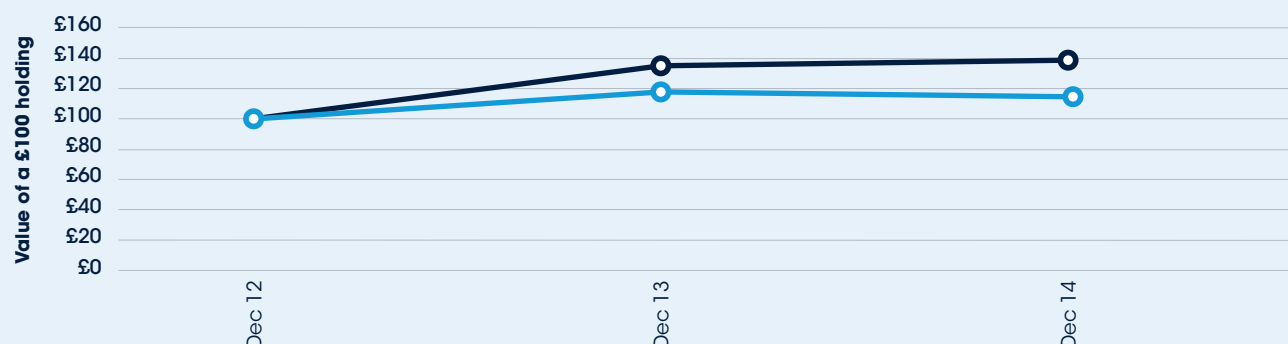
	Remuneration Policy Report		Annual Report on Remuneration	
	No of votes	% of votes cast	No of votes	% of votes cast
Votes cast in favour	232,659,462	96.81	239,186,743	99.42
Votes cast against	7,672,226	3.19	1,388,945	0.58
Total votes cast	240,331,688	100	240,575,688	100
Number of abstentions	250,482	n/a	6,482	n/a

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 2014. 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 2014, 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 2014 ²	Steve Corbett	£1,215,001	73.8%	0%
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.

2. Includes payments for loss of office. % of maximum pro-rated.

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 10-year period in relation to the Company's issued share capital, with a further limitation of 5% in any 10-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 Group 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 (pages 70 to 71);
- variable pay and other share awards granted during 2014 (page 73); and
- statement of Directors' shareholdings and share interests (page 74).

On behalf of the Board

NOËL HARWERTH

Chairman of the Remuneration Committee

2 March 2015

DIRECTORS' REPORT

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 2014.

The Companies Act 2006 requires the Company to provide a Directors' Report for Alent plc for the year ended 31 December 2014. The information that fulfils this requirement and which is incorporated by reference into, and forms part of this report, is included in the following sections of the Annual Report: the Corporate Governance Report; the information on financial risk management objectives and policies contained in note 25 of the Group financial statements, and the details on Greenhouse Gas emissions set out on page 30.

This Directors' Report and Strategic Report together represents the management report for the purpose of compliance with DTR 4.1.8R of the UK Listing Authority Disclosure and Transparency Rules.

Activities

Alent plc is a holding company. A list of its principal subsidiary companies is set out on page 126. The Company does not have any overseas branches within the meaning of the Companies Act 2006.

Going Concern

The Directors have prepared cash flow forecasts and assessed the future funding requirements of the Group and the Company and compared it to the level of long-term debt and committed bank facilities for a period in excess of 12 months from the date that the financial statements were approved. These forecasts reflect an assessment of current and future end-market conditions and their impact on the Group's future trading performance. 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 consider 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.

Research and Development

The Group's investment in research and development ("R&D") during the year under review amounted to £15.2 million (representing 3.7% of Group net sales value (2013: 3.8%). Further details of the Group's R&D activities can be found on page 38 of the Strategic Report.

Dividends

An interim dividend of 3.0 pence per ordinary share and a special dividend of 15.0 pence per ordinary share was paid on 17 October 2014.

The Board is recommending a final dividend in respect of 2014 of 6.0 pence per ordinary share which, if approved, will be paid on 19 June 2015 to shareholders on the register at 16 May 2015.

Accountability and audit

A responsibility statement of the Directors and a statement by the Auditor about its reporting responsibilities can be found on pages 83 and 84 to 85 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. 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.

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.

A Director may be removed by the Company as provided for by applicable law, in certain circumstances set out in the Company's Articles of Association (for example bankruptcy or resignation), or by a special resolution of the Company.

Biographical information for all the current Directors of the Company is given on pages 42 to 43. 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 75. The Non-executive Directors do not have service agreements.

Mr Steve Corbett resigned as Chief Executive on 3 September 2014.

Mr Andrew Heath was appointed as Chief Executive and Director of Alent plc on 21 February 2015.

Ms Helen Barrett-Hague was appointed as Company Secretary on 2 January 2015, following the resignation of Mr Simon O'Hara.

Director's Indemnity

The Directors have been granted Qualifying Third Party Indemnity Provisions by the Company.

	<p>2015 Annual General Meeting</p> <p>The AGM of the Company will be held at 10.00 am on Thursday 7 May at the offices of UBS, 1 Finsbury Avenue, London EC2M 2PP.</p> <p>The notice of the 2015 AGM is contained in the circular to shareholders accompanying this Annual Report, together with an explanation of resolutions to be considered at the meeting.</p> <p>Greenhouse Gas Emissions</p> <p>Information on our reporting of greenhouse gas emissions, and the methodology used to record these, is set out on page 30 of the Corporate Responsibility section of the Strategic Report.</p> <p>Donations</p> <p>In accordance with Company policy, no political or charitable donations were made in 2014.</p> <p>Essential Contracts and Change of Control Disclosure</p> <p>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. No Director of Alent is entitled to any such payment.</p> <p>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.</p> <p>Share Capital and Capital Structure</p> <p>As at the date of this report, the Company had an issued share capital of 266,353,736 ordinary shares of 10 5/11p 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.</p> <p>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.</p> <p>No ordinary shares have been issued in relation to the exercise of options granted under the Company's share option schemes.</p> <p>During the year, 11,955 ordinary shares of 10 pence each, equivalent to 50% of Mr David Egan's restricted share award were issued for cash to satisfy his award.</p> <p>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.</p>	<p>Employee Share Plans</p> <p>Alent operates a share based incentive plan. The Group can satisfy entitlements either by the acquisition of existing shares or by the issue of new shares. Existing shares are held in an employee share ownership trust ("ESOT"). The trustee of the ESOT purchases shares in the open market when required, to enable the Group to meet liabilities for the issue of shares to satisfy awards that vest. The trustee does not register votes in respect of these shares and has waived the right to receive any dividends. In 2014 the trustee of the ESOT purchased 110,000 ordinary shares of 10p each in Alent plc with a market value of £382,279.75 at an average price, including transactions costs of £3.475 per share to satisfy the actual and potential vesting of awards under the Group's share-based payments plan. Details of outstanding awards and costs associated with the share plans are set out in note 27 to the Group Financial Statements.</p> <p>No adjustments were made to outstanding share based incentives as a result of the share consolidation.</p> <p>Pensions</p> <p>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 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. In compliance with new legislation, the Company introduced auto-enrolment for all eligible UK employees.</p> <p>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.</p> <p>Restrictions on Transfer of Shares and Voting</p> <p>The Company's Articles of Association ("Articles") do not contain any specific restrictions on the size of a holding or on the transfer of shares. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or voting rights. No person has any special rights with regard to the control of the Company's share capital and all issued shares are fully paid. This is a summary only and the relevant provisions of the Articles should be consulted if further information is required.</p> <p>Amendments to the Articles of Association</p> <p>The Company may make amendments to the Articles by way of special resolution in accordance with the Companies Act.</p>	STRATEGIC REPORT	CORPORATE GOVERNANCE	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
WWW.ALENT.COM			ANNUAL REPORT & ACCOUNTS 2014 ALENT PLC	81		

DIRECTORS' REPORT

CONTINUED

Interests in the Company's Shares

The Company has been notified in accordance with DTR 5 of the Disclosure and Transparency Rules of 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 31/12/14
Cevian Capital	1	Jersey	58,432,694	21.94
Franklin Templeton	2	USA	29,559,215	11.10
Artisan Partners	3	USA	27,353,198	10.27
Janus Capital Management	4	USA	17,775,011	6.67
GO Investment Partners	5	England	10,641,347	4.00
Dimensional Fund Advisers	6	USA	9,297,161	3.49
Norges Bank Investment Management	7	Norway	8,276,162	3.11
BlackRock	8	USA	8,238,483	3.09

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 in the Directors' Remuneration Report and details of the Directors' long-term incentive awards are set out in the Directors Remuneration Report.

No material changes in the interests disclosed to the Company have been notified between 31 December 2014 and 2 March 2015.

Other disclosures – presentation of information required by LR 9.8.4R

Certain information that is required to be included in the Directors' Report can be found elsewhere in this document as referred to below, each of which is, to the extent not in this report, incorporated by reference.

Directors in office during the year

A full list of the individuals who were directors of the Company during the financial year ended 31 December 2014 can be found on page 46.

Exposure to price, credit, liquidity and cash flow risks

Disclosures relating to exposure to price, credit, liquidity and cash flow risks are set out in note 25 to the Group financial statements.

Financial risk management objectives and policies

Disclosures relating to financial risk management objectives and policies, including our policy for hedging, are set out in note 25 to the Group financial statements.

Future developments within the Group

The Strategic report starting on page 2 contains details of likely future developments within the Group.

Greenhouse gas emissions

Disclosures concerning greenhouse gas emissions can be found on page 30.

Past Balance Sheet Events

Information concerning past balance sheet events can be found in note 30 to the Group consolidated financial statements.

Profit

Details of the Group's profit for the year ended 31 December 2014 can be found on page 86.

Information provided to the Company pursuant to the Disclosure and Transparency Rules is published on the Regulatory News section of the Company's website.

The Strategic Report, the Directors' Report and the Remuneration Report have been approved by the Board.

The Directors' Report is signed on the Board's behalf by:

HELEN BARRETT-HAGUE

Company Secretary

2 March 2015

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 judgements 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, Strategic Report, 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, 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 Group's performance, 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 41 contained in the Annual Report for the year 2014 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
Andrew Heath	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 & Accounts for 2014 was approved by the Board of Directors and authorised for issue on 2 March 2015 and signed on behalf of the Board by:

ANDREW HEATH
Chief Executive
2 March 2015

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 2014 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 2014 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 (£4.0m)

Refer to page 58 (Audit Committee statement), page 93 (critical judgements) and page 100 (financial disclosures)

- **The Risk:** The amount of deferred tax assets that it is appropriate to be recognised in respect of losses is based on the judgement in respect of the timing and quantum of forecast future taxable 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 under) stated given the inherent uncertainty in these judgements.
- **Our Response:** In this area, our audit procedures included, using our own tax specialists to assist us in assessing and challenging the assumptions and judgements made by the Directors. We compared the assumptions used in the taxable profit forecasts for the relevant components in the US to the Group's long term forecasts for consistency. We critically assessed the assumptions and judgements 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

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.

Provisions for disposal, closure and litigation liabilities (£24.3m)

Refer to page 58 (Audit Committee statement), page 92 (critical judgements) and pages 124 to 125 (financial disclosures)

- **The Risk:** The completeness and valuation of the amounts provided for legal and environmental claims are inherently judgemental due to the degree of uncertainty involved. Following the settlement of two legal claims after the balance sheet date, the risk is that the amount provided in respect of management's current best estimate of the disposal and closure costs of £17.5m in respect of environmental obligations is over or understated, which could have a material impact on the Group's financial position and results for the year.
- **Our Response:** In this area our audit procedures included inspecting, at the reporting component level, the claims reporting received from those reporting components, to assess whether all current cases had been appropriately considered by the Directors of the Group. 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 assessed the adequacy of the Group's disclosures in respect of the description of the claims provided and the level of estimation involved in arriving at the provision.

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, determined with reference to a benchmark of Group profit before taxation, of £73.4 million, of which it represents 5.4%.

We report to the Audit Committee any corrected and uncorrected misstatements identified exceeding £0.3 million, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 103 reporting components, audits for Group reporting purposes were performed by component auditors at 11 key reporting components in China, Germany, Hong Kong, India, Netherlands and Taiwan and by the Group audit team for the United Kingdom. In addition, specified audit procedures over the principal assets, liabilities, income and expense items were performed by component auditors over six components in Brazil, the United States of America and Hungary.

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £m	2013 £m
Revenue	5	644.8	684.7
Manufacturing costs before exceptional items	8	(393.8)	(433.3)
Administration, selling and distribution costs before exceptional items	8	(155.9)	(157.3)
Operating profit before exceptional items		95.1	94.1
Exceptional items	8	(18.1)	(10.3)
Operating profit	5	77.0	83.8
Share of post-tax profit of joint ventures		1.6	0.8
Finance costs	10	(5.7)	(7.4)
Finance income	10	0.5	0.5
Profit before tax		73.4	77.7
Income tax costs – ordinary activities	11	(28.5)	(20.9)
– exceptional items	11	1.9	4.8
Profit for the year		46.8	61.6
Earnings per share (pence)	12		
Basic		17.0	22.1
Diluted		17.0	22.1

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £m	2013 £m
Profit for the year		46.8	61.6
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of the net defined benefit liability	26	(7.0)	3.9
Income tax relating to items not reclassified	11	0.1	–
		(6.9)	3.9
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of the net assets of foreign operations	22	3.9	(15.1)
Exchange differences on translation of net investment hedges	22	(4.9)	8.5
Change in fair value of cash flow hedges	22	(0.3)	(0.4)
		(1.3)	(7.0)
Other comprehensive loss for the year, net of tax		(8.2)	(3.1)
Total comprehensive income for the year		38.6	58.5

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £m	2013 £m
Cash flows from operating activities			
Profit for the year		46.8	61.6
Adjustments for:			
Depreciation	15	9.1	9.0
Exceptional items	8	18.1	10.3
Share of post-tax profit of joint ventures		(1.6)	(0.8)
Net finance costs	10	5.2	6.9
Net income tax costs	11	26.6	16.1
EBITDA		104.2	103.1
Decrease in inventories		0.1	0.9
Decrease in trade receivables		4.6	4.5
(Decrease)/increase in trade payables		(6.7)	2.4
Decrease/(increase) in other working capital balances		1.8	(2.2)
Net (increase)/decrease in trade and other working capital		(0.2)	5.6
Outflow related to restructuring charges	8	(9.3)	(4.0)
Litigation settlements	8	1.7	-
Payment of demerger costs	9	(0.2)	(4.8)
Additional funding contributions into Group pension plans	26	(2.4)	(1.9)
Cash generated from operations		93.8	98.0
Interest paid		(3.8)	(4.6)
Interest received		0.5	0.5
Income taxes paid		(17.5)	(19.3)
Net cash inflow from operating activities		73.0	74.6
Cash flows from investing activities			
Capital expenditure	15	(11.7)	(13.7)
Proceeds from the sale of property, plant and equipment		-	0.1
Proceeds from the sale of investments		-	0.4
Acquisition of subsidiaries and joint ventures, net of cash acquired		(0.6)	(1.0)
Disposal of subsidiaries and joint ventures, net of cash disposed	8	0.5	-
Dividends received from joint ventures		0.4	5.5
Other investing outflows		(1.7)	(1.8)
Net cash outflow from investing activities		(13.1)	(10.5)
Net cash inflow before financing activities		59.9	64.1
Cash flows from financing activities			
Repayment of borrowings	14	(4.1)	(64.5)
Purchase of own shares		(0.4)	(0.2)
Borrowing facility arrangement costs		(1.1)	-
Dividends paid to equity shareholders	24	(66.3)	(23.3)
Net cash outflow from financing activities		(71.9)	(88.0)
Net decrease in cash and cash equivalents	14	(12.0)	(23.9)
Cash and cash equivalents at 1 January	14	56.3	80.6
Effect of exchange rate fluctuations on cash and cash equivalents	14	0.6	(0.4)
Cash and cash equivalents at 31 December	14	44.9	56.3

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2014

	Note	2014 £m	2013 £m
Assets			
Property, plant and equipment	15	85.9	85.2
Intangible assets	16	294.3	288.5
Interests in joint ventures		6.3	5.5
Investments		0.7	0.7
Deferred tax assets	11	9.6	11.2
Other receivables		5.4	1.8
Total non-current assets		402.2	392.9
Cash and short-term deposits	14	49.5	63.1
Inventories	19	51.5	51.6
Trade and other receivables	18	128.4	131.0
Income tax recoverable		1.4	0.6
Derivative financial instruments	20	0.8	0.5
Total current assets		231.6	246.8
Total assets		633.8	639.7
Equity			
Issued share capital	21	27.8	27.8
Other reserves	22	(439.0)	(437.7)
Retained earnings	23	697.1	722.3
Total equity		285.9	312.4
Liabilities			
Interest-bearing borrowings	25	153.0	153.4
Employee benefits	26	24.1	18.8
Other payables	28	0.4	0.6
Provisions	30	14.4	11.7
Deferred tax liabilities	11	37.4	32.4
Total non-current liabilities		229.3	216.9
Interest-bearing borrowings	25	4.8	6.2
Trade and other payables	28	78.9	80.1
Provisions	30	16.3	11.8
Income tax payable		17.9	12.1
Derivative financial instruments	20	0.7	0.2
Total current liabilities		118.6	110.4
Total liabilities		347.9	327.3
Total equity and liabilities		633.8	639.7

The financial statements were approved and authorised for issue by the Board on 2 March 2015 and signed on its behalf by:

ANDREW HEATH
Chief Executive

DAVID EGAN
Group Finance Director

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Issued share capital £m	Other reserves £m	Retained earnings £m	Total equity £m
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 for the year		-	(7.0)	3.9	(3.1)
Total comprehensive income for the year		-	(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 1 January 2014		27.8	(437.7)	722.3	312.4
Total comprehensive income					
Profit for the year		-	-	46.8	46.8
Other comprehensive loss for the year		-	(1.3)	(6.9)	(8.2)
Total comprehensive income for the year		-	(1.3)	39.9	38.6
Transactions with owners					
Recognition of share-based payments		-	-	1.6	1.6
Purchase of own shares		-	-	(0.4)	(0.4)
Dividends paid to equity shareholders	24	-	-	(66.3)	(66.3)
Total transactions with owners		-	-	(65.1)	(65.1)
As at 31 December 2014		27.8	(439.0)	697.1	285.9

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

STRATEGIC
REPORT

CORPORATE
GOVERNANCE

FINANCIAL
STATEMENTS

ADDITIONAL
INFORMATION

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") can be found within the Strategic Report on pages 2 to 41. The Company's 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 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.

2.3 Amended presentation of share of post-tax profit of joint ventures

The Company has amended the presentation of information contained in its Group income statement and segment information note (note 5), to present its share of post-tax profit of joint ventures after operating profit, but before profit before tax. As a result of this change, the previously reported operating profit sub-total for 2013 is now reported as £83.8m (previously £84.6m), with no change to the previously reported profit before tax, profit for the year, earnings per share or net financial position of the Group. The Directors believe that this amendment provides a better understanding of the Group's operating profit and of its adjusted operating profit, which is one of the key non-Generally Accepted Accounting Practice measures used to assess the underlying performance of the Group (note 4).

2.4 Going concern

As discussed in more detail in the Directors' Report on page 80, 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 continued to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2014.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. Basis of preparation (continued)

2.7 New and revised IFRS

During the year a number of new and amended IFRS became effective and were adopted by the Group, including IFRS 10 *Consolidated Financial Statements* and IFRS 11 *Joint Arrangements*, 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 new and amended IFRS were issued during the year, which do not become effective until after 1 January 2015, 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 judgements 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 judgement 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 judgement, 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 2014, 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.

3.2 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

Aleant 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 judgement 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 judgement 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.

3.4 Taxation (continued)

(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 and NSV margin is calculated as adjusted operating profit divided by NSV.

4.3 Adjusted results

Adjusted operating profit, adjusted profit before tax, adjusted profit for the year and adjusted earnings per share are, where appropriate, each stated before: exceptional items; amortisation of acquired intangible assets; deferred tax on acquired intangible assets and goodwill; utilisation of deferred tax assets (where initial recognition was as an exceptional item); acquisition costs; the impact arising from the fair valuing of financial instruments and profits or losses arising on business disposals.

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 £0.2m (2013: £4.8m) 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4. Non-GAAP financial measures (continued)

4.7 EBITDA

EBITDA is calculated as the total of operating profit before 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 capital employed

Return on capital employed ("ROCE") is calculated as adjusted operating profit plus share of post-tax profit of joint-ventures, divided by average capital employed (being total equity plus net debt, net defined benefit liability, income tax and deferred tax).

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

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.

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.

5. Segment information (continued)**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 16 to 17.

The Group's adjusted results (note 4.3) have been used as the basis for presenting its segment results shown in the tables below. Segment revenue represents revenue from external customers (inter-segment revenue is not material) and segment result is operating profit before 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.

5.3 Income statement

	2014			
	Assembly Materials £m	Surface Chemistries £m	Corporate/ Unallocated £m	Group £m
Segment revenue	393.9	250.9	-	644.8
Segment net sales value	204.9	208.1	-	413.0
Adjusted segment EBITDA	62.8	48.5	-	111.3
Segment depreciation	(5.2)	(3.9)	-	(9.1)
Adjusted segment result	57.6	44.6	-	102.2
Adjusted corporate costs	-	-	(7.1)	(7.1)
Adjusted operating profit	57.6	44.6	(7.1)	95.1
Exceptional items	(4.2)	(1.3)	(12.6)	(18.1)
Operating profit	53.4	43.3	(19.7)	77.0
Share of post-tax profit of joint ventures				1.6
Finance costs				(5.7)
Finance income				0.5
Profit before tax				73.4
Return on sales margin (%)	14.6	17.8	-	14.7
NSV margin (%)	28.1	21.4	-	23.0
Capital expenditure additions (£m)	6.0	5.7	-	11.7
Average number of employees (number)	1,397	1,155	38	2,590

The Group's share of post-tax profit from joint ventures of £1.6m (2013: £0.8m) included a one-off pension settlement gain of £1.4m (2013: £nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. Segment information (continued)

5.3 Income statement (continued)

	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	58.2	42.7	(6.8)	94.1
Exceptional items	(4.4)	(5.9)	-	(10.3)
Operating profit	53.8	36.8	(6.8)	83.8
Share of post-tax profit of joint ventures				0.8
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

5.4 Geographic analysis

	External revenue		Non-current assets	
	2014 £m	2013 £m	2014 £m	2013 £m
China (including Hong Kong)	156.4	161.1	31.1	30.7
United States of America	150.1	165.0	123.1	112.4
Germany	63.6	66.5	35.9	31.6
Taiwan	52.6	58.9	3.5	3.5
Singapore	30.8	28.5	94.7	90.7
United Kingdom	27.9	29.0	18.8	18.9
Brazil	24.8	31.7	1.7	2.4
Rest of the World	138.6	144.0	83.8	91.5
Total Group	644.8	684.7	392.6	381.7

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. Segment information (continued)**5.5 Products and customers**

Information relating to the Group's products and services is included within the Strategic Report on pages 8 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**

	2014 £m	2013 £m
Wages and salaries	115.2	117.0
Social security costs	9.6	7.4
Pension costs – defined contribution pension plans (note 26)	6.1	5.8
– defined benefit pension and other post-retirement plans (note 26)	0.9	1.4
Share-based payments (note 27)	1.3	1.3
Total employee benefits expense	133.1	132.9

Of the total employee benefits expense of £133.1m (2013: £132.9m), £125.4m (2013: £123.4m) was charged in arriving at operating profit before exceptional items; £0.8m (2013: £1.1m) was charged within finance costs; and £6.9m (2013: £8.4m) was charged within exceptional items. The total employee benefits expense for 2013 has been amended from £124.5m to £132.9m to include £8.4m of employee benefits expenses within exceptional items.

7. Amounts payable to KPMG LLP and its associates

	2014 £m	2013 £m
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	0.2	0.2
Fees payable to the Company's auditor and its associates for other services:		
Audit of the Company's subsidiaries	0.7	0.7
Audit-related assurance services	-	0.1
Tax compliance services	0.1	0.1
Tax advisory services	0.1	-
Total auditor's remuneration	1.1	1.1

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. Exceptional items

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

	Assembly Materials £m	Surface Chemistries £m	Corporate/ Unallocated £m	2014 £m
Restructuring charges	2.3	3.6	2.3	8.2
Litigation settlement charges	-	-	7.3	7.3
Disposal and closure costs	-	-	3.0	3.0
Impairment charges	2.1	-	-	2.1
Total exceptional charges	4.4	3.6	12.6	20.6
Litigation settlement income	-	(2.3)	-	(2.3)
Profit on disposal of continuing operations	(0.2)	-	-	(0.2)
Total exceptional income	(0.2)	(2.3)	-	(2.5)
Total net exceptional charges	4.2	1.3	12.6	18.1

	Assembly Materials £m	Surface Chemistries £m	Corporate/ Unallocated £m	2013 £m
Restructuring charges	4.4	5.9	-	10.3
Total net exceptional charges	4.4	5.9	-	10.3

Restructuring charges

Restructuring charges in the year amounted to £8.2m (2013: £10.3m) and arose in connection with operational restructuring initiatives that included redundancy programmes, the downsizing or closure of facilities, the streamlining of manufacturing processes and the rationalisation of product lines, and corporate management restructuring initiatives comprising termination payments and other costs related to the replacement of the Chief Executive and other senior management positions. The net tax credit attributable to these restructuring charges was £0.7m (2013: £1.9m).

Restructuring cash costs of £9.3m (2013: £4.0m) were incurred in the year, in respect of restructuring initiatives commenced both in 2014 and in prior years.

Litigation settlements

Charges: During 2014 the Group recognised litigation charges of £7.3m (2013: £nil) arising on settlement of legacy issues that pre-dated the demerger from Cookson Group plc in 2012. Of these charges, £6.4m (2013: £nil) related to the full and final settlement that was reached in February 2015 of actions brought by MacDermid (incorporated in the United States) against Alent and Vesuvius plc that arose out of corporate activity between the parties in 2006, and represents Alent's share of the gross settlement, after recoveries from insurance and Vesuvius plc. This matter had been noted as a contingent liability in Alent's 2013 annual report.

Income: Litigation settlement income of £2.3m (2013: £nil) arose following the settlement in 2014 of patent litigation.

No tax credits or charges (2013: £nil) were attributable to any of these settlements. The Group cash flow statement reflects £1.7m received in respect of litigation settlements, representing £0.1m (2013: £nil) paid in relation to settlement charges and £1.8m (2013: £nil) received in relation to settlement income.

Disposal and closure costs

Costs of £3.0m (2013: £nil) were recognised in connection with the demolition, environmental clean-up and monitoring of sites of former Group businesses that were either closed or disposed of in prior years. No tax credit (2013: £nil) was attributable to these costs.

8. Exceptional items (continued)**Impairment charges**

Impairment charges of £2.1m (2013: £nil) were incurred in respect of an uneconomic product line in the Assembly Materials division. A tax credit of £0.1m (2013: £nil) was attributable to these charges.

Profit on disposal of continuing operations

The profit on disposal of continuing operations of £0.2m (2013: £nil) arose on disposal of the US stencils business of the Assembly Materials division. No tax charge (2013: £nil) was attributable to this profit. The disposal generated cash proceeds of £0.5m (2013: £nil).

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.

	2014			2013		
	Before exceptional items £m	Exceptional items £m	After exceptional items £m	Before exceptional items £m	Exceptional items £m	After exceptional items £m
Manufacturing costs	393.8	4.3	398.1	433.3	–	433.3
Administration, selling and distribution costs	155.9	13.8	169.7	157.3	10.3	167.6
	549.7	18.1	567.8	590.6	10.3	600.9

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 £0.2m (2013: £4.8m) 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.

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

	2014 £m	2013 £m
Finance costs	5.7	7.4
Finance income	(0.5)	(0.5)
Total net finance costs	5.2	6.9

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10. Finance costs and finance income (continued)

10.3 Finance costs and finance income

	2014 £m	2013 £m
Interest payable on borrowings:		
Loans, overdrafts and factoring arrangements	4.8	6.2
Total interest payable on borrowings	4.8	6.2
Other interest payable:		
Net interest expense on the net defined benefit liability	0.8	1.1
Unwinding of discounted provisions	0.1	0.1
Total finance costs	5.7	7.4
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.

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. Income tax (continued)**11.2 Income tax costs**

	2014 £m	2013 £m
Current tax		
Current year	22.0	18.9
Adjustments in respect of prior years	-	0.5
Total current tax	22.0	19.4
Deferred tax		
Origination and reversal of temporary taxable differences	3.4	2.9
Utilisation of US deferred tax asset	5.8	-
Recognition of US deferred tax asset	(4.0)	(6.1)
Adjustments in respect of prior years	(0.6)	(0.1)
Total deferred tax	4.6	(3.3)
Total income tax costs	26.6	16.1
Total income tax costs attributable to:		
Ordinary activities	28.5	20.9
Exceptional items	(1.9)	(4.8)
Total income tax costs	26.6	16.1

The Group's total income tax costs of £26.6m (2013: £16.1m) include an exceptional credit of £1.9m (2013: £4.8m) as analysed in the table below:

	2014 £m	2013 £m
Restructuring charges	0.7	1.9
Impairment charges	0.1	-
Deferred tax on goodwill	(2.9)	(3.2)
Recognition of US deferred tax asset	4.0	6.1
Total net exceptional tax credit	1.9	4.8

Tax credited in the Group statement of comprehensive income in the year amounted to £0.1m (2013: £nil) all of which related to net actuarial gains and losses on employee benefit 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 2014, 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

	2014 £m	2013 £m
Profit before tax	73.4	77.7
Tax at the UK corporation tax rate of 21.5% (2013: 23.25%)	15.8	18.1
Overseas tax rate differences	7.8	4.4
Withholding taxes	4.5	2.7
Deferred tax on goodwill	2.9	3.2
Recognition of US deferred tax asset	(4.0)	(6.1)
Expenses not deductible for tax purposes	0.3	0.2
Utilisation of unrecognised deferred tax asset	(0.1)	(6.8)
Adjustments in respect of prior years	(0.6)	0.4
Total income tax costs	26.6	16.1

11.4 Deferred tax

	Operating losses £m	Intangible assets £m	Other £m	Total £m
As at 1 January 2013	2.7	(28.9)	1.5	(24.7)
Exchange adjustments	(0.3)	0.6	(0.1)	0.2
Credit/(charge) to Group income statement	6.4	(3.2)	0.1	3.3
As at 1 January 2014	8.8	(31.5)	1.5	(21.2)
Exchange adjustments	0.1	(2.2)	-	(2.1)
Credit to Group statement of other comprehensive income	-	-	0.1	0.1
Credit/(charge) to Group income statement	(3.9)	(1.6)	0.9	(4.6)
As at 31 December 2014	5.0	(35.3)	2.5	(27.8)

	2014 £m	2013 £m
Recognised in the Group balance sheet as:		
Non-current deferred tax assets	9.6	11.2
Non-current deferred tax liabilities	(37.4)	(32.4)
Net total deferred tax liabilities	(27.8)	(21.2)

Tax loss carry-forwards and other temporary differences of £nil (2013: £0.2m) were recognised by subsidiaries reporting a loss in 2013 or 2014. 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.

As at 31 December 2014, the Group recognised a deferred tax asset of £5.0m (2013: £8.8m) related to tax loss carry-forwards on the basis that it is probable that there will be sufficient future taxable profits to recover the asset. The period used for assessment of the recovery of the deferred tax asset was from between 1 to 3 years. In determining this period the Directors took into account the uncertainty in the future profitability of the relevant operations and, in particular, whether or not those operations have a recent history of losses and have established a consistent track record of profits.

11. Income tax (continued)**11.4 Deferred tax** (continued)

The total deferred tax asset not recognised as at 31 December 2014 was £126.6m (2013: £128.7m) as analysed below.

	2014 £m	2013 £m
Operating losses	71.6	67.9
Capital losses available to offset future US capital gains (due to expire 2016)	19.6	18.5
Other timing differences	35.4	42.3
Total deferred tax asset not recognised	126.6	128.7

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.

As at 31 December 2014, the Group had total operating losses carried forward with a tax value of £76.6m (2013: £76.7m) as analysed below.

	2014 £m	2013 £m
Losses available to set against future US taxable income (due to expire 2021 to 2033)	58.2	57.8
Losses available to set against future UK taxable income (may be carried forward indefinitely)	11.2	9.7
Losses available to set against future ROW taxable income		
Due to expire within 5 years	1.0	2.3
Due to expire between 5 and 20 years	2.3	2.8
Carried forward indefinitely	3.9	4.1
ROW operating losses	7.2	9.2
Total net operating losses	76.6	76.7

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 2014, the Group had unrecognised US tax credits carried forward with a tax value of £10.2m (2013: £18.1m) as follows:

	2014 £m	2013 £m
US research and experimentation credits (due to expire 2017 to 2034)	5.5	4.9
US foreign tax credits (due to expire 2022 to 2024)	4.7	13.2
Total US tax credits	10.2	18.1

From 1 April 2014, the UK corporation tax rate reduced from 23% to 21%. On 2 July 2013, the UK Government passed the 2013 Finance Bill, which will reduce the main rate of corporation tax 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12. Earnings per share ("EPS")

12.1 Per share amounts

	2014 pence	2013 pence
EPS – basic	17.0	22.1
– diluted	17.0	22.1

12.2 Earnings for EPS

Basic and diluted EPS are based upon profit for the year as reported in the Group income statement of £46.8m (2013: £61.6m).

12.3 Weighted average number of shares

	2014 m	2013 m
For calculating basic EPS	275.3	278.4
Adjustment for dilutive potential ordinary shares	0.3	0.6
For calculating diluted EPS	275.6	279.0

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

	2014 £m	2013 £m
Net cash inflow from operating activities	73.0	74.6
Additional funding contributions into Group pension plans	2.4	1.9
Capital expenditure	(11.7)	(13.7)
Proceeds from the sale of property, plant and equipment	-	0.1
Dividends received from joint ventures	0.4	5.5
Free cash flow	64.1	68.4

14. Reconciliation of movement in net debt

	Balance at 1 January 2014 £m	Foreign exchange adjustments £m	Non-cash movements £m	Cash flow £m	Balance at 31 December 2014 £m
Short-term deposits	0.6	-	-	7.4	8.0
Cash at bank and in hand	62.5	0.4	-	(21.4)	41.5
Cash and short-term deposits	63.1	0.4	-	(14.0)	49.5
Bank overdrafts	(6.8)	0.2	-	2.0	(4.6)
Cash and cash equivalents	56.3	0.6	-	(12.0)	44.9
Current interest-bearing borrowings	(0.2)	-	-	-	(0.2)
Non-current interest-bearing borrowings	(154.7)	(4.9)	-	4.1	(155.5)
Capitalised borrowing costs	2.1	-	0.4	-	2.5
Borrowings, excluding bank overdrafts	(152.8)	(4.9)	0.4	4.1	(153.2)
Net debt	(96.5)	(4.3)	0.4	(7.9)	(108.3)

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 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 1 January 2014	51.8	16.4	136.3	22.7	227.2
Exchange adjustments	(0.1)	0.2	2.3	(0.1)	2.3
Capital expenditure additions	0.4	0.1	4.6	6.6	11.7
Disposals	(0.8)	-	(5.0)	-	(5.8)
Business disposals	-	(0.1)	(0.9)	-	(1.0)
Reclassifications	0.2	(0.3)	22.1	(22.0)	-
As at 31 December 2014	51.5	16.3	159.4	7.2	234.4
Accumulated depreciation and impairment losses					
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 1 January 2014	30.8	9.7	101.5	-	142.0
Exchange adjustments	0.2	0.2	1.1	-	1.5
Depreciation charge	0.9	0.5	7.7	-	9.1
Impairment loss	-	-	2.1	-	2.1
Disposals	(0.6)	-	(4.7)	-	(5.3)
Business disposals	-	(0.1)	(0.8)	-	(0.9)
Reclassifications	(0.1)	0.1	-	-	-
As at 31 December 2014	31.2	10.4	106.9	-	148.5
Net book value as at 31 December 2014	20.3	5.9	52.5	7.2	85.9
Net book value as at 31 December 2013	21.0	6.7	34.8	22.7	85.2
Net book value as at 1 January 2013	22.4	7.6	35.7	18.2	83.9

16. Intangible assets

Intangible assets comprise goodwill that has been acquired through business combinations.

16.1 Accounting policy

(a) Goodwill

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.

(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.

16.2 Movement in net book value

	2014	2013
	Goodwill £m	Goodwill £m
Cost and net book value		
As at 1 January	288.5	295.0
Exchange adjustments	5.9	(6.5)
Business disposals	(0.1)	-
As at 31 December	294.3	288.5

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.

	2014 £m	2013 £m
Surface Chemistries	225.5	223.7
Assembly Materials	68.8	64.8
Total goodwill	294.3	288.5

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 five year period from the balance sheet date. The cash flows in the calculations are discounted to their current value using pre-tax discount rates.

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% (2013: 3.0%) 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 13.4% (2013: 14.1%) and for the Surface Chemistries CGU 11.3% (2013: 12.5%).

17.3 Goodwill impairment

In assessing goodwill for potential impairment as at 31 December 2014, the Directors made use of detailed calculations of the recoverable amount of the Group's CGUs as at 31 December 2014. 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

	2014			2013		
	Gross £m	Impairment £m	Net £m	Gross £m	Impairment £m	Net £m
Trade receivables – current	99.0	(0.1)	98.9	100.0	–	100.0
– 1 to 30 days past due	7.6	(0.2)	7.4	9.2	(0.1)	9.1
– 31 to 60 days past due	1.5	(0.3)	1.2	1.6	(0.1)	1.5
– 61 to 90 days past due	0.6	(0.4)	0.2	0.4	(0.1)	0.3
– more than 90 days past due	1.7	(1.6)	0.1	2.1	(1.8)	0.3
Trade receivables	110.4	(2.6)	107.8	113.3	(2.1)	111.2
Other receivables			15.1			14.6
Prepayments and accrued income			5.5			5.2
Total trade and other receivables			128.4			131.0

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.

18.3 Movements on impairment provisions

	2014 £m	2013 £m
As at 1 January	2.1	4.2
Charge for the year	1.0	0.6
Receivables written off during the year as uncollectable	(0.3)	(2.1)
Unused amounts reversed	(0.2)	(0.6)
As at 31 December	2.6	2.1

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 2014 of £2.6m (2013: £2.1m) 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

	2014 £m	2013 £m
Raw materials	15.7	17.4
Work-in-progress	7.8	8.1
Finished goods	28.0	26.1
Total inventories	51.5	51.6

The cost of inventories recognised as an expense and included in cost of sales in the income statement during the year was £338.5m (2013: £378.5m).

As at 31 December 2014, in addition to the inventory recorded in the balance sheet, the Group held £11.1m (2013: £10.1m) 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.

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.

20. Derivative financial instruments (continued)**20.1 Accounting policy** (continued)**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

	2014		2013	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Cash flow hedges	-	(0.3)	-	-
Fair value hedges	0.8	(0.4)	0.5	(0.2)
Total derivative financial instruments	0.8	(0.7)	0.5	(0.2)

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 2015. All of the £0.7m (2013: £0.2m) 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; interest rate swaps used to hedge the interest risk on borrowings under the Group's syndicated bank facility; 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 81.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22. Other reserves

	Other capital reserve £m	Other reserve £m	Capital redemption reserve £m	Hedging reserve £m	Translation reserve £m	Total other reserves £m
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 1 January 2014	444.7	(862.4)	0.1	(0.1)	(20.0)	(437.7)
Items included within other comprehensive income:						
Exchange differences on translation of the net assets of foreign operations	–	–	–	–	3.9	3.9
Exchange differences on translation of net investment hedges	–	–	–	–	(4.9)	(4.9)
Change in fair value of cash flow hedges	–	–	–	(0.3)	–	(0.3)
As at 31 December 2014	444.7	(862.4)	0.1	(0.4)	(21.0)	(439.0)

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 £444.7m 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 9 of the Notes to the Company Financial Statements.

Hedging reserve

The effective part of the gain or loss on derivatives designated as cash flow hedges is recognised in the hedging reserve, as explained in note 20.

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.

23. Retained earnings

	Reserve for own shares £m	Other retained earnings £m	Total retained earnings £m
As at 1 January 2013	-	679.0	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
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 1 January 2014	(0.2)	722.5	722.3
Profit for the year	-	46.8	46.8
Items included within other comprehensive income:			
Remeasurement of the net defined benefit liability	-	(7.0)	(7.0)
Income tax relating to items recognised in other comprehensive income	-	0.1	0.1
Transactions with owners:			
Recognition of share-based payments	-	1.6	1.6
Purchase of own shares	(0.4)	-	(0.4)
Disposal of own shares	0.5	(0.5)	-
Equity dividends paid	-	(66.3)	(66.3)
As at 31 December 2014	(0.1)	697.2	697.1

24. Dividends**24.1 Ordinary dividend payments**

A final dividend for the year ended 31 December 2013 of £15.9m (year ended 31 December 2012: £15.3m), equivalent to 5.71 pence (year ended 31 December 2012: 5.5 pence) per ordinary share, was paid in June 2014. An interim dividend for the year ended 31 December 2014 of £8.4m (2013: £8.0m), equivalent to 3.0 pence (2013: 2.89 pence) per ordinary share was paid in October 2014, resulting in a total cash cost of ordinary dividends paid in 2014 of £24.3m (2013: £23.3m).

A proposed final dividend for the year ended 31 December 2014 of £16.0m, equivalent to 6.0 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 2015 to ordinary shareholders on the register at 15 May 2015.

24.2 Special dividend payment

In addition to the ordinary dividends described above, the Board also approved a special dividend to shareholders of £42.0m (2013: £nil), equivalent to 15.0 pence (2013: nil pence) per ordinary share. The special dividend was paid in October 2014.

24.3 Total dividend payments

Dividend payments in the Group statement of cash flows of £66.3m (2013: £23.3m) represent both the ordinary dividends paid in the year of £24.3m (2013: £23.3m) and the special dividend paid in the year of £42.0m (2013: £nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

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").

25. Financial risk management (continued)**25.2 Financial risk factors** (continued)**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.

	2014			2013		
	Borrowings £m	Financial assets £m	Net debt £m	Borrowings £m	Financial assets £m	Net debt £m
Chinese renminbi	-	19.1	19.1	-	23.2	23.2
Euro	(25.7)	4.6	(21.1)	(31.5)	10.5	(21.0)
Sterling	(27.1)	2.7	(24.4)	(55.8)	5.7	(50.1)
United States dollar	(107.0)	1.4	(105.6)	(73.0)	0.2	(72.8)
Other	(0.5)	21.7	21.2	(1.4)	23.5	22.1
Capitalised borrowing costs	2.5	-	2.5	2.1	-	2.1
As at 31 December	(157.8)	49.5	(108.3)	(159.6)	63.1	(96.5)

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 £7.9m (2013: £4.4m) and a corresponding 10% weakening of sterling would reduce reported equity by £9.6m (2013: £5.4m).

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	-	0.5	0.7	(0.5)	0.3	1.0
United States dollar	-	-	(0.3)	0.1	0.8	0.6
Euro	(0.1)	(0.2)	-	-	(0.2)	(0.5)
Chinese renminbi	(0.1)	2.8	(0.8)	-	1.6	3.5
Other	-	3.7	0.3	-	(0.7)	3.3
As at 31 December 2014	(0.2)	6.8	(0.1)	(0.4)	1.8	7.9

	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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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	-	-	-	19.1	19.1
Euro	(23.3)	(2.4)	(25.7)	4.6	(21.1)
Sterling	-	(27.1)	(27.1)	2.7	(24.4)
United States dollar	(86.7)	(20.3)	(107.0)	1.4	(105.6)
Other	-	(0.5)	(0.5)	21.7	21.2
Capitalised borrowing costs	1.7	0.8	2.5	-	2.5
As at 31 December 2014	(108.3)	(49.5)	(157.8)	49.5	(108.3)

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 25 July 2016, 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	-	-	-	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 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 £0.5m (2013: £0.3m) 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 £0.5m (2013: £0.3m). Similarly, a 1% increase or decrease in market interest rates would result in no change (2013: no change) in the fair value of the Group's net debt.

25. Financial risk management (continued)**25.2 Financial risk factors** (continued)**(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 2014, the Group had committed borrowing facilities of £300m (2013: £300m), of which £144.7m (2013: £145.5m) were undrawn. These undrawn facilities are due to expire in September 2019.

The maturity analysis of the Group's gross borrowings is shown in the tables below.

	Non-current		Current		Total	
	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m
Loans and overdrafts	155.2	154.5	4.6	6.8	159.8	161.3
Obligations under finance leases	0.3	0.2	0.2	0.2	0.5	0.4
Capitalised borrowing costs	(2.5)	(1.3)	-	(0.8)	(2.5)	(2.1)
Total interest-bearing borrowings	153.0	153.4	4.8	6.2	157.8	159.6
					2014 £m	2013 £m
Interest-bearing borrowings repayable						
On demand or within one year					4.8	7.0
In the second year					0.1	0.2
In the third year					0.1	-
In the fourth year					0.1	154.5
In the fifth year					155.2	-
Capitalised borrowing costs					(2.5)	(2.1)
Total interest-bearing borrowings					157.8	159.6

The Group's committed borrowing facilities of £300m (2013: £300m) were refinanced in October 2014, with the term of the facility being extended by a further two years to September 2019.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 ROCE (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 pages 39 to 40.

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 the US plans are held outside the Group in funds administered by an investment committee comprised of senior Group executives, which takes advice from independent third party actuarial and investment advisors. The investment committee is required to act in the best interests of the plan's 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. These plans provide retirement benefits based on final salary or a fixed benefit. The main US plan, the Retirement Security Plan, has 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.

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 2013. At that date, the market value of the plan assets was £43.6m, representing a funding level of 80% of funded accrued plan benefits of £54.8m.

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 made additional funding contributions in to its US defined benefit plans of £2.4m and is expected to make a similar level of contributions in 2015.

(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 £6.1m (2013: £5.8m).

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	2014 years	2013 years
Age to which current pensioners are expected to live – Men	86.6	85.1
– Women	88.8	87.3
Age to which future pensioners are expected to live – Men	88.3	87.2
– Women	90.5	89.2

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.

	2014 % p.a.	2013 % p.a.
Discount rate	3.60	4.50
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 US defined benefit plan.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 1.1%
Mortality	Increase by one year	Increase by 2.9%

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	
	2014 £m	2013 £m	2014 £m	2013 £m	2014 £m	2013 £m
At 1 January	58.7	65.4	(39.9)	(41.1)	18.8	24.3
Included in Group income statement						
Current service cost	0.1	0.3	-	-	0.1	0.3
Interest cost/(income)	2.4	2.3	(1.6)	(1.2)	0.8	1.1
	2.5	2.6	(1.6)	(1.2)	0.9	1.4
Included in other comprehensive income						
Remeasurements:						
- Actuarial gain from changes in demographic assumptions	1.7	(0.5)	-	-	1.7	(0.5)
- Actuarial (gain)/loss from changes in financial assumptions	6.7	(5.5)	-	-	6.7	(5.5)
- Actuarial loss/(gain) from experience adjustments	0.5	1.1	-	-	0.5	1.1
- Return on plan assets	-	-	(1.9)	1.0	(1.9)	1.0
	8.9	(4.9)	(1.9)	1.0	7.0	(3.9)
Exchange differences	3.1	(0.8)	(2.6)	0.6	0.5	(0.2)
	12.0	(5.7)	(4.5)	1.6	7.5	(4.1)
Other						
Employer contributions to funded plans	-	-	(2.5)	(2.0)	(2.5)	(2.0)
Benefits paid - funded plans	(2.7)	(2.8)	2.7	2.8	-	-
- unfunded plans	(0.6)	(0.8)	-	-	(0.6)	(0.8)
At 31 December	69.9	58.7	(45.8)	(39.9)	24.1	18.8
Analysis of net defined benefit liability						
In funded plans					12.1	8.0
In unfunded plans					12.0	10.8
					24.1	18.8

The average duration of the obligations to which the liabilities of the Group's US pension plans relate is 11 years.

26. Employee benefits (continued)**26.5 Plan assets**

Plan assets comprise:

	2014 £m	2013 £m
Equities	11.4	10.1
Bonds	30.7	25.7
Cash	3.7	4.1
Total assets	45.8	39.9

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. The mix at 31 December 2014 between return-seeking and liability-matching assets was approximately 40%/60%. Other assets in the table above are principally comprised of cash. The values of all of the assets shown in the table above are based upon quoted market prices in active markets.

26.6 Income statement recognition

The total net charge of £0.9m (2013: £1.4m) recognised in the Group income statement in respect of the Group's defined benefit plans is recognised in the following lines:

	2014 £m	2013 £m
In arriving at operating profit – within manufacturing costs	-	0.1
– within administration, selling and distribution costs	0.1	0.2
In arriving at profit before tax – within finance costs	0.8	1.1
Total net charge	0.9	1.4

General pension plan administration costs paid out of plan assets during the year are included within ordinary finance costs and amounted to £0.1m (2013: £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				
	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Fair value of plan assets	45.8	39.9	41.1	45.0	51.9
Present value of defined benefit obligations	(69.9)	(58.7)	(65.4)	(71.4)	(78.8)
Net defined benefit liability	(24.1)	(18.8)	(24.3)	(26.4)	(26.9)
Experience losses/(gains) on plan liabilities	0.5	1.1	(0.3)	(0.6)	0.3
Experience losses/(gains) on plan assets	(1.9)	1.0	(1.6)	(1.4)	(0.8)

The cumulative amount of actuarial losses recognised in the Group statement of comprehensive income is £29.5m (2013: £22.5m).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27. Share-based payments

27.1 Accounting policy

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 to the Group income statement 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 cash-settled share-based payments, the fair value of the liability is determined at each balance sheet date, and is expensed to the Group income statement over the vesting period with a corresponding increase in liabilities.

27.2 Details of outstanding awards

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.

Outstanding awards						Awards exercisable as at 31 December 2014 no.	Weighted average outstanding contractual life of awards years	Range of exercise prices pence
	As at 1 January 2014 no.	Granted no.	Exercised no.	Forfeited/ lapsed no.	As at 31 December 2014 no.			
Performance shares	2,335,152	1,056,533	-	(802,782)	2,588,903	-	2.8	
Weighted average exercise price	nil	nil	-	nil	nil	-		n/a
Other shares	383,937	56,627	(199,633)	(21,850)	219,081	-	1.7	
Weighted average exercise price	nil	nil	nil	nil	nil	-		n/a
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

For awards exercised during 2014, the share price at the date of exercise was 312.3p (2013: 345.3p).

27. Share-based payments (continued)**27.3 Income statement recognition**

The total expense recognised in the Group income statement is shown below.

	2014 £m	2013 £m
Performance shares	1.0	0.8
Other shares	0.3	0.5
Total share-based payments expense	1.3	1.3

The Group operates a number of different share-based payment arrangements, the main features of which are described on pages 71 to 75 of the Remuneration Report.

27.4 Performance share awards granted during the year

	2014		2013	
	EPS element	TSR element	EPS element	TSR element
Fair value of awards granted (per share)	323.5p	154.1p	340.0p	192.2p
Share price on date of grant (per share)	323.5p	323.5p	340.0p	340.0p
Expected volatility	n/a	31.0%	n/a	31.8%
Risk-free interest rate	n/a	1.0%	n/a	0.3%
Exercise price (per share)	nil	nil	nil	nil
Expected term (years)	5	5	4	4
Expected dividend yield	0%	0%	0%	0%

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

	2014 £m	2013 £m
Non-current		
Deferred purchase consideration	0.4	0.6
Total non-current other payables	0.4	0.6
Current		
Trade payables	35.2	42.0
Other taxes and social security	5.4	5.4
Accruals and other payables	37.9	31.7
Deferred purchase consideration	0.4	1.0
Total current trade and other payables	78.9	80.1

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

29.2 Operating lease commitments

	2014 £m	2013 £m
The future aggregate minimum lease payments under non-cancellable operating leases are payable as follows:		
Not later than one year	5.6	5.4
Later than one year and not later than five years	12.7	13.0
Later than five years	2.4	2.7
Total operating lease commitments	20.7	21.1

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 2014 and 31 December 2013 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 £6.2m (2013: £6.4m).

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	Litigation costs £m	Restructuring and other charges £m	Total £m
As at 1 January 2014	13.5	-	10.0	23.5
Exchange adjustments	1.0	-	(0.7)	0.3
Charge to Group income statement	3.0	6.8	5.5	15.3
Transfers	1.1	-	(0.2)	0.9
Cash spend	(1.1)	-	(8.2)	(9.3)
As at 31 December 2014	17.5	6.8	6.4	30.7

Of the total provision balance as at 31 December 2014 of £30.7m (2013: £23.5m), £14.4m (2013: £11.7m) is recognised in the Group balance sheet within non-current liabilities and £16.3m (2013: £11.8m) within current liabilities. During the year, £1.1m was reclassified to the provision for disposal and closure costs; £0.2m came from restructuring provisions and £0.9m from accruals.

30. Provisions (continued)**30.2 Analysis of provisions (continued)**

The provision for disposal and closure costs includes the Directors' best estimate of the costs to be incurred in connection with the sites of former Group businesses that were either closed or disposed of in prior years. The provision as at 31 December 2014 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 to ten years.

In 2014 the Group recognised litigation charges arising on settlement of legacy issues that pre-dated the demerger from Cookson Group plc in 2012. Of these charges, £6.4m relates to the full and final settlement that was reached in February 2015 of actions brought by MacDermid (incorporated in the United States) against Alent and Vesuvius plc that arose out of corporate activity between the parties in 2006, and represents Alent's share of the gross settlement. Of the £6.8m provision held at the end of the year, £6.4m was paid in March 2015 and the balance of the provision is expected to be fully utilised in 2015. This matter had been noted as a contingent liability in Alent's 2013 annual report and accounts.

Provisions for restructuring and other charges include the costs of all of the Group's initiatives to restructure its operating activities. The balance of £6.4m as at 31 December 2014 includes £2.3m in relation to onerous leases terminating in between four and twelve years, and £3.8m in relation to other restructuring initiatives, all of which is expected to be paid out in 2015.

31. 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).

32. 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.

33. Related parties**33.1 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 sections of the Remuneration Report on pages 70 to 71 and 73 to 74. With effect from 4 September 2014, Rick Ertmann (President of Alent's Assembly Materials Division) fulfilled the role of Interim Chief Executive, and as such the analysis in the table below also includes his remuneration from this date.

	2014 £m	2013 £m
Short-term employee benefits	1.6	0.8
Post-employment benefits	0.2	0.2
Loss of office payments	0.4	-
Share-based payments	0.8	0.6
Total remuneration of key management personnel	3.0	1.6

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

33. Related parties (continued)

33.2 Related party transactions

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.

34. Principal subsidiaries

Set out below is a list of material subsidiaries of the Group and Company as at 31 December 2014 and 31 December 2013.

	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 Enthone Chemistry Trading (Shanghai) Co Ltd (formerly Cookson Enthone Chemistry Trading (Shanghai) Co Ltd)	China	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 Lötssysteme GmbH	Germany	100%	-
Alpha Metals, Inc	USA	100%	-
Alpha Netherlands B.V.	Netherlands	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 2014.

	Registered Number
Alent Finance Limited	8232406
Alent Holdings Brazil Limited	4985515
Alent Investments Limited	8180976
Alent Management Limited	8009351
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

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2014

	Note	2014 £m	2013 £m
Fixed assets			
Investment in subsidiaries	5	864.4	863.4
Total fixed assets		864.4	863.4
Current assets			
Debtors – amounts falling due within one year		0.2	0.1
Cash at bank and in hand		0.2	0.4
Total current assets		0.4	0.5
Creditors – amounts falling due within one year			
Interest-bearing borrowings		(0.4)	(0.5)
Other creditors	6	(107.8)	(36.9)
Total current liabilities		(108.2)	(37.4)
Net current liabilities		(107.8)	(36.9)
Net assets		756.6	826.5
Equity capital and reserves			
Issued share capital	7	27.8	27.8
Other capital reserves	8	444.8	444.8
Retained earnings	8	284.0	353.9
Shareholders' funds – equity		756.6	826.5

The Company financial statements were approved and authorised for issue by the Board on 2 March 2015 and signed on its behalf by:

ANDREW HEATH
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.

The financial statements of Alent plc 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 2014.

2. Employee benefits expense

The total employee benefits expense for the year comprises:

	2014 £m	2013 £m
Wages and salaries	0.8	0.4
Social security costs	0.1	0.1
Share-based payments	0.3	0.2
Total employee benefits expense	1.2	0.7

Details of the Directors' remuneration are disclosed in the Remuneration Report on pages 69 to 79. The remuneration expense of Mr Steve Corbett was borne by other Group companies.

The average number of employees during the year was 1 (2013: 1).

3. Audit and non-audit fees

Amounts payable to KPMG LLP in relation to audit and non-audit fees for 2014 and 2013 are disclosed within note 7 to the Group financial statements.

4. Dividends

4.1 Ordinary dividend payments

A final dividend for the year ended 31 December 2013 of £15.9m (year ended 31 December 2012: £15.3m), equivalent to 5.71 pence (year ended 31 December 2012: 5.5 pence) per ordinary share, was paid in June 2014. An interim dividend for the year ended 31 December 2014 of £8.4m (2013: £8.0m), equivalent to 3.0 pence (2013: 2.89 pence) per ordinary share was paid in October 2014, resulting in a total cash cost of ordinary dividends paid in 2014 of £24.3m (2013: £23.3m).

A proposed final dividend for the year ended 31 December 2014 of £16.0m, equivalent to 6.0 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 2015 to ordinary shareholders on the register at 15 May 2015.

4.2 Special dividend payment

In addition to the ordinary dividends described above, the Board also approved a special dividend to shareholders of £42.0m (2013: £nil), equivalent to 15.0 pence (2013: nil pence) per ordinary share. The special dividend was paid in October 2014.

4.3 Total dividend payments

Dividend payments in the Group statement of cash flows of £66.3m (2013: £23.3m) represent both the ordinary dividends paid in the year of £24.3m (2013: £23.3m) and the special dividend paid in the year of £42.0m (2013: £nil).

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 2014	863.4
Additions	1.0
As at 31 December 2014	864.4

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 2014. Such liabilities are guaranteed until paid.

6. Other creditors

	2014 £m	2013 £m
Amounts owed to subsidiary undertakings	106.8	36.2
Accruals and other creditors	1.0	0.7
Total other creditors	107.8	36.9

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

As at 1 January 2013 and 31 December 2013, the Company's issued share capital was 278,448,752 ordinary shares of 10 pence each.

During 2014 the Company issued 11,972 ordinary shares of 10 pence each. On 4 August 2014, the Board of Alent plc announced its intention to pay a special dividend to shareholders of 15.0 pence (the "Special Dividend") for every ordinary share of 10 pence each (the "Existing Ordinary Shares"). On 27 August 2014, a circular was sent to shareholders proposing a consolidation of Alent plc's share capital (the "Share Consolidation") in connection with the Special Dividend, which would result in every 23 Existing Ordinary Shares being consolidated into 22 ordinary shares of 10 5/11 pence each (the "New Ordinary Shares").

The shareholders of Alent plc approved the Share Consolidation at a general meeting held on 26 September 2014. As a result and with effect from that date, Alent plc's share capital was consolidated from 278,460,724 Existing Ordinary Shares into 266,353,736 New Ordinary Shares. Alent plc's share capital as at 26 September 2014 and 31 December 2014 was £27,846,072 divided into 266,353,736 New Ordinary Shares.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

8. Reserves

8.1 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 2014	(0.2)	354.1	353.9	444.7	0.1	798.7
Share-based payments	-	1.5	1.5	-	-	1.5
Purchase of own shares	(0.4)	-	(0.4)	-	-	(0.4)
Disposal of own shares	0.5	(0.5)	-	-	-	-
Dividends paid (note 4)	-	(66.3)	(66.3)	-	-	(66.3)
Loss recognised in the year	-	(4.7)	(4.7)	-	-	(4.7)
As at 31 December 2014	(0.1)	284.1	284.0	444.7	0.1	728.8

The other capital reserve of £444.7m and the capital redemption reserve of £0.1m are described further in note 9 to the Company financial statements.

As at 31 December 2014, 14,923 ordinary shares of 10 5/11 pence 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 £0.1m. The purchase of these shares was financed out of borrowings included in the Company balance sheet as at 31 December 2014. The market value of these shares was £nil as at 31 December 2014. 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.

As at 31 December 2014, options exercisable over the Company's ordinary shares of 10 5/11 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	Number of options/ allocations outstanding
Performance Share Awards	2012-2014	nil	2015-2024	2,588,903
Deferred Share Bonus Awards	2012-2014	nil	2015-2024	207,127
Restricted Share Awards	2013	nil	2015	11,954

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 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)	–
At 1 January 2014	27.8	444.7	0.1	353.9	826.5
Share-based payments	–	–	–	1.5	1.5
Purchase of own shares	–	–	–	(0.4)	(0.4)
Dividends paid (note 4)	–	–	–	(66.3)	(66.3)
Loss recognised in the year	–	–	–	(4.7)	(4.7)
As at 31 December 2014	27.8	444.7	0.1	284.0	756.6

9.1 Other capital reserve

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 £444.7m 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 the other capital reserve. The other capital reserve does not form part of the reserves available for distribution by the Company.

9.2 Capital redemption reserve

On 9 December 2013 Alent plc established a capital redemption reserve of £0.1m in respect of the redemption of 50,000 redeemable non-voting preference shares with a nominal value of £1.00, and the cancellation of 1 deferred share with a nominal value of £1.00.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED

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.

10.2 Profit and loss account recognition

The Company operates a number of different share-based payment arrangements, the main features of which are described on pages 71 to 75 of the Remuneration Report. The total expense recognised in the year was £0.3m (2013: £0.2m).

10.3 Details of outstanding share awards

Outstanding Alent share plan awards						Awards exercisable as at 31 December 2014 no.	Weighted average outstanding contractual life of awards years	Range of exercise prices pence
	As at 1 January 2014 no.	Granted no.	Exercised no.	Lapsed no.	As at 31 December 2014 no.			
Performance shares	879,703	485,012	-	(102,631)	1,262,084	-	3.4	
Weighted average exercise price	nil	nil	-	nil	nil	-		n/a
Other shares	23,909	-	(11,955)	-	11,954	-	-	
Weighted average exercise price	nil	-	nil	-	nil	-		n/a
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.	Transfers 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 2014, the share price at the date of exercise was 315.95p (2013: 345.3p).

Details of awards granted during the year can be found in note 27 to the consolidated financial results.

[illegible]

FIVE YEAR SUMMARY

GROUP RESULTS

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Income statement					
Revenue	644.8	684.7	713.9	814.4	720.9
Net sales value	413.0	420.1	416.7	433.3	413.4
Operating profit before exceptional items	95.1	94.1	103.0	99.6	71.0
Exceptional items	(18.1)	(10.3)	(15.8)	(3.5)	(5.3)
Operating profit	77.0	83.8	87.2	96.1	65.7
Demerger costs	-	-	(10.7)	-	-
Share of post-tax profit of joint ventures	1.6	0.8	0.3	1.2	1.3
Net finance costs	(5.2)	(6.9)	(3.6)	(2.9)	(3.6)
Profit before tax	73.4	77.7	73.2	94.4	63.4
Income tax costs – ordinary activities	(28.5)	(20.9)	(23.3)	(16.8)	(8.0)
– exceptional items	1.9	4.8	(4.9)	(3.2)	0.6
Profit for the year	46.8	61.6	45.0	74.4	56.0
Balance sheet	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Property, plant and equipment	85.9	85.2	83.9	75.8	69.7
Intangible assets	294.3	288.5	295.0	298.8	301.0
Other non-current assets (excluding tax balances)	12.4	8.0	23.1	25.9	16.0
Total non-current assets (excluding tax balances)	392.6	381.7	402.0	400.5	386.7
Trade working capital	124.1	120.8	130.7	120.4	133.1
Other net liabilities (excluding tax balances)	(54.1)	(42.1)	(51.8)	(60.4)	(70.9)
Net assets employed	462.6	460.4	480.9	460.5	448.9
Total equity	285.9	312.4	276.0	454.7	499.3
Net debt/(cash)	108.3	96.5	144.4	(51.5)	(102.8)
Net defined benefit liability	24.1	18.8	24.3	26.4	26.9
Income tax and deferred tax balances	44.3	32.7	36.2	30.9	25.5
Total capital employed	462.6	460.4	480.9	460.5	448.9

GROUP RESULTS (CONTINUED)

	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Statement of cash flows					
Profit for the year	46.8	61.6	45.0	74.4	56.0
Adjustments for:					
Depreciation	9.1	9.0	8.9	8.5	8.7
Share of post-tax profit of joint ventures	(1.6)	(0.8)	(0.3)	(1.2)	(1.3)
Exceptional items	18.1	10.3	15.8	3.5	5.3
Demerger costs	-	-	10.7	-	-
Net finance costs	5.2	6.9	3.6	2.9	3.6
Income tax costs	26.6	16.1	28.2	20.0	7.4
EBITDA	104.2	103.1	111.9	108.1	79.7
Net (increase)/decrease in trade and other working capital	(0.2)	5.6	(20.0)	(9.6)	(19.5)
Outflow relating to restructuring charges	(9.3)	(4.0)	(19.8)	(3.8)	(9.0)
Litigation settlements	1.7	-	-	-	-
Payment of demerger costs	(0.2)	(4.8)	(5.7)	-	-
Additional funding contributions into Group pension plans	(2.4)	(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	93.8	98.0	64.3	93.0	46.5

DIVISIONAL RESULTS

		2014	2013	2012	2011	2010
Assembly Materials						
Revenue	£m	393.9	423.1	438.7	527.3	446.7
Net sales value	£m	204.9	209.5	208.0	214.1	196.9
Segment result	£m	57.6	58.2	57.5	52.1	36.4
Return on sales	%	14.6	13.8	13.1	9.9	8.1
NSV margin	%	28.1	27.8	27.6	24.3	18.5
Number of employees – average	No.	1,397	1,342	1,347	1,352	1,463
– year-end	No.	1,398	1,333	1,332	1,355	1,339
Surface Chemistries						
Revenue	£m	250.9	261.6	275.2	287.1	274.2
Net sales value	£m	208.1	210.6	208.7	219.2	216.5
Segment result	£m	44.6	42.7	45.2	47.5	34.6
Return on sales	%	17.8	16.3	16.4	16.5	12.6
Return on net sales value	%	21.4	20.3	21.7	21.7	16.0
Number of employees – average	No.	1,155	1,214	1,212	1,209	1,216
– year-end	No.	1,140	1,185	1,193	1,194	1,212

GLOSSARY OF TECHNICAL TERMS

Ball Grid Array (BGA)	A type of surface mount technology used for packaging integrated circuits.
Bar solder and flux	Used in mature wave soldering process.
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.
Electronic polymers	Used for packaging, sealing and conductive adhesives.
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/wear-resistance, aesthetic qualities) 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.
LED	A light-emitting diode.
Preforms	Solder components engineered into specific shapes/forms.
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.

Printed circuit board assembly	Printed circuit board assembly involves attaching components such as semiconductors and capacitors 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.
Reclaim	Metal recycling business - reclaim of waste solder, reused in solder processes.
Semiconductor wafers	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.
Solder spheres	Used for integrated circuit and printed circuit board connections.
Stencils	Used to apply adhesive and solder paste onto a printed circuit board.
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 alloys.
Wave solder assembly	A process by which large printed circuit boards can be soldered quickly and reliably during assembly.
Wire solder	Used in touch-up and rework applications.

SHAREHOLDER INFORMATION

Enquiries

For enquiries regarding ordinary shares, please contact:

Equiniti Limited
Aspect House
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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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E-mail: fgibbons@alent.com
Tel: +44 (0)1483 793250
Fax: +44 (0)1483 793299

Financial calendar*

7 May 2015 Annual General Meeting
3 August 2015 2015 Interim Results

* 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.

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.

Analysis of ordinary shareholders

As at 31 December 2014

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 at www.fca.org.uk.

Range	Shareholder Analysis		Shareholding Analysis	
	No. of holders	% of holders	No. of shares	% of issued share capital
1-1,000	2,871	76.32	471,119	0.18
1,001-50,000	719	19.11	4,833,092	1.81
50,001-500,000	106	2.82	19,810,408	7.44
500,001+	66	1.75	241,239,117	90.57
Total	3,762	100	266,353,736	100

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