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THE ALUMASC GROUP PLC - ANNUAL RESULTS ANNOUNCEMENT

Alumasc (ALU.L), the premium building and engineering products group, announces results for the year ended 30 June 2013.

Financial summary

	2012/13	**2011/12**
Group revenues (£m)	116.8	110.6
Underlying profit before tax (£m)	5.1	1.6
Underlying earnings per share (pence)	10.7	3.0
Reported profit before tax* (£m)	3.4	0.4
Basic earnings per share (pence)	6.6	1.2
Dividends per share (pence)	4.5	2.0

* After brand amortisation, restructuring costs & impairment charges of £1.7m (2011/12: £1.2m)

Key points

- **Building Products** revenues rose by 18% to £88.3m with underlying operating profit up 91% to £8.4m, reflecting strong growth in both the UK and export markets, including the Kitimat smelter refurbishment project in Canada.
- **Engineering Products** revenues fell by 20% to £29.4m as a result of a fall in demand in the second half year, as major customers experienced a slowdown in the mining industry. Nevertheless, as a result of further progress with Alumasc Precision's profit improvement plan and strong profitability achieved by Dyson Diecasting, the division reduced its operating loss by 40% to £0.5m. Demand started to recover in the final quarter of the year.
- £5.5m **net cash inflow** (2011/12: £2.5m outflow), reflected higher overall profit, further working capital efficiency improvements, carefully prioritised and controlled capital spend, and some cash received in advance on construction contracts.
- **Net debt** was £7.7m at 30 June 2013 (30 June 2012: £13.2m).

- A proposed final **dividend** of 2.5p makes a total for the year of 4.5p (2011/12: 2.0p), reflecting recovery in profitability and strong cashflow, whilst taking into account future cashflow needs, including investment to further grow the business and pension funding.

Chairman, John McCall, commented:

"*The Board expects the improvements of the past year to flow through to our new financial year. While confident of the rewards to be had from our own actions, uncertainties inevitably remain as to external demand and the effectiveness of government stimulus programmes. On balance, we expect the recovery achieved in the past year to continue.*"

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Chairman's Statement:

Alumasc recovered strongly from the poor performance of the previous year, growing revenues, profits and cash generation. As a result, the Board is recommending an increased final dividend of 2.5 pence per share (2012: 1 penny).

The improved group result reflects the outperformance by our Building Products companies, where underlying operating profits rose 91% above the previous year to £8.4 million, on revenues 18% higher at £88.3 million.

The success achieved across our Building Products division was in contrast to a UK domestic market, reportedly still in decline, particularly in the commercial sector where the group has a strong presence. This is a testament to the product and brand quality built up by our businesses over many years, in conjunction with a greater recent emphasis on innovation and service. The major projects that have been won as a result of these attributes have been well executed and there have been significant shifts in regional and sectoral activity in response to market conditions.

This improving performance has enabled the group to continue developing the management teams critical to its future success, while investing in additional resources and marketing initiatives. The development of overseas markets in particular requires both resource and patience, and we are encouraged by the progress that is being made. Our export activity for building products rose to 20% of the divisional total during the year (2011/12: 13%).

The acquisition in December 2012 of Rainclear, an internet-based supplier of rainwater products, is consistent with the thrust of our development activity, in opening up new channels in a mature market place, while adding to our existing product range. This approach more generally, coupled with the wider initiatives referred to above, set the foundation for maintaining the momentum achieved in the most recent year.

Despite weakness in the global market served by our OEM customer base, our Engineering division reduced underlying operating losses from £0.8 million to £0.5 million in the year, thanks to a good performance by Dyson Diecasting and progress in the recovery at Alumasc Precision Components. The latter had to contend with an unexpected reduction of 23% in customer demand, principally reflecting the revised outlook for Chinese growth that emerged during the year.

It is probable that the current triennial valuation of our pension schemes will produce a higher actuarial deficit at the valuation date of March 2013. However, if gilt yields continue to rise as they have since that date, as reflected in our statutory accounts at the year end, this may prove to have been an unrepresentatively low point from a pensions valuation point of view.

The group's improving performance, and consequent strength of balance sheet, enables the Board to maintain its strategy of developing our niche building product businesses through determined organic initiatives coupled with selective add-on acquisitions. This endeavour can only be enhanced by an eventual recovery in market demand. Meanwhile, our Engineering division remains focused on a return to sound profitability across the division, building on its traditional strengths of high customer service and added value.

The Board expects the improvements of the past year to flow through to our new financial year. While confident of the rewards to be had from our own actions, uncertainties inevitably remain as to external demand and the effectiveness of government stimulus programmes. On balance, we expect the recovery achieved in the past year to continue.

John McCall
Chairman

Business Review

Chief Executive's Review

Strategic developments

Building Products division

Our strategic intention is to build on the success of the Building Products division in recent years by continuing to retain strategic focus on products and systems used for the management of the finite resources of energy and water.

The execution of the strategy will be delivered through:

- Developing further the group's well established brands including the launch of new products.
- Maintaining leading positions in chosen market niches through the differentiation of products and services.
- Market development, with an emphasis on those businesses with scalability. Export sales are targeted to grow sustainably to over 20% of total division sales.
- Developing new routes to market, of which the acquisition of Rainclear is an example.
- Seeking related acquisitions with a good product or service fit, or the ability to widen routes to market, or to give a geographical presence that could assist a faster market development for our current businesses.
- Building on the strength of management teams,

both individually and through the greater interaction between businesses.

- Bringing innovation to the forefront of activities. The commencement of a new Group Innovation Best Practice Day will assist this focus.
- Fostering an entrepreneurial and innovative culture.
- Incremental investment in people, innovation and market development. There will also be the requirement to invest in some strategic capacity expansion, infrastructure renewal and to drive efficiency improvements.

The strategic goal for the Building Products division continues to be to outperform the UK construction market.

Engineering Products division

The Engineering Products division will continue to exploit its strength and reputation as a pre-eminent manufacturer and supplier of complex aluminium and zinc components to blue chip customers. With environmental pressure to reduce energy use and to increase metal recycling, the global use of aluminium has increased and is likely to continue to do so.

The execution of the strategy will involve:

- Maintaining our leading position in high and low pressure diecasting and precision machining while building on the efficiency improvements achieved to date.
- Developing further business with global customers to target exports representing over 30% of divisional sales.
- Assisting customers to 'on-shore' production back to the UK.

Health, Safety and Environment

The group's number one priority continues to be to provide a safe place of work for employees. Significant progress has been made and the performance rate index in this year improved to 3.5 from 5.3 in the prior year. The performance rate index in 2006/07 was 9.5. There has been a major and successful focus on near misses in the year which is expected to improve the current Health and Safety performance.

Performance Overview

	2012/13	2011/12
Revenue (£m)	**116.8**	110.6
Underlying operating profit (£m)	**6.6**	2.6
Underlying operating margin (%)	***5.7***	*2.3*

Net financing costs (£m)	**(1.5)**	(1.0)
Underlying profit before tax (£m)	**5.1**	1.6
Non-recurring items and brand amortisation (£m)	**(1.7)**	(1.2)
Profit before tax (£m)	**3.4**	0.4

The group result for the year has seen a significant improvement over the prior year. Group revenues grew by £6.2 million (6%) to £116.8 million. Underlying profit before tax grew by 229% to £5.1 million (2011/12: £1.6 million).

Building Products divisional revenues grew by £13.4 million (18%) to £88.3 million. Of this growth, £6.9 million came from delivering products to the Rio Tinto Alcan Kitimat project in Canada. Nevertheless, all but one of the Building Product operating segments grew their revenues, a commendable effort against significant reductions in UK construction activity, which Experian estimates saw commercial construction output decline by 10% in 2012. Divisional underlying operating profit rose by £4 million, or 91%, to £8.4 million, giving a 9.5% return on sales. All of the Building Product operating segments grew their underlying operating profits.

In the Engineering Products division, Alumasc Precision's revenue reduced significantly by £7.4 million (20%) to £29.4 million following a slowdown in demand in our customers' markets, in particular in the mining sector. Nevertheless, successful initiatives to improve the commercial arrangements with several customers, combined with the benefits of significant operational efficiencies and cost savings, improved the overall performance at Alumasc Precision Components. Dyson Diecasting continued to perform strongly. The divisional underlying loss for the year was reduced by £0.3 million to £0.5 million.

Net financing costs increased to £1.5 million (2011/12: £1.0 million) principally linked to a £0.5 million increase in the pension interest charge.

The group generated a net cash inflow of £5.5 million, with year end net debt reducing to £7.7 million, the lowest level for seven years. This was the result of the improvement in profitability, good control over working capital and capital expenditure and some cash received in advance of profit recognised on construction contracts.

Reported profit before tax increased to £3.4 million (2011/12: £0.4 million) despite the increase in non-recurring costs relating to a number of restructurings, including merging two smaller roofing companies into our mainstream waterproofing business, and the £0.6 million impairment charge taken at the half-year relating to Blackdown Greenroofs.

The group finished the year with a strong order book of £44 million (30 June 2012: £53.1 million, including £9 million of outstanding orders relating to the Kitimat contract).

Building Products Division

Building Products' Divisional Performance

	2012/13	2011/12
Revenue (£m)	**88.3**	74.9
Underlying operating profit (£m)	**8.4**	4.4
Underlying operating margin (%)	***9.5***	*5.9*
Brand amortisation (£m)	**(0.3)**	(0.3)
Restructuring costs (£m)	**(0.7)**	(0.3)
Impairment (£m)	**(0.6)**	-
Reported operating profit (£m)	**6.8**	3.8

Divisional revenues grew by 18% to £88.3 million with operating profit up by 91% to £8.4 million.

This was a strong performance, particularly when set against the background of further falls in UK construction activity particularly in the commercial construction sector where this division has its highest proportion of end user market sales. According to Experian, UK commercial activity fell in 2012 by 10% and is forecast to fall by a further 8% in 2013.

The Building Products division's outperformance against this difficult UK background has been due to sustained execution of the strategy to introduce new products, grow export sales, enter new markets and build further on our strong brands, all underpinned by the reinvestment in, and development of, strong management teams. The year benefited from shipment of the majority of product to the group's £11 million contract to supply the aluminium smelter refurbishment at Kitimat in Canada. In total, Building Products divisional exports grew by 81% to £18.8 million. Excluding Kitimat, divisional exports grew by 17% to £10.7 million.

Energy Management

Solar Shading and Screening

Both in the UK and its export markets Levolux had a much improved year which resulted in a £1.3 million revenue increase to £18.1 million. In the UK, revenue was bolstered by the project for Chiswick Park Building 6. In addition, Levolux completed a significant project to screen a multi-storey car park in the UK with terracotta fins. Increased use of Levolux's innovative solutions to screen buildings is a growing trend. The previously announced £4.7 million order for a major non-commercial project in Central London will benefit the forthcoming year. Levolux's underlying operating profit increased by 240% to £0.8 million.

Levolux carried out its strategic plans to develop its international presence and it is pleasing to report a trebling of sales to North America. Focus on the Middle East resulted in a first order for Saudi Arabia which is likely to lead to further work. New products launched in the year included a Lighting Control solution linked to Levolux's solar shading systems. The first project for such a system has been secured at an art gallery.

Roofing & Walling

Despite the inclement weather in the UK at the start of the calendar year, which impacted installation of roofing and walling products in particular, the Roofing and Walling segment had a good year overall. This operating segment increased its revenue by £10.2 million (46%). Of this increase £6.9 million was attributable to the shipments made to the Rio Tinto Alcan Kitimat project in Canada.

The supply of insulated render systems was buoyed by the CESP (Community Energy Saving Programme) that completed in the third quarter of our financial year. This helped to drive a record revenue performance by Alumasc Insulated Renders in the year. This business should now benefit from ECO (Energy Company Obligation) funding, which is expected to build momentum in the current financial year, and the Green Deal in future years.

New roofing products were launched in the year, again leveraging the strong Euroroof brand. Towards the year end, the launch of the BluRoof system, an innovative concept in stormwater management using attenuation at roof level, was well received.

Markets have continued to be particularly difficult and highly competitive for our smaller roofing brands, Blackdown and Roof-Pro, and both have been restructured accordingly. The supply to the significant £0.7 million Blackdown project to the Scottish National Arena is now underway, following project delays on site.

Water Management and Other

Construction Products

Revenues advanced strongly by £2 million (13%) to a record year of £17.1 million. The growth was driven by the supply of Gatic Access Covers and Gatic Slotdrain products to the large London Gateway project, combined with strong sales of Gatic Access Covers in international markets including the Middle East, South East Asia and Africa. Delays to a number of projects, particularly overseas, resulted in a slight reduction in Slotdrain sales. Construction Products' segmental underlying operating profit grew strongly by 28% to £2.4 million.

During the year, Gatic successfully launched Assist Lift Access covers. This helped the business win orders for Birmingham Airport and Changi Airport in Singapore. Towards the year end Pro-Slot, a Slotdrain product developed for small project use and distributed via merchants in the UK, was launched successfully. Another new product range is StreetWise, a suite of stainless steel street furniture, that complements Slotdrain when installed in areas such as pedestrian walkways in city centres. Updates of the website and literature, combined with focused marketing, assisted the improved communication of this company's capability to its target audiences. Gatic continues to be in the early stages of developing its Slotdrain business in the USA. This has resulted in a number of specifications that should lead to stronger sales next year.

SCP, our building and access products business, grew its revenues by 12% and made satisfactory returns in an increasingly competitive environment. This business is working on further differentiating its product range while maintaining its excellent reputation for customer service.

Elkington China had a strong revenue and record profit year driven by good airport and other activity in Hong Kong. The business is well placed to benefit from the current uplift in Hong Kong construction activity which is anticipated to last for up to five years.

Rainwater, Drainage, Plastics and Casings

The group's rainwater, drainage, plastics and casings brands delivered a strong performance, with revenues broadly in line with the prior year. Segmental profit grew by 12% to £2.0 million, assisted by a seven month contribution by Rainclear, acquired during the year. Excluding Rainclear, there was still a double digit percentage profit growth.

During the year much activity focused on the launch of new products which, in particular, assisted the renaissance of the Harmer drainage range. In addition, Rainclear's steel rainwater product range was added to Alumasc's range. Other products are planned for launch next year. Another key development was the launch of successful rainwater and drainage calculators for specifiers.

Rainclear was acquired in December 2012 and has subsequently traded in line with expectations. It has taken Alumasc into the internet building products distribution market and brought with it the steel rainwater range referred to above. Rainclear is widening the distribution of Alumasc's building products' range and this evolution will continue into next year.

Pendock, the group's pre-formed plywood pipe boxing brand, experienced a slowdown in its principal market of social housing refurbishment following the cuts in council budgets, which commenced in the final quarter of the prior year. Management responded swiftly with cost reduction action at that time and achieved further efficiencies in the year under review. This largely offset the impact of the revenue reduction.

Timloc, which supplies ventilation products, cavity trays, access panels and similar products, had a record year, winning market share, launching new products, including a full range of metal access panels. New channels of distribution were established, particularly with light-side merchants and a significant rebranding exercise took place. These actions together with operational efficiency improvements led to an improved gross margin. Timloc operates mainly in the house building market, one of the few UK sectors so far to show some sign of recovery. In 2012/13 Timloc reported its highest ever revenue and profit either before or after its acquisition by Alumasc.

The Building Products division finished the year with an order book of £21 million (30 June 2012: £29 million including the record £9 million order from the Kitimat project).

Engineering Products Division

Engineering Products' Divisional Performance

	2012/13	2011/12
Revenue (£m)	**29.4**	36.8

Underlying operating loss (£m)	**(0.5)**	(0.8)
Underlying operating margin (%)	***(1.6)***	*(2.1)*
Restructuring costs (£m)	**(0.1)**	(0.6)
Reported operating loss (£m)	**(0.6)**	(1.4)

Alumasc Precision's revenues reduced by 20% to £29.4 million due to a softening in global customer demand last winter. This impacted both Alumasc Precision Components and Dyson Diecasting. Demand started to recover in the final quarter of the year. However, this was not sufficient to enable the division as a whole to recover fully back to profit in the year, with an underlying operating loss of £0.5 million reported.

The new divisional management team put in place at the end of the prior financial year quickly put in place a number of key actions with the objective of returning Alumasc Precision Components back to sustainable profitability. These included improving selling prices and commercial terms with a number of customers, significant cost reductions, improving operational efficiencies and strengthening engineering and new product development processes. These initiatives are ongoing. In addition, selective investment has been made in factory equipment to remove specific capacity bottlenecks and further improve customer service, quality and operational efficiency.

Whilst these initiatives initially led to recovery to run rate profit earlier in the financial year, it was not possible to sustain this performance due to the subsequent reduction in global demand described above.

Meanwhile, Dyson Diecasting remained strongly profitable and delivered another double digit percentage return on sales, with operating profit at a similar level to the prior year on revenues that reduced by 10%. This performance followed strong cost control and operational efficiencies. It remained busy in new product development with new projects being won mainly with existing customers. There is increasing evidence that Dyson Diecasting, in particular, is benefiting from an increasing trend to 'on-shoring' where customers are bringing work back into the UK.

Prospects

The investment made in experienced and motivated management, new products and markets, increased exports, and the strengthening of our established brands, has placed the Building Products division in a strong position. Meanwhile, the ongoing progress being made by the new management team in the Engineering Products division will continue to benefit the current year.

Alumasc has a well developed strategy that continues to drive performance, despite the challenging market conditions. The Board expects the group to continue to deliver these plans and make further progress in the year ahead.

Paul Hooper

Financial Review 2012/13

Key Performance Indicators

The group's key performance indicators (KPIs) are summarised in the table below. Most KPIs show significant improvement this financial year, reflecting the strong recovery in group profitability and cash generation compared with a year ago.

	2012/13	2011/12
Safety performance index	**3.5**	5.3
Year end order book (£m)	**44.0**	53.1
Group revenues (£m)	**116.8**	110.6
Underlying operating margin (%)	**5.7**	2.3
Underlying EBITDA (£m)	**9.2**	5.4
Underlying PBT (£m)	**5.1**	1.6
Underlying earnings per share (pence)	**10.7**	3.0
Average trade working capital % sales	**11.1**	13.9
Net cash inflow/(outflow) (£m)	**5.5**	(2.5)
Shareholders' funds (£m)	**22.4**	18.9
Year end net debt (£m)	**7.7**	13.2
Capital invested (£m)	**37.9**	43.2
Return on investment (post tax) (%)	**12.2**	4.0
Gearing (%)	**34.3**	70.0
Underlying EBITDA interest cover (times)	**12.0**	7.6
Net debt/underlying EBITDA (times)	**1.0**	2.5

Underlying financial performance

Details of the group's trading performance are set out in the Chief Executive's Business Review.

Group revenues grew by 5.6% to £116.8 million, reflecting an 18% increase in the revenues of the Building Products division to £88.3 million, partly offset by a 20% contraction in revenue from Engineering Products to £29.4 million.

Group underlying operating profit improved to £6.6 million (2011/12: £2.6 million) mainly due to the growth in Building Products revenues, assisted by progress in the recovery plan at Alumasc Precision.

Group underlying profit before tax was £5.1 million (2011/12: £1.6 million), all attributable to improved underlying operating profit.

Non-recurring items and brand amortisation

Total costs excluded from the calculation of both underlying operating profit and underlying profit before tax were £1.7 million (2011/12: £1.2 million). These costs comprised restructuring costs and brand amortisation in both 2011/12 and 2012/13 and an impairment charge in 2012/13. An analysis of these items is shown in the table below.

The impairment charge of £0.6 million in 2012/13 was recognised at the half year stage and related to a write down of acquired goodwill at Blackdown Greenroofs. This followed a change of management and a restructuring that will make the business stronger and more competitive, particularly in the current economic environment.

Restructuring costs for the year amounted to £0.8 million and related mainly to re-organising the group's two smaller roofing businesses, Blackdown (as described above) and Roof-Pro to enable them to compete more effectively in the current market place. The group's two engineering products businesses were also re-organised to enhance the performance of the division as a whole, including through greater use of cross-divisional management resources and expertise.

Brand amortisation charges, mainly relating to acquisitions made in prior years, were similar overall to the prior year at £0.3 million.

Reported profit before tax

Reported profit before tax was £3.4 million (2011/12: £0.4 million) reflecting the higher level of underlying profit, offset a little by the higher non-recurring and brand amortisation charges.

Reconciliation of underlying to reported profit before tax

	2012/13 £m	2011/12 £m
Underlying profit before tax	**5.1**	1.6
Brand amortisation	**(0.3)**	(0.3)
Restructuring costs	**(0.8)**	(0.9)
Impairment charge	**(0.6)**	-
Reported profit before tax	**3.4**	0.4

Tax

The group's underlying tax rate reduced significantly from 31.6% in the prior year to 25.7%. This was due to the recovery in group profitability which reduced the significantly dilutive prior year impact of non-tax allowable charges on the overall tax rate; and also reflected the reduced UK statutory tax rate. The blended average UK tax rate for Alumasc's 2012/13 financial year was 23.75% (2011/12: 25.5%).

After non-recurring items, the group's overall effective tax rate for the year was 30.3%. The overall effective tax rate in 2012/13 was higher than the underlying rate mainly due to the impairment charge being a non-tax allowable cost.

Underlying and basic earnings per share

Underlying earnings per share were 10.7 pence (2011/12: 3.0 pence) and basic earnings per share were 6.6 pence (2011/12: 1.2 pence), both reflecting higher group profit after tax. The average number of shares used in the calculation of earnings per share remained unchanged over the year at 35.6 million.

Summarised Cash Flow Statement

	2012/13 **£m**	2011/12 £m
EBITDA*	**9.2**	5.4
Underlying change in working capital	**1.7**	1.7
Cash received in advance of profit recognised on construction contracts	**1.8**	(0.9)
Operating cash flow	**12.7**	6.2
Capital expenditure	**(1.4)**	(1.9)
Pension deficit & scheme expenses funding	**(2.3)**	(2.4)
Interest	**(0.7)**	(0.9)
Tax	**(0.3)**	(0.1)
Dividends	**(1.1)**	(2.8)
Reorganisation costs	**(0.9)**	(0.6)
Acquisitions, disposals & other	**(0.5)**	-
Decrease/(increase) in net debt	**5.5**	(2.5)

* EBITDA: Underlying earnings before interest, tax, depreciation and amortisation

The group's cash performance in the year was strong, benefiting from higher profit, further gains from working capital management and carefully prioritised and controlled capital spend. The overall net cash inflow for the year (including changes in drawn debt) was £5.5 million (2011/12: outflow of £2.5 million), leading to a reduction in net debt from £13.2 million on 30 June 2012 to £7.7 million at 30 June 2013. A summary of the group's cash flow performance is shown in the table above.

The group's ratio of average trade working capital to sales reduced from 13.9% to 11.1%. This was the fourth year of successive improvement. Approximately half of the gain in the year was attributable to further underlying efficiency initiatives. The remainder related to strong cash control on larger construction contracts, where the group had received cash payments of some £0.9 million in advance of cumulative profits recognised at 30 June 2013. This cash flow benefit, which initially had been expected to reverse prior to the financial year end, is now expected to do so during the 2013/14 financial year.

The group made capital investments of £1.8 million during the year, of which £1.4 million related to property, plant, equipment and software and £0.4 million initial consideration for the acquisition of Rainclear Systems. This compares with combined depreciation and amortisation charges for the year of £2.9 million. Other than the purchase of Rainclear, which is described in the Chief Executive's review, the principal capital investments made were the completion of projects to alleviate specific capacity constraints at Alumasc Precision Components, improvements to capacity and operational efficiency at Gatic and various infrastructure improvements across the group. Current operating plans suggest a need to increase capital spend in the coming years to support further growth in the business, however, this is unlikely to be to levels that would on average exceed combined annual depreciation and amortisation charges.

Pensions

The pension deficit recorded on the group's balance sheet, calculated under IAS19 accounting conventions, reduced from £14.5 million at 30 June 2012, to £10.1 million at 30 June 2013.

This improvement was driven principally by ongoing deficit reduction payments of £2.0 million made by the group during the year and higher long dated AA-corporate bond yields at the year end. This partly reversed the significant increase in the deficit recorded in the prior financial year, which was caused largely by a fall in bond yields at that time. This illustrates the significant volatility that can be inherent in short term pension fund valuations. In Alumasc's case a 0.1 percentage point decrease or increase in the gilt or bond rate used to discount future pension liabilities to present values can increase or decrease (respectively) the liabilities of the scheme and therefore the pension deficit by £1.4 million.

The group's defined benefit pension funds are currently undergoing their formal triennial valuation, with a valuation date of 31 March 2013. This valuation uses a more prudent methodology than the accounting valuation described above with, for example, future liabilities to pay pensions are discounted using adjusted long dated gilt yields, as opposed to the (higher and more favourable) AA corporate bond yields used under IAS19. As gilt yields have fallen significantly overall in the three years to 31 March 2013, despite subsequent improvement and changes in actuarial assumptions such as mortality rates, it is likely that the group's actuarial pension deficit will have increased from the £11.5 million at 31 March 2010. The company has until 30 June 2014 to agree the new valuation and associated deficit reduction plan with the Pension Trustees. The new valuation, when agreed, will be the basis for calculating future deficit reduction contributions paid by the company in cash each year, which currently amount to £2.0 million per annum as part of a six year recovery plan. In view of the above, it is possible that company contributions may need to increase in 2014/15.

The group's defined benefit pension plans are both closed to future accrual, and therefore the group now contributes to defined contribution plans for current employees who benefit from company pension provision. The defined contribution scheme has recently been enhanced giving employees online access to the value of their pension savings and a wider range of investment options all at a lower average administrative cost. The group is making preparations to meet the legislative requirements of pensions auto-enrolment, which will become effective for Alumasc on 1 April 2014.

Capital structure, capital invested and shareholders' funds

The group defines its capital invested as the sum of shareholders' funds, bank debt and the (net of tax) pension deficit.

Capital invested decreased over the year from £43.2 million to £37.9 million, because capital expenditure was lower than the annual charge for depreciation and amortisation, and working capital efficiency was further enhanced during the year. Underlying post-tax return on average capital invested improved significantly from 4.0% to 12.2% for the year, well in excess of the group's weighted average cost of capital of circa 8%. This reflected the significant increase in underlying operating profit for the year combined with the reduction in average capital invested.

Shareholders' funds increased from £18.9 million to £22.4 million during the year, mainly due to retained profit after tax of £2.4 million and post-tax actuarial gains on pension schemes of £2.2 million. Underlying post-tax return on average shareholders' funds also improved substantially from 4.2% to 18.4%.

The combination of the significantly lower level of net debt and increased shareholder funds resulted in a substantial reduction in financial gearing from 70% to 34% during the year. Using the definitions in the group's committed banking facility agreement, interest cover improved year on year from 7.6 times to 12.0 times and ratio of year end net debt to EBITDA improved from 2.5 times to 1.0 times. These ratios all indicate that, after addressing the issues experienced last year, Alumasc is now recovering its traditional balance sheet strength.

Going concern

Taking into account business plans, pension funding commitments and the group's banking facilities, and having made appropriate enquiries, the Directors consider that the group has adequate financial resources to continue in operation for the foreseeable future.

The group's banking facilities comprise a £20 million revolving credit facility and a £5 million finance lease facility that expire in June 2016. In addition, overdraft facilities of £3 million have just been secured for a further year.

Dividends

In the light of the much improved trading performance, strong balance sheet, and expectation of further progress in the current financial year, the Board is proposing a final dividend of 2.5 pence per share, to be paid on 30 October 2013 to shareholders on the register on 4 October 2013. This will give a total dividend for the year of 4.5 pence per share (2011/12: 2.0 pence per share).

More broadly, the Board intends to continue to grow the dividend in conjunction with future earnings growth, having regard to the cash required to invest in the business to support its strategic development and to continue to meet pension funding commitments.

Impairment review

The Board conducted an impairment review which covered all assets that contributed to the goodwill figure on the group balance sheet at the financial year end, together with any other assets where indicators of impairment existed. Other than the impairment of goodwill at Blackdown recognised at the half year stage and described above, no further impairments of goodwill of other assets were identified. In most cases, the headroom between value in use calculations and capital invested was substantial. However, headroom was more limited at Alumasc Precision Components, in view of the ongoing recovery of that business, and also the group's two small roofing businesses, Blackdown and Roof-Pro, both of which have been impacted by the recent recession and were recently restructured to improve business performance and financial returns.

Business risk and internal control

The group made further progress in improving both business risk management and internal control processes during the year. Internal audit activities during the year had particular focus on the higher risk areas, such as inventory control and costing. The overall number of remediation points outstanding from internal and external audits has further reduced compared with prior years.

Following the issues of last year, and as part of the recovery plan at Alumasc Precision Components, business risk management and improving internal control has been an area of priority for the new management team. Business risks were re-evaluated in depth, with key mitigating controls identified and either already implemented or (if not possible to do so in the timescale) are under development. A full review of product costings and cycle times was carried out during the year and inventory is counted every month. The inventory, costing and planning module of the business system has been updated, simplified and has recently been re-implemented. All significant new business proposals for longer term supply agreements are subject to a business case review and risk assessment at divisional (and where appropriate group) board level prior to pricing commitments being given, and such new work being accepted.

Future changes in presentation of group underlying profit before tax

With effect from 1 July 2013, IAS19 (revised) no longer permits the group to assume that investment returns on pension scheme assets will exceed the yield on AA-rated corporate bonds used to discount estimated future pension liabilities. This is contrary to the current investment strategy for our pension schemes, where the majority of investments are in equities or return seeking assets. Further, pension scheme running costs, including the levies of the Pension Protection Fund, will now form part of the financing charge. Together, and in isolation, these changes are expected to add between £0.7 million and £1.0 million to the group's overall financing charge in the 2013/14 financial year.

In view of management's inability to directly control a charge that is more driven by capital market factors, and also the non-cash nature of the majority of the charge, the Board has decided to exclude net pension financing costs from calculation of underlying profit before tax and underlying earnings per share in 2013/14 and in future years.

At the same time, the Board decided that it will not in future exclude more routine restructuring costs from calculations of underlying operating profit and profit before tax, unless the restructuring is significant in relation to the group profit in the year. The level of restructuring costs incurred in total each year will continue to be disclosed in financial information published by the group, regardless of its treatment in presenting underlying results.

The impact that the above changes would have had on previously published group results is illustrated in the revised five year financial summary attached and on the group's website www.alumasc.co.uk.

Andrew Magson
Group Financial Director

Responsibility Statement

We confirm that to the best of our knowledge:

(a) 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 of the group and the company; and

(b) The Directors' Report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that the group faces.

Paul Hooper
Chief Executive

Andrew Magson
Group Finance Director

The contents of this announcement, including the responsibility statement above, have been extracted from the annual report and accounts for the year ended 30 June 2013 which will be despatched to shareholders on or around 20 September 2013 and will be available at www.alumasc.co.uk. Accordingly the responsibility statement makes reference to the financial statements of the company and the group and to the relevant narratives appearing in that annual report and accounts rather than the contents of this announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year to 30 June 2013

	Notes	**2012/13** Before non-recurring items and brand amortisation £'000	**2012/13** Non-recurring items and brand amortisation £'000	**2012/13** Total £'000	2011/12 Before non-recurring items and brand amortisation £'000	2011/12 Non-recurring items and brand amortisation £'000	2011/12 Total £'000
Revenue	**4**	**116,769**	**-**	**116,769**	110,619	-	110,619
Cost of sales		**(86,087)**	**-**	**(86,087)**	(84,501)	-	(84,501)
Gross profit		**30,682**	**-**	**30,682**	26,118	-	26,118
Net operating expenses before non-recurring items and brand amortisation		**(24,033)**	**-**	**(24,033)**	(23,540)	-	(23,540)
Brand amortisation	**5**	**-**	**(273)**	**(273)**	-	(299)	(299)
Restructuring and acquisition costs	**5**	**-**	**(814)**	**(814)**	-	(866)	(866)
Impairment	**5,9**	**-**	**(625)**	**(625)**	-	-	-
Net operating expenses		**(24,033)**	**(1,712)**	**(25,745)**	(23,540)	(1,165)	(24,705)
Operating profit	**4**	**6,649**	**(1,712)**	**4,937**	2,578	(1,165)	1,413
Finance income		**3,407**	**-**	**3,407**	4,402	-	4,402
Finance expenses		**(4,942)**	**-**	**(4,942)**	(5,425)	-	(5,425)
Profit before taxation		**5,114**	**(1,712)**	**3,402**	1,555	(1,165)	390
Tax (expense)/income	**6**	**(1,314)**	**282**	**(1,032)**	(491)	514	23
Profit for the year		**3,800**	**(1,430)**	**2,370**	1,064	(651)	413

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
for the year to 30 June 2013

Other comprehensive income	**Notes**	**2012/13** **£'000**	2011/12 £'000
Profit for the year		**2,370**	413
Items that will not be recycled to profit or loss:			
Actuarial gain/(loss) on defined benefit pensions		**2,969**	(13,818)
Tax on actuarial (gain)/loss on defined benefit pensions	**6**	**(780)**	3,250
		2,189	(10,568)
Items that are or may be recycled subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		**5**	(7)
Exchange differences on retranslation of foreign operations		**15**	7
Tax on cash flow hedge	**6**	**5**	(59)
		25	(59)
Other comprehensive income/(loss) for the year, net of tax		**2,214**	(10,627)

Total comprehensive income/(loss) for the year, net of tax		**4,584**	(10,214)

Earnings per share

		Pence	Pence
Basic earnings per share	**8**	**6.6**	1.2
Diluted earnings per share	**8**	**6.6**	1.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2013

	Notes	2013	2013	2012	2012
		£'000	**£'000**	£'000	£'000
Assets					
Non-current assets					
Property, plant and equipment		**12,872**		13,826	
Goodwill	**9**	**16,488**		16,888	
Other intangible assets		**2,976**		2,976	
Financial asset investments		**17**		17	
Deferred tax assets	**6**	**2,314**		3,489	
			34,667		37,196
Current assets					
Inventories		**12,131**		14,136	
Biological assets		**163**		91	
Trade and other receivables		**23,529**		26,451	
Cash and cash equivalents		**9,147**		6,550	
Income tax receivable		**-**		161	
Derivative financial assets		**63**		82	
			45,033		47,471
Total assets			**79,700**		84,667
Liabilities					
Non-current liabilities					
Interest bearing loans and borrowings		**(16,834)**		(19,779)	
Employee benefits payable		**(10,062)**		(14,539)	
Provisions		**(572)**		(469)	
Deferred tax liabilities	**6**	**(1,515)**		(1,694)	
			(28,983)		(36,481)
Current liabilities					
Trade and other payables		**(27,162)**		(28,739)	
Provisions		**(528)**		(516)	
Income tax payable		**(584)**		-	
Derivative financial liabilities		**-**		(3)	
			(28,274)		(29,258)
Total liabilities			**(57,257)**		(65,739)
Net assets			**22,443**		18,928
Equity					
Called up share capital		**4,517**		4,517	
Share premium	**10**	**445**		445	
Capital reserve - own shares	**10**	**(618)**		(618)	
Hedging reserve	**10**	**(12)**		(22)	
Foreign currency reserve	**10**	**51**		36	
Profit and loss account reserve		**18,060**		14,570	
Total equity			**22,443**		18,928

CONSOLIDATED STATEMENT OF CASHFLOWS
For the year ended 30 June 2013

	Notes	2012/13 £'000	2011/12 £'000
Operating activities			
Operating profit		**4,937**	1,413
Adjustments for:			
Depreciation		**2,331**	2,444
Amortisation		**543**	652
Impairment	**9**	**625**	-
Gain on disposal of property, plant and equipment		**(67)**	(19)
Decrease / (increase) in inventories		**2,236**	(1,693)
(Increase) / decrease in biological assets		**(72)**	279
Decrease / (increase) in receivables		**3,188**	(2,599)
(Decrease) / increase in trade and other payables		**(1,951)**	4,789
Movement in provisions		**15**	392
Cash contributions to retirement benefit schemes		**(2,276)**	(2,449)
Share based payments		**-**	(60)
Cash generated from operations		**9,509**	3,149
Tax paid		**(267)**	(68)
Net cash inflow from operating activities		**9,242**	3,081
Investing activities			
Purchase of property, plant and equipment		**(1,476)**	(1,877)
Payments to acquire intangible fixed assets		**(43)**	(72)
Proceeds from sales of property, plant and equipment		**83**	48
Acquisition of subsidiary, net of cash acquired	**9**	**(399)**	-
Interest received		**16**	12
Net cash outflow from investing activities		**(1,819)**	(1,889)
Financing activities			
Interest paid		**(764)**	(866)
Equity dividends paid		**(1,069)**	(2,763)
Draw down of amounts borrowed		**-**	5,000
Repayment of amounts borrowed		**(3,000)**	-
Purchase of financial instrument		**-**	(7)
Net cash (outflow)/inflow from financing activities		**(4,833)**	1,364
Net increase in cash and cash equivalents		**2,590**	2,556
Net cash and cash equivalents brought forward		**6,550**	3,993
Effect of foreign exchange rate changes		**7**	1
Net cash and cash equivalents carried forward		**9,147**	6,550
Net cash and cash equivalents comprise:			
Cash and cash equivalents		**9,147**	6,550

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2013

	Notes	Share capital £'000	Share premium £'000	Capital reserve - own shares £'000	Hedging reserve £'000	Foreign currency reserve £'000	Profit and loss account reserve £'000	Total equity £'000
At 1 July 2011		4,517	445	(618)	44	29	27,548	31,965
Profit for the period		-	-	-	-	-	413	413
Exchange differences on retranslation of foreign operations		-	-	-	-	7	-	7
Net loss on cash flow hedges		-	-	-	(7)	-	-	(7)
Tax on derivative financial liability		-	-	-	(59)	-	-	(59)

Actuarial loss on defined benefit pensions, net of tax		-	-	-	-	-	(10,568)	(10,568)
Dividends	7	-	-	-	-	-	(2,763)	(2,763)
Share based payments		-	-	-	-	-	(60)	(60)
At 1 July 2012		4,517	445	(618)	(22)	36	14,570	18,928
Profit for the period		**-**	**-**	**-**	**-**	**-**	**2,370**	**2,370**
Exchange differences on retranslation of foreign operations		**-**	**-**	**-**	**-**	**15**	**-**	**15**
Net gain on cash flow hedges		**-**	**-**	**-**	**5**	**-**	**-**	
Tax on derivative financial liability		**-**	**-**	**-**	**5**	**-**	**-**	**5** **5**
Actuarial gain on defined benefit pensions, net of tax		**-**	**-**	**-**	**-**	**-**	**2,189**	**2,189**
Dividends	7	**-**	**-**	**-**	**-**	**-**	**(1,069)**	**(1,069)**
At 30 June 2013		**4,517**	**445**	**(618)**	**(12)**	**51**	**18,060**	**22,443**

1 BASIS OF PREPARATION

The Alumasc Group plc is incorporated and domiciled in England and Wales. The company's ordinary shares are traded on the London Stock Exchange.

The group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union as they apply to the financial statements of the group for the year ended 30 June 2013, and the Companies Act 2006.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Business Review.

The group has £23 million of banking facilities, of which £20 million is committed until June 2016. In addition, the group has recently renewed overdraft facilities totalling £3 million for another year. At 30 June 2013 the group's net indebtedness was £7.7 million (2012: £13.2 million).

On the basis of the group's financing facilities, pension deficit recovery plan commitments and current financial plans and sensitivity analyses, the Board is satisfied that the group has adequate resources to continue in operational existence for the foreseeable future and accordingly continues to adopt the going concern basis in preparing the financial statements.

2 JUDGEMENTS AND ESTIMATES

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement and valuation of intangible assets and goodwill and the measurement and valuation of defined benefit pension obligations. The measurement of intangible assets other than goodwill on a business combination involves estimation of future cash flows and the selection of a suitable discount rate. The group determines whether goodwill is impaired on an annual basis and this requires an estimation of the value in use of the cash generating units to which the intangible assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate.

Measurement of defined benefit pension obligations requires estimation of future changes in inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate.

The group may from time to time become involved in legal action which could give rise to contingent assets or liabilities. The group accounts for these under IAS 37 and will only accrue costs when it is probable that there will be a transfer of economic benefits based on independent legal advice and the Directors' judgement.

Revenue recognised on construction contracts is determined by the assessment of completion stage of each contract. The requirement for Directors' judgement is limited in most cases due to the involvement of quantity surveyors during the assessment process as detailed within the revenue recognition accounting policy.

3 PRINCIPAL RISKS AND UNCERTAINTIES

Alumasc has invested considerable time in improving and developing risk management practices in the group in recent years, both through formal risk reviews at subsidiary and group board level, and embedding risk management thinking in routine day to day business activities and decision making. Alumasc's portfolio of niche businesses generate sales in a variety of building/construction and industrial markets. This reduces the group's exposure to any single end-market or third party customer or supplier.

Risks	Mitigating actions taken
Group-wide and corporate risks	

Loss of key employees Comment *Generally, staff turnover is low.*	• Market competitive remuneration and incentive arrangements • Changes in numbers of people employed monitored in monthly subsidiary board meetings, with staff turnover a KPI in some businesses • Key and high potential employees identified and monitored on a local company and group basis • Focused training and development programmes for key and high potential people • Exit interviews held for senior people who leave the business
Product/service differentiation relative to competition not developed or maintained Comment *Innovation and an entrepreneurial spirit is encouraged in all group companies.*	• Group-wide innovation best practice days recently introduced • Innovation and new product development workshops held in most group companies • Annual group strategic planning meetings encourage innovation and "blue sky" thinking, with group resources allocated and prioritised as appropriate to support approved ideas
Economic/market and customer retention risks Comment *Alumasc is a UK-based group of businesses. The UK economy has recently been in recession, with the UK construction market still contracting in size. Risks associated with the future of the Eurozone remain.*	• Develop and retain strong management teams (see above) • Ensure Alumasc products are market leading and differentiated against the competition to improve specification to protect margin (see above) • Develop export sales (particularly in the USA, Middle & South East Asia) • Increase sales to the more resilient building refurbishment (relative to new build) markets in the current economic environment • Increase mix of UK sales towards the stronger London & South-East regional markets • Develop and maintain strong relationships with key customers through regular contact and superior service • Good project tracking and enquiry/quote conversion rate tracking • Increasing use of, and investment in, customer relationship management (CRM) software
Pension obligations Comment *Alumasc's pension obligations are material relative to its market capitalisation and net asset value.*	• Continue to grow the business so the relative affordability of pension contributions is improved over time • Maintain a good, constructive and open relationship with Pension Trustees • Meet agreed pension funding commitments • Pension scheme management is a regular group board agenda item • The board engages specialist advisors on both actuarial and investment matters • Monitor and seek market opportunities to reduce gross pension liabilities

Health & safety risks Comment *The group has a strong overall track record of health & safety performance, with the number of lost time accidents significantly reduced over the last 10 years. Health & safety risks are inherently higher in the Engineering Products businesses, particularly foundry operations, and this is an area of specific focus.*	• Health & Safety is the number one priority of management and the first agenda item on all subsidiary and group board agendas • Risk assessments are carried out and safe systems of work documented and communicated • All safety incidents and near misses reported to board level with appropriate remedial action taken • Group health & safety best practice days are held twice a year and chaired by the Chief Executive • Annual audit of health & safety in all group businesses by independent consultants • Specific focus on improving health & safety in foundry environments • All safety incidents and near misses reported monthly
Product warranty/recall risks Comment *The group has a relatively good track record with regard to the management of these risks and does not have a history of significant claims.*	• Internal quality systems, compliance with relevant industry standards (eg ISO, BBA etc) and close co-operation with customers in their design and specification of the group's products • Group insurance programme to cover larger potential risks and exposures, including product guarantee insurance for Engineering Products and certain building products. • Back to back warranties from suppliers, where appropriate • Seek to manage contractual liabilities to ensure potential consequential losses are minimised and proportionate, and overall liabilities are capped, where possible.
Reliance on key suppliers Comment *Whilst the group does not have undue concentration on any single or small group of suppliers, some individual Alumasc businesses do have key strategic suppliers, some of whom are located in the Far East.*	• Annual reviews of supplier concentration as part of strategic planning/formal business risk review process, with alternative suppliers sought and developed where practicable • Regular visits to key suppliers, good relationships maintained and quality control checks/training carried out • Regular reviews as to whether work should be brought back to the UK (or elsewhere) as economic conditions evolve • Selling price adjustment mechanisms built into longer term sales contracts wherever possible, or material, to mitigate input cost inflation risk
Loss of key production facilities/business continuity Comment *The group has not experienced any significant loss of production facilities causing business continuity issues. Whilst the likelihood of a catastrophic loss is low, the impact if it were to happen could be high.*	• Business continuity plans have been prepared at subsidiary level, having regard to the specific risk factors • Advice is being taken from insurers on continuous improvement of these plans • IT disaster recovery plans are in place, with close to real time back up arrangements using either off-site servers or cloud technology • Critical plant and equipment is identified, with associated breakdown/recovery plans, including assessment of engineering spares held on site

Business systems change Comment *Alumasc is part way though implementing common business (ERP) systems. Experience so far has been generally positive. Following wider issues at Alumasc Precision Components last year, the inventory/ planning/costing module of that ERP system was re-implemented in the current year.*	• Ensure use of proven, reliable software solutions and implementation consultants with industry specific track record of success • Implementation projects are governed by a Steering Committee sponsored by the managing director of the business, with group executive director involvement, supported by independent consultants • Project boards established. The project manager reports to the Steering Committee • Careful documentation and challenge of legacy business processes prior to implementation to avoid bespoking of software wherever possible • Pre-implementation testing, training and communication, with go-live delayed if necessary
Credit risk Comment *The group has a generally good record in managing credit risks. Risks are higher amongst smaller building contractor customers, who are often installers of the group's products. Group results were impacted by the insolvency of one such customer in 2011.*	• Most credit risks in the building products division are insured. Customers in the engineering products division tend to be large, well-funded international OEM's and therefore generally lower risk. • Large export contracts are backed by letters of credit or similar. • Any risks taken above insured limits in the Building Products division are subject to strict delegated authority limit sign offs, including group executives' sign off for risks above £50k. • Credit checks when accepting new customers/prior to accepting new work • The group employs experienced credit controllers and debt reports are reviewed in monthly Board meetings

Additional Building Products risks

Failure of or delays in large construction contracts Comment *Most of Alumasc's business is product supply only, so many risks associated with large construction contracts involving installation of product are avoided. However, Levolux and Blackdown do install their own products in the UK. Alumasc can experience construction project delays beyond its control.*	• Experienced, specialist resources manage construction contract risks in the relevant Alumasc businesses • Inherent risks of consequential loss though delay in caused by Alumasc businesses are somewhat mitigated as solar shading and green roofing products tend to be installed towards the end of the construction of the overall building • Risk reviews are carried out on significant or unusual contracts, and are submitted to local boards, and in some cases the group board, as appropriate for approval before the work is accepted • Close and collaborative relationships are maintained with customers so any issues are resolved as soon as possible as and when they arise • Robust contract terms negotiated with indemnity and consequential loss clauses managed to acceptable levels and overall limits of liability agreed wherever possible/practicable • Close relationships with customers to understand latest project developments • Appropriate contingency allowances built into business and financial plans

Additional Engineering Products' risks

Customer concentration Comment *There is a higher level of customer concentration in the Engineering Products division than for Building Products. The Caterpillar Group is the group's largest customer and accounts for c.10% of group sales and around one third of the Engineering Products division's sales.*	• Seek to diversify the business into a wider variety of end use markets and develop a wider customer base over time • Maintain good and close relationships with larger customers as strategic partners • Maintain Alumasc Precision's differentiation through engineering expertise, and a "one stop shop" for a range of diecasting and machining solutions • Continuous improvement of quality and service levels • Seek to achieve robust customer contracts with liability clauses that are proportionate to the work being undertaken and avoidance of "cost down" commitments to protect margin over time
Project risk Comment *Some engineering products contracts can potentially last a number of years, and any issues relating to inaccurate pricing and costing of work at the outset and/or not optimising up-front tooling development can cause lower than expected margins.*	• Specialist engineering, operational and commercial resources with significant industry experience are employed in the engineering businesses to manage the specific risks • The Engineering Products division has its own specialist non-executive director representation at divisional board level • Formal project risk reviews are carried out on all significant new or unusual/higher risk contracts, requiring divisional or group board approval, as appropriate prior to committing to the work • Strong engineering functions to ensure tooling is properly developed in collaboration with the customer to deliver mutual benefit • Close and collaborative relationships are maintained with customers so any issues are resolved as soon as possible as and when they arise

4 SEGMENTAL ANALYSIS

In accordance with IFRS8 "Operating Segments", the segmental analysis below follows the group's internal management reporting structure.

The Chief Executive reviews internal management reports on a monthly basis, with performance being measured based on segmental operating result as disclosed below. Performance is measured on this basis as management believes this information is the most relevant when evaluating the impact of strategic decisions.
Inter-segment transactions are entered into applying normal commercial terms that would be available to third parties.
Segment results, assets and liabilities include those items directly attributable to a segment. Unallocated assets comprise cash and cash equivalents, deferred tax assets, income tax recoverable and corporate assets that cannot be allocated on a reasonable basis to a reportable segment. Unallocated liabilities comprise borrowings, employee benefit obligations, deferred tax liabilities, income tax payable and corporate liabilities that cannot be allocated on a reasonable basis to a reportable segment.

Analysis by reportable segment 2012/13

	Revenue			
	External £'000	Inter-segment £'000	Total £'000	Segmental Operating Result £'000
Solar Shading & Screening	18,086	-	18,086	841
Roofing & Walling	32,569	-	32,569	3,094
Energy Management	**50,655**	-	**50,655**	**3,935**
Construction Products	17,109	-	17,109	2,415
Rainwater, Drainage, Plastics & Casings	20,448	77	20,525	2,029
Water Management & Other	**37,557**	**77**	**37,634**	**4,444**
Building Products	**88,212**	**77**	**88,289**	**8,379**
Alumasc Precision	28,557	859	29,416	(461)
Engineering Products	**28,557**	**859**	**29,416**	**(461)**
Elimination / Unallocated costs	-	(936)	(936)	(1,269)
Total	**116,769**	**-**	**116,769**	**6,649**

	£'000
Segmental operating result	6,649
Brand amortisation	(273)
Restructuring and acquisition costs	(814)
Impairment	(625)
Total operating profit	**4,937**

	Segment Assets £'000	Segment Liabilities £'000	Capital expenditure: Property, Plant & Equipment £'000	Capital expenditure: Other Intangible Assets £'000	Depreciation £'000	Amortisation £'000
Solar Shading & Screening	17,999	(5,047)	13	10	67	168
Roofing & Walling	11,260	(6,413)	156	10	148	169
Energy Management	**29,259**	**(11,460)**	**169**	**20**	**215**	**337**
Construction Products	7,768	(3,595)	300	1	192	1
Rainwater, Drainage, Plastics & Casings	12,324	(5,082)	175	13	513	139
Water Management & Other	**20,092**	**(8,677)**	**475**	**14**	**705**	**140**
Building Products	**49,351**	**(20,137)**	**644**	**34**	**920**	**477**
Alumasc Precision	18,413	(7,131)	729	9	1,178	53
Engineering Products	**18,413**	**(7,131)**	**729**	**9**	**1,178**	**53**
Unallocated	11,936	(29,989)	2	-	233	13
Total	**79,700**	**(57,257)**	**1,375**	**43**	**2,331**	**543**

Analysis by reportable segment 2011/12

	Revenue			
	External £'000	Inter-segment £'000	Total £'000	Segmental Operating Result £'000
Solar Shading & Screening	16,751	-	16,751	247
Roofing & Walling	22,369	-	22,369	437
Energy Management	**39,120**	-	**39,120**	**684**
Construction Products	15,135	-	15,135	1,894
Rainwater, Drainage, Plastics & Casings	20,598	64	20,662	1,806
Water Management & Other	**35,733**	**64**	**35,797**	**3,700**
Building Products	**74,853**	**64**	**74,917**	**4,384**
Alumasc Precision	35,766	1,038	36,804	(770)
Engineering Products	**35,766**	**1,038**	**36,804**	**(770)**
Elimination / Unallocated costs	-	(1,102)	(1,102)	(1,036)
Total	**110,619**	**-**	**110,619**	**2,578**

	£'000
Segmental operating result	2,578
Brand amortisation	(299)
Restructuring costs	(866)
Total operating profit	**1,413**

	Segment Assets £'000	Segment Liabilities £'000	Capital expenditure: Property, Plant & Equipment £'000	Capital expenditure: Other Intangible Assets £'000	Depreciation £'000	Amortisation £'000
Solar Shading & Screening	18,235	(4,116)	28	1	84	170
Roofing & Walling	15,809	(8,278)	102	41	138	120
Energy Management	**34,044**	**(12,394)**	**130**	**42**	**222**	**290**
Construction Products	6,715	(3,012)	130	2	202	1

Rainwater, Drainage, Plastics & Casings	11,831	(4,341)	353	1	551	256
Water Management & Other	**18,546**	**(7,353)**	**483**	**3**	**753**	**257**
Building Products	**52,590**	**(19,747)**	**613**	**45**	**975**	**547**
Alumasc Precision	21,406	(9,261)	1,079	27	1,237	92
Engineering Products	**21,406**	**(9,261)**	**1,079**	**27**	**1,237**	**92**
Unallocated	10,671	(36,731)	2	-	232	13
Total	**84,667**	**(65,739)**	**1,694**	**72**	**2,444**	**652**

Analysis by geographical segment 2012/13

	United Kingdom £'000	**Europe £'000**	**North America £'000**	**Middle East £'000**	**South East Asia £'000**	**Rest of World £'000**	**Total £'000**
Sales to external customers	**89,111**	**6,609**	**14,191**	**1,518**	**4,190**	**1,150**	**116,769**
Segment non-current assets	**32,303**	**-**	**7**	**-**	**43**	**-**	**32,353**

Analysis by geographical segment 2011/12

	United Kingdom £'000	Europe £'000	North America £'000	Middle East £'000	South East Asia £'000	Rest of World £'000	Total £'000
Sales to external customers	87,298	8,743	9,375	1,863	1,958	1,382	110,619
Segment non-current assets	33,664	-	-	-	43	-	33,707

Segment revenue by geographical segment represents revenue from external customers based upon the geographical location of the customer. The analyses of segment non-current assets are based upon location of the assets.

5 BRAND AMORTISATION AND NON-RECURRING ITEMS

	2012/13 £'000	2011/12 £'000
Brand amortisation	**(273)**	(299)
Restructuring and acquisition costs	**(814)**	(866)
Impairment	**(625)**	-
	(1,712)	(1,165)

Restructuring costs relate to restructuring and redundancy costs in both years. Acquisition costs relate to the costs of acquiring Rainclear Systems Limited during the year to 30 June 2013.

The impairment charge of £625,000 relates to the carrying value of goodwill in Blackdown Greenroofs, which has been reduced from £1,251,000 to £626,000 for the reasons described in note 9.

6 TAX EXPENSE

(a.) Tax on profit on ordinary activities

Tax charged/(credited) in the statement of comprehensive income

	2012/13 £'000	2011/12 £'000
Current tax:		
UK corporation tax charge/(credit)	**909**	(177)
Overseas tax	**40**	37
Amounts over provided in previous years	**(21)**	(9)
Total current tax	**928**	(149)
Deferred tax:		
Origination and reversal of temporary differences	**145**	291
Tax over provided in previous years	**-**	(4)
Rate change adjustment	**(41)**	(161)
Total deferred tax	**104**	126
Total tax expense/(credit)	**1,032**	(23)
Tax recognised in other comprehensive income		
Deferred tax:		
Actuarial gains/(losses) on pension schemes	**780**	(3,250)
Cash flow hedge	**(5)**	59
Tax charged/(credited) to other comprehensive income	**775**	(3,191)
Total tax charge/(credit) in the statement of comprehensive income	**1,807**	(3,214)

(b.) Reconciliation of the total tax charge

The total tax rate applicable to the tax expense shown in the statement of total comprehensive income of 30.3% is higher than (2011/12: (5.9)% was lower than) the standard rate of corporation tax in the UK of 23.75% (2011/12: 25.5%). The differences are reconciled below:

	2012/13 £'000	2011/12 £'000
Profit before taxation	**3,402**	390
Current tax at the UK standard rate of 23.75% (2011/12: 25.5%)	**808**	99
Expenses not deductible for tax purposes	**286**	52
Rate change adjustment	**(41)**	(161)
Tax over provided in previous years - corporation tax	**(21)**	(9)
Tax over provided in previous years - deferred tax	**-**	(4)
	1,032	(23)

(c.) Unrecognised tax losses

The group has agreed tax capital losses in the UK amounting to £21 million (2012: £21 million) that relate to prior years. Under current legislation these losses are available for offset against future chargeable gains. A deferred tax asset has not been recognised in respect of these losses, as they do not meet the criteria for recognition.

Revaluation gains on land and buildings amount to £1 million (2012: £1 million). These may be offset against the capital losses detailed above, therefore net capital losses carried forward amount to £20 million (2012: £20 million). The capital losses are able to be carried forward indefinitely.

(d.) Deferred tax

A reconciliation of the movement in deferred tax during the year is as follows:

	Accelerated capital allowances £'000	Short term temporary differences £'000	Brands £'000	Hedging £'000	Total deferred tax liability £'000	Pension deferred tax asset £'000
At 1 July 2011	1,335	(22)	739	(40)	2,012	(742)
(Credited)/charged to the statement of comprehensive income - current year	(249)	(9)	(115)	-	(373)	503
Charged/(credited) to the statement of comprehensive income - prior year	8	(12)	-	-	(4)	-
Debited/(credited) to equity	-	-	-	59	59	(3,250)
At 1 July 2012	1,094	(43)	624	19	1,694	(3,489)
(Credited)/charged to the statement of comprehensive income - current year	**(201)**	**(1)**	**(89)**	**-**	**(291)**	**395**
Debited/(credited) to equity	**-**	**-**	**-**	**(5)**	**(5)**	**780**
Acquired in business combination	**2**	**-**	**115**	**-**	**117**	**-**
At 30 June 2013	**895**	**(44)**	**650**	**14**	**1,515**	**(2,314)**

Deferred tax assets and liabilities are presented as non-current in the consolidated statement of financial position.

Deferred tax assets have been recognised where it is probable that they will be recovered. Deferred tax assets of £4.6 million (2012: £4.8 million) have not been recognised in respect of net capital losses of £20 million (2012: £20 million).

(e.) Factors affecting the tax charge in future periods

The Chancellor's Autumn Statement on 5 December 2012 announced that the UK corporation tax rate will reduce to 21% by 2014. A reduction in the rate from 24% (effective from 1 April 2012) to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012.

Finance Bill 2013, which includes the reduction in the UK corporation tax rate to 21 percent with effect from 1 April 2014 and to 20 percent from 1 April 2015, reached substantive enactment on 2 July 2013. This will reduce the group's future current tax charge accordingly. Deferred tax assets and liabilities have been calculated based on the rate of 23% substantively enacted at the balance sheet date.

7 DIVIDENDS

	2012/13 **£'000**	2011/12 £'000
Interim dividend for 2013 of 2.0p paid on 9 April 2013	**712**	-
Final dividend for 2012 of 1.0p paid on 31 October 2012	**357**	-
Interim dividend for 2012 of 1.0p paid on 10 April 2012	**-**	357
Final dividend for 2011 of 6.75p paid on 31 October 2011	**-**	2,406
	1,069	2,763

A final dividend of 2.5p per equity share, at a cash cost of £891,000, has been proposed for the year ended 30 June 2013, payable on 30 October 2013. In accordance with IFRS accounting requirements this dividend has not been accrued in these consolidated financial statements.

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity shareholders of the parent by the weighted average number of ordinary shares in issue during the period, after allowing for the exercise of outstanding share options. The following sets out the income and share data used in the basic and diluted earnings per share calculations:

	2012/13 **£'000**	2011/12 £'000
Profit attributable to equity holders of the parent	**2,370**	413
	000s	000s
Basic weighted average number of shares	**35,648**	35,648
Dilutive potential ordinary shares - employee share options	**-**	-

Calculation of underlying earnings per share:

	2012/13	2011/12

	£'000	£'000
Profit before taxation	**3,402**	390
Add back brand amortisation	**273**	299
Add back restructuring and acquisition costs	**814**	866
Add back impairment	**625**	-
Underlying profit before taxation	**5,114**	1,555
Tax at underlying group tax rate of 25.7% (2011/12: 31.6%)	**(1,314)**	(491)
Underlying earnings	**3,800**	1,064
Basic weighted average number of shares	**35,648**	35,648
Underlying earnings per share	**10.7p**	3.0p

9 GOODWILL

	2013	2012
	£'000	£'000
Cost:		
At 1 July	**16,986**	16,986
Acquisition of Rainclear Systems	**225**	-
At 30 June	**17,211**	16,986
Impairment:		
At 1 July	**98**	98
Impairment	**625**	-
At 30 June	**723**	98
Net book value at 30 June	**16,488**	16,888

Goodwill acquired through acquisitions has been allocated to cash generating units for impairment testing as set out below:

	2013	2012
	£'000	£'000
Building Products Division:		
Roof-Pro	**3,194**	3,194
Timloc	**2,264**	2,264
Levolux	**10,179**	10,179
Blackdown	**626**	1,251
Rainclear Systems	**225**	-
At 30 June	**16,488**	16,888

Partial impairment of Blackdown goodwill

The green roof market has continued to be particularly challenging and this market is still relatively immature in the UK. Whilst we continue to believe in the longer term potential of the Blackdown Greenroofs business, the current UK market place is crowded, with no firm regulations governing either environmental performance or quality standards. Against this background, green roofs have been susceptible to de-specification and value engineering, with revenues and margins significantly eroded as a consequence. In response, we have restructured Blackdown, which should result in a stronger and more competitive business. This triggered a non-recurring impairment charge against the carrying value of goodwill of £625,000, based on a discount rate of 11%, leaving remaining goodwill of £626,000.

Business combinations

Rainclear Systems Limited

On 30 November 2012 the group acquired 100% of the ordinary shares of Rainclear Systems Limited ("Rainclear") for initial gross cash consideration of £851,000, or £399,000 net of £452,000 cash acquired. The investment in Rainclear has been included in the group's balance sheet at its fair value at the date of acquisition.

An analysis of the provisional fair value of the Rainclear net assets acquired and the fair value of the consideration paid is set out below:

Net assets at date of acquisition:	**Book value £000**	**Fair value adjustments £000**	**Fair value to group £000**
Property, plant and equipment	21	(3)	18
Inventories	166	65	231
Trade and other receivables	270	(6)	264
Cash	452	-	452
Trade and other payables	(216)	-	(216)
Income tax payable	(76)	(10)	(86)
Property dilapidations provision	-	(100)	(100)
Deferred tax liabilities	(2)	(115)	(117)
Net assets	615	(169)	446
Goodwill			225
Brand acquired on acquisition			500
			1,171
Satisfied by:			
Initial purchase consideration settled in cash			851
Deferred consideration			320
			1,171
Less cash acquired			(452)
Enterprise value			719

Deferred consideration is payable in two tranches, subject to Rainclear achieving a profit before tax of £250,000 in the year to December 2013, and profit before tax of £270,000 in the year to April 2014. £320,000 is the maximum amount of deferred consideration payable within 12 months of the balance sheet date and, based on post-acquisition performance to date, is management's best estimate of the amount likely to be paid.

From the date of acquisition to 30 June 2013 (seven months), Rainclear reported a profit of £118,000 which, after the acquisition accounting adjustment relating to the reversal of the fair value adjustment that revalued inventory to fair value less costs to sell at the date of acquisition of £65,000, resulted in a net profit under IFRS3 conventions of £53,000.

If the combination had taken place at the beginning of the year, 1 July 2012, the revenue for the group for the 2012/13 financial year would have been £117,588,000 and the profit before taxation would have been £3,524,000.

10 MOVEMENTS IN EQUITY

Share capital and share premium

The balances classified as share capital and share premium are the proceeds of the nominal value and premium value respectively on issue of the company's equity share capital net of issue costs.

Capital reserve - own shares

The capital reserve - own shares relates to 485,171 (2012: 485,171) ordinary own shares held by the company. The market value of shares at 30 June 2013 was £446,357 (2012: £337,194). These are held to help satisfy the exercise of awards under the company's Long Term Incentive Plans. A Trust holds the shares in its name and shares are awarded to employees on request by the company. The company bears the expenses of the Trust.

Hedging reserve

This reserve records the post-tax portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Foreign currency reserve

This foreign currency reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

11 RELATED PARTY DISCLOSURE

The group's principal subsidiaries are listed below:

Principal subsidiaries	**Principal activity**	**Country of incorporation**	**% of equity interest and votes held**	
			2013	2012

Alumasc Precision Limited	Engineering products	England	100	100
Alumasc Exterior Building Products Limited	Building products	England	100	100
Alumasc Limited	Building products	England	100	100
Levolux Limited and Levolux AT Limited	Building products	England	100	100

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made at arms-length market prices. Outstanding balances at the year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables.

Transactions with other related parties

Key management personnel are determined as the Directors of The Alumasc Group plc. Details of transactions with the Directors and their compensation are detailed in the Remuneration Report within the group's annual report on pages 39 to 44.

Keith Walden is a non-executive Director of The Alumasc Group plc and also a trustee of The Alumasc Group Pension Scheme.

Five Year Summary

Income Statement Summary	2012/13 £'000	2011/12 £'000	2010/11 £'000	2009/10 £'000	2008/09 £'000
Revenue (continuing operations)					
Building products	88,289	74,917	71,219	64,528	78,518
Engineering products	29,416	36,804	36,744	23,954	24,127
Less intercompany	(936)	(1,102)	(1,158)	(994)	(1,133)
Total revenue (continuing operations)	**116,769**	**110,619**	**106,805**	**87,488**	**101,512**
Underlying operating profit (continuing operations)					
Building products	8,379	4,384	3,914	5,351	9,210
Engineering products	(461)	(770)	2,978	1,311	(1,503)
Unallocated costs	(1,269)	(1,036)	(1,213)	(967)	(1,063)
Underlying operating profit (continuing operations)	**6,649**	**2,578**	**5,679**	**5,695**	**6,644**
Net interest cost on borrowings	(767)	(706)	(662)	(676)	(626)
Net pension interest	(768)	(317)	(745)	(908)	(900)
Underlying profit before tax (continuing operations)	**5,114**	**1,555**	**4,272**	**4,111**	**5,118**
Brand amortisation	(273)	(299)	(320)	(315)	(252)
Restructuring costs	(814)	(866)	(241)	(320)	(933)
Impairment (charge)/reversal	(625)	-	1,220	-	(2,176)
Profit on disposal of property	-	-	759	-	-
Refinancing costs	-	-	(307)	-	-

Profit before tax (continuing operations)	3,402	390	5,383	3,476	1,757
Profit/(loss) before tax (discontinued operations)	-	-	(269)	(98)	47
Profit before taxation	**3,402**	**390**	**5,114**	**3,378**	**1,804**
Taxation	(1,032)	23	(1,469)	(1,138)	(744)
Profit on ordinary activities after taxation	2,370	413	3,645	2,240	1,060
Non-controlling interest	-	-	-	(6)	(8)
Profit for the financial year attributable to equity holders of the parent	**2,370**	**413**	**3,645**	**2,234**	**1,052**
Return on sales (underlying)					
Building products	9.5%	5.9%	5.5%	8.3%	11.7%
Engineering Products	(1.6%)	(2.1%)	8.1%	5.5%	(6.2%)
Group	5.7%	2.3%	5.3%	6.5%	6.5%
Underlying tax rate	25.7%	31.6%	30.3%	30.4%	30.4%
Underlying earnings per share (on continuing operations) (pence) (note a)	**10.7**	**3.0**	**8.3**	**8.0**	**9.9**

Notes

a) Underlying earnings per share is calculated as described in note 8

Balance Sheet Summary	2012/13 £'000	2011/12 £'000	2010/11 £'000	2009/10 £'000	2008/09 £'000
Shareholders' funds	22,443	18,928	31,965	27,743	30,796
Non-controlling interests	-	-	-	33	33
Net debt	7,687	13,229	10,731	9,317	10,318
Pension deficit (net of associated deferred tax asset)	7,748	11,050	2,111	8,371	9,003
Capital Invested	37,878	43,207	44,807	45,464	50,150
Return on capital invested (post-tax) (note a)	12.2%	4.0%	8.8%	8.3%	8.8%
Return on shareholders' funds (post-tax) (note b)	18.4%	4.2%	10.0%	9.8%	11.5%
Gearing (note c)	34.3%	70.0%	33.6%	33.5%	33.5%
Group interest cover (note d)	12.0	7.6	12.3	12.4	15.6
Net debt/underlying EBITDA (note e)	1.0	2.5	1.3	1.1	1.1
Other Statistics					
Earnings per share (on continuing operations) (pence)	6.6	1.2	10.7	6.4	2.8
Total earnings per share (pence)	6.6	1.2	10.2	6.2	2.9
Dividends per share (pence)	4.5	2.0	10.0	10.0	10.0
Order Book at 30 June (continuing operations)					
Building products	21,385	28,608	13,624	15,920	15,001
Engineering products	22,636	24,448	30,481	18,078	11,210
Group	44,021	53,056	44,105	33,998	26,211

Notes

a) Underlying operating profit after tax (calculated using the underlying tax rate) as a percentage of average capital invested
b) Underlying profit after tax (calculated using the underlying tax rate) as a percentage of average shareholders' funds
c) Net borrowings as a percentage of shareholders' funds plus non-controlling interests
d) Underlying EBITDA divided by net interest cost on borrowings
e) Net debt divided by underlying EBITDA

Five Year Summary - Re-stated

For information purposes, the group's five year summary has been re-stated below using the revised definition of underlying earnings that the group intends to apply from 1 July 2013 onwards. In future, financing charges relating to pensions under IAS19 (revised) will be excluded from underlying earnings and routine/immaterial restructuring costs will be included. Further details are given in the Finance Director's review.

Income Statement Summary	2012/13 £'000	2011/12 £'000	2010/11 £'000	2009/10 £'000	2008/09 £'000
Revenue (continuing operations)					
Building products	88,289	74,917	71,219	64,528	78,518
Engineering products	29,416	36,804	36,744	23,954	24,127
Less intercompany	(936)	(1,102)	(1,158)	(994)	(1,133)
Total revenue (continuing operations)	**116,769**	**110,619**	**106,805**	**87,488**	**101,512**
Underlying operating profit (continuing operations)					
Building products	8,379	4,384	3,914	5,351	9,210
Engineering products	(461)	(770)	2,978	991	(1,503)
Unallocated costs	(1,269)	(1,036)	(1,213)	(967)	(1,063)
Underlying operating profit (continuing operations)	**6,649**	**2,578**	**5,679**	**5,375**	**6,644**
Net interest cost on borrowings	(767)	(706)	(662)	(676)	(626)
Underlying profit before tax (continuing operations)	**5,882**	**1,872**	**5,017**	**4,699**	**6,018**
Brand amortisation	(273)	(299)	(320)	(315)	(252)
Net pension interest	(768)	(317)	(745)	(908)	(900)
Restructuring costs	(814)	(866)	(241)	-	(933)
Impairment (charge)/reversal	(625)	-	1,220	-	(2,176)
Profit on disposal of property	-	-	759	-	-
Refinancing costs	-	-	(307)	-	-
Profit before tax (continuing operations)	3,402	390	5,383	3,476	1,757
Profit/(loss) before tax (discontinued operations)	-	-	(269)	(98)	47
Profit before taxation	**3,402**	**390**	**5,114**	**3,378**	**1,804**
Taxation	(1,032)	23	(1,469)	(1,138)	(744)
Profit on ordinary activities after taxation	2,370	413	3,645	2,240	1,060
Non-controlling interest	-	-	-	(6)	(8)
Profit for the financial year attributable to equity holders of the parent	**2,370**	**413**	**3,645**	**2,234**	**1,052**
Return on sales (underlying)					
Building products	9.5%	5.9%	5.5%	8.3%	11.7%
Engineering Products	(1.6%)	(2.1%)	8.1%	4.1%	(6.2%)
Group	5.7%	2.3%	5.3%	6.1%	6.5%
Underlying tax rate	25.5%	30.6%	29.9%	30.1%	30.0%
Underlying earnings per share (on continuing operations) (pence) (note a)	**12.3**	**3.6**	**9.8**	**9.1**	**11.7**
Return on capital invested (post-tax) (note b)	12.2%	4.1%	8.8%	7.9%	8.9%
Return on shareholders' funds (post-tax) (note c)	21.2%	5.1%	11.8 %	11.2%	13.6 %

Notes

a) Underlying earnings per share is calculated as described in note 8.

b) Underlying operating profit (calculated using the underlying tax rate) as a percentage of average capital invested

c) Underlying profit after tax (calculated using the underlying tax rate) as a percentage of average shareholders' funds

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