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THE ALUMASC GROUP PLC - FULL YEAR RESULTS ANNOUNCEMENT

Alumasc (ALU.L), the premium building and engineering products group, announces results for the year ended 30 June 2014.

Financial summary

	Year to 30/6/14	**Year to 30/6/13**
Group revenues (£m)	113.4	116.8
Underlying profit before tax (£m) *	6.3	5.9
Reported profit before tax (£m)	5.1	2.8
Underlying earnings per share (pence) *	13.3	12.3
Basic earnings per share (pence)	11.3	5.3
Dividend per share (pence)	5.0	4.5

* Before brand amortisation charges of £0.3m (2012/13: £0.3m) and IAS19 (revised) pension costs of £0.9m (2012/13 £1.4m). Also, 2012/13 underlying profit before tax was before restructuring and acquisition costs of £0.8m and an impairment charge of £0.6m.

Key points

- Best profit performance for five years reflects underlying growth in revenues from Building Products at improved margins, offsetting non-repeat of prior year Kitimat and CESP project work; a halving of operating losses from Engineering Products; and lower interest costs due to a strong cash flow performance.
- **Building Products** profit of £8.3m (2012/13: £8.4m) on revenue down 5% to £83.5m. Underlying revenues, excluding Kitimat and CESP projects, were 2% ahead, continuing the outperformance against the UK construction market over recent years. Strong performance from Rainwater & Drainage brands and Timloc. Roofing businesses returned to profit. Momentum is building in export markets for Solar Shading and Construction Products.
- **Engineering Products** halved operatingloss to £0.2m on revenue up 5% to £31m. Alumasc Precision Components is now broadly EBITDA break-even but, in view of a tough trading environment with large OEM customers, recovery back to operating profit will take longer than anticipated. Dyson Diecastings had another record year with operating profits of over £1m, benefiting from a more diverse customer base in premium automotive and other industrial markets.
- **Net debt** of £7.7m at the year end, was unchanged on 30 June 2013, despite reversal of payments in advance on construction contracts, reflecting strong operating cash flows. Average net debt

for the year was the lowest since 2007.

- **Proposed final dividend** of 2.8p, an increase of 12%, with the Board confirming its previous intention of growing future dividends in line with earnings.

Paul Hooper, Chief Executive, commented:

"*...with the strength of Alumasc's niche market positions and management teams, and with our ongoing investment in innovation, new product development and increasing export sales opportunities, Alumasc is well positioned to further grow its building products activities and improve shareholder value from its Engineering Products division.*"

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Strategic Report

Chairman's Statement

Results

Alumasc continued to build on the recovery of the prior year, growing underlying profit before tax to £6.3 million (2013: £5.9 million), the highest for five years and in line with our expectations. This reflects a continuing out-performance by the group's Building Products division against the background of modest growth in UK construction activity.

The growth in profit was matched by another strong cash performance. As a result, the Board is recommending a final dividend of 2.8 pence per share (2013: 2.5 pence), to give a total for the year of 5 pence (2013: 4.5 pence), an increase of 11%.

Trading

The underlying operating profit from our Building Products division of £8.3 million (2013: £8.4 million) was a good result in the light of market conditions and the greater contribution from major construction projects in the prior year. While the much publicised recovery in new-build housing was a welcome boost, the group's major commercial market place did little more than stabilise in the UK during the year and remains some 30% below the pre-recession level of 2008.

Our Engineering Products division reduced operating losses further, from £0.5 million in 2013 to £0.2 million in 2014, but failed to achieve the targeted return to profitability. This was despite another excellent performance by Dyson Diecastings and generally more favourable market demand. There was further progress in the recovery at Alumasc Precision Components, not least in its service to customers.

Strategy

For a number of years, the strategy of Alumasc has been to optimise the performance of each business while seeking actively to grow our presence in the markets for sustainable building products. The financial crisis, still felt by many sectors of the UK economy after six years, has had an inevitable impact on our progress. Despite this, there are references elsewhere in this Strategic Report to the consistent management actions taken in recent years to develop and innovate our products and markets, while strengthening our management teams, and to the outperformance achieved as a result.

Against this backdrop, it is pleasing to observe a general improvement in the prospects for the large majority of our businesses. This is a welcome development as the Board refreshes its appraisal of where the best opportunities lie for directing our resources in building value for shareholders and may lead to an acceleration and focusing of our strategy for growth, discussed in greater detail later in this review.

Board

Keith Walden, who stepped in to be Chairman of Alumasc Precision Limited two years ago, retires from the Board following the announcement of these results. I am immensely grateful to Keith for his support during this period and his continuing presence as a non-executive director of the Engineering division will be greatly appreciated.

I am delighted to announce the appointment of David Armfield to the Board of The Alumasc Group, with effect from 1 October 2014. David began his career as a solicitor at Wilde Sapte, moved to Lehman Brothers in its Investment Banking group in 1987 and later became a Partner at PwC, where he led their Industrial Corporate Finance Team. With his increasing specialisation in the emerging fields of the Cleantech Industry and Renewable Energy, David became a founding partner of Kinetix Corporate Finance LLP, established in 2010 to provide corporate finance services to businesses seeking to grow in these fields. I am certain that David's experience will be of great value to the group in the pursuit of its growth ambitions.

Prospects

There is evidence that the recovery in demand in the UK construction sector is becoming more widespread. In particular, the private commercial sector is forecast to grow steadily from its still diminished base. This will benefit the group and will hopefully be complemented by an equally steady growth in specification for our products in export markets. Against this background, it is reasonable to look for further progress in the coming year.

John McCall
Chairman

Chief Executive's Strategic and Performance Overview

Strategic overview

Alumasc's strategic priorities are to:

- continue to invest in and grow our market leading portfolio of building products businesses, both organically and through acquisition; and
- continue to improve shareholder value from the Engineering Products division.

In the light of generally improving prospects, the Board is refreshing its appraisal of where Alumasc's best opportunities lie for directing our resources in building value for shareholders. This may lead to further focusing of our strategy for growth as described in more detail in the pages that follow.

Key features of the business model for Alumasc's building products activities, which represent approximately 75% of group revenues, are:

- strong positioning in sustainable building products markets which, combined with high quality management teams and a devolved operating model, is allowing us consistently to outperform growth rates in the UK construction market;

- success in expanding our Building Products division through:

  (a) extending our international reach as evidenced by a growing underlying trend of export sales (in 2013/14, exports amounted to some 13% of divisional sales, with enquiries for export contracts at record levels at the year end); and

(b) investing in innovation and new product development as described further in this statement;

- we continue to invest in people and innovation to underpin delivery of the medium to longer term growth potential of our business. The associated average annual charge absorbed within our operating profit over the last five years amounted to £0.6 million with a similar investment planned for our 2014/15 financial year.

Health and safety

The group's number one priority continues to be providing a safe place of work for our employees. Progress has been made during the year in ensuring our strong health and safety ethos is fully embedded throughout our businesses. Our principal health and safety KPI, the performance rate index, was 4.9 versus 3.5 in the previous year. This increase was mainly due to a specific incident in the Engineering Products division which resulted in a number of days being lost earlier in the year. However the 2013/14 PRI result was better than two years ago and in previous years and is therefore consistent with the longer term trend of improvement in the group's health & safety performance over time. We were successful in increasing the reporting of near miss incidents throughout the group during the year and we are using this information to take action to prevent potential future accidents. We have also taken specific action to update and strengthen risk assessments, safe systems of work and training in those areas of our businesses judged to be those capable of causing the most serious accidents.

Performance overview

	2013/14	2012/13
Revenue (£m)	**113.4**	116.8
Underlying operating profit (£m)	**6.8**	6.6
Underlying operating margin (%)	***6.0***	*5.7*
Net interest on borrowings (£m)	**(0.5)**	(0.7)
Underlying profit before tax (£m)	**6.3**	5.9
IAS19 (revised) pension interest, brand amortisation and non-recurring items (£m)	**(1.2)**	(3.1)
Profit before tax (£m)	**5.1**	2.8

The Board is pleased to report the group's highest annual profit for five years. Underlying profit before tax advanced to £6.3 million compared with £5.9 million last year and statutory profit before tax increased substantially to £5.1 million (2012/13: £2.8 million).

This result was underpinned by strong growth in our "early cycle" building products businesses as the UK construction market began to recover, particularly those businesses serving the house building and refurbishment markets, and by a reduction in operating losses in our Engineering Products division. Underlying profit before tax was also assisted by reduced bank interest costs, as Alumasc's average level of net borrowings was the lowest since the acquisition of Levolux in 2007. Statutory profit before tax benefited from lower non-recurring charges in 2013/14, as described further below.

Group revenues reduced to £113.4 million (2012/13: £116.8 million) mainly as a result of a lower level of activity on the significant £13 million aluminium smelter refurbishment project at Kitimat in Canada, where our works are now drawing towards completion, and the non-repeat of high prior year sales of insulated renders to Community Energy Savings Plan ("CESP") projects that ceased early in 2013. Excluding the impact of these projects, the remaining Building Products divisional revenues grew by 2%. Engineering Products revenues increased by 5% overall to £31.0 million (2012/13: £29.4 million), following customer de-stocking in the prior year.

Across the group, operating margins advanced by 0.3 percentage points compared to the prior financial year, mainly as a result of management action taken to eliminate prior year operating losses in our roofing business and to reduce operating losses in the Engineering Products division. Margins also benefited from successful execution of the large Kitimat project and from strong performances in our Rainwater, Drainage and Timloc businesses, described further in the review of operations below. Together, this led to an improvement in Building Products' divisional underlying operating margins to 10.0% (2012/13: 9.5%).

The group's underlying operating profit increased to £6.8 million (2012/13: £6.6 million). In view of the lower Kitimat activity and revenues from Energy Company Obligation ("ECO") projects falling well short of prior year sales to CESP projects, the Building Products division performed well overall in almost matching prior year operating profits of £8.4 million, thereby achieving management's expectations set at the beginning of the financial year. Engineering Products divisional operating losses reduced from £0.5 million to £0.2 million, with another strong performance from Dyson Diecastings and the benefit from some additional direct sales in China.

Interest costs on borrowings reduced by £0.2 million to £0.5 million with average levels of net debt on a cleared funds basis reducing from £13.7 million in the prior financial year to £11.1 million in 2013/14.

The resultant group underlying profit before tax improved to £6.3 million (2012/13: £5.9 million).

A reconciliation of underlying to reported profit before tax is shown in the financial review below.

Reported profit before tax of £5.1 million was a significant improvement on the prior year's £2.8   million, mainly due to the non-repeat of £0.8 million of restructuring and acquisition costs and the £0.6 million impairment charge in the prior year.

Group cash generation for the year was again strong with group

EBITDA (earnings before interest, tax, depreciation and amortisation) amounting to £9.0 million. A more detailed review of the group's cash flow performance is provided in the financial review below.

Earnings per share

Underlying earnings per share improved from 12.3 pence in 2012/13 to 13.3 pence, reflecting the higher underlying profit before tax combined with a reduction in the underlying tax rate from 26% to 24%, broadly in line with the reduction in UK corporation tax rates. The average number of shares in issue was unchanged in the year.

Reported earnings per share more than doubled from 5.3 pence to 11.3 pence, again reflecting higher profit before tax at a reduced tax rate.

Future Prospects

Group order books began to rise again in the final quarter of the financial year driven by an uplift in orders for building products. This trend has continued to date in the current financial year. External industry forecasts for UK construction activity are for further recovery and growth.

Against this background, with the strength of Alumasc's niche market positions and management teams, and with our ongoing investment in innovation, new product development and increasing export sales opportunities, Alumasc is well positioned to further grow its building products activities and improve shareholder value from its Engineering Products division.

Dividends

In view of the improved group results for the year and strong cash generation, the Board is proposing an increased final dividend of 2.8 pence per share (2012/13: 2.5 pence), to be paid on 5 November 2014 to shareholders on the register on 10 October 2014. This would give a total dividend for the year of 5.0 pence per share (2012/13: 4.5 pence). More broadly, the Board confirms its previous intention to grow the dividend in conjunction with future earnings growth, having regard to the cash required to invest in the business to support delivery of the group's strategic growth potential and its pension scheme funding commitments.

Review of operations

Building Products division

The performance of the division in the year benefited from:

- strategic actions taken by our management teams to grow market share through the introduction of new products and services and the penetration of export markets; and
- the initial stages of a broader recovery in UK construction activity which benefited our Rainwater, Drainage and House Building Products business segment, in particular, during the year.

Solar Shading and Screening

With UK new build commercial construction levels still over 30% below their peak in 2008, Levolux had a relatively quiet year, particularly outside London. In preparation for the anticipated upturn in activity, the opportunity was taken to consolidate certain management functions in the UK, strengthen regional sales teams and invest further to develop the significant international potential we see for this business. Levolux's largest construction project during the year was to supply and install a sophisticated solar shading system incorporating photovoltaic panels to a high profile non-commercial building in central London. Our works on this project were originally expected to be complete in April. However, delays beyond our control have resulted in completion moving to Autumn 2014. This major project will be followed later in the 2014/15 financial year by another multi-million pound, high profile project at Chiswick Park in West London. Levolux's strategy to grow export sales, particularly in North America, the Middle East and France, began to gain traction with enquiry levels and order books for export projects going into the current financial year reaching new record levels.

Roofing and Walling

Our roofing business had a much improved year with its strategy of increased penetration of refurbishment markets, spearheaded by the resurgent Euroroof waterproofing brand and growing sales in London and the South East being rewarded by a double digit percentage growth in year on year revenues and the elimination of prior year operating losses. The group's smaller roofing brands, Blackdown and Roof-Pro, were successfully integrated into the wider roofing business, yielding both revenue and cost synergies. Blackdown Greenroofs had a much better year, including the successful delivery of two very large projects: the SSE Hydro Arena in Glasgow ahead of the Commonwealth Games, and Greenwich University. Towards the end of the year, a new lower cost and more generic roofing services support system, Surefoot, was launched targeting simpler roofing applications. This will broaden the product range and complement the bespoke Roof-Pro Systems solution. Enquiry levels and order books were strong across our roofing brands as we entered the current financial year. This included some work that had been delayed, again beyond our control, from the final quarter of the 2013/14 financial year.

The £13 million project to supply roofing and walling products to the Kitimat smelter refurbishment in Canada has been a great success and a significant project for the group over the last two years. Alumasc's original project was substantially complete by the financial year end. However, further work was won last Spring, which is now anticipated to extend our involvement on site until early 2015.

Our walling business, Alumasc Insulated Renders, performed with great resilience and delivered another strong performance, despite a volatile and unpredictable market background where government and energy company funding for exterior wall insulation projects was reduced following the Chancellor's Autumn statement in 2013. The impact was that revenues from ECO-funded schemes during the year neither attained the levels originally anticipated nor came close to matching prior year revenues from the predecessor CESP programme. In these circumstances, our existing strategy of diversifying sales away from those areas reliant on government funding proved to be sound. Opportunities in the commercial new build market were exploited and were assisted by the launch of the new Alumasc Base Coat product and the Alumasc Vented System which helped us to win work in refurbishing and improving the insulation of timber-framed and pre-fabricated homes.

Construction Products

Gatic had a strong year in the UK market, including the completion of a large project at the London Gateway port development, enabling the business to perform well overall. This was despite the absence of any large projects in the Far East that had contributed to the record prior year. The year benefited from recent investments in new product development, with impressive growth in sales of the ProSlot product launched last year. A new grated drainage system is now developed and tested, and will be ready for launch in the USA later in 2014. International sales were somewhat muted during the year with little activity in the Southern European markets, where Gatic Slotdrain has a strong market positioning, and a temporary lull in project activity at ports and airports in our Far Eastern markets. However, there are increasing early signs of success for Gatic Slotdrain in the USA, with order intake improving towards the end of the financial year and we are now seeing a number of opportunities to win work in the Middle East. After the financial year end, a multi million US dollar project was secured at Doha port.

Our scaffolding and safety equipment business, SCP, had an excellent year, leveraging more buoyant UK construction market activity through a widened product range including ladders, beams, scaffold gates, scaffold sheeting and netting, and also a broadening of routes to market including on-line sales.

Rainwater, Drainage and House Building Products

This business segment recorded an underlying operating profit of over £3 million, representing a year on year increase in profit of over 50%. This success was attributable to a combination of management's successful execution of strategic growth plans including new product launches, broadening of routes to market (including the successful acquisition of Rainclear Systems in December 2012) and the uplift in new house building activity in the UK.

Alumasc Rainwater achieved success in exploiting new sales opportunities for contemporary and bespoke products, including the Skyline range and supporting this with shorter lead times, in part enabled by a more flexible manufacturing and fabrication operation at our factory near Kettering. The product offering was further enhanced by the launch of the new AX gutter range earlier in the financial year and also steel rainwater products added to the product range following the acquisition of Rainclear. Rainclear itself had a highly successful first full year in the group and exceeded all its post-acquisition earn out targets. This business is now poised for greater success including further development of its on-line offering.

The Harmer drainage brand continued its recent resurgence and is now starting to benefit from the launch of a new floor drainage range during the year including the addition of stainless steel products intended to exploit sales opportunities in clean room environments, such as catering. The performance of this business was further enhanced by success in a number of school and hospital projects, where SML products were specified.

Timloc, our house building products business, had yet another record performance with actions taken by the management team over recent years, including strengthening the sales team, particularly in London and the South East and an improved marketing and sales focus enabling us to leverage the recovery in UK house building activity and maximise other channel opportunities. Investments in tooling, factory capacity and new product development are being made to enable Timloc to further enhance its reputation for excellent customer service to meet the forecast increased construction market demand.

Pendock, the group's pre-formed plywood casing business, also had a successful year growing revenues and profit and further enhancing operational efficiencies, an achievement which is of great credit to the local management team.

Engineering Products Division

Divisional revenues grew by 5% to £31.0 million and divisional operating losses were more than halved to £0.2 million compared with the prior year. In addition, the division delivered a positive cash flow performance in the year. The division comprises two businesses, Alumasc Precision Components ("APC") and Dyson Diecastings.

A key focus of the group in the last two years has been to recover profitability at APC. Investments have been made to strengthen management and in new plant and equipment, whilst eliminating loss making and peripheral work, to enable us to deliver better quality and service to customers, thereby improving operational efficiency and returns to shareholders. Considerable progress has been made and the improvement in customer service and quality in the last twelve months has been a particular highlight. However, the business continues to face margin pressures as our large OEM customers strive to achieve their own business objectives in a highly competitive marketplace during a period when Sterling strengthened. Therefore, whilst APC has recently been operating at around EBITDA breakeven levels, it is taking longer than previously anticipated to return to positive operating profits.

Dyson Diecastings remains an excellent business with a strong engineering, design and tool room capability. 2013/14 was another impressive year for Dyson, in which operating profits of over £1 million were recorded. Dyson has a broader customer base, with a greater range of end use applications for its products than is the case at APC. It offers smaller components, where the quality and finish of the part can be a key differentiator.

Paul Hooper

Chief Executive

Financial Review

Financial KPI's

The group's financial KPIs are summarised in the table below, together with comment on their year on year evolution.

Financial KPI	2013/14	2012/13	Comment/explanation
Year end group order books (£m)	**36.8**	44.0	Building Products order books began to grow again in Q4 2013/14. Year end order book schedules for Alumasc Precision Components were some 20% lower.
Group revenues (£m)	**113.4**	116.8	Non-repeat of some Kitimat and CESP project revenues in 2013/14
Underlying operating margin %	**6.0**	5.7	Improvement driven mainly by elimination of prior year losses in Roofing activities and reduced losses in Engineering Products
Underlying Profit Before Tax (£m)	**6.3**	5.9	Growth in operating profit, reduced bank interest charges
Underlying Earnings Per Share (pence)	**13.3**	12.3	Growth in underlying profit before tax, lower underlying group tax rate
Average trade working capital % sales - excluding Kitimat	**12.2**	12.1	No significant change following a substantial reduction over recent years
Net cash inflow (£m)	**-**	5.5	Significant payments in advance on constructions contracts, including Kitimat, received in 2012/13 reversed in 2013/14
Year end net debt (£m)	**7.7**	7.7	Neutral net cash flow for the 2013/14 year
Year end shareholders' funds (£m)	**17.0**	22.4	Reduced due to a higher IAS19 pension deficit in 2013/14
Return on investment (post-tax) (%)	**13.4**	12.2	ROI grew in conjunction with improved operating profit on similar levels of capital invested
Underlying EBITDA interest cover (times) - banking covenant > 4 times	**17.2**	12.0	Improved mainly due to lower bank interest costs
Net debt/underlying EBITDA (times) - banking covenant	**1.0**	1.0	No material change

Cash flow and net debt

The group's cash flow performance is summarised in the table below. Year end net debt of £7.7 million remained unchanged when compared to the prior year end, but the average level of net debt during the year improved by £2.6 million and was the lowest since the acquisition of Levolux in 2007.

Cash generation was strong with group EBITDA reaching £9 million for the second year in succession. Tight control was maintained over working capital with the net investment in working capital required to finance higher sales during the year (excluding Kitimat) amounting to £0.4 million. Average trade working capital as a percentage of sales (excluding Kitimat) remained broadly stable at 12.2%.

Capital expenditure of £1.5 million was just ahead of prior year levels. Investments were made to expand capacity in businesses where we are experiencing strongest growth, in particular Alumasc Rainwater, Harmer Drainage, Timloc and Gatic, together with more routine replacement of assets across the group. In addition, the group continues to invest in business systems to improve management information, operational efficiency, and the robustness of processes and controls across the group. Capital spend was below the level of the annual charge for depreciation and non-brand amortisation of £2.2 million, as investment at APC was focused on areas necessary to support the turnaround in view of the ongoing operating losses in that business.

Summarised Cash Flow Statement

	2013/14 £m	2012/13 £m
EBITDA*	**9.0**	9.2
Underlying change in working capital	**(0.4)**	1.7
Cash received in advance of profit recognised on construction contracts	**(1.1)**	1.8
Operating cash flow	**7.5**	12.7
Capital expenditure	**(1.5)**	(1.4)
Pension deficit & scheme expenses funding	**(2.4)**	(2.3)
Interest	**(0.5)**	(0.7)
Tax	**(1.1)**	(0.3)
Dividends	**(1.7)**	(1.1)
Reorganisation costs	**-**	(0.9)
Acquisitions, disposals & other	**(0.3)**	(0.5)
Reduction in net debt	**-**	5.5

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

Reconciliation of underlying to reported profit before tax

	2013/14 £m	2012/13 £m
Underlying profit before tax	**6.3**	5.9
IAS19 (revised) pension costs	**(0.9)**	(1.4)
Brand amortisation	**(0.3)**	(0.3)
Restructuring & acquisition costs	**-**	(0.8)
Impairment charge	**-**	(0.6)
Reported profit before tax	**5.1**	2.8

Pensions

The group concluded negotiations with the Pension Trustees with regard to the 2013 triennial actuarial valuation of the group's two defined benefit pension schemes, both of which are closed to future accrual. The result of this review was largely as anticipated at the time of our interim report. In view of the significant reduction in gilt yields used to discount pension liabilities to present values in the period between the previous triennial review in March 2010 and the latest review in March 2013, and their partial subsequent recovery, the Trustees allowed the use of average yields in the period January to March 2014 in determining the level of pension deficit to be used for recovery plan purposes. This resulted in a deficit of £26.3 million (2010: £11.5 million). In view of the increase, the company agreed to raise annual cash contributions to the schemes from £2.0 million pa to £2.5 million pa with effect from 1 July 2014. The consequential deficit recovery plan period increased to thirteen years and seven months from 1 July 2014. In addition, the company will continue to meet pension fund scheme running expenses, including the payment of the annual Pension Protection Fund levy which, together, typically amount to circa £0.5 million pa.

Meanwhile, the group's pension deficit calculated under IAS19 conventions for accounting purposes increased during the year to £17.9 million (30 June 2013: £10.1 million). This reflects the reduction in AA corporate bond yields which are used to discount future pension liabilities to present values under IAS19's methodology, where each 10 basis point change in yields impacts the present value of the group's pension liabilities (up or down) by £1.4 million.

The reduction in the risk premium between corporate bond and gilt yields during our 2013/14 financial year is the main reason why the present value of pension liabilities for accounting purposes increased under IAS19 whilst those for triennial review purposes reduced during the year.

With effect from 1 July 2014, all group employees based in the UK who had qualifying earnings within the bands set out in the relevant legislation now participate in a defined contribution workplace pension scheme unless they have opted not to do so.

Capital structure, capital invested and shareholders' funds

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

Capital invested remained broadly stable during the year at just under £40 million. Post tax returns on investment continued to grow in line with group operating profits from 12.2% in 2012/13 to 13.4% in 2013/14.

Period end shareholders' funds reduced from £22.4 million a year ago to £17.0 million, largely as a result of the increased pension deficit calculated under IAS19, described above.

The group's balance sheet remains strong, with around £10 million of headroom between drawn debt and committed banking facilities at the year end, that could be used to finance acquisitions in the Building Products division should suitable opportunities arise at the right price.

Going concern

The Board's assessment of going concern is set out in note 1 to this statement.

Impairment reviews

The Board conducted impairment reviews covering 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. No impairments were identified. Further information on the impairment reviews is given in the Audit Committee Report within the group's annual report.

Business risk and internal control

A summary of the group's principal risks and mitigating controls is set out later in this statement.

As evidenced by the results of internal and external audits, the group's internal financial controls strengthened further during the year.

Work is ongoing to improve day to day inventory control and to refine costings in the Engineering Products businesses, but risks to the balance sheet and reported financial results are mitigated by full monthly stock takes.

Andrew Magson
Group Finance 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 Strategic Report and the Directors' Report include 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	**Andrew Magson**
Chief Executive	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 2014 which will be despatched to shareholders on or around 1 October 2014 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 2014

		2013/14			2012/13 (re-stated)*		
			Non-underlying			Non-underlying	
	Notes	Underlying £'000	£'000	Total £'000	Underlying £'000	£'000	Total £'000
Revenue	4	**113,402**	**-**	**113,402**	116,769	-	116,769
Cost of sales		**(82,778)**	**-**	**(82,778)**	(86,087)	-	(86,087)
Gross profit		**30,624**	**-**	**30,624**	30,682	-	30,682
Net operating expenses before non-underlying items		**(23,846)**	**-**	**(23,846)**	(24,033)	-	(24,033)
Brand amortisation	5	**-**	**(268)**	**(268)**	-	(273)	(273)
IAS19 (revised) - pension scheme administration costs	5	**-**	**(452)**	**(452)**	-	(400)	(400)
Restructuring and acquisition costs	5	**-**	**-**	**-**	-	(814)	(814)
Impairment	5	**-**	**-**	**-**	-	(625)	(625)
Net operating expenses		**(23,846)**	**(720)**	**(24,566)**	(24,033)	(2,112)	(26,145)
Operating profit	4	**6,778**	**(720)**	**6,058**	6,649	(2,112)	4,537
Finance income		**10**	**-**	**10**	16	-	16
Finance expenses		**(531)**	**(448)**	**(979)**	(783)	996)	(1,779)
Profit before taxation		**6,257**	**(1,168)**	**5,089**	5,882	(3,108)	2,774
Tax (expense)/income	6	**(1,514)**	**466**	**(1,048)**	(1,512)	624	(888)
Profit for the year		**4,743**	**(702)**	**4,041**	4,370	(2,484)	1,886

* Pension costs in 2012/13 have been re-stated in accordance with IAS19 (revised), which became effective this financial year.

Other comprehensive income		**2013/14**	2012/13 (re-stated)
	Notes	**£'000**	£'000
Items that will not be recycled to profit or loss:			
Actuarial (loss)/gain on defined benefit pensions		**(9,350)**	3,597
Tax on actuarial loss/(gain) on defined benefit pensions	**6**	**1,618**	(924)
		(7,732)	2,673
Items that are or may be recycled subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		**(70)**	5
Exchange differences on retranslation of foreign operations		**(19)**	15
Tax on cash flow hedge	**6**	**20**	5
		(69)	25
Other comprehensive (loss)/income for the year, net of tax		**(7,801)**	2,698
Total comprehensive (loss)/income for the year, net of tax		**(3,760)**	4,584

Earnings per share		**Pence**	Pence
Basic earnings per share	**8**	**11.3**	5.3
Diluted earnings per share	**8**	**11.2**	5.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2014

	Notes	**2014 £'000**	**2014 £'000**	2013 £'000	2013 £'000
Assets					
Non-current assets					
Property, plant and equipment		**12,039**		12,872	
Goodwill		**16,488**		16,488	
Other intangible assets		**2,770**		2,976	
Financial asset investments		**17**		17	
Deferred tax assets	**6**	**3,584**		2,314	
			34,898		34,667
Current assets					
Inventories		**12,523**		12,131	
Biological assets		**171**		163	
Trade and other receivables		**23,693**		23,529	
Cash and cash equivalents		**2,224**		9,147	
Income tax receivable		**40**		63	
Derivative financial assets			**38,651**		45,033
Total assets			**73,549**		79,700
Liabilities					
Non-current liabilities					
Interest bearing loans and borrowings		**(9,890)**		(16,834)	
Employee benefits payable		**(17,922)**		(10,062)	
Provisions		**(1,047)**		(572)	
Deferred tax liabilities	**6**	**(1,220)**		(1,515)	
			(30,079)		(28,983)
Current liabilities					
Trade and other payables		**(25,694)**		(27,162)	
Provisions		**(221)**		(528)	
Income tax payable		**(445)**		(584)	
Derivative financial liabilities		**(68)**		-	
			(26,428)		(28,274)
Total liabilities			**(56,507)**		(57,257)
Net assets			**17,042**		22,443
Equity					
Called up share capital		**4,517**		4,517	
Share premium	**9**	**445**		445	
Capital reserve - own shares	**9**	**(618)**		(618)	
Hedging reserve	**9**	**(62)**		(12)	
Foreign currency reserve	**9**	**32**		51	
Profit and loss account reserve		**12,728**		18,060	
Total equity			**17,042**		22,443

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 June 2014

	2013/14	2012/13 (re-stated)
	£'000	£'000
Operating activities		
Operating profit	**6,058**	4,537
Adjustments for:		
Depreciation	**2,059**	2,331
Amortisation	**381**	543
Impairment	**-**	625
Gain on disposal of property, plant and equipment	**(3)**	(67)
(Increase) / decrease in inventories	**(394)**	2,236
Increase in biological assets	**(8)**	(72)
(Increase) / decrease in receivables	**(164)**	3,188
Decrease in trade and other payables	**(998)**	(1,835)
Movement in provisions	**168**	15
Cash contributions to retirement benefit schemes	**(1,992)**	(1,992)
Share based payments	**34**	-
Cash generated from operations	**5,141**	9,509
Tax paid	**(1,114)**	(267)
Net cash inflow from operating activities	**4,027**	9,242
Investing activities		
Purchase of property, plant and equipment	**(1,319)**	(1,476)
Payments to acquire intangible fixed assets	**(175)**	(43)
Proceeds from sales of property, plant and equipment	**10**	83
Acquisition of subsidiary, net of cash acquired	**(320)**	(399)
Interest received	**10**	16
Net cash outflow from investing activities	**(1,794)**	(1,819)
Financing activities		
Interest paid	**(465)**	(764)
Equity dividends paid	**(1,675)**	(1,069)
Repayment of amounts borrowed	**(7,000)**	(3,000)
Net cash outflow from financing activities	**(9,140)**	(4,833)
Net (decrease) / increase in cash and cash equivalents	**(6,907)**	2,590
Net cash and cash equivalents brought forward	**9,147**	6,550
Effect of foreign exchange rate changes	**(16)**	7
Net cash and cash equivalents carried forward	**2,224**	9,147
Net cash and cash equivalents comprise:		
Cash and cash equivalents	**2,224**	9,147

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

	Notes	Share capital	Share premium	Capital reserve - own shares	Hedging reserve	Foreign currency reserve	Profit and loss account reserve	Total equity
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2012		4,517	445	(618)	(22)	36	14,570	18,928
Profit for the period		-	-	-	-	-	1,886	1,886

Exchange differences on retranslation of foreign operations		-	-	-	-	15	-	15
Net gain on cash flow hedges		-	-	-	5	-	-	5
Tax on derivative financial liability		-	-	-	5	-	-	5
Actuarial gain on defined benefit pensions, net of tax		-	-	-	-	-	2,673	2,673
Dividends	7	-	-	-	-	-	(1,069)	(1,069)
At 1 July 2013		4,517	445	(618)	(12)	51	18,060	22,443
Profit for the period		**-**	**-**	**-**	**-**	**-**	**4,041**	**4,041**
Exchange differences on retranslation of foreign operations		**-**	**-**	**-**	**-**	**(19)**	**-**	**(19)**
Net loss on cash flow hedges		**-**	**-**	**-**	**(70)**	**-**	**-**	**(70)**
Tax on derivative financial liability		**-**	**-**	**-**	**20**	**-**	**-**	**20**
Actuarial loss on defined benefit pensions, net of tax		**-**	**-**	**-**	**-**	**-**	**(7,732)**	**(7,732)**
Dividends	7	**-**	**-**	**-**	**-**	**-**	**(1,675)**	**(1,675)**
Share based payments		**-**	**-**	**-**	**-**	**-**	**34**	**34**
At 30 June 2014		**4,517**	**445**	**(618)**	**(62)**	**32**	**12,728**	**17,042**

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 2014, 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 Strategic Report. The financial position of the group, its cashflows and liquidity position are set out in the group's full audited financial statements for the year ended 30 June 2014.

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 (2013: £7.7 million).

On the basis of the group's financing facilities, pension deficit recovery plan, commitments 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, the measurement and valuation of defined benefit pension obligations and, to a lesser degree, recognition of revenues and profit on construction contracts.

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, mortality rates and the selection of a suitable discount rate.

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's portfolio of 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 most 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 introduced last year. • Innovation and new product development workshops held regularly 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 and market risks ***Comment*** *Alumasc is a UK-based group of businesses and the UK construction sector contracted significantly in size during the recent recession. Construction forecasts now anticipate some recovery.*	• 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 and France). • Increase sales to the more resilient building refurbishment (relative to new build) markets. • Increase mix of UK sales towards the stronger London & South East regional markets.
Risk of loss of customers.	• 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.
International Business Development risk ***Comment*** *International business development plans might take longer to succeed than initially anticipated or, in some instances, not succeed as intended.*	• Group board involvement in export development programme planning and monitoring. • Monthly agenda item (where relevant) in Operating Company board meetings. • Employ people with knowledge of both local markets and our products/systems. • Take appropriate UK and local professional advice. • Regular monitoring/tracking of progress against plans and forecasts, adapting management action accordingly.

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 and 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 and safety risks are inherently higher in the Engineering Products businesses, particularly foundry operations, and this is an area of specific focus.

• Health and 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 and safety best practice days are held twice a year and chaired by the Chief Executive.
• Annual audit of health and safety in all group businesses by independent consultants.
• Specific focus on improving health and safety in foundry environments and higher risk operations.
• All safety incidents and near misses reported monthly.

Product warranty/recall risks

Comment
The group has a good track record with regard to the management of these risks and does not have a history of significant claims.

• Robust 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, where available.
• 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, certain 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 and, where possible, foreign exchange 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.*	• Ensure use of proven, reliable software solutions and implementation consultants with industry specific track record of success. • Implementation projects are governed by Steering Committees 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 implementation risk is judged to be too high.
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.*	• 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 are therefore generally lower risk. • Large export contracts are backed by letters of credit, performance bonds, guarantees 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 aged debt reports are reviewed in monthly Board meetings.

Additional Building Products' risks

Risks	Mitigating actions taken

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, which are reviewed regularly.

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 Alumasc's largest customer.*	• 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, wherever possible, 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.

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 2013/14

		Revenue		
	External £'000	Inter-segment £'000	Total £'000	Segmental Operating Result £'000
Solar Shading & Screening	16,339	-	16,339	507
Roofing & Walling	26,927	-	26,927	2,929
Energy Management	**43,266**	**-**	**43,266**	**3,436**
Construction Products	15,534	-	15,534	1,676
Rainwater, Drainage & Other	24,626	60	24,686	3,196
Water Management & Other	**40,160**	**60**	**40,220**	**4,872**
Building Products	**83,426**	**60**	**83,486**	**8,308**
Alumasc Precision	29,976	1,068	31,044	(198)
Engineering Products	**29,976**	**1,068**	**31,044**	**(198)**
Elimination / Unallocated costs	-	(1,128)	(1,128)	(1,332)
Total	**113,402**	**-**	**113,402**	**6,778**

	£'000
Segmental operating result	6,778
Brand amortisation	(268)
IAS19 (revised) - pension scheme administration costs	(452)
Total operating profit	**6,058**

			Capital expenditure			
	Segment Assets £'000	Segment Liabilities £'000	Property, Plant & Equipment £'000	Other Intangible Assets £'000	Depreciation £'000	Amortisation £'000
Solar Shading & Screening	17,914	(4,818)	16	50	49	168
Roofing & Walling	12,387	(6,208)	203	12	132	10
Energy Management	**30,301**	**(11,026)**	**219**	**62**	**181**	**178**
Construction Products	7,291	(2,947)	211	97	176	38
Rainwater, Drainage & Other	13,095	(5,319)	378	7	460	133
Water Management & Other	**20,386**	**(8,266)**	**589**	**104**	**636**	**171**
Building Products	**50,687**	**(19,292)**	**808**	**166**	**817**	**349**

Alumasc Precision	16,791	(6,643)	424	8	1,017	19
Engineering Products	**16,791**	**(6,643)**	**424**	**8**	**1,017**	**19**
Unallocated	6,071	(30,572)	1	1	225	13
Total	**73,549**	**(56,507)**	**1,233**	**175**	**2,059**	**381**

Analysis by reportable segment 2012/13

	Revenue			Segmental Operating Result
	External £'000	Inter-segment £'000	Total £'000	£'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 & Other	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 costs	(814)
IAS19 (revised) - pension scheme administration costs	(400)
Impairment	(625)
Total operating profit	**4,537**

			Capital expenditure			
	Segment Assets £'000	**Segment Liabilities £'000**	**Property, Plant & Equipment £'000**	**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 & Other	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 geographical segment 2013/14

	United Kingdom £'000	**Europe £'000**	**North America £'000**	**Middle East £'000**	**Far East £'000**	**Rest of World £'000**	**Total £'000**
Sales to external customers	**91,607**	**9,003**	**7,642**	**1,795**	**2,342**	**1,013**	**113,402**
Segment non-current assets	**31,279**	**-**	**-**	**-**	**35**	**-**	**31,314**

Analysis by geographical segment 2012/13

	United Kingdom £'000	Europe £'000	North America £'000	Middle East £'000	Far East £'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

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 NON-UNDERLYING ITEMS

	2013/14	2012/13 (re-stated)
	£'000	£'000
Brand amortisation	**(268)**	(273)
IAS19 (revised) - pension scheme administration costs	**(452)**	(400)
IAS19 (revised) - net pension scheme finance costs	**(448)**	(996)
Restructuring and acquisition costs	**-**	(814)
Impairment	**-**	(625)
	(1,168)	(3,108)

Restructuring and acquisition costs in the prior year related to both restructuring and redundancy costs and the costs of acquiring Rainclear Systems Limited.

The impairment charge in the prior year of £625,000 related to a partial write down of the carrying value of goodwill in Blackdown Greenroofs. Goodwill relating to Blackdown Greenroofs was reduced from £1,251,000 to £626,000 at 31 December 2012.

6 TAX EXPENSE

(a.) Tax on profit on ordinary activities

Tax charged in the statement of comprehensive income

	2013/14	2012/13 (re-stated)
	£'000	£'000
Current tax:		
UK corporation tax charge	**971**	909
Overseas tax	**30**	40
Amounts over provided in previous years	**(26)**	(21)
Total current tax	**975**	928
Deferred tax:		
Origination and reversal of temporary differences	**249**	1
Rate change adjustment	**(176)**	(41)
Total deferred tax	**73**	(40)
Total tax expense	**1,048**	888
Tax recognised in other comprehensive income		
Deferred tax:		
Actuarial (losses)/gains on pension schemes	**(1,618)**	924
Cash flow hedge	**(20)**	(5)
Tax (credited)/charged to other comprehensive income	**(1,638)**	919

Total tax (credit)/charge in the statement of comprehensive income	**(590)**	1,807

(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 20.6% is lower than (2012/13: 32.0% was higher than) the standard rate of corporation tax in the UK of 22.5% (2012/13: 23.75%). The differences are reconciled below:

	2013/14	2012/13 (re-stated)
	£'000	£'000
Profit before taxation	**5,089**	2,774
Current tax at the UK standard rate of 22.5% (2012/13: 23.75%)	**1,145**	659
Expenses not deductible for tax purposes	**105**	291
Rate change adjustment	**(176)**	(41)
Tax over provided in previous years - corporation tax	**(26)**	(21)
	1,048	888

(c.) Unrecognised tax losses

The group has agreed tax capital losses in the UK amounting to £21 million (2013: £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 (2013: £1 million). These may be offset against the capital losses detailed above, therefore net capital losses carried forward amount to £20 million (2013: £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 2012	1,094	(43)	624	19	1,694	(3,489)
(Credited)/charged to the statement of comprehensive income - current year	(201)	(1)	(89)	-	(291)	251
Debited/(credited) to equity	-	-	-	(5)	(5)	924
Acquired in business combination	2	-	115	-	117	-

At 1 July 2013	895	(44)	650	14	1,515	(2,314)
(Credited)/charged to the statement of comprehensive income - current year	**(171)**	**34**	**(138)**	**-**	**(275)**	**348**
Credited to equity	**-**	**-**	**-**	**(20)**	**(20)**	**(1,618)**
At 30 June 2014	**724**	**(10)**	**512**	**(6)**	**1,220**	**(3,584)**

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 £4.0 million (2013: £4.6 million) have not been recognised in respect of net capital losses of £20 million (2013: £20 million).

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

The Finance Bill 2013, which includes the reduction in the UK corporation tax rate to 21% with effect from 1 April 2014 and to 20% 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 20% substantively enacted at the balance sheet date.

7 DIVIDENDS

	2013/14 **£'000**	2012/13 £'000
Interim dividend for 2014 of 2.2p paid on 8 April 2014	**784**	**-**
Final dividend for 2013 of 2.5p paid on 31 October 2013	**891**	**-**
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
	1,675	1,069

A final dividend of 2.8p per equity share, at a cash cost of £998,000, has been proposed for the year ended 30 June 2014, payable on 5 November 2014. 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:

	2013/14	2012/13 (re-stated)
	£'000	£'000
Profit attributable to equity holders of the parent	**4,041**	1,886
	000s	000s
Basic weighted average number of shares	**35,648**	35,648
Dilutive potential ordinary shares - employee share options	**447**	-
	36,095	35,648

Calculation of underlying earnings per share:

	2013/14	2012/13 (re-stated)
	£'000	£'000
Profit before taxation	**5,089**	2,774
Add: brand amortisation	**268**	273
Add: IAS19 (revised) - pension scheme administration costs	**452**	400
Add: IAS19 (revised) - net pension scheme finance costs	**448**	996
Add: restructuring and acquisition costs	**-**	814
Add: impairment	**-**	625
Underlying profit before taxation	**6,257**	5,882
Tax at underlying group tax rate of 24.2% (2012/13: 25.7%)	**(1,514)**	(1,512)
Underlying earnings	**4,743**	4,370
Basic weighted average number of shares	**35,648**	35,648
Underlying earnings per share	**13.3p**	12.3p

9 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 (2013: 485,171) ordinary own shares held by the company. The market value of shares at 30 June 2014 was £565,224 (2013: £446,357). 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.

10 RELATED PARTY DISCLOSURE

The group's principal subsidiaries are listed below:

Principal subsidiaries	Principal activity	Country of incorporation	% of equity interest and votes held **2014**	2013
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
Alumasc Precision Limited	Engineering 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.

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

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