Annual Financial Report
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Alumasc Group PLC
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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 2015.

Year to 30 June	**2015**	2014	% change
Continuing operations:			
Revenue (£m)	**98.1**	88.9	+ 10
Underlying operating profit (£m)	**9.0**	7.8	+ 16
Underlying profit before tax (£m)*	**8.4**	7.2	+ 16
Underlying earnings per share (pence)*	**18.4**	15.4	+ 19
Profit before tax (£m)	**7.0**	6.0	+ 15
Total group:			
Profit after discontinued operations and tax (£m)	**4.4**	4.0	+ 8
Basic earnings per share (pence)	**12.3**	11.3	+ 9
Dividends per share (pence)	**6.0**	5.0	+ 20
Net cash/(debt) at 30 June (£m)	**0.9**	(7.7)	-

* Underlying profits and earnings from continuing operations are stated prior to the deduction IAS19 pension costs of £1.1 million (2013/14: £0.9 million) and brand amortisation of £0.3 million (2013/14: £0.3 million).

Key points

- Alumasc has accelerated revenue and profit growth following its strategic decision to focus on **Building Products.**
- Earnings enhancing disposals during the year of the loss-making Alumasc Precision Components ("APC") business for £5.8m and the non-core Pendock Profiles business for £1.5m.

- **Building Products** continued to outperform the UK construction market (by an average 3% per annum over the past 5 years) with revenue UP 12% to £90.3m and underlying operating profit UP 23% to £9.8m.
- All building products operating segments improved year on year results.
- **Solar Shading & Screening** profit UP 83% to £0.9m on maintained revenue of £16m. Levolux is continuing to gain traction in North America and, with 30 June order books 19% ahead of last year, should increase revenues and margins in 2016 and beyond.
- **Roofing & Walling** revenue UP 22% to £32.8m and profit UP 28% to £3.8m. Following the appointment of high calibre managers over the past 3 years, **Roofing** has been transformed into a strongly profitable business with sales volume growth achieved from the introduction of new products, systems and solutions, and synergies from the full integration of Blackdown (green roofs) and Roof-Pro (roofing support) with the larger Roofing business. **Facades** had a record year with strong demand in Scotland under the HEEPS funding regime. It is growing new build specification sales.
- **Rainwater, Drainage & Housebuilding Products** revenue UP 11% to £23.9m and profit UP 5% to £3m. A new umbrella brand, Alumasc Water Management Solutions, was launched to encompass the Alumasc Rainwater (gutters and downpipes), Harmer (building drainage) and Gatic (civil drainage) brands. Investment in people and new products drove growth in all areas including a record post-acquisition performance from Rainclear. Capacity constraints experienced in H1 are resolved for now, but anticipated ongoing growth means AWMS and Alumasc Roofing will move to a new £10m purpose built facility near Kettering in 2017. Timloc (house building products) had another record year and will consolidate from two leased sites to one near the M62, also in 2017.
- **Construction Products** revenue UP 13% to £17.6m and profit UP 25% to £2.1m. Gatic had a strong year in domestic and international markets including a major project at Doha Port, and successfully launched new drainage products in the USA. Scaffold and Construction Products again delivered growth in revenue and profit.
- **Group** order books of £26.5m at 30 June 2015 were 27% up on a year ago.
- **20% dividend** increase to 6.0 pence for the year reflects improved performance and prospects.

Paul Hooper, Chief Executive, commented:

"*With our strategic focus and actions being taken to exploit opportunities for organic growth and synergy, Alumasc is increasingly well positioned to benefit from the current forecast growth in both the UK economy and UK* *construction output.*"

Enquiries:

The Alumasc Group plc 01536 383844

Paul Hooper (Chief Executive)
Andrew Magson (Finance Director)

Glenmill Partners Limited 07771 758517
Simon Bloomfield

Strategic Report

Chairman's Statement

Overview

This has been a year of major strategic re-alignment for Alumasc, coupled with a strong trading performance.

Revenue from continuing operations rose by £9.2 million (+10%) to £98.1 million. Underlying profit before tax rose by £1.2 million (+16%) to £8.4 million, building on the improving trend of recent years, and our best performance since 2008.

This improvement, we believe, is further evidence of outperformance by our portfolio of sustainable building products businesses against the welcome background of improving demand from UK construction. We estimate that our building products businesses have outgrown the sector by an average 3% per annum over the past five years.

Following its review of group strategy, the Board initiated the sale of two businesses during the year, which it considered unsuited to its more focused vision for the future. The smaller of the two, Pendock Profiles, sold in September 2014, generated a small trading profit prior to its sale and was sold at a profit to its book value. The much larger of the two, Alumasc Precision Components, continued to make losses until its sale at the close of the financial year, and a loss was incurred upon sale.

After taking full account of the impact of these two sales, basic earnings per share increased by 9% from 11.3 pence to 12.3 pence. The transactions will be earnings enhancing in the coming year.

The disposal of these businesses is viewed by the board as a major step towards the greater focus of group resources in the field of sustainable building products foreshadowed in last year's annual report. It is pleasing that both businesses have found new owners providing a better fit for their particular attributes, and we wish them every success for the future.

The combination of the strong performance outlined above with the sales proceeds from the two business disposals enabled the group to record a small cash surplus at the year-end. This provides an ideal base from which to pursue the development opportunities for our continuing activities referred to later in this report.

Dividends

In view of the trading performance, and consistent with its policy broadly to grow dividend payments in line with profit growth, the Board is recommending a final dividend of 3.5 pence per share (2014: 2.8 pence), giving a total for the year of 6 pence per share (2014: 5 pence), an increase of 20%.

Board

David Armfield, a founding partner of Kinetix Corporate Finance LLP, was appointed a director in October 2014. David has had a 30 year career in the City and, through Kinetix, provides corporate finance advice to the clean technology and environmental sustainability sectors. His insights in these fields and, more generally, sustainable solutions for the built environment, are of real relevance to the group's plans for development.

After a little over six years as a non-executive director, John Pilkington retires from the Board following the announcement of these results. John's contribution and support have been much valued during this period of change and we wish him continued success with his wide-ranging interests.

Strategy

Our central strategy is to develop our market-leading positions in the supply of products and solutions for managing water and energy in buildings. This marketplace embraces both new-build and refurbishment activities and presents some specific opportunities outside Alumasc's UK base. In addition to the continuing drive for organic growth, acquisitions will be considered where they complement this focused development.

The strategic disposal of Alumasc Precision Components necessarily triggers the relocation of certain group business activities to new premises. In addition to providing an opportunity for rationalising several operations, this move will also assist with the commercial opportunity to restructure our approach to the market for our water management product ranges under the banner of Alumasc Water Management Solutions.

Prospects

Alumasc's focus on premium building products for sustainable building, coupled with the steady improvement in the UK economy, have resulted in widespread growth in demand for our product ranges during the past year. This improvement is widely forecast to continue, both generally and in the construction sector. Against this background, and with higher order intake and continuing success in establishing our overseas presence, the Board believes that the group will continue to make progress in the coming year.

John McCall
Chairman

Chief Executive's Strategic and Performance Overview

Strategic overview

Alumasc's strategic objectives are to continue to develop and invest in our market leading building products businesses, primarily through organic growth but also through selective acquisitions. In addition, we will continue to grow and develop Dyson Diecastings by winning new work and improving operational efficiencies.

Over the last year the Board concluded its review of where Alumasc's best opportunities lie for focusing and directing group resources in building value for shareholders. The outcomes were:

1. The decision to focus the group's strategy for future profitable growth on our market leading building products businesses;

2. Strategic reviews of each of our businesses during the year identified a number of exciting opportunities for further organic growth and synergy:

    - Alumasc Rainwater and the existing Harmer and Gatic drainage brands, complemented by the introduction of new products, were combined on 1 July 2015 to form one holistic rainwater and drainage business, Alumasc Water Management Solutions;

    - there is increasing evidence in our order books of the anticipated recovery of Levolux towards mid-cycle revenues and operating margins. This will be leveraged by the development of balcony products and growth in export sales;

    - a planned major product range expansion at Timloc; and

    - further growth potential in our roofing and walling businesses, including new product introductions and investment in additional high quality sales and commercial resources; and

3. The decision to sell:

    (a) Alumasc Precision Components ("APC"), the group's loss making engineering products business. The sale of APC, which was completed on 26 June 2015 for cash consideration of £5.8 million, will be significantly earnings and cash flow enhancing for the group in the 2015/16 financial year; and

    (b) Pendock Profiles, a small non-core building products business, sold in September 2014 for £1.5 million.

The initial results from this more focused strategic approach began to be evident in the financial year to 30 June 2015 when the group's rate of revenue and profit growth from continuing operations accelerated, with group revenues ahead by 10% and underlying profit before tax increasing by 16%.

The key features of the business model for our building products activities, which in 2014/15 represented over 90% of group revenues and profit from continuing operations, are:

- strong strategic positioning in sustainable building products market niches, particularly those connected with the management of the scarce resources of energy and water in the built environment;

- continuing investment in people and innovation to underpin the delivery of the medium to longer term growth potential of our business. The related average annual incremental cost of this investment absorbed within operating profit over the last five years is approaching £1 million per annum, with an investment of just over £1 million planned for the 2015/16 financial year;

- increasing penetration of higher growth markets within the UK such as London and the South East where some of our businesses were historically under-represented;

- evolution towards a better balance of end-user markets for our building products sales, particularly through penetration of refurbishment markets;

- the ability to leverage existing routes to market with new products and development of e-commerce channels; and

- the continuing expansion of Alumasc's international reach, particularly through Levolux and Gatic.

These strategic initiatives have enabled our Building Products division to outperform growth rates in the UK construction sector by around 3% per annum over the last five years.

In view of the actions being taken to exploit the organic growth and synergistic opportunities described above, management believes Alumasc can continue to outperform forecast UK construction market growth over the coming years.

Performance overview

	2014/15	**2013/14**
Revenue (£m)	**98.1**	**88.9**
Underlying operating profit (£m)	**9.0**	**7.8**
Underlying operating margin (%)	***9.2***	***8.7***
Net interest on borrowings (£m)	**(0.6)**	**(0.6)**
Underlying profit before tax (£m)	**8.4**	**7.2**
IAS19 pension interest and brand amortisation (£m)	**(1.4)**	**(1.2)**
Profit before tax (£m)	**7.0**	**6.0**

Once again, the Board is pleased to report the group's highest annual profit from continuing operations since 2007/08. Underlying profit before tax advanced to £8.4 million compared with £7.2 million in 2013/14, an increase of 16%.

This improved performance was driven entirely by our building products activities, with every operating segment in the building products division recording better results than a year ago.

Group revenues from continuing operations increased by 10% to £98.1 million (2013/14: £88.9 million), driven by a £10.0 million increase in Building Products revenues partly offset by a £0.8m reduction in Dyson Diecastings' revenues.

The group's underlying operating profit increased to £9.0 million (2013/14: £7.8 million) and operating margins improved to 9.2%, some 0.5 percentage points above the prior financial year, as sales revenue growth allowed better leverage of Building Products' overheads.

Interest costs on borrowings were similar to the prior financial year. However, net bank financing charges in total were a little higher than in the prior year at £0.6 million due to the accelerated amortisation of banking fees as we completed our routine refinancing of the group earlier than anticipated.

The resultant group underlying profit before tax from continuing operations improved to £8.4 million (2013/14: £7.2 million).

Total profit for the year (after discontinued operations and tax) improved from £4.0 million in 2013/14 to £4.4 million in 2014/15. A reconciliation between underlying profit before tax and profit for the year is shown in the Financial Review section below.

Group cash generation for the year was again strong with EBITDA (earnings before interest, tax, depreciation and amortisation) from continuing operations increasing to £10.6 million (2013/14: £9.1 million). Following the sale of APC just prior to the financial year end, the group finished the year in a debt-free position.

Earnings per share

Underlying earnings per share from continuing operations improved by 19% to 18.4 pence compared with 15.4 pence in 2013/14, reflecting the higher underlying profit before tax combined with a reduction in the group's underlying tax rate from 24% to 22% in line with the reduction in UK corporation tax rates. The number of shares in issue was unchanged in the year.

Basic earnings per share from continuing operations increased from 13.4 pence to 15.0 pence, reflecting improved underlying profits and also higher non-cash pension scheme financing costs calculated under IAS19.

Basic earnings per share (after discontinued operations) improved by 9% from 11.3 pence to 12.3 pence.

Future prospects

The group's order books at 30 June 2015 were £26.5 million, 27% ahead of 30 June 2014.

Whilst the timing of larger construction contracts can impact the outcome in any one year, and two large multi-million pound contracts (Kitimat and Chiswick Park Building 7) completed in the second half of 2014/15, Alumasc is increasingly well positioned to benefit from the current forecast growth in both the UK economy and UK construction output.

Dividends

In view of the improved results for the year and the exit from APC, the Board is proposing an increased final dividend of 3.5 pence per share (2013/14: 2.8 pence), to be paid on 28 October 2015 to shareholders on the register on 2 October 2015. This would give a total dividend for the year of 6.0 pence per share (2013/14: 5.0 pence), an increase of 20%. The Board confirms its previous intention to grow the dividend broadly in line with the growth in underlying earnings, having regard to the cash required to invest in the business to support delivery of the group's growth ambitions and its pension scheme funding commitments.

Health and safety

The group's number one priority continues to be to provide a safe place of work for our employees. Further 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, improved to 3.76 from 4.92 in the previous year. This reflected a reduction in both the number and the severity of incidents, particularly in the higher risk engineering businesses. The improvement in health and safety performance over the last year is consistent with longer term trends resulting from prioritisation, focus and the continuous improvement actions taken by both management and employees over many years. There were further successes in identifying near miss incidents during the year and we are using this information to take action to prevent potential future accidents. Our recent initiative of strengthening risk assessments, safe systems of work and training in those areas of our businesses judged to be those capable of causing the most serious incidents is now almost complete.

Review of operations - continuing operations

Building Products division

Divisional revenues grew by over 12% to £90.3 million (2013/14: £80.4 million) and underlying operating profit grew 23% to £9.8 million from £8.0 million. Divisional operating margins improved to 10.8% from 9.9% in the prior year, benefiting from revenue growth and the impact of operational gearing.

Profits improved year on year in all operating segments in the division.

Solar Shading and Screening

Levolux is a late cycle business, with most of its revenues generated from the new build commercial market sector, which has only recently begun to recover from the recession of a few years ago. Against this background, Levolux's revenues for the year remained similar to the prior year at £16.0 million. Despite this, Levolux's profit nearly doubled year on year to £0.9 million as the execution of construction contracts was consistently well managed across the portfolio, leading to a good project margin performance. Results also benefited from the successful delivery of a multi-million pound solar shading solution to the final building at Chiswick Park in West London. Overheads were reduced, benefiting from the "One Levolux" initiative which merged the two former Levolux businesses into one, under a common management structure with a single set of business processes.

Levolux continues to gain traction in North America where it is building a reputation not only in solar shading but also in assisting architects and building owners to achieve innovative design solutions. Repeat business is now being secured in the North-East of the USA, California, Texas, the area around the Great Lakes and in Canada. Additional sales resources are being added in 2015/16 to build on this positive momentum. North American sales are expected to be in excess of 10% of Levolux's revenues in the current financial year. We also plan to add dedicated sales resource in the Middle East.

Encouragingly, order intake in the 2014/15 financial year exceeded expectations and was some 18% ahead of the prior year. At 30 June 2015, Levolux's closing order book was £15.6 million, 19% up on a year previously, with £2.1 million of that order book expected to convert into revenue beyond the current financial year. Some of the additional orders received relate to a new range of balcony products introduced during the year. These have attracted an encouraging initial level of customer interest.

However, in the absence of any notable large project wins that will benefit the current 2015/16 financial year, we believe that the more significant recovery in this business, now being evidenced by improving order intake, remains some twelve months away.

Roofing and Walling

This was the group's best performing operating segment in the year, with revenues increasing by 22% to £32.8 million and underlying operating profit growing by 28% to £3.8 million. This result was achieved despite a significant year on year reduction in both revenues and profits from the large Kitimat smelter refurbishment project in Canada, which was very close to completion at 30 June 2015.

Our roofing business has transformed its performance over the last three years from a loss making operation to one that is now strongly profitable. This has been achieved through strong sales volume growth, following an increase in the number of high calibre managers, sales and commercial personnel, who have enabled us to introduce new products, systems, services and solutions. These include the resurgent Euroroof-branded portfolio of waterproofing solutions targeted at refurbishment markets; the Alumasc BluRoof storm water management solution; The Alumasc Quality Promise; and the Surefoot range of roofing support systems. These developments have allowed greater penetration of refurbishment as well as new build end user markets, with a growing presence in the more active markets of London and the South East of England. In addition, the former Blackdown green roof and Roof-Pro roofing support businesses are now fully integrated as brands within our larger Roofing business, facilitating a more effective systems selling approach across the portfolio, generating both revenue and cost synergies.

Our Facades business had a record year, benefiting from strong demand in Scotland under the HEEPS funding regime, which is providing financial support for the refurbishment of hard to heat homes mainly in the social housing refurbishment sector. Action is being taken to develop the presence of Alumasc's Facades business in new build and specification markets in order to reduce exposure to potentially volatile refurbishment demand dependent on government funding, particularly against a background of significant cuts to the Eco and Green Deal schemes in England and Wales. Initial projects involving the new Alumasc Ventilated System, developed over the last year, have been very encouraging and this system should help us to win work in the timber frame housing market in the current financial year.

Rainwater, Drainage and Housebuilding Products

This segment grew overall revenues by 11% to £23.9 million and underlying operating profit by 5% to £3.0 million. The level of incremental profit drop through from the additional sales was impacted by capacity issues in the first half of the 2014/15 financial year. These short term issues are now resolved, although these businesses will require investment in larger facilities to support further planned growth in the coming years.

Our Rainwater & Drainage business had another successful year, driven by strong growth in sales from the Harmer drainage brand, benefiting from new cast iron and steel products added to the range and new sales and commercial personnel who have joined the business over the last year. Additional products are currently being introduced to further complement the existing range and to allow the business to better access the civils drainage market. These include the Harmer SML Below Ground and Gatic Filcoten channel drainage ranges. Gatic Filcoten is a modern, high quality fibre-reinforced composite product, which provides a number of benefits relative to traditional concrete solutions, including improved tensile strength and recyclability.

The combination of the requirements of the Flood and Water Management Act 2010, evolving customer needs and Harmer's widened product range have provided the ideal opportunity for Alumasc to offer a more holistic approach to providing specifiers and end users with integrated solutions. Therefore a new umbrella brand, Alumasc Water Management Solutions ("AWMS"), was launched on 1 July 2015 to combine and leverage the strengths of the Skyline fascia, soffit and copings; Alumasc Rainwater; Harmer building drainage; and Gatic civil drainage brands, supported by combined sales, commercial and technical resources. This is an exciting example of the type of organic growth and synergistic opportunity identified in the Strategic Review during the year.

Alumasc Rainwater delivered another year of growth, including increased sales of pre-painted aluminium gutters, which reduce overall life cycle costs to customers, and increased penetration of the contemporary and bespoke markets for rainwater and related goods.

In view of increasing physical capacity constraints, and given the two year transitional arrangement we have agreed regarding the relocation of AWMS, currently co-located on the property sold together with APC in June, we are taking the opportunity to invest in a new purpose built factory. This will also have capacity to incorporate Alumasc Roofing's operations and logistics functions, increasing the potential to achieve warehousing and logistics synergies. The associated capital investment is expected to be around £10 million over the next two years.

Rainclear, the specialist distributor of Rainwater products that was acquired by Alumasc in 2012, reported a record profit in its first full year under new Alumasc management, following the planned departure of the former owner and founder of the business in 2014. Rainclear continues to develop its web-based sales, whilst also growing sales through its traditional independent merchant base.

Timloc, Alumasc's housebuilding products business, also delivered another record year of revenue and profit, benefiting from the further introduction of new products into its established distribution channels, and through increased penetration of markets in London and the South East. In view of challenges in the first half of the year in managing this growth caused by physical capacity constraints in its existing premises near Goole, and with existing property leases due to expire in the next two years, it has been decided that Timloc also needs new premises to support future growth. Therefore, Timloc will relocate from two existing sites to a single new leased facility, close to the M62 near Goole in 2017. This will enable it to consolidate all its operations under one roof providing a platform to continue its track record of sales growth and improvement in operational efficiency.

Construction Products

Divisional revenues increased by 13% to £17.5 million and operating profit by 25%

to £2.1 million.

Gatic had a strong year both in domestic and overseas markets, including a major project at Doha Port. It is currently completing another significant contract at London Gateway, following a successful initial project there two years ago. After a slow start to the 2014/15 financial year, Slotdrain sales into the domestic market improved markedly in the second half. Alongside Alumasc Rainwater & Drainage, Gatic will also now benefit from the new Alumasc Water Management Solutions brand, including the ability to sell the new SML below ground and Filcoten products as part of its own range and enabling the ProSlot product launched last year to be sold through Harmer's established distribution channels.

In the USA, new Gatic drainage products, including a grated system, were successfully launched in April. The initial market reaction has been positive. We are hopeful that 2015/16 will be the year in which Gatic gains some real traction in the USA.

Scaffold and Construction Products had another successful year, growing revenues and profits once again. It benefited from new product introductions and broadening distribution channels.

Dyson Diecastings

The 2014/15 year was one of transition for Dyson as a number of key managers retired and replacements were recruited. Dyson's revenues reduced by 9% to £8.1 million, much of this reflecting the non-recurring impact of the initial stocking of a new product line by a customer in the first half of the previous financial year. Lower revenue led to a reduction in operating profit to £0.7 million from £1.1 million, after one-off charges of £0.1 million relating to the establishment of the new management team. Dyson is a strong business within its niche and management expects to be able to improve profitability in the current financial year, predicated on a combination of:

(a) securing new business including some known transfer work; and

(b) operational efficiencies including better production planning, capacity management and modest investment in the foundry.

Review of operations - discontinued operations

Discontinued operations comprise APC, sold in June 2015 and Pendock Profiles, sold in September 2014.

APC

Consistent with group strategy, the APC business including the freehold property from which it operates, was sold for gross sales proceeds of £5.8 million on 26 June 2015. APC's legacy defined benefit obligations to the Alumasc Group Pension Scheme remain within the continuing group.

The overall level of pre-tax losses relating to APC in 2014/15 was £3.0 million comprising a lower level of operating losses, costs of settling the customer claims described in our interim report, a small loss on sale and the costs of selling the business.

Further detail is provided in note 6 below.

Pendock Profiles

Pendock Profiles made a small trading profit prior to its sale in September 2014. The gross sales proceeds of the business were £1.5 million. The value of net assets sold was £0.6 million and after transaction costs of £0.1 million, the book gain on sale was £0.8 million.

Paul Hooper

Chief Executive

Financial Review

Financial KPIs

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

Financial KPIs: Continuing Operations	**2014/15**	**2013/14**	**Comment/explanation**
Year end group order book (£m)	**26.5**	20.9	Increased level of Building Products orders, particularly Levolux
Group revenues (£m)	**98.1**	88.9	Increase in Building Products sales
Underlying operating margin %	**9.2**	8.7	Better leverage of Building Products overheads from additional sales
Underlying profit before tax (£m)	**8.4**	7.2	Growth in Building Products operating profit driven by higher revenues
Underlying earnings per share (pence)	**18.4**	15.4	Growth in underlying profit before tax at a lower underlying group tax rate
Average trade working capital % sales (continuing operations, excluding the Kitimat contract)	**11.9**	11.1	Some investment in working capital to support growth.
Reduction in net debt (£m)	**8.6**	-	Sales proceeds from the APC and Pendock business disposals in 2014/15, in addition to free cash flow generation from continuing operations, resulted in a strong overall cash inflow and a debt free position at the year end
Year-end net cash/(debt) (£m)	**0.9**	(7.7)	
Year-end shareholders' funds (£m)	**15.9**	17.0	Pension scheme actuarial losses exceeded retained profit after tax
Return on investment (post-tax)* (%)	**19.9**	13.4	Grew substantially due to the disposal of the loss making and relatively more capital intensive APC business and due to improved operating profit from continuing operations.

*from continuing operations in 2014/15 to better illustrate the impact of the disposal of APC

Cash flow and net debt

The group's cash flow performance is summarised in the table below. The sale of APC on 26 June 2015 allowed the group to repay its remaining net indebtedness, thereby putting Alumasc in a modest net cash positon of £0.9 million at the year end.

Cash generation was strong with group EBITDA from continuing operations increasing to £10.6 million (2013/14: £9.1 million), reflecting the increased level of operating profit generated by building products activities. Tight control was maintained over working capital. Average trade working capital as a percentage of sales (excluding short-term working capital movements relating to the large

Kitimat construction contract as it neared completion) increased modestly to 11.9% reflecting some inventory build during the year to support ongoing growth. The final Kitimat project milestone payment of £1.1 million, relating to work completed in the 2014/15 financial year, is expected to be received in the 2015/16 financial year.

Summarised Cash Flow Statement

	2014/15	2013/14
	£m	£m
Continuing operations:		
EBITDA*	**10.6**	9.1
Underlying change in working capital	**0.1**	(0.3)
Short term changes in working capital on large construction contracts	**(0.5)**	(1.1)
Operating cash flow from continuing operations	**10.2**	7.7
Capital expenditure	**(1.2)**	(1.1)
Pension deficit & scheme expenses funding	**(2.9)**	(2.4)
Interest	**(0.4)**	(0.5)
Tax	**(0.9)**	(1.1)
Dividends	**(1.9)**	(1.7)
Operating and investing cash flows from discontinued operations	**(0.4)**	(0.6)
Net sales proceeds from APC and Pendock Profiles	**6.2**	-
Other	**(0.1)**	(0.3)
Reduction in net debt	**8.6**	-

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

Reconciliation of underlying profit before tax to profit for the year

	2014/15	2013/14
	£m	£m
Underlying profit before tax from continuing operations	**8.4**	7.2
IAS19 pension costs	**(1.1)**	(0.9)
Brand amortisation	**(0.3)**	(0.3)
Profit before tax from continuing operations	**7.0**	6.0
Discontinued operations:		
Alumasc Precision Components	**(3.0)**	(1.2)
Pendock Profiles	**0.8**	0.3
Tax expense	**(0.4)**	(1.1)
Profit for the year	**4.4**	4.0

Capital expenditure and capital investment plans

Capital expenditure related to continuing operations of £1.2 million in the 2014/15 financial year was broadly in line with the prior year level. Following relatively low levels of capital spend during the period when the group was recovering from the recession of a few years ago, demand for capital spend across Alumasc is now increasing to support the anticipated ongoing growth in the business. Capital spend in the current financial year is expected to be in the range of £2-3 million including tooling for new product development. This is prior to the anticipated £3-4 million spend as part of the overall £10 million investment in the new facility for AWMS and Alumasc Roofing to be built near Kettering.

Taxation

The group's underlying tax rate reduced from 24.2% in 2013/14 to 22.0% in 2014/15, broadly in line with the UK statutory rate. The reduction in group's total tax charge to £0.4 million (2013/14: £1.1 million) reflected the impact of business disposals where gains on the sale of assets were shielded by indexation allowances and capital losses brought forward.

Pensions

The group's defined benefit pension deficit calculated under IAS19 conventions for accounting purposes increased during the year to £20.9 million (30 June 2014: £17.9 million). This mainly reflects the further reduction during the year in AA corporate bond yields which are used to discount future pension liabilities to present values under IAS19's methodology. Each 10 basis point change in yields impacts the present value of the group's pension liabilities (up or down) by £1.7 million. Corporate bond yields did begin to rise once again towards the end of the financial year.

The base level of pension deficit reduction payments agreed with the Pension Trustees, following the 2013 triennial actuarial review will remain unchanged in the 2015/16 financial year at £2.5 million, plus scheme running expenses and PPF levy payments of circa £0.5 million. However, prior to the results of the forthcoming 2016 triennial review being concluded, Alumasc has agreed to make an additional one-off cash payment to the pension schemes at a rate of 25% of any amount by which group underlying profit before tax exceeds £8.4 million in the year ending 30 June 2016.

The group is working on a number of initiatives to reduce gross pension liabilities, improve pension scheme investment performance at an acceptable level of risk, and to reduce pension scheme administration costs.

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 most of the year at just under £40.0 million, but reduced to £31.8 million just ahead of the 30 June 2015 year end following the receipt of proceeds from the sale of APC.

Post tax returns on investment from continuing operations grew significantly during the year to 19.9%, compared to the 13.4% reported in the prior year, mainly as a result of the sale of APC, which was both a loss making business and relatively capital intensive, and also as a result of the growth in the operating profits of the Building Products division.

Year end shareholders' funds decreased from £17.0 million at 30 June 2014 to £15.9 million at 30 June 2015, as actuarial losses on defined benefit pension schemes exceeded the retained profit after tax for the year.

Going concern

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

Re-financing and banking facilities

The group has recently entered into a five year, £30.0 million revolving credit facility ("RCF") with its existing relationship banks, Barclays and HSBC. This facility will be sufficient to allow the group to fund its organic growth plans, including the property investment near Kettering, and potential acquisitions should the right opportunities arise at an appropriate price. The new RCF is structured as an accordion facility, whereby £12.5 million is currently formally committed and the remainder available as needed but subject to final credit approval from the banks at the relevant time. In view of the group's low current borrowing requirements, this structure will give Alumasc the flexibility it needs, and avoid significant commitment fees being incurred on unutilised facilities, some of which might not be needed.

The RCF is unsecured, but is subject to similar cross-guarantees between the group and subsidiary companies as those contained in its predecessor facility. Loan covenants remain unchanged: EBITDA interest cover of at least 4 times and a net debt to EBITDA ratio of less than 3 times.

In addition to the RCF, the group has recently renewed for one year its overdraft facilities of £3.0 million. These are repayable on demand.

Goodwill impairment reviews

The Board conducted goodwill impairment reviews at the financial year end. No impairments were identified.

Business risk and internal control

A summary of the group's principal risks and mitigating controls is set out in note 3.

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

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;

b) the Strategic 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; and

c) The Annual Report and financial statements, taken as a whole are fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

On behalf of the Board

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 2015 which will be despatched to shareholders on or around 23 September 2015 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 ENDED 30 JUNE 2015

		2014/15			2013/14 (re-stated)		
			Non-underlying			Non-underlying	
		Underlying £'000	**£'000**	**Total £'000**	Underlying £'000	£'000	Total £'000
Continuing operations:	**Notes**						
Revenue	**4**	**98,082**	**-**	**98,082**	88,857	-	88,857
Cost of sales		**(67,269)**	**-**	**(67,269)**	(60,781)	-	(60,781)
Gross profit		**30,813**	**-**	**30,813**	28,076	-	28,076
Net operating expenses before non-underlying items		**(21,791)**	**-**	**(21,791)**	(20,311)	-	(20,311)
Brand amortisation	**5**	**-**	**(268)**	**(268)**	-	(268)	(268)
IAS19 pension scheme administration costs	**5**	**-**	**(455)**	**(455)**	-	(452)	(452)
Net operating expenses		**(21,791)**	**(723)**	**(22,514)**	(20,311)	(720)	(21,031)
Operating profit	**4**	**9,022**	**(723)**	**8,299**	7,765	(720)	7,045
Finance income		**5**	**-**	**5**	10	-	10
Finance expenses	**5**	**(597)**	**(711)**	**(1,308)**	(531)	(448)	(979)
Profit before taxation		**8,430**	**(1,434)**	**6,996**	7,244	(1,168)	6,076
Tax (expense)/income	**7**	**(1,855)**	**216**	**(1,639)**	(1,753)	466	(1,287)
Profit for the year from continuing operations		**6,575**	**(1,218)**	**5,357**	5,491	(702)	4,789
Discontinued operations							
Loss after taxation for the year from discontinued operations	**6**	**-**	**(981)**	**(981)**	-	(748)	(748)
Profit for the year		**6,575**	**(2,199)**	**4,376**	5,491	(1,450)	4,041

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 30 June 2015

Other comprehensive income	**Notes**	**2014/15 £'000**	2013/14 £'000
Items that will not be recycled to profit or loss:			
Actuarial loss on defined benefit pensions		**(4,726)**	(9,350)
Tax credit on actuarial loss on defined benefit pensions	**7**	**945**	1,618
		(3,781)	(7,732)
Items that are or may be recycled subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		**(179)**	(70)
Exchange differences on retranslation of foreign operations		**17**	(19)
Tax on cash flow hedge	**7**	**43**	20
		(119)	(69)
Other comprehensive loss for the year, net of tax		**(3,900)**	(7,801)
Total comprehensive profit/(loss) for the year, net of tax		**476**	(3,760)

Earnings per share		**Pence**	Pence
Basic earnings per share			
- Continuing operations		**15.0**	13.4
- Discontinued operations		**(2.7)**	(2.1)
	9	**12.3**	11.3
Diluted earnings per share			
- Continuing operations		**14.8**	13.3
- Discontinued operations		**(2.7)**	(2.1)
	9	**12.1**	11.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

	Notes	**2015 £'000**	**2015 £'000**	2014 £'000	2014 £'000
Assets					
Non-current assets					
Property, plant and equipment		**7,473**		12,039	
Goodwill		**16,488**		16,488	
Other intangible assets		**2,831**		2,770	
Financial asset investments		**17**		17	
Deferred tax assets	**7**	**4,187**		3,584	
			30,996		34,898
Current assets					
Inventories		**10,592**		12,523	
Biological assets		**75**		171	
Trade and other receivables		**20,317**		23,693	
Cash and cash equivalents		**5,914**		2,224	
Derivative financial assets		**-**		40	
			36,898		38,651
Total assets			**67,894**		73,549
Liabilities					
Non-current liabilities					
Interest bearing loans and borrowings		**-**		(9,890)	
Employee benefits payable		**(20,935)**		(17,922)	
Provisions		**(1,224)**		(1,047)	
Deferred tax liabilities	**7**	**(390)**		(1,220)	
			(22,549)		(30,079)
Current liabilities					
Interest bearing loans and borrowings		**(5,000)**		-	
Trade and other payables		**(23,338)**		(25,694)	
Provisions		**(402)**		(221)	
Corporation tax payable		**(429)**		(445)	
Derivative financial liabilities		**(247)**		(68)	
			(29,416)		(26,428)
Total liabilities			**(51,965)**		(56,507)
Net assets			**15,929**		17,042
Equity					
Called up share capital		**4,517**		4,517	
Share premium	**10**	**445**		445	
Capital reserve - own shares	**10**	**(618)**		(618)	
Hedging reserve	**10**	**(198)**		(62)	
Foreign currency reserve	**10**	**49**		32	
Profit and loss account reserve		**11,734**		12,728	
Total equity			**15,929**		17,042

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	2014/15 £'000	2013/14 (re-stated) £'000
Operating activities		
Operating profit	**8,299**	7,045
Adjustments for:		
Depreciation	**1,157**	1,175
Amortisation	**332**	381
Gain on disposal of property, plant and equipment	**(14)**	(3)

Increase in inventories	**(1,266)**	(344)
Decrease/(increase) in biological assets	**96**	(8)
(Increase)/decrease in receivables	**(1,924)**	306
Increase/(decrease) in trade and other payables	**2,435**	(1,461)
Movement in provisions	**358**	168
Cash contributions to retirement benefit schemes	**(2,500)**	(1,992)
Share based payments	**300**	34
Cash generated from continuing operations	**7,273**	5,301
Loss before taxation from discontinued operations	**(1,604)**	(987)
Depreciation and amortisation	**798**	884
Movement in working capital from discontinued operations	**612**	(57)
Cash absorbed by discontinued operations	**(194)**	(160)
Tax paid	**(907)**	(1,114)
Net cash inflow from operating activities	**6,172**	4,027
Investing activities		
Purchase of property, plant and equipment	**(1,114)**	(1,319)
Payments to acquire intangible fixed assets	**(322)**	(175)
Proceeds from sales of plant and equipment	**60**	10
Proceeds from sale of business activity	**6,168**	-
Acquisition of subsidiary, net of cash acquired	**-**	(320)
Interest received	**5**	10
Net cash inflow/(outflow) from investing activities	**4,797**	(1,794)
Financing activities		
Interest paid	**(408)**	(465)
Equity dividends paid	**(1,889)**	(1,675)
Repayment of amounts borrowed	**(5,000)**	(7,000)
Net cash outflow from financing activities	**(7,297)**	(9,140)
Net increase/(decrease) in cash and cash equivalents	**3,672**	(6,907)
Net cash and cash equivalents brought forward	**2,224**	9,147
Effect of foreign exchange rate changes	**18**	(16)
Net cash and cash equivalents carried forward	**5,914**	2,224
Net cash and cash equivalents comprise:		
Cash and cash equivalents	**5,914**	2,224

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	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 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	8	-	-	-	-	-	(1,675)	(1,675)
Share based payments		-	-	-	-	-	34	34
At 1 July 2014		4,517	445	(618)	(62)	32	12,728	17,042
Profit for the period		**-**	**-**	**-**	**-**	**-**	**4,376**	**4,376**
Exchange differences on retranslation of foreign operations		**-**	**-**	**-**	**-**	**17**	**-**	**17**
Net loss on cash flow hedges		**-**	**-**	**-**	**(179)**	**-**	**-**	**(179)**
Tax on derivative financial liability		**-**	**-**	**-**	**43**	**-**	**-**	**43**
Actuarial loss on defined benefit pensions, net of tax		**-**	**-**	**-**	**-**	**-**	**(3,781)**	**(3,781)**
Dividends	**8**	**-**	**-**	**-**	**-**	**-**	**(1,889)**	**(1,889)**
Share based payments		**-**	**-**	**-**	**-**	**-**	**300**	**300**
At 30 June 2015		**4,517**	**445**	**(618)**	**(198)**	**49**	**11,734**	**15,929**

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 2015, and the Companies Act 2006.

The financial information set out in this announcement does not constitute statutory information as defined in section 434 of the Companies Act 2006. The consolidated balance sheet at 30 June 2015 and the consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity and associated notes for the year then ended have been extracted from the Group's 2015 statutory financial statements upon which the auditor's opinion is unmodified and does not include any statement under section 498 (2) or (3) of the Companies Act 2006. Those financial statements have not yet been delivered to the registrar of companies.
The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the 'Group').

The prior year cost of sales have been increased by £1,532,000, with gross margins decreasing correspondingly, to reflect a re-classification of costs relating to the management of construction contracts that were previously disclosed within operating expenses. The re-classification has arisen due to improved analysis and greater consistency of reporting across the group to better reflect the nature of the underlying costs. Gross margin has decreased by a further £1,016,000 due to the results of Alumasc Precision Components and Pendock Profiles being restated as discontinued operations as a result of the disposal of these businesses.

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 above. The financial position of the group, its cashflows and liquidity position are set out in the above financial statements.

Following the year end the group signed a new five year £30 million revolving credit banking facility consisting of a £12.5 million committed element and a £17.5 million uncommitted accordion element. In addition, the group has recently renewed overdraft facilities totalling £3 million for another year. At 30 June 2015 the group's net cash was £0.9 million (2014: net debt £7.7 million).

On the basis of the group's financing facilities and current operating and 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 goodwill and brands, the measurement and valuation of defined benefit pension obligations and the 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 the stage of completion of each contract. The requirement for Directors' judgement is limited in most cases due to the involvement of quantity surveyors during the assessment process.

3. PRINCIPAL RISKS AND UNCERTAINTIES

Risks	Mitigating actions taken
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 and group basis. • Focused training and development programmes for key and high potential people. • Exit interviews held for senior people who leave the business, with learning points shared.
Product/service differentiation relative to competition not developed or maintained ***Comment*** *Innovation and an entrepreneurial spirit is encouraged in all group companies.*	• Devolved operating model with local management responsible for identifying opportunities and emerging niche market trends. • Group-wide innovation best practice days are held annually. • 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 with the majority of group sales made to the UK construction sector.*	• Develop and retain strong management teams (see above). • Ensure Alumasc products are market leading and differentiated against the competition to improve specification and to protect margin (see above). • Develop export sales (particularly in North America, the Middle East and Far East). • Increasing sales to the more resilient building refurbishment (relative to new build) markets. • Increasing mix of UK sales towards the stronger London & South East regional markets.
Risk of loss of customers. ***Comment*** *Generally good track record of customer retention*	• Develop and maintain strong relationships through regular contact and seeking always to provide superior products, systems, solutions and 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 (for example recent widening of the product range in Gatic USA).

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. • Use of 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 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 significant near misses reported to board level with appropriate remedial action taken. • Group health and safety best practice days are held twice a year, 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 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. • Specific local risk management procedures in group brands that install, assemble and supply building products (Levolux, Blackdown).
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.
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 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.

Strategic development and change projects

Comment
There are execution risks around a number of current strategic change projects, including the establishment of the AWMS brand, the relocation of AWMS and Timloc to the new properties in 2017 and various ERP systems implementations.

• Key strategic change projects are governed by Steering Committees sponsored by the managing director of the business, with group executive director involvement, supported by independent specialist consultants where necessary particularly IT and property.
• Risk reviews conducted and updated regularly.
• Project plans established and monitored monthly.
• Project boards established. The project manager reports to the Steering Committee.
• Use of proven, reliable software solutions and avoidance of bespoking wherever possible.
• Careful documentation and challenge of legacy business processes prior to implementation of new systems.
• 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 are insured.
• 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.

4. SEGMENTAL ANALYSIS - CONTINUING OPERATIONS

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 2014/15	**Revenue**			
	External £'000	**Inter-segment £'000**	**Total £'000**	**Segmental Operating Result £'000**
Solar Shading & Screening	16,007	-	16,007	929
Roofing & Walling	32,837	-	32,837	3,758
Energy Management	**48,844**	-	**48,844**	**4,687**
Construction Products	17,542	-	17,542	2,094
Rainwater, Drainage & House Building Products	23,909	33	23,942	3,018
Water Management & House Building Products	**41,451**	**33**	**41,484**	**5,112**
Building Products	**90,295**	**33**	**90,328**	**9,799**

Dyson Diecastings	7,787	272	8,059	708
Elimination / Unallocated costs	-	(305)	(305)	(1,485)
Total	**98,082**	**-**	**98,082**	**9,022**

	£'000
Segmental operating result	9,022
Brand amortisation	(268)
IAS19 pension scheme administration costs	(455)
Total operating profit from continuing operations	**8,299**

Analysis by reportable segment 2014/15

			Capital expenditure			
	Segment Assets £'000	**Segment Liabilities £'000**	**Property, Plant & Equipment £'000**	**Other Intangible Assets £'000**	**Depreciation £'000**	**Amortisation £'000**
Solar Shading & Screening	18,171	(4,708)	127	267	46	168
Roofing & Walling	13,225	(7,876)	64	5	127	11
Energy Management	**31,396**	**(12,584)**	**191**	**272**	**173**	**179**
Construction Products	7,847	(3,366)	112	8	206	14
Rainwater, Drainage & House Building Products	12,706	(5,283)	586	137	435	118
Water Management & House Building Products	**20,553**	**(8,649)**	**698**	**145**	**641**	**132**
Building Products	**51,949**	**(21,233)**	**889**	**417**	**814**	**311**
Dyson Diecastings	4,475	(1,527)	135	5	245	7
Unallocated & Discontinued	11,470	(29,205)	140	-	889	21
Total	**67,894**	**(51,965)**	**1,164**	**422**	**1,948**	**339**

Analysis by reportable segment 2013/14 (re-stated)

	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 & House Building Products	21,501	60	21,561	2,865
Water Management & House Building Products	**37,035**	**60**	**37,095**	**4,541**
Building Products	**80,301**	**60**	**80,361**	**7,977**
Dyson Diecastings	8,556	322	8,878	1,120
Elimination / Unallocated costs	-	(382)	(382)	(1,332)
Total	**88,857**	**-**	**88,857**	**7,765**

	£'000
Segmental operating result	7,765
Brand amortisation	(268)
IAS19 pension scheme administration costs	(452)
Total operating profit from continuing operations	**7,045**

Analysis by reportable segment 2013/14 (re-stated)

			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 & House Building Products	13,095	(5,319)	373	7	414	133
Water Management & House Building Products	**20,386**	**(8,266)**	**584**	**104**	**590**	**171**
Building Products	**50,687**	**(19,292)**	**803**	**166**	**771**	**349**
Dyson Diecastings	16,791	(6,643)	27	4	179	19

Unallocated & Discontinued	6,071	(30,572)	403	5	1,109	13
Total	**73,549**	**(56,507)**	**1,233**	**175**	**2,059**	**381**

Analysis by geographical segment 2014/15

	United Kingdom £'000	**Europe £'000**	**North America £'000**	**Middle East £'000**	**Far East £'000**	**Rest of World £'000**	**Total £'000**
Sales to external customers	**88,738**	**3,058**	**2,004**	**2,134**	**1,526**	**622**	**98,082**
Segment non-current assets	**26,808**	**-**	**-**	**-**	**1**	**-**	**26,809**

Analysis by geographical segment 2013/14 (re-stated)

	United Kingdom £'000	Europe £'000	North America £'000	Middle East £'000	Far East £'000	Rest of World £'000	Total £'000
Sales to external customers	77,008	3,362	4,524	1,795	1,155	1,013	88,857
Segment non-current assets	31,279	-	-	-	35	-	31,314

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

	2014/15 £'000	2013/14 £'000
Brand amortisation	**(268)**	(268)
IAS19 pension scheme administration costs	**(455)**	(452)
IAS19 net pension scheme finance costs	**(711)**	(448)
	(1,434)	(1,168)

6 DISCONTINUED OPERATIONS

Discontinued operations relate to the sale of the trade and assets of Pendock Profiles in September 2014 and the sale of the trade and assets of Alumasc Precision Components in June 2015. Further details are provided in the Strategic Report above. The results of discontinued operations included in the consolidated statement of comprehensive income are as follows:

	Alumasc Precision Components Period to 26 June 2015 £'000	**Pendock Profiles Period to 30 September 2014 £'000**	**Total £'000**
Year ended 30 June 2015			
Revenue	16,672	785	17,457
Cost of sales	(17,140)	(530)	(17,670)
Gross (loss)/ profit	(468)	255	(213)
Net operating expenses	(1,191)	(200)	(1,391)
Operating (loss)/profit	(1,659)	55	(1,604)
Non-cash (loss)/gain on disposal of discontinued operations	(300)	862	562
Costs of disposal of discontinued operations	(1,040)	(92)	(1,132)

(Loss)/gain before taxation	(2,999)	825	(2,174)
Tax credit/(charge)	1,205	(12)	1,193
(Loss)/profit after taxation	**(1,794)**	**813**	**(981)**

Year ended 30 June 2014	**Alumasc Precision Components £'000**	**Pendock Profiles £'000**	**Total £'000**
Revenue	21,420	3,125	24,545
Cost of sales	(21,385)	(2,144)	(23,529)
Gross profit	35	981	1,016
Net operating expenses	(1,353)	(650)	(2,003)
Operating (loss)/profit	(1,318)	331	(987)
Tax credit/(charge)	319	(80)	239
(Loss)/profit after taxation	**(999)**	**251**	**(748)**

The net cash flows attributable to discontinued operations are as follows:

Year ended 30 June 2015	**Alumasc Precision Components Period to 26 June 2015 £'000**	**Pendock Profiles Period to 30 September 2014 £'000**	**Total £'000**
Operating cash flows	(134)	(60)	(194)
Investing cash flows	4,624	1,363	5,987
Net cash inflow	**4,490**	**1,303**	**5,793**

Year ended 30 June 2014	**Alumasc Precision Components £'000**	**Pendock Profiles £'000**	**Total £'000**
Operating cash flows	(497)	337	(160)
Investing cash flows	(418)	(5)	(423)
Net cash (outflow)/inflow	**(915)**	**332**	**(583)**

Details of the sale of the trade and assets of Alumasc Precision Components and Pendock Profiles are as follows:

	Alumasc Precision Components £'000	**Pendock Profiles £'000**	**Total £'000**
Sales proceeds	5,800	1,500	7,300
Assets disposed of:			
Land and buildings	1,043	-	1,043
Plant and equipment	2,631	78	2,709
Working capital	2,426	560	2,986
(Loss)/gain on disposal	(300)	862	562
Costs of disposal	(1,040)	(92)	(1,132)
Net (loss)/gain on disposal	**(1,340)**	**770**	**(570)**

Included within the Alumasc Precision Components costs of disposal of £1,040,000 are consequential intra-group restructuring costs of £171,000 and insurance run-off premium costs of £270,000.

7 TAX EXPENSE

(a.) Tax on profit on ordinary activities

Tax charged in the statement of comprehensive income

	2014/15	2013/14 (re-stated)
	£'000	£'000
Current tax:		
UK corporation tax - continuing operations	**1,138**	1,168
- discontinued operations	**(297)**	(197)
Overseas tax	**11**	30
Amounts under/(over) provided in previous years	**39**	(26)
Total current tax	**891**	975
Deferred tax:		
Origination and reversal of temporary differences:		
- continuing operations	**483**	291
- discontinued operations	**(896)**	(42)
Amounts over provided in previous years	**(56)**	-
Rate change adjustment	**24**	(176)
Total deferred tax	**(445)**	73
Total tax expense	**446**	1,048
Tax charge on continuing operations	**1,639**	1,287
Tax credit on discontinued operations	**(1,193)**	(239)
Total tax expense	**446**	1,048
Tax recognised in other comprehensive income		
Deferred tax:		
Actuarial losses on pension schemes	**(945)**	(1,618)
Cash flow hedge	**(43)**	(20)
Tax credited to other comprehensive income	**(988)**	(1,638)
Total tax credit in the statement of comprehensive income	**(542)**	(590)

(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 9.2% is lower than (2013/14: 20.6% was lower than) the standard rate of corporation tax in the UK of 20.75% (2013/14: 22.5%). The differences are reconciled below:

	2014/15	2013/14 (re-stated)
	£'000	£'000
Profit before tax from continuing operations	**6,996**	6,076
Loss before tax from discontinued operations	**(2,174)**	(987)
Accounting profit before tax	**4,822**	5,089
Current tax at the UK standard rate of 20.75% (2013/14: 22.5%)	**1,001**	1,145
Expenses not deductible for tax purposes	**212**	105
Chargeable gains/use of capital losses	**(774)**	-
Rate change adjustment	**24**	(176)
Tax under/(over) provided in previous years - current tax	**39**	(26)
Tax over provided in previous years - deferred tax	**(56)**	-
	446	1,048

The group's total tax charge in 2014/15 of £446,000 (2013/14: £1,048,000) benefited from the impact of business disposals where capital gains on sale of assets were shielded by indexation allowances and capital losses brought forward.

(c.) Unrecognised tax losses

Following utilisation of £1 million of capital losses brought forward, the group has agreed tax capital losses in the UK amounting to £20 million (2014: £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 (2014: £1 million). These have been offset against the capital losses detailed above, therefore net capital losses carried forward amount to £19 million (2014: £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 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 1 July 2014	724	(10)	512	(6)	1,220	(3,584)
(Credited)/charged to the statement of comprehensive income - current year	**(649)**	**(28)**	**(54)**	**-**	**(731)**	**342**
Credited to the statement of comprehensive income - prior year	**(56)**	**-**	**-**	**-**	**(56)**	**-**
Credited to equity	**-**	**-**	**-**	**(43)**	**(43)**	**(945)**
At 30 June 2015	**19**	**(38)**	**458**	**(49)**	**390**	**(4,187)**

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 £3.8 million (2014: £4.0 million) have not been recognised in respect of net capital losses of £19 million (2014: £20 million).

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

In the Budget on 8 July 2015, the UK Government announced its intention to further reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. Existing temporary differences on which deferred tax has been provided may therefore unwind in future periods at these reduced rates. These rate changes were included in the Summer Finance Bill 2015 but this was not substantively enacted at the Balance Sheet date. Deferred tax assets and liabilities have been calculated based on the rate of 20% substantively enacted at the Balance Sheet date.

8 DIVIDENDS

	2014/15	2013/14
	£'000	£'000
Interim dividend for 2015 of 2.5p paid on 7 April 2015	**891**	-
Final dividend for 2014 of 2.8p paid on 5 November 2014	**998**	-
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
	1,889	1,675

A final dividend of 3.5p per equity share, at a cash cost of £1,248,000, has been proposed for the year ended 30 June 2015, payable on 28 October 2015. In accordance with IFRS accounting requirements this dividend has not been accrued in these consolidated financial statements.

9 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:

	2014/15	2013/14 (re-stated)
	£'000	£'000
Profit attributable to equity holders of the parent - continuing operations	**5,357**	4,789
Profit attributable to equity holders of the parent - discontinued operations	**(981)**	(748)
Net profit attributable to equity holders of the parent	**4,376**	4,041
	000s	000s
Basic weighted average number of shares	**35,648**	35,648
Dilutive potential ordinary shares - employee share options	**567**	447
	36,215	36,095

Calculation of underlying earnings per share from continuing operations:

	2014/15	2013/14 (re-stated)
	£'000	£'000
Reported profit before taxation from continuing operations	**6,996**	6,076
Add: brand amortisation	**268**	268
Add: IAS19 pension scheme administration costs	**455**	452
Add: IAS19 net pension scheme finance costs	**711**	448
Underlying profit before taxation from continuing operations	**8,430**	7,244
Tax at underlying group tax rate of 22.0% (2013/14: 24.2%)	**(1,855)**	(1,753)
Underlying earnings from continuing operations	**6,575**	5,491
Basic weighted average number of shares	**35,648**	35,648

Underlying earnings per share from continuing operations	**18.4p**	15.4p

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 (2014: 485,171) ordinary own shares held by the company. The market value of shares at 30 June 2015 was £802,958 (2014: £565,224). 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**	
			2015	2014
Alumasc Exterior Building Products Limited	Building products	England	**100**	100
Alumasc Limited	Building products	England	**100**	100
Levolux 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.

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