RNS Number : 7807P
Alumasc Group PLC
05 September 2017

IMMEDIATE RELEASE 5 September 2017

THE ALUMASC GROUP PLC - FULL YEAR RESULTS ANNOUNCEMENT

Alumasc (ALU.L), the premium building products, systems and solutions group, announces results for the year ended 30 June 2017.

Financial highlights

Year to 30 June	**2017**	2016	% change
Revenue (£m)	**104.8**	92.2	+14%
Underlying profit before tax (£m)(1)	**9.0**	8.3	+9%
Underlying earnings per share (pence) (1)	**20.1**	18.4	+9%
Statutory profit before tax (£m) (2)	**8.1**	6.8	+20%
Basic earnings per share (pence) (2)	**18.3**	14.5	+26%
Dividends per share (pence)	**7.15**	6.5	+10%
Net cash at 30 June (£m)	**6.1**	8.6	

(1) Underlying results are stated prior to brand amortisation charges of £0.3m (2015/16: £0.3m) and IAS 19 pension costs of £0.6m (2015/16: £1.2m)
(2) Excludes £0.9m pre-tax gain on sale of discontinued engineering operations in 2015/16

Key points

- First year for Alumasc as focused building products group.
- Record building products' revenues.
- The group's sixth year of earnings growth.
- A clear strategy for continued growth.

- **Group revenues** up 14% to £104.8m reflects strong export sales growth, together with continued growth in the UK.
- **Operating margins:** Operating margins in H2 recovered to prior full year levels of 9.2% after absorbing over £1m of additional material costs during the year, mainly arising from the depreciation of Sterling.
- **Investment in people:** £1.6m was invested during the year in new people, mainly in UK and international sales resources, to support growth over the medium term.
- **Solar Shading & Architectural Screening** achieved 41% revenue growth to £24.4m, with underlying operating profit doubling to £2m

after £0.7m investment in people. Growing demand for Levolux solutions was reflected in £7.9m North American export sales, including a $5m project completed during the year, and the initial contribution from the embryonic balcony and balustrading business in the UK. Strong demand continues in the core UK solar shading and architectural screening market.

- **Roofing & Walling** revenue rose 4% to £41.5m with underlying operating profit down 18% to £3.3m, mainly reflecting a challenging year for Alumasc Facades in the public sector refurbishment market. Following management action, cost savings of £0.3m will be realised in 2017/18. Alumasc Roofing had another record year. The non-core £4.2m revenue/operating break-even Scaffolding Products business was sold on 31 July 2017 for £1.0m.
- **Water Management** revenue was up 11% to £30.5m with operating profit up 4% to £3.6m. Reduced margins reflected a c.70% steel price rise impacting Gatic which could not be fully recovered through selling price increases. Gatic had record export sales. Alumasc Water Management Solutions had a solid year, driven mainly by UK sales growth, with "rain to drain" solutions, being developed in conjunction with Gatic and Alumasc Roofing, gaining traction.
- **Housebuilding & Ancillary Products** increased revenue by 12% to £9.6m and operating profit by 11% to £1.6m, reflecting Timloc's continued success based on excellent customer service, new products, including its "Above the Roofline" range, and expanding UK market coverage. Timloc invested £0.3m in additional sales and operational resources during the year and its new purpose-built factory at Goole will be commissioned early in 2018.

Paul Hooper, Chief Executive, commented:

"*Our order books and the level of specifications and enquiries in the pre-order pipeline remain strong across the group. Therefore, the Board believes Alumasc can continue to grow like-for-like revenues in its 2017/18 financial year.*

We are targeting an improvement in financial year-on-year operating margins, assisted by new products and systems, the annualised impact of selling price rises, the divestment of SCP and further operational gearing.

The Board is conscious of the wider economic and political uncertainties at the current time. Nonetheless, in view of the strategic positioning of our building products businesses in specialised growth markets and the significant further opportunities for international development at Levolux and Gatic, the Board believes Alumasc can continue to perform well in 2017/18 and beyond."

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Strategic Report

Chairman's Statement

Summary

Against a background of major political events and accompanying near-term uncertainty, it is encouraging that our principal market - UK construction - continued to grow during the past year and that we succeeded in growing our business considerably in excess of our principal market.

Group Earnings advanced for the sixth year, with underlying profit before tax increasing from £8.3 million to £9.0 million (+9%) in the 2016/17 financial year. Statutory profit before tax from continuing operations advanced from £6.8 million to £8.1 million (+20%). Revenues were 14% ahead in total, reflecting a doubling of export sales and further growth in the UK.

The combination of weaker Sterling and a recovery in certain commodity prices raised costs for many of our products, with a consequential impact on margins, particularly for work already in the pipeline. While able to respond to these cost increases to various degrees, particularly with regard to future work, there was an inevitable squeeze on margins in the earlier part of the year.

While we remain alert to further changes in the external environment, we believe that the inherent strength of our brands and products, when coupled with other management initiatives, will enable us to grow operating margins over time, as evidenced by some recovery in the second half year.

Our balance sheet remains strong, with net cash balances of £6.1 million at the year end.

The Board is recommending a final dividend of 4.3 pence per share (2016: 3.8 pence), making a total for the year of 7.15 pence per share (2016: 6.5 pence), an increase of 10%.

Progress against Strategy

The year under review represents the first in Alumasc's seventy year history when its operations have been focused on the single market sector of building products. Our strategy is to build specialised positions in building products markets where specifiers and customers recognise the value added by our premium products and systems.

Through continuous market, product and brand development, we aim to grow revenues faster than the markets in which we operate and to grow profits at a faster rate than revenues, thereby generating superior financial returns to our shareholders.

We have made significant progress since the dark days of recession which followed the financial crisis of 2008/09. During this period of 7 years, a pattern can be seen of revenue growth above industry background and of profit growth in excess of revenue growth. The drivers behind this are discussed in detail in the Strategic

Report which follows this statement and, following some head winds during the past year, our challenge is to repeat the patterns over the coming 7 years.

Talented people are fundamental to both past and future success and, throughout this period, our businesses have made and continue to make significant investment in talent as the foundation for the future. I wish to express the Board's gratitude, on your behalf, to all our employees for their dedication and contribution towards our progress. The patient development of our teams and markets gives your Board confidence in our ability to progress further in the years ahead.

In parallel with the above, and in support of the growth being achieved in our business, we are investing to raise operational capacity and efficiency. A new factory for Timloc, to complete later this year, to be followed by new facilities for Alumasc Water Management Solutions, are prime examples of this.

Corporate Events

Following its review of strategy during the year, The Board concluded that our Scaffolding Products business no longer fitted the group's future plans. Accordingly, the business, which had revenues of £4.2 million and traded at break-even in the 2016/17 financial year, was sold for £1.0 million on 31 July 2017.

Prospects

Independent forecasts for construction activity in the coming year indicate further modest growth. Once again, therefore, our task is to grow our business ahead of its principal market against this background through continued product and market development.

Our investment over a number of years in people and product innovation is being rewarded by the continued strength of our order books and activity still at the enquiry and specification stage.

Given these two factors, it is the Board's belief that further progress should be achieved in the new financial year and beyond.

John McCall
Chairman

Chief Executive's Strategic and Performance Overview

Strategy

Alumasc's strategy is to build strong specialised positions in premium building product markets, where specifiers and customers recognise the value added by our products, systems and solutions. Our objectives are to:

1. Grow UK revenues on average at a faster rate than the overall UK construction market

2. Augment UK revenue growth through the development of selected export markets

3. Grow profit at a faster rate than revenue, by improving operating margins through innovation, new product development, increasing sales of systems and solutions and operational gearing

4. Generate consistently superior financial returns to shareholders, underpinned by growing operating margins and strong returns on investment.

Alumasc's chosen businesses have strong strategic positions in specialised market segments capable of growing faster than the overall construction market. Each of our businesses is well positioned to benefit from one or more of the following long-term market growth drivers, which are closely aligned with the requirements of specifying architects and engineers and supported by building regulations:

1. Reducing energy use in the built environment

2. Managing and controlling the flow of water and reducing water use in the built environment

3. The provision of bespoke architectural systems and solutions, typically involving significant design input and technical expertise

4. Providing systems and solutions that improve the efficiency, quality and cost effectiveness of the construction process for both installers and customers.

Alumasc leverages this strong strategic positioning through:

- The recruitment and development of talented people

- Fostering an innovative and entrepreneurial culture

- Dedicated management and sales focus for each market segment, to provide agility as markets evolve and to deliver superior customer service

- Building strong customer relationships and the continuous development of well established routes to market

- Developing synergies within the group, both through cross-selling and cost reduction

- The promotion and development of recognised and trusted brands

- The design and development of innovative products

- An ongoing programme of prioritised investment in both human and capital resources to support further growth in the business over the medium to longer term.

Organic growth will be supplemented by complementary acquisitions should the right opportunities arise at the right price.

Overview of performance

2016/17 was Alumasc's first year as a focused building products business. This business generated record revenues, enabling Alumasc to deliver its sixth year of earnings growth.

Overview of underlying and statutory profit	**2016/17**			2015/16		
£m	**Underlying**	**Non-underlying**	**Statutory**	Underlying	Non-underlying	Statutory
Revenue	**104.8**	**-**	**104.8**	92.2	-	92.2
Operating Profit [1]	**9.1**	**(0.3)**	**8.9**	8.5	(0.8)	7.7
Profit before tax [2]	**9.0**	**(0.9)**	**8.1**	8.3	(1.5)	6.8

1 Non-underlying costs included in operating profit comprise brand amortisation of £0.3 million (2015/16: £0.3 million) and pension administration costs of £0.5 million in 2015/16 (see note 5 to the financial statements below).

2 Non-underlying costs included in profit before tax include the costs charged to operating profit (see note 1 above) and IAS 19 pension scheme finance costs of £0.6 million (2015/16: £0.7 million) (see note 5 to the financial statements below).

- Group revenues increased by 14% to £104.8 million (2015/16: £92.2 million).

- UK revenues grew by 4%. This compared with UK construction market growth of 1.8%.

- Export sales increased to £17.4 million, representing 17% of group sales (2015/16: £8.0 million and 9%, respectively). This reflected increasing North American market penetration by Levolux, record Gatic export sales and a higher than usual concentration of large projects.

- Underlying operating profit increased by 8% to £9.1 million (2015/16: £8.5 million), with results from three of our four business segments ahead of the prior year, led by particularly strong growth at Levolux, our solar shading and architectural screening business. Further detail is given in the operational review below.

- The growth in underlying operating profit was achieved after absorbing over £1 million of additional materials costs, for the most part arising from the depreciation of Sterling over the last year. This impacted operating margins, which reduced from 9.2% last year to 8.7% this year. Margins recovered, as expected, back to 9.2% in the second half of the financial year as we began to offset increased costs through selling price increases and operational efficiencies. Further details are given in the financial review below.

- We invested an incremental £1.6 million in new people during the year, in both sales and operational resources to support the continued growth in the business in 2016/17 and beyond. The costs of this were all charged to operating profit during the year.

- Underlying profit before tax grew by 9% to £9.0 million (2015/16: £8.3 million), benefiting both from the increase in operating profit and lower net financing costs.

- Underlying earnings per share grew by 9% to 20.1 pence (2015/16: 18.4 pence), in line with the growth in underlying profit before tax.

- Statutory profit before tax from continuing operations rose by 20% to £8.1 million (2015/16: £6.8 million), benefiting from higher underlying profits and lower IAS 19 pension costs.

- Basic earnings per share were 1% ahead of the prior year at 18.3 pence (2015/16: 18.2 pence), with the better results from continuing operations largely offset by the non-recurring prior year post-tax gain arising from the sale of discontinued engineering operations.

Operational review

Health & safety

Alumasc's priority is to provide a safe place for our employees to work. Within a broader trend of a significant improvement in health & safety performance across the group over recent years, 11 lost time incidents were recorded across the group in 2016/17, resulting in the group's third best overall safety performance.

Solar shading and architectural screening
Revenue: £24.4 million (2015/16: £17.4 million), up 41%
Underlying operating profit: £2.0 million (2015/16: £1.0 million), up 100%
Underlying operating margin: 8.2% (2015/16: 5.5%)
Post-tax return on investment: 10.8% (2015/16: 6.3%)

Levolux performed very strongly during the year, benefiting from:

- A significant growth in North American export sales to £7.9 million, including a large $5 million contract to screen a power station in the USA. Levolux's reputation and brand recognition is growing amongst specifying architects and building contractors, assisted by better sales coverage across the continent following recent investment;

- the first significant contribution from the embryonic balcony and balustrading business in the UK, with healthy demand from developers of prestige residential apartments; and

- continuing strong demand for solar shading and architectural screening solutions in the core UK market.

We estimate the size of the potential markets that Levolux is now serving, including the relatively new North American and balconies lines of business, to be approximately £250 million, over four times the size of Levolux's original UK solar shading market. Therefore, the Board believes that the opportunities for Levolux's future development are significant.

We invested £0.7 million in new people to support Levolux's continuing growth during the year, including two vice presidents of sales to double our representation in North America, and additional resources to manage and support the growth of the business more generally including designers, estimators, project managers, operational and supply chain resources.

Levolux is a low capital intensity business, with a relatively small fabrication and warehousing facility in Gloucester. Most of the manufacturing and logistics activity is outsourced to a broad supply chain based mainly in the UK and Europe. This provides us with access to a wide range of materials and system components, together with significant operational flexibility and capacity.

We install our bespoke architectural solar shading and balcony solutions in the UK, and supply to approved installers in North America.

Levolux's order books remain strong at £18.4 million at 30 June 2017. The pre-order specification and quotation pipeline across all lines of business is at record levels. However, in view of the completion in June 2017 of the large $5 million power station project in the USA, we believe Levolux's overall revenue and export sales growth rates in the 2016/17 financial year were above trend. Therefore we expect 2017/18 revenues to be broadly similar to the year under review, as continued growth in the underlying business is mitigated by normalisation of the influence of larger projects.

The order book for projects we expect to be on site in the next (2018/19) financial year is already over £3 million. This is very promising, as it gives us a record level of order visibility at this stage of the year for the following financial year.

In view of the above, 2017/18 should provide us the opportunity to consolidate and benefit fully from improvements in operational and supply chain performance already being delivered by our strengthened operational team following the recent investment. We expect this, and the benefit of more favourable hedged exchange rates from US Dollar income to assist us in further growing operating margins.

Roofing & Walling
Revenue: £41.5 million (2015/16: £40.1 million), up 4%
Underlying operating profit: £3.3 million (2015/16: £4.0 million), down 18%
Underlying operating margin: 7.9% (2015/16: 9.9%)
Post-tax return on investment: 36% (2015/16: 47%)

The headline divisional numbers mask another year of record revenues and profits for Alumasc Roofing, despite currency-led cost pressures on imported materials which impacted margins more significantly in this business than elsewhere in the group.

Alumasc Roofing is a specification sales-led business that has continued to gain market share in the UK. This has been through continued investment in the development of an increasingly wide range of high-performing flat roofing solutions that meet client needs in both new build and refurbishment markets. This is combined with a strong service offering and The Alumasc Promise, aimed at lowering the overall life cycle cost of the roof for clients, delivered together with Alumasc trained, but independent, registered contractors.

2016/17 was a particularly strong year for new build sales, with a number of significant projects completed successfully, particularly in London and the South-East. We continue to work on a number of high-profile buildings and projects in the Battersea area of London and in London Docklands. Blackdown Greenroofs and Roof-Pro's roofing support systems played an important part in the overall success and growth of the roofing business during the year.

Some £0.4 million was invested in new people in 2016/17, mainly additional technical sales resources to support the medium-term growth potential of Alumasc Roofing. We expect further growth from this business in 2017/18, albeit the further recent depreciation of Sterling means there is likely to be continued pressure on operating margins.

Alumasc Facades had a challenging year. This business principally supplies exterior wall insulation ("EWI") systems, mainly to the public sector refurbishment market. These systems reduce energy use, thereby lowering CO_2 emissions in hard to heat older properties. Alumasc manufactures mineral renders in-house and buys in other system components, including insulation, from reputable suppliers.

The business has a strong presence in Scotland where government funding continues to be available, albeit now at reduced levels. However, the significant reduction in government funding in England and Wales following the end of the Green Deal programme in 2015 combined with substantial cuts to the Eco programme have led to industry over-capacity, pressure on margins and a significant reduction in our revenue and profit. Therefore, in July 2017 we reduced overhead costs in this business by £0.3 million per annum.

Alumasc does not supply cladding systems of the type that we understand were used on the Grenfell Tower in London. Alumasc's EWI systems typically comprise an insulation layer and a fire retardant mineral render that is fixed to the original external wall of the building.

Of the smaller businesses in the division:

- Scaffold & Construction Products ("SCP") had a difficult year, impacted by a combination of strong price competition and the increased cost of imported materials. This business sold a relatively commoditised product range and had the lowest margins in the group. It achieved a break-even performance for the year from revenues of £4.2 million. The Board took the decision that SCP was no longer sufficiently aligned with group strategy, and therefore we sold this business for book value of £1.0 million on 31 July 2017. A £0.2 million cost was incurred on sale, taken in the 2017/18 financial year, relating to early exit from a warehouse contract.

- Rainclear had its fourth full consecutive year of record revenues and profits following its acquisition in 2012/13. This business has continued to expand its product range within its specialist niche of metal rainwater systems. Rainclear also manages the group's small but relatively high growth e-commerce activities, and has now taken over the running of Building Products Online, formerly managed by SCP.

Water Management
Revenue: £30.5 million (2015/16: £27.6 million), up 11%
Operating profit: £3.6 million (2015/16: £3.5 million), up 4%
Operating margin: 11.9% (2015/16: 12.7%)
Post-tax return on investment: 43% (2015/16: 47%)

Alumasc's Water Management division experienced strong revenue growth led by record export sales of Gatic systems arising from a number of relatively large projects in Europe, the Middle East and the Far East. The bias toward export sales impacted margin mix in the year and this was exacerbated by a circa 70% increase in steel costs as global prices recovered, which could not be fully offset by selling price increases and internal efficiencies.

Alumasc Water Management Solutions ("AWMS") had a record year, albeit experiencing more modest revenue growth mainly driven by sales to UK domestic markets. AWMS manufactures approximately half its output in-house and margins on these products benefited from operational efficiencies. However, this was largely offset by currency led import cost inflation on materials sourced from both the Euro-zone and the Far East.

New drainage products introduced in the prior year continued to gain traction, including the new generation Gatic Slotdrain range, Gatic Filcoten and the Harmer SML below ground range.

In co-operation with Gatic and Alumasc Roofing, AWMS further developed its range of comprehensive "Rain to Drain" solutions to manage, attenuate and conserve water in the built environment, and continues actively to work with specifiers, industry bodies and regulators to meet growing demand in this area.

Alumasc sees great potential to develop the Gatic business, including internationally, and is increasing the level of investment in UK and export sales resources together with new operational leadership in 2017/18 to accelerate both revenue growth and margin improvement.

In late August 2017 the EU announced it was imposing a 33% duty on certain iron castings imported from China. This will impact Gatic's UK access covers business. The additional cost will be recovered through selling price increases and internal efficiencies, where possible.

It remains the intention to relocate AWMS to a new facility in the Kettering area in the next two to three years as this business approaches physical capacity. A number of options are under consideration and evaluation, including greenfield and existing industrial sites. Pending the move, the business will incur £0.3 million of additional property lease costs at its existing site effective from July 2017. The shorter term strategic focus for AWMS is to improve margin through internal operational efficiencies. Capital investment in new machinery, tooling and technology is planned to support this.

House building and ancillary products
Revenue: £9.6 million (2015/16: £8.6 million), up 12%
Operating profit: £1.6 million (2015/16: £1.4 million), up 11%
Operating margin: 16.5% (2015/16: 16.6%)
Post-tax return on investment: 25% (2015/16: 28%)

Timloc's revenue growth continued to significantly out-perform the expanding UK market for new houses through:

- further consolidating the reputation of the business for excellent customer service, including on time in full next day delivery;
- the addition of new products to the range; and
- expansion of geographical reach within the UK.

Once again, this business reported record revenues and profits for the year.

The 'Above the Roofline' range launched last year exceeded expectations and we expect this new line of business to continue to grow, with new products still to be added, now that it has become established.

Investment of £0.3 million was made in additional sales and operational resources during the year and this helped drive and support the strong revenue growth. Most of the raw material inflation and adverse foreign exchange impacts on margin were offset by manufacturing efficiency gains.

The next milestone in Timloc's development will be the commissioning of its new leased factory, expected in early 2018. The factory will bring much needed additional capacity to meet further anticipated growth in demand, and will also provide additional operational flexibility. We anticipate that incremental property costs of £0.2 million in the 2017/18 financial year will be recovered through sales volume growth and margin improvement. Non-recurring move and factory commissioning costs are expected to be around £0.3 million in 2017/18.

Outlook

External forecasts anticipate continued UK construction market growth of 1.2% in our 2017/18 financial year.

We anticipate further underlying growth in export sales in 2017/18, and this is expected to largely mitigate a high concentration of large export projects in 2016/17.

Alumasc's order books and the level of specifications and enquiries in the pre-order pipeline remain strong across the group.

Therefore, the Board believes Alumasc can continue to grow like-for-like revenues in its 2017/18 financial year, after adjusting for the divestment in July 2017 of SCP which had revenues of £4.2 million in 2016/17.

We are targeting an improvement in financial year-on-year operating margins, assisted by new products and systems, the annualised impact of selling price rises, the divestment of SCP and further operational gearing.

We plan to invest at least another £1 million in people resources during the 2017/18 financial year to assist us in realising the group's medium to longer term growth potential.

The Board is conscious of the wider economic and political uncertainties at the current time and is monitoring developments carefully, retaining flexibility to adapt to events as necessary.

Nonetheless, in view of the strategic positioning of our building products businesses in specialised growth markets and the significant further opportunities for international development at Levolux and Gatic, the Board believes Alumasc can continue to perform well in 2017/18 and beyond.

Dividends

The Board is recommending a final dividend of 4.3 pence per share (2015/16: 3.8 pence), taking the total dividend for the year to 7.15 pence (2015/16: 6.5 pence), an increase of 10%.

The final dividend will be paid on 31 October 2017 to shareholders on the register on 6 October, subject to shareholder approval at the AGM to be held on 26 October.

Paul Hooper
Chief Executive

Financial Review

Reconciliation of underlying to statutory profit before tax

A reconciliation of underlying to statutory profit before tax from continuing operations is shown in the table below.

	2016/17 £m	**2015/16 £m**
Underlying profit before tax	**9.0**	8.3
IAS 19 pension costs	**(0.6)**	(1.2)
Brand amortisation	**(0.3)**	(0.3)
Profit before tax	**8.1**	6.8

Analysis of first and second half year operating performance and margin in 2016/17

The table below shows that underlying operating profit generation was, as is usual, weighted in the approximate ratio 45%/55% towards the second half year of the financial year. Underlying operating margins recovered, as anticipated, in the second half year as we began to recover imported input cost inflation through selling price increases and internal efficiencies.

	H1	**H2**	**Full Year**
Revenue (£m) H1/H2 %	50.8 48%	54.0 52%	104.8
Underlying operating profit (£m) H1/H2 %	4.1 45%	5.0 55%	9.1
Underlying operating margin	8.2%	9.2%	8.7%

Taxation

The group's underlying tax rate reduced from 20.8% in 2015/16 to 20.6% in 2016/17, broadly in line with the reduction in the UK statutory rate. The group's overall tax rate increased from 15.6% in 2015/16 to 19.5% in 2016/17 mainly due to the one-off benefit of non-taxable profits from business and related property disposals in the prior year. We expect the group's underlying tax rate to be 19.7% in the 2017/18 financial year.

Cash flow and year end net cash position

The group's cash flow performance for the year is summarised below. The key points are:

- EBITDA was £10.5 million, an 8% increase on last year, driven mainly by the increase in operating profit
- The timing of cash receipts from customers on large construction contracts, which benefited the prior financial year, had a negative turnaround effect on working capital of £1.7 million in the 2016/17 financial year. Receipts from customers, which had been in advance of work completed a year ago, reversed during the 2016/17 financial year and were in arrears by 30 June 2017. We expect this to recover back to a broadly neutral position in the current financial year, benefiting cash flow by circa £0.7 million in 2017/18
- Other working capital outflows to support the 14% increase in group revenues during the 2016/17 financial year were £3.7 million. The group continues to control working capital tightly and the rolling average ratio of trade working capital as a percentage of sales remained unchanged on a year ago at 11.3%. Cash flow prior to the financial year end was impacted by high group revenues in May and June, the cash proceeds from which were not collected until just after the year end
- Capital investment of £1.1 million was broadly in line with depreciation and non-brand amortisation charges for the year. The group plans to invest more in capital projects in 2017/18 to support the continued growth in the business, currently estimated to be in the range £3.5 to £4.0 million, including the new Timloc factory fit out and commissioning costs of circa £1.8 million
- Cash contributions to legacy defined benefit pension schemes were £3.3 million, £0.4 million higher than the prior year following agreement of the 2016 triennial valuation of pension liabilities, see below, and the settlement of prior year end expense accruals
- Interest and tax payments were together £0.9 million (2015/16: £1.2 million)
- Dividend payments to shareholders were £2.4 million (2015/16: £2.2 million).

In total, the net cash outflow for the year was £2.5 million. Alumasc's net cash resources on the balance sheet therefore reduced by £2.5 million from £8.6 million at 30 June 2016 to £6.1 million at 30 June 2017.

Summarised cash flow statement	**2016/17 £m**	2015/16 £m
EBITDA*	**10.5**	9.7

Short term changes in working capital on large construction contracts	**(1.7)**	1.8
Underlying change in working capital	**(3.7)**	(0.3)
Operating cash flow from continuing operations	**5.1**	11.2
Capital expenditure	**(1.1)**	(1.1)
Pension deficit & scheme expenses funding	**(3.3)**	(2.9)
Interest	**(0.1)**	(0.2)
Tax	**(0.8)**	(1.0)
Dividends	**(2.4)**	(2.2)
Share schemes and other	**0.1**	(0.6)
Net cash flow from continuing operations	**(2.5)**	3.2
Net sales proceeds from disposal of Dyson Diecastings in 2015/16	**-**	4.5
Net cash flow	**(2.5)**	7.7
Net cash on balance sheet at 30 June	**6.1**	8.6

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

Foreign currency

The group imports approximately 40% of its total purchases of materials, and these transactions are mostly settled in Euros or US Dollars. The group's net annual requirement for purchases in Euros is circa £6 million. US Dollar income is largely offset by US Dollar purchases and therefore the impact across the group as a whole of changes in the US Dollar exchange rates are not as material as is the case for Euros. The depreciation of Sterling against the Euro and US Dollar since June 2016 has cost the group over £1 million. The group has hedged approximately 75% of its currency requirements for the 2017/18 financial year at average rates of €/£: 1.13 and US$/£: 1.31. We continue to seek to recover as much of this currency exchange cost as possible through selling price increases and internal savings and efficiencies.

Pensions

The 31 March 2016 triennial valuation of Alumasc's legacy defined benefit pension liabilities was agreed with the Pension Trustees in the early part of the 2016/17 financial year. The combined pension deficit of our two pension schemes, both of which have been closed to future accrual since 2010, was valued at £33 million. This represented a funding level of 73% of scheme liabilities, reflecting a market environment where gilt yields used to discount future pension liabilities to present values were at close to record lows.

We agreed a plan with the Trustees to recover this deficit over a ten-year period, with the group making annual cash contributions of £3.2 million pa (previously £3.0 million pa), including scheme running expenses. The valuation of the schemes and associated recovery plan is next scheduled to be formally re-assessed in 2019. The valuation of Alumasc's pension deficit for accounting purposes at 30 June 2017 using IAS 19 valuation conventions was £20.6 million, an improvement on the previous financial year end valuation of £22.7 million, largely reflecting the benefit of deficit recovery payments made by the group during the year, described above.

Balance sheet, capital structure and return on investment

The group's net assets and shareholders' funds increased from £16.6 million at the beginning of the financial year to £20.4 million at 30 June 2017, mainly as a result of retained profits for the year after dividend payments.

The group defines its capital invested as the sum of shareholders' funds, plus the pension deficit (net of tax), less net cash resources. On this basis, capital invested increased from £26.5 million at the end of the prior year to £31.5 million at 30 June 2017, largely reflecting the investment made in working capital during the year to support the continued growth of the business and work in progress on construction contracts.

Post tax return on investment advanced to 25.0% in the year to 30 June 2017 from 24.3% in the prior year as the growth in operating profit exceeded the growth in average capital invested during the year. The group's strong post-tax return on investment, substantially above the group's cost of capital, demonstrates the significant economic value added by the group, based on the combination of:

- the supply of premium building products, systems and solutions from strong, specialised market positions in growth markets; and

- the group's relatively low capital intensity internal manufacturing operations and outsourced supply chains.

Overall, Alumasc has a strong balance sheet. This will be used (together with the bank facilities described below, as needed) to finance the anticipated further organic growth of the group and complementary acquisitions should the right opportunities arise at the right price.

Banking facilities

Alumasc's banking facilities comprise:

- An unsecured committed five-year revolving credit facility of £12.5 million, expiring in August 2020

- The ability to extend this facility to £30 million, subject to further credit approval by relationship banks

- Overdraft facilities, repayable on demand, of £2 million.

Going concern and viability

Having made due enquiry, and based on the information available at the date of this report, the Board believes that Alumasc will remain a going concern and financially viable on the basis of the assumptions and relevant time horizons set out in the group's full Report and Accounts 2017.

Andrew Magson
Group Finance Director

Responsibility Statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and

- the strategic report includes a fair review of the development and performance of the business and the position of the group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and 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 2017 which will be despatched to shareholders on or around 27 September 2017 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 2017

Continuing operations:	**Notes**	**2016/17 £'000**	2015/16 £'000
Revenue	**4**	**104,761**	92,233
Cost of sales		**(72,022)**	(61,434)
Gross profit		**32,739**	30,799
Net operating expenses		**(23,864)**	(23,101)
Operating profit	**4**	**8,875**	7,698
Finance expenses		**(752)**	(939)
Profit before taxation	**5**	**8,123**	6,759
Tax expense	**6**	**(1,583)**	(1,581)
Profit for the period		**6,540**	5,178
Discontinued operations:			
Profit after taxation for the period from discontinued operations		**-**	1,306
Profit for the period		**6,540**	6,484

Other comprehensive income			
Items that will not be recycled to profit or loss:			
Actuarial loss on defined benefit pensions net of tax		**(792)**	(3,172)
Items that are or may be recycled subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges net of tax		**170**	(23)
Exchange differences on retranslation of foreign operations		**34**	1
		204	(22)
Other comprehensive loss for the period, net of tax		**(588)**	(3,194)
Total comprehensive profit for the period, net of tax		**5,952**	3,290
Earnings per share		**Pence**	Pence
Basic earnings per share			
- Continuing operations		**18.3**	14.5
- Discontinued operations		**-**	3.7
	8	**18.3**	18.2
Diluted earnings per share			
- Continuing operations		**18.0**	14.3
- Discontinued operations		**-**	3.6
	8	**18.0**	17.9

Reconciliations of underlying to statutory profits and earnings per share are provided in notes 5 and 8 respectively.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	**2017 £'000**	**2017 £'000**	2016 £'000	2016 £'000
Assets					
Non-current assets					
Property, plant and equipment		**5,332**		5,267	
Goodwill		**16,488**		16,488	
Other intangible assets		**2,364**		2,642	
Deferred tax assets	**6**	**3,501**		4,080	
			27,685		28,477
Current assets					
Inventories		**10,508**		10,238	
Trade and other receivables		**22,459**		19,759	
Cash and cash equivalents		**9,014**		10,540	
			41,981		40,537
Total assets			**69,666**		69,014
Liabilities					
Non-current liabilities					
Interest bearing loans and borrowings		**(2,938)**		(1,908)	
Employee benefits payable		**(20,596)**		(22,668)	
Provisions		**(890)**		(1,064)	
Deferred tax liabilities	**6**	**(595)**		(508)	
			(25,019)		(26,148)
Current liabilities					
Trade and other payables		**(23,497)**		(25,351)	
Provisions		**(157)**		(478)	
Corporation tax payable		**(494)**		(188)	
Derivative financial liabilities		**(62)**		(269)	
			(24,210)		(26,286)
Total liabilities			**(49,229)**		(52,434)
Net assets			**20,437**		16,580

Equity					
Called up share capital		**4,517**		4,517	
Share premium	**9**	**445**		445	
Capital reserve - own shares	**9**	**(541)**		(931)	
Hedging reserve	**9**	**(51)**		(221)	
Foreign currency reserve	**9**	**84**		50	
Profit and loss account reserve		**15,983**		12,720	
Total equity			**20,437**		16,580

Paul Hooper **Andrew Magson**
Director Director

5 September 2017
Company number 1767387

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Notes	**2016/17 £'000**	2015/16 £'000
Operating activities			
Operating profit		**8,875**	7,698
Adjustments for:			
Depreciation		**958**	931
Amortisation		**425**	364
Gain on disposal of property, plant and equipment		**(2)**	(11)
Increase in inventories		**(270)**	(400)
Increase in receivables		**(2,700)**	(804)
(Decrease)/Increase in trade and other payables		**(1,994)**	2,958
Decrease in provisions		**(585)**	(84)
Cash contributions to retirement benefit schemes		**(3,200)**	(2,500)
Share based payments		**157**	181
Cash generated by operating activities of continuing operations		**1,664**	8,333
Operating profit from discontinued operations		**-**	27
Depreciation and amortisation		**-**	141
Movement in working capital from discontinued operations		**-**	15
Cash generated by operating activities of discontinued operations		**-**	183
Tax paid		**(800)**	(980)
Net cash inflow from operating activities		**864**	7,536
Investing activities			
Purchase of property, plant and equipment - continuing operations		**(909)**	(869)
Purchase of property, plant and equipment - discontinued operations		**-**	(148)
Payments to acquire intangible fixed assets		**(147)**	(255)
Proceeds from sales of plant and equipment		**4**	21
Proceeds from sale of business activities		**-**	4,474
Net cash (outflow)/inflow from investing activities		**(1,052)**	3,223
Financing activities			
Interest paid		**(120)**	(221)
Equity dividends paid	**7**	**(2,368)**	(2,208)
Draw down/(repayment) of amounts borrowed		**1,000**	(3,000)
Refinancing costs		**-**	(119)
Exercise of share based incentives		**116**	(612)
Net cash outflow from financing activities		**(1,372)**	(6,160)
Net (decrease)/increase in cash and cash equivalents		**(1,560)**	4,599
Net cash and cash equivalents brought forward		**10,540**	5,914

Net (decrease)/increase in cash and cash equivalents	**(1,560)**	4,599
Effect of foreign exchange rate changes	**34**	27
Net cash and cash equivalents carried forward	**9,014**	10,540

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	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 2015		4,517	445	(618)	(198)	49	11,734	15,929
Profit for the period		-	-	-	-	-	6,484	6,484
Exchange differences on retranslation of foreign operations		-	-	-	-	1	-	1
Net loss on cash flow hedges		-	-	-	(22)	-	-	(22)
Tax on derivative financial liability		-	-	-	(1)	-	-	(1)
Actuarial loss on defined benefit pensions, net of tax		-	-	-	-	-	(3,172)	(3,172)
Dividends	**7**	-	-	-	-	-	(2,208)	(2,208)
Share based payments		-	-	-	-	-	181	181
Acquisition of own shares (net)		-	-	(313)	-	-	-	(313)
Exercise of share based incentives		-	-	-	-	-	(299)	(299)
At 1 July 2016		4,517	445	(931)	(221)	50	12,720	16,580
Profit for the period		**-**	**-**	**-**	**-**	**-**	**6,540**	**6,540**
Exchange differences on retranslation of foreign operations		**-**	**-**	**-**	**-**	**34**	**-**	**34**
Net gain on cash flow hedges		**-**	**-**	**-**	**207**	**-**	**-**	**207**
Tax on derivative financial liability		**-**	**-**	**-**	**(37)**	**-**	**-**	**(37)**
Actuarial loss on defined benefit pensions, net of tax		**-**	**-**	**-**	**-**	**-**	**(792)**	**(792)**
Dividends	**7**	**-**	**-**	**-**	**-**	**-**	**(2,368)**	**(2,368)**
Share based payments		**-**	**-**	**-**	**-**	**-**	**157**	**157**
Own shares used to satisfy exercise of share awards		**-**	**-**	**390**	**-**	**-**	**-**	**390**
Exercise of share based incentives		**-**	**-**	**-**	**-**	**-**	**(274)**	**(274)**
At 30 June 2017		**4,517**	**445**	**(541)**	**(51)**	**84**	**15,983**	**20,437**

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 2017, and the Companies Act 2006.

The financial information set out in this announcement does not constitute the group's statutory information for the years ended 30 June 2017 or 2016, but is derived from the group's 2017 statutory financial statements. The group's consolidated financial information has been prepared in accordance with accounting policies consistent with those adopted for the year ended 30 June 2017. Statutory accounts for 2016 have been delivered to the registrar of companies and those for 2017 will be delivered following the group's Annual General Meeting. The auditor has reported on these accounts, their reports were unqualified and did not contain statements under the Companies Act 2006, s498(2) or (3).

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 cash flows and liquidity position are set out in the above financial statements.

The group has committed borrowing facilities of £12.5 million which expire in August 2020. In addition, the group has recently renewed overdraft facilities totalling £2 million for another year. At 30 June 2017 the group's net cash resources were £6.1 million (2016: £8.6 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 main source of estimation uncertainty that could have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities at 30 June 2017 within the next financial year are the valuation of defined benefit pension obligations and the recognition of revenues and profit on construction contracts.

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. Judgment is required in making forecasts of contract outcomes and on revenue and profit recognition relating to:

(i) potential contract variations prior to these being fully agreed; and/or
(ii) if there are differences, timing or otherwise, between the assessment of internal quantity surveyors and those of our customers as to the level of work performed.

3 PRINCIPAL RISKS AND UNCERTAINTIES

Risks and uncertainties	Mitigating actions taken
Economic, construction market and foreign exchange risks *Comment* *Alumasc is a UK-based group of businesses. The majority of group sales made to the construction sector in the UK. This market can be cyclical in nature.* *The depreciation of Sterling during the year impacted material costs. There is relatively high economic and political uncertainty at the current time.*	• Strategic positioning in markets/sectors anticipated to grow faster than the UK construction market. • Selected development of export sales opportunities, especially for Levolux and Gatic (particularly in North America, Europe, the Middle East and Far East). • Revenues are derived from a variety of end use construction markets. • Development of added value systems and solutions that are either required by legislation, building regulation and/or specified by architects and engineers. • Continuous development and introduction of innovative products, systems, solutions and services that are market leading and differentiated against the competition. • The group has exposure to currency risk, particularly the Euro and US Dollar. Sterling has depreciated against these currencies since June 2016. The impact is being mitigated by selling price increases, purchasing savings, operational efficiencies and forward currency hedging.
Loss of key employees *Comment* *Generally, staff turnover is low.*	• Market competitive remuneration/incentive arrangements. • Employee numbers and changes monitored in monthly subsidiary board meetings. • Key, high performing and high potential employees identified and monitored. • Training and development programmes. • Exit interviews held 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. Over 10% of group sales relate to products launched in the last three years.*	• A devolved operating model with both group and local management responsible for developing a deep knowledge of our specialist markets and identifying opportunities and emerging market trends. • Innovation best practice days held annually at group level and more regularly in each business. • Annual group strategic planning meetings encourage innovation and "blue sky" thinking. • New product introduction/development KPIs used to monitor progress. • Monitor the market for potentially new and/or disruptive technologies.
Loss of key customers. *Comment* *Generally the group has a good track record of customer retention. The group has a diversified customer base with the largest customer representing only circa 3% of group revenues.*	• Develop and maintain strong customer relationships. • Product, system and service differentiation. • Good project tracking and enquiry/quote conversion rate tracking. • Increasing use of, and investment in, customer relationship management (CRM) software. • Organisational and cultural flexibility to adapt to changing and emerging customer needs.

Funding legacy 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 constructive relationship with Pension Trustees. • Meet agreed pension funding commitments. • Regular review at group board level. • Use of specialist advisors. • Investment performance and risk/return balance overseen by an Investment Committee. • Monitor and seek opportunities to reduce gross pension liabilities. • Use of derivatives to partly hedge inflation and interest rate risk.
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 legislation, building regulations and industry standards (eg ISO, BBA etc) and product testing, as appropriate. • Group insurance programme to cover larger potential risks. • Back to back warranties obtained from suppliers where appropriate. • Specific local risk management procedures in group brands that also install (as well as supply) building products (i.e. Levolux and Blackdown). • Internal reviews of quality and supply chain and design procedures targeted at higher risk areas, particularly Solar Shading and Architectural Screening, Roofing and Walling.
Supply chain risks *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.* *In August 2017 the EU imposed a 33% customs duty on certain iron castings imported from China.*	• Annual strategic reviews, including supplier concentration, quality, reliability and sustainability. • Regular key supplier visits, good relationships maintained including quality control reviews and training. • Regular reviews as to whether work should be brought back to the UK (or elsewhere) as economic conditions evolve, including the impact of foreign exchange rate movements. • Alumasc will seek to recover increased EU customers duties through selling price increases and internal efficiencies.
Business continuity risks *Comment* *The group has not previously experienced any significant loss of operational capability causing business continuity issues.* *Cyber security risks are increasing globally.*	• Business continuity plans prepared at each business. • IT disaster recovery plans are in place, with close to real time back up arrangements. • Awareness training and management briefings held on cyber security risks and actions taken on preventative measures. • Regular reviews of cyber security, including external penetration testing. • Energy supply and contingency arrangements reviewed periodically, with back up supplies in place as needed. • Critical plant and equipment is identified, with associated breakdown/recovery plans, including assessment of engineering spares held on site.
Strategic development risks and change projects *Comment* *There are execution risks around a number of current strategic change projects, including new product launches, the relocation of Timloc to a new factory in 2018 and various ERP and CRM system implementations.*	• Key strategic change projects are governed by Steering Committees sponsored by independent specialist consultants where necessary, for example IT and property. • Project risk reviews conducted and updated regularly. • Project plans established and monitored monthly. • 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.

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 board agenda item. • Risk assessments are carried out and safe systems of work documented and communicated. • All safety incidents and significant near misses reported to board level monthly. 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 of higher risk operations.
Credit risk *Comment* *The group has a generally good record in managing credit risks. Risks can be 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 are subject to strict delegated authority limit sign offs. • Credit checks when accepting new customers/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 IFRS 8 "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 because of similarities between the nature of products and services, routes to market and supply chains in each segment.
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 2016/17	**Revenue**			
	External	**Inter-segment**	**Total**	**Segmental Operating Result**
	£'000	**£'000**	**£'000**	**£'000**
Solar shading & architectural screening	24,399	-	24,399	1,989
Roofing & walling	41,472	17	41,489	3,259
Water management	29,332	1,204	30,536	3,628
Housebuilding & ancillary products	9,558	4	9,562	1,573

Sub-total	**104,761**	**1,225**	**105,986**	**10,449**
Inter-segment elimination / unallocated costs	-	(1,225)	(1,225)	(1,306)
Total	**104,761**	**-**	**104,761**	**9,143**

	£'000
Segmental operating result	9,143
Brand amortisation	(268)
Total operating profit from continuing operations	**8,875**

			Capital expenditure			
	Segment Assets £'000	**Segment Liabilities £'000**	**Property, Plant & Equipment £'000**	**Other Intangible Assets £'000**	**Deprecia-tion £'000**	**Amortisa-tion £'000**
Solar shading & architectural screening	19,839	(5,261)	18	46	73	251
Roofing & walling	17,212	(10,505)	306	6	155	102
Water management	12,342	(5,550)	241	76	414	25
Housebuilding & ancillary products	7,315	(2,409)	447	17	283	47
Sub-total	**56,708**	**(23,725)**	**1,012**	**145**	**925**	**425**
Unallocated	12,958	(25,504)	13	2	33	-
Total	**69,666**	**(49,229)**	**1,025**	**147**	**958**	**425**

Analysis by reportable segment 2015/16	**Revenue**			
	External £'000	**Inter-segment £'000**	**Total £'000**	**Segmental Operating Result £'000**
Solar shading & architectural screening	17,359	-	17,359	954
Roofing & walling	40,045	6	40,051	3,959
Water management	26,269	1,299	27,568	3,489
Housebuilding & ancillary products	8,560	10	8,570	1,420
Sub-total	**92,233**	**1,315**	**93,548**	**9,822**
Inter-segment elimination / unallocated costs	-	(1,315)	(1,315)	(1,346)
Total	**92,233**	**-**	**92,233**	**8,476**

	£'000
Segmental operating result	8,476
Brand amortisation	(268)
IAS 19 pension scheme administration costs	(510)
Total operating profit from continuing operations	**7,698**

			Capital expenditure			
	Segment Assets £'000	**Segment Liabilities £'000**	**Property, Plant & Equipment £'000**	**Other Intangible Assets £'000**	**Deprecia-tion £'000**	**Amortisa-tion £'000**
Solar shading & architectural screening	19,266	(7,178)	80	57	70	214
Roofing & walling	16,281	(10,185)	71	-	146	104
Water management	11,439	(5,256)	212	34	422	17
Housebuilding & ancillary products	6,350	(2,390)	488	91	213	27
Sub-total	**53,336**	**(25,009)**	**851**	**182**	**851**	**362**
Unallocated & discontinued	15,678	(27,425)	88	-	219	4

Total	**69,014**	**(52,434)**	**939**	**182**	**1,070**	**366**

Analysis by geographical segment 2016/17

	United Kingdom £'000	**Europe £'000**	**North America £'000**	**Middle East £'000**	**Far East £'000**	**Rest of World £'000**	**Total £'000**
Sales to external customers	**87,396**	**3,905**	**8,009**	**630**	**2,359**	**2,462**	**104,761**
Segment non-current assets	**24,184**	**-**	**-**	**-**	**-**	**-**	**24,184**

Analysis by geographical segment 2015/16

	United Kingdom £'000	Europe £'000	North America £'000	Middle East £'000	Far East £'000	Rest of World £'000	Total £'000
Sales to external customers	84,217	3,262	1,860	337	1,593	964	92,233
Segment non-current assets	24,397	-	-	-	-	-	24,397

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 UNDERLYING TO STATUTORY PROFIT RECONCILIATION

	2016/17 Operating profit £'000	**Profit before tax £'000**	2015/16 Operating profit £'000	Profit before tax £'000
Underlying profit	**9,143**	**9,011**	8,476	8,261
Less: Brand amortisation	**(268)**	**(268)**	(268)	(268)
Less: IAS 19 pension scheme administration costs	**-**	**-**	(510)	(510)
Less: IAS 19 net pension scheme finance costs	**-**	**(620)**	-	(724)
Statutory profit from continuing operations	**8,875**	**8,123**	7,698	6,759
Discontinued operations	**-**	**-**	27	928
Total statutory profit	**8,875**	**8,123**	7,725	7,687

In the presentation of underlying profits, management treats the amortisation of acquired brands and IAS 19 pension costs as non-underlying items because they are material non-cash and non-trading items that typically would be excluded in assessing the value of the business. Following the 2016 triennial review and agreement of the revised deficit recovery plan, pension scheme administration costs are now paid directly by the pension schemes rather than being reimbursed by the company.

6 TAX EXPENSE

(a.) Tax on profit on ordinary activities

Tax charged in the statement of comprehensive income

	2016/17 £'000	2015/16 £'000
Current tax:		
UK corporation tax - continuing operations	**1,117**	1,433

- discontinued operations	**-**	(697)
Overseas tax	**11**	5
Amounts over provided in previous years	**(22)**	(2)
Total current tax	**1,106**	739
Deferred tax:		
Origination and reversal of temporary differences:		
- continuing operations	**478**	247
- discontinued operations	**-**	319
Amounts under/(over) provided in previous years	**78**	(48)
Rate change adjustment	**(79)**	(54)
Total deferred tax	**477**	464
Total tax expense	**1,583**	1,203
Tax charge on continuing operations	**1,583**	1,581
Tax credit on discontinued operations	**-**	(378)
Total tax expense	**1,583**	1,203
Tax recognised in other comprehensive income		
Deferred tax:		
Actuarial losses on pension schemes	**152**	(240)
Cash flow hedge	**37**	1
Tax charged/(credited) to other comprehensive income	**189**	(239)
Total tax charge in the statement of comprehensive income	**1,772**	964

(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 19.5% is lower than (2015/16: 15.6% was lower than) the standard rate of corporation tax in the UK of 19.75% (2015/16: 20%). The differences are reconciled below:

	2016/17 **£'000**	2015/16 £'000
Profit before tax from continuing operations	**8,123**	6,759
Profit before tax from discontinued operations	**-**	928
Accounting profit before tax	**8,123**	7,687
Current tax at the UK standard rate of 19.75% (2015/16: 20.00%)	**1,604**	1,537
Expenses not deductible for tax purposes	**2**	139
Chargeable gains/use of capital losses	**-**	(369)
Rate change adjustment	**(79)**	(54)
Tax over provided in previous years - current tax	**(22)**	(2)
Tax under/(over) provided in previous years - deferred tax	**78**	(48)
	1,583	1,203

The group's total tax charge in 2015/16 of £1,203,000 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

The group has agreed tax capital losses in the UK amounting to £20 million (2016: £20 million) that relate to prior years. Under current legislation these losses are available for offset against future chargeable gains. The capital losses are able to be carried forward indefinitely. Revaluation gains on land and buildings amount to £1 million (2016: £1 million). These have been offset against the capital losses detailed above. A deferred tax asset has not been recognised in respect of the net capital losses carried forward of £19 million (2016: £19 million) as they do not meet the criteria for recognition.

(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 2015	19	(38)	458	(49)	390	(4,187)
Charged/(credited) to the statement of comprehensive income - current year	267	(8)	(94)	-	165	347
(Credited)/charged to the statement of comprehensive income - prior year	(53)	5	-	-	(48)	-
Charged/(credited) to equity	-	-	-	1	1	(240)
At 30 June 2016	233	(41)	364	(48)	508	(4,080)
Charged/(credited) to the statement of comprehensive income - current year	**33**	**4**	**(65)**	**-**	**(28)**	**427**
Charged to the statement of comprehensive income - prior year	**73**	**5**	**-**	**-**	**78**	**-**
Charged to equity	**-**	**-**	**-**	**37**	**37**	**152**
At 30 June 2017	**339**	**(32)**	**299**	**(11)**	**595**	**(3,501)**

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 £3.2 million (2016: £3.4 million) have not been recognised in respect of net capital losses of £19 million (2016: £19 million), see note 6 (c).

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

In the Budget on 16 March 2016, the UK Government announced its intention to further reduce the main rate of UK corporation tax to 17% with effect from 1 April 2020. Existing temporary differences on which deferred tax has been provided may therefore unwind in future periods at this reduced rate. This rate change was substantively enacted at the balance sheet date. Deferred tax assets and liabilities have been calculated based on the rate of 17% substantively enacted at the balance sheet date.

7 DIVIDENDS

	2016/17 £'000	2015/16 £'000
Interim dividend for 2017 of 2.85p paid on 7 April 2017	**1,018**	-
Final dividend for 2016 of 3.8p paid on 1 November 2016	**1,350**	-
Interim dividend for 2016 of 2.7p paid on 7 April 2016	**-**	960
Final dividend for 2015 of 3.5p paid on 28 October 2015	**-**	1,248
	2,368	2,208

A final dividend of 4.3 pence per equity share, at a cash cost of £1,538,000, has been proposed for the year ended 30 June 2017, payable on 31 October 2017. 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:

	2016/17	2015/16
	£'000	£'000
Profit attributable to equity holders of the parent - continuing operations	**6,540**	5,178
Profit attributable to equity holders of the parent - discontinued operations	**-**	1,306
Net profit attributable to equity holders of the parent	**6,540**	6,484
	000s	000s
Weighted average number of shares	**35,663**	35,618
Dilutive potential ordinary shares - employee share options	**556**	520
	36,219	36,138

Calculation of underlying earnings per share from continuing operations:

	2016/17	2015/16
	£'000	£'000
Reported profit before taxation from continuing operations	**8,123**	6,759
Add: brand amortisation	**268**	268
Add: IAS 19 pension scheme administration costs	**-**	510
Add: IAS 19 net pension scheme finance costs	**620**	724
Underlying profit before taxation from continuing operations	**9,011**	8,261
Tax at underlying group tax rate of 20.6% (2015/16: 20.8%)	**(1,856)**	(1,718)
Underlying earnings from continuing operations	**7,155**	6,543
Weighted average number of shares	**35,663**	35,618
Underlying earnings per share from continuing operations	**20.1p**	18.4p

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 361,789 (2016: 622,528) ordinary own shares held by the company. The market value of shares at 30 June 2017 was £672,928 (2016: £756,372). These are held to help satisfy the exercise of awards under the company's Long Term Incentive Plans. During the year 260,739 shares at a cost of £390,000 were used to satisfy the exercise of awards. 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 2017	2016
Alumasc Exterior Building Products Limited	Building products	England	**100**	100
Alumasc Limited	Building products	England	**100**	100
Levolux Limited	Building products	England	**100**	100

Terms and conditions of transactions with related parties

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

Transactions with other related parties

Key management personnel are determined as the Directors of The Alumasc Group plc.

11 POST BALANCE SHEET EVENTS

As described in the Strategic Report above, the group sold Scaffold and Construction Products on 31 July 2017. Disposal proceeds were £1,000,000. The business generated revenues of £4,200,000 in the year to 30 June 2017 and recorded a break-even result at operating profit level.

In late August 2017 the EU announced it was imposing a 33% duty on certain iron castings imported from China. This will impact Gatic's UK access covers business. The additional cost will be recovered through selling price increases and internal efficiencies, where possible.

Five Year Summary	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Income Statement Summary					
Revenue	**85,291**	**80,301**	**90,295**	**92,233**	**104,761**
Underlying operating profit	**7,133**	**6,645**	**8,314**	**8,476**	**9,143**
Underlying operating margin	*8.4%*	*8.3%*	*9.2%*	*9.2%*	*8.7%*
Net interest cost on borrowings	(767)	(521)	(592)	(215)	(132)
Underlying profit before tax	**6,366**	**6,124**	**7,722**	**8,261**	**9,011**
Non-underlying costs*	(2,984)	(1,168)	(1,434)	(1,502)	(888)
Profit before taxation	**3,382**	**4,956**	**6,288**	**6,759**	**8,123**

Taxation	(1,025)	(1,016)	(1,483)	(1,581)	(1,583)
Profit for the year from continuing operations	**2,357**	**3,940**	**4,805**	**5,178**	**6,540**
Discontinued operations - (Loss)/profit after tax	(471)	101	(429)	1,306	-
Profit for the year	**1,886**	**4,041**	**4,376**	**6,484**	**6,540**
Underlying earnings per share (pence)	**13.3**	**13.0**	**16.9**	**18.4**	**20.1**
Basic earnings per share - continuing operations (pence)	**6.6**	**11.1**	**13.5**	**14.5**	**18.3**
Basic earnings per share (pence)	**5.3**	**11.3**	**12.3**	**18.2**	**18.3**
Dividends per share (pence)	**4.5**	**5.0**	**6.0**	**6.5**	**7.15**
Balance Sheet Summary at 30 June					
Shareholders' funds	22,443	17,042	15,929	16,580	20,437
Net debt/(cash)	7,687	7,666	(914)	(8,632)	(6,076)
Pension deficit (net of associated deferred tax asset)	7,748	14,338	16,748	18,588	17,095
Discontinued operations	(12,169)	(11,037)	(2,969)	-	-
Capital Invested - continuing operations	25,709	28,009	28,794	26,536	31,456
Underlying return on capital invested (post-tax)**	19.0%	18.8%	22.8%	24.3%	25.0%
Underlying tax rate	25.7%	24.2%	22.0%	20.8%	20.6%
Order book at 30 June	21,116	19,737	24,014	26,569	28,565

Notes
* Non-underlying costs comprise brand amortisation and IAS 19 pension costs in all years. In 2012/13 non-underlying costs also included restructuring costs and a goodwill impairment charge.

** Underlying operating profit after tax from continuing operations calculated using the underlying tax rate, as a percentage of average capital invested

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