RNS Number : 2688L
Alumasc Group PLC
05 September 2019

5 September 2019

IMMEDIATE RELEASE

THE ALUMASC GROUP PLC

FULL YEAR RESULTS ANNOUNCEMENT

RESILIENT PERFORMANCE IN CHALLENGING MARKETS

Alumasc (ALU.L), the premium building products, systems and solutions Group, announces results for the year ended 30 June 2019.

Paul Hooper, Chief Executive, said:

"*During the year our Roofing and Water Management and Housebuilding Products businesses delivered solid performances. We took prudent action to restructure and refocus Levolux, to provide greater cross-selling opportunities with shared operational and administrative resources within the recently formed Alumasc Building Envelope division.*

We remain cautious about the current economic climate in relation to the new build construction markets,but have taken the right mitigating actions and believe that our strong market positions, innovative products and experience will stand us well for the year ahead."

Financial Review:

- Group revenues up 4% to £90.1m (2018: £87.0m)
- Underlying profit before tax* £5.6m (2018: £6.0m) reflecting the previously reported performance from Levolux
- Basic earnings per share of 10.1 pence (2018: 12.0 pence)
- Maintained total dividend for year of 7.35 pence (2018: 7.35 pence) reflecting the Board's confidence in the future and positive impact of the recent restructuring actions
- Net debt of £5.1m (2018: £4.8m)
- Core businesses which represent 80% of Group revenues: Roofing & Water Management and Housebuilding Products, performing strongly with YoY growth and margin improvement.

- **Pro-active management action to address Levolux's challenging markets:**
    - Restructuring of Levolux and its amalgamation into the new Building Envelope division, enables cross selling opportunities and shared operational and administrative resources;
    - Investment in local technical sales in North America, to expand and enhance its current revenue streams of circa £4m p.a.

- **Implementation of a cost-efficient operating structure**:
  - On track to deliver additional annualised £2m cost savings in FY 2019/20
  - On target to deliver year end 2019/20 streamlined business with six operational sites.

- **Merger of pension schemes and simplified legal structure saving over £100k p.a. in pension scheme running costs and company administrative costs.**

- **Focused investment in Housebuilding Products and Water Management divisions**
  - £1m invested in Timloc on new machinery and automation; and £0.6m in new Gatic Slotdrain manufacturing plant and machinery
  - £1m investment commitment in the Water Management division for tooling held at strategic suppliers in Far East.

- **Recent acquisition and divestments have delivered a pro forma pre-tax return on investment of 28%.**

Outlook:

- Against a backdrop of current economic and new build construction sector conditions, the Board has taken swift action to restructure Levolux, whilst investing and supporting the strongly performing Roofing & Water Management and Housebuilding Products divisions.
- The Board continues to believe that Alumasc's strong strategic and market positions, which underpin the Group's past track record, will ensure that the Group is well positioned to make progress in the current financial year and beyond.

* A reconciliation of underlying to statutory profit before tax is provided in note 5.

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Notes to Editors:

Alumasc is a UK-based supplier of premium building products, systems and solutions. Almost 80% of Group sales are driven by building regulations and specifications (architects and structural engineers) because of the performance characteristics offered.

The Group has three business segments with strong positions and brands in their individual markets: Roofing & Water Management; Architectural Screening, Solar Shading & Balconies; and Housebuilding Products.

Strategic Report

Chairman's Statement

Summary

In the year under review, our Roofing, Water Management and Housebuilding products businesses, representing 80% of Group revenues, performed well, growing revenues and profits, and delivered their strategic objective of outperforming the industry benchmark.

This was against the backdrop of growing political and economic uncertainty, which had a negative impact on business generally, and commercial construction in particular. Our business most exposed to this sector - Levolux - experienced numerous project delays as a consequence, and incurred losses as a result.

Swift action has been taken to mitigate these and a plan to restructure the business was announced in June 2019. Levolux continues to offer great potential in the UK and international markets and is one of Alumasc's strongest brands.

In light of the resilient performance by the majority of our business, our plans for development in the short and longer term and the strength of our balance sheet, the Board is recommending an unchanged final dividend of 4.4p per share which, if approved, gives an unchanged total dividend of 7.35p per share for the full year.

The Year Under Review

In the full year, Group revenues increased by 4% to £90.1 million, while underlying profit before tax fell by 7% to £5.6 million.

Alumasc again achieved its strategic objective of growing revenues faster than the UK construction market, with our Roofing & Water Management and Housebuilding products divisions, together representing 80% of the Group, significantly outperforming. This growth did not translate into increased overall profit for the year due to the operating losses incurred at Levolux, reflecting the decline in UK commercial construction activity and project delays during the period. A significant strategic refocussing and restructuring of Levolux was announced in June, aimed at returning the business to sustainable profit as soon as possible. Details are in the Chief Executive's review.

Other operational highlights of the year included:

- The Wade drainage business acquired in January 2018 was strongly earnings enhancing in its first full year in the Group, with surplus space at its freehold property utilised to enable us to save property rental costs elsewhere.
- Capital investment of £2.4 million was made during the year, some £0.7 million in excess of the depreciation charge, reflecting our confidence in the growth potential of Timloc, our housebuilding

products business, and our Water Management business in particular. These investments meet our key investment criteria of increasing manufacturing capacity while improving efficiency and reducing cost.

- We continued to benefit from our innovation and new product development programmes. New product launches included Timloc's InvisiWeep, a virtually invisible wall weep, and the Adapt-Air system, which provides an integrated wall ventilation solution; and Gatic's launch of new generation access cover and slotdrain products.
- The factors which underlie Timloc's reputation for excellent customer service are being implemented elsewhere in the Group.

The Group had modest net debt of £5.1 million at 30 June 2019, with committed banking facilities of £20 million. The Group's legacy pension liabilities had reduced to £13.0 million at 30 June 2019, the lowest for some time.

Our previously announced plans to continue to drive efficiency and reduce fixed costs across the Group, planned to benefit the 2019/20 financial year by £2 million, are on track to be delivered.

Strategic Developments

Following the acquisition of Wade, a business complementary to our Water Management Division, during the previous financial year, the Board took the decision to sell our Facades business in October 2018 to a purchaser providing a stronger strategic fit. The freehold manufacturing and warehousing facilities at St Helens were retained and are central to our plans for site rationalisation.

This move streamlined Alumasc's portfolio into three new operating divisions effective from 1st July 2019: Building Envelope, Water Management and Housebuilding Products. This in turn enables the operational team to focus on the significant cross selling opportunities that exist across Alumasc's strong client base while exploiting operational efficiencies.

Timloc's activities were successfully consolidated for the first full year onto its new site at Howden, East Yorkshire and, as highlighted above, significant investment was made in manufacturing facilities in support of its service-led housebuilding product range.

Following the acquisition of Wade, related manufacturing activities have been transferred to its freehold site from leasehold properties elsewhere, accompanied by service enhancing investment.

In addition to the commercial gains being targeted from the more integrated selling approach, the rationalisation of property usage is a significant contributor to the Group's previously announced plans to reduce total fixed costs by £2 million in the new financial year, without compromising capacity or service.

By the end of 2019/20, we will have achieved our objective of reducing the number of operational sites from ten to six, saving some £0.6 million of leased property costs in the process.

Board Succession

Richard Saville, who served as a Director of The Alumasc Group for 17 years, many as Chairman of The Audit Committee, retired during the year. My colleagues and I wish to express our sincere thanks to Richard for his support and wisdom.

Two Non-executive appointments were made during the year: Stephen Beechey, an executive director of The Wates Group, and Vijay Thakrar, whose career included partnerships at Deloitte and Ernst & Young, will bring valuable new perspectives to our Board and I welcome them on your behalf.

I am delighted to announce that Gilbert Jackson and Michael Leaf, Divisional Managing Directors of our Roofing and Housebuilding Products divisions respectively, have today accepted the invitation of the Board to become Directors of The Alumasc Group. We believe that these appointments will help to accelerate the delivery of the exciting plans that exist for their businesses and will benefit our deliberations on further group development.

Corporate Actions

During the year, the Board decided to relist Alumasc's shares on the AIM market, providing a more suitable base for the development of the business and a broader spectrum of investor interest. This was achieved on 25 June 2019.

Earlier in the year, the Company's two legacy pension schemes were merged, saving duplication and cost, and enabling the desirable restructuring of operations to take place.

In addition to the physical rearrangements referred to above, a simplification of the Group's corporate structure is under way, reducing administration and aligning legal structure with our commercial organisation.

Prospects

Given the mixed forecasts for UK construction while economic and political uncertainty prevails, the Board has taken mitigating steps both in the shorter term and to ensure that Alumasc will be in a strong position to exploit future market recovery.

In these circumstances, we stay close and listen to our customers and, where we have identified opportunities to add greater value, we are revising our product ranges and investing to reinforce excellent service as our key differentiator.

John McCall
Chairman

Chief Executive's Review

Financial Highlights and Overview

	2018/19	2017/18	% change
Group performance:			
Revenue (£m) *	90.1	87.0	+4%
Underlying profit before tax (£m) *	5.6	6.0	-7%
Statutory profit before tax (£m)	3.9	5.4	-27%
Underlying earnings per share (pence) *	12.4	13.4	-7%
Basic earnings per share (pence)	10.1	12.0	-16%

Dividends per share (pence)	7.35	7.35	-
Note - Roofing & Water Management and Housebuilding Products segments:			
Revenue (£m)	71.3	65.1	+10%
Underlying operating profit (£m)	7.7	6.6	+16%

* Revenue and profit from continuing operations, excluding the revenues and profits of Alumasc Facades prior to its disposal on 31 October 2018 and its classification as a discontinued operation. A reconciliation of underlying to statutory profit before tax is provided in note 5 and earnings per share in note 10.

In recent years, the Alumasc management team's strategy has been to re-position the Group to become a dedicated supplier of premium building products to the UK construction industry and to seek opportunities to grow internationally.

Review of financial performance:

Alumasc's performance for the year was resilient against the background of a flat overall UK construction market which was impacted by the uncertain economic and political environment. The impact of this environment was reflected in a 7% reduction in activity in the UK commercial new build construction sector, which is an important end use market for the Group.

Despite this, Alumasc achieved its strategic objective of growing Group revenues faster than the UK construction market. Revenue growth was 4%. Adjusting for selling price inflation, sales volume growth was circa 2%, representing an outperformance of circa 2% against a broadly flat UK construction market.

This revenue growth did not translate into an overall improvement in profit due to operating losses incurred in our Architectural Screening, Solar Shading & Balconies division, Levolux. This division, which represents approximately 20% of Group revenues, impacted the Group's underlying profit before tax negatively by 32% and is the sole reason why the Group's overall underlying profit before tax was 7% lower than the prior year.

Following a strategic review, a significant restructuring of this business was announced in June 2019. Further detail is set out in the Strategic Development section below.

Significant progress was made in the Group's core Roofing & Water Management and Housebuilding Products divisions, which represent circa 80% of Group revenues. In these divisions revenue growth of 10% was considerably ahead of the UK construction market, with underlying operating profit growth of 16% exceeding revenue growth mainly due to the effect of operational gearing. Excluding the full year benefit of the successful acquisition of Wade International in January 2018, like-for-like revenues in these divisions were ahead by 5% with underlying profits up 7%.

Strategy and performance against strategic objectives

Alumasc's strategy is to:

1. Grow revenues on average faster than UK construction market growth by building specialised positions in growth markets

In 2018/19 the Group continued its track record over recent years of growing revenues ahead of the UK construction market on average.

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

Due to the timing of larger projects and project delays, export revenues which were circa 10% of overall Group revenues reduced by 25% against the prior year. However, market intelligence supports our view that there is meaningful growth potential in Levolux's North American markets and for Alumasc Water Management in the Middle and Far East. Prudent investment therefore continues to be made in local and export sales resources to realise this sales potential.

3. Grow profit at a faster rate than revenue by improving operating margins

Overall the Group's underlying operating margins reduced from 7.2% to 6.5% in the year reflecting the operating losses incurred at Levolux. In the remaining 80% of the Group operating margins improved from 10.1% to 10.7%. The Group has, in recent months, announced cost saving plans of approximately £2m which should, other things equal, benefit operating margins in 2019/20 by around 2 percentage points.

Accelerating strategic development

Management has increased the pace at which it is executing its priorities for strategic development. These are as follows:

1. Levolux business improvement plan

The overriding strategic priority that emerged in the second half year was the necessity to return Levolux to sustainable profit as soon as possible. Following a change of management and a strategic review, the Board announced in June 2019 that the revised strategy involves a re-focus of the business to those areas where it can clearly differentiate and add most value to customers and shareholders, including developing the more profitable areas of the business, simplifying operational delivery and reducing risk. The key elements are to:

· incorporate Levolux solar shading, screening and balconies as major constituents in a new "Alumasc Building Envelope" division providing integrated solutions for developers and specifiers seeking high quality roofing and walling systems. A new, collaborative divisional sales approach will increase Levolux's existing market reach and leverage existing strong customer relationships.

· focus on design and supply activities, as is the case in the rest of the Alumasc Group. In-house installation will only be offered where this service is particularly valuable to customers and Levolux. The expectation over time is that this will improve margin mix and enhance profit margins.

- invest in local technical sales resources to accelerate growth in the profitable Levolux business in North America. Current revenues in this market are circa £3 million pa.

- undertake a significant restructuring of the existing Levolux operational and overhead cost base, with fixed cost savings of £1 million expected in the Group's 2019/20 financial year, and further significant annualised savings in 2020/21. This will include the relocation of the business from Levolux's current two leasehold sites to Alumasc's freehold facility in St Helens. One-off restructuring costs of £2.5 million were booked in the 2018/19 financial year in connection with the above.

Alumasc continues to believe that Levolux is a business with great future potential and is one of the Group's strongest brands.

2. Develop further opportunities for specification cross selling, including the development of a "building envelope" division

In light of the strategic review of Levolux described above, we believe there is a further beneficial significant opportunity for the Group to increase sales by offering an integrated "Building Envelope" of exterior building products facilitating the integration of walling, roofing, balconies, solar shading and integrated aluminium detailing which not only provides a full external envelope solution but also mitigates both client's and contractor's risks by ensuring that the horizontal and vertical planes are detailed to remove tolerance and interfacing detail issues.

The wider well known Alumasc system brands will be brought together to provide a single source solution whilst working with clients, their agents and installers to design out construction risk along with a combined strength to provide cost savings through the avoidance of post construct legacy issues and providing certainty through build cost engineering to planned models.

The Group's management structure and specification sales teams have been re-aligned to approach the market in this way. The Group's divisional structure and segmentation of results will change in 2019/20 reports to reflect this and Alumasc's three operating divisions in future will comprise Building Envelope; Water Management; and Housebuilding Products.

3. Implementation of a more cost-efficient operating structure

Following the restructuring of Gatic described in our interim report and in the operational review section below, and the restructuring of Levolux described above, by the end of the 2019/20 financial year we will have achieved our previously announced objective of reducing the number of operational sites in the Group from ten to six. In doing so we will have saved circa £0.6 million per year in leased property costs through better utilisation of the Group's freehold properties.

Further, the Group has simplified both its internal legal and pensions structure. The Group's two legacy defined benefit pension schemes were merged in March 2019, which reduced the Group's pension deficit by £0.3 million and will save over £100k pa in pension scheme running costs. The pension scheme merger, in turn, enabled the combination of three of the

Group's four active trading subsidiaries into one in June 2019.

Finally, as previously announced, the Group successfully completed the re-listing of its shares on the Alternative Investment Market "AIM" market in June 2019.

4. Prioritising and focusing investment to drive profitable growth

Alumasc continues to invest to exploit the significant growth potential of our businesses.

Capital investment is focused on those of our businesses with greatest manufacturing activity: Timloc, our Housebuilding Products business, and our Water Management business. Over the last two years capital investment has exceeded depreciation by £2.7 million reflecting the Board's confidence in future growth potential, and the plan is to invest in excess of depreciation again in the 2019/20 financial year. Of the Group's 2018/19 capital spend of £2.4 million, some £2.1 million was focused on these businesses, with £1 million spent at Timloc on new machinery and automation to improve efficiency and reduce cost; and £0.6 million in new Gatic Slotdrain manufacturing plant and machinery following the successful relocation of manufacturing to Wade's freehold premises. Investment of over £1 million has been committed in the Water Management division to renew tooling held at strategic suppliers in the Far East to enable reduced manufacturing cost, improved efficiency, better product quality and to assist our supply partners in reducing carbon emissions. The benefit of this investment is evident in the continued strong performance of these businesses, both in terms of revenue growth and margin improvement, and we continue to assess further projects with attractive payback characteristics.

Revenue investment in new people is focused on expanding our sales reach both in the newly formed Building Envelope division in the UK and in growing Levolux and Water Management divisional export sales.

5. Improving the Group's quality of earnings and operating margins through the proactive management of our portfolio of businesses

Although the Group did not make any further acquisitions in the year under review, in the last two years through the acquisition of the Wade drainage business and divestment of the Scaffolding Products and Alumasc Facades businesses, the Group has acquired net incremental operating profits of £0.7 million for a net purchase consideration of £2.5 million. This represents a pro forma pre-tax return on investment of 28%. Whilst we continue to seek to grow the Group through bolt-on acquisitions we have no plans to make further divestments.

Performance overview

(a) Continuing Operations

Revenue analysis

An analysis of the Group's year on year revenue growth from continuing operations is set out below:

% change 2018/19 versus 2017/18	**Total**
Roofing & Water Management	+10%
Housebuilding Products	+9%
Sub-total	**+10%**
Architectural Screening, Solar Shading & Balconies	-15%
Total Group (headline)	**+4%**
Note:	
Roofing & Water Management like-for-like *	+5%
Group like-for-like *	-

* Like-for-like information is adjusted for the full year impact in 2018/19 of the acquisition of Wade in January 2018. UK like-for-like revenues excluding Wade grew by 4%

Revenue

The table above illustrates that across the Group, except for the Architectural Screening, Shading and Balconies division (Levolux), Alumasc achieved revenue growth rates in excess of the UK construction market despite the downturn in new build commercial construction activity. This outperformance can be attributed to the Group's strategy of investing in businesses with strong market positions in specialised growth markets, including products and systems that manage the scarce resources of water and energy in the built environment.

The revenue reduction at Levolux reflects its strong alignment with the commercial new build market sector where UK output reduced by 7% over the period, exacerbated by project delays. These were associated with ongoing economic and political uncertainties and restricted credit availability across the building contracting sector in the UK. Levolux is the only business in Alumasc that largely installs its own products and therefore has this degree of exposure to building contracting. This model is now being changed, following the recent strategic review of the business, to retain Levolux's differentiated offering whilst reducing margin risk.

Gross margins

Gross margins reduced from 30.9% in 2017/18 to 29.8% in 2018/19 due to lower margin realisation at Levolux, reflecting lower recovery of fixed costs due to lower than expected revenues in part due to project delays; a higher proportion of lower margin balcony and balustrading work in the period; lower margins in the Gatic brand in the first half year; and higher annualised property costs at Timloc following its relocation to a larger factory in December 2017. Gatic's margins recovered in the second half following successful selling price increases.

Net operating expenses

Net operating expenses were well controlled during the year and amounted to 23.3% of revenues compared with 23.8% in the prior year. As the cost saving actions described in this report bear fruit, we expect this ratio to decrease further in the 2019/20 financial year.

Underlying operating profit

Underlying operating profit was £5.9 million compared with £6.2 million in the previous year. The reduction was entirely attributable to Levolux, where the operating losses incurred more than offset profitable growth in the rest of the

Group.

Bank interest

Bank interest costs of £0.3 million were a little higher than in the previous year (£0.2 million) due to modestly higher levels of average net debt during the year following the debt-funded acquisition of Wade for £8.0 million in January 2018, which was not fully offset by the disposal of Alumasc Facades for £4.5 million in October 2018.

Underlying profit before tax

Underlying profit before tax was £5.6 million (2017/18: £6.0 million), reflecting the reduced underlying operating profit and higher bank interest charge.

Non-underlying, non-recurring items

Non-underlying and non-recurring items (relating to continuing operations) amounted to a £4.6 million net cost in the period compared with a £0.9 million net cost in the prior year. In 2018/19, the larger items in this category were restructuring and relocation costs of £3.0 million, mainly associated with the cost reduction programmes at Levolux and Gatic; net one off pension scheme charges of £0.8 million largely relating to the UK High Court decision in October in respect of guaranteed minimum pensions equalisation; and £0.2 million in connection with the re-listing of Alumasc's shares on the AIM market. Further details are given in the Financial Review.

(b) Discontinued Operations and profit (after tax) for the year

The net after tax gain from discontinued operations, reflecting the trading profit of the Alumasc Facades business prior to its disposal in October 2018 and the gain realised on the disposal transaction itself, was £2.9 million. The post-tax operating profit generated by Alumasc Facades in the prior year was £0.4 million.

The Group's resulting overall statutory profit (after tax) for the year was £3.6 million (2017/18: £4.3 million).

Operational review

(a) Roofing & Water Management

Revenue: £59.9 million (2017/18: £54.6 million)
Underlying operating profit*: £5.9 million (2017/18: £4.9 million)
Underlying operating margin*: 9.9% (2017/18: 9.0%)
Operating profit: £5.3 million (2017/18: £4.6 million)

* Prior to restructuring costs of £0.5 million in 2018/19, brand amortisation charges of £0.1 million in both years and Wade acquisition costs of £0.2 million in 2017/18.

Performance in this division benefited from the full year effect of the successful Wade acquisition in January 2018; growth in revenues in the Gatic brand driven by a number of larger projects in the UK infrastructure sector during the year; and the successful launch in the latter part of the prior year of new generation Access Cover and Slotdrain products. Wade was strongly earnings enhancing in its first full year in the Group.

The margin pressures in the Gatic brand experienced in the first half year were addressed by selling price increases in November 2018, which led to a full recovery of margin in the second half year.

Production of Gatic Slotdrain transferred successfully from leased premises in Dover to Wade's freehold premises in Halstead, Essex in June 2019. This is expected to yield circa £0.6 million of cost savings in 2019/20.

Elsewhere in the division, both Alumasc Roofing and Alumasc Water Management Solutions contributed solid performances, each matching prior year revenues. Alumasc Roofing worked hard to successfully evolve its mix of revenues towards refurbishment work from new build where commercial demand was lower in the 2018/19 financial year, reflecting market conditions.

As stated at the interim stage, a review of capacity at Alumasc Water Management Solutions concluded that with relatively modest capital spend at existing facilities there is no immediate need to relocate to a new site, saving significant capital cost relative to earlier plans.

During the year divisional sales teams were consolidated to promote more effectively our "Rain to Drain" strategy, where Alumasc offers solutions to manage and control the flow of water through buildings from the roof to the ground thereby alleviating pressure on public drainage systems and reducing risks of flash flooding from increasingly intense rainfall events. Action is also being taken to simplify product ranges across the division to reduce complexity and increase focus on the most profitable lines whilst exiting areas not making an adequate contribution.

The one-off costs of moving to a simplified divisional structure from the relocation of Slotdrain production and moving to a shared overhead structure at Wade and Gatic is the principal reason why divisional statutory operating profit was lower than underlying operating profit for the year.

(b) Architectural Screening, Solar Shading & Balconies

Revenue: £18.8 million (2017/18: £22.0 million)
Underlying operating (loss) / profit*: £(1.1) million (2017/18: £0.8 million)
Underlying operating margin*: (5.9)% (2017/18: 3.6%)
Operating (loss) / profit: £(3.7) million (2017/18: £0.6 million)

* Prior to restructuring costs of £2.5 million in 2018/19 and brand amortisation charges of £0.2 million in both years

Following the reduction in revenues and the significant operating losses incurred in the Levolux business during the year, a major restructuring programme was announced in June 2019 to recover profitability in this business as described in the strategic development section above.

Levolux's challenging year stemmed from a combination of:

- lower commercial new build demand impacting UK architectural screening and solar shading project revenues;
- project delays, both prior to and after receipt of sales orders, that we believe reflects the impact of the uncertain economic and political environment on customer investment decisions, exacerbated by the ongoing lack of credit in the UK building contracting industry;
- increasing competition for architectural screening and solar shading in the UK; and
- margin realisation issues in our embryonic balconies business that impacted the first half year in particular.

In future, Levolux will focus increasingly on design and supply work and only install where the customer recognises the value that we add from this activity and our risks can be better managed. We see significant opportunity for growth in architectural screening and solar shading in the USA, particularly California, and we intend to invest further in local sales resources to help realise this potential. We also see significant growth potential in balconies and balustrading, driven by increasing demand for apartments in the private rented sector. However, we need to do further work to prove we can execute this work at acceptable profit margins and a number of options are under evaluation to resolve this.

We believe that future demand for Levolux products more generally and conversion rates from customer enquiries to orders will both be enhanced by the business becoming part of the Building Envelope division, benefiting from the integrated specification sales strategy described above and the larger combined technical sales team.

One-off restructuring costs are the main reason why the statutory operating loss for this division was higher than the underlying operating loss.

(c) Housebuilding Products

Revenue: £11.4 million (2017/18: £10.5 million)
Operating profit: £1.7 million (2017/18: £1.7 million)
Operating margin: 15.2% (2017/18: 15.8%)

Timloc continues to go from strength to strength and delivered operating profit of £1.7 million, similar to the prior year, despite absorbing £0.3 million of incremental annualised property costs following the successful re-location to its new purpose built, higher capacity factory in December 2017. The payback from investment in the new factory is running ahead of initial expectations.

Once again, Timloc's revenue growth rate of 9% comfortably exceeded UK housebuilding market growth as management expanded the product range and grew market share.

Timloc's strong service ethos of guaranteed next working day delivery and low carriage paid order values again proved to be highly attractive to merchant and distributor customers, and this was effectively communicated by the "Trust Timloc to deliver next working day" marketing and social media campaign.

New product development, which has always been an important element of Timloc's success, included the launch of InvisiWeep, a virtually invisible wall weep, and the Adapt-Air system which provides an integrated solution for through wall ventilation. Further new product launches are planned in 2019/20 and some currently bought-in products will be manufactured in-house to further enhance margins.

Alumasc invested over £1 million in new injection moulding machines and automation during the year and the successful execution of these capital projects by Timloc's management team will yield cost savings in the 2019/20 financial year.

Outlook

In light of the current economic and construction sector backdrop (including Brexit uncertainties), the Board is taking a cautious view of revenue development in the

2019/20 financial year.

Notwithstanding the challenging market conditions, the actions taken to restructure those parts of the Group (particularly Levolux) that did not perform to expectation in the year under review should yield cost savings of circa £2 million in the 2019/20 financial year.

The Board believes Alumasc's strong strategic and market positions, which underpin our established track record over many years of outperforming the UK construction market, together with:

- the formation of the Building Envelope division to drive specification cross-selling;
- the major restructuring of the Levolux business;
- focused investments in new products and manufacturing capability;
- selective investments in sales resources to grow the business both in the UK and internationally; and
- lower fixed costs and actions taken to deliver a more cost-effective operating structure across the Group

makes Alumasc well positioned to make progress in the current financial year and beyond.

Paul Hooper
Chief Executive

Financial Review

Reconciliation of underlying to statutory profit before tax

Underlying profit before tax for the 2018/19 financial year of £5.6 million exceeded statutory profit before tax of £3.9 million for the reasons shown in the table below:

	2018/19 £m	2017/18 £m
Underlying profit before tax	**5.6**	6.0
Brand amortisation	**(0.2)**	(0.2)
Net IAS 19 defined benefit pension scheme costs	**(1.2)**	(0.5)
Restructuring & relocation costs	**(3.0)**	(0.3)
AIM listing / prior year acquisition costs	**(0.2)**	(0.2)
Net gain from business disposals (pre-tax)	**2.9**	0.2
Gain on disposal of available-for-sale assets	**-**	0.4
Statutory profit before tax	**3.9**	5.4

The reconciling items were:

- Amortisation of acquired brands of £0.2 million (2017/18: £0.2 million). This is a non-cash charge determined by management judgment in applying accounting standards. It does not affect the economic value of the Group.

- Net IAS 19 defined benefit pension scheme costs of £1.2 million (2017/18: £0.5 million) are also non-cash charges. These relate to the Group's legacy defined benefit pension scheme, which has been closed to future accrual for almost ten years. The value of the charge is determined by actuarial assessment. In the 2018/19 financial year, the charge to the income statement was higher than usual, due to a one-off £1.1 million increase in liabilities following a UK High Court decision in October 2018 applicable to UK defined benefit pension schemes generally and relating to guaranteed minimum pension equalisation between men and women. This was partly offset by a one-off actuarial gain of £0.3 million arising from the merger of the Group's pension schemes during the year. The balance of the 2018/19 charge, and all the prior year's charge, represents the non-cash notional financing cost of the Group's pension deficit due to the time value of money.

- One-off restructuring and relocation costs of £3.0 million incurred in 2018/19 will enable Alumasc to reduce fixed costs by circa £2 million p.a. in the current 2019/20 financial year, as described in the Chief Executive's review. These savings will accrue mainly in the Gatic brand within the Roofing & Water Management division and at Levolux which forms our Architectural Screening, Solar Shading & Balconies division. The costs comprise redundancy costs; the costs of relocating Gatic Slotdrain production from Dover to Wade's freehold factory in Essex; the costs of relocating certain Levolux functions and operations from two leased sites to our freehold factory and offices at St. Helens; and associated write downs in the value of certain plant and machinery in the premises being vacated. The cost in the prior year related to the relocation of Timloc, our Housebuilding Products business, to a new, purpose built, leased site in East Yorkshire.

- AIM listing costs of £0.2 million in 2018/19 represent one-off professional fees incurred in connection with the re-listing of Alumasc's shares from the Main Market of the UK Stock Exchange to the Alternative Investment Market ("AIM") in June 2019. The acquisition costs of £0.2 million in the prior year related to professional fees incurred in connection with the acquisition of the Wade specialist drainage business.

- The net gain from business disposals comprises the gain on sale of the Alumasc Facades business on 31 October 2018, together with its operating profit from the beginning of the 2018/19 financial year to the date of disposal. The prior year comparator represents its operating profit for that financial year and the loss on sale of the Scaffolding Products business in July 2017.

- The one-off gain of £0.4 million on realisation of an available-for-sale asset in the prior year related to the disposal of the Group's legacy 20% trade investment in Amorim Isolamentos, a Portuguese cork producer.

Taxation

The Group's underlying effective tax rate was 20.4% (2017/18: 20.2%), slightly above the UK statutory rate of tax of 19% applicable to the Group's financial year due to certain costs that are disallowable for tax purposes. We expect the Group's underlying tax rate to be circa 20% in the 2019/20 financial year.

The Group's effective tax rate on statutory profit before tax was 7.4% (2017/18: 19.7%). Reconciliations from the actual to statutory rates of tax are provided in note 8 to the financial statements. The reconciling items chiefly relate to the tax treatment of the one-off items in the Group's income statement described above.

Earnings per share

Underlying earnings per share for the year was 12.4 pence (2017/18: 13.4 pence). This reduction is consistent with the lower underlying profit before tax for the year for the reasons described in the Chief Executive's review.

Basic earnings per share of 10.1 pence (2017/18: 12.0 pence) reflected the reduction in underlying profit before tax for the year and the higher level of net one-off costs in 2018/19 relative to 2017/18 described above.

Dividends

The Board has decided to recommend to shareholders an unchanged final dividend of 4.4 pence per share (2017/18: 4.4 pence), applicable to members on the share register on 27 September and to be paid on 31 October. This takes the total dividend for the year to 7.35 pence, again unchanged on the prior year.

Alumasc has a progressive dividend policy that seeks to grow the dividend broadly in line with underlying earnings growth, having regard to the extent to which dividend payments are covered by underlying earnings, after taking into account pension scheme funding commitments.

Investment in growth, cash flow and net debt

Summarised Cash Flow Statement

	2018/19 £m	2017/18 £m
EBITDA *	**7.4**	7.6
Change in working capital	**(1.2)**	(1.6)
Operating cash flow	**6.2**	6.0
Capital expenditure	**(2.4)**	(3.3)
Interest	**(0.2)**	(0.2)
Tax	**(0.6)**	(0.7)
Pension deficit funding	**(3.2)**	(3.2)
Dividend payments	**(2.6)**	(2.6)
Sub total	**(2.8)**	(4.0)
Wade acquisition consideration	**-**	(8.0)
Facades / SCP business disposal proceeds/other	**2.5**	1.1
Net cash flow	**(0.3)**	(10.9)
Net debt at the year end	**5.1**	4.8

* EBITDA: Underlying operating profit from continuing operations before interest, tax, depreciation and amortisation

The Group recorded a small net cash outflow for the year of £0.3 million. This included capital investment of £2.4 million which was some £0.7 million in excess of the depreciation charge for the year. This investment was made principally in the Group's Housebuilding Products and Water Management businesses to enable future growth and support margin improvement through greater automation and efficiency.

At 30 June 2019 the Group continued to have a modest level of net debt of £5.1 million (30 June 2018: £4.8 million).

Our twelve month rolling average ratio of trade working capital as a percentage of revenue from continuing operations improved from 14.6% in 2017/18 to 14.1% in 2018/19 due to continuous improvement initiatives. The increase of £1.2 million in working capital balances relating to continuing operations at 30 June 2019 compared with a year earlier reflected an increase in contract assets at Levolux following the implementation of IFRS15; and the higher levels of inventories put in place to manage potential Brexit risks. The latter in turn also led to a lower level of payables at the 2019 financial year end compared with a year ago.

Statement of financial position and return on investment

The Group's net assets and shareholders' funds increased from £24.4 million at the beginning of the financial year to £25.4 million at 30 June 2019, reflecting the net actuarial gain on the pension deficit described below, together with retained profit after tax and dividend payments for the year.

The Group defines its capital invested as the sum of shareholders' funds, together with the pension deficit (net of tax) and net debt. On this basis, capital invested was broadly unchanged at £41.3 million at 30 June 2019 compared with £41.8 million at the beginning of the financial year. This is explained by a modest increase in the value of property, plant and equipment reflecting the investments made in the business during the year described above, offset by lower combined trade and other working capital requirements at the year end, including provisions for committed restructuring costs at Levolux. Average levels of capital invested were higher in 2018/19 than in the prior year due to the relative value and timing of the acquisition of Wade in the prior year and the divestment of Alumasc Facades in 2018/19.

The combination of the lower underlying profit in the year and higher average levels of capital invested led to a reduction in underlying post-tax return on investment from 14.5% in the prior year to 11.4% in 2018/19. This is still well ahead of our estimated weighted average cost of capital.

Pensions

In March 2019 the Group merged its two former defined benefit pension schemes. This will simplify and reduce the ongoing costs of scheme administration by over £100k p.a. It also enabled a simplification of the Group's legal structure and a reduction in the number of the Group's active trading subsidiaries, yielding further administrative savings.

The valuation of Alumasc's defined benefit pension scheme deficit for accounting purposes at 30 June 2019 using IAS 19 valuation conventions was £13.0 million (30 June 2018: £15.1 million).

The year on year improvement reflected the benefit of pension deficit recovery payments made by the Group during the year of £2.7 million together with more favourable mortality assumptions and benefits from the merger of the Group's two pension schemes during the year. These benefits were partly offset by less favourable market valuation assumptions, including the rate at which future liabilities are discounted to present values using bond yields and the long term inflation rate; together with the £1.1 million increase in liabilities described above relating to the UK High Court decision on guaranteed minimum pension equalisation.

The formal triennial actuarial valuation of the merged Alumasc Group Pension Scheme at 31 March 2019 and its related deficit funding plan is currently being negotiated with the Pension Trustees. This valuation uses more prudent assumptions than those required by accounting standards in calculating the deficit recognised in the Group's statement of consolidated financial position. Early indications are that the triennial value of the scheme's deficit has reduced from circa £33 million in 2016 to the low/mid £20 million range in 2019. This suggests, other things equal, the Group is on track to repay the deficit during the remaining eight years of the existing funding plan.

Banking facilities

Alumasc's banking facilities were renewed as a matter of routine during the year and comprise:

- An unsecured committed three-year revolving credit facility of £20 million, expiring in March 2022
- Overdraft facilities, repayable on demand, of £4 million.

Going concern

After due enquiry and based on the information available at the date of this report, the Board believes that Alumasc will remain a going concern on the basis of the assumptions and relevant time horizons set out in the going concern assessment in note 1 to the financial statements.

Introduction of new accounting standards

The Group implemented IFRSs 9 and 15 during the financial year. In summary:

- IFRS 9, Financial Instruments, did not have a material impact to the Group's financial statements
- IFRS 15, Revenue Recognition, led to an on average earlier recognition of revenue and profit over time on construction contracts, as explained and disclosed in note 13.

The Group will implement IFRS 16, Leases, with effect from 1 July 2019. The Group will bring onto its statement of consolidated financial position leased property assets valued at £5 million, with a corresponding liability to pay future lease rentals. The Group's pro forma EBITDA will increase by circa £0.6 million, operating profit will increase by £0.1 million and profit before tax will reduce by circa £0.1 million, other things equal, for the 2019/20 financial year. This is because notional financing costs calculated under the accounting standard will be higher than currently reported as the Group's more material leases are closer to inception than expiry.

Andrew Magson
Group Finance Director

On behalf of the Board

Paul Hooper	**Andrew Magson**
Chief Executive	Group Finance Director

The contents of this announcement have been extracted from the annual report and accounts for the year ended 30 June 2019 which will be despatched to shareholders on or around 20 September 2019 and will be available at www.alumasc.co.uk.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks and uncertainties	Mitigating actions taken
Economic, construction market and Brexit risks *Comment* *Alumasc is a UK-based group of businesses. 90% of Group sales are made to the construction sector in the UK. This market can be cyclical in nature.* *There is relatively high economic and political uncertainty at the current time, including surrounding the outcome of the Brexit negotiations.*	· Strategic positioning in markets/sectors anticipated to grow faster than the UK construction market. · Selected development of export sales opportunities, especially for Levolux (particularly in North America) and Alumasc Water Management (particularly in 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 (currently almost 80% of Group revenues). · Continuous development and introduction of innovative products, systems, solutions and services that are market leading and differentiated against the completion. · The Group has exposure to currency risk, particularly the Euro and US Dollar. These exposures are for the most part hedged, with hedging percentages increased in 2019 to manage potential FX volatility associated with Brexit. · Brexit developments being monitored closely, strong relationships monitored and regular dialogue with key European customers and suppliers. Contingency planning for key residual risk areas, including increased inventory holdings of materials/products imported from the EU.
Strategic people risks *Comment* *Including recruitment, retention, succession, people development. Risk of loss of skills, ability to innovate and improve without attracting and retaining the right people. The UK recruitment market is tight with some skills shortages.*	· Market competitive remuneration/incentive arrangements. · Employee numbers and changes monitored in monthly subsidiary Board meetings. · Key, high performing and high potential employees identified, monitored, coached and developed. · Training and development programmes. · Increasing focus of Board and Executive Committee in managing this area, supported by Human Resource professionals.
Product/service differentiation relative to competition not developed or maintained *Comment* *Innovation and an entrepreneurial spirit is encouraged in all Group companies. Over 16% of Group revenues relate to products launched in the last three years.*	· Alumasc operates a devolved operating model with local management primarily 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 strategy meetings encourage innovation and "blue sky" thinking. · New product introduction/development KPI used to monitor progress. · Regular monitoring of the market for potentially new and/or disruptive technologies.

Execution risk - strategic development risks and change projects *Comment* *There are execution risks around a number of current strategic change projects, including the Levolux and Gatic Slotdrain restructuring, export development, business simplification projects, forthcoming factory moves and various ERP and CRM system implementations.*	· Close Group Board involvement in the Levolux and Gatic restructuring and in export development strategy. · Key strategic change projects are managed by Operating Unit Boards and Steering Committees, supported by independent specialist consultants where necessary, for example IT and property. · Key milestone plans, project risk reviews and detailed project plans updated and monitored regularly. · Use of proven reliable software solutions and avoidance of bespoking wherever possible, with careful documentation and challenge of legacy business processes prior to implementation of new systems. · Pre-implementation system testing, training and communication, with go-live delayed if implementation risk is judged to be too high.
Loss of key customers. *Comment* *Generally the Group has a good track record of customer retention and has a diversified customer base.*	· Develop and maintain strong customer relationships. · Product, system and service differentiation. · Project tracking and enquiry/quote conversion rate KPI. · Increasing use of, and investment in, customer relationship management (CRM) software. · Organisational and cultural flexibility to adapt to changing and emerging customer needs.
Legacy defined pension obligations *Comment* *Alumasc's pension obligations are material relative to its market capitalisation and shareholders' funds.*	· Continue to grow the business so the relative affordability of pension deficit contributions is improved over time. The pension deficit reduced during 2018/19. · 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.
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. International supply chain risks are increasing through increased tariffs/duties, Brexit risks in Europe and potential closure of foundries in China for environmental reasons.*	· Annual strategic reviews, including supplier concentration, quality, reliability and sustainability. · Regular key supplier visits, good relationships maintained including quality control reviews and training. · Regular supplier quality, value for money and risk reviews. · Avoidance of strategic dependence on single sources of supply. · Contingency plans to manage Brexit and China sourcing risks. · Tooling investment programme to support the efficiency of supply chain partners in China, including their management of environmental risks.

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 in place, or being evolved where we are relocating operations, at each business. Work is ongoing to refine these plans and, where possible, test them.
- 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.
- Critical plant and equipment is identified, with associated breakdown/recovery plans, including assessment of engineering spares held on site.
- Business interruption insurance to cover residual risks.

Product warranty/recall risks

Comment

The Group does not have a history of significant warranty claims or product recall.

- Robust internal quality systems, compliance with relevant legislation, building regulations and industry standards (e.g. ISO, BBA etc), and product testing, as appropriate.
- Group insurance programme to cover larger potential risks.
- Back to back warranties obtained from suppliers where possible.
- Specific local risk management procedures in group brands that also install (as well as supply) building products (i.e. Levolux and Blackdown).

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 recent years.

- Health and safety is the number one priority of management and the first Board agenda item.
- Health and safety KPI's measured, reported and reviewed monthly including the Performance Rate Index.
- Risk assessments are carried out and safe systems of work documented and communicated.
- All safety incidents and significant near misses reported at 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 audits of health and safety in all group businesses by independent consultants.
- Specific focus on improving safety of higher risk operations, with external consultancy support as needed.

Credit risk

Comment

The Group has good recent record in managing credit risks.

- Most credit risks are insured, including all contracting credit risk.
- 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 limits.
- Credit checks when accepting new customers/new work.
- The Group employs experienced credit controllers and aged debt reports are reviewed in monthly Board meetings.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2019

		Year to 30 June 2019			Year to 30 June 2018 (restated)*		
			Non-underlying			Non-underlying	
		Underlying		**Total**	Underlying		Total
Continuing operations:	**Notes**	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000

Revenue	**4**	**90,104**	-	**90,104**	87,048	-	87,048
Cost of sales		**(63,255)**	-	**(63,255)**	(60,101)	-	(60,101)
Gross profit		**26,849**	-	**26,849**	26,947	-	26,947
Net operating expenses							
Net operating expenses before non-underlying items		**(20,984)**	**-**	**(20,984)**	(20,723)	-	(20,723)
IAS 19 past service pension cost & settlement gain	**5**	**-**	**(787)**	**(787)**	-	-	-
Other non-underlying items	**5**	**-**	**(3,439)**	**(3,439)**	-	(588)	(588)
Net operating expenses		**(20,984)**	**(4,226)**	**(25,210)**	(20,723)	(588)	(21,311)
Operating profit	**4, 5**	**5,865**	**(4,226)**	**1,639**	6,224	(588)	5,636
Finance expenses		**(281)**	**(373)**	**(654)**	(212)	(494)	(706)
Profit before taxation		**5,584**	**(4,599)**	**985**	6,012	(1,082)	4,930
Tax expense	**8**	**(1,139)**	**883**	**(256)**	(1,214)	247	(967)
Profit for the period from continuing operations		**4,445**	**(3,716)**	**729**	4,798	(835)	3,963
Discontinued operations:							
Profit after taxation for the period from discontinued operations	**6**	**-**	**2,912**	**2,912**	-	354	354
Profit for the period		**4,445**	**(804)**	**3,641**	4,798	(481)	4,317
Other comprehensive income:							
Items that will not be recycled to profit or loss:							
Actuarial gain on defined benefit pensions, net of tax				**123**			2,280
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				**263**			(220)
Exchange differences on retranslation of foreign operations				**4**			2
				267			(218)
Other comprehensive gain for the period, net of tax				**390**			2,062
Total comprehensive profit for the period, net of tax				**4,031**			6,379
Earnings per share				**Pence**			Pence
Basic earnings per share							
- Continuing operations				**2.0**			11.0
- Discontinued operations				**8.1**			1.0
	10			**10.1**			12.0
Diluted earnings per share							
- Continuing operations				**2.0**			10.9
- Discontinued operations				**8.1**			1.0
	10			**10.1**			11.9
Alternative Performance Measures:							
Underlying earnings per share (pence)				**12.4**			13.4

* The results for the year to 30 June 2018 have been re-presented to show the Facades business as a discontinued operation. See note 6 for details.

Reconciliations of underlying to statutory profit and earnings per share are provided in notes 5 and 10 respectively.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Assets					
Non-current assets					
Property, plant and equipment		**11,693**		10,661	
Goodwill	**7**	**18,705**		18,705	

Other intangible assets		**3,416**		3,913	
Deferred tax assets	**8**	**2,202**		2,574	
			36,016		35,853
Current assets					
Inventories		**10,488**		10,440	
Trade and other receivables		**21,384**		23,755	
Corporation tax receivable		**283**		-	
Cash and cash equivalents		**2,762**		4,656	
			34,917		38,851
Total assets			**70,933**		74,704
Liabilities					
Non-current liabilities					
Interest bearing loans and borrowings		**(7,857)**		(9,468)	
Employee benefits payable		**(12,951)**		(15,140)	
Provisions		**(1,272)**		(1,525)	
Deferred tax liabilities	**8**	**(954)**		(905)	
			(23,034)		(27,038)
Current liabilities					
Trade and other payables		**(20,111)**		(22,413)	
Provisions		**(2,333)**		(100)	
Corporation tax payable		**-**		(405)	
Derivative financial liabilities		**(10)**		(327)	
			(22,454)		(23,245)
Total liabilities			**(45,488)**		(50,283)
Net assets			**25,445**		24,421
Equity					
Called up share capital		**4,517**		4,517	
Share premium	**11**	**445**		445	
Capital reserve - own shares	**11**	**(416)**		(241)	
Hedging reserve	**11**	**(8)**		(271)	
Foreign currency reserve	**11**	**90**		86	
Profit and loss account reserve		**20,817**		19,885	
Total equity			**25,445**		24,421

Paul Hooper **Andrew Magson**
Director Director

5 September 2019
Company number 1767387

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	Notes	Year to 30 June 2019 £'000	Year to 30 June 2018 £'000
Operating activities			
Operating profit		**1,639**	5,636
Adjustments for:			
Depreciation		**1,335**	1,081
Amortisation		**514**	434
Gain on disposal of property, plant and equipment		**(17)**	(18)
Loss on disposal of business assets		**-**	218
Gain on disposal of available-for-sale assets		**-**	(426)
IAS 19 past service pension cost	**5**	**1,111**	-
IAS 19 settlement gain on merger of pension schemes	**5**	**(324)**	-
(Increase)/decrease in inventories		**(1,722)**	580

Increase in receivables		**(48)**	(1,110)
Increase/(decrease) in trade and other payables		**1,229**	(1,444)
Movement in provisions		**1,637**	242
Cash contributions to retirement benefit schemes		**(3,202)**	(3,203)
Share based payments		**(65)**	160
Cash generated by operating activities of continuing operations		**2,087**	2,150
Operating profit from discontinued operation		**163**	444
Depreciation and amortisation		**60**	123
Movement in working capital from discontinued operation		**(396)**	(316)
Cash generated by operating activities of discontinued operation	**6**	**(173)**	251
Tax paid		**(634)**	(679)
Net cash inflow from operating activities		**1,280**	1,722
Investing activities			
Purchase of property, plant and equipment - continuing operations		**(2,296)**	(2,967)
Purchase of property, plant and equipment - discontinued operations	**6**	**(15)**	(75)
Payments to acquire intangible fixed assets		**(115)**	(229)
Proceeds from sales of property, plant and equipment		**116**	26
Acquisition of subsidiary undertaking, prior to payment for cash acquired		**-**	(7,807)
Net proceeds from sale of business activity	**6**	**3,886**	767
Proceeds from sale of available-for-sale assets		**-**	443
Net cash inflow/(outflow) from investing activities		**1,576**	(9,842)
Financing activities			
Interest paid		**(232)**	(185)
Equity dividends paid		**(2,628)**	(2,594)
(Repayment)/draw down of amounts borrowed		**(1,500)**	6,500
Refinancing costs		**(156)**	-
Purchase of own shares		**(238)**	-
Exercise of share based incentives		**-**	39
Net cash (outflow)/inflow from financing activities		**(4,754)**	3,760
Net decrease in cash and cash equivalents		**(1,898)**	(4,360)
Net cash and cash equivalents brought forward		**4,656**	9,014
Net decrease in cash and cash equivalents		**(1,898)**	(4,360)
Effect of foreign exchange rate changes		**4**	2
Net cash and cash equivalents carried forward		**2,762**	4,656

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	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 2017		4,517	445	(541)	(51)	84	15,983	20,437
Profit for the period		-	-	-	-	-	4,317	4,317
Exchange differences on retranslation of foreign operations		-	-	-	-	2	-	2
Net loss on cash flow hedges		-	-	-	(265)	-	-	(265)
Tax on derivative financial liability		-	-	-	45	-	-	45
Actuarial gain on defined benefit pensions, net of tax		-	-	-	-	-	2,280	2,280
Dividends	**9**	-	-	-	-	-	(2,594)	(2,594)
Share based payments		-	-	-	-	-	160	160
Own shares used to satisfy exercise of share awards		-	-	300	-	-	-	300
Exercise of share based incentives		-	-	-	-	-	(261)	(261)

At 1 July 2018, as previously reported		4,517	445	(241)	(271)	86	19,885	24,421
Impact of change in accounting policy - IFRS 15 (see note 1)		-	-	-	-	-	(76)	(76)
Adjusted balance at 1 July 2018		4,517	445	(241)	(271)	86	19,809	24,345
Profit for the period		-	-	-	-	-	3,641	3,641
Exchange differences on retranslation of foreign operations		-	-	-	-	4	-	4
Net gain on cash flow hedges		-	-	-	317	-	-	317
Tax on derivative financial liability		-	-	-	(54)	-	-	(54)
Actuarial gain on defined benefit pensions, net of tax		-	-	-	-	-	123	123
Dividends	9	-	-	-	-	-	(2,628)	(2,628)
Share based payments		-	-	-	-	-	(65)	(65)
Own shares used to satisfy exercise of share awards		-	-	63	-	-	-	63
Acquisition of own shares		-	-	(238)	-	-	-	(238)
Exercise of share based incentives		-	-	-	-	-	(63)	(63)
At 30 June 2019		**4,517**	**445**	**(416)**	**(8)**	**90**	**20,817**	**25,445**

Notes

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 Alternative Investment Market ("AIM").

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 2019, 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 2019 or 2018, but is derived from the group's 2019 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 2018 except for the adoption of the new financial reporting standards disclosed in note 3. Statutory accounts for 2018 have been delivered to the registrar of companies and those for 2019 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. The financial position of the Group, its cash flows and liquidity position are set out in these financial statements.

The Group has a committed £20 million revolving credit facility which has an initial expiry date of April 2022 and two single year extension periods. The Group has the option to cancel and repay elements of the committed facility at short notice should it wish to do so. The extension periods are subject to request by the Group and acceptance by the lender. In addition, the Group has overdraft facilities totalling £4.0 million. At 30 June 2019 the Group's net debt was £5.1 million (2018: £4.8 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 JUDGMENTS 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 2019 within the next financial year are the valuation of defined benefit pension obligations, the valuation of the Group's acquired goodwill and the recognition of revenues and profit on contracts with customers where revenue is recognised over time.

Measurement of defined benefit pension obligations requires estimation of future changes in inflation, mortality rates and the selection of a suitable discount rate.

Goodwill is tested at least annually for impairment, with appropriate assumptions and estimates built into the value in use calculations to determine if an impairment of the carrying value is required. See note 7 for further disclosure of the assumptions and estimates applied.

Revenue and associated margin recognised over time on contracts with customers is recognised using the input method under the new standard and therefore progressively as costs are incurred, having regard to latest estimates of cost to complete and expected project margins. Contract revenue includes an assessment of contract variations when their recovery is considered highly probable. Judgment is therefore required in the application of the Group's policy regarding revenue and profit recognition relating to estimates of costs to complete contracts, the final profit margin on those contracts and the inclusion of potential contract variations prior to these being fully agreed.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Changes in accounting policy

The following new standards, amendments and interpretations are effective for the period beginning on or after 1 July 2018 and have been adopted for the Group financial statements:

IFRS 9: Financial Instruments; and
IFRS 15: Revenue from Contracts with Customers.

<u>IFRS 15 Revenue from Contracts with Customers</u>
The directors have completed their assessment of the impact of IFRS 15 "Revenue from Contracts with Customers" and the Group has adopted the new standard for the financial year ending 30 June 2019 using the cumulative effect method, as the net impact of adopting the new standard is not significant. As a result of adopting

the input method of revenue recognition under the new standard as opposed to the output method in the old standard, the Group has re-stated its opening equity position as at 1 July 2018 by reducing its profit and loss reserve by £76,000 to reflect the impact of transitioning to IFRS 15, see note 13. The comparative information for the twelve month period to 30 June 2018 has not been re-stated and continues to be reported under IAS 18 Revenue and IAS 11 Construction contracts, the accounting policies stated in the annual report for the year ended 30 June 2018.

IFRS 15 has impacted the Group in the following ways:

Architectural Screening, Solar Shading & Balconies:
All revenue within the Architectural Screening, Solar Shading & Balconies division, for which revenue was previously recognised over time measured by reference to the stage of completion of the contract on an output cost method based on Quantity Surveyor assessments, will now be recognised on an input cost method over time.

Revenue and associated margin are therefore recognised progressively as costs are incurred, having regard to latest estimates of cost to complete and expected project margins. The Group has determined that this method more fairly reflects progress in satisfying customer performance obligations.

Other revenue streams:
The Group has concluded that the impact of adopting IFRS 15 in our Roofing & Water Management and Housebuilding Products divisions at 30 June 2018 is immaterial because the point at which performance obligations to customers were satisfied under IFRS 15 at that date was similar to the point at which risks and rewards were transferred under IAS 18. It is possible that, should the value of bespoke contract work in the Roofing & Water Management division become material in the future, IFRS 15 could result in earlier recognition of revenue and profit over time. Revenue relating to supply and install contracts at Blackdown Greenroofs in the Roofing & Water Management division was recognised over time using an output method during the 2018/19 financial year but will move to an input method going forwards.

IFRS 9 Financial Instruments
The Group has adopted IFRS 9 "Financial Instruments" from 1 July 2018. IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" and specifies how an entity should classify and measure financial assets and liabilities. The most significant area of change which could potentially impact the Group's reported results is the introduction of an "expected loss" model for impairment provisioning of receivables, which now also includes contract assets recognised under the adoption of IFRS 15 "Revenue from Contracts with Customers". Based on an assessment of historic credit losses and the likelihood of the occurrence of future credit losses on existing financial assets, and the existence of credit insurance for the majority of Group receivables, the directors consider that there are no further material impairment losses to be recognised against the Group's financial assets as a result of the transition to IFRS 9.

4 SEGMENTAL ANALYSIS

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 the 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.

The Group sold the Alumasc Facades business on 31 October 2018. This has been treated as a discontinued operation (see note 6). Revenues and operating results from this business have been excluded from the segmental analysis below. This business was formerly part of the Group's Roofing & Walling operating segment in prior years. Due to changes to internal management reporting responsibilities to the Chief Operating Decision Maker in respect of the Roofing business following the sale of Alumasc Facades, this business is now included within the Roofing & Water Management segment.

	Revenue £'000	Segmental operating result £'000
Full Year to 30 June 2019		
Roofing & Water Management	59,917	5,918
Architectural Screening, Solar Shading & Balconies	18,789	(1,107)
Housebuilding Products	11,398	1,732
Sub-total	**90,104**	**6,543**
Unallocated costs		(678)
Total from continuing operations	**90,104**	**5,865**

	£'000
Segmental operating result	5,865
Brand amortisation	(238)
Past service cost in respect of GMP equalisation (see note 5)	(1,111)
Settlement gain on merger of pension schemes (see note 5)	324
Restructuring & relocation costs (see note 5)	(3,021)
AIM re-listing costs (see note 5)	(180)
Total operating profit from continuing operations	**1,639**

			Capital expenditure			
	Segment Assets	**Segment Liabilities**	**Property, Plant & Equipment**	**Other Intangible Assets**	**Deprecia-tion**	**Amortisa-tion**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Roofing & Water Management	36,211	(14,027)	1,341	49	810	188
Architectural Screening, Solar Shading & Balconies	18,089	(5,997)	149	55	61	290
Housebuilding Products	10,003	(3,191)	1,041	11	399	36
Sub-total	**64,303**	**(23,215)**	**2,531**	**115**	**1,270**	**514**
Unallocated/discontinued	6,630	(22,273)	78	-	125	-
Total	**70,933**	**(45,488)**	**2,609**	**115**	**1,395**	**514**

	Revenue £'000	Segmental operating result £'000
Full Year to 30 June 2018		
Roofing & Water Management	54,608	4,935
Architectural Screening, Solar Shading & Balconies	21,957	786
Housebuilding Products	10,483	1,660
Sub-total	**87,048**	**7,381**
Unallocated costs		(1,157)
Total from continuing operations	**87,048**	**6,224**

	£'000
Segmental operating result	6,224
Brand amortisation	(239)
Loss on disposal of SCP assets	(218)
Profit on disposal of available-for-sale assets	426
Restructuring & relocation costs	(322)
Wade acquisition costs	(235)
Total operating profit from continuing operations	**5,636**

			Capital expenditure			
	Segment Assets	**Segment Liabilities**	**Property, Plant & Equipment**	**Other Intangible Assets**	**Deprecia-tion**	**Amortisa-tion**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Roofing & Water Management	33,795	(11,555)	536	158	689	132
Architectural Screening, Solar Shading & Balconies	19,647	(5,317)	100	21	63	258
Housebuilding Products	9,426	(3,612)	2,187	57	305	43
Sub-total	**62,868**	**(20,484)**	**2,823**	**236**	**1,057**	**433**
Unallocated & discontinued	11,836	(29,799)	257	1	147	1
Total	**74,704**	**(50,283)**	**3,080**	**237**	**1,204**	**434**

Analysis by geographical segment 2018/19

	United Kingdom £'000	**Europe £'000**	**North America £'000**	**Middle East £'000**	**Far East £'000**	**Rest of World £'000**	**Total £'000**
Sales to external customers	**80,677**	**2,695**	**3,149**	**972**	**2,392**	**219**	**90,104**
Segment non-current assets	**33,814**	**-**	**-**	**-**	**-**	**-**	**33,814**

Analysis by geographical segment 2017/18

	United Kingdom £'000	Europe £'000	North America £'000	Middle East £'000	Far East £'000	Rest of World £'000	Total £'000
Sales to external customers	74,508	3,006	5,552	839	2,849	294	87,048
Segment non-current assets	32,671	-	-	-	-	-	32,671

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 and exclude discontinued operations.

5 UNDERLYING TO STATUTORY PROFIT BEFORE TAX RECONCILIATION

	2018/19		2017/18 (restated)	
	Operating profit £'000	**Profit before tax £'000**	Operating profit £'000	Profit before tax £'000
Underlying operating profit/profit before tax	**5,865**	**5,584**	6,224	6,012
Brand amortisation	**(238)**	**(238)**	(239)	(239)
IAS 19 net pension scheme finance costs	**-**	**(373)**	-	(494)
IAS 19 Past service cost in respect of GMP equalisation	**(1,111)**	**(1,111)**	-	-
IAS 19 Settlement gain on merger of pension schemes	**324**	**324**	-	-
Restructuring & relocation costs	**(3,021)**	**(3,021)**	(322)	(322)
AIM re-listing costs	**(180)**	**(180)**	-	-
Loss on disposal of the SCP business	**-**	**-**	(218)	(218)
Profit on disposal of available-for-sale assets	**-**	**-**	426	426
Wade acquisition costs	**-**	**-**	(235)	(235)
Operating profit of Alumasc Facades*	**163**	**163**	444	444
Gain on disposal of Alumasc Facades*	**-**	**2,782**	-	-
Statutory operating profit/profit before tax	**1,802**	**3,930**	6,080	5,374

Statutory profit analysed by continuing and discontinued operations:

Continuing	**1,639**	**985**	5,636	4,930
Discontinued (note 6)	**163**	**2,945**	444	444
Statutory operating profit/profit before tax	**1,802**	**3,930**	6,080	5,374

*Alumasc Facades meets the definition of a discontinued operation under international accounting standards. See note 6. The gain on sale of this operation is therefore excluded from underlying operating profit and underlying profit before tax from continuing operations.

In the presentation of underlying profits, management treats the amortisation of acquired brands and IAS 19 pension costs consistently 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.

In addition, management has presented the following specific items that arose in 2018/19 and 2017/18 financial years as non-underlying as they are non-recurring items that are judged to be significant enough to affect the understanding of the year-on-year evolution of the underlying trading performance of the business:

- The one off IAS 19 past service pension cost relating to Guaranteed Minimum Pension ("GMP") equalisation between men and women, following a High Court decision on 26 October 2018;
- The one off settlement gain arising from the merger of the Group's pension schemes on 5 March 2019;
- One-off costs of material restructuring and relocation of separate businesses within the Group in 2018/19 and 2017/18;
- The one-off professional fees incurred in connection with the re-listing of Alumasc's shares from the main market to the Alternative Investment Market ("AIM") on 25 June 2019;
- The loss on disposal of the Scaffold and Construction Products ("SCP") business, which was sold on 31 July 2017;
- The profit on disposal of the Group's share of Amorim Isolamentos S.A on 21 November 2017, a previously available-for-sale asset; and
- Acquisition costs relating to the purchase of Wade International Limited on 31 January 2018.

6 DISCONTINUED OPERATIONS

Discontinued operations relate to the Alumasc Facades business which was divested by the Group on 31 October 2018.

The results of Alumasc Facades included in the consolidated statement of comprehensive income are as follows:

	Year to 30 June 2019 £'000	Year to 30 June 2018 £'000
Revenue	**3,763**	11,359
Operating profit	**163**	444
Net gain on disposal of discontinued operation	**2,782**	-
Profit before taxation	**2,945**	444
Tax charge	**(33)**	(90)
Profit after taxation	**2,912**	354

	£'000
Gross sales proceeds	**4,500**
Transaction costs of disposal	**(100)**
Cash cost of consequential restructuring/decommissioning	**(514)**
Net sales proceeds at 30 June 2019	**3,886**
Provisions for restructuring and plant decommissioning costs	**(343)**
Sales proceeds after restructuring and plant decommissioning	**3,543**
Net assets disposed of:	
Plant & equipment	**(84)**
Working capital at completion	**(677)**
Net gain on disposal	**2,782**

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

Operating cash flows	**223**
Movement in working capital	**(396)**
Investing cash flows - proceeds from sale of business	**3,886**
Investing cash flows - purchase of property, plant and equipment	**(15)**
Net cash inflow	**3,698**

The business sale agreement included a clause that deferred consideration could become payable to Alumasc based on the sales revenue of the business in its first twelve month period under new ownership of up to £1.5 million. This period ends on 31 October 2019. The extent of, if any, deferred consideration will be calculated based on actual sales achieved relative to pre-agreed target levels set out in the agreement. On the basis of the limited data that the Buyer is required to provide at the time and the degree of remaining uncertainty as to the level of sales likely to be achieved in the period to 31 October, no accrual for potential deferred consideration has been made in these financial statements.

7 GOODWILL

	2019 £'000	2018 £'000
Cost:		
At 1 July	**19,428**	17,211
Acquisition of Wade	**-**	2,217

At 30 June	**19,428**	19,428
Impairment:		
At 1 July and 30 June	**723**	723
Net book value at 30 June	**18,705**	18,705

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

	2019 **£'000**	2018 £'000
Alumasc Roofing	**3,820**	3,820
Timloc	**2,264**	2,264
Levolux	**10,179**	10,179
Rainclear	**225**	225
Wade	**2,217**	2,217
At 30 June	**18,705**	18,705

Impairment testing of acquired goodwill

The Group considers each of the operating businesses that have goodwill allocated to them, which are those units for which a separate cashflow is computed, to be a cash generating unit (CGU). Each CGU is reviewed annually for indicators of impairment. In assessing whether an asset has been impaired, the carrying amount of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. In the absence of any information about the fair value of a CGU, the recoverable amount is deemed to be its value in use. Each of the CGUs are either operating segments as shown in note 4, or sub-sets of those operating segments.

For the purpose of impairment testing, the recoverable amount of CGUs is based on value in use calculations. The value in use is derived from discounted management cash flow forecasts for the businesses, based on budgets and plans covering a five year period. The growth rate used to extrapolate the cash flows beyond this period was 1% (2018: 1%) for each CGU.

Key assumptions included in the recoverable amount calculation are the discount rate applied and the cash flows generated by:

(i) Revenues
(ii) Gross margins
(iii) Overhead costs

Each assumption has been considered in conjunction with the local management of the relevant operating businesses who have used their past experience and expectations of future market and business developments in arriving at the figures used.

The range of pre-tax rates used to discount the cash flows of these cash generating units with on-balance sheet goodwill was between 11% and 12% (2018: between 11% and 12%). These rates were based on the Group's estimated weighted average cost of capital (W.A.C.C.), which was risk-adjusted for each CGU taking into account both external and internal risks. The Group's W.A.C.C. in 2019 was similar to the rate used in 2018.

The surplus headroom above the carrying value of goodwill at 30 June 2019 was significant in the case of Timloc, Rainclear, Wade and Alumasc Roofing, with no impairment arising from either a 2% increase in the discount rate; a growth rate of -1% used to extrapolate the cash flows; or a reduction of 25% in the cash flow generated in the terminal year.

The surplus headroom above the carrying value of goodwill at 30 June 2019 for Levolux was not significant and the following change to each of the key assumptions would lead to an impairment:

- a 2% increase in the discount rate;
- a growth rate of -1% used to extrapolate the cash flows;
- a 21% reduction in the cash flow generated in the terminal year.

Business Combinations

On 31 January 2018 the Group acquired 100% of the share capital of Wade International Limited ("Wade"), a leading manufacturer and supplier of high quality metal drainage products and access covers with a well-established premium brand, for an enterprise value of £8,000,000. See Report and Accounts 2018 for full disclosure.

8 TAX EXPENSE

(a.) Tax on profit on ordinary activities

Tax charged in the statement of comprehensive income

	2018/19	2017/18
	£'000	£'000
Current tax:		
UK corporation tax - continuing operations	**(69)**	469
- discontinued operations	**33**	90
Overseas tax	**3**	33
Amounts over provided in previous years	**(21)**	(2)
Total current tax	**(54)**	590
Deferred tax:		
Origination and reversal of temporary differences	**406**	491
Amounts (over)/under provided in previous years	**(20)**	5
Rate change adjustment	**(43)**	(29)
Total deferred tax	**343**	467
Total tax expense	**289**	1,057
Tax charge on continuing operations	**256**	967
Tax charge on discontinued operations	**33**	90
Total tax expense	**289**	1,057
Tax recognised in other comprehensive income		
Deferred tax:		
Actuarial gains on pension schemes	**24**	467
Cash flow hedge	**54**	(45)
Tax charged to other comprehensive income	**78**	422
Total tax charge in the statement of comprehensive income	**367**	1,479

(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 7.4% is lower than (2017/18: 19.7% was higher than) the standard rate of corporation tax in the UK of 19.0% (2017/18: 19.0%).

The differences are reconciled below:

	2018/19	2017/18
	£'000	£'000

Profit before tax from continuing operations	**985**	4,930
Profit before tax from discontinued operations	**2,945**	444
Accounting profit before tax	**3,930**	5,374
Current tax at the UK standard rate of 19.0% (2017/18: 19.0%)	**747**	1,021
Expenses not deductible for tax purposes	**265**	62
Use of capital losses	**(639)**	-
Rate change adjustment	**(43)**	(29)
Tax over provided in previous years - current tax	**(21)**	(2)
Tax (over)/under provided in previous years - deferred tax	**(20)**	5
	289	1,057

(c.) Unrecognised tax losses

The Group has agreed tax capital losses in the UK amounting to £16.6 million (2018: £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 (2018: £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 £16 million (2018: £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 2017	339	(32)	299	(11)	595	(3,501)
Charged/(credited) to the statement of comprehensive income - current year	58	(15)	(41)	-	2	460
(Credited)/charged to the statement of comprehensive income - prior year	(12)	17	-	-	5	-
Charged to equity	-	-	-	(45)	(45)	467
Acquisition of subsidiary	50	-	298	-	348	-
At 30 June 2018	435	(30)	556	(56)	905	(2,574)
Charged/(credited) to the statement of comprehensive income - current year	**125**	**(36)**	**(74)**	**-**	**15**	**348**
Credited to the statement of comprehensive income - prior year	**(20)**	**-**	**-**	**-**	**(20)**	**-**
Charged to equity	**-**	**-**	**-**	**54**	**54**	**24**
At 30 June 2019	**540**	**(66)**	**482**	**(2)**	**954**	**(2,202)**

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 £2.7 million (2018: £3.2 million) have not been recognised in respect of net capital losses of £16 million (2018: £19 million), see note 8 (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 30 June 2018 balance sheet date. Deferred tax assets and liabilities have therefore been calculated based on the rate of 17% substantively enacted at both the 30 June 2018 and 30 June 2019 balance sheet dates.

9 DIVIDENDS

	2018/19 **£'000**	2017/18 £'000
Interim dividend for 2019 of 2.95p paid on 8 April 2019	**1,045**	-
Final dividend for 2018 of 4.4p paid on 31 October 2018	**1,583**	-
Interim dividend for 2018 of 2.95p paid on 6 April 2018	**-**	1,056
Final dividend for 2017 of 4.3p paid on 31 October 2017	**-**	1,538
	2,628	2,594

A final dividend of 4.4 pence per equity share, at a cash cost of £1,574,000, has been proposed for the year ended 30 June 2019, payable on 31 October 2019. In accordance with IFRS accounting requirements this dividend has not been accrued in these consolidated financial statements.

10 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:

	2018/19 **£'000**	2017/18 £'000
Net profit attributable to equity holders of the parent - continuing operations	**729**	3,963
Net profit attributable to equity holders of the parent - discontinued operations	**2,912**	354
	3,641	4,317
	000s	000s
Weighted average number of shares	**35,956**	35,830
Dilutive potential ordinary shares - employee share options	**153**	361
	36,109	36,191

<u>Basic earnings per share:</u>	**2018/19** **Pence**	2017/18 Pence
Continuing operations	**2.0**	11.0
Discontinued operations	**8.1**	1.0
	10.1	12.0

<u>Diluted earnings per share:</u>	**2018/19** **Pence**	2017/18 Pence
Continuing operations	**2.0**	10.9
Discontinued operations	**8.1**	1.0
	10.1	11.9

Calculation of underlying earnings per share:

	2018/19 **£'000**	2017/18 £'000

Reported profit before taxation from continuing operations	**985**	4,930
Brand amortisation	**238**	239
IAS 19 net pension scheme finance costs	**373**	494
Pension GMP equalisation	**1,111**	-
Winding up lump sums	**(324)**	-
Restructuring & relocation costs	**3,021**	322
AIM re-listing costs	**180**	-
Loss on disposal of the SCP assets	**-**	218
Profit on disposal of available-for-sale assets	**-**	(426)
Wade acquisition costs	**-**	235
Underlying profit before taxation from continuing operations	**5,584**	6,012
Tax at underlying Group tax rate of 20.4% (2017/18: 20.3%)	**(1,139)**	(1,220)
Underlying earnings from continuing operations	**4,445**	4,792
Weighted average number of shares	**35,956**	35,830
Underlying earnings per share from continuing operations	**12.4p**	13.4p

11 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 369,245 (2018: 161,411) ordinary own shares held by the Company. The market value of shares at 30 June 2019 was £348,936 (2018: £217,905). These are held to help satisfy the exercise of awards under the Company's Long Term Incentive Plans. During the year 42,166 shares with a cost of £63,000 were used to satisfy the exercise of awards and 250,000 shares with a cost of £238,000 were purchased by the Trust. A Trust holds the shares in its name and shares are awarded to employees on request by the Group. The Group 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.

12 RELATED PARTY DISCLOSURE

The Group's principal actively trading subsidiaries at 30 June 2019 are listed below:

Principal subsidiaries	Principal activity	Country of incorporation	% of equity interest and votes held 2019	2018
Alumasc Building Products 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.

13 IFRS 15 IMPACT OF TRANSITION

Transition

The Group has taken advantage of the relief in IFRS 15 to reflect the aggregate effect of all modifications that occurred before the transition date of 1 July 2018 as an adjustment to the Group's profit and loss account reserve at 1 July 2018. This is because the net impact of adopting the new standard, being a reduction in the profit and loss account reserve and therefore net assets at that date of £76,000 is not significant.

Impact on year to 30 June 2019

Had the Group continued to report in accordance with IAS 18 "Revenue" for the twelve months ended 30 June 2019, it would have reported the following amounts in these financial statements:

	As would have been reported £'000	Effect £'000	As reported under IFRS 15 £'000
Income statement extract (continuing operations):			
Revenue	**88,254**	**1,850**	**90,104**
Underlying profit before tax	**4,801**	**783**	**5,584**
Statutory profit before tax	**202**	**783**	**985**
Tax expense	**(96)**	**(160)**	**(256)**
Statutory profit after tax	**106**	**623**	**729**
Statement of financial position extract:			
Contract assets/Accrued income (included in Trade & other receivables)	**2,668**	**334**	**3,002**
Contract liabilities/Deferred income (included in Trade & other payables)	**(1,578)**	**1,283**	**(295)**
Inventory - Work in progress	**834**	**(834)**	**-**

The main reasons for the differences are:

- Recognition of revenue and profit on an input cost method over time, measured by reference to the stage of completion of the contract, rather than on an output cost method over time based on Quantity Surveyor assessments;
- Resultant changes in the tax expense arising from the above adjustment.

Financial Summary	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income Statement Summary								

Continuing operations:								
Revenue	**58,259**	**66,842**	**63,028**	**69,950**	**73,005**	**88,368**	**87,048**	**90,104**
Underlying operating profit	**2,667**	**5,345**	**5,099**	**6,341**	**7,010**	**8,703**	**6,224**	**5,865**
Underlying operating margin	*4.6%*	*8.0%*	*8.1%*	*9.1%*	*9.6%*	*9.8%*	*7.2%*	*6.5%*
Net interest cost on borrowings	(706)	(767)	(521)	(592)	(215)	(132)	(212)	(281)
Underlying profit before tax	**1,961**	**4,578**	**4,578**	**5,749**	**6,795**	**8,571**	**6,012**	**5,584**
Non-underlying items*	(889)	(2,984)	(1,168)	(1,434)	(1,502)	(888)	(1,082)	(4,599)
Profit before taxation	**1,072**	**1,594**	**3,410**	**4,315**	**5,293**	**7,683**	**4,930**	**985**
Taxation	(236)	(598)	(706)	(1,120)	(1,319)	(1,492)	(967)	(256)
Profit for the year from continuing operations	**836**	**996**	**2,704**	**3,195**	**3,974**	**6,191**	**3,963**	**729**
Discontinued operations - (Loss)/profit after tax	(423)	890	1,337	1,181	2,510	349	354	2,912
Profit for the year	**413**	**1,886**	**4,041**	**4,376**	**6,484**	**6,540**	**4,317**	**3,641**
Underlying earnings per share from continuing operations (pence)	**3.8**	**9.5**	**9.7**	**12.6**	**15.1**	**19.1**	**13.4**	**12.4**
Basic earnings per share (pence)	**1.2**	**5.3**	**11.3**	**12.3**	**18.2**	**18.3**	**12.0**	**10.1**
Dividends per share (pence)	**2.0**	**4.5**	**5.0**	**6.0**	**6.5**	**7.15**	**7.35**	**7.35**
Balance Sheet Summary at 30 June								
Shareholders' funds	18,928	22,443	17,042	15,929	16,580	20,437	24,421	25,445
Net debt/(cash)	13,229	7,687	7,666	(914)	(8,632)	(6,076)	4,812	5,095
Pension deficit (net of tax)	11,050	7,748	14,338	16,748	18,588	17,095	12,566	10,749
Discontinued operations	(13,943)	(12,897)	(11,769)	(3,708)	(479)	(334)	(714)	359
Capital Invested - continuing operations	29,264	24,981	27,277	28,055	26,057	31,122	41,085	41,648
Underlying return on capital invested (post-tax)**	6.3%	14.4%	14.8%	17.9%	20.5%	24.2%	13.8%	11.3%
Underlying tax rate	31.6%	25.7%	24.2%	22.0%	20.8%	20.6%	20.2%	20.4%

Notes

* Non-underlying items comprise brand amortisation and IAS 19 pension costs in all years. 2012/13 also includes an impairment charge and restructuring costs. Further details of the 2017/18 and 2018/19 non underlying items can be found in note 5.

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

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