

The Alumasc Group plc
Interim Report 2012



Premium
building and
engineering products
for a sustainable world



Alumasc at a glance

Alumasc is a UK based supplier of premium building and precision engineering products. The majority of the group's business is in the area of sustainable building products which enable customers to manage energy and water use in the built environment. We believe growth rates in these businesses through the construction cycle will exceed UK industry averages. The group's precision engineering business is also well positioned for further growth.

All Alumasc businesses have strong UK market positions within their individual market niches and many are market leaders. Alumasc further develops this strong strategic positioning by offering customers quality products, service and trust. For certain chosen brands, Alumasc is actively seeking to leverage UK successes in international markets, with particular focus in North America, parts of the Middle East and Far East, Europe and South Africa.

Alumasc fosters an entrepreneurial, achievement orientated culture whereby businesses are empowered to innovate and respond quickly to local market needs within a cohesive group strategic and management framework. Alumasc businesses also benefit from the group's financial strength and access to capital.

Half year financial highlights

Continuing operations

Half year to 31 December	2011	2010	Change
Order book at 31 December (£m)	42.3	40.1	+5%
Revenue (£m)	54.1	49.6	+9%
Underlying profit before tax ¹ (£m)	1.0	2.2	-55%
Underlying earnings per share ¹ (pence)	2.0	4.2	-52%
Profit before tax (£m)	0.7	1.9	-64%
Basic earnings per share (pence)	1.4	3.6	-61%
Dividends per share (pence)	1.0	3.25	-69%
Net borrowings at 31 December (£m)	13.4	11.9	-13%

¹ Underlying profits and earnings are stated prior to the deduction of restructuring costs of £0.1 million (2010: £0.1 million) and brand amortisation of £0.2 million (2010: £0.2 million).

Review of Interim Results

Overview

The group's first half revenue performance was strong. Group revenues of £54.1 million were some 9% ahead of the first half of the last financial year, despite the challenging macro-economic environment.

Building Products' divisional revenues were up by 4%, a good performance in view of the further contraction in UK construction activity in the intervening period, and benefited from increased international sales, new product introductions and greater penetration of refurbishment markets.

Engineering Products' divisional revenues grew by 19%, with Alumasc Precision's sales increasing to more than double the level reported in the equivalent period two years ago. This exceptional rate of growth was driven initially by the recovery from the 2008/09 recession, and more recently by the continued rise in international demand for diesel engines used in off-highway vehicles. Demand has been particularly strong from OEM's who manufacture vehicles serving the mining and construction sectors of developing economies.

Compared with a year ago, the group has experienced pressure on profit margins in each of its two divisions. Alumasc Precision has incurred excessive cost to support the recent surge in demand, exacerbated in more recent months by some short term capacity constraints and bottlenecks in production. To the extent that these costs exceeded expectation they were not recovered in full from customers. In the Building Products division, management focus on margin improvement succeeded in mitigating significant selling price pressure in a weak UK construction market and input cost inflation, with the result that divisional gross margins finished broadly unchanged, when compared with a year ago.

The combination of lower than expected gross margins in the Engineering Products division and the costs of the planned strategic investment in sales, marketing and business development resources in the Building Products division over the last twelve months, in support of the many initiatives set out in our earlier reports, led to a reduction in underlying group operating profit margins from 5.8% to 2.7%.

These factors led to the group's first half underlying operating profit being reduced from £2.9 million in 2010 to £1.5 million in 2011. Group underlying profit before tax reduced from £2.2 million to £1.0 million, with the impact of lower group operating profit partly mitigated by lower net finance expenses due to the reduced pension deficit reported at the beginning of the financial year. After restructuring costs and brand amortisation

charges, which were similar in total to those incurred in the first half of the previous financial year, reported profit before tax reduced from £1.9 million to £0.7 million. Underlying earnings per share were 2.0 pence (2010: 4.2 pence) and reported earnings per share were 1.4 pence (2010: 3.5 pence).

Building Products Division

Divisional revenues increased from £33.8 million to £35.2 million, but underlying operating profit reduced from £2.1 million to £1.7 million mainly due to the planned investment in additional sales and business development resources who are tasked with growing both UK and international sales. Divisional gross margins began to improve in the period, as a result of various focused profit improvement initiatives in this area, including new product introductions, penetration of new market niches and achievement of operational efficiencies.

The group's businesses that facilitate improved energy efficiency in buildings experienced a relatively quiet first half year. However Levulux began to improve order intake, sales and profit, despite further contraction in the UK new build commercial construction sector. The Roofing & Walling businesses experienced a quieter first half than expected, mainly due to delays in the commencement of work under the Community Energy Savings Programme ("CESP"), which impacted demand for exterior wall insulation systems.

The group's businesses that are mainly involved in managing water use in the built environment fared better, as was the case last year, with stronger domestic sales of Construction Products into the infrastructure sector, and improved activity levels in Hong Kong, where we have a strong local presence. Alumasc Rainwater had another impressive performance driven by strong demand from the refurbishment sector, buoyed by improved customer service levels, new products and successful marketing campaigns.

Engineering Products Division

Divisional revenues increased from £16.4 million to £19.5 million for the reasons described above. Higher than expected demand at Alumasc Precision Components caused unexpected capacity constraints and difficulty in keeping pace with customer expectations. This resulted in higher than expected costs, leading to a reduction in divisional operating profit from £1.3 million in the first half of 2010 to £0.2 million in the first half of this financial year.

The extent of the cost over-runs only began to emerge following a routine internal audit in December, and were not fully quantified until

after a detailed inventory count at the half year end. This led to a significant non-cash write down in the value of inventory as at 31 December.

A new divisional finance director was appointed at the half year end and, as previously announced in January, Warren Roberts, Divisional Managing Director, resigned to pursue a career opportunity outside the group. He is expected to remain with the business until June and is working closely with Paul Hooper, Group Chief Executive, to improve the performance of Alumasc Precision Components. A successor is being sought.

Customer demand since Christmas has been a little softer, prior to further growth expected in the Spring. Advantage is being taken of this opportunity to address customer arrears, reduce excess overtime and freight costs, resolve the inventory control issues identified, and progress the capital investment programme to increase capacity in key areas.

Dyson Diecastings, Alumasc Precision Components' sister business, had an excellent half year and grew both revenues and profits to record levels.

Cash flow, balance sheet and pensions

The group's net outflow of cash was £2.7 million in the first half of the year. This was largely due to normal seasonal working capital fluctuations and the payment of the prior year's final dividend in late October. The cash performance was broadly in line with management's expectations at the beginning of the year, and similar to the net cash outflow of £2.6 million in the prior first half year. Group net debt increased from £10.7 million at 30 June 2011 to £13.4 million at 31 December 2011. Net debt at 31 December 2010 was £11.9 million.

Cash conversion of operating profit remained strong, and the rolling twelve month average working capital as a percentage of sales improved from 15.1% a year ago to 13.9%. The impact on cash flow of the reduction in group operating profit when compared with the first half of the prior year was largely offset by reduced working capital. The resulting pre-tax operating cash flow of £3.0 million, prior to the benefit of reduced pension funding costs, was broadly similar to the prior year comparator.

The level of capital spend increased compared to the prior year, in support of the growth at Alumasc Precision. Capital expenditure of £1.4 million in the period exceeded charges for depreciation and amortisation of £1.3 million for the first time in a number of years.

Whilst the first half of the year has been difficult, the Board does expect results to improve as the second half year progresses, and continues to see many opportunities for further growth which will benefit the business beyond the current financial year.



Paul Hooper Chief Executive

The combination of record low long term gilt yields, higher long term inflation forecasts and a weak equity investment performance over the last six months resulted in the group's pension deficit valued under IAS19 accounting conventions increasing from £2.9 million at 30 June 2011 to £12.9 million at 31 December 2011. These valuations, carried out on a "spot" basis as at the period end date, can give rise to highly volatile results, but have no impact on the cash funding of the pension deficit by the company. The funding of the pension deficit will next be reviewed in the group's 2013/14 financial year, following the full triennial actuarial valuation in April 2013.

Mainly as a result of the increased pension deficit, group net assets reduced from £30.1 million at 31 December 2010 and £32.0 million at 30 June 2011 to £21.6 million at 31 December 2011. Together with the higher level of net debt, this led to an increase in financial gearing to 62% (31 December 2010: 40%).

The group continues to operate well within banking facility limits and covenants, with net debt/EBITDA of 2 times (compared with a covenant less than 3 times) and bank interest covered by EBITDA over 8 times (compared with a covenant of at least 4 times).

The group's key risks remain as set out on pages 27 and 28 of the 2011 Annual Report, supplemented by note 3 to the accounts contained in this Interim Report.

Business Development

Whilst the first half of the year has been difficult, the Board continues to see many opportunities for further growth which will benefit the business beyond the current financial year. The Board considers it is important that investment in the business continues to be made to ensure this potential is realised:

- Levolux has secured orders for the design phases of two multi-million pound projects in London, which will begin to benefit during the next financial year.
- Levolux's export sales development initiatives are gradually gaining traction, including a recently won order near New York for circa. \$300,000, and a number of initial orders in France.
- Gatic is experiencing a high level of enquiries for international work, and a business development manager has recently been appointed to grow Slotdrain opportunities in the United States. Following success at McCarran airport, Las Vegas, Gatic has recently won a c\$200k order for Atlanta airport.
- We are expecting a substantial increase in demand for exterior wall insulation systems, initially from the CESP programme, described above, with further demand expected from its successor schemes, Eco and the Green Deal. These initiatives are all designed to reduce carbon emissions from the relatively high proportion of older, poorly insulated homes in the UK's housing stock.
- Alumasc Waterproofing has introduced new products into its Eurorooft range and is increasing penetration of refurbishment markets to leverage existing strengths in the new build sector.
- Demand continues to grow for green roofs, which remains an early life cycle sustainable building products niche where the group has strong market positions. Blackdown has recently won a significant order to supply a large green roof for the Scottish Arena in Glasgow and is securing further work in partnership with a number of well known roofing suppliers and distributors.
- Alumasc Rainwater has recently launched a PC "app" enabling design of rainwater and drainage systems, which will shortly be available for use on smart phones and tablet devices.
- A number of high performance Harmer drainage products are being developed.

- Alumasc Precision is currently evaluating some significant business development opportunities with major international customers.

Outlook and dividend

The Board believes that the recent disappointing performance of Alumasc Precision Components will respond to management action, but this will not happen overnight. Moreover, harsh weather conditions have contributed to a muted start to the second half year. For these reasons, the Board now expects that the full year result will be materially below previous expectations.

Nonetheless, the Board does expect results to improve as the second half year progresses, underpinned by normal seasonal bias; an uplift in sales in the Facades business driven by CESP; a stronger order book in the roofing business reflecting increased penetration of refurbishment markets; and an improving margin performance by Alumasc Precision. The group's order books remain strong and continue to exceed £43 million in total.

In view of all the above, the Board decided it would be prudent to reduce the interim dividend to 1.0 pence per share (2011: 3.25 pence). The Board will consider the full year dividend in the Summer in light of results for the year and the outlook at that time. The interim dividend will be paid on 10 April to shareholders on the register at 9 March 2012.

Looking beyond the current financial year, the Board believes, for the reasons set out in the business development section above, that the medium term prospects for the group are unchanged and remain encouraging.

Paul Hooper
Chief Executive
16 February 2012

Condensed Consolidated Interim Statement of Comprehensive Income

		Half year to 31 December 2011			Half year to 31 December 2010			Year to 30 June 2011
		Before non- recurring items and brand amortisation (Unaudited) £000	Non- recurring items and brand amortisation (Unaudited) £000	Total (Unaudited) £000	Before non- recurring items and brand amortisation (Unaudited) £000	Non- recurring items and brand amortisation (Unaudited) £000	Total (Unaudited) £000	Total (Audited) £000
Continuing operations	Notes							
Revenue	4	54,062	–	54,062	49,621	–	49,621	106,805
Cost of sales		(41,108)	–	(41,108)	(35,993)	–	(35,993)	(77,172)
Cost of sales – impairment charge reversal	5	–	–	–	–	–	–	1,220
Gross profit		12,954	–	12,954	13,628	–	13,628	30,853
Net operating expenses								
Net operating expenses before non-recurring items and brand amortisation		(11,487)	–	(11,487)	(10,759)	–	(10,759)	(23,954)
Restructuring costs	5	–	(113)	(113)	–	(104)	(104)	(241)
Brand amortisation	5	–	(162)	(162)	–	(160)	(160)	(320)
Profit on disposal of property	5	–	–	–	–	–	–	759
Net operating expenses		(11,487)	(275)	(11,762)	(10,759)	(264)	(11,023)	(23,756)
Operating profit	4	1,467	(275)	1,192	2,869	(264)	2,605	7,097
Finance income	6	2,202	–	2,202	1,958	–	1,958	3,879
Finance expenses	6	(2,702)	–	(2,702)	(2,667)	–	(2,667)	(5,593)
Profit before taxation		967	(275)	692	2,160	(264)	1,896	5,383
Tax expense	7	(271)	83	(188)	(657)	36	(621)	(1,551)
Profit for the period from continuing operations		696	(192)	504	1,503	(228)	1,275	3,832
Discontinued operations								
Loss after taxation for the period from discontinued operations		–	–	–	(39)	–	(39)	(187)
Profit for the period		696	(192)	504	1,464	(228)	1,236	3,645
Other comprehensive income								
Gains/(losses) recognised directly in equity:								
Actuarial (loss)/gain on defined benefit pension schemes	2			(11,207)			4,812	5,590
Effective portion of changes in fair value of cash flow hedges				(48)			143	544
Exchange differences on retranslation of foreign operations				9			(6)	(16)
Tax on items taken directly to or transferred from equity	7			2,733			(1,432)	(1,712)
Other comprehensive income for the period, net of tax				(8,513)			3,517	4,406
Total comprehensive income for the period, net of tax				(8,009)			4,753	8,051
Earnings per share				Pence			Pence	Pence
Basic earnings per share								
– Continuing operations				1.4			3.6	10.7
– Discontinued operations				–			(0.1)	(0.5)
	10			1.4			3.5	10.2
Diluted earnings per share								
– Continuing operations				1.4			3.5	10.6
– Discontinued operations				–			(0.1)	(0.5)
	10			1.4			3.4	10.1

Condensed Consolidated Interim Statement of Financial Position

	31 December 2011 (Unaudited) £000	31 December 2010 (Unaudited) £000	30 June 2011 (Audited) £000
Assets			
Non-current assets			
Property, plant and equipment	14,433	14,900	14,605
Goodwill	16,888	16,888	16,888
Other intangible assets	3,284	3,705	3,556
Financial asset investments	17	17	17
Deferred tax assets	3,225	1,447	742
	37,847	36,957	35,808
Current assets			
Inventories	13,635	13,670	12,443
Biological assets	269	468	370
Trade and other receivables	21,332	20,231	23,848
Cash and cash equivalents	1,308	4,887	5,038
Derivative financial assets	84	1	98
	36,628	39,257	41,797
Total assets	74,475	76,214	77,605
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	(14,751)	(14,955)	(14,724)
Employee benefits payable	(12,900)	(5,359)	(2,853)
Provisions	(493)	(361)	(450)
Deferred tax liabilities	(1,810)	(1,638)	(2,012)
	(29,954)	(22,313)	(20,039)
Current liabilities			
Bank overdraft	–	(1,850)	(1,045)
Trade and other payables	(22,631)	(21,098)	(24,107)
Provisions	(28)	(159)	(143)
Income tax payable	(132)	(311)	(56)
Derivative financial liabilities	(169)	(397)	(250)
	(22,960)	(23,815)	(25,601)
Total liabilities	(52,914)	(46,128)	(45,640)
Net assets	21,561	30,086	31,965
Equity			
Called up share capital	4,517	4,517	4,517
Share premium	445	445	445
Capital reserve – own shares	(618)	(369)	(618)
Hedging reserve	8	(290)	44
Foreign currency reserve	38	39	29
Profit and loss account reserve	17,171	25,744	27,548
Total equity	21,561	30,086	31,965

Condensed Consolidated Interim Statement of Cash Flows

	Half year to 31 December 2011 (Unaudited) £000	Half year to 31 December 2010 (Unaudited) £000	Year to 30 June 2011 (Audited) £000
Operating activities			
Operating profit	1,192	2,605	7,097
Adjustments for:			
Depreciation	1,166	1,011	2,074
Amortisation	383	392	677
Impairment reversal	–	–	(1,220)
Loss/(gain) on disposal of property, plant and equipment	–	(19)	(774)
Increase in inventories	(1,192)	(2,216)	(1,629)
Decrease/(increase) in biological assets	101	(96)	2
Decrease/(increase) in receivables	2,516	762	(3,807)
(Decrease)/increase in trade and other payables	(1,172)	396	4,080
Movement in provisions	(72)	(33)	41
Movement in retirement benefit obligations	(1,318)	(1,849)	(3,928)
Share based payments	11	22	16
Cash generated from continuing operations	1,615	975	2,629
Cash generated from discontinued operations	–	58	(66)
Tax paid	(64)	(96)	(418)
Net cash inflow from operating activities	1,551	937	2,145
Investing activities			
Purchase of property, plant and equipment	(1,312)	(584)	(931)
Payments to acquire intangible fixed assets	(111)	(148)	(305)
Proceeds from sales of property, plant and equipment	–	19	1,244
Acquisition of subsidiary undertakings	–	(99)	(50)
Acquisition of non-controlling interest	–	–	(49)
Proceeds from sale of business activity	–	–	1,173
Interest received	–	12	18
Net cash (outflow)/inflow from investing activities	(1,423)	(800)	1,100
Financing activities			
Interest paid	(416)	(300)	(647)
Equity dividends paid	(2,406)	(2,416)	(3,580)
Draw down of amounts borrowed	–	–	15,000
Repayment of amounts borrowed	–	–	(15,000)
Loan and overdraft facility fees	–	–	(303)
Purchase of financial instrument	–	–	(94)
Purchase of own shares	–	–	(249)
Net cash outflow from financing activities	(2,822)	(2,716)	(4,873)
Net decrease in cash and cash equivalents	(2,694)	(2,579)	(1,628)
Cash and cash equivalents at beginning of period	3,993	5,622	5,622
Net decrease in cash and cash equivalents	(2,694)	(2,579)	(1,628)
Effect of foreign exchange rate changes	9	(6)	(1)
Cash and cash equivalents at end of period	1,308	3,037	3,993
Cash and cash equivalents comprise:			
Cash and short term deposits	1,308	4,887	5,038
Bank overdrafts	–	(1,850)	(1,045)
	1,308	3,037	3,933

Consolidated Statement of Changes in Equity

	Share capital £000	Share premium £000	Capital reserve – own shares £000	Hedging reserve £000	Foreign currency reserve £000	Profit and loss account reserve £000	Total £000	Non- controlling interest £000	Total equity £000
At 1 July 2011	4,517	445	(618)	44	29	27,548	31,965	–	31,965
Profit for the period	–	–	–	–	–	504	504	–	504
Exchange differences on retranslation of foreign operations	–	–	–	–	9	–	9	–	9
Net loss on cash flow hedges	–	–	–	(48)	–	–	(48)	–	(48)
Tax on derivative financial liability	–	–	–	12	–	–	12	–	12
Actuarial loss on defined benefit pension schemes, net of tax	–	–	–	–	–	(8,486)	(8,486)	–	(8,486)
Dividends	–	–	–	–	–	(2,406)	(2,406)	–	(2,406)
Share based payments	–	–	–	–	–	11	11	–	11
At 31 December 2011	4,517	445	(618)	8	38	17,171	21,561	–	21,561

	Share capital £000	Share premium £000	Capital reserve – own shares £000	Hedging reserve £000	Foreign currency reserve £000	Profit and loss account reserve £000	Total £000	Non- controlling interest £000	Total equity £000
At 1 July 2010	4,517	445	(369)	(389)	45	23,494	27,743	33	27,776
Profit for the period	–	–	–	–	–	1,236	1,236	–	1,236
Exchange differences on retranslation of foreign operations	–	–	–	–	(6)	–	(6)	–	(6)
Net gain on cash flow hedges	–	–	–	143	–	–	143	–	143
Tax on derivative financial liability	–	–	–	(44)	–	–	(44)	–	(44)
Actuarial gain on defined benefit pension schemes, net of tax	–	–	–	–	–	3,424	3,424	–	3,424
Acquisition of minority interest	–	–	–	–	–	(16)	(16)	(33)	(49)
Dividends	–	–	–	–	–	(2,416)	(2,416)	–	(2,416)
Share based payments	–	–	–	–	–	22	22	–	22
At 31 December 2010	4,517	445	(369)	(290)	39	25,744	30,086	–	30,086

Notes to the Condensed Consolidated Interim Financial Statements

1 Basis of preparation

The condensed consolidated interim financial statements of The Alumasc Group plc and its subsidiaries have been prepared on the basis of International Financial Reporting Standards (IFRS), as adopted by the European Union, that are effective at 31 December 2011.

The condensed consolidated interim financial statements have been prepared using the accounting policies set out in the statutory accounts for the financial year to 30 June 2011 and in accordance with IAS 34 "Interim Financial Reporting".

The consolidated financial statements of the group as at and for the year ended 30 June 2011 are available on request from the company's registered office at Burton Latimer, Kettering, Northants, NN15 5JP or at the website www.alumasc.co.uk.

The comparative figures for the financial year ended 30 June 2011 are not the company's statutory accounts for that financial year but have been extracted from these accounts. Those accounts have been reported on by the company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The condensed consolidated interim financial statements for the half year ended 31 December 2011 are not statutory accounts and have been neither audited nor reviewed by the group's auditors. They do not contain all of the information required for full financial statements, and should be read in conjunction with the consolidated financial statements of the group as at and for the year ended 30 June 2011.

These condensed consolidated interim financial statements were approved by the Board of Directors on 16 February 2012.

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

2 Estimates

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2011.

During the six months ended 31 December 2011, management reassessed and updated its estimates in respect of retirement benefit obligations based on market data available at 31 December 2011. The resulting impact was an £11.2m pre-tax actuarial loss, calculated using IAS19 conventions, that has been recognised in the six month period to 31 December 2011.

3 Risks and uncertainties

A summary of the group's principal risks and uncertainties was provided on pages 27 and 28 of Alumasc's Report and Accounts 2011. The Board considers these risks and uncertainties remain relevant to the current financial year, supplemented as follows;

- Alumasc Precision's performance can be affected by volatility in customer demand, particularly if demand rises unexpectedly at short notice causing capacity constraints, and full mitigation is not possible through selling price increases.
- In view of current economic uncertainties, customer investment decisions and construction projects can be subject to delay. These factors are largely beyond the group's control, and increase the risks associated with the group's short term revenue and profit forecasts.

4 Segmental analysis

Half year to 31 December 2011 (Unaudited)

	Revenue		Segmental Operating Result £000
	External £000	Inter-segment £000	
Solar Shading	8,569	–	273
Roofing & Walling	9,207	–	(189)
Energy Management	17,776	–	84
Construction Products	6,839	–	697
Rainwater, Drainage & Other	10,568	44	950
Water Management & Other	17,407	44	1,647
Building Products	35,183	44	1,731
Alumasc Precision	18,879	631	219
Engineering Products	18,879	631	219
Intercompany revenue elimination/Unallocated costs	–	(675)	(483)
Total	54,062	–	1,467
			£000
Segmental operating result			1,467
Restructuring costs			(113)
Brand amortisation			(162)
Total operating profit			1,192

Half year to 31 December 2010 (Unaudited)

	Revenue		Segmental Operating Result £000
	External £000	Inter-segment £000	
Solar Shading	7,784	–	198
Roofing & Walling	9,791	–	148
Energy Management	17,575	–	346
Construction Products	6,132	–	864
Rainwater, Drainage & Other	10,056	43	928
Water Management & Other	16,188	43	1,792
Building Products	33,763	43	2,138
Alumasc Precision	15,858	584	1,312
Engineering Products	15,858	584	1,312
Intercompany revenue elimination/Unallocated costs	–	(627)	(581)
Total	49,621	–	2,869
			£000
Segmental operating result			2,869
Restructuring costs			(104)
Brand amortisation			(160)
Total operating profit from continuing operations			2,605

Notes to the Condensed Consolidated Interim Financial Statements

4 Segmental analysis (continued)

Full year to 30 June 2011 (Audited)

	External £000	Inter-segment £000	Revenue Total £000	Segmental Operating Result £000
Solar Shading	17,011	–	17,011	757
Roofing & Walling	19,869	–	19,869	(355)
Energy Management	36,880	–	36,880	402
Construction Products	12,965	–	12,965	1,547
Rainwater, Drainage & Other	21,309	65	21,374	1,965
Water Management & Other	34,274	65	34,339	3,512
Building Products	71,154	65	71,219	3,914
Alumasc Precision	35,651	1,093	36,744	2,978
Engineering Products	35,651	1,093	36,744	2,978
Intercompany revenue elimination/Unallocated costs	–	(1,158)	(1,158)	(1,213)
Total	106,805	–	106,805	5,679
				£000
Segmental operating result				5,679
Impairment charge reversal				1,220
Restructuring costs				(241)
Brand amortisation				(320)
Profit on disposal of property				759
Total operating profit from continuing operations				7,097

5 Non-recurring items and amortisation

	Half year to 31 December 2011 (Unaudited) £000	Half year to 31 December 2010 (Unaudited) £000	Year to 30 June 2011 (Audited) £000
Impairment charge reversal	–	–	1,220
Restructuring costs	(113)	(104)	(241)
Brand amortisation	(162)	(160)	(320)
Profit on disposal of property	–	–	759
Re-financing costs	–	–	(307)
	(275)	(264)	1,111

6 Net finance costs

	Half year to 31 December 2011 (Unaudited) £000	Half year to 31 December 2010 (Unaudited) £000	Year to 30 June 2011 (Audited) £000
Finance revenue – Bank interest	(6)	(12)	(18)
– Expected return on pension scheme plan assets	(2,196)	(1,946)	(3,861)
	(2,202)	(1,958)	(3,879)
Finance costs – Bank loans and overdrafts	73	81	183
– Revolving credit facility	275	246	497
– Re-financing costs	–	–	307
	348	327	987
– Pension scheme liability interest	2,354	2,340	4,606
	2,702	2,667	5,593

7 Tax expense

	Half year to 31 December 2011 (Unaudited) £000	Half year to 31 December 2010 (Unaudited) £000	Year to 30 June 2011 (Audited) £000
Current tax:			
UK corporation tax – continuing operations	140	422	441
– discontinued operations	–	(18)	(82)
Amounts under provided in previous years	–	37	150
Total current tax	140	441	509
Deferred tax:			
Origination and reversal of timing differences	58	162	1,078
Tax overprovided in previous years	–	–	(43)
Rate change adjustment	(10)	–	(75)
Total deferred tax	48	162	960
Total tax expense	188	603	1,469
Tax recognised in other comprehensive income:			
Deferred tax:			
Actuarial (losses)/gains on pension schemes	(2,721)	1,388	1,601
Cash flow hedge	(12)	44	111
Tax (credited)/charged to other comprehensive income	(2,733)	1,432	1,712
Total tax (credit)/charge in the statement of comprehensive income	(2,545)	2,035	3,181

8 Dividends

The directors have approved an interim dividend per share of 1.0p (2010: 3.25p) which will be paid on 10 April 2012 to shareholders on the register at the close of business on 9 March 2012. The cash cost of the dividend is expected to be £0.4 million. In accordance with IFRS accounting requirements, as the dividend was approved after the balance sheet date, it has not been accrued in the interim consolidated financial statements. A final dividend per share of 6.75p in respect of the 2010/11 financial year was paid at a cash cost of £2.4 million during the period.

Notes to the Condensed Consolidated Interim Financial Statements

9 Share based payments

During the period, the group awarded 130,000 (2010: 140,000) options under the Executive Share Option Plan ("ESOP"). These options have an exercise price of £1.35 and require certain criteria to be fulfilled before vesting. 33,000 (2010: 28,000) existing ESOP options lapsed during the period.

Total awards granted under the group's Long Term Incentive Plans ("LTIP") amounted to 322,761 (2010: 342,391). These awards have no exercise price but are dependent on certain vesting criteria being met. During the period 335,203 (2010: 105,217) existing LTIP awards lapsed.

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:

	Half year to 31 December 2011 (Unaudited) £000	Half year to 31 December 2010 (Unaudited) £000	Year to 30 June 2011 (Audited) £000
Profit attributable to equity holders of the parent – continuing	504	1,275	3,832
Loss attributable to equity holders of the parent – discontinued	–	(39)	(187)
Net profit attributable to equity holders of the parent	504	1,236	3,645

	Half year to 31 December 2011 (Unaudited) 000s	Half year to 31 December 2010 (Unaudited) 000s	Year to 30 June 2011 (Audited) 000s
Basic weighted average number of shares	35,648	35,798	35,780
Dilutive potential ordinary shares	272	306	465
Diluted weighted average number of shares	35,920	36,104	36,245

Calculation of underlying earnings per share from continuing operations:

	Half year to 31 December 2011 (Unaudited) £000	Half year to 31 December 2010 (Unaudited) £000	Year to 30 June 2011 (Audited) £000
Reported profit before taxation from continuing operations	692	1,896	5,383
Add: brand amortisation	162	160	320
Deduct: profit on disposal of property	–	–	(759)
Add: restructuring costs	113	104	241
Add: re-financing costs	–	–	307
Deduct: impairment charge reversal	–	–	(1,220)
Underlying profit before taxation	967	2,160	4,272
Tax at underlying group rate of 28.0% (2010: 30.4%; 2010/11: 30.3%)	(271)	(657)	(1,294)
Underlying earnings	696	1,503	2,978
Underlying earnings per share	2.0p	4.2p	8.3p

11 Related party disclosure

The group has a related party relationship with its directors and with the UK pension schemes. There has been no material change in the nature of the related party transactions described in the Report and Accounts 2011. Related party information is disclosed in note 31 of that document.

Responsibility Statement

The Directors confirm that, to the best of their knowledge:

- a) the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU; and
- b) the interim management report includes a fair review of the information required by:
 - DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the group during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

G P Hooper
Chief Executive

A Magson
Group Finance Director

The Alumasc Group – Major Brands and Operating Locations

Building Products

Energy Management

Solar Shading

Levolux Limited
Forward Drive
Harrow
Middlesex HA3 8NT
Tel: +44 (0) 20 8863 9111
Fax: +44 (0) 20 8863 8760
Email: info@levolux.com
Web: www.levolux.com

Levolux AT Limited
24 Eastville Close
Eastern Avenue
Gloucester GL4 3SJ
Tel: +44 (0) 1452 500007
Fax: +44 (0) 1452 527496
Email: info@levolux.com
Web: www.levolux.com

Green Roofing

Blackdown Horticultural Consultants
Street Ash Nursery
Combe St. Nicholas
Chard
Somerset TA20 3HZ
Tel: +44 (0) 1460 234582
Fax: +44 (0) 845 0760267
Email: enquiries@blackdown.co.uk
Web: www.blackdown.co.uk

ZinCo
Alumasc Exterior Building Products
White House Works
Bold Road
Sutton
St Helens
Merseyside WA9 4JG
Tel: +44 (0) 1744 648400
Fax: +44 (0) 1744 648401
Email: info@alumasc-exteriors.co.uk
Web: www.alumascgreenroof.co.uk

Flat Roofing & Waterproofing Systems

Alumasc Exterior Building Products
White House Works
Bold Road
Sutton
St Helens
Merseyside WA9 4JG
Tel: +44 (0) 1744 648400
Fax: +44 (0) 1744 648401
Email: info@alumasc-exteriors.co.uk
Web: www.alumascwaterproofing.co.uk

Roofing Services Support Systems

Roof-Pro Systems
PO Box No 505
Kempston
Beds MK42 7LQ
Tel: +44 (0) 1234 843790
Fax: +44 (0) 1234 856259
Email: info@roof-pro.co.uk
Web: www.roof-pro.co.uk

Insulated Render Systems

Alumasc Exterior Building Products
White House Works
Bold Road
Sutton
St Helens
Merseyside WA9 4JG
Tel: +44 (0) 1744 648400
Fax: +44 (0) 1744 648401
Email: info@alumasc-exteriors.co.uk
Web: www.alumascfacades.co.uk

Water Management

Engineered Access Covers

Elkington Gatic
Hammond House
Holmestone Road
Poulton Close
Dover
Kent CT17 0UF
Tel: +44 (0) 1304 203545
Fax: +44 (0) 1304 215001
Email: acp@gatic.com
Web: www.gatic.com

Gatic Slotdrain

Elkington Gatic
Hammond House
Holmestone Road
Poulton Close
Dover
Kent CT17 0UF
Tel: +44 (0) 1304 203545
Fax: +44 (0) 1304 215001
Email: acp@gatic.com
Web: www.slotdrain.com

Architectural Rainwater Systems

Alumasc Exterior Building Products
White House Works
Bold Road
Sutton
St Helens
Merseyside WA9 4JG
Tel: +44 (0) 1744 648400
Fax: +44 (0) 1744 648401
Email: info@alumasc-exteriors.co.uk
Web: www.alumascrainwater.co.uk

Engineered Drainage Systems

Alumasc Exterior Building Products
White House Works
Bold Road
Sutton
St Helens
Merseyside WA9 4JG
Tel: +44 (0) 1744 648400
Fax: +44 (0) 1744 648401
Email: info@alumasc-exteriors.co.uk
Web: www.alumascdrainage.co.uk

Housebuilding Products

Timloc
Rawcliffe Road
Goole
East Yorkshire DN14 6UQ
Tel: +44 (0) 1405 765567
Fax: +44 (0) 1405 720479
Email: sales@timloc.co.uk
Web: www.timloc.co.uk

Pendock Interior Casing Systems

Alumasc Interior Building Products
Halesfield 19
Telford
Shropshire TF7 4QT
Tel: +44 (0) 1952 580590
Fax: +44 (0) 1952 587805
Email: sales@pendock.co.uk
Web: www.pendock.co.uk

Scaffolding Products

Scaffold & Construction Products
Unit 1
Station Court
Girton Road
Cannock
Staffordshire WS11 0EJ
Tel: +44 (0) 1543 467800
Fax: +44 (0) 1543 467993
Email: acp@scpburton.co.uk
Web: www.scp-props.co.uk

Engineering Products

Alumasc Precision

Alumasc Precision Components

Burton Latimer
Kettering
Northants NN15 5JP
Tel: +44 (0) 1536 383849
Fax: +44 (0) 1536 723835
Email: info@alumascprecision.co.uk
Web: www.alumasc-precision.co.uk

Dyson Diecasting

Second Avenue
Bletchley
Milton Keynes MK1 1EA
Tel: +44 (0) 1908 279200
Fax: +44 (0) 1908 279219
Email: info@alumascprecision.co.uk
Web: www.dyson-diecasting.co.uk



The Alumasc Group plc
Burton Latimer, Kettering
Northamptonshire NN15 5JP
Tel: +44(0) 1536 383844
Fax: +44(0) 1536 725069
info@alumasc.co.uk
www.alumasc.co.uk

Registered No: 1767387