IMMEDIATE RELEASE 1 February 2018

THE ALUMASC GROUP PLC – INTERIM RESULTS ANNOUNCEMENT

Alumasc (ALU.L), the premium building products, systems and solutions group, announces interim results for the half year ended 31 December 2017.

Financial summary

Half year to 31 December	**2017**	2016	% change
Headline revenue (£m)	**47.8**	50.7	-5.9%
Like-for-like revenue (£m)*	**47.5**	48.4	-1.9%
Underlying operating profit (£m)**	**3.6**	4.1	-12.7%
Underlying operating margin (%)**	**7.6**	8.2	
Underlying profit before tax (£m)**	**3.5**	4.1	-13.5%
Statutory profit before tax (£m)	**3.0**	3.6	-15.7%
Net cash at 31 December (£m)	**2.4**	5.2	
Underlying earnings per share (pence)**	**7.9**	9.1	-13.2%
Basic earnings per share (pence)	**6.9**	8.2	-15.9%
Dividends per share (pence)	**2.95**	2.85	+3.5%

* Like-for-like revenue excludes Scaffold and Construction Products ("SCP"), the business sold by Alumasc on 31 July 2017

** Underlying profits exclude brand amortisation of £0.1m in both half years, IAS 19 pension costs of £0.3m in both half years; and, in 2017, a gain on disposal of available-for-sale assets of £0.4m (2016: nil), the loss on disposal of SCP of £0.2m (2016: nil) and one-off costs relating to the relocation of Timloc of £0.3m (2016: nil).

A full reconciliation of underlying to statutory profit is provided in note 4 to the interim financial statements.

Key points

- Satisfactory performance against the background of a flat UK construction market and ongoing input cost inflation.
- Good growth in Solar shading & architectural screening and Housebuilding & ancillary products, offset by weaker first halves in Roofing & walling and Water management caused in part by contractor delays.
- As previously guided, group results expected to be more strongly weighted to the second half as a result of large project phasing, particularly in export markets.
- Management action (selling price increases, purchasing and manufacturing efficiencies) already taken to mitigate impact of cost inflation on H2 margins.
- Encouraging order books and pipeline with Levolux in particular experiencing strong demand in North America/UK balconies and balustrades.
- The £8m acquisition of Wade International significantly strengthens Alumasc's position in the water management solutions market and is expected to enhance earnings in the first full year post completion.

- **Solar shading & architectural screening** increased revenue by 2% to £11.3m, after a slow start to the year, with underlying operating profit (£0.7m) and underlying operating margin (6.5%) ahead of last year. The value of quotations for new work almost trebled to £25.8m in North America where investment in people is being accelerated to drive faster growth.

- **Roofing & walling** revenue was down 7% to £15.7m with lower underlying operating profit (£0.8m). Underlying operating margins reduced to 5.3% (2016: 8.2%). Alumasc Roofing, where revenues were similar to last year, experienced project delays in part caused by building contractor caution prior to committing to new work. A delayed large green roof project is expected to complete in H2 and the business is well placed to supply additional roofing refurbishment work in the education sector. Revenue and profits were significantly lower at Alumasc Facades, reflecting reduced government spending on refurbishment projects and uncertainty following the Grenfell Tower disaster. H2 performance is expected to improve with sales in England & Wales focused on specification work and continuing government support in Scotland.

- **Water management** revenue was down 3% to £15.5m with a consequential reduction in underlying operating profit to £1.5m. Underlying operating margins were to 9.7% (2016: 11.6%). UK revenues at AWMS outperformed UK construction market growth rates. At Gatic, UK revenues were impacted by project delays and H1 was unusually quiet for overseas work. Operating margins reflect lower Gatic sales and commodity and other input cost pressures across the division. Divisional profitability is expected to improve in H2 as the result of selling price increases, cost savings and internal efficiencies to recover higher costs.

- **Housebuilding & ancillary products** increased revenue by 14% to £5.0m and operating profit by 26% to £0.9m, reflecting Timloc's continued success based on excellent customer service and new products, including its "Above the Roofline" range. This was achieved during a period when Timloc relocated its two sites to a single, new 85,000 sq ft purpose-built factory in Howden, East Yorkshire, two months ahead of schedule.

Paul Hooper, Chief Executive, commented:
"Group order books at 31 January 2018 remain healthy at £25.0 million (31 January 2017: £27.6 million). Enquiries and specifications in the pre-order pipeline remain buoyant across the group and continue to grow strongly at Levolux in particular.

"When taken together, the factors set out in this statement suggest an overall outcome for the full year in line with previous expectations.

"Alumasc's track record over recent years has been to deliver growth ahead of the UK construction market and the Board has confidence in the future growth prospects for the group, in view of:

- *the strategic positioning of our businesses in specialist growth markets;*
- *the consistent investment over a number of years in growth resources and additional capacity;*
- *Levolux and Alumasc Water Management's potential to further develop export markets; and*
- *the acquisition of Wade, a high quality business with development and synergy potential.*

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REVIEW OF INTERIM RESULTS

Performance Overview

Alumasc’s first half performance was satisfactory against a background of flat UK construction market demand and ongoing input cost inflation as well as the anticipated greater second half weighting to the group’s financial performance in the current year as a result of large project phasing.

On a like-for-like basis, group revenues were 1.9% lower at £47.5 million, with UK revenues ahead by 1% and export revenues down by 18%, largely reflecting the timing of larger projects. Headline group revenues of £47.8 million were 5.9% below the prior first half year, in part reflecting the disposal of the Scaffold and Construction Products (“SCP”) business in July 2017.

Underlying group operating margins were 7.6% compared with 8.2% in the previous first half year, attributable mainly to the timing of larger export projects at Levolux and Gatic where the marginal profit contribution to overheads generated from this work can be significant. The group has experienced some further input cost inflation which has impacted first half margins, particularly in the group’s Roofing & Walling and Water Management divisions. As was the case last year, there is a time lag in the recovery of this cost inflation through a combination of selling price increases, purchasing and manufacturing efficiencies, and management action has already been taken to mitigate the effect in the second half year.

As a consequence, underlying operating profit of £3.6 million, underlying profit before tax of £3.5 million and statutory profit before tax of £3.0 million were each around £0.6 million below prior first half year levels.

Acquisition of Wade International

Alumasc is pleased to announce today the acquisition of Wade International, a leading manufacturer and supplier of high quality metal drainage products and access covers with a well-established, premium brand. Wade is a business Alumasc has admired for a number of years and its acquisition represents an excellent strategic fit for the group, extending our Water Management division’s ability to offer a wide range of “rain to drain” solutions for the built environment. Wade also extends the export sales capability and potential for this division, particularly to markets in the Middle East.

The acquisition consideration was £8.0 million on a net cash/debt free basis, all paid at completion and funded from Alumasc’s existing banking facilities. The consideration payable comprises a gross consideration of £14 million, subject to any completion accounts adjustments, and Alumasc will benefit from net cash held at Wade of approximately £6 million. In its last full financial year to 30 June 2017, Wade generated revenues of £5.7 million and reported profit before tax of £1.4 million from capital invested of £3.2 million. The gross assets of the business at 30 June 2017 were £12.4 million. The acquisition is expected to be earnings enhancing in the first full year post-completion.

Wade owns and occupies a circa 52,000 sq ft freehold property in Halstead, Essex, with space for expansion. This additional capacity will be valuable in the broader planning for the relocation of Alumasc Water Management Solutions over the next 2-3 years in the Kettering Area. Wade employs 56 managers and staff who will remain with the business post-acquisition. Prior to acquisition by Alumasc the business was privately owned by Mr. Ralph Thomas.

Whilst detailed business plans are still evolving at this stage, the Board believes that the medium term synergistic benefits of developing the Wade business as part of Alumasc’s broader Water Management division will be significant.

Strategic development and future growth potential

The majority of Alumasc businesses have consistently outperformed their underlying markets in recent years and have the potential to continue to do so. This reflects their strong strategic positioning, where over 80% of revenues relate to products, systems and solutions required by building regulations and/or specified by architects or engineers because of the performance attributes provided. In addition, Levolux, Gatic, the

Harmer drainage brand within Alumasc Water Management Solutions ("AWMS") and now Wade have further growth potential through export sales development.

Further, over 90% of group sales relate to one or more of the group's long term strategic growth drivers:

1. Energy management in buildings:
   Levolux, Alumasc Facades

2. Water management in the built environment:
   Alumasc Roofing, AWMS, Wade, Gatic, Timloc

3. The provision of bespoke architectural solutions:
   Levolux, Alumasc Roofing, Alumasc Facades, AWMS, Wade, Gatic

4. Process efficiency in building and construction:
   Levolux, Alumasc Facades, Timloc

In the first half of this financial year Alumasc Water Management Solutions and Timloc continued to outperform UK construction market growth and we anticipate that, with the benefit of projects in the order book and pipeline, Levolux, Alumasc Roofing and Gatic will recover their track record of doing so.

The Board has increasing confidence in the revenue and operating margin growth potential for Levolux, particularly the progress being achieved in its relatively new business streams in North America and for bespoke balconies and balustrading solutions in the UK, where enquiry and specification levels are advancing rapidly in both areas. We estimate that the size of the potential market that Levolux serves now exceeds £250 million, over four times the size of Levolux's original solar shading market in the UK. Consequently, we have decided to expand Levolux's sales representation in North America by 50% in the coming months, thereby accelerating investment in this area by a year compared with previous plans.

The acquisition of Wade, which has a strong presence in surface drainage both inside and outside buildings, will dovetail well with the roof drainage and through the building drainage strengths of AWMS, and with Gatic's civil drainage business which is targeted more at external, higher capacity applications including car parks, landscaped areas, ports and airports. With a strong presence in stainless steel drainage and a strong bespoking capability, Wade also extends Alumasc's reach into a wider range of end use markets including the food/catering and pharmaceuticals sectors and into export markets, particularly the Middle East.

Acquiring high quality businesses which complement and enhance the group's existing portfolio and which offer the opportunity to drive value enhancing synergies is a key element of Alumasc's strategy and Wade is an excellent example of this. The group will continue to explore opportunities and has the financial strength to pursue acquisitions where the rationale is compelling.

Operational review

Solar shading & architectural screening

Revenue: £11.3 million; (2016/17: £11.1 million)
Underlying operating profit: £0.7 million; (2016/17: £0.6 million)
Underlying operating margin: 6.5%; (2016/17: 5.7%)

After a slow start to the financial year, Levolux's trading momentum grew strongly in the second quarter resulting in a first half year result where revenues, profits and margins were all ahead of a year ago.

The business is benefiting from recent investments in UK and international sales resources, project and operations management capability and information technology to grow revenues, improve project execution efficiency and operating margins.

Levolux is now well placed to benefit increasingly from recent and expected order book growth in both the North American and Balconies and Balustrading businesses. This is anticipated to have a positive effect on margin development, including from currency translation benefits and further operational gearing. As described above, we are accelerating investment in people to seek to drive faster growth in North America.

In the first-half of the current financial year, the value of quotations for new work in North America amounted to £25.8 million, compared with £9.1 million in the prior first half year.

Roofing & walling
Revenue: £15.7 million; (2016/17: £16.9 million)
Underlying operating profit: £0.8 million; (2016/17: £1.4 million)
Underlying operating margin: 5.3%; (2016/17: 8.2%)

After a strong start to the year, Alumasc Roofing's revenues for the half year were similar to the prior first half year, with a number of project delays experienced through the Autumn, including a large green roof project now expected to complete in the second half year. Building contractors are being cautious in pricing and committing to new work in view of industry wide installation labour constraints and cost inflation risks, leading to a number of delays, despite the underlying levels of demand evidenced by enquiry and specification levels remaining robust. The combination of project delays and cost inflation pressures impacted first half margins, and this is being addressed through a combination of selling price increases, purchasing and other cost savings. The business is well placed to supply a higher number of projects for roofing refurbishment work in the education sector than was the case a year ago, and this work is currently expected to commence in the final quarter of the financial year.

Revenues and profits at Alumasc Facades were significantly below prior half year levels, reflecting further reduced government funding for refurbishment projects and uncertainties across the wider industry following the Grenfell tower disaster. The business was restructured in July, saving £0.3 million p.a. in overhead costs. The sales team has been re-organised, particularly in England & Wales, to focus on driving specification sales working in conjunction with the technical sales team in our roofing business, in seeking to offset the lower level of government funding for refurbishment projects. Government funding support remains available in Scotland, however the phasing of the latest tranche of work is more second half biased this financial year. Therefore, we anticipate an uplift in the second half performance of this business.

Water management
Revenue: £15.5 million; (2016/17: £15.9 million)
Underlying operating profit: £1.5 million; (2016/17: £1.9 million)
Underlying operating margin: 9.7%; (2016/17: 11.6%)

UK revenues in AWMS grew ahead of UK construction market growth rates, benefiting from increased specification sales and system selling across the "rain to drain" range. The principal route to market for this business is via building distribution, where demand patterns have been more even and predictable than has been the case in other parts of the group where sales are made direct to building contractors.

Gatic's UK revenues fell below expectations due to project delays which, as with Alumasc Roofing, appears to have been at least in part attributable to the pace at which installing contractors were prepared to take on new work. After record export sales in the prior year, Gatic had an unusually quiet first half year for overseas work. Export specification levels remain buoyant and we are focused on converting these into further orders and sales in the second half year. However, any further significant project slippage in this area would present a risk to the group's full year performance expectations.

Divisional operating margins were impacted by a combination of the lower sales at Gatic and commodity and other input cost pressures across the division. The latter included the annualised effect of previously reported galvanised steel price rises in the prior year impacting Gatic that could not be recovered; the EU customs duty imposed effective August 2017 on certain of Gatic's imported cast iron products; higher aluminium costs; and currency-led inflation on imported materials.

Together with purchasing initiatives and internal efficiencies, AWMS should benefit from an increase in list prices effective 1 January 2018 and Gatic has also increased project pricing to recover the higher input costs. As was the case last year, we expect divisional profitability to improve in the second half year as a result.

Housebuilding & ancillary products
Revenue: £5.0 million; (2016/17: £4.4 million)
Underlying operating profit: £0.9 million; (2016/17: £0.7 million)
Underlying operating margin: 17.4%; (2016/17: 15.8%)

Timloc continues to outperform the growing UK new housebuilding market and again grew revenues and profits to new records, benefiting from continued excellent customer service levels and new products including the “Above the Roofline” range launched last year. Like AWMS, Timloc also sells principally via both national and independent builders merchants.

The excellent customer service record was maintained during a period where Timloc relocated from its two previous sites to a single, new build 85,000 sq ft leased factory in Howden in East Yorkshire, a couple of months ahead of schedule. This relocation will enable the business to further expand and will provide additional manufacturing capacity and flexibility.

Financial review

The group incurred a net cash outflow of £3.7 million in the six months to 31 December 2017 (£3.4 million outflow in the prior first half year), largely reflecting the usual seasonality of working capital movements, including a £0.6 million investment in inventory to mitigate cost inflationary pressures, and the £1.0 million year to date cash investment in the new Timloc factory.

As a result, the group’s net cash resources at 31 December 2017 were £2.4 million (31 December 2016: £5.2 million, 30 June 2017: £6.1 million) and the rolling annual average ratio of trade working capital as a percentage of sales revenues increased to 12.3% compared with 10.4% a year ago. We expect this ratio to at least partly recover in the second half year in view of the anticipated phasing of group results and as the recent investment in inventories begins to unwind.

The group’s post-tax pension liability remained unchanged at £17.1 million compared with 30 June 2017, with company cash contributions and income from investments offset by an actuarial loss of £1.4 million arising from a further reduction in AA corporate bond yields used to discount liabilities for future pension payments to present values. Shareholders’ funds were £20.2 million at 31 December 2017 (30 June 2017: £20.4 million) with retained profits in the period more than offset by the pension scheme actuarial loss.

After the acquisition of Wade, Alumasc retains a strong balance sheet with headroom against its committed banking facilities.

Outlook and dividend

Group order books at 31 January 2018 remain healthy at £25.0 million (31 January 2017: £27.6 million).

Enquiries and specifications in the pre-order pipeline are buoyant across the group and continue to grow strongly at Levolux in particular.

When taken together, the factors set out in this statement suggest an overall outcome for the full year in line with previous expectations.

Alumasc’s track record over recent years has been to deliver growth ahead of the UK construction market and the Board has confidence in the future growth prospects for the group, in view of:

- the strategic positioning of our businesses in specialist growth markets;
- the consistent investment over a number of years in growth resources and additional capacity;
- Levolux and Alumasc Water Management’s potential to further develop export markets; and
- the acquisition of Wade, a high quality business with development and synergy potential.

Accordingly, the Board has decided to increase the interim dividend by 3.5% from 2.85 pence per share to 2.95 pence per share. This dividend will be paid on 6 April 2018 to shareholders on the register on 2 March 2018.

Paul Hooper, Chief Executive
1 February 2018

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
for the half year to 31 December 2017

	Notes	**Half year to 31 December 2017 (Unaudited) £'000**	Half year to 31 December 2016 (Unaudited) £'000	Year to 30 June 2017 (Audited) £'000
Revenue	**5**	**47,773**	50,743	104,761
Cost of sales		**(33,070)**	(34,898)	(72,022)
Gross profit		**14,703**	15,845	32,739
Net operating expenses		**(11,330)**	(11,837)	(23,864)
Operating profit	**5**	**3,373**	4,008	8,875
Finance expenses	**6**	**(334)**	(403)	(752)
Profit before taxation		**3,039**	3,605	8,123
Tax expense	**7**	**(588)**	(704)	(1,583)
Profit for the period		**2,451**	2,901	6,540
Other comprehensive income:				
Items that will not be recycled to profit or loss:				
Actuarial loss on defined benefit pensions, net of tax		**(1,158)**	(1,613)	(792)
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		**54**	(16)	170
Exchange differences on retranslation of foreign operations		**(11)**	41	34
		43	25	204
Other comprehensive loss for the period, net of tax		**(1,115)**	(1,588)	(588)
Total comprehensive profit for the period, net of tax		**1,336**	1,313	5,952
Earnings per share:		**Pence**	Pence	Pence
Basic earnings per share	**10**	**6.9**	8.2	18.3
Diluted earnings per share	**10**	**6.7**	8.0	18.0

Reconciliations of underlying to statutory profits and earnings per share are provided in notes 4 and 10 respectively.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
at 31 December 2017

	31 December 2017 (Unaudited) £'000	31 December 2016 (Unaudited) £'000	30 June 2017 (Audited) £'000
Assets			
Non-current assets			
Property, plant and equipment	**6,743**	5,202	5,315
Goodwill	**16,488**	16,488	16,488
Other intangible assets	**2,286**	2,459	2,364
Available-for-sale assets	**-**	17	17
Deferred tax assets	**3,509**	3,915	3,501
	29,026	28,081	27,685
Current assets			
Inventories	**10,749**	10,613	10,508
Trade and other receivables	**18,870**	20,803	22,459
Cash and cash equivalents	**5,344**	6,109	9,014
Derivative financial assets	**4**	-	-
	34,967	37,525	41,981
Total assets	**63,993**	65,606	69,666
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	**(2,953)**	(923)	(2,938)
Employee benefits payable	**(20,639)**	(23,031)	(20,596)
Provisions	**(861)**	(898)	(890)
Deferred tax liabilities	**(529)**	(446)	(595)
	(24,982)	(25,298)	(25,019)
Current liabilities			
Trade and other payables	**(18,057)**	(22,326)	(23,497)
Provisions	**(166)**	(514)	(157)
Corporation tax payable	**(539)**	(534)	(494)
Derivative financial liabilities	**-**	(289)	(62)
	(18,762)	(23,663)	(24,210)
Total liabilities	**(43,744)**	(48,961)	(49,229)
Net assets	**20,249**	16,645	20,437
Equity			
Called up share capital	**4,517**	4,517	4,517
Share premium	**445**	445	445
Capital reserve - own shares	**(526)**	(640)	(541)
Hedging reserve	**3**	(237)	(51)
Foreign currency reserve	**73**	91	84
Profit and loss account reserve	**15,737**	12,469	15,983
Total equity	**20,249**	16,645	20,437

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
for the half year to 31 December 2017

	Notes	**Half year to 31 December 2017 (Unaudited) £'000**	Half year to 31 December 2016 (Unaudited) £'000	Year to 30 June 2017 (Audited) £'000
Operating activities				
Operating profit		**3,373**	4,008	8,875
Adjustments for:				
Depreciation		**504**	474	958
Amortisation		**186**	206	425
Gain on disposal of property, plant and equipment		**(6)**	-	(2)
Loss on disposal of business		**218**	-	-
Gain on disposal of available-for-sale assets		**(426)**	-	-
Increase in inventories		**(650)**	(375)	(270)
Decrease/(increase) in receivables		**2,778**	(1,044)	(2,700)
Decrease in trade and other payables		**(5,262)**	(3,098)	(1,994)
Movement in provisions		**(20)**	(130)	(585)
Cash contributions to retirement benefit schemes		**(1,601)**	(1,542)	(3,200)
Share based payments		**-**	50	157
Cash (absorbed)/generated by operating activities		**(906)**	(1,451)	1,664
Tax paid		**(392)**	(201)	(800)
Net cash (outflow)/inflow from operating activities		**(1,298)**	(1,652)	864
Investing activities				
Purchase of property, plant and equipment		**(1,784)**	(476)	(909)
Payments to acquire intangible fixed assets		**(108)**	(11)	(147)
Proceeds from sales of property, plant and equipment		**6**	-	4
Net proceeds from sale of business activity		**677**	-	-
Proceeds from sale of available-for-sale assets		**443**	-	-
Net cash outflow from investing activities		**(766)**	(487)	(1,052)
Financing activities				
Interest paid		**(69)**	(35)	(120)
Equity dividends paid		**(1,538)**	(1,349)	(2,368)
Draw down of amounts borrowed		**-**	-	1,000
Repayment of amounts borrowed		**-**	(1,000)	-
Exercise of share based incentives		**12**	51	116
Net cash outflow from financing activities		**(1,595)**	(2,333)	(1,372)
Net decrease in cash and cash equivalents		**(3,659)**	(4,472)	(1,560)
Net cash and cash equivalents brought forward		**9,014**	10,540	10,540
Net decrease in cash and cash equivalents		**(3,659)**	(4,472)	(1,560)
Effect of foreign exchange rate changes		**(11)**	41	34
Net cash and cash equivalents carried forward	11	**5,344**	6,109	9,014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half year to 31 December 2017

	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
At 1 July 2017	**4,517**	**445**	**(541)**	**(51)**	**84**	**15,983**	**20,437**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**2,451**	**2,451**
Exchange differences on retranslation of foreign operations	**-**	**-**	**-**	**-**	**(11)**	**-**	**(11)**
Net gain on cash flow hedges	**-**	**-**	**-**	**66**	**-**	**-**	**66**
Tax on derivative financial asset	**-**	**-**	**-**	**(12)**	**-**	**-**	**(12)**
Actuarial loss on defined benefit pension schemes, net of tax	**-**	**-**	**-**	**-**	**-**	**(1,158)**	**(1,158)**
Dividends	**-**	**-**	**-**	**-**	**-**	**(1,538)**	**(1,538)**
Share based payments	**-**	**-**	**-**	**-**	**-**	**2**	**2**
Exercise of share based incentives	**-**	**-**	**15**	**-**	**-**	**(3)**	**12**
At 31 December 2017	**4,517**	**445**	**(526)**	**3**	**73**	**15,737**	**20,249**

	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
At 1 July 2016	4,517	445	(931)	(221)	50	12,720	16,580
Profit for the period	-	-	-	-	-	2,901	2,901
Exchange differences on retranslation of foreign operations	-	-	-	-	41	-	41
Net loss on cash flow hedges	-	-	-	(20)	-	-	(20)
Tax on derivative financial liability	-	-	-	4	-	-	4
Actuarial loss on defined benefit pension schemes, net of tax	-	-	-	-	-	(1,613)	(1,613)
Dividends	-	-	-	-	-	(1,349)	(1,349)
Share based payments	-	-	-	-	-	50	50
Exercise of share based incentives	-	-	291	-	-	(240)	51
At 31 December 2016	4,517	445	(640)	(237)	91	12,469	16,645

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year to 31 December 2017

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 2017.

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 2017 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 2017 are available on request from the company's registered office at Burton Latimer, Kettering, Northants, NN15 5JP or on the website www.alumasc.co.uk.

The comparative figures for the financial year ended 30 June 2017 are not the company's statutory accounts for that financial year but have been extracted from those 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 2017 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 2017.

These condensed consolidated interim financial statements were approved by the Board of Directors on 1 February 2018.

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 twelve months from the date of signing this report and accordingly continues to adopt the going concern basis in preparing these condensed consolidated interim financial statements.

Update on new standards not yet applied

The group is currently assessing the impact that IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases' will have on the group's revenue recognition, assets and liabilities. The ongoing assessment is consistent with that published in Report and Accounts 2017.

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 2017.

During the six months ended 31 December 2017, management reassessed and updated its estimates in respect of retirement benefit obligations based on market data available at 31 December 2017. The resulting impact was a £1.4 million pre-tax actuarial loss, calculated using IAS 19 conventions, recognised in the six month period to 31 December 2017.

3. Risks and uncertainties
A summary of the group's principal risks and uncertainties was provided on pages 26 and 27 of Alumasc's Report and Accounts 2017. The Board considers these risks and uncertainties remain relevant to the current financial year.

Specific risks and uncertainties relating to the group's performance in the second half year are:

- changes beyond Alumasc's control to the timing of large projects in all divisions, except Housebuilding & Ancillary Products, and in particular at Gatic within the Water Management division, could impact revenue and profit recognition; and

- changing environmental regulations could result in unexpected temporary supplier factory closures in China and this might affect the efficiency of our operations, particularly in the Water Management division.

4. Underlying to statutory profit reconciliation

Profit before tax	**Half year to 31 December 2017 £'000**	Half year to 31 December 2016 £'000	Year to 30 June 2017 £'000
Underlying profit before tax	**3,530**	4,082	9,011
Less: Brand amortisation	**(126)**	(134)	(268)
Less: IAS 19 net pension scheme finance costs	**(250)**	(343)	(620)
Less: Loss on disposal of the SCP business	**(218)**	-	-
Add: Profit on disposal of available-for-sale assets	**426**	-	-
Less: Timloc relocation costs	**(323)**	-	-
Profit before tax	**3,039**	3,605	8,123

Operating profit	**Half year to 31 December 2017 £'000**	Half year to 31 December 2016 £'000	Year to 30 June 2017 £'000
Underlying operating profit	**3,614**	4,142	9,143
Less: Brand amortisation	**(126)**	(134)	(268)
Less: Loss on disposal of the SCP business	**(218)**	-	-
Add: Profit on disposal of available-for-sale assets	**426**	-	-
Less: Timloc relocation costs	**(323)**	-	-
Operating profit	**3,373**	4,008	8,875

In the presentation of underlying profits, management treats the amortisation of acquired brands and IAS 19 pension costs as non-underlying items because they are material non-cash and non-trading items that typically would be excluded in assessing the value of the business.

In addition, in 2017/18 management is presenting the following three items as non-underlying as they are non-recurring items that are significant enough to distort an understanding of the evolution of the underlying trading performance of the business:

- Loss on disposal of the Scaffold and Construction Products ("SCP") business, which was sold on 31 July 2017;
- Profit on disposal of the group's share of Amorim Isolamentos S.A, a previously available-for-sale asset; and
- Costs of relocating the Timloc business to new purpose built leased premises.

5. Segmental analysis

In accordance with IFRS 8 Operating Segments, the segmental analysis below follows the group's internal management reporting structure.

Since the publication of Alumasc's 2017 Report and Accounts there has been a change to internal management reporting and responsibilities to the Chief Operating Decision Maker in respect of the Rainclear business, and therefore this business is now reported under the Water Management segment, previously it was reported in the Roofing & Walling segment. The segmental analysis of comparative data has been re-presented to reflect this change.

The group sold the SCP business on 31 July 2017 and as such revenues from this business (revenue of £288,000 (31 December 2016: £2,334,000; 30 June 2017: £4,223,000)) have been excluded from the segmental analysis below. The business operated at break-even levels in the year prior to its sale. This business was reported as part of the Roofing & Walling segment.

			Revenue	Segmental operating result
	External £'000	Inter-segment £'000	Total £'000	£'000
Half Year to 31 December 2017				
Solar Shading & Architectural Screening	11,309	-	11,309	731
Roofing & Walling	15,689	-	15,689	825
Water Management	15,465	17	15,482	1,501
Housebuilding & Ancillary Products	5,022	-	5,022	876
Sub-total	**47,485**	**17**	**47,502**	**3,933**
Inter-segment elimination/Unallocated costs	-	(17)	(17)	(319)
Total	**47,485**	**-**	**47,485**	**3,614**

	£'000
Segmental operating result	3,614
Brand amortisation	(126)
Loss on disposal of the SCP business	(218)
Profit on disposal of available-for-sale assets	426
Timloc relocation costs	(323)
Total operating profit	**3,373**

			Revenue	Segmental operating result
	External £'000	Inter-segment £'000	Total £'000	£'000
Half Year to 31 December 2016				
Solar Shading & Architectural Screening	11,144	-	11,144	631
Roofing & Walling	16,911	3	16,914	1,389
Water Management	15,942	-	15,942	1,851
Housebuilding & Ancillary Products	4,412	4	4,416	697
Sub-total	**48,409**	**7**	**48,416**	**4,568**
Inter-segment elimination/Unallocated costs	-	(7)	(7)	(426)
Total	**48,409**	**-**	**48,409**	**4,142**

	£'000
Segmental operating result	4,142
Brand amortisation	(134)
Total operating profit	**4,008**

5. Segmental analysis (continued)

	Revenue External £'000	Revenue Inter-segment £'000	Revenue Total £'000	Segmental operating result £'000
Full Year to 30 June 2017				
Solar Shading & Architectural Screening	24,399	-	24,399	1,989
Roofing & Walling	34,008	10	34,018	2,775
Water Management	32,573	-	32,573	4,112
Housebuilding & Ancillary Products	9,558	4	9,562	1,573
Sub-total	**100,538**	**14**	**100,552**	**10,449**
Inter-segment elimination/Unallocated costs	-	(14)	(14)	(1,306)
Total	**100,538**	**-**	**100,538**	**9,143**

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

6. Finance expenses

		Half year to 31 December 2017 £'000	Half year to 31 December 2016 £'000	Year to 30 June 2017 £'000
Finance costs	- Bank overdrafts	**11**	12	39
	- Revolving credit facility	**73**	48	93
		84	60	132
	- IAS 19 net pension scheme finance costs	**250**	343	620
		334	403	752

7. Tax expense

	Half year to 31 December 2017 £'000	Half year to 31 December 2016 £'000	Year to 30 June 2017 £'000
Current tax:			
UK corporation tax	**438**	546	1,117
Overseas tax	**-**	-	11
Amounts over provided in previous years	**-**	-	(22)
Total current tax	**438**	546	1,106
Deferred tax:			
Origination and reversal of temporary differences	**150**	198	478
Amounts under provided in previous years	**-**	-	78
Rate change adjustment	**-**	(40)	(79)
Total deferred tax	**150**	158	477
Total tax expense	**588**	704	1,583

7. Tax expense (continued)

Tax recognised in other comprehensive income:			
Deferred tax:			
Actuarial losses on pension schemes	**(238)**	(50)	152
Cash flow hedges	**12**	(4)	37
Tax (credited)/charged to other comprehensive income	**(226)**	(54)	189
Total tax charge in the statement of comprehensive income	**362**	650	1,772

8. Dividends

The directors have approved an interim dividend per share of 2.95p (2016/17: 2.85p) which will be paid on 6 April 2018 to shareholders on the register at the close of business on 2 March 2018. The cash cost of the dividend is expected to be £1.1 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 4.3p in respect of the 2016/17 financial year was paid at a cash cost of £1.5 million during the six months to 31 December 2017.

9. Share Based Payments

During the period the group awarded 210,000 options (2016/17: 120,000) under the Executive Share Option Scheme ("ESOS"). These options have an exercise price of 173.5p and require certain criteria to be fulfilled before vesting. 20,000 existing options (2016/17: 40,000) were exercised during the period and 40,000 existing options lapsed (2016/17: 50,000).

Total awards granted under the group's Long Term Incentive Plans ("LTIP") amounted to 282,629 (2016/17: 256,299). LTIP awards have no exercise price but are dependent on certain vesting criteria being met. No existing LTIP awards were exercised during the period (2016/17: 154,661) and no existing LTIP awards lapsed (2016/17: 103,008).

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 2017	Half year to 31 December 2016	Year to 30 June 2017
	£'000	£'000	£'000
Net profit attributable to equity holders of the parent	**2,451**	2,901	6,540
	000s	000s	000s
Basic weighted average number of shares	**35,772**	35,577	35,663
Dilutive potential ordinary shares – employee share options	**694**	535	556
Diluted weighted average number of shares	**36,466**	36,112	36,219

10. Earnings per share (continued)

Calculation of underlying earnings per share:

	Half year to 31 December 2017 £'000	Half year to 31 December 2016 £'000	Year to 30 June 2017 £'000
Reported profit before taxation	**3,039**	3,605	8,123
Add: Brand amortisation	**126**	134	268
Add: IAS 19 net pension scheme finance costs	**250**	343	620
Add: Loss on disposal of the SCP business	**218**	-	-
Less: Profit on disposal of available-for-sale assets	**(426)**	-	-
Add: Timloc relocation costs	**323**	-	-
Underlying profit before taxation	**3,530**	4,082	9,011
Tax at underlying group tax rate of 19.8% (2016/17 first half year: 20.6%; full year: 20.6%)	**(699)**	(841)	(1,856)
Underlying profit after tax	**2,831**	3,241	7,155
Weighted average number of shares	**35,772**	35,577	35,663
Underlying earnings per share	**7.9p**	9.1p	20.1p

11. Movement in cash net of borrowings

	Cash and bank overdrafts £'000	**Bank loans £'000**	**Net cash £'000**
At 1 July 2016	10,540	(1,908)	8,632
Cash flow movements	(4,472)	1,000	(3,472)
Non-cash movements	-	(15)	(15)
Effect of foreign exchange rates	41	-	41
At 31 December 2016	6,109	(923)	5,186

	Cash and bank overdrafts £'000	**Bank loans £'000**	**Net cash £'000**
At 1 July 2017	**9,014**	**(2,938)**	**6,076**
Cash flow movements	**(3,659)**	**-**	**(3,659)**
Non-cash movements	**-**	**(15)**	**(15)**
Effect of foreign exchange rates	**(11)**	**-**	**(11)**
At 31 December 2017	**5,344**	**(2,953)**	**2,391**

12. Related party disclosure
The group has a related party relationship with its directors and with its UK pension schemes. There has been no material change in the nature of the related party transactions described in the Report and Accounts 2017. Related party information is disclosed in note 29 of that document.

13. Post balance sheet event

The group acquired Wade International Limited, a specialised drainage business, on 31 January 2018 for £8.0m on a cash/debt free basis. Further detail is given in the Chief Executive's interim statement.

Responsibility Statement

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

a) the condensed consolidated interim financial statements have 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 Guidance 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 Guidance 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