The Alumasc Group plc
Interim Report 2013

Premium building and engineering products for global markets











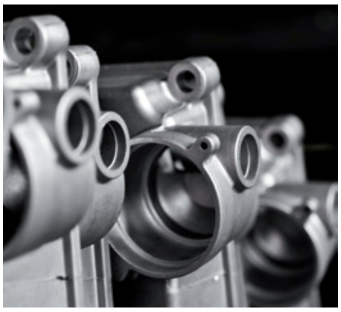



Alumasc at a glance

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 that, through the construction cycle, growth rates in these businesses will exceed UK industry averages.

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

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

Half year financial highlights

Half year to 31 December	**2012**	2011	Change
Order book at 31 December (£m)	**46.3**	42.3	+10%
Revenue (£m)	**59.5**	54.1	+10%
Underlying profit before tax (£m)*	**2.3**	1.0	+140%
Underlying earnings per share (pence)*	**4.8**	2.0	+140%
Profit before tax (£m)	**1.3**	0.7	+92%
Basic earnings per share (pence)	**2.7**	1.4	+93%
Dividends per share (pence)	**2.0**	1.0	+100%
Net debt at 31 December (£m)	**8.4**	13.4	

* Underlying profits and earnings are stated prior to the deduction of an impairment charge of £0.6 million (2011: £nil), restructuring costs of £0.2 million (2011: £0.1 million) and brand amortisation of £0.2 million (2011: £0.2 million).

Review of Interim Results

Overview
I am pleased to report that Alumasc has delivered a much improved first half performance. Group underlying profit before tax was more than double the prior year's interim result, reflecting a strong performance by our Building Products businesses and progress in the recovery plan at Alumasc Precision.

Group revenues increased by 10% to £59.5 million, due to further growth in the Building Products division despite the continued contraction in UK construction output. This is a testament to the strength of our brands, which have been leveraged by our management teams through new product introductions, increasing focus on the more active London, South East and refurbishment markets in the UK, and growing export sales. Engineering Products revenues were lower due to the exceptional demand experienced in the prior first half year and some de-stocking by OEM customers in recent months.

Group underlying operating profit more than doubled to £3.1 million, when compared with the prior first half year, with the improvement attributable to the Building Products division. The principal contributors to this growth were the first phase of the £11 million contract to supply roofing and walling products to the Kitimat smelter refurbishment in Canada and buoyant demand for insulated renders as part of the Community Energy Savings Programme ("CESP") in the UK.

Underlying profit before tax also more than doubled to £2.3 million, despite a £0.2 million higher non-cash financing charge relating to the increased level of the group pension deficit at the beginning of the financial year. Group underlying operating margins improved significantly to 5.3% (2011: 2.7%).

Reported profit before tax increased to £1.3 million (2011: £0.7 million), after deducting a non-recurring impairment charge of £0.6 million relating to the Blackdown green roofing business (described further below), restructuring costs of £0.2 million and amortisation of acquired intangible assets of £0.2 million.

Underlying earnings per share were 4.8 pence (2011: 2.0 pence) and basic earnings per share 2.7 pence (2011: 1.4 pence), in both cases benefiting from Alumasc's higher profit and lower UK tax rates.

The group's first half cash flow performance was excellent, with net debt reducing significantly by £4.8 million from £13.2 million at the last year end to £8.4 million at 31 December.

In view of all the above, the Board is able to begin to re-build the group dividend, and proposes to increase the interim dividend to 2.0 pence per share (2011: 1.0 pence per share). The interim dividend will be paid on 9 April to shareholders on the register on 8 March 2013.

Building Products Division
The Group's Building Products division had a strong first half year, buoyed not only by the Kitimat contract and the CESP projects referred to above, but also work on the large solar shading project at Chiswick Park in London, initial sales of Gatic products to the London Gateway project, and an excellent performance from Timloc.

First half divisional revenues grew by 27% to £44.7 million, underlying operating profit more than doubled to £4.0 million and underlying operating margins improved from 4.9% to 9.1%.

Within the Building Products division, all business segments grew underlying operating profit compared to the prior first half year:

- Levolux, the UK's leading solar shading business, continued to grow export sales, with the USA, Middle East and France being the principal markets of focus. UK activity was boosted by the £3.3 million contract at Chiswick Park which was approximately two thirds complete by the half year end. The further £4.7 million non-commercial project in London, announced last year, is now expected mainly to benefit Alumasc's next financial year.
- Roofing & Walling's performance was dominated by the Kitimat contract and the work on exterior wall insulation projects. Whilst the CESP work is now largely complete, the latter part of the second half year could benefit from projects under the successor "ECO" (Energy Company Obligation) scheme.
- In our Construction Products segment, momentum began to build at Gatic ahead of the half year end as work commenced to supply product to the London Gateway project. The majority of this work is expected to be complete in the second half of this financial year. Gatic has a strong order book, both in the UK and internationally.
- The Rainwater, Drainage, Plastics and Casings segment reported another solid result in a tough UK market place. Particularly notable was an improved Drainage business performance following a very successful expansion of the roof drainage offer and the refocusing of the sales team at the beginning of the year. Timloc's performance was exceptional, benefiting from both an extended product range and manufacturing efficiencies.

The green roof market, however, has continued to be particularly challenging and this market is still relatively immature in the UK. Whilst we continue to believe in the longer term potential of the Blackdown Greenroofs business, the current UK market place is crowded, with no firm regulations governing either environmental performance or quality standards. Against this background, green roofs have been susceptible to de-specification and value engineering, with revenues and margins significantly eroded as a consequence. In response, we have restructured Blackdown, which should result in a stronger and more competitive business. Although Blackdown is a small business and its underlying operating result was not material to the Roofing & Walling segment as a whole, this triggered a non-recurring impairment charge against the carrying value of goodwill of £0.6 million.

The group was pleased to announce the acquisition of Rainclear Systems Limited on 30 November for an expected total consideration of £0.8 million, of which initial consideration of £0.4 million was paid at completion. Rainclear will broaden our route to market for rainwater systems, enabling the group to exploit Rainclear's web-based marketing skills and positioning with independent merchants, whilst also extending our product range to include steel rainwater products.

Engineering Products Division
Divisional revenues reduced by 22% to £15.2 million, due to the non-repeat of the exceptional demand experienced prior to the end of 2011 when engine emission regulations became more stringent, and some de-stocking by OEM customers in the second quarter of this financial year. Following operating losses incurred mainly in the first part of the financial year at Alumasc Precision Components ("APC"), whilst the recovery plan for that business was still in its early phases, the division as a whole made an underlying operating loss of £0.3 million in the first half year. This was nonetheless a significant improvement on the £1.0 million underlying operating loss made in the second half of the prior financial year.

The Board believes that, in view of the result for the first half and strong momentum in the Building Products division, the group remains on track to deliver previous expectations for underlying results for the full financial year.

Paul Hooper Chief Executive

The business improvement programme at APC began to build momentum as the new management team bedded in, and delivered a break-even result on a run-rate basis in the Autumn, some months ahead of previous expectations. There remain significant opportunities to further improve performance.

However, in common with many other industrial suppliers, forecasts from APC's customers for demand in the remainder of this financial year, particularly to European end user markets, reduced by some 20-30 per cent in the weeks leading up to Christmas. We believe this reflected a correction to customer over-stocking earlier in the year. APC's cost base has been adjusted with the dual objective of lowering the break-even point whilst retaining key skills and flexibility to benefit from an anticipated market recovery later in the 2013 calendar year.

Dyson Diecasting, APC's sister business, continues to trade strongly and, with a more diversified customer base supplying a wider range of end use markets, has not been impacted significantly by customer de-stocking.

Cash flow, balance sheet and pensions

The Group's cash performance exceeded internal expectations throughout the first half year, with net debt of £8.4 million at 31 December some £4.8 million lower than at 30 June 2012.

This excellent performance reflected the increased level of profit and a strong working capital performance, including £3.0 million of advance payments on customer contracts. The rolling twelve month average trade working capital as a percentage of sales ratio reduced from 13.9% at the last year end to 12.2% at 31 December. The level of payments in advance is expected to reduce by the financial year end and capital expenditure is planned to be higher in the second half year. Therefore it is likely that some of the reduction in net debt already achieved so far this financial year will reverse in the second half. The group operated comfortably within loan covenant limits in the period.

The group pension deficit, calculated under IAS19 conventions, reduced from £14.5 million at 30 June to £13.7 million at 31 December 2012, mainly due to a positive investment performance and company contributions in the intervening period. Retained profits over the six month period, combined with the reduced pension deficit, led to an improvement in shareholders' funds from £18.9 million at 30 June to £19.4 million at 31 December 2012.

Outlook

The Group's order book remains strong overall at £46 million, with continued good order intake for building products offsetting the softness at APC.

Despite the short-term fall in customer demand at Alumasc Precision, the Board believes that, in view of the result for the first half and strong momentum in the Building Products division, the group remains on track to deliver previous expectations for underlying results for the full financial year.

Paul Hooper
Chief Executive
5 February 2013

Condensed Consolidated Interim Statement of Comprehensive Income

		Half year to 31 December 2012			Half year to 31 December 2011			Year to 30 June 2012
	Notes	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
Revenue	4	**59,519**	**–**	**59,519**	54,062	–	54,062	110,619
Cost of sales		**(44,767)**	**–**	**(44,767)**	(41,108)	–	(41,108)	(84,501)
Gross profit		**14,752**	**–**	**14,752**	12,954	–	12,954	26,118
Net operating expenses								
Net operating expenses before non-recurring items and brand amortisation		**(11,596)**	**–**	**(11,596)**	(11,487)	–	(11,487)	(23,540)
Impairment	5	**–**	**(625)**	**(625)**	–	–	–	–
Restructuring and acquisition costs	5	**–**	**(241)**	**(241)**	–	(113)	(113)	(866)
Brand amortisation	5	**–**	**(128)**	**(128)**	–	(162)	(162)	(299)
Net operating expenses		**(11,596)**	**(994)**	**(12,590)**	(11,487)	(275)	(11,762)	(24,705)
Operating profit	4	**3,156**	**(994)**	**2,162**	1,467	(275)	1,192	1,413
Finance income	6	**1,703**	**–**	**1,703**	2,202	–	2,202	4,402
Finance expenses	6	**(2,535)**	**–**	**(2,535)**	(2,702)	–	(2,702)	(5,425)
Profit before taxation		**2,324**	**(994)**	**1,330**	967	(275)	692	390
Tax (expense)/income	7	**(604)**	**224**	**(380)**	(271)	83	(188)	23
Profit for the period		**1,720**	**(770)**	**950**	696	(192)	504	413
Other comprehensive income								
Gains/(losses) recognised directly in equity:								
Actuarial loss on defined benefit pension schemes	2			**(6)**			(11,207)	(13,818)
Effective portion of changes in fair value of cash flow hedges				**–**			(48)	(7)
Exchange differences on retranslation of foreign operations				**(13)**			9	7
Tax on items taken directly to or transferred from equity	7			**(142)**			2,733	3,191
Other comprehensive income for the period, net of tax				**(161)**			(8,513)	(10,627)
Total comprehensive income for the period, net of tax				**789**			(8,009)	(10,214)
Earnings per share				**Pence**			Pence	Pence
Basic earnings per share	10			**2.7**			1.4	1.2
Diluted earnings per share				**2.7**			1.4	1.2

Condensed Consolidated Interim Statement of Financial Position

	31 December 2012 (Unaudited) £000	31 December 2011 (Unaudited) £000	30 June 2012 (Audited) £000
Assets			
Non-current assets			
Property, plant and equipment	**13,462**	14,433	13,826
Goodwill	**16,488**	16,888	16,888
Other intangible assets	**3,252**	3,284	2,976
Financial asset investments	**17**	17	17
Deferred tax assets	**3,156**	3,225	3,489
	36,375	37,847	37,196
Current assets			
Inventories	**14,015**	13,635	14,136
Biological assets	**125**	269	91
Trade and other receivables	**19,774**	21,332	26,451
Cash and cash equivalents	**11,434**	1,308	6,550
Income tax receivable	**–**	–	161
Derivative financial assets	**71**	84	82
	45,419	36,628	47,471
Total assets	**81,794**	74,475	84,667
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	**(19,807)**	(14,751)	(19,779)
Employee benefits payable	**(13,723)**	(12,900)	(14,539)
Provisions	**(595)**	(493)	(469)
Deferred tax liabilities	**(1,652)**	(1,810)	(1,694)
	(35,777)	(29,954)	(36,481)
Current liabilities			
Trade and other payables	**(25,941)**	(22,631)	(28,739)
Provisions	**(246)**	(28)	(516)
Income tax payable	**(454)**	(132)	–
Derivative financial liabilities	**(3)**	(169)	(3)
	(26,644)	(22,960)	(29,258)
Total liabilities	**(62,421)**	(52,914)	(65,739)
Net assets	**19,373**	21,561	18,928
Equity			
Called up share capital	**4,517**	4,517	4,517
Share premium	**445**	445	445
Capital reserve – own shares	**(618)**	(618)	(618)
Hedging reserve	**(19)**	8	(22)
Foreign currency reserve	**23**	38	36
Profit and loss account reserve	**15,025**	17,171	14,570
Total equity	**19,373**	21,561	18,928

Condensed Consolidated Interim Statement of Cash Flows

	Half year to 31 December 2012 (Unaudited) £000	Half year to 31 December 2011 (Unaudited) £000	Year to 30 June 2012 (Audited) £000
Operating activities			
Operating profit	**2,162**	1,192	1,413
Adjustments for:			
Depreciation	**1,116**	1,166	2,444
Amortisation	**247**	383	652
Impairment	**625**	–	–
Gain on disposal of property, plant and equipment	**(58)**	–	(19)
Decrease / (increase) in inventories	**352**	(1,192)	(1,693)
(Increase) / decrease in biological assets	**(34)**	101	279
Decrease / (increase) in receivables	**6,940**	2,516	(2,599)
(Decrease) / increase in trade and other payables	**(3,454)**	(1,172)	4,789
Movement in provisions	**(244)**	(72)	392
Movement in retirement benefit obligations	**(1,224)**	(1,318)	(2,449)
Share based payments	**12**	11	(60)
Cash generated from continuing operations	**6,440**	1,615	3,149
Tax received / (paid)	**182**	(64)	(68)
Net cash inflow from operating activities	**6,622**	1,551	3,081
Investing activities			
Purchase of property, plant and equipment	**(623)**	(1,312)	(1,877)
Payments to acquire intangible fixed assets	**(23)**	(111)	(72)
Proceeds from sales of property, plant and equipment	**64**	–	48
Acquisition of subsidiary, net of cash	**(400)**	–	–
Interest received	**8**	–	12
Net cash outflow from investing activities	**(974)**	(1,423)	(1,889)
Financing activities			
Interest paid	**(395)**	(416)	(866)
Equity dividends paid	**(356)**	(2,406)	(2,763)
Draw down of amounts borrowed	**–**	–	5,000
Purchase of financial instrument	**–**	–	(7)
Net cash (outflow) / inflow from financing activities	**(751)**	(2,822)	1,364
Net increase / (decrease) in cash and cash equivalents	**4,897**	(2,694)	2,556
Cash and cash equivalents at beginning of period	**6,550**	3,993	3,993
Net increase / (decrease) in cash and cash equivalents	**4,897**	(2,694)	2,556
Effect of foreign exchange rate changes	**(13)**	9	1
Cash and cash equivalents at end of period	**11,434**	1,308	6,550
Cash and cash equivalents comprise:			
Cash and short term deposits	**11,434**	1,308	6,550
Bank overdrafts	**–**	–	–
	11,434	1,308	6,550

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**
At 1 July 2012	**4,517**	**445**	**(618)**	**(22)**	**36**	**14,570**	**18,928**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**950**	**950**
Exchange differences on retranslation of foreign operations	**–**	**–**	**–**	**–**	**(13)**	**–**	**(13)**
Tax on derivative financial liability	**–**	**–**	**–**	**3**	**–**	**–**	**3**
Actuarial loss on defined benefit pension schemes, net of tax	**–**	**–**	**–**	**–**	**–**	**(151)**	**(151)**
Dividends	**–**	**–**	**–**	**–**	**–**	**(356)**	**(356)**
Share based payments	**–**	**–**	**–**	**–**	**–**	**12**	**12**
At 31 December 2012	**4,517**	**445**	**(618)**	**(19)**	**23**	**15,025**	**19,373**

	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 2011	4,517	445	(618)	44	29	27,548	31,965
Profit for the period	–	–	–	–	–	504	504
Exchange differences on retranslation of foreign operations	–	–	–	–	9	–	9
Net loss on cash flow hedges	–	–	–	(48)	–	–	(48)
Tax on derivative financial liability	–	–	–	12	–	–	12
Actuarial loss on defined benefit pension schemes, net of tax	–	–	–	–	–	(8,486)	(8,486)
Dividends	–	–	–	–	–	(2,406)	(2,406)
Share based payments	–	–	–	–	–	11	11
At 31 December 2011	4,517	445	(618)	8	38	17,171	21,561

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 2012.

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 2012 and in accordance with IAS34 "Interim Financial Reporting".

The consolidated financial statements of the group as at and for the year ended 30 June 2012 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 2012 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 2012 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 2012.

These condensed consolidated interim financial statements were approved by the Board of Directors on 5 February 2013.

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 2012.

During the six months ended 31 December 2012, management reassessed and updated its estimates in respect of retirement benefit obligations based on market data available at 31 December 2012. The resulting impact was a £6k pre-tax actuarial loss, calculated using IAS19 conventions, that has been recognised in the six month period to 31 December 2012.

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 2012. The Board considers these risks and uncertainties remain relevant to the current financial year.

4 Segmental analysis

Half year to 31 December 2012 (Unaudited)

	Revenue External £000	Revenue Inter-segment £000	Revenue Total £000	Segmental Operating Result £000
Solar Shading	9,582	–	9,582	484
Roofing & Walling	17,564	–	17,564	1,595
Energy Management	**27,146**	**–**	**27,146**	**2,079**
Construction Products	7,538	–	7,538	950
Rainwater, Drainage, Plastics & Casings	10,060	37	10,097	1,032
Water Management & Other	**17,598**	**37**	**17,635**	**1,982**
Building Products	**44,744**	**37**	**44,781**	**4,061**
Alumasc Precision	14,775	384	15,159	(294)
Engineering Products	**14,775**	**384**	**15,159**	**(294)**
Elimination/Unallocated costs	–	(421)	(421)	(611)
Total	**59,519**	**–**	**59,519**	**3,156**

	£000
Segmental operating result	3,156
Impairment	(625)
Restructuring and acquisition costs	(241)
Brand amortisation	(128)
Total operating profit	**2,162**

Half year to 31 December 2011 (Unaudited)

	Revenue External £000	Revenue Inter-segment £000	Revenue Total £000	Segmental Operating Result £000
Solar Shading	8,569	–	8,569	273
Roofing & Walling	9,207	–	9,207	(189)
Energy Management	**17,776**	**–**	**17,776**	**84**
Construction Products	6,839	–	6,839	697
Rainwater, Drainage, Plastics & Casings	10,568	44	10,612	950
Water Management & Other	**17,407**	**44**	**17,451**	**1,647**
Building Products	**35,183**	**44**	**35,227**	**1,731**
Alumasc Precision	18,879	631	19,510	219
Engineering Products	**18,879**	**631**	**19,510**	**219**
Elimination/Unallocated costs	–	(675)	(675)	(483)
Total	**54,062**	**–**	**54,062**	**1,467**

	£000
Segmental operating result	1,467
Restructuring costs	(113)
Brand amortisation	(162)
Total operating profit	**1,192**

Notes to the Condensed Consolidated Interim Financial Statements

4 Segmental analysis (continued)

Full year to 30 June 2012 (Audited)

	Revenue			Segmental Operating Result
	External £000	**Inter-segment £000**	**Total £000**	**£000**
Solar Shading	16,751	–	16,751	247
Roofing & Walling	22,369	–	22,369	437
Energy Management	**39,120**	**–**	**39,120**	**684**
Construction Products	15,135	–	15,135	1,894
Rainwater, Drainage, Plastics & Casings	20,598	64	20,662	1,806
Water Management & Other	**35,733**	**64**	**35,797**	**3,700**
Building Products	**74,853**	**64**	**74,917**	**4,384**
Alumasc Precision	35,766	1,038	36,804	(770)
Engineering Products	**35,766**	**1,038**	**36,804**	**(770)**
Elimination/Unallocated costs	–	(1,102)	(1,102)	(1,036)
Total	**110,619**	**–**	**110,619**	**2,578**

	£000
Segmental operating result	2,578
Restructuring costs	(866)
Brand amortisation	(299)
Total operating profit	**1,413**

5 Non-recurring items and amortisation

	Half year to 31 December 2012 (Unaudited) £000	Half year to 31 December 2011 (Unaudited) £000	Year to 30 June 2012 (Audited) £000
Impairment	**(625)**	–	–
Restructuring and acquisition costs	**(241)**	(113)	(866)
Brand amortisation	**(128)**	(162)	(299)
	(994)	(275)	(1,165)

The impairment charge of £625,000 relates to the carrying value of goodwill in Blackdown Greenroofs, which has been reduced from £1,251,000 to £626,000 for the reasons described on page 2.

Restructuring costs relate to restructuring and redundancy costs in all periods. Acquisition costs relate to the costs of acquiring Rainclear Systems Limited during the 6 month period to 31 December 2012.

6 Net finance costs

		Half year to 31 December 2012 (Unaudited) £000	Half year to 31 December 2011 (Unaudited) £000	Year to 30 June 2012 (Audited) £000
Finance revenue	– Bank interest	**(7)**	(6)	(12)
	– Expected return on pension scheme plan assets	**(1,696)**	(2,196)	(4,390)
		(1,703)	(2,202)	(4,402)
Finance costs	– Bank loans and overdrafts	**66**	73	101
	– Revolving credit facility	**371**	275	617
		437	348	718
	– Pension scheme liability interest	**2,098**	2,354	4,707
		2,535	2,702	5,425

7 Tax expense

	Half year to 31 December 2012 (Unaudited) £000	Half year to 31 December 2011 (Unaudited) £000	Year to 30 June 2012 (Audited) £000
Current tax:			
UK corporation tax	**336**	140	(177)
Overseas Tax	**9**	–	37
Amounts over provided in previous years	**–**	–	(9)
Total current tax	**345**	140	(149)
Deferred tax:			
Origination and reversal of timing differences	**79**	58	291
Tax over provided in previous years	**–**	–	(4)
Rate change adjustment	**(44)**	(10)	(161)
Total deferred tax	**35**	48	126
Total tax expense/(credit)	**380**	188	(23)
Tax recognised in other comprehensive income:			
Deferred tax:			
Actuarial losses on pension schemes	**145**	(2,721)	(3,250)
Cash flow hedge	**(3)**	(12)	59
Tax charged/(credited) to other comprehensive income	**142**	(2,733)	(3,191)
Total tax charge/(credit) in the statement of comprehensive income	**522**	(2,545)	(3,214)

8 Dividends

The directors have approved an interim dividend per share of 2.0p (2011: 1.0p) which will be paid on 9 April 2013 to shareholders on the register at the close of business on 8 March 2013. The cash cost of the dividend is expected to be £0.7 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 1.0p in respect of the 2011/12 financial year was paid at a cash cost of £0.4 million during the period.

Notes to the Condensed Consolidated Interim Financial Statements

9 Share based payments

During the period, the group awarded 100,000 (2011: 130,000) options under the Executive Share Option Scheme ("ESOS"). These options have an exercise price of 79.5p and require certain criteria to be fulfilled before vesting. 184,000 (2011: 33,000) existing ESOS options lapsed during the period.

No awards were granted under the group's Long Term Incentive Plan ("LTIP") during the period (2011: 322,761). LTIP awards have no exercise price but are dependent on certain vesting criteria being met. During the period 290,272 (2011: 335,203) 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 2012 (Unaudited) £000	Half year to 31 December 2011 (Unaudited) £000	Year to 30 June 2012 (Audited) £000
Profit attributable to equity holders of the parent	**950**	504	413

	Half year to 31 December 2012 (Unaudited) 000s	Half year to 31 December 2011 (Unaudited) 000s	Year to 30 June 2012 (Audited) 000s
Basic weighted average number of shares	**35,648**	35,648	35,648
Dilutive potential ordinary shares	**–**	272	–
Diluted weighted average number of shares	**35,648**	35,920	35,648

Calculation of underlying earnings per share:

	Half year to 31 December 2012 (Unaudited) £000	Half year to 31 December 2011 (Unaudited) £000	Year to 30 June 2012 (Audited) £000
Reported profit before taxation	**1,330**	692	390
Add: impairment	**625**	–	–
Add: restructuring and acquisition costs	**241**	113	866
Add: brand amortisation	**128**	162	299
Underlying profit before taxation	**2,324**	967	1,555
Tax at underlying group rate of 26.0% (2011: 28.0%; 2011/12: 31.6%)	**(604)**	(271)	(491)
Underlying earnings	**1,720**	696	1,064
Underlying earnings per share	**4.8p**	2.0p	3.0p

11 Business combinations

On 30 November 2012, the group acquired 100% of the ordinary share capital of Rainclear Systems Limited ("Rainclear") for an expected total enterprise value of £770,000, comprising initial purchase consideration of £450,000 plus deferred consideration fair valued at £320,000. Deferred consideration is payable in two tranches, subject to Rainclear achieving a profit before tax of £250,000 in the year to December 2013, and £270,000 in the year to April 2014. Excluding cash acquired with the business and completion accounts adjustments, the net initial consideration paid and satisfied in cash was £400,000. The impact of Rainclear revenues to the period end are not material to the group.

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 2012. 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 IAS34 "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	**A Magson**
Chief Executive	Group Finance Director

The Alumasc Group – Major Brands and Operating Locations

Building Products

Energy Management

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Combe St. Nicholas
Chard
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