

Thursday 5 February 2009

THE ALUMASC GROUP PLC – INTERIM ANNOUNCEMENT

“a robust first-half trading performance”

Alumasc (ALU.L), the UK-based supplier of premium building and engineering products, announces a robust first-half trading performance in the six months to 31 December 2008, driven by continued profitable growth in the group’s sustainable building products businesses against a backdrop of general economic and market conditions that became increasingly challenging as the period progressed.

Financial Highlights

- Revenue grew by 1% to £60.7m .
- Underlying⁽¹⁾ pre-tax profit of £3.5m fell just 3% short of the strong interim figure last year (2007: £3.6m) and underlying⁽¹⁾ earnings per share were little changed at 6.8p (2007: 7.0p).
- The reported pre-tax profit was £2.7m (2007: £4.4m, benefiting from a property disposal gain of £1.0m) and basic earnings per share were 4.8p (2007: 8.7p).
- An unchanged dividend per share of 3.25p is declared.
- The £1.4m increase in net debt in the period, taking net debt to £10.8m (gearing of 37%), was consistent with Alumasc’s usual first-half experience and some £2.0m better than internal expectations set at the beginning of the year.

Commercial Highlights

- Building Products revenue grew by 6% to £42.7m and underlying⁽¹⁾ operating profit increased by 7% to £5.2m. Operating margins remained healthy at 12.1%, a little ahead of prior-year levels.
- Sustainable building products activities generated close to two-thirds of the group’s first-half revenue, achieving growth rates well-above UK construction market averages and delivering superior returns on both sales and capital invested.
- Within this category, Levolux, the UK’s leading solar shading company, which was acquired in May 2007, delivered an outstanding first-half performance and continues to win high-profile and innovative project work.
- Engineering Products revenue totalled £18.8m (2007 £20.4m) and underlying operating losses were £0.3m (2007: underlying operating profit of £0.3m).
- Engineering Products revenue and profit had both been ahead of prior period comparators at the end of the first quarter.

John McCall, Chairman, stated:

“The Board believes that medium and long term prospects for the group’s core Building Products’ activities remain strong, particularly for sustainable building products. However, these activities are not immune to current economic and market conditions. Divisional profits are being impacted by Sterling’s weakness and could be further affected should demand for new commercial buildings weaken in 2009, as is being anticipated by some industry commentators. Nonetheless, current order books for the division remain healthy, albeit below the levels seen six months ago.

The significant downturn in demand from OEM customers that impacted results in the Engineering Products division just prior to the calendar year end has continued into the new calendar year and costs have been reduced accordingly.

In summary, the Board's expectations for the current year are unchanged from those given in the group's trading update of 19 December 2008. The group's cash flow performance continues to be robust and the group's balance sheet remains strong. Alumasc is well placed to manage through current economic uncertainties and take advantage of opportunities."

Presentation:

Today, a presentation will be made to institutions, broker's analysts and private client brokers by Paul Hooper (Chief Executive) and Andrew Magson (Finance Director), with John McCall (Chairman) in attendance. The meeting will commence at 9.30am and end at approximately 10.30am. It will be held **at the offices of KBC Peel Hunt, 111 Old Broad Street, London, EC2N 1PH.**

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Notes

⁽¹⁾ excludes charges for restructuring, brand amortisation and asset impairment, as well as property disposal gains

CHAIRMAN'S STATEMENT

Overview

Alumasc delivered a robust first-half trading performance, driven by continued profitable growth in the group's sustainable building product businesses against a background of general economic and market conditions that became increasingly challenging as the period progressed.

In the six months to 31 December 2008, group revenue grew by 1% to £60.7 million. Underlying profit before tax⁽¹⁾ of £3.5 million (stated prior to restructuring costs, brand amortisation and impairment charges) fell just 3% short of the strong interim result of £3.6 million last year⁽²⁾, mainly due to significantly lower profitability experienced in the Engineering Products division in the last few weeks of the period. Reported profit before tax was £2.7 million (2007: £4.4 million⁽²⁾). This is stated after charging exceptional restructuring costs of £0.4 million, mostly incurred in December as management reduced the ongoing cost base of those businesses experiencing weakened demand, and non-cash impairment charges of £0.4 million. The prior year period's reported profit before tax had benefited from a property disposal gain of £1.0 million.

Underlying earnings per share⁽¹⁾ were 6.8 pence (2007: 7.0 pence⁽²⁾) and basic earnings per share were 4.8 pence (2007: 8.7 pence⁽²⁾). The Board has declared an unchanged interim dividend of 3.25p per share.

Building Products

Divisional revenue grew by 6% to £42.7 million and underlying operating profit increased by 7% to £5.2 million. Operating margins remained healthy at 12.1%, a little ahead of prior year levels as the growth in sustainable building products' margins more than offset the impact of reduced UK demand for house building products, and of the recent rapid appreciation of both the US Dollar and the Euro which inflated the cost of some imported materials.

The group's sustainable building product activities, which are used by customers in managing energy and water in the built environment, generated close to two-thirds of the group's first-half revenues, achieving growth rates well above UK construction market averages and delivering superior returns on both sales and capital invested. Revenues and underlying profits increased by 14% and 16% respectively to £37.7 million and £5.2 million, at operating margins of almost 14%, after absorbing an adverse currency translation impact of some £0.5 million. Revenue growth also exceeded 10% on a like-for-like basis, after excluding the benefit of the Blackdown Horticultural Consultants green roof business acquired in March 2008.

Levolux, the UK's leading solar shading company, which was acquired in May 2007, delivered an outstanding first-half performance and continues to win high profile and innovative project work, including photovoltaic cells incorporated into the shading system, allowing the solar energy captured to be re-used in the building. Green roofs are now the fastest growing product group within Alumasc's portfolio, with order intake continuing to increase in this still embryonic market niche. As part of this, Blackdown is settling down well in the group following its acquisition last year, and has won important projects at the Olympic coach station in east London and the Snow Dome in Hemel Hempstead. Elsewhere, demand remained strong for Gatic branded products, underpinned by domestic and international infrastructure projects, whilst demand for Alumasc branded

rainwater systems, MR façades and Pendock profiles all benefited from ongoing high levels of UK government expenditure on public buildings and social housing refurbishment projects.

Engineering Products

Engineering Products' divisional revenue totalled £18.8 million (2007: £20.4 million) and underlying operating losses were £0.3 million (2007: underlying operating profit of £0.3 million⁽²⁾). The division had an encouraging start to the year, with both revenue and profits ahead of prior period comparators at the end of the first quarter, driven by new work wins at Alumasc Precision. However, worsening global economic conditions increasingly began to impact all principal markets in this division as the second quarter progressed.

Demand from Alumasc Precision's international OEM customers, who serve principally the automotive and off-highway vehicles markets, reduced by over 30% in December from levels seen earlier in the year, which had a fundamental impact on the profitability of the business. Swift management action was taken to re-align shift patterns, eliminate overtime, extend the Christmas shut down and, regrettably, reduce numbers employed by more than 20%. We expect Alumasc Precision to benefit under the leadership of Warren Roberts, who joined as managing director of the company earlier this week. Warren was formerly managing director of Mahle Powertrain.

At Alumasc Dispense, general economic conditions, exacerbated by customer consolidation in the brewing industry, depressed capital spending by customers and consequently demand for drinks dispensing products. Alumasc Dispense continues to be highly innovative and has had some encouraging success in progressing trials of wireless energy technology with soft drinks companies.

Financial Position, Cash Flow, Pensions and Risk Review

There have been no significant changes to the group's balance sheet since 30 June 2008. Net assets at 31 December 2008 were £29.5 million (30 June 2008: £30.9 million).

The group's cash flow performance in the six months to 31 December was robust. Although there was an increase in net debt of £1.4 million in the period, consistent with Alumasc's usual first half experience, this performance was some £2 million better than internal expectations set at the beginning of the year as a result of strong control over capital expenditure and working capital. Net borrowings increased from £9.4 million at 30 June 2008 to £10.8 million at 31 December 2008. Gearing at 31 December 2008 was 37% and cash interest costs for the period were covered over 10 times by underlying operating profits. Group overdraft facilities of £11 million were renewed at the end of November for a further year, supplementing the group's £15 million revolving credit facility which remains committed until 2012. Together, these facilities are more than double the level of net debt at 31 December 2008.

The group's pre-tax pension deficit at 31 December 2008 of £18.4 million, as measured under IAS19, was £1.4 million lower than that at the year end, as company contributions exceeded the impact of changes in investment values and expected pension liabilities.

Underlying annualised post-tax return on investment advanced to 11.3% (2007: 10.9%) due to a small reduction in overall capital invested.

In view of the recent volatility in economic and market conditions, an update on the business risk review provided in the last annual report is given in note 3. Seasonality is not expected to have a significant impact on performance trends in this financial year.

Prospects

The Board believes that medium and long term prospects for the group's core Building Products' activities remain strong, particularly for sustainable building products. However, these activities are not immune to current economic and market conditions. Divisional profits are being impacted by Sterling's weakness and could be further affected should demand for new commercial buildings weaken in 2009, as is being anticipated by some industry commentators. Nonetheless, current order books for the division remain healthy, albeit below the levels seen six months ago.

The significant downturn in demand from OEM customers that impacted results in the Engineering Products division just prior to the calendar year end has continued into the new calendar year and costs have been reduced accordingly.

In summary, the Board's expectations for the current year are unchanged from those given in the group's trading update of 19 December 2008. The group's cash flow performance continues to be robust and the group's balance sheet remains strong. Alumasc is well placed to manage through current economic uncertainties and take advantage of opportunities.

John McCall
Chairman
5 February 2009

Notes

⁽¹⁾: Underlying operating profit, underlying profit before tax and underlying earnings per share are stated prior to the deduction of restructuring costs of £0.4 million (2007: £0.15 million), brand amortisation charges of £0.1 million (2007: £0.1 million), asset impairment charges of £0.4 million (2007: £ nil) and property disposal gains of £nil (2007: £1.0 million).

⁽²⁾: Prior period information has been restated to reflect adjustments to Alumasc Precision Components' prior year comparatives (see note 1).

CONDENSED CONSOLIDATED INCOME STATEMENT
for the half year to 31 December 2008

	Notes	Half year to 31 December 2008			Half year to 31 December 2007			Year to 30 June 2008
		Before non-recurring items and amortisation (Unaudited) £'000	Non-recurring items and amortisation (Unaudited) £'000	Total (Unaudited) £,000	Before non-recurring items and amortisation (Unaudited) Restated £'000	Non-recurring items and amortisation (Unaudited) £'000	Total (Unaudited) Restated £'000	Total (Audited) £'000
Continuing operations								
Revenue	4	60,741	-	60,741	59,881	-	59,881	125,808
Cost of sales		(43,421)	-	(43,421)	(42,879)	-	(42,879)	(84,145)
Gross profit		17,320	-	17,320	17,002	-	17,002	41,663
Net operating expenses								
Net operating expenses before non-recurring items and amortisation		(12,966)	-	(12,966)	(12,552)	-	(12,552)	(30,430)
Amortisation and fair value adjustments	4	-	(120)	(120)	-	(85)	(85)	(428)
Profit on disposal of property	6	-	-	-	-	990	990	1,240
Other non-recurring items	5	-	(750)	(750)	-	(150)	(150)	(465)
Operating profit		4,354	(870)	3,484	4,450	755	5,205	11,580
Finance income		68	-	68	82	-	82	159
Finance expenses		(446)	-	(446)	(655)	-	(655)	(1,249)
Other finance expense – pensions		(450)	-	(450)	(249)	-	(249)	(501)
Profit before taxation		3,526	(870)	2,656	3,628	755	4,383	9,989
Tax expense	7	(1,058)	148	(910)	(1,125)	(133)	(1,258)	(2,656)
Profit for the year		2,468	(722)	1,746	2,503	622	3,125	7,333
Profit for the year attributable to:								
Equity holders of the parent				1,737			3,115	7,315
Minority interest				9			10	18
				<u>1,746</u>			<u>3,125</u>	<u>7,333</u>
Earnings per share				Pence			Pence	Pence
- Basic	9			<u>4.8</u>			<u>8.7</u>	<u>20.3</u>
- Diluted	9			<u>4.8</u>			<u>8.6</u>	<u>20.2</u>

**CONDENSED CONSOLIDATED STATEMENT
OF RECOGNISED INCOME AND EXPENSE**
for the half year to 31 December 2008

	Half year to 31 December 2008 (Unaudited) £'000	Half year to 31 December 2007 (Unaudited) Restated £'000	Year to 30 June 2008 (Audited) £'000
Income and expense recognised directly in equity			
Actuarial (loss)/gain on defined benefit pensions	(410)	61	(6,557)
Effective portion of changes in fair value of cash flow hedges	(416)	(249)	(60)
Exchange differences on retranslation of foreign operations	8	8	7
Tax on items taken directly to or transferred from equity	115	(17)	1,836
Net expense recognised directly in equity for the period	(703)	(197)	(4,774)
Profit for the period	1,746	3,125	7,333
Total recognised income for the period	1,043	2,928	2,559
Attributable to:			
Equity holders of the parent	1,034	2,918	2,541
Minority interest	9	10	18
	1,043	2,928	2,559

CONDENSED CONSOLIDATED BALANCE SHEET

at 31 December 2008

	Notes	31 December 2008 (Unaudited) £'000	31 December 2007 (Unaudited) Restated £'000	30 June 2008 (Audited) £'000
Assets				
Non-current assets				
Property, plant and equipment		19,372	21,111	20,078
Goodwill		16,788	15,637	16,788
Other intangible assets		4,300	3,907	4,496
Financial assets		17	17	17
Deferred tax assets		5,150	4,560	5,549
		45,627	45,232	46,928
Current assets				
Inventories		13,760	13,626	13,060
Trade and other receivables		21,698	27,366	29,790
Cash and short term deposits		-	3,126	5,529
Derivative financial assets		149	-	48
		35,607	44,118	48,427
Non-current assets classified as held for sale		-	734	-
Total assets		81,234	90,084	95,355
Liabilities				
Non-current liabilities				
Interest bearing loans and borrowings		(9,891)	(14,863)	(14,881)
Employee benefits payable		(18,392)	(16,284)	(19,818)
Provisions		(794)	(903)	(781)
Deferred tax liabilities		(2,437)	(2,463)	(2,291)
		(31,514)	(34,513)	(37,771)
Current liabilities				
Bank overdraft		(876)	-	-
Interest bearing loans and borrowings		(10)	(17)	(15)
Trade and other payables		(18,340)	(21,061)	(26,307)
Provisions		(116)	(220)	(116)
Tax payable		(394)	(1,697)	(237)
Derivative financial liabilities		(517)	(149)	-
		(20,253)	(23,144)	(26,675)
Total liabilities		(51,767)	(57,657)	(64,446)
Net assets		29,467	32,427	30,909
Equity				
Called up share capital		4,517	4,517	4,517
Share premium		383	383	383
Other reserve		1,026	1,251	1,101
Capital reserve - own shares		(178)	(133)	(106)
Hedging reserve		(376)	(149)	40
Foreign currency reserve		9	2	1
Profit and loss account reserve		24,055	26,508	24,951
Equity attributable to equity holders of the parent		29,436	32,379	30,887
Minority interest		31	48	22
Total equity	11	29,467	32,427	30,909

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the half year to 31 December 2008

	Notes	Half year to 31 December 2008 (Unaudited) £'000	Half year to 31 December 2007 (Unaudited) Restated £'000	Year to 30 June 2008 (Audited) £'000
Operating activities				
Operating profit from continuing operations		3,484	5,205	11,580
Adjustments for:				
Depreciation		1,647	1,676	3,427
Amortisation		196	179	399
Impairment		354	-	-
Gain on disposal of property, plant and equipment		-	(981)	(1,259)
(Increase) / decrease in inventories		(773)	(833)	194
Decrease / (increase) in receivables		8,092	2,523	(2,412)
(Decrease) / increase in trade and other payables		(7,962)	(2,880)	3,392
Movement in provisions		13	134	(92)
Movement in retirement benefit obligations		(2,286)	(1,465)	(3,651)
Share based payments		20	26	8
Cash generated from continuing operations		2,785	3,584	11,586
Cash flow from discontinued operations		-	1,167	1,204
Tax paid		(93)	(1,207)	(2,451)
Tax payments settling liabilities of subsidiaries on acquisitions		-	-	(1,004)
Net cash inflow from operating activities		2,692	3,544	9,335
Investing activities				
Purchase of property, plant and equipment		(1,253)	(1,213)	(2,124)
Payments to acquire intangible fixed assets		-	(80)	(379)
Proceeds from sale of property, plant and equipment		31	-	1,651
Proceeds from sale of non-current property assets held for sale		-	678	678
Acquisition of subsidiary undertakings net of cash acquired		-	-	(2,039)
Proceeds from sale of business activities		-	747	710
Interest received		68	82	159
Net cash (outflow) / inflow from investing activities		(1,154)	214	(1,344)
Financing activities				
Interest paid		(433)	(656)	(1,268)
Equity dividends paid		(2,381)	(2,378)	(3,550)
Equity dividends paid to minority interests		-	-	(34)
Repayment of amounts borrowed	10	(5,008)	(4)	(14)
Purchase of own shares		(124)	-	-
Proceeds from issue of share capital		-	421	421
Net cash outflow from financing activities		(7,946)	(2,617)	(4,445)
Net (decrease) / increase in cash and cash equivalents	10	(6,408)	1,141	3,546
Cash and cash equivalents at beginning of period		5,529	1,977	1,977
Effect of foreign exchange rate changes		3	8	6
Cash and cash equivalents at end of period	10	(876)	3,126	5,529

**NOTES ON THE CONDENSED CONSOLIDATED
INTERIM FINANCIAL STATEMENTS**
for the half year to 31 December 2008

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 2008.

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 2008 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 2008 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.

Comparative period information for the six months to 31 December 2007 has been restated to reflect the results of internal audit work and an independent accountants' investigation into Alumasc Precision Components in the prior year, further details of which are provided on page 34 of the group's 2008 Annual Report. Profit before tax and inventories in the six months to 31 December 2007 were each reduced by £844,000.

The condensed consolidated interim financial statements include comparative figures for the financial year ended 30 June 2008 which are an extract from the group's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

The condensed consolidated interim financial statements for the half year ended 31 December 2008 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 2008.

These condensed consolidated interim financial statements were approved by the Board of Directors on 5 February 2009.

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 2008.

During the six months ended 31 December 2008, management reassessed its estimates in respect of:

- the recoverable amount of certain property, plant and equipment (see note 5)
- retirement benefit obligations (see note 12)

3. Risks & Uncertainties

A summary of the group's principal risks and uncertainties was provided on pages 29 and 30 of Alumasc's 2008 annual report. In view of recent volatility in financial markets and changing economic circumstances, an update (by exception) of those risks where circumstances have changed or evolved in the intervening period is given below. This section of the interim report should be read in conjunction with the Chairman's Statement and the full risk review provided in the group's 2008 annual report.

UK and Global Economy

All of Alumasc's operations are based in the UK, and the majority of the group's sales are made to UK customers, with the remainder mostly to customers in the USA and Europe. Any significant change in economic conditions in those locations, and particularly those that impact the building, construction, vehicle manufacturing and brewing sectors, could affect Alumasc's future revenues and profits.

Credit risk

As global economic conditions have become more challenging, credit risks have increased. Credit risks are monitored carefully in all group businesses, including at monthly board meetings, and, in certain specific cases where judged cost effective, these risks are insured. The group has a wide range of customers reflecting the variety of end user markets served, and this mitigates the group's exposure to any one end-market segment or single third party. The group does make significant sales to some sectors reported recently in the media to be under pressure in current economic circumstances, including US and UK-owned car manufacturers and UK house builders.

Foreign exchange rate risk

The group is exposed to movements in foreign exchange rates, particularly in relation to purchases made in Euros and US Dollars. These risks are mitigated wherever possible by internal hedging between businesses and external forward foreign exchange contracts. Such hedging can only protect the group against relatively short term volatility in exchange rates and not against more structural changes to the relative strength of these currencies against Sterling. The group's recent results have been impacted adversely by the recent appreciation of the Euro and US Dollar against Sterling and would continue to be impacted, when compared to last year, should current prevailing rates not recover.

Liquidity risk

The group has a £15 million revolving credit banking facility that remains committed until 2012. In addition, the group recently renewed overdraft facilities with two relationship banks, together amounting to £11 million, for the year to 30 November 2009. Total available banking facilities are therefore £26 million, more than double the level of net debt at 31 December 2008 of £10.8 million.

Impairment risk

The group currently has two cash-generating units, Alumasc Precision Components and Timloc Building Products, where indicators of impairment under IAS 36 exist. These companies principally supply the international vehicle and UK house building markets respectively. Whilst the Board does not consider that an impairment of assets currently exists, the position in both cases will continue to be monitored carefully in the light of developments in the second half of this financial year.

4. Segmental analysis

	Sustainable: Energy Management £'000	Sustainable: Water Management £'000	Premium Building Products £'000	Building Products Total £'000	Precision Components £'000	Alumasc Dispense £'000	Engineering Products Total £'000	Unallocated Costs £'000	Elimination £'000	Total £'000
Half Year to 31 December 2008										
Sales to external customers	21,116	16,397	5,040	42,553	13,661	4,527	18,188	-	-	60,741
Inter-segment revenue	90	99	-	189	654	-	654	-	(843)	-
	21,206	16,496	5,040	42,742	14,315	4,527	18,842	-	(843)	60,741
Underlying segmental operating profit	3,613	1,609	(49)	5,173	(324)	62	(262)	(557)		4,354
Brand amortisation	(120)	-	-	(120)	-	-	-	-		(120)
Other non-recurring items	-	(200)	(34)	(234)	(516)	-	(516)	-		(750)
Segment operating result	3,493	1,409	(83)	4,819	(840)	62	(778)	(557)		3,484

	Sustainable: Energy Management £'000	Sustainable: Water Management £'000	Premium Building Products £'000	Building Products Total £'000	Precision Components £'000	Alumasc Dispense £'000	Engineering Products Total £'000	Unallocated Costs £'000	Elimination £'000	Total £'000
Half Year to 31 December 2007										
Sales to external customers	15,711	17,209	7,248	40,168	14,362	5,351	19,713	-	-	59,881
Inter-segment revenue	-	121	-	121	705	-	705	-	(826)	-
	15,711	17,330	7,248	40,289	15,067	5,351	20,418	-	(826)	59,881
Underlying segmental operating profit	2,100	2,393	340	4,833	143	170	313	(696)		4,450
Brand amortisation	(85)	-	-	(85)	-	-	-	-		(85)
Other non-recurring items	-	-	-	-	-	(150)	(150)	-		(150)
Segmental property disposal gains	-	-	-	-	-	990	990	-		990
Segment operating result	2,015	2,393	340	4,748	143	1,010	1,153	(696)		5,205

4. Segmental analysis (continued)

	Sustainable: Energy Management £'000	Sustainable: Water Management £'000	Premium Building Products £'000	Building Products Total £'000	Precision Components £'000	Alumasc Dispense £'000	Engineering Products Total £'000	Unallocated Items £'000	Elimination £'000	Total £'000
Year to 30 June 2008										
Sales to external customers	35,477	33,737	14,271	83,485	30,369	11,954	42,323	-	-	125,808
Inter-segment revenue	-	314	-	314	1,994	-	1,994	-	(2,308)	-
	35,477	34,051	14,271	83,799	32,363	11,954	44,317	-	(2,308)	125,808
Underlying segmental operating profit	4,849	4,984	887	10,720	1,002	662	1,664	(1,151)		11,233
Brand amortisation	(178)	-	-	(178)	-	-	-	-		(178)
Fair value adjustments	(250)	-	-	(250)	-	-	-	-		(250)
Other non-recurring items	-	-	-	-	(315)	(150)	(465)	-		(465)
Segmental property disposal gains	-	-	-	-	-	990	990	250		1,240
Segment operating result	4,421	4,984	887	10,292	687	1,502	2,189	(901)		11,580

5. Other non-recurring items

Other non-recurring items comprise:

	Half year to 31 December 2008 (Unaudited) £'000	Half year to 31 December 2007 (Unaudited) £'000	Year to 30 June 2008 (Audited) £'000
Restructuring costs	396	150	465
Impairment charges	354	-	-
	750	150	465

Restructuring costs of £242,000 arose in the Engineering Products division and £154,000 in the Building Products division. Impairment charges of £274,000 arose in the Engineering Products division and £80,000 in the Building Products division.

6. Profit on disposal of property

Profit on disposal of property comprises:

	Half year to 31 December 2008 (Unaudited) £'000	Half year to 31 December 2007 (Unaudited) £'000	Year to 30 June 2008 (Audited) £'000
Profit on sale of Borehamwood freehold property	-	990	990
Profit on transfer of Cannock freehold property	-	-	250
	-	990	1,240

The profit on the Cannock freehold property arose from the contribution of the property into the group's defined benefit pension schemes at market value.

7. Tax expense

	Half year to 31 December 2008 (Unaudited) £'000	Half year to 31 December 2007 (Unaudited) Restated £'000	Year to 30 June 2008 (Audited) £'000
Current tax: UK Corporation tax	249	771	1,581
Deferred tax:			
Origination and reversal of timing differences	411	487	1,125
Deferred tax arising on abolition of Industrial Buildings Allowances	250	-	-
Tax over provided in previous years	-	-	(50)
Total deferred tax	661	487	1,075
	910	1,258	2,656

8. Dividends

The directors have approved an interim dividend per share of 3.25p (2007: 3.25p) which will be paid on 7 April 2009 to shareholders on the register at the close of business on 6 March 2009. 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 equity share of 6.75p in respect of the 2007/08 financial year was paid during the period.

9. 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 underlying earnings per share figure is based on profit adjusted for gains or losses on disposal of property, brand amortisation, restructuring costs, impairment charges and, in the full year to 30 June 2008, an acquisition accounting adjustment. The figure is based on the same weighted average number of shares used in the basic earnings per share calculation above.

	Half year to 31 December 2008 (Unaudited) £'000	Half year to 31 December 2007 (Unaudited) Restated £'000	Year to 30 June 2008 (Audited) £'000
Net profit attributable to equity holders of the parent	1,737	3,115	7,315
	Half year to 31 December 2008 000s	Half year to 31 December 2007 000s	Year to 30 June 2008 000s
Basic weighted average number of shares	36,134	35,993	36,063
Dilutive potential ordinary shares - employee share options	-	92	63
Diluted weighted average number of shares	36,134	36,085	36,126
Reconciliation to underlying earnings per share:			
	Half year to 31 December 2008 £'000	Half year to 31 December 2007 Restated £'000	Year to 30 June 2008 £'000
Continuing operations:			
Profit before taxation	2,656	4,383	9,989
Less: profit on disposal of property	-	(990)	(1,240)
Add: brand amortisation & acquisition accounting adjustments	120	85	428
Add: restructuring costs	396	150	465
Add: impairment charges	354	-	-
Underlying profit before taxation	3,526	3,628	9,642
Tax at underlying group rate of 30% (2007: 31%; 2007/08: 31.4%)	(1,058)	(1,125)	(3,032)
Underlying earnings	2,468	2,503	6,610
Underlying earnings per share	6.8p	7.0p	18.3p

10. Movement in net borrowings

	Cash and bank overdrafts £'000	Bank loans £'000	Finance leases and secured loans £'000	Net borrowings £'000
At 1 July 2008	5,529	(14,878)	(18)	(9,367)
Cash flow movements	(6,408)	5,000	8	(1,400)
Non-cash movements	-	(13)	-	(13)
Effect of foreign exchange rate changes	3	-	-	3
At 31 December 2008	(876)	(9,891)	(10)	(10,777)
At 1 July 2007	1,977	(14,860)	(25)	(12,908)
Cash flow movements	1,141	-	4	1,145
Non-cash movements	-	1	-	1
Effect of foreign exchange rate changes	8	-	-	8
At 31 December 2007	3,126	(14,859)	(21)	(11,754)
At 1 July 2007	1,977	(14,860)	(25)	(12,908)
Cash flow movements	3,546	-	14	3,560
Acquisition of subsidiary undertaking	-	-	(7)	(7)
Non-cash movements	-	(18)	-	(18)
Effect of foreign exchange rate changes	6	-	-	6
At 30 June 2008	5,529	(14,878)	(18)	(9,367)

11. Reconciliation of movements in equity

	Half year to 31 December 2008 (Unaudited) £'000	Half year to 31 December 2007 (Unaudited) Restated £'000	Year to 30 June 2008 (Audited) £'000
At beginning of period	30,909	31,430	31,430
New shares issued	-	421	421
Net losses on cash flow hedges	(416)	(249)	(60)
Exchange differences on retranslation of foreign operations	8	8	7
Actuarial (loss)/gain on defined benefit pensions net of tax	(295)	44	(4,721)
Dividends	(2,381)	(2,378)	(3,584)
Profit for the period	1,746	3,125	7,333
Purchase of own shares	(124)	-	-
Share based payments	20	26	8
Tax on share options	-	-	75
At end of period	29,467	32,427	30,909

12. Retirement benefit obligations

The actuarial review of The Alumasc Group Pension scheme was concluded in the period, including recognition of the increased longevity experience of members of the scheme. Together with the actuarial review of the Benjamin Priest scheme completed last year, the group has agreed to make annual cash payments to defined benefit pension schemes of over £4 million per annum to cover ongoing service costs and deficit reduction payments.

13. 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 last annual report. Related Party information is disclosed in note 32 of the 2008 annual report.

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