**TYMAN PLC**
("Tyman" or the "Group" or the "Company")

**PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013**

Tyman plc, a leading international supplier of components to the door and window industry, announces preliminary audited results for the year ended 31 December 2013.

**Financial highlights**

| £'million unless stated | 2013 | 2012 | Change | CC LFL (1) |
|---|---|---|---|---|
| Revenue | **298.1** | 228.8 | **+ 30.3 %** | *+ 6.3 %* |
| Underlying Operating Profit (2) | **32.3** | 23.0 | **+ 40.9 %** | *+ 0.3 %* |
| Underlying EPS (2) | **13.71p** | 10.31p | **+ 33.0 %** | |
| Dividend per share | **6.00p** | 4.50p | **+ 33.3 %** | |
| Underlying Net Debt | **80.9** | 37.0 | **+ 118.9 %** | |
| Leverage ratio | **1.81x** | 1.22x | | |
| Return on Average Capital Employed | **9.0 %** | 7.2 % | **+ 180 bps** | |

*All numbers stated are from continuing operations i.e. the 2012 comparatives exclude Gall Thomson and Composite Doors.*

1. *CC LFL = Constant Currency Like for Like.*
2. *2012 comparative stated before Peterlee property releases and restated for IAS 19 (as amended).*

**Statutory financial highlights**

| £'million unless stated | 2013 | 2012 | Change |
|---|---|---|---|
| Profit/(Loss) before taxation | **0.8** | (25.8) | + 103.1 % |
| Basic EPS | **0.63p** | (17.07)p | + 103.7 % |

*All numbers stated are from continuing operations i.e. the 2012 comparatives exclude Gall Thomson and Composite Doors.*

**Business highlights**

- Successful integration of Truth into Amesbury under a single management team
- Truth overall synergy target increased to US$8.0 million from 2015 with US$5.0 million now expected to be delivered in 2014
- Truth earnings enhancing in 2013 and generated a return greater than the Group's cost of capital in the first six months – both significantly earlier than expected
- Good trading performance from Amesbury and Truth against a backdrop of improving market conditions in the United States
- Leverage ratio back within core target range of 1.50x to 2.00x within six months of transaction completion and strong Operating Cash Conversion of 111.9 per cent.
- Strong performance from Grouphomesafe with good contributions from Fab & Fix and ERA

- Difficult end markets combined with investment in manufacturing footprint and management structures led to a small loss in Schlegel International in 2013
- Name change to Tyman plc and move to the Main Market during the year

**2014 Trading and corporate activity**

- The current year has started well and in line with our expectations across each of the Divisions
- Acquisition of Vedasil Brasil completed 26 February 2014

**Louis Eperjesi, Chief Executive, commented:**

"This has been a further year of transformation for Tyman during which we have made significant operating, financial and strategic progress across each of our Divisions.

"The acquisition of Truth, combined with the swift integration into Amesbury under a unified management team, provides the Group with a strong platform for further growth in North America. Since the year end we have completed the acquisition of Vedasil Brasil, giving us a seal manufacturing platform in South America for the first time.

"The current year has started well and in line with our expectations across each of the Divisions. Continued recovery in our key end markets, combined with share gains and the delivery of further synergy benefits in North America underpin our confidence for the future."

Enquiries:

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|---|---|
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| | |
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| Nick Hayns | |

Tyman will host an analyst presentation at 09:30am on Tuesday 11th March 2014 at the offices of MHP Communications, 60 Great Portland Street, London, W1W 7RT.

**Conference Call Dial In Details**

| | |
|---|---|
| UK Toll Number: | 020 3139 4830 |
| UK Toll-Free Number: | 080 8237 0030 |
| Participant PIN Code: | 91320001# |

**Playback Numbers**

| | |
|---|---|
| UK Toll Number: | 020 3426 2807 |
| UK Toll-Free Number: | 0808 237 0026 |
| Participant PIN Code: | 646593# |

**Forthcoming dates**

| | |
|---|---|
| Annual General Meeting | 16 May 2014 |
| US Analyst and Investor Site Visit | 19 – 21 May 2014 |
| Interim Results Announcement | 29 July 2014 |

**CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT**

We are delighted to report that 2013 has been another year of significant progress for Tyman plc.

During 2013 the Group has made further strides towards our strategic aim of becoming the leading supplier of components to the door and window industry and, following the acquisition of Truth, we are now the leading player in the North American residential window and door components market.

This progress has been achieved through a combination of organic growth in our core US and UK businesses of Amesbury and Grouphomesafe, together with the acquisition of Truth - which has increased the size of our North American business by approximately 40 per cent.. As expected, Schlegel International had a more challenging year, reflecting difficult markets and the necessary investment made in consolidating its manufacturing footprint and management structures; however we are confident that we now have the right platform for growth.

Truth has made a strong contribution to the Group in the first six months of our ownership, despite Canadian market activity levels that were much lower than in recent years, giving us confidence for further improvements over the course of 2014.

Tyman has gone through a great deal of change over the course of the last four years and particularly in the last 12 months. The change of name in February of 2013 heralded the start of a significant period of corporate activity for the Group involving the raising of new debt and equity to finance the acquisition of Truth, the move from AiM to the Main List of the London Stock Exchange and the integration of Truth into our North American business. Since the year end we have also completed the acquisition of Vedasil Brasil.

**Corporate developments and strategy**

Four years ago we set out a clear strategy outlining the actions that we would seek to take to reshape the Group and rebuild confidence with each of our stakeholders.

A key element of that strategy was to develop our portfolio of products in our principal markets. In line with that strategy, we announced our intention to acquire Truth, the leading North American manufacturer of casement hardware, in May 2013. This transaction greatly extended our product offering, enabling us to offer a full range of components to our customer base, as well as bringing us an operating facility in Canada for the first time.

The acquisition completed on 3 July 2013, and we have been pleased with the progress made towards the integration of the two businesses, as a result of the commitment of teams from both Amesbury and Truth. Substantial progress has been made with regard to the delivery of synergies identified at the time of the acquisition, such that we now have significantly upgraded these synergy targets by some 60 per cent.. We now have a single leadership team for our North American business, comprising individuals drawn from both Truth and Amesbury and a combined sales and marketing organisation under the leadership of an external hire.

Over the past 12 months we have strengthened the organisational and management structures in each of our Divisions to reflect the increased size of the Group and to accord with the greater scope and potential of the enlarged businesses. The extent to which we have deepened and strengthened our management team across the Group is best illustrated by the fact that nearly half of the individuals who were awarded LTIP grants in 2013 joined Tyman, whether through acquisition or through recruitment, since the date of the last grant in July 2012.

**Trading performance**

Throughout this transformational period, our core businesses have continued to deliver a solid performance and we have grown our market shares in both the USA and the UK.

For 2013 we have reported a 30.3 per cent. increase in Revenue and a 40.9 per cent. increase in Underlying Operating Profit. Underlying earnings per share have increased by 33.0 per cent. to 13.71 pence and the Truth acquisition was earnings enhancing in the first six months of ownership.

The Group as a whole has delivered a material improvement in its Return on Average Capital Employed of 180 basis points to 9.0 per cent., with Truth making a positive contribution in the first six months of ownership, much earlier than we expected at the time of its acquisition.

Our Cashflow performance in the year was excellent, with the Group's Leverage of 1.81x at the year end being significantly below the expected Leverage of 2.00x we announced at the time of the acquisition, and well within our core target range of 1.50x to 2.00x. Operating Cash Conversion of 111.9 per cent. (2012 restated: 83.6 per cent.), reflects the tight management of the working capital cycle by the Divisions despite the increased investments in capital expenditure made during 2013.

**Dividend**

The Board considers the dividend to be an important component of shareholder returns and accordingly, is recommending a final dividend for 2013 of 4.50 pence per share (2012: 3.50 pence per share) which, together with the interim dividend of 1.50 pence per share, gives a total dividend for the year of 6.00 pence per share (2012: 4.50 pence per share).

This represents an increase of 33.3 per cent. over the prior year and a cover of approximately 2.29x in relation to our 2013 Underlying earnings per share - in line with our policy of cover of between 2.00x and 2.50x through the cycle.

**2014 Priorities**

Our key priorities for 2014 are as follows:

1. Completion of the integration of Amesbury and Truth into a single customer facing organisation, along with delivery of our revised synergy targets.
2. Evaluation of our footprint in our developed markets to ensure that it is appropriate for the medium term needs of the business, taking into account opportunities for near shoring of those products best made or sourced close to the point of consumption.
3. Continuing to encourage strong communication, consistency of approach and standards of excellence across each of the Divisions. For our end customer, wherever they are located, this should mean the availability of a differentiated

product offering at an appropriate price, delivered to specification, on time and in full.

4. Key financial objectives for each of our Divisions in 2014 remain centred on sustained margin improvement and cash generation along with continued growth in the Group's average return on capital. We expect developed markets will see pricing opportunities arise as markets and volumes recover.

5. Continued investment in and improvement of the businesses; in particular in the areas of new product development, people, supply chain and capital projects with a focus on automation and lean manufacturing to ensure we differentiate ourselves from our competitors.

6. Supplementing our organic and self-help initiatives through our active acquisition programme, prioritising European markets where we currently have a limited hardware range and emerging markets where market position can best be obtained through acquisition.

**Outlook**

The current year has started well and in line with our expectations across each of the Divisions. Currency movements are expected to have a greater impact on reported numbers in 2014 than in recent years however continued recovery in our key end markets, combined with market share gains and the delivery of further synergy benefits in North America, underpin our confidence for the future.

We expect continued improvement in our North American markets this year with new build in the US forecast to increase further, supported by a continued gradual acceleration in repair and remodelling expenditure. The Canadian market is forecast to be flat in 2014, which would be a significant improvement compared with the decline seen in 2013. Delivery of our synergy targets, together with opportunities for market share gain should lead to further growth and good momentum in North America this year.

The first two months have seen extreme weather conditions in North America, however despite this our businesses have traded ahead of the equivalent period in 2013, giving us confidence that once weather conditions improve, the recovery in the overall market seen in 2013 should continue.

Coming into this year, there appears to be greater confidence in the sustainability of the recovery in the UK and, for the first time in a number of years, we are forecasting growth for the UK market. In 2014, we will aim to increase Grouphomesafe's market share through organic growth and new product introductions, together with a more structured approach to the distribution market. The first two months have seen continued good momentum in our UK businesses.

For Schlegel International, 2014 should see an improved performance as the investments we have made to date start to deliver. Material profit improvement however will depend on significantly increased volumes, which in turn will depend on a sustained recovery in European markets, which are not expected to come through until at least 2015. Trading in the first two months is marginally ahead of the equivalent period last year. We expect continued growth in Australasia, South East Asia and Brazil where the acquisition of Vedasil Brasil gives us a market leading position and local manufacture for the first time.

In conclusion we would like to thank all Tyman's employees, especially those who have joined the Group in the past year, for the substantial efforts they have made to deliver these results, in what has been a very exciting and challenging year.

In 2014, we look forward to delivering further significant progress.

Jamie Pike
**Non Executive Chairman**

Louis Eperjesi
**Chief Executive Officer**

**OPERATIONAL REVIEW**

**NORTH AMERICA**

**Markets**

The housing market in the USA continued to recover through 2013 with residential housing starts up 18.3 per cent. in the year to 923,400 and completions (our most relevant in year indicator) up 17.4 per cent. to 762,200. Single family housing starts increased by approximately 15.4 per cent. across the year and completions by 17.6 per cent.. Repair and remodelling saw the first signs of a return to sustained growth in the second half of the year and overall we believe the USA market for our products improved by approximately 8.0 per cent. in 2013.

The Canadian market was more difficult in 2013. The first half of the year saw total housing starts fall by 16.8 per cent. and single family starts fall by 9.7 per cent.. The second half of the year was stronger than the first with a degree of recovery and, over the year as a whole total housing starts fell by some 12.5 per cent. with single family starts down 8.1 per cent.. Overall, we believe that the Canadian market for our products contracted by approximately 10.0 per cent. in 2013.

**AMESBURY**

| £'million except where stated | 2013 | 2012 | Change | CC LFL |
|---|---|---|---|---|
| Revenue | **132.4** | 118.6 | **+ 11.6 %** | *+ 10.2 %* |
| Underlying Operating Profit | **14.6** | 11.5 | **+ 26.6 %** | *+ 25.0 %* |
| *Underlying Operating Margin* | ***11.0 %*** | *9.7 %* | ***+ 130 bps*** | |

| $'million except where stated | 2013 | 2012 | Change | LFL |
|---|---|---|---|---|
| Revenue | **207.1** | 188.0 | **+ 10.2 %** | *+ 10.2 %* |
| Underlying Operating Profit | **22.8** | 18.2 | **+ 25.0 %** | *+ 25.0 %* |
| *Underlying Operating Margin* | ***11.0 %*** | *9.7 %* | ***+ 130 bps*** | |

**Performance**

Amesbury's revenues increased by some 10.2 per cent. to US$207.1 million (2012: US$188.0 million) with consistent gains across all product lines and strong performance from our hardware and sealing products in particular. Underlying Operating Profit increased by 25.0 per cent. to US$22.8 million (2012 restated: US$18.2 million) and Underlying Operating Margins improved from 9.7 per cent. to 11.0 per cent..

We saw particularly strong growth in year from the mid to large customer range with those customers who have vinyl offerings in their portfolio demonstrating incremental volume growth compared with the higher end timber window manufacturers. We continued to grow our commercial presence during the year with a number of new customer wins and made further progress in Canada.

**Business developments**

During the year we announced the reorganisation of Amesbury into a functional structure as a precursor to the integration of Truth. We implemented our new ERP system for the first time at our Foamtite plant in Amesbury MA and completed the integration of the Unique balance business into our Statesville plant.

**TRUTH**

**Statutory Segmental Results for the six months under Tyman ownership**

| £'million except where stated | Six months ending Dec 2013 | Dec 2012 | Change | CC LFL |
|---|---|---|---|---|
| Revenue | **42.9** | 40.7 | **+ 5.4 %** | + 4.0 % |
| Underlying Operating Profit | **7.7** | 6.0 | **+ 28.3 %** | + 26.6 % |
| *Underlying Operating Margin* | ***17.9 %*** | *14.7 %* | ***+ 320 bps*** | |

| $'million except where stated | Six months ending Dec 2013 | Dec 2012 | Change | LFL |
|---|---|---|---|---|
| Revenue | **67.1** | 64.5 | **+ 4.0 %** | + 4.0 % |
| Underlying Operating Profit | **12.0** | 9.5 | **+ 26.6 %** | + 26.6 % |
| *Underlying Operating Margin* | ***17.9 %*** | *14.7 %* | ***+ 320 bps*** | |

**Performance under Tyman ownership**

Truth had a strong first six months under Tyman ownership. Despite slower growth in revenues than Amesbury, a function of a greater proportion of the business being weighted towards Canada, Truth delivered a significant improvement in its operating profit and margins with no loss of momentum in the business as a result of the acquisition.

In the period since completion, Truth reported revenues of US$67.1 million (2012: US$64.5 million) and Underlying Operating Profit of US$12.0 million (2012: US$9.5 million) after allocation of Tyman central costs of approximately US$1.1 million. The reported performance for Truth in the six months benefitted from US$0.9 million of early delivery of synergies, as discussed further in the integration section below.

**Segmental Results for the year as a whole excluding central cost allocations**

| $'million except where stated | Twelve months ending Dec 2013 | Dec 2012 | Change |
|---|---|---|---|
| Revenue | **130.2** | 126.0 | **+ 3.3 %** |
| Underlying Operating Profit | **23.4** | 18.6 | **+ 25.6 %** |
| *Underlying Operating Margin* | ***18.0 %*** | *14.8 %* | ***+ 320 bps*** |

**Performance in 2013**

Across the year as a whole Truth's revenues increased by 3.3 per cent. to US$130.2 million (2012: US$126.0 million), with 8.2 per cent. growth in US revenues offset in part by revenue declines of around 8.8 per cent. in Canada where we believe the business performed better than the market. Truth's Underlying Operating Profit, before allocation of Tyman central costs, improved by 25.6 per cent. to US$23.4 million (2012: US$18.6 million) with Underlying Operating Margins for the year increasing by over 300bps compared with 2012.

## Business developments

Truth has continued to invest in the automation of its manufacturing processes to improve the operational environment for employees, increase production capacity, reduce costs and to optimise plant layouts. Four automation projects were commissioned and delivered during 2013 and a further four projects are scheduled for delivery by the summer of 2014.

## Integration and structure

In our first six months of ownership, we have made considerable progress with the integration of Truth into the Amesbury business. On completion we formed an integration steering committee comprising the CEO and CFO of Tyman and the two CEO's of Amesbury and Truth, to co-ordinate and direct the integration process. We also established a clear integration plan with allocated milestones and responsibilities cascaded down the organisations.

This level of focus has enabled us to commence the delivery of synergy benefits earlier than expected, with some US$0.9 million of cost synergies delivered in the first six months of ownership. In addition we have revised our synergy targets and now expect to deliver US$5.0 million of synergies in 2014 and a total of US$8.0 million of synergies in 2015 - an increase of 60 per cent. over our original 2015 synergy target.

Since the acquisition, we have made substantial changes to the operational footprint of the Truth sites in North America. Two external warehouses in Owatonna have been closed, with one sold and the other handed back at the end of the lease term. In Toronto a new lease on a reduced and more appropriate footprint was entered into from the start of 2014.

From January 2014, Amesbury and Truth have been combined as a single business, with Amesbury as the umbrella brand for all our North American businesses and Truth designated as our premium North American hardware brand. We now have a single leadership team for our North American business, comprising individuals drawn from both Truth and Amesbury, and a combined sales and marketing organisation under the leadership of an external hire.

## North American outlook

We expect to see further recovery in the USA new build market in 2014, supported by the continued gradual acceleration in repair and remodelling. The Canadian market is expected to be broadly flat in 2014 compared with 2013. Delivery of our synergy targets, together with opportunities for market share gain, should lead to further growth and good momentum in North America this year.

2014 initiatives include the completion of the integration process for Amesbury and Truth, further ERP implementations across a number of sites, the commencement of targeted automation projects within Amesbury and a structured evaluation of our medium term North American manufacturing footprint.

## GROUPHOMESAFE

| £'million except where stated | 2013 | 2012 | Change | LFL |
|---|---|---|---|---|
| Revenue | **86.0** | 73.3 | **+ 17.3 %** | *+ 3.9 %* |
| Underlying Operating Profit | **10.5** | 9.0 | **+ 17.0 %** | *+ 0.1 %* |
| *Underlying Operating Margin* | ***12.2 %*** | *12.2 %* | ***Flat*** | |

### Market

After a slow first quarter, the UK market saw good momentum across the remainder of the year.  New build activity in 2013 increased by approximately 23.0 per cent. and RMI, which comprises substantially all of the UK market, increased by an estimated 4.5 per cent..  Overall, we believe that the market for our products grew by approximately 5.0 per cent. in the year, which was significantly ahead of our expectations coming into 2013.

### Performance

Grouphomesafe had a strong year with good financial performance backed up with significant market share gains in hardware.

Revenues in the UK increased by 17.3 per cent. to £86.0 million (2012: £73.3 million). On a like for like basis, revenues in the UK increased by 3.9 per cent. to £76.2 million (2012: £73.4 million).  Lower steel pricing through the year at our reinforcer business impacted our reported revenues somewhat, however we saw strong gains in volumes across all of our UK hardware businesses.

Underlying Operating Profit increased by 17.0 per cent. to £10.5 million (2012: £9.0 million) reflecting a full year contribution from Fab & Fix and our continued focus on margin management across the Grouphomesafe portfolio.  Reported like for like profitability is affected by the fact that overall synergy benefits arising from the integration of Fab & Fix into Grouphomesafe have all been captured in Fab & Fix rather than spread across the whole of Grouphomesafe’s operations.

We reported good growth at ERA, Fab & Fix and Balance - with notable share gains in the door hardware segment where we benefitted from being able to sell the high quality Fab & Fix product to a wider customer base.

Our routes to market saw solid performance from the builders merchants and the signs of recovery from our core OEM fabricator customers.  The general distribution channel was broadly flat in the year following our exit from low margin retail distribution business in 2012.

Ventrolla, our sash window refurbishment business, repurchased one further franchise during the year and has an encouraging pipeline of projects for 2014.

### Business developments

During the year we completed the integration of Fab & Fix into Grouphomesafe, with Fab & Fix now positioned as the premium quality product within our portfolio and with a single salesforce.

We moved certain legacy hardware products out of individual sites to consolidate elements of our general hardware offer at our Wolverhampton distribution site and closed our small distribution centre in Falkirk.

We have also continued to improve our supply chain, identifying and pre-qualifying a number of additional potential manufacturing partners in the Far East, and have diversified the Fab & Fix supplier base; which was a key objective identified at the time of acquisition.

**UK outlook**

Coming into this year, there appears to be greater confidence in the sustainability of the recovery in the UK and, for the first time in a number of years, we are forecasting growth for the UK market.

2014 initiatives include the development of a full service e-commerce platform for the UK market, the completion of the integration of Fab & Fix, further rationalisation of obsolete SKUs as we refine the product offering, a number of new product launches and further investment in the supply chain. We also intend to target the distribution sector in a more structured manner in 2014 and we continue to evaluate our UK footprint.

**SCHLEGEL INTERNATIONAL**

| **£'million except where stated** | **2013** | **2012** | **Change** | **CC LFL** |
|---|---|---|---|---|
| Revenue | **36.8** | 36.8 | **(0.1) %** | *(1.6) %* |
| Underlying Operating Profit | **(0.4)** | 2.5 | **(116.0) %** | *(116.5) %* |
| *Underlying Operating Margin* | ***(1.1) %*** | *6.7 %* | ***(780) bps*** | |

**Market**

European markets were very subdued in 2013 with the key geographies of Northern and Eastern Europe all showing significant declines. Adverse weather conditions in Q1, general destocking of inventories and lack of end user demand meant that the sales environment was particularly challenging. The market in Australia saw a strong first half, however eased off somewhat in the second half to end the year broadly flat. The Brazilian market continued to perform strongly in the year and we believe the market improved by around 15.0 per cent. in 2013.

**Performance**

Schlegel's revenues decreased by some 1.6 per cent. on a constant currency basis to £36.8 million (2012: £37.4 million), with difficult trading in Europe offset in part by stronger performances in Brazil and Australia. These difficult trading conditions, combined with the impact of the factory moves undertaken in the first quarter and the investment made in the business, meant that Schlegel only broke even at the operating level and made a small loss after the allocation of central costs.

Quarter by Quarter Revenue performance in each of Schlegel's key geographies is broken out in the table below.

| **Country** | **Q1 2013** | **Q2 2013** | **Q3 2013** | **Q4 2013** | **Year on Year** |
|---|---|---|---|---|---|
| Germany | (14)% | (16) % | (19) % | + 8 % | (12) % |
| Italy | (1)% | + 16 % | + 24 % | + 97 % | + 31 % |
| France | (21) % | (1) % | (10) % | (17) % | (12) % |
| Russia | (27) % | (49) % | + 2 % | + 12 % | (20) % |
| Norway | (21) % | + 11 % | + 4 % | + 4 % | (2) % |
| Poland | (28) % | + 16 % | + 15 % | + 48 % | + 11 % |
| Belgium | (19) % | (26) % | (8) % | (18) % | (18) % |
| Spain | (12) % | (11) % | + 1 % | + 19 % | (2) % |
| Australia | + 16 % | + 16 % | + 9 % | + 4 % | + 11 % |
| Brazil | + 53 % | + 83 % | + 27 % | + 18 % | + 41 % |
| Singapore | (7) % | (12) % | + 17 % | + 4 % | Flat |

All our European geographies had a very tough opening quarter, although as the year progressed trading did improve, with the exceptions of Belgium and France, both of which saw quarter on quarter declines throughout the year. We had a strong 2013 in Italy with good market share gains against a very low base, due to two competitors exiting the marketplace and in Poland new dedicated sales resource on the ground enabled us to win back some lost customers.

Australia had a strong year as a whole, taking market share and benefitting from continued penetration of new products. Brazil had another strong 12 months, with new product introductions in the second half of 2012 giving a boost to first half 2013 comparatives and Singapore had a solid first year as a stand alone entity.

**Business developments**

We made significant changes to the Schlegel International business in 2013. In the first quarter we closed our Belgian Building Products facility and moved production to our Newton Aycliffe and Barcelona plants. These moves give the Group clearly defined centres of excellence for sealing manufacture in Europe. We also recruited a number of new senior managers to the Schlegel team with new hires filling the roles of Sales Director, Development Director and Operations Director, together with a number of new recruits and promotions at individual site locations.

This rebalancing of our European footprint, combined with the strengthening of the Divisional team, positions Schlegel well for growth as and when European markets recover.

Australia saw a number of new hires as well as a reconfiguration of the Sydney facility in order for it to become the Australasian distributor of Truth products from 2014. From 1 January 2013, Singapore was constituted as a separate legal entity, and during the year was moved to a new location reflecting its growing importance to the Division. Again, Singapore will become our South East Asian hub for the distribution of Truth's products.

**Acquisition of Vedasil Brasil**

On 26 February 2014, Schlegel International completed the acquisition of Vedasil Brasil ("Vedasil"), the market leader in the manufacture and supply of pile weatherseals in Brazil.

Established in 1978, Vedasil has grown to be one of South America's leading providers of pile weatherseals. In addition, Vedasil manufactures and supplies polypropylene extruded seals under the Eco-PDM brand and other seal and screen components to the Brazilian door and window market. In 2013, Vedasil reported revenues of approximately BR19.3 million (£5.7 million) and Tyman's existing Brazilian business reported revenues of approximately BR6.6 million (£2.0 million).

Vedasil is based near Valinhos, 90 km from Sao Paulo where Schlegel Brazil is located. We intend to integrate the two businesses at the Valinhos site, under the Schlegel brand, with a management team drawn from both businesses.

We expect that the combination of the two businesses will bring Schlegel International significantly increased opportunities in Brazil and across South America, as well as the advantages of local manufacturing.

**Outlook**

2014 should see an improved performance from the Division as the investments we have made to date start to deliver. Material profit improvement however will depend on significantly increased volumes, which in turn will depend on a sustained recovery in European markets, which are not expected to come through until at least 2015.

Across Europe as a whole we expect to see broadly flat markets in 2014 with some pockets of growth. We expect to see continued improvement in Australian markets, where we will benefit from selling Truth product direct for the first time, and further growth in Singapore and in Brazil where we will benefit from our increased share following the acquisition of Vedasil.

**FINANCIAL REVIEW**

**Revenue and operating profit**

Group revenues increased by 30.3 per cent. to £298.1 million (2012: £228.8 million), in large part due to the consolidation of Truth from the half year and the strong top line performance from Amesbury. On a constant currency, like for like basis, Group revenues increased by approximately 6.3 per cent. year on year.

Gross margins improved by 60 basis points to 33.3 per cent. (2012: 32.7 per cent.), reflecting a full year contribution from Fab & Fix and a six month contribution from Truth, offset by lower gross margins seen in Schlegel International as a consequence of lower European trading levels.

Underlying Administrative Expenses increased by 34.6 per cent. to £66.9 million (2012 restated: £49.8 million), principally reflecting the overhead acquired as part of the Truth acquisition made and the levels of investment made in the business.

Underlying Operating Profit increased by 40.9 per cent. to £32.3 million (2012 restated: £23.0 million), and increased marginally on a constant currency like for like basis; again as a result of the greatly reduced Underlying Operating Profit contribution from Schlegel International.

**Finance costs**

Despite the Group's increased levels of gross indebtedness, interest payable on bank loans and overdrafts decreased slightly to £3.5 million (2012: £3.6 million). This reduction reflects the Group's improved margin grid on both of its facilities and strong cash generation.

The reported net finance costs of £3.5 million (2012: £4.6 million) benefitted from an Exceptional foreign currency gain of £1.2 million which arose on the conversion of the equity proceeds into dollars to finance the acquisition of Truth.

In 2013 the component of the net finance charge that relates to the unwinding of discounts on provisions was negligible (2012: £0.3 million).

**Interest rates**

The Group has entered into interest rate contracts to swap around 41.0 per cent. of the Group's outstanding debt from floating rates to a weighted average fixed rate of 1.1 per cent. until maturity.

As at 31 December 2013, the Group's portfolio of swap contracts at fair value amounted to a liability of £0.8 million (2012: £0.6 million). Any changes in fair value until maturity, classified as an effective hedge, will be recognised directly in other comprehensive income, with only the ineffective portion taken through the income statement.

**Taxation**

The Group incurred a tax credit on profit before taxation of £0.2 million (2012: £3.7 million). Taxation before adjustments for deferred tax rate changes, amortisation and impairment of acquired intangibles and exceptional items amounted to £7.6 million, which represents an effective Underlying rate of 26.7 per cent. (2012 restated: 30.1 per cent.) and the Group paid £6.2 million (2012: £4.9 million) of corporate taxes in the year.

Several factors impact the Group's taxation charge or credit, including:

- The Group's operations are international in nature. In 2013, 67.2 per cent. of the Group's trading profits before central cost allocations were generated in the USA, 32.3 per cent. generated in the UK and 0.5 per cent. in Schlegel International's overseas territories (depressed in 2013 by the trading losses made in Europe). Each Division is therefore exposed to different Country, state and local taxation rates and allowances.
- The Group has a proactive capital investment programme in each of its Divisions. These investments are amortised for tax purposes in accordance with the laws relating to capital allowances in each country, which may not match with the Group's depreciation policy.
- Group companies sometimes generate losses, in 2013 most notably in certain European jurisdictions. Where these losses can be relieved or carried forward to be relieved in future periods, the Group does so in accordance with the relevant laws, however this treatment is broadly dependent on sufficient eligible taxable profits being generated in the relevant jurisdiction.
- Certain losses, most notably those related to the amortisation and impairment of intangible assets and the write off of goodwill arising on acquisition cannot be relieved against taxable profits. As the Group has developed through acquisition, these charges have a material impact on the Group's statutory tax charge as a proportion of pre-tax profits.
- Group share options and LTIPs will generate varying levels of tax relief to the Group dependent on the vesting outcomes of awards and the share price as at the date of vesting. Given the share price appreciation over the life of the 2010 and 2011 awards LTIP tax relief had a material impact on the Group's overall tax charge in 2013.
- The Group does not make material use of special incentive arrangements that might impact the tax charge such as research and development tax credits or patent box structures.

The Group conducts its tax affairs in accordance with the law and arranges its tax affairs in line with its commercial activities worldwide. As such, it follows the terms of double taxation treaties and relevant OECD guidelines in dealing with issues such as transfer pricing, repatriation of profits and the establishment of a taxable presence in countries where it trades. The Group seeks to engage proactively with tax authorities in each of its key jurisdictions in order to ensure that the Group's tax affairs are clearly communicated. As far as practical, the Group aims to keep its legal and commercial structures straightforward in order to reduce risk and minimise compliance costs.

The Group's key transfer pricing arrangements comprise commercial agreements relating to trade between group entities, intra-group financing and the recharging of shared-service administrative costs. Where Group entities do trade with each other, transfer pricing arrangements are appropriate for the territories involved and are enacted on a consistent basis.

**Earnings per share**

Underlying earnings per share increased by 19.3 per cent. to 13.71 pence (2012 restated: 10.31 pence). The increase reflects the improvement in Underlying Operating

Profit from Amesbury and Grouphomesafe, the incremental impact of the Truth acquisition together with early delivery of synergies, the reduction in finance charges, and the slightly lower effective tax rate for the year, offset by the increase in the weighted average number of shares in issue.

Underlying earnings per share for the year were also impacted by the six week delay between the raising of the equity finance and the date of completion of the Truth acquisition.

Ringfenced Underlying earnings per share, excluding the results of the Truth acquisition and associated financing, were 13.02 pence per share; implying that the Truth transaction was earnings enhancing in the first six months of ownership – again well ahead of schedule.

Basic earnings per share from continuing operations was 0.63 pence (2012 restated loss per share: 17.07 pence).

**Dividends**

A final dividend of 4.50 pence per share (2012: 3.50 pence), equivalent to £7.5 million, will be proposed at the Annual General Meeting. In 2013 the Group declared and paid an interim dividend of 1.50 pence per share (2012: 1.00 pence per share).

The total dividend declared for the 2013 financial year is therefore 6.00 pence per share (2012: 4.50 pence per share), an increase of 33.3 per cent. which equates to dividend cover of 2.29x.

In accordance with IFRS, only dividends paid during the year have been charged in the 2013 financial statements.

**Exceptional items**

| | **2013 £'000** | **2012 £'000** |
|---|---|---|
| Transaction costs associated with M&A Activity | **4,515** | 966 |
| Truth integration costs | **1,434** | - |
| Write-off of Truth inventory fair value adjustment | **2,304** | - |
| Redundancy, restructuring, inventory obsolescence alignment and warranty costs | **2,650** | 1,608 |
| | **10,903** | 2,574 |

Exceptional items of £10.9 million were incurred during the year (2012: £2.6 million). These charges are regarded by the Group as exceptional as they are significant and non-recurring in nature. The exceptional items principally concern the acquisition of Truth, the associated transaction costs – including anti-trust fees - and the costs associated with the integration.

Of the £1.4 million Truth integration costs, £0.9 million comprise non-cash write downs of discontinued products and product lines.

The Write-off of Truth inventory fair value adjustment relates to the IFRS requirement that finished goods held in inventory must be revalued to their market value on acquisition. As the inventory acquired at the date of acquisition has been substantially sold in the subsequent six months, this uplift in the book value has been written off as exceptional as the cost is considered to be of a one-off nature and is of a magnitude that would distort the underlying trading result of Truth in the period.

Redundancy, restructuring, inventory obsolescence alignment and warranty costs primarily relate to the restructuring of the European footprint and the changes made to the North American management team. They also include a charge of £0.8 million relating to changes made to the Group's provision estimate for slow-moving inventory held for greater than one year and followed a review of the Group's overall inventory provisioning methodology undertaken on acquisition. The Group believes that aligning Tyman's inventory obsolescence calculation with that of Truth is appropriate given the enlarged Group's experience of slow-moving and obsolete inventory.

**Materials and input costs**

The raw material pricing backdrop was more benign in 2013 than we had expected coming into the year. We track the pricing of all raw materials closely within the Divisions in order to ensure we are procuring at the best price for the quantities we consume. Within each major category of purchase we also monitor weekly at a Group level the direction of pricing of certain specific purchases - UK galvanised steel, European polypropylene and USA zinc. Each of these key raw materials will also form a significant part of the raw materials that go into the manufacture of those products we source from third parties.

Steel (pro forma Group 2013 purchases: c. £31.0 million) is our largest raw material purchase across a number of different types and grades. Within this category, pricing of UK galvanised steel increased by c. 4.0 per cent. in the year. Oil derivatives (2013 purchases: c. £26.0 million), are key to the manufacture of our seal, extrusion and injection moulded products. Within this category, European polypropylene pricing increased by approximately 1.0 per cent.. Zinc (pro forma 2013 purchases of raw materials and components: c. £8.0 million) has increased significantly as a raw material and component for the Group since the acquisition of Truth. In addition, we purchase around £12.0 million of zinc based hardware from third party suppliers. Within this category, USA zinc pricing decreased by approximately 1.0 per cent. in the year.

In addition, we track closely the pricing of a representative basket of those products we source from the Far East into the UK - which will be influenced by local labour and overhead rates, raw material price changes and the exchange rate. Over the course of 2013, the pricing of the basket decreased slightly - with the strengthening of the pound masking significant underlying local inflation.

We were broadly successful with our continued policy of full input cost recovery; other than in Europe where overall market conditions in 2013 were not conducive to price recovery beyond raw material cost increases.

**Acquisitions**

The Group acquired Truth on 3 July 2013 for a consideration of US$204.7 million. The total costs of acquiring Truth were £8.2 million, of which £2.4 million related to the raising of equity finance and have been offset against share premium and £1.5 million related to bank facility arrangement fees which will be amortised over the two year life of the facility. The remaining £4.3 million of costs relating to the Truth acquisition are included within exceptional items.

Annualised Returns on Acquisition Investment ("ROAI") for the three businesses of size acquired since 2011 are as follows:

| | Date of Acquisition | Original Acquisition Investment '000 | ROAI in 2013 | Annualised ROAI since date of Acquisition |
|---|---|---|---|---|
| Overland | Dec 2011 | $16,493 | 14.8% | 9.9% |
| Fab & Fix | Aug 2012 | £15,217 | 20.4% | 18.1% |
| Truth [(1)] | Jul 2013 | $206,438 | 13.7% | 13.7% |

(1) Truth ROAI for 2013 has been annualised.

The Group requires that all acquisitions target an annualised ROAI greater than 15 per cent. in the first two years following acquisition.

While Overland has not achieved the target in this timeframe, it had a much improved second year under our ownership, generating a ROAI close to the target level, and stampings remain a core part of our North American product offering. Fab & Fix has performed very strongly for the Group since acquisition and has already significantly exceeded the required return threshold within 18 months of acquisition. Truth has made a strong contribution in its first six months and looks well positioned to exceed the required return within 12 months of the date of acquisition.

**Amortisation and impairment of acquired intangible assets**

Amortisation of £16.6 million (2012: £10.8 million) represents the annual charge relating to the Group's intangible assets, with the increase due to the first six months amortisation of the intangible assets created as a result of the Truth acquisition. In 2012, alongside various adjustments to intangibles and goodwill relating to discontinued operations, we also recorded an accelerated amortisation charge of £12.6 million and an impairment charge of £20.3 million.

In accordance with accounting standards, the Board has reviewed the carrying value of goodwill and other intangible assets across the Group in the light of current trading and prospects and progress towards achieving the Divisions' strategic plans. The Board concluded that the carrying value of goodwill and other intangible assets remained appropriate and that no impairment had occurred.

**Segmental analysis**

During 2013, the Board, in its capacity as the Group's Chief Operating Decision Maker, reviewed the continuing appropriateness of the Group's operating segment disclosures. The Group operates through three clearly defined Divisions – Amesbury, Grouphomesafe and Schlegel International - each headed up by a Divisional CEO and each reporting to the Board, via the CEO and CFO, on a regular basis. Accordingly, the Board has concluded that the most appropriate segmental analysis for stakeholders is based on the three reporting Divisions with an allocation of Group central overheads made to each Division.

For 2013, the Board believes that it is appropriate that Truth should be disclosed as an additional segment given its size and the fact that throughout the year it was managed as a stand alone entity with its own CEO and management team.

From January 2014, our North American businesses have been managed as a single entity with an integrated management team. Accordingly Truth has been incorporated into the Amesbury operating segment from the start of 2014 and the 2014 Results will therefore not include Truth as a distinct operating segment.

In the opinion of the Board there is no material difference between the Group's operating segments and segments based on geographical splits. Accordingly the Board does not consider geographically defined segments to be reportable.

**Liquidity and covenant performance**

At 31 December 2013 the Group had gross outstanding borrowings of £124.6 million (2012: £72.8 million), cash balances of £43.6 million (2012: £35.9 million) and undrawn working capital facilities of £29.7 million (2012: £29.6 million).

Underlying net debt was £80.9 million (2012: £37.0 million). Under IFRS, which reduces gross debt by the unamortised portion of finance arrangement fees, net debt at the year end was £78.7 million (2012: £35.2 million).

At the year end, the Group had headroom on its banking covenants ranging from 39.5 per cent. to 60.5 per cent.. Leverage, calculated on the same basis as our banking covenant tests, was 1.81x (2012: 1.22x), well within our target range of 1.50x to 2.00x and significantly ahead of the 2013 year end Leverage target of 2.00x that we announced at the time of the Truth acquisition.

The Group maintains sufficient cash balances and undrawn borrowing facilities to finance all investment and capital expenditure included in its strategic plan, with an additional margin for contingencies.

**Shares in issue**

The acquisition of Truth was part funded through a fully underwritten placing and open offer of 32.8 million shares, which increased the total number of shares in issue to 170.1 million. The basic weighted average number of shares in issue for 2013 was 152.8 million (2012: 129.6 million) and the fully diluted weighted average number of shares in issue for 2013 was 155.1 million (2012: 131.8 million). As at 31 December 2013 the Group had 0.6 million shares in Treasury (2012: 7.4 million) and the Tyman Employee Benefit Trust held 2.2 million shares (2012: 0.9 million).

**Cash flow**

The Group saw very strong conversion of profit into cash during the year, with Operating Cash Conversion of 111.9 per cent. (2012 restated: 83.6 per cent.), reflecting the tight management of the working capital cycle by the Divisions and despite the increased investments in capital expenditure made during 2013.

**Capital expenditure**

In 2013 we continued our programme of targeted investment across each of the businesses. Overall net capital expenditure increased to £8.1 million (2012: £6.8 million) or 1.3x depreciation with notable projects including the reconfiguration of our UK distribution centre at EWS, the factory moves in Europe and North America and further investment in automation projects at Truth.

Of this amount, intangible capital expenditure comprised £1.3 million (2012: £1.4 million) principally as a result of our investment in Amesbury's ERP system.

**Working capital**

We retained our strong focus on management of working capital within each of the Divisions, with the aim of achieving an appropriate balance between commercial priorities and financial efficiency. Each Division is allocated specific cash targets which are monitored throughout the year and flexed according to demand levels and the Divisions are encouraged to seek out opportunities to secure permanent reductions in working capital.

Despite increased levels of trading and the impact of the Truth acquisition, the overall movement of working capital in 2013 was a net cash inflow of £12.4 million (2012: £2.3 million) of which US$13.9 million related to Truth, which was acquired at the peak of its working capital cycle. While we will need to work through a complete 12 month trading cycle at Truth before drawing absolute conclusions, we were pleased with the significant reductions in trade working capital we were able to secure at Truth when compared with the prior year end position.

Net trade working capital to revenue at the year end improved by 90 basis points to 13.2 per cent. (2012: 14.1 per cent.). Inventories on the balance sheet increased to £40.7 million as a function of the acquisition (2012: £27.6 million) with inventory turns improving slightly to 4.8x (2012: 4.6x), assisted by targeted inventory reduction programmes that were put in place at a number of sites.

Our credit management processes remained robust with bad debts written off amounting to only 0.1 per cent. of revenues (2012: 0.3 per cent.). Continued proactive management of customer credit, which starts at the point of sale, will remain a priority for the businesses in 2014 as mature markets recover and customers' working capital needs increase.

**Pensions and post retirement medical benefits**

The Group's gross pension and post retirement medical benefit obligations under IAS 19 at 31 December 2013 were £21.1 million (2012: £24.2 million) with the majority of the movement over the course of the year being due to actuarial gains following reassessments of discount rates. The principal schemes are located in North America where the pension scheme is closed to new entrants and post-retirement healthcare benefits are capped.

Cash contributions made to the schemes during the year were £0.9 million (2012: £1.0 million).

The 2013 revision of IAS 19 increased the net pension charge in the income statement for 2013 by approximately £0.4 million, with a corresponding increase in other comprehensive income. The 2012 financials have also been restated to take account of the IAS 19 revision, which increased the comparative's net pension charge in the income statement and reduced the charge to other comprehensive income by £0.2 million.

No Pension or Post Retirement Medical Benefit obligations were transferred to Tyman as a result of the Truth acquisition.

**Property**

On expiry of the lease on the Montreal facility in the first Quarter of 2013, Unique Balance production was transferred to Statesville. In 2013, Schlegel International disposed of approximately one quarter of the surplus Gistel site and is exploring potential options for the remainder of the site.

Our small Falkirk distribution facility was closed during the year. The lease runs until 2016 and efforts are underway to sublet the vacant space.

We have also greatly reduced the footprint of the Truth business since acquisition, as further detailed in the Truth integration section.

Since the year end we have disposed of surplus property in Sioux Falls South Dakota for net cash consideration of US$1.7 million, realising a book profit on disposal of US$0.7 million.

**Summary 2014 guidance**

Underlying tax rates for the Group for 2014 are expected to be c. 27 – 28 per cent. as a result of the continued reductions in the UK corporation tax rate. The final rate for the year will depend on the Group's mix of taxable profits. Cash taxation rates are expected to be broadly in line with the Group's Underlying tax rate.

Capital expenditure for the year is expected to be in the range £10.0 - £12.0 million.

Interest payable on borrowings for the full year under the existing facilities is expected to be c. 3.0 – 3.5 per cent. – dependent on leverage. Subject to market conditions, the Group intends to move a portion of its borrowings into longer dated funds during the course of 2014 in order to diversify its financing structure. This will increase the blended interest rate payable on the Group's borrowings.

Working capital trough to peak for the year is expected to be c. £15.0 million.

2014 exceptional costs in respect of the integration of Truth into Amesbury are expected to be in the range US$1.0 million to US$1.5 million. Cash costs incurred in connection with integration in 2014 are expected to be in the range US$2.25 – US$2.75 million.

LTIP purchases by the employee benefit trust are expected to be £2.0 - £3.0 million.

**Currency**

As an international group, Tyman's reported results will be impacted by exchange rate movements – most notably the US Dollar. Had the Group's 2013 results been reported on the basis of exchange rates as at 28 February 2014, the impact would have been as follows:

**£'million unless stated**

| **Currency** | **US $** | **Euro** | **AUS $** | **Other** | **Total** |
|---|---|---|---|---|---|
| Average Rate 2013 | 1.5646 | 1.1780 | 1.6224 | | |
| Rate at 28 February 2014 | 1.6665 | 1.2179 | 1.8634 | | |
| % movement | (6.5)% | (3.4)% | (14.9)% | | |
| Revenue impact | (7.8) | (0.8) | (1.1) | (0.7) | (10.4) |
| Underlying Operating Profit impact | (0.9) | (0.1) | (0.1) | (0.1) | (1.2) |

The 2014 translational impact on the 2013 Underlying Operating Profit for Amesbury (including Truth for the full calendar year) for a 1 US cent change in the exchange rate would be c. £200,000; a 1 Euro cent change in the exchange rate for the European businesses of Schlegel International would be c. £3,000, and a 1 Australian cent change in the exchange rate for the Australian business of Schlegel International would be c. £10,000. In addition there are transactional exposures for those Divisions that purchase or sell products in currencies other than their functional currency.

The Group aims to mitigate the translational impact of exchange rate movements by denominating a proportion of total borrowings in those currencies where there is a material contribution to Underlying Operating Profit.

**Financial reporting**

This financial information has been prepared under IFRS and in accordance with the Group's accounting policies. There have been no changes to the Group's accounting policies during the year ended 31 December 2013.

**Going concern**

The Directors are confident, on the basis of current financial projections and facilities available, and after considering sensitivities, that the Company and the Group has sufficient resources for its operational needs and will enable the Group to remain in compliance with the financial covenants in its bank facilities for at least the next 12 months. Accordingly the Directors continue to adopt the going concern basis.

**Definitions**

Where appropriate "Underlying" is defined as before amortisation and accelerated amortisation of intangible assets, deferred tax on amortisation and accelerated amortisation of intangible assets, impairment of intangible assets and goodwill, exceptional items, unwinding of discount on provisions, amortisation of borrowing costs and the associated tax effect.

"Underlying Administrative Expenses" is defined as Administrative Expenses before Property provision release, Exceptional items, Amortisation of intangible assets, Accelerated amortisation of intangible assets and impairment of intangible assets and goodwill.

"Underlying Net Debt" is defined as interest bearing loans and borrowings, net of cash and cash equivalents, plus unamortised borrowing costs added back.

"Operational Cashflow" is defined as Net cash inflow from operating activities before Income tax paid, Pension contributions, Proceeds on disposal of property, plant and equipment, and exceptional transaction costs associated with M&A activity, and after Payments to acquire property, plant and equipment and Payments to acquire intangible assets.

"Operating Cash Conversion" is defined as Operational Cashflow divided by Underlying Operating Profit.

"Continuing Operations" is defined as the operations of the Tyman Group excluding Gall Thomson Environmental Limited and its subsidiaries, and the Composite Doors business.

"Return on Acquisition Investment" is defined as Annualised Underlying Operating Profit attributable to the acquired business divided by the Acquisition Enterprise Value less the fair value of controllable capital employed as at the date of acquisition plus the value of controllable capital employed at the date of measurement. The denominator is also adjusted for seasonality where appropriate.

"Acquisition Enterprise Value" is defined as the gross consideration paid to the seller less any cash left in the acquired business plus any debt acquired with the acquired business plus the expenses of the acquisition, excluding financing expenses, plus any integration expenses booked as exceptional items.

"Return on Capital Employed" is defined as Underlying Operating Profit as a percentage of the 12 month average capital employed.

"Leverage" is defined as Underlying Net Debt divided by Adjusted EBITDA. Underlying Net Debt is translated at the average rate for the year. Adjusted EBITDA is Underlying Operating Profit with Depreciation and Share-based payments expenses added back plus the pre-acquisition EBITDA of businesses acquired during the year covering the relevant pre-acquisition period less the EBITDA of businesses disposed of during the year.

"Like for Like" is defined as the comparison of revenues or operating profit, as appropriate, excluding the impact of any acquisitions made during the current year and, for acquisitions made in the comparative year, excluding from the current year result the impact of the equivalent current year pre-acquisition period.

## Exchange Rates

The following foreign exchange rates have been used in the financial information:

| Closing Rates: | 2013 | 2012 |
|---|---|---|
| US Dollars | 1.6490 | 1.6161 |
| Euros | 1.1978 | 1.2227 |
| Australian Dollars | 1.8583 | 1.5581 |

| Average Rates: | 2013 | 2012 |
|---|---|---|
| US Dollars | 1.5646 | 1.5848 |
| Euros | 1.1780 | 1.2329 |
| Australian Dollars | 1.6224 | 1.5307 |

## Roundings

Percentages have been calculated using figures rounded to the nearest thousand extracted from the financial statements, which may lead to small differences in some figures and percentages quoted.

## Tyman plc

## Consolidated income statement for the year ended 31 December 2013

| | Note | **2013 £'000** | 2012 £'000 (Restated) |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 2 | **298,054** | 228,753 |
| Cost of sales | 2 | **(198,758)** | (154,023) |
| **Gross profit** | | **99,296** | 74,730 |
| Administrative expenses | | **(94,985)** | (95,945) |
| **Operating profit/(loss)** | | **4,311** | (21,215) |
| Analysed as: | | | |
| Underlying[1] operating profit | 2 | **32,348** | 22,958 |
| Property provision release | | **-** | 2,021 |
| Exceptional items | 3 | **(10,903)** | (2,574) |
| Amortisation of intangible assets | | **(16,605)** | (10,754) |
| Accelerated amortisation of intangible assets and impairment of intangible assets and goodwill | | **(529)** | (32,866) |
| **Operating profit/(loss)** | | **4,311** | (21,215) |
| Finance income | 4 | **137** | 356 |
| Finance costs | 4 | **(4,925)** | (4,974) |
| Exceptional foreign exchange gain | 4 | **1,271** | - |
| Net finance costs | 4 | **(3,517)** | (4,618) |
| **Profit/(Loss) before taxation** | | **794** | (25,833) |
| Income tax credit | 5 | **162** | 3,700 |
| **Profit/(Loss) for the year from continuing operations** | | **956** | (22,133) |
| **Discontinued operations** | | | |
| Profit for the year from discontinued operations | | **-** | 37,374 |
| **Profit for the year** | | **956** | 15,241 |
| | | | |
| **Basic earnings/(loss) per share** | | | |
| From continuing operations | 6 | **0.63p** | (17.07p) |
| From discontinued operations | 6 | **-** | 28.83p |
| From profit for the year | 6 | **0.63p** | 11.76p |
| | | | |
| **Diluted earnings/(loss) per share** | | | |
| From continuing operations | 6 | **0.62p** | (17.07p) |
| From discontinued operations | 6 | **-** | 28.37p |
| From profit for the year | 6 | **0.62p** | 11.30p |
| | | | |
| **Non-GAAP measure** | | | |
| **Basic earnings per share** | | | |
| Underlying[1] basic EPS from continuing operations | 6 | **13.71p** | 11.49p |
| Underlying[1] basic EPS from discontinued operations | 6 | **-** | 28.95p |
| Total underlying basic EPS | 6 | **13.71p** | 40.44p |
| | | | |
| Underlying[1] profit before taxation from continuing operations | | **28,586** | 21,313 |
| Underlying[1] profit before taxation from discontinued operations | | **-** | 37,225 |
| Total underlying profit before taxation | | **28,586** | 58,538 |

1 Before amortisation and accelerated amortisation of intangible assets, deferred tax on amortisation and accelerated amortisation of intangible assets, impairment of intangible assets and goodwill, exceptional items, unwinding of discount on provisions, amortisation of borrowing costs and the associated tax effect.

## Tyman plc

### Consolidated statement of comprehensive income for the year ended 31 December 2013

| | Note | **2013 £'000** | 2012 £'000 (Restated) |
|---|---|---|---|
| **Profit for the year** | | **956** | 15,241 |
| | | | |
| **Other comprehensive income/(loss):** | | | |
| *Items that will not be reclassified to profit or loss* | | | |
| Remeasurements of post employment benefit obligations | | **2,300** | (1,402) |
| Total items that will not be reclassified to profit or loss | | **2,300** | (1,402) |
| | | | |
| *Items that may be reclassified subsequently to profit or loss* | | | |
| Exchange differences on retranslation of foreign operations | | **(10,566)** | (8,763) |
| Effective portion of changes in value of cash flow hedges | | **(163)** | 92 |
| Total items that may be reclassified subsequently to profit or loss | | **(10,729)** | (8,671) |
| Other comprehensive loss for the year, net of tax | | **(8,429)** | (10,073) |
| **Total comprehensive (loss)/income for the year** | | **(7,473)** | 5,168 |

## Tyman plc

### Consolidated statement of changes in equity for the year ended 31 December 2013

| | Share capital £'000 | Share premium £'000 | Other reserves[1] £'000 | Treasury reserve £'000 | Hedging reserve £'000 | Translation reserve £'000 | Retained earnings £'000 | Total Equity £'000 |
|---|---|---|---|---|---|---|---|---|
| At 1 January 2012 | 6,864 | 101 | 10,389 | (7,014) | (697) | 33,084 | 206,491 | 249,218 |
| Total comprehensive (loss)/income (restated) | - | - | (1,469) | - | 92 | (8,763) | 15,308 | 5,168 |
| Profit for the year (restated) | - | - | - | - | - | - | 15,241 | 15,241 |
| Disposal of subsidiary | - | - | (1,469) | - | - | - | 1,469 | - |
| Other comprehensive income/(loss) | - | - | - | - | 92 | (8,763) | (1,402) | (10,073) |
| Transactions with owners | - | - | - | (1,147) | - | - | (5,350) | (6,497) |
| Share-based payments[2] | - | - | - | - | - | - | 482 | 482 |
| Dividends paid | - | - | - | - | - | - | (5,832) | (5,832) |
| Purchase of treasury shares | - | - | - | (1,147) | - | - | - | (1,147) |
| **At 31 December 2012 (restated)** | **6,864** | **101** | **8,920** | **(8,161)** | **(605)** | **24,321** | **216,449** | **247,889** |
| Total comprehensive (loss)/income | - | - | - | - | (163) | (10,566) | 3,256 | (7,473) |
| Profit for the year | - | - | - | - | - | - | 956 | 956 |
| Other comprehensive (loss)/income | - | - | - | - | (163) | (10,566) | 2,300 | (8,429) |
| Transactions with owners | 1,641 | 63,155 | - | 3,314 | - | - | (5,586) | 62,524 |
| Issue of shares | 1,641 | 69,390 | - | - | - | - | - | 71,031 |
| Share-based payments[2] | - | - | - | - | - | - | 1,453 | 1,453 |
| Dividends paid | - | - | - | - | - | - | (7,039) | (7,039) |
| Sale of treasury shares | - | (6,235) | - | 6,235 | - | - | - | - |
| Purchase of treasury shares | - | - | - | (2,921) | - | - | - | (2,921) |
| **At 31 December 2013** | **8,505** | **63,256** | **8,920** | **(4,847)** | **(768)** | **13,755** | **214,119** | **302,940** |

[1] Other reserves are non-distributable capital reserves which arose on previous acquisitions.
[2] Share-based payments includes a deferred tax credit or £772,000 (2012: £Nil).

## Tyman plc
## Consolidated balance sheet as at 31 December 2013

| | Note | 2013 £'000 | 2012 £'000 (Restated) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Goodwill | 7 | **244,845** | 184,896 |
| Intangible assets | | **109,595** | 73,834 |
| Property, plant and equipment | 8 | **39,942** | 29,785 |
| Deferred tax assets | | **12,102** | 9,774 |
| | | **406,484** | 298,289 |
| **Current assets** | | | |
| Inventories | | **40,668** | 27,558 |
| Trade and other receivables | | **34,473** | 27,269 |
| Cash and cash equivalents | | **43,607** | 35,857 |
| Current tax asset | | **199** | - |
| | | **118,947** | 90,684 |
| **TOTAL ASSETS** | | **525,431** | 388,973 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | **(51,348)** | (32,375) |
| Current tax payable | | **-** | (1,868) |
| Interest-bearing loans and borrowings | 9 | **(6,834)** | (7,521) |
| Derivative financial instruments | | **-** | - |
| Provisions | 10 | **(2,641)** | (2,456) |
| | | **(60,823)** | (44,220) |
| **Non-current liabilities** | | | |
| Interest-bearing loans and borrowings | 9 | **(115,464)** | (63,575) |
| Derivative financial instruments | | **(767)** | (605) |
| Deferred tax liabilities | | **(29,292)** | (11,766) |
| Retirement benefit obligations | | **(7,478)** | (11,230) |
| Provisions | 10 | **(7,100)** | (7,513) |
| Other payables | | **(1,567)** | (2,175) |
| | | **(161,668)** | (96,864) |
| **TOTAL LIABILITIES** | | **(222,491)** | (141,084) |
| **NET ASSETS** | | **302,940** | 247,889 |
| **EQUITY** | | | |
| **Capital and reserves attributable to owners of the Company** | | | |
| Share capital | | **8,505** | 6,864 |
| Share premium | | **63,256** | 101 |
| Other reserves | | **8,920** | 8,920 |
| Treasury reserve | | **(4,847)** | (8,161) |
| Hedging reserve | | **(768)** | (605) |
| Translation reserve | | **13,755** | 24,321 |
| Retained earnings | | **214,119** | 216,449 |
| **TOTAL EQUITY** | | **302,940** | 247,889 |

## Tyman plc

## Consolidated cash flow statement for the year ended 31 December 2013

| | Note | **2013 £'000** | 2012 £'000 (Restated) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/(Loss) before tax - continuing operations | | 794 | (25,833) |
| Loss before tax - discontinued operations | | - | (379) |
| Adjustments | 13 | 28,802 | 50,516 |
| Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation): | | | |
| Inventories | | 759 | 79 |
| Trade and other receivables | | 1,275 | 2,768 |
| Trade and other payables | | 10,363 | (593) |
| Provisions utilised | 10 | (2,232) | (1,911) |
| Pension contributions | | (909) | (1,010) |
| Income tax paid | | (6,209) | (4,862) |
| **Net cash generated from operating activities** | | 32,643 | 18,775 |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchases of property, plant and equipment | 8 | (7,359) | (5,462) |
| Purchases of intangible assets | | (1,286) | (1,355) |
| Proceeds on disposal of property, plant and equipment | | 559 | - |
| Acquisition of subsidiary undertakings, net of cash acquired | 11 | (131,244) | (16,726) |
| Proceeds on disposal of subsidiary undertakings | | - | 67,905 |
| Interest received | | 150 | 309 |
| **Net cash (used in)/generated from investing activities** | | (139,180) | 44,671 |
| | | | |
| **Cash flows from financing activities** | | | |
| Interest paid | | (2,740) | (4,540) |
| Dividends paid | | (7,039) | (5,832) |
| Purchase of treasury shares | | (2,921) | (1,147) |
| Proceeds from issuance of ordinary shares | | 71,031 | - |
| Proceeds from borrowings | | 65,738 | - |
| Repayments of borrowings | | (8,059) | (39,815) |
| Refinancing costs paid | | (1,510) | - |
| Proceeds from drawdown of working capital facility | | 2,642 | - |
| Repayment of working capital facility | | (2,552) | - |
| **Net cash generated from/(used in) financing activities** | | 114,590 | (51,334) |
| | | | |
| **Net increase in cash and cash equivalents** | | 8,053 | 12,112 |
| Exchange losses on cash and cash equivalents | | (303) | (641) |
| Cash and cash equivalents at the beginning of the year | | 35,857 | 24,386 |
| **Cash and cash equivalents at the end of the year** | | 43,607 | 35,857 |

**Tyman plc**
**Notes to the financial information**

## 1. Basis of preparation

Tyman plc ("the Company") and its subsidiaries (together, "the Group") is a leading international supplier of components to the door and window industry. The Group operates facilities in 13 countries worldwide.

The Company is a public limited company. This financial information has been extracted from the Annual Report and audited financial statements for the year ended 31 December 2013, which were authorised by the Board for issue on 11 March 2014.

This information does not constitute statutory accounts within the meaning of s434 of the Companies Act 2006. Statutory accounts for 2012 have been delivered to the registrar of companies and those for 2013 will be delivered in due course. The auditors have reported on those accounts; their reports were (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 principal accounting policies applied in the preparation of this consolidated financial information is consistent with those of the Group's annual financial statements for the year ended 31 December 2012 and have been consistently applied to all the years presented, except for the application of IAS19, 'Employee benefits' that was revised in June 2011. The impact of the amended IAS19 is as follows: Profit before tax was approximately £0.4 million and £0.2 million lower for the full year 2013 and 2012 respectively, with a corresponding pre-tax increase in other comprehensive income. The results for 2012 have been restated. .

The consolidated financial statements of Tyman plc have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS on a going concern basis. The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are consistent with those disclosed in the annual financial statements for the year ended 31 December 2012.

The Directors have, at the time of approving this financial information, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial information.

## 2. Segment information

The reporting segments reflect the manner in which performance is evaluated and resources allocated. During 2013, the Board, in its capacity as the Group's Chief Operating Decision Maker, reviewed the continuing appropriateness of the Group's operating segment disclosures. The Group operates through three clearly defined divisions – Amesbury, Grouphomesafe and Schlegel International – each headed by a divisional CEO and each reporting to the Board via the Group CEO and CFO on a regular basis. Accordingly, the Board has concluded that the most appropriate segmental analysis for stakeholders is based on the three reporting divisions with an allocation of Group central overheads made to each division.

For 2013, the Board considers it appropriate that Truth Hardware ("Truth") be disclosed as an additional segment given its size and the fact that throughout the year it was managed as a stand-alone entity with its own CEO and management team. From 2014, the North American businesses have been managed as a single entity with an integrated management team. Accordingly, Truth has been incorporated into the Amesbury operating segment from the start of 2014. The 2014 results will therefore not include Truth as a distinct operating segment.

Each operating segment broadly represents the Group's geographical focus, being the North American (Amesbury and Truth), United Kingdom (Grouphomesafe) and International (Schlegel International) operations. The Schlegel International segment includes Schlegel Building Products (formerly Linear), the Group's UK-based manufacturer of pile weatherstrip and extrusions.

The following tables present Group revenue and profit and certain assets and liability information regarding the Group's product segments, which have been generated using Group accounting policies, with no differences of measurement applied.

**Revenue**

| | **2013**<br>**£'000** | 2012<br>£'000 |
|---|---|---|
| Amesbury | **132,352** | 118,600 |
| Truth Hardware | **42,900** | - |
| Total North America | **175,252** | 118,600 |
| Grouphomesafe | **86,047** | 73,345 |
| Schlegel International | **36,755** | 36,808 |
| **Total** | **298,054** | 228,753 |

Included within Schlegel International segment are revenues attributable to the United Kingdom of £6,401,000 (2012: £5,483,000).

No revenue from any single customer exceeds 10% of total revenue from continuing operations.

**Result**

| | **2013**<br>**£'000** | 2012<br>£'000 |
|---|---|---|
| Amesbury | **14,562** | 11,506 |
| Truth Hardware | **7,688** | - |
| Total North America | **22,250** | 11,506 |
| Grouphomesafe | **10,496** | 8,972 |
| Schlegel International | **(398)** | 2,480 |
| Underlying operating profit | **32,348** | 22,958 |
| Property provision release | **-** | 2,021 |
| Exceptional items | **(10,903)** | (2,574) |
| Amortisation of intangible assets | **(16,605)** | (10,754) |
| Accelerated amortisation of intangible assets and impairment of intangible assets and goodwill | **(529)** | (32,866) |
| Operating profit/(loss) | **4,311** | (21,215) |
| Net finance costs | **(3,517)** | (4,618) |
| **Profit/(Loss) before tax and discontinued operations** | **794** | (25,833) |

Included within net finance cost are amortised borrowing costs of £382,000 attributable to the acquisition of Truth Hardware.

## Other profit and loss disclosures

| | Depreciation | | Cost of goods sold | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| | **£'000** | £'000 | **£'000** | £'000 |
| Amesbury | **(3,169)** | (2,779) | **(91,560)** | (83,555) |
| Truth Hardware | **(974)** | - | **(27,772)** | - |
| Total North America | **(4,143)** | (2,779) | **(119,332)** | (83,555) |
| Grouphomesafe | **(1,374)** | (1,274) | **(55,966)** | (48,961) |
| Schlegel International | **(820)** | (838) | **(23,460)** | (21,507) |
| Total from continuing operations | **(6,337)** | (4,891) | **(198,758)** | (154,023) |

## Segment assets and liabilities

| **At 31 December 2013** | Amesbury £'000 | Truth Hardware £'000 | Total North America £'000 | Grouphomesafe £'000 | Schlegel International £'000 | **Total £'000** |
|---|---|---|---|---|---|---|
| **Segment assets** | | | | | | |
| Total segment assets | 212,360 | 145,302 | 357,662 | 117,310 | 37,479 | **512,451** |
| Unallocated assets | | | | | | **12,980** |
| Consolidated total assets | | | | | | **525,431** |
| **Segment liabilities** | | | | | | |
| Total segment liabilities | (32,471) | (28,726) | (61,197) | (28,068) | (7,422) | **(96,687)** |
| Unallocated liabilities | | | | | | **(125,804)** |
| Consolidated total liabilities | | | | | | **(222,491)** |
| **Non-current assets[1]** | 165,038 | 122,773 | 287,811 | 83,197 | 23,374 | **394,382** |
| **Other segment information** | | | | | | |
| Employee benefit liability | (7,478) | - | (7,478) | - | - | **(7,478)** |
| Goodwill | 104,397 | 63,505 | 167,902 | 61,910 | 15,033 | **244,845** |
| Intangible assets | 41,255 | 49,209 | 90,464 | 16,708 | 2,423 | **109,595** |
| **Capital expenditure** | | | | | | |
| - Property, plant and equipment | 4,518 | 952 | 5,470 | 1,271 | 618 | **7,359** |
| - Intangible assets | 969 | - | 969 | 233 | 84 | **1,286** |

| At 31 December 2012 | Amesbury £'000 | Truth Hardware £'000 | Total North America £'000 | Grouphomesafe £'000 | Schlegel International £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **Segment assets** | | | | | | |
| Total segment assets | 213,676 | - | 213,676 | 119,113 | 37,515 | 370,304 |
| Unallocated assets | | | | | | 18,669 |
| Consolidated total assets | | | | | | 388,973 |
| **Segment liabilities** | | | | | | |
| Total segment liabilities | (30,127) | - | (30,127) | (25,702) | (8,818) | (64,647) |
| Unallocated liabilities | | | | | | (76,437) |
| Consolidated total liabilities | | | | | | (141,084) |
| **Non-current assets[1]** | 176,639 | - | 176,639 | 87,397 | 24,479 | 288,515 |
| **Other segment information** | | | | | | |
| Employee benefit liability | (11,230) | - | (11,230) | - | - | (11,230) |
| Goodwill | 107,375 | - | 107,375 | 61,910 | 15,611 | 184,896 |
| Intangible assets | 50,542 | - | 50,542 | 20,794 | 2,498 | 73,834 |
| **Capital expenditure** | | | | | | |
| - Property, plant and equipment | 3,681 | - | 3,681 | 859 | 777 | 5,317 |
| - Intangible assets | 1,118 | - | 1,118 | 122 | 115 | 1,355 |

1 Non-current assets exclude amounts relating to deferred tax assets.
2 Included within unallocated segment liabilities are borrowings of £122,253,000 (2012: £71,032,000), provisions of £1,200,000 (2012: £2,269,000), and other liabilities of £2,351,000 (2012: £3,136,000).

Non-current assets of the Schlegel International segment include £3,650,000 (2012: £3,460,000) attributable to the United Kingdom.

### 3. Exceptional items

Exceptional items from continuing operations:

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Redundancy, restructuring, inventory obsolescence alignment and warranty costs | **(2,650)** | (1,608) |
| Transaction costs associated with M&A activity | **(4,515)** | (966) |
| Truth integration costs | **(1,434)** | - |
| Write-off of Truth inventory fair value adjustment | **(2,304)** | - |
| | **(10,903)** | (2,574) |

**Redundancy, restructuring, inventory obsolescence alignment and warranty costs**
Included within this category is a charge of £887,000 relating to changes made to the Group's provision estimate for slow-moving inventory held for greater than one year and followed a review of the Group's overall inventory provisioning methodology undertaken on acquisition of Truth Hardware (note 11). The Group believes that aligning Tyman's inventory obsolescence calculation with that of Truth Hardware is appropriate given the enlarged Group's experience of slow-moving and obsolete inventory.

The remainder of this category relates to exceptional costs incurred as a result of the restructuring of the European footprint and the changes made to the North American management team.

**Transaction costs associated with M&A activity**
These costs principally relate to the transaction costs, including anti-trust fees, which are directly attributable to the acquisition Truth Hardware (note 11).

**Truth integration costs**
These costs are non-recurring costs incurred as a result of integrating Truth Hardware. Of the £1,434,000 integration costs, £850,000 comprise non-cash write-downs of discontinued products and product lines.

**Write-off of Truth inventory fair value adjustment**
This charge relates to the IFRS requirement that finished goods held in inventory must be revalued to their market value on acquisition. As the inventory acquired at the date of acquisition has been substantially sold in the subsequent six months, this uplift in the book value has been written off as exceptional as the cost is considered to be of a one-off nature and is of a magnitude that would distort the underlying trading result of Truth Hardware in the period.

### 4. Finance income and costs

Finance income and costs from continuing operations:

| | Note | 2013 £'000 | 2012 £'000 (Restated) |
|---|---|---|---|
| **Finance income** | | | |
| Interest income from short-term bank deposits | | **137** | 276 |
| Ineffective portion of changes in value of cash flow hedges | | **-** | 80 |
| | | **137** | 356 |
| **Finance costs** | | | |
| Interest payable on bank loans and overdraft | | **(3,494)** | (3,620) |
| Amortisation of borrowing costs | | **(997)** | (681) |
| Unwinding of discount on provisions | 10 | **(29)** | (271) |
| Net pension finance cost | | **(405)** | (402) |
| | | **(4,925)** | (4,974) |
| Exceptional foreign exchange gain | | **1,271** | - |
| **Net finance costs** | | **(3,517)** | (4,618) |

Finance charges associated with the US$100 million loan drawn down for the Truth acquisition (note 9) amounted to £1,276,000.

## 5. Income tax credit
### 5.1 Tax on profit on ordinary activities from continuing operations

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| **Current tax:** | | |
| Current tax on profits for the year | **(4,162)** | (4,059) |
| Adjustments in respect of prior periods | **373** | (401) |
| Total current tax | **(3,789)** | (4,460) |
| | | |
| **Deferred tax:** | | |
| Origination and reversal of temporary differences | **2,273** | 6,522 |
| Adjustment due to deferred tax rate change | **1,455** | 1,200 |
| Adjustments in respect of prior periods | **223** | - |
| Exceptional adjustments in respect of prior periods | **-** | 438 |
| Total deferred tax | **3,951** | 8,160 |
| **Income tax credit in the income statement** | **162** | 3,700 |
| | | |
| Tax credit relating to components of other comprehensive income is as follows: | | |
| Deferred tax (charge)/credit on actuarial gains and losses | **(1,313)** | 820 |
| Deferred tax credit on share-based payments | **772** | - |
| **Income tax (charge)/credit in the statement of comprehensive income** | **(541)** | 820 |
| Total current taxation | **(3,789)** | (4,460) |
| Total deferred taxation | **3,410** | 8,980 |
| **Total taxation** | **(379)** | 4,520 |

The standard rate of Corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the Group's UK profits for this accounting period are taxed at an effective rate of 23.25% (2012: 24.50%). A tax rate of 21% from 1 April 2014, and a tax rate of 20% from 1 April 2015 were substantively enacted in July 2013. The Group's UK deferred tax assets and liabilities have been remeasured at a rate of 20%, being the rate applicable during the period the deferred tax assets and liabilities are expected to be utilised.

Taxation for other jurisdictions is calculated at rates prevailing in the respective jurisdictions.

Exceptional adjustments in respect of prior periods arose from the clarification with the tax authorities of the tax treatment of provisions, mainly those originally made at the time of the Schlegel acquisition in 2006 and the LSS acquisition in 2007.

### 5.2 Reconciliation of the total tax credit from continuing operations

The tax assessed for the year differs from the standard rate of tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| Profit/(Loss) before taxation | **794** | (25,833) |
| Rate of corporation tax in the UK of 23.25% (2012: 24.5%) | **(185)** | 6,329 |
| Effects of: | | |
| Income not taxable for tax purposes | **(43)** | (3,214) |
| Overseas tax rate differences | **(1,661)** | (652) |
| Adjustment due to deferred tax rate change | **1,455** | 1,200 |
| Adjustment in respect of prior periods | **596** | 37 |
| Income tax credit | **162** | 3,700 |

### 6. Earnings per share

| | 2013 £'000 | 2012 £'000 (Restated) |
|---|---|---|
| Profit/(Loss) for the year - continuing operations | **956** | (22,133) |
| Profit for the year - discontinued operations | **-** | 37,374 |
| | **956** | 15,241 |
| **Basic earnings/(loss) per share** | | |
| From continuing operations | **0.63p** | (17.07p) |
| From discontinued operations | **-** | 28.83p |
| | **0.63p** | 11.76p |
| **Diluted earnings/(loss) per share** | | |
| From continuing operations | **0.62p** | (17.07p) |
| From discontinued operations | **-** | 28.37p |
| | **0.62p** | 11.30p |

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There is no difference between the basic and diluted loss per share for 2013 and 2012 as the effect of all potentially dilutive ordinary shares outstanding was anti-dilutive.

The weighted average number of shares was:

| | 2013 '000 | 2012 '000 |
|---|---|---|
| Weighted average number of shares (including treasury shares) | **157,337** | 137,287 |
| Treasury and employee benefit trust shares | **(4,492)** | (7,643) |
| **Weighted average number of shares - basic** | **152,845** | 129,644 |
| Effect of dilutive potential ordinary shares - LTIP awards and options | **2,229** | 2,108 |
| **Weighted average number of shares - diluted** | **155,074** | 131,752 |

**Non-GAAP measure**
**Underlying earnings per share**

The Group presents an underlying earnings per share figure which excludes the impact of exceptional items, amortisation and accelerated amortisation of intangible assets, impairment of intangible assets and goodwill, non-cash finance costs, and certain non-recurring items. Underlying earnings per share has been based on underlying earnings for each financial year and on the same weighted average number of shares in issue as the earnings per share calculation.

Underlying profit after taxation from continuing operations is derived as follows:

| | Note | **2013 £'000** | 2012 £'000 (Restated) |
|---|---|---|---|
| Profit/(Loss) before taxation from continuing operations | | **794** | (25,833) |
| Exceptional items | 3 | **10,903** | 2,574 |
| Exceptional foreign exchange gain | 4 | **(1,271)** | - |
| Amortisation of borrowing costs | | **997** | 681 |
| Amortisation of intangible assets | | **16,605** | 10,754 |
| Amortisation of intangible assets - accelerated basis | | **-** | 12,566 |
| Impairment of goodwill | | **-** | 10,730 |
| Impairment of intangible assets | | **529** | 9,570 |
| Unwinding of discount on provisions | 10 | **29** | 271 |
| Underlying profit before taxation from continuing operations | | **28,586** | 21,313 |
| Income tax credit | 5 | **162** | 3,700 |
| Add back: Adjustment due to tax rate change | 5 | **(1,455)** | (1,200) |
| Add back: Exceptional prior period tax adjustments | | **-** | (438) |
| Add back: Tax effect of exceptional costs, exceptional foreign exchange gain, amortisation of borrowing costs, amortisation of intangible assets, impairment of intangible assets, and unwinding of discount on provisions | | **(6,345)** | (8,477) |
| **Underlying profit after taxation from continuing operations** | | **20,948** | 14,898 |
| Property provision release | | **-** | (2,021) |
| Tax effect of property provision release | | **-** | 495 |
| **Underlying profit after taxation from continuing operations before property provision release** | | **20,948** | 13,372 |

Underlying profit after taxation from discontinued operations is derived as follows:

| | **2013 £'000** | 2012 £'000 |
|---|---|---|
| **Profit before taxation from discontinued operations** | **-** | 37,010 |
| Exceptional items | **-** | 215 |
| Underlying profit before taxation from continuing operations | **-** | 37,225 |
| Income tax credit | **-** | 364 |
| Add back: Adjustment due to tax rate change | **-** | (2) |
| Add back: Tax effect of exceptional costs | **-** | (53) |
| **Underlying profit after taxation from discontinued operations** | **-** | 37,534 |

Underlying earnings per share is summarised as follows:

| | **2013** | 2012 (Restated) |
|---|---|---|
| **Basic earnings per share** | | |
| From continuing operations | **13.71p** | 11.49p |
| From discontinued operations | **-** | 28.95p |
| | **13.71p** | 40.44p |
| | | |
| **Diluted earnings per share** | | |
| From continuing operations | **13.51p** | 11.31p |
| From discontinued operations | **-** | 28.49p |
| | **13.51p** | 39.80p |

Underlying earnings per share before property provision release is summarised as follows:

| | **2013** | 2012 |
|---|---|---|
| Basic earnings per share | **13.71p** | 10.31p |
| Diluted earnings per share | **13.51p** | 10.15p |

## 7. Goodwill

| | Note | £'000 |
|---|---|---|
| **Cost and net carrying value** | | |
| At 1 January 2012 | | 213,678 |
| Recognised on acquisition of subsidiaries | | 3,237 |
| Derecognised on disposal of subsidiaries | | (14,307) |
| Impairment | | (10,730) |
| Exchange difference | | (6,982) |
| At 31 December 2012 | | 184,896 |
| Recognised on acquisition of subsidiaries | 11 | 68,978 |
| Impairment | | - |
| Exchange difference | | (9,029) |
| **At 31 December 2013** | | 244,845 |

Goodwill is monitored principally on an operating segment basis and the net book value of goodwill is allocated by Cash Generating Unit ("CGU") at 31 December 2013 as follows:

| | **2013 £'000** | 2012 £'000 |
|---|---|---|
| Amesbury | **104,397** | 107,375 |
| Truth Hardware | **63,505** | - |
| Total North America | **167,902** | 107,375 |
| Grouphomesafe | **61,910** | 61,910 |
| Schlegel International | **15,033** | 15,611 |
| | **244,845** | 184,896 |

### Impairment tests for goodwill
### Assumptions

The recoverable amounts of the CGUs are determined from value in use calculations. Value in use is determined by discounting the future pre-tax cash flows generated from the continuing use of the CGU, using a pre-tax discount rate.

Cash flow projections are derived from financial plans approved by the Board and cover a five year period. They reflect management's expectations of revenue growth, operating cost and margin for each CGU based on past experience. Cash flows after the five year forecast period were extrapolated using a long-term growth rate of 1.50% in order to calculate the terminal recoverable amount.

Discount rates are estimated using pre-tax rates that reflect current market assessments of the time value of money and the risk profiles of the CGUs.

The key assumptions used in the value in use calculations in each of the Group's CGUs at 31 December 2013 are as follows:

| | Average pre-tax discount rate | | Average revenue growth for years 1 to 5 | |
|---|---|---|---|---|
| | **2013** | 2012 | 2013 | 2012 |
| Amesbury | **14.1%** | 12.4% | 15.0% | 8.1% |
| Grouphomesafe | **10.2%** | 11.7% | 6.0% | 3.6% |
| Schlegel International | **12.6%** | 14.5% | 10.0% | 9.8% |
| Truth Hardware | **13.7%** | n/a | 4.5% | n/a |

### Impairment review results: 2013

A review of the carrying values of goodwill and intangible assets across the Group has been carried out in the light of current trading and prospects. As a result of the annual impairment reviews, no impairment losses have been recognised in the year.

Whilst economic conditions in the European markets remain challenging, the goodwill and intangible asset balances are considered sustainable based on current projections. If markets continue to deteriorate, this could give rise to a further impairment charge at a future date.

**Impairment review results: 2012**
The results of the impairment review process in 2012 indicated that the carrying value of goodwill in the Schlegel International CGU was unsupportable, and that impairment was necessary. An impairment charge of £10.7 million was recognised in administrative expenses in the income statement.

**Sensitivity to assumptions**
Sensitivity analysis was calculated on the basis of lowering the forecast revenues by a constant percentage each year from year one onwards in perpetuity until the excess of value in use over the carrying value of the CGU's assets was reduced to zero. Revenues would need to decrease by 5.7 percentage points for each year from year one onwards in perpetuity before any impairment would arise in respect of the CGU with the lowest impairment headroom. Given the strengthened management structure and improving economic prospects in the market in which this CGU operates, it is considered unlikely that such a sustained deterioration in revenue will occur.

## 8. Property, plant and equipment

| | Note | Freehold land and buildings £'000 | Plant and machinery £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2012 | | 15,182 | 62,635 | 77,817 |
| Additions | | 773 | 4,689 | 5,462 |
| Disposals | | - | (3,110) | (3,110) |
| Transfers between fixed asset type | | 92 | (92) | - |
| Acquisition of subsidiaries | | - | 935 | 935 |
| Disposal of subsidiaries | | - | (3,793) | (3,793) |
| Exchange difference | | (444) | (1,938) | (2,382) |
| At 31 December 2012 | | 15,603 | 59,326 | 74,929 |
| Additions | | 144 | 7,215 | 7,359 |
| Disposals | | (593) | (3,257) | (3,850) |
| Transfers between fixed asset type | | 66 | (66) | - |
| Acquisition of subsidiaries | 11 | 4,404 | 6,612 | 11,016 |
| Exchange difference | | (459) | (6,059) | (6,518) |
| **At 31 December 2013** | | 19,165 | 63,771 | 82,936 |
| **Accumulated amortisation** | | | | |
| At 1 January 2012 | | (3,671) | (43,685) | (47,356) |
| Charge for the year | | (482) | (4,603) | (5,085) |
| Disposals | | - | 3,040 | 3,040 |
| Disposal of subsidiaries | | - | 2,845 | 2,845 |
| Exchange difference | | 109 | 1,303 | 1,412 |
| At 31 December 2012 | | (4,044) | (41,100) | (45,144) |
| Charge for the year | | (617) | (5,720) | (6,337) |
| Disposals | | 264 | 2,985 | 3,249 |
| Exchange difference | | 42 | 5,196 | 5,238 |
| **At 31 December 2013** | | **(4,355)** | **(38,639)** | **(42,994)** |
| **Net book value** | | | | |
| At 1 January 2012 | | 11,511 | 18,950 | 30,461 |
| At 31 December 2012 | | 11,559 | 18,226 | 29,785 |
| **At 31 December 2013** | | **14,810** | **25,132** | **39,942** |

Depreciation relating to continuing operations in the year of £6,337,000 (2012: £4,891,000) is included in administrative expenses in the income statement. Depreciation relating to discontinued operations of £Nil (2012: £194,000) is included in profit for the year from discontinued operations.

## 9. Interest-bearing loans and borrowings

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| **Unsecured borrowing at amortised cost** | | |
| Bank loans | **(124,509)** | (72,775) |
| Capitalised borrowing costs | **2,256** | 1,743 |
| | **(122,253)** | (71,032) |
| **Secured borrowing at amortised cost** | | |
| Bank loans | **(45)** | (64) |
| | **(122,298)** | (71,096) |
| Analysed as: | | |
| Current liabilities | **(6,834)** | (7,521) |
| Non-current liabilities | **(115,464)** | (63,575) |
| | **(122,298)** | (71,096) |

On 1 July 2013, the Group drew down US$100 million under the new multicurrency loan facility for the purposes of funding the Truth acquisition (note 11). The facility extends to and is repayable in full on 30 June 2015, is unsecured and guaranteed by Tyman plc and its principal subsidiary undertakings.

On 14 September 2011, the Group entered into a debt facility agreement which extends the Group's committed facilities to 31 March 2016. The multicurrency term loan of £110 million, as well as the £30 million multicurrency working capital facility, are unsecured and guaranteed by Tyman plc and its principal subsidiary undertakings. Scheduled repayments commenced annually on 31 December 2012 and will continue until 31 December 2015, with the balance outstanding payable on the termination date of the facility, being 31 March 2016.

There were no defaults in interest payments in the year under the terms of the loan agreements.

The Group has the following undrawn borrowing facility:

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| **Floating rate** | | |
| Expiring beyond 12 months | **(29,674)** | (29,594) |

The carrying amounts of the Group's interest-bearing loans and borrowings are denominated in the following currencies:

| | 2013 £'000 | 2012 £'000 |
|---|---|---|
| British Pounds | **(21,247)** | (25,807) |
| US Dollars | **(101,051)** | (45,289) |
| | **(122,298)** | (71,096) |

## 10. Provisions

| | Note | Property related £'000 | Restructuring £'000 | Warranty £'000 | Other £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| At 1 January 2012 | | (9,923) | (199) | (2,253) | (3,622) | (15,997) |
| Charged/(Credited) to the income statement | | | | | | |
| - Additional provision in the year | | (486) | (13) | (1,019) | - | (1,518) |
| - Unused amounts reversed | | 2,868 | 61 | 944 | 1,971 | 5,844 |
| Utilised in the year | | 1,321 | 137 | 453 | - | 1,911 |
| Unwinding of discount | | (271) | - | - | - | (271) |
| Exchange differences | | 23 | - | 39 | - | 62 |
| At 31 December 2012 | | (6,468) | (14) | (1,836) | (1,651) | (9,969) |
| Acquisition of subsidiaries | 11 | (10) | - | (1,292) | (561) | (1,863) |
| Charged/(Credited) to the income statement | | | | | | |
| - Additional provision in the year | | (69) | (613) | (718) | (200) | (1,600) |
| - Unused amounts reversed | | 322 | - | 127 | 650 | 1,099 |
| Utilised in the year | | 649 | 262 | 1,321 | - | 2,232 |
| Unwinding of discount | | (29) | - | - | - | (29) |
| Reclassification to other payables | | - | - | 256 | - | 256 |
| Exchange differences | | (1) | 20 | 68 | 46 | 133 |
| At 31 December 2013 | | **(5,606)** | **(345)** | **(2,074)** | **(1,716)** | **(9,741)** |

Analysed as:

| | **2013 £'000** | 2012 £'000 |
|---|---|---|
| Current liabilities | **(2,641)** | (2,456) |
| Non-current liabilities | **(7,100)** | (7,513) |
| | **(9,741)** | (9,969) |

Current liabilities are those aspects of provisions that are expected to be utilised within the next year.

**Property related**
Property provisions include provisions for onerous leases of £4,210,000 (2012: £5,125,000), and leasehold dilapidations of £1,396,000 (2012: £1,343,000), and are expected to be utilised by 2018.

For onerous leases, the Group has provided for the rental payments due over the remaining term of existing operating lease contracts where a period of vacancy is ongoing. The provision has been calculated after taking into account both the periods over which properties are likely to remain vacant and any likely sub-lease income on a property-by-property basis. The provision covers potential transfer of economic benefit over the full range of current lease commitments.

The provision for leasehold dilapidations relates to contractual obligations to reinstate leasehold properties to their original state of repair. The transfer of economic benefits will occur at the end of the leases.

In 2012, the Group successfully assigned the lease on Unit A at Peterlee and have been released from all remaining obligations in connection with the Peterlee site. This resulted in a release to the income statement of £2,021,000 of property provisions.

**Restructuring**
Restructuring provisions include provisions for staff redundancy costs at restructured business units and are expected to be utilised by the end of 2014.

**Warranty**
The warranty provision is calculated based on historical experience of the ultimate cost of settling product warranty claims and potential claims. Warranty provisions are expected to be utilised by the end of 2017.

**Other**

Other provisions relate to the tax consequences of international intragroup transactions for which the fiscal authorities may be expected to adopt opposing treatments in respect of revenue and cost recognition. Other provisions are expected to be utilised by 2014.

**11. Acquisition of subsidiaries**

On 3 July 2013, the Group completed the acquisition of Truth Hardware ("Truth") for a net cash consideration of US$204.7 million from Melrose Industries plc. Truth Hardware is a manufacturer of operating hardware for residential and light commercial windows and doors in North America and comprises the US-based Truth Corporation (located in Owatonna, Minnesota), where the business is headquartered, and the Canadian-based Atlas (located in Brampton, Ontario). This acquisition strategically enhances the Group's position in the North American door and window components market where the Group sees significant opportunity for continued growth.

Recognised amounts of identifiable assets acquired and liabilities assumed:

| | £'000 |
|---|---|
| Intangible assets | 56,583 |
| Property, plant and equipment | 11,016 |
| Inventories | 15,539 |
| Trade and other receivables | 9,564 |
| Cash and cash equivalents | 3,289 |
| Trade and other payables | (8,708) |
| Current tax payable | 209 |
| Deferred tax liabilities | (20,074) |
| Provisions | (1,863) |
| Total identifiable net assets | 65,555 |
| Goodwill arising on acquisition | 68,978 |
| **Total consideration** | **134,533** |

Satisfied by:

| | £'000 |
|---|---|
| **Cash** | **134,533** |

Net cash flow arising on acquisition:

| | £'000 |
|---|---|
| Cash consideration | 134,533 |
| Less: cash and cash equivalents acquired | (3,289) |
| | **131,244** |

The fair value of financial assets includes trade receivables with a fair value of £8,790,000 and a gross contractual value of £8,932,000. The best estimate at the acquisition date of the contractual cash flows not recoverable is £142,000.

The Group incurred acquisition related costs of £4,340,000 for professional fees paid for due diligence, other general professional fees and legal advice. These costs have been included in exceptional costs in the Group's consolidated income statement.

Revenue included in the consolidated income statement since 3 July 2013 contributed by Truth was £42.9 million. Truth also contributed £2.2 million to the profit before taxation from continuing operations over the same period.

Had the acquisition of Truth been completed on the first day of the financial year, an additional £40.3 million of revenue and £6.9 million of profit before taxation from continuing operations would have been contributed to the Group.

Fair values remain provisional in relation to this acquisition and the Group will complete this review in 2014. Any adjustment to the carrying value is unlikely to be significant to the individual acquisition.

Goodwill arising on acquisition is attributable to the expected profitability of the acquired business and the synergies expected to arise after the Group's acquisition of Truth Hardware.

The estimated value of intangibles, including goodwill, deductible for tax purposes is £Nil.

## 12. Dividends

The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

| | **2013 £'000** | 2012 £'000 |
|---|---|---|
| **Amounts recognised as distributions to owners in the year:** | | |
| Final dividend for the year ended 31 December 2012 of 3.50p per share (2011: 3.50p) | **4,511** | 4,535 |
| Interim dividend for the year ended 31 December 2013 of 1.50p per share (2012: 1.00p) | **2,528** | 1,297 |
| Total amounts recognised as distributions to owners in the year | **7,039** | 5,832 |
| **Amounts not recognised in the financial statements:** | | |
| Final dividend proposed for the year ended 31 December 2013 of 4.50p per share (2012: 3.50p) | **7,530** | 4,538 |

## 13. Adjustments to cash flows from operating activities

The following non-cash and financing adjustments have been made to profit before tax for the year to arrive at operating cash flow:

| | Note | **2013 £'000** | 2012 £'000 (Restated) |
|---|---|---|---|
| Net finance costs - continuing operations | | **3,517** | 4,509 |
| Net finance costs - discontinued operations | | **-** | (33) |
| Depreciation | 8 | **6,337** | 5,085 |
| Amortisation and accelerated amortisation | | **16,605** | 23,320 |
| Impairment of goodwill and intangible assets | | **529** | 20,300 |
| Disposal of intangible assets and property, plant and equipment | | **42** | 72 |
| Non-cash adjustments | | **1,091** | (3,219) |
| Share-based payments | | **681** | 482 |
| | | **28,802** | 50,516 |