18 August 2014

Polypipe Group plc

Interim Results for the Six Months Ended 30 June 2014

Polypipe Group plc ("Polypipe" or the "Group"), a leading manufacturer of plastic piping systems for the residential, commercial, civils and infrastructure sectors, today announces its half year unaudited results for the six months ended 30 June 2014.

Financial Results

	H1 2014	H1 2013	Change
Revenue	£168.2m	£151.8m	11%
Operating profit[1]	£22.7m	£17.6m	29%
Profit before tax (pre exceptionals)[2]	£16.4m	£9.9m	66%
(Loss)/profit before tax	£(4.6)m	£9.7m	
Adjusted earnings per share[3]	7.05p	4.05p	74%
Cashflow from operations[1]	£17.8m	£12.5m	42%
Net debt	£99.9m	£108.8m	(8%)
Basic earnings per share	(1.75)p	3.95p	
Dividend per share	1.5p	-	

1. Excludes operating exceptional items
2. Excludes operating exceptional items and exceptional finance costs
3. Excludes operating exceptional items, exceptional finance costs and related tax relief

Financial Highlights

- Delivering the strategy set out during successful IPO in April
- UK construction market recovery combined with strategic focus on structural growth opportunities led to revenue growth in the UK of 12.9% (Group 11%) over H1 2013
- Improved UK volumes resulted in Group operating profit increasing by 29% to £22.7m[1]
- Refinancing of Senior Secured Notes successfully completed; significantly reducing future financing costs
- Maiden interim dividend of 1.5 pence per share

Operational Highlights

- Strong demand for residential piping systems from UK housebuilders, increasingly from smaller developers and projects outside of London and the South-East
- Good demand from road and rail projects and the development of high rise, multi-occupancy buildings in London
- Sharp increase in sales of Water Management Solutions, driven by the growing need for flood alleviation schemes
- Strong sales growth in the Middle East and to mining infrastructure projects in Africa

David Hall, Chief Executive said:

"I am delighted with the progress that we have made following the Group's successful IPO earlier this year and these results show that we are delivering on the strategy we set out at the time. The Group's healthy growth in sales and underlying profits demonstrates the confidence returning to our sector and a deserved reward for operational improvements and investment we made when market conditions were much tougher. We are well placed to capitalise on the future growth opportunities and I remain confident that we will deliver results for the full year in line with our expectations at the time of the IPO."

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A copy of this report will be available on our website http://ir.polypipe.com/ today from 7.00am.

An analyst presentation will be held today, Monday 18 August at 08:30 (GMT). To dial in the call details are:

Tel: +44 (0) 1452 555566

Code: 85608509

Notes to Editors:

Polypipe is the largest manufacturer in the United Kingdom, and among the ten largest manufacturers in Europe, of plastic piping systems for the residential, commercial, civils and infrastructure sectors by revenue. The Group operates from sixteen facilities in total, and with over 20,000 product lines, manufactures the United Kingdom's widest range of plastic piping systems within its target markets. The Group primarily targets the UK, French and Irish building and construction markets with a presence in Italy and the Middle East and sales to specific niches in the rest of the world.

Business Review

The following tables set out Group revenue and operating profit before operating exceptional items by operating segment:

Revenue	**H1 2014**	**H1 2013**	**Change**
	£m	**£m**	**%**
Residential Piping Systems	86.8	78.1	11.1
Commercial & Infrastructure Piping Systems - UK	56.4	47.3	19.2
UK Operations	**143.2**	**125.4**	**14.2**
Commercial & Infrastructure Piping Systems - Europe	30.6	31.5	(2.9)
Inter Segment Sales	(5.6)	(5.1)	
Group revenue	168.2	151.8	10.8

Operating profit	**H1 2014**	**H1 2013**	**Change**
	£m	**£m**	**%**
Residential Piping Systems	13.2	11.1	18.9
Commercial & Infrastructure Piping Systems - UK	8.6	5.5	56.4
UK Operations	**21.8**	**16.6**	**31.3**
Commercial & Infrastructure Piping Systems - Europe	0.9	1.0	(10.0)
Group operating profit*	22.7	17.6	29.0

*before operating exceptional items.

The Group's revenue for the six months ended 30 June 2014 was £168.2m (2013: £151.8m) an improvement of 10.8%. The year started strongly, albeit against relatively weak comparables, and this positive momentum continued throughout the period. This growth has been driven by our strategic focus on structural growth opportunities and the growing recovery in the UK construction market.

Operating profit before operating exceptional items for the first half of 2014 of £22.7m was up 29% on the same period last year with the drop through from the revenue growth at 31%.

Finance charges before exceptional finance costs for the six months to 30 June 2014 of £6.5m were £1.3m lower than the corresponding period in the prior year as a result of the refinancing of the £150m Senior Secured Notes in the first half.

Exceptional charges of £12.4m were incurred in the period in relation to the IPO listing costs. A further £8.6m of exceptional finance costs were incurred in the period in relation to refinancing the Senior Secured Notes. As a result the reported (loss)/profit before tax was £(4.6m) (H1 2013 : £9.7m). Basic earnings per share were (1.75)p (H1 2013 : 3.95p).

Operational Review

The Group's focus has been to ensure that we are well placed to benefit from the recovering construction market and to continue to grow ahead of the market from our initiatives in the areas of substitution, carbon efficiency, water management and export, especially to the Middle East.

We have also maintained our focus on customer service levels and have successfully flexed our operations to deliver increased volumes without compromising our customer service standards, which has meant our customers have not suffered product shortages or extended lead times, which have impacted other suppliers of construction products.

The Group is committed to providing the broadest product range in our sector and we have continued to introduce new products to the range. For example; additional fittings to our radial air ducting systems, additions to our Polysure plastic plumbing range, a new range of cable protection ducting for high voltage systems, and accessible Polystorm attenuation cells.

We have seen steady progress across most of our product groups that are specifically targeted at substituting legacy materials. In particular, our plastic plumbing systems and sewer systems have delivered a good level of growth against the same period last year, helped by the housebuilders who tend to favour more modern materials as a result of their ease and speed of installation.

Our Carbon Efficient Solutions have performed well against the comparative period last year. Although still a very low proportion of the overall heating market, we have seen a small but progressive uptake of underfloor heating in new residential developments. Our ventilation products have also performed strongly with our range of thermal and radial duct being adopted in both new build and some major refurbishment programmes.

Sales of Water Management Solutions have increased sharply over the same period in 2013 as developers and construction companies begin activity on new sites. More recent sites are required to meet legislation regarding the storage and attenuation of water which is driving demand for our comprehensive range of engineered systems which can be individually tailored to meet site specific needs. The flooding at the beginning of the year served to emphasise the need for flood alleviation schemes and we have a number of systems which can be used for such schemes.

Our investment in sales resource in the Middle East has resulted in strong sales growth over the same period last year. Increasing confidence in the region and the upturn in project activity has encouraged our distributors to re-stock which is an important step for us in being able to fulfill specifications gained. Our exports to the rest of the world have also shown some improvement, in particular, we have enjoyed further success with drainage products for mining infrastructure projects in Africa.

Residential Piping Systems

Sales to the Residential Sector, all of which are in the UK and Ireland, represented 50% of Group revenues and were up 11.1% year on year.

We have experienced strong demand from the national housebuilders, with an encouraging trend towards the return of smaller developers and reduced concentration of projects in London and the South East. The new build sector represented approximately 38% of our residential revenues in the period, (19% of Group), with the more stable repair, maintenance and improvement (RM&I) sector representing the balance of approximately 62% (31% of Group). Historically, home owners have spent the most on improvements either just before selling, or in the eighteen months after acquiring, second hand homes; as such housing transactions are an important barometer for us. In addition, a healthy level of re-mortgage activity is fundamental to homeowners improving and extending their homes. The six month trend for both of these measures, although still well below their long term averages has improved during the first half and we believe both have contributed to a gradual improvement in the level of private RM&I. Improvement activity in the public residential sector has shown little improvement and appears to have been focused around essential repairs only.

Residential Piping Systems delivered operating profit of £13.2m up 18.9% over the same period last year reflecting the operational gearing benefits from the revenue growth in the UK offset by higher developer rebates as the market continued to pull in the new build sector where rebates are higher than in the RM&I sector.

Commercial and Infrastructure Piping Systems - UK

Sales to the Commercial and Infrastructure Sector in the UK, which represented approximately 32% of Group revenues, were £56.4m, up 19.2% on the first half of 2013. We have experienced good demand from road and rail projects and the development of high rise, multi-occupancy buildings has continued in London and more recently we have seen an increase in activity in some other major cities. Quotation activity has been encouraging albeit this is not an absolute indicator of future orders.

Exports to the Middle East have experienced strong growth over the same period last year, primarily for products which are manufactured in this division. Alongside our traditional drainage ranges, we have secured some small water management projects and we continue to seek opportunities to expand our activities in this area as heavy rainfall in the region earlier this year, highlighted deficiencies in storm water drainage in a number of built up areas.

Strong revenue growth particularly in our higher margin Water Management products and our continuing focus on material cost control drove a 56.4% improvement in operating profit to £8.6m in the first six months of 2014.

Commercial and Infrastructure Piping Systems - Europe

Sales to the Commercial and Infrastructure Sector in Continental Europe (predominantly in France) which represented approximately 18% of Group revenues, were 1.3% ahead in local currency terms but down 2.9% as reported due to the adverse currency translation impact. In the face of difficult market conditions in France, where we do not currently see any signs of underlying market improvement, we have maintained a very close watch on selling price against volume and on adapting our cost base where possible to those volumes. From a very low base, our sales of water management solutions, where we can derive more value from the technical specification nature of these projects, have made satisfactory progress, although we continue to experience delays in the product approval process for our full suite of products.

Despite weak market conditions in our main European continental market, the French business has remained flat in both revenue and operating profit in constant currency exchange rates, as modest market share gains in France and higher export sales offset the market decline.

Outlook

The year started strongly, albeit against relatively weak comparables in the early part of the half year, and this positive momentum continued throughout the period. The comparatives become more challenging in the second half of 2014 as the market improved significantly during the course of 2013. The Construction Products Association summer forecast shows overall UK construction output growing by 4.7% for the full year in 2014. We remain well placed to capture our share of this anticipated market growth in the UK. In addition to this underlying market improvement, the directors remain confident that our growth initiatives will deliver results for the full year in line with our expectations at the time of the IPO.

Financial Review

Cash flow and net debt

Cash generated from operations before operating exceptional items increased by 42.4% during the period to £17.8m* (H1 2013 : £12.5m) due to the improved operating performance and lower working capital to sales. Outstanding listing costs of £3.5m will be settled by the end of the year, adjusting for this, operating net working capital to rolling twelve month sales fell from 5.2% at June 2013 to 3.0% at June 2014 largely due to higher rebate accruals.

* cash generated from operations of £8.9m plus £8.9m cash paid in respect of operating exceptional items.

Net debt (including accrued interest and unamortised debt issuance costs) increased by £15.6m to £99.9m after the seasonal increase in net working capital of £12.1m and listing and refinancing costs of £18.2m.

Net debt to rolling adjusted twelve month EBITDA (operating profit pre operating exceptional items plus depreciation) at June 2014 was 1.7 times (December 2013:1.6 times).

Finance Costs

Finance costs for the six months to 30 June 2014 of £6.5m were lower than the finance costs of £7.8m in the corresponding period in the prior year as a result of the refinancing of the £150m Senior Secured Notes (fixed interest rate of 9.5%) with £30m from surplus cash balances and £120m from a new five year term bank loan). Interest on the new five year term bank loan is currently payable at a rate of LIBOR plus a margin of 2.75% which reduces if the leverage ratio of the Group improves.

Exceptional finance costs of £8.6m in relation to the refinancing were incurred in the period.

Taxation

Tax has been provided at the estimated full year rate of 23.9% (2013: 18.7%). This reflects limited tax relief available of £1.6m on operating exceptional items and exceptional finance costs of £21.0m (7.6%). Before these exceptional items, the estimated full year tax rate would be 14.5%. This is lower than the UK tax rate for the year of 21.5% due to the availability of brought forward non trading losses.

Dividend

The Board has declared an initial interim dividend of 1.5 pence per share. This dividend will be paid on 26 September 2014 to shareholders on the register at the close of business on 29 August 2014.

As highlighted in the Group's IPO prospectus, our dividend policy is to pay a minimum of 40% of the Group's annual profit after tax (adjusted to exclude exceptional items). The Directors intend that the Company will pay the total annual dividend in two tranches, an interim dividend and a final dividend, to be announced at the time of announcement of the interim and preliminary results in the approximate proportions of one-third and two-thirds, respectively. As previously guided, the dividend in respect of the current financial year will be paid pro rata to reflect the period of time we have been listed as a proportion of the full year. The Group may revise its dividend policy from time to time.

Going Concern

The Group continues to meet its day to day working capital and other funding requirements through a combination of long term funding and cash deposits. The Group's bank financing facilities are a £120m five year term loan and a £40m committed revolving credit facility (undrawn at June 2014). Both the term loan and revolving credit facility expire in March 2019.

After making due enquiry, the directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue operational existence for the foreseeable future and therefore adopt the going concern principle.

Risks and Uncertainties

The board continually assesses and monitors the key risks of the business. The principal risks and uncertainties that could have a material impact on the Group's performance have not changed from those which are set out in detail in Part 1 ("Risk Factors") of the Group's IPO prospectus dated 11 April 2014 (the "Prospectus"). These cover:

- Cyclical economic conditions and conditions affecting the construction industry.
- Unexpected or prolonged period of inclement or severe weather.
- Government action and policies.
- Increases in the market price of petroleum feedstocks can have a direct impact on the prices we pay for our raw materials.
- Our businesses are dependent on key customers continuing to order from us.
- Changes in government regulations and standards relating to the manufacture and use of building materials, particularly plastics and polymers.
- The ability to attract and retain our Executive Management Team and qualified personnel.

A copy of the Prospectus is available on the Group's website, www.polypipe.com

Forward Looking Statements

Certain statements in this half yearly report are forward looking. Although the Group believes that the expectations reflected in these forward looking statements are reasonable, we can give no assurance that these expectations will prove to have been correct. Because these statements contain risks and uncertainties, actual results may differ materially from those expressed or implied by these forward looking statements. We undertake no obligation to update any forward looking statements, whether as a result of new information, future events or otherwise.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* as adopted by the EU;
- The Interim Management Report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

  (b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

This report was approved by the board of directors on 18 August 2014 and is available on the Company's website www.polypipe.com under "Investors", then "Results Centre".

By order of the Board

David Hall	**Peter Shepherd**
Chief Executive Officer	**Chief Financial Officer**

INTERIM GROUP INCOME STATEMENT
for the six months ended 30 June 2014 (unaudited)

Year ended 31 December 2013		Notes	*Half year to 30 June 2014*	*Half year to 30 June 2013*
£m			*£m*	*£m*

300.8	***Revenue***	*3*	*168.2*	*151.8*
(188.3)	Cost of sales		*(105.3)*	(97.0)
112.5	**Gross profit**		*62.9*	54.8
(46.9)	Selling and distribution costs		*(25.4)*	(23.5)
(25.9)	Administration expenses		*(14.8)*	(13.7)
39.7	***Operating profit before operating exceptional items***	*3*	*22.7*	*17.6*
0.1	Operating exceptional items	*4*	*(12.4)*	*(0.2)*
39.8	***Operating profit***		10.3	17.4
0.3	Finance revenue	*5*	0.2	0.1
(15.5)	Finance costs	*5*	(6.5)	(7.8)
-	Exceptional finance costs	*5*	(8.6)	-
24.6	***(Loss) / profit before tax***		(4.6)	9.7
(4.6)	Taxation	*6*	1.1	(1.8)
20.0	***(Loss) / profit for the period***		(3.5)	7.9

	Earnings per share (pence)			
10.00	Basic and diluted	*7*	(1.75)	3.95
9.95	Adjusted - basic and diluted	*7*	7.05	4.05
	Dividend per share (pence)	*8*		
-	Interim		1.5	-

INTERIM GROUP STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 40 June 2014 (unaudited)

Year ended 31 December 2013 £m		*Half year to 30 June 2014 £m*	*Half year to 30 June 2013 £m*
20.0	(Loss) / profit for the period	(3.5)	7.9
	Other comprehensive income / (expense):		
	Items which will be reclassified subsequently to profit and loss:-		
0.3	Exchange differences on translation of foreign operations	(0.7)	0.6
0.3	**Other comprehensive income / (expense) for the period net of tax**	(0.7)	0.6
20.3	**Total comprehensive income / (expense) for the period net of tax**	(4.2)	8.5

INTERIM GROUP BALANCE SHEET
at 30 June 2014 (unaudited)

31 December		*30 June 2014*	*30 June 2013*

2013 £m		£m	£m
	Non-Current Assets		
89.0	Property, plant and equipment	88.8	83.6
234.4	Intangible assets	234.4	234.4
323.4	**Total non-current assets**	323.2	318.0
	Current Assets		
38.9	Inventories	41.0	34.8
21.4	Trade and other receivables	25.8	32.1
-	Income tax recoverable	1.1	-
0.4	Financial assets	0.4	-
65.9	Cash and cash equivalents	18.1	41.7
126.6	**Total current assets**	86.4	108.6
450.0	***Total assets***	409.6	426.6
	Current Liabilities		
(62.0)	Trade and other payables	(60.9)	(51.1)
-	Financial liabilities	-	(0.3)
(2.4)	Income tax payable	-	(1.8)
(64.4)	**Total current liabilities**	(60.9)	(53.2)
	Non-Current Liabilities		
(150.6)	Financial liabilities	(118.4)	(150.2)
(2.0)	Other liabilities	(1.5)	(2.0)
(1.6)	Deferred tax liability	(1.6)	(1.6)
(154.2)	**Total non-current liabilities**	(121.5)	(153.8)
(218.6)	***Total liabilities***	(182.4)	(207.0)
231.4	***Net assets***	227.2	219.6
	Capital and reserves		
1.3	Equity share capital	0.2	1.3
-	Share premium	-	315.9
-	Capital redemption reserve	1.1	-
(0.6)	Foreign currency retranslation reserve	(1.3)	(0.3)
230.7	Retained earnings	227.2	(97.3)
231.4	***Total equity***	227.2	219.6

INTERIM GROUP STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2014 (unaudited)

	Share capital	*Share premium*	*Capital redemption reserve*	*Translation reserve*	*Retained earnings*	*Total equity*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Six months ended 30 June 2014						

Opening balance	1.3	-	-	(0.6)	230.7	231.4
Loss for the period	-	-	-	-	(3.5)	(3.5)
Other comprehensive expense	-	-	-	(0.7)	-	(0.7)
Total comprehensive income for the period	-	-	-	(0.7)	(3.5)	(4.2)
Cancellation of Deferred shares	(1.1)	-	1.1	-	-	-
Closing balance	0.2	-	1.1	(1.3)	227.2	227.2
Six months ended 30 June 2013						
Opening balance	1.3	315.9	-	(0.9)	(105.2)	211.1
Profit for the period	-	-	-	-	7.9	7.9
Other comprehensive income	-	-	-	0.6	-	0.6
Total comprehensive income for the period	-	-	-	0.6	7.9	8.5
Closing balance	1.3	315.9	-	(0.3)	(97.3)	219.6
Year ended 31 December 2013						
Opening balance	1.3	315.9	-	(0.9)	(105.2)	211.1
Profit for the period	-	-	-	-	20.0	20.0
Other comprehensive income	-	-	-	0.3	-	0.3
Total comprehensive income for the period	-	-	-	0.3	20.0	20.3
Cancellation of Share Premium	-	(315.9)	-	-	315.9	-
Closing balance	1.3	-	-	(0.6)	230.7	231.4

INTERIM GROUP CASH FLOW STATEMENT
for the six months ended 30 June 2014 (unaudited)

Year ended 31 December 2013		*Half year to 30 June 2014*	*Half year to 30 June 2013*
£m		*£m*	*£m*
	Operating activities		
24.6	**(Loss) / profit for the year before tax**	(4.6)	9.7
15.2	Add back net financing costs	14.9	7.7
39.8	**Operating profit**	10.3	17.4
	Adjusted for non cash items:		
(0.7)	Gain on disposal of property, plant and equipment	(0.1)	(0.1)
-	Operating exceptional items - net expense recognised	12.4	-
-	- cash paid	(8.9)	-
(0.3)	Profit on sale of investments	-	(0.3)
13.9	Depreciation	7.3	6.9
52.7	**Operating cash flow before movement in working capital**	21.0	23.9
	Movement in working capital:		

1.9	Receivables	(4.7)	(8.7)
4.7	Payables	(4.9)	(6.0)
(1.1)	Inventories	(2.5)	3.3
58.2	**Cash generated from operations**	8.9	12.5
(4.9)	Income tax paid	(2.4)	(2.7)
53.3	***Net cash flows from operating activities***	6.5	9.8
	Investing Activities		
0.3	Interest received	0.2	0.1
0.8	Proceeds from disposal of property, plant and equipment	0.1	0.1
0.3	Proceeds from sale of investments	-	0.3
(21.1)	Purchase of property, plant and equipment	(7.3)	(8.3)
(19.7)	***Net cash flow used in investing activities***	(7.0)	(7.8)
	Financing activities		
(0.1)	Repayment of bank loan	(30.0)	(0.1)
(14.6)	Interest paid	(8.0)	(7.2)
-	Refinancing costs	(9.3)	-
(14.7)	***Net cash flows from financing activities***	(47.3)	(7.3)
18.9	***Net (decrease)/increase in cash and cash equivalents***	(47.8)	(5.3)
47.0	Cash and cash equivalents - opening balance	65.9	47.0
65.9	***Cash and cash equivalents - closing balance***	18.1	41.7

NOTES TO THE INTERIM FINANCIAL STATEMENTS
at 30 June 2014

1. Basis of preparation

Polypipe Group plc is incorporated in the UK. The condensed interim financial statements have been prepared in accordance with the Disclosure and Transparency rules of the Financial Conduct Authority and IAS 34 "Interim Financial Reporting (as adopted by the EU)".

As required by the Disclosure and Transparency rules of the Financial Conduct Authority, the interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 31 December 2013. These statements do not include all the information required for full annual financial statements and should be read in conjunction with the full annual report for the year ended 31 December 2013.

The comparative figures for the financial year ended 31 December 2013 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors was (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 financial statements are prepared on a going concern basis. This is considered appropriate given that the company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future.

There have been no significant related party transactions in the period to 30 June 2014.

2. Financial risks, estimates, assumptions and judgements

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2013.

3. Segment information

The group has two reporting segments - Residential Piping Systems (all UK by origin) and Commercial and Infrastructure Piping Systems (which is split below into UK and Mainland Europe by origin). Several operating segments that have similar economic characteristics have been aggregated into these two reporting segments.

Year ended 31 December 2013			*Half year to 30 June 2014*		*Half year to 30 June*	
Revenue	*Operating Profit **		*Revenue*	*Operating Profit **	*Revenue*	*Ope*
£m	*£m*		*£m*	*£m*	*£m*	

158.7	26.0	**Residential Piping Systems**	86.8	13.2	78.1	
		Commercial & Infrastructure Piping Systems				
94.3	13.6	- UK	56.4	8.6	47.3	5.5
58.3	0.1	- Mainland Europe	30.6	0.9	31.5	1.0
152.6	13.7		87.0	9.5	78.8	
(10.5)	-	Inter segment sales	(5.6)	-	(5.1)	
300.8	39.7	**Group Revenue / Operating Profit**	168.2	22.7	151.8	
	0.1	Operating exceptional items		(12.4)		
	(15.2)	Net finance costs		(14.9)		
	24.6	(Loss) / profit before taxation		(4.6)		

* before operating exceptional items

Since the last annual financial statements the measure of segment profit has changed from operating profit to operating profit before operating exceptional items.

Given stable market conditions, our revenues have historically been broadly similar between the first and second halves of the year.

Revenue by geographical market:

Year ended 31 December 2013		Half year to 30 June 2014	Half year to 30 June 2013
£m		£m	£m
226.2	UK	126.5	112.0
61.3	Mainland Europe	31.9	32.8
13.3	Rest of World	9.8	7.0
300.8	**Total**	168.2	151.8

4. Operating exceptional items

Year ended 31 December 2013		*Half year to 30 June 2014*	*Half year to 30 June 2013*
£m		*£m*	*£m*
-	Listing costs	12.4	-
0.7	Restructuring costs	-	0.5
0.2	Aborted acquisition costs	-	0.1
(0.3)	Profit on sale of investments	-	(0.3)
(0.7)	Profit on sale of fixed assets	(0.1)	(0.1)
-	Other	0.1	-
(0.1)		12.4	0.2

5. Finance revenue / costs

Year ended 31 December 2013		*Half year to 30 June 2014*	*Half year to 30 June 2013*
£m		*£m*	*£m*
0.3	Bank interest income	0.2	0.1

0.3	**Finance revenue**	0.2	0.1
14.2	Interest on Senior Secured Notes	5.9	7.1
0.2	Bank interest and other finance charges	0.2	0.2
1.1	Debt issue cost amortisation	0.4	0.5
15.5	**Finance costs**	6.5	7.8
-	Senior Secured Notes early settlement fee	7.2	-
-	Write off of unamortised debt issue costs	1.4	-
-	**Exceptional finance costs**	8.6	-

On 21 May 2014 the £150m Senior Secured Notes were refinanced utilising £30m of cash balances and a £120m five year term bank loan on which interest is payable at LIBOR plus an interest margin of 2.75%, which reduces if the leverage ratio (net debt to EBITDA) reduces.

6. Taxation

Tax has been provided on the profit before taxation, at the estimated effective rate for the full year of 23.9% (2013: 18.7%). If the impact of exceptional costs is excluded, the underlying tax rate would be 14.5%.

7. Earnings per share

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Year ended 31 December 2013 £m		*Half year to 30 June 2014 £m*	*Half year to 30 June 2013 £m*
20.0	(Loss) / profit for the period attributable to equity holders of the parent	(3.5)	7.9
19.9	Adjusted profit for the period	14.1	8.1
199,999,862	Weighted average number of ordinary shares in issue during the year	199,999,862	199,999,862
10.00 pence	Basic and diluted earnings per ordinary share	(1.75) pence	3.95 pence
9.95 pence	Adjusted basic and diluted earnings per ordinary share	7.05 pence	4.05 pence

The weighted average number of shares has been calculated assuming the consolidation and sub-division of shares (as described in note 11) took place as from 1 January 2013.

Adjusted profit is derived below and is defined as the result of the period, excluding the impact of exceptional operating items and exceptional finance costs. The directors consider that this measure gives a better and more consistent indication of the Group's underlying performance.

Year ended 31 December 2013 £m		*Half year to 30 June 2014 £m*	*Half year to 30 June 2013 £m*
39.7	Operating profit for the period before operating exceptional items	22.7	17.6
(15.2)	Net finance costs (excluding exceptional finance costs)	(6.3)	(7.7)
24.5		16.4	9.9
(4.6)	Taxation at underlying tax rate (note 6)	(2.3)	(1.8)
19.9	**Adjusted profit for the period**	14.1	8.1

8. Dividends

There have been no dividends paid during the period (2013: Nil). The directors have proposed an interim dividend for the current year of £3.0m which equates to 1.5p per share.

9. Analysis of net debt

Year ended 31 December 2013 £m		*Half year to 30 June 2014 £m*	*Half year to 30 June 2013 £m*
65.9	Cash and cash equivalents	*18.1*	*41.7*

0.4	Financial asset	***0.4***	**-**
	Interest bearing loans and borrowings due after more than one year		
-	- Bank loans	(120.0)	-
(150.0)	- Senior secured notes	-	(150.0)
(2.4)	- Accrued interest	(0.5)	(2.5)
1.8	- Unamortised debt issuance costs	2.1	2.3
(150.6)		***(118.4)***	***(150.2)***
-	Financial liabilities	**-**	***(0.3)***
(84.3)	Net debt	***(99.9)***	***(108.8)***

The Group's net debt is defined as cash and cash equivalents, financial assets, loans and other financial liabilities.

10. Financial instruments

Fair value of financial instruments

The book value of trade and other receivables, trade and other payables, cash balances, bank loans and other liabilities equates to fair value.

The table below sets out the group's accounting classification of its other financial assets and liabilities and their fair values and carrying values.

	Carrying value £m	***Fair value £m***
Foreign currency derivative contracts	**0.3**	**0.3**
Interest rate swap	**0.1**	**0.1**
Interest bearing loans and borrowings due after more than one year	**(118.4)**	**(118.4)**
Total at 30 June 2014	**(118.0)**	**(118.0)**

	Carrying value £m	***Fair value £m***
Foreign currency derivative contracts	**(0.3)**	**(0.3)**
Interest bearing loans and borrowings due after more than one year	**(150.2)**	**(159.8)**
Total at 30 June 2013	**(150.5)**	**(160.1)**

	Carrying value £m	***Fair value £m***
Foreign currency derivative contracts	**0.4**	**0.4**
Interest bearing loans and borrowings due after more than one year	**(150.6)**	**(157.5)**
Total at 31 December 2013	**(150.2)**	**(157.9)**

In respect of the £120m five year term bank loan on which interest is payable at variable LIBOR plus a margin, the Group entered into an interest rate swap on 16 April 2014 with interest payable at a fixed rate of 2.21% (excluding margin) for the following notional amounts:

Year ended 31 December	**Notional amount**
	£m
2014	**-**
2015	**48.0**
2016	**60.0**
2017	**70.2 - 72.0**
2018	**66.6 - 68.4**
To March 2019	**64.8**

The fair value of the interest rate swap was determined by reference to market values. Forward currency exchange contracts fair value was determined using quoted forward exchange rates matching the maturities of the contracts.

The fair value of the senior secured notes is based on their quoted mid point market value.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1:quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2:other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3:techniques which use inputs which have a significant effect on the recorder fair value that are not based on observable market data.

The fair values disclosed above all relate to items categorised as Level 1.

There have been no transfers in any direction in the period.

11. Issued share capital

On 16 April 2014 the Company's entire issued share capital was consolidated and then sub-divided into 199,999,862 Ordinary Shares of £0.001 each and 146,354,735,914 Deferred Shares of £0.00001 each. The Deferred Shares were cancelled on 16 April 2014.

The Ordinary Shares are voting non-redeemable shares and rank equally as to dividends, voting rights and any return of capital on winding up.

INDEPENDENT REVIEW REPORT TO POLYPIPE GROUP PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 which comprises the Interim Group Income Statement, the Interim Group Statement of Comprehensive Income, the Interim Group Balance Sheet, the Interim Group Statement of Changes in Equity, the Interim Group Cash Flow Statement and the related notes 1 to 11. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the EU.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP

Leeds

18 August 2014