For immediate release **26 January 2015**

Results for the year ended 30 November 2014
Record results ahead of expectations

Porvair plc ("Porvair" or "the Group"), the specialist filtration and environmental technology group, today announces its results for the year ended 30 November 2014.

Highlights

Strong financial performance:

- Revenue up 23% to a record £104.0 million (2013: £84.3 million).
- Profit before tax up 10% to £8.4 million (2013: £7.6 million*).
- Basic earnings per share up 17% to 14.4 pence (2013: 12.3 pence*).
- Strong cash generation: net cash of £5.3 million at 30 November 2014 (2013: £0.6 million).
- £5.1 million (2013: £2.0 million) capital investment to expand production capacity.
  - New plants in UK and US.
- Final dividend of 2.0 pence per share (2013: 1.8 pence per share) recommended.

Metals Filtration:

- Revenue up 6% to a record £30.1 million (2013: £28.5 million).
  - 11% at constant currency.
- Market share gains in US and China.
- Further expansion in China planned.

Microfiltration:

- Revenue up 33% to a record £73.9 million (2013: £55.8 million).
- 9% underlying revenue growth.
  - Excluding large contracts revenue of £19.5 million (2013: £6.0 million).
  - 11% at constant currency.
- New US$10 million gasification contract win.
- Seal Analytical revenue growth of 13%.

Outlook:

- Healthy order position going into 2015.
- Further capital investment planned to support organic growth.

**2013 figures restated following the adoption of IAS19 Revised*

Commenting on the outlook, Ben Stocks, Chief Executive, said:

"2014 finished well and order books going into 2015 are healthy with the fundamentals of the markets in which we operate looking satisfactory. All key initiatives are progressing well and new product development pipelines are promising. Capacity investments made in 2014 and planned for 2015 will allow for growth. The Group has a strong balance sheet, a positive start has been made to the year and the Board looks forward with confidence."

For further information please contact:

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An analyst briefing will take place at 9:30 a.m. on Monday 26 January at Buchanan. An audio webcast and a copy of the presentation will be available at www.porvair.com on the day.

Operating review

Overview of 2014

	2014 £m	2013 £m	Growth %
Revenue	104.0	84.3	23
Profit before tax	8.4	7.6	10
Earnings per share	14.4p	12.3p	17
Cash generated from operations	14.1	12.3	15
Net cash	5.3	0.6	

The Group achieved record results in 2014 with revenue growth of 23%. Profit before tax grew 10% and earnings per share grew 17%. Strong trading enabled the Group to invest £5.1 million in capacity expansion projects and finish the year with £5.3 million of net cash.

Demand from key markets was good. In Microfiltration, sales of industrial filters into the USA grew 18%. Aerospace sales rose 7%, with nuclear and bioscience also well ahead of the prior year. Seal Analytical revenues grew 13%. Metals Filtration had a good year with revenue growth of 11% at constant currency, 6% reported.

As previously announced, several large projects were substantially manufactured during the year. These generated unusually high revenue of £19.5 million (2013: £6.0 million) in 2014. Revenue in 2015 from these projects is expected to be closer to 2013 levels. Profits attributed to these projects are recognised as work is completed and performance milestones for each project, arising throughout the period from 2013 to 2017, are met. Details of the accounting treatment is given later in this statement. A further large project, with CNOOC in China, was won at the end of the year with revenue expected to exceed US$10 million spread throughout the period from 2016 to 2018.

2014 was a year of planned high capital investment as the Group laid the foundations for future growth. Expansions and upgrades to manufacturing capabilities and skills have been made and further investments are planned in 2015.

Looking ahead, the Group has a broad range of organic growth projects underway and order books at the start of 2015 are strong.

Strategic statement

Porvair's strategy has remained consistent for a number of years. It is to generate shareholder value through the development of specialist filtration and environmental technology businesses, both organically and by acquisition. Such businesses have certain key characteristics in common:

- specialist design or engineering skills are required;
- product use and replacement is mandated by regulation, quality accreditation or a maintenance cycle; and
- products are often designed into a specification and will typically have long life cycles.

Over the last five years this strategy has delivered revenue growth of 88% (13% CAGR) and cash generated from operations of £52 million. Over the same period, the Group has invested £19 million in capital expenditure and acquisitions and turned a net debt of £14 million into a net cash position of over £5 million. In 2014, the Group's after tax operating profit return on operating capital was 47% (2013: 38%).

Business model outline

Our customers require filtration or emission control products that perform to a given specification; for a minimum amount of time; often with prescribed physical attributes such as size or weight. We win business by offering the best technical solutions for these requirements at an acceptable commercial cost. Filtration expertise is applicable across all markets with new products generally being adaptations of existing designs. Experience in particular markets or applications is valuable in building customer confidence. Domain knowledge is important, as is deciding where to focus resources.

This leads us to:

1. Focus on end-markets where we see long term growth potential.
2. Look for applications where product use is mandated and replacement demand is therefore regular.
3. Make new product development a core business activity.
4. Establish geographic presence where end-markets require.
5. Maintain a conservative balance sheet while re-investing in both organic and acquired growth.

Therefore:

- We focus on four end-markets: aviation; energy and industrial; environmental laboratories; and molten metals. All have clear structural growth drivers.
- Our products are specialist in nature and typically protect costly or complex downstream systems. As a result they are replaced regularly. A high proportion of our annual revenue is from repeat orders.
- We encourage new product development in order to generate growth rates in excess of the underlying market. Where possible we build robust intellectual property around our product developments. About 30% of our revenues are derived from patent protected products.
- Our geographic presence follows the markets we serve. 40% of revenues are in the Americas, where aviation and metals filtration are strong. 30% of revenues are in Asia, where sales into water analysis markets are growing and the demand for gasification plants is strongest.
- We aim to maintain a conservative balance sheet, meeting dividend and investment needs from free cash flow. Porvair is a cash generative business. In the last three years we have expanded manufacturing capacity in the UK, Germany, US and China and made five small acquisitions.

Operating structure

- The Group has two divisions. The Microfiltration division serves the aviation, environmental laboratory and energy/industrial markets. The Metals Filtration division focuses on filtration of molten metals, principally aluminium.
- The Group manufactures in the UK, US, Germany and China.

Investment and future development

2014 was a year of accelerated investment, continuing in 2015:

- We consolidated our UK Microfiltration division facilities at New Milton into a larger site that will increase capacity to meet aviation and industrial filtration growth. Aviation sales have grown almost 50% over the last five years. Investments were also made in machine capacity and automation. Further investments will be made in 2015.
- Following its acquisition in June 2013 we have expanded manufacturing capacity in Caribou, Maine, with investments in production equipment to follow in 2015. Industrial business growth in

the US was 18% in 2014. We will also look at options to expand our Ashland, Virginia, facility during 2015.

- The design and building of gasification filter systems has been a major part of our work in 2014, and will continue to be so in 2015. A new US$10 million project in China is due for shipment in 2016 and commissioning through 2017 and 2018. As the various gasification projects enter their commissioning phases we expect demand for spares and services to grow. We are looking at options for locally based customer support.
- The Metals Filtration factory, built in 2013 at Xiaogan, China, increased its output in 2014 and we will build a second plant there in 2015. We expect initial production from the new plant to start in the second half of 2015.
- The Metals Filtration plant at Hendersonville, North Carolina, has had a record year and has a full programme of quality and productivity initiatives underway. A lower oil price will assist the operation to improve margins.

Further to these investments, new product introductions continue to drive growth in the business. The bioscience segment has had an active year, and 2015 is expected to be similar. A suite of new products will be launched by Seal Analytical in the first half of 2015. The overall 2015 product development pipeline is looking promising.

Divisional review

Metals Filtration

	2014 £m	2013 £m	Growth %
Revenue	30.1	28.5	6
Operating profit	2.6	2.4	7

The Metals Filtration division had a good year with record revenues of £30.1 million and record operating profits of £2.6 million. At constant currency rates revenue growth was 11% and operating profit growth was 13%. End markets were broadly stable through the year. Global aluminium pricing remained relatively low, but investment in new capacity in both China and the Middle East contributed to new demand for filters. NAFTA auto production grew steadily and the division made several important market share gains that generated growth.

This division has three principal products:

- Selee CSX™ for aluminium filtration, where we have a significant global market share. This product has a unique environmental footprint in being free of phosphates and ceramic fibres.
- Selee IC™ for gray and ductile iron filtration. This range is sold principally in the US and offers excellent filtration efficiency.
- Selee SA™ for the filtration of nickel-cobalt alloys. This niche application requires exceptional filtration performance and uses a highly proprietary manufacturing technique.

New product developments include a new filter for lithium aluminium alloys which has been successfully trialled in 2014. The highly reactive nature of lithium makes this a difficult technical challenge. Over time we expect this to develop into a higher margin niche application. Incremental product improvements to broaden the market appeal of both the Selee CSX and Selee IC products are steadily being introduced. Customer take-up of new structured filter products has been slower than originally anticipated, but several interesting projects are underway.

This division has been busy in China in 2014. We were pleased to be selected by Nanshan Aluminium to supply equipment to their technically advanced new cast houses in Longkuo with most equipment shipped during the year. Following the growth of higher grade aluminium production in China we will expand our manufacturing capacity in Xiaogan in 2015 and start production of proprietary aluminium filters in the second half.

Microfiltration

	2014 £m	2013 £m	Growth %
Revenue	73.9	55.8	33
Operating profit	8.7	8.6	1

The Microfiltration division also had a record year with revenues growing 33% to £73.9 million. Operating profits grew only modestly to £8.7 million due to several factors:

- the impact of the large contracts, explained below.
- a weaker US dollar for most of the year.
- one-off costs and redundancies associated with the consolidation of facilities in the UK.

The large contracts underway in this division are proceeding satisfactorily and their effect can be seen in the 2014 revenue. A new US$10 million contract, with CNOOC in China, was won at the end of the year. Production trials of POSCO's coal to substitute natural gas installation at Gwangyang, South Korea will now start in early 2015. A much larger contract for a similar project with Reliance Industries at Jamnagar, India is expected to begin start-up towards the end of 2015. The £11 million UK Government nuclear remediation contract was partially shipped in 2014 and will continue in 2015. As the gasification contracts move through their commissioning phase we expect the demand for local operational support to grow. This could involve day to day servicing or replacement parts. We are looking at options to meet this demand which may involve an expansion of our geographic presence in 2015.

The Group has adopted long term contract accounting for these contracts. As a consequence the Group's published results may fluctuate more than has generally been the case. In practice:

- Most revenue is recognised throughout the manufacturing and shipping phase of each project. Significant manufacturing took place in 2014 leading to an unusually high contribution to revenue of £19.5 million (2013: £6.0 million). Revenue in 2015 from these projects is expected to be closer to 2013 levels.
- Allowance is made for potential future costs arising during the assembly, commissioning and warranty stages of each project. Profits are therefore recognised over several years, likely to be 2013 to 2017 for the current projects.

Stripping out large contracts, underlying revenue grew by 9% in this division; 11% at constant currency. This is more in line with the Group's five year average. Order books going into 2015 are healthy.

Orders in aviation and nuclear filtration grew again in 2014. New machining capacity and automation was brought into use and a larger manufacturing facility built during the year, in New Milton, is already occupied.

The US industrial business grew 18% in 2014 with a first full year contribution from our acquisition in Caribou, Maine, showing 16% growth. Expansion at Caribou is well underway, and additional manufacturing capability will be added in early 2015.

Bioscience filtration had a good year with sales growth of over 60%, although both of the key projects have developed slower than originally expected. Nonetheless our patented DNA filtration product under development with the University of Swansea remains promising, and our work with Thermo Fisher Scientific's SOLA brand has expanded in scope. Both remain intriguing prospects for the Group.

Seal Analytical's revenue grew 13% in the year delivering record revenue and profits. Seal is a market leading supplier of equipment and consumables for the detection of inorganic contamination in water, a well defined niche market that is expected to continue to grow as water quality standards improve across the world. Building on its recent small acquisitions, Seal has consolidated some of its US operations to improve margins, and expanded its technical team to improve customer service. Two new products will be introduced in 2015 to broaden the product range.

Dividends

The Board re-affirms its preference for a progressive dividend and recommends an improved final dividend of 2.0 pence per share (2013: 1.8p), making the full year dividend 3.2 pence per share (2013: 2.9p), an increase of 10%.

Board composition

Andrew Walker retired from the Board at the 2014 AGM in April. He made a substantial contribution to the Group's direction and strategy during his time on the Board and was an active and popular Non-Executive Director. We thank him and wish him well. Following an external search process, Dr Krishnamurthy (Raj) Rajagopal joined the Board on 1 April 2014. Raj brings wide expertise in international and engineering businesses and we are pleased to welcome him to Porvair. Following the 2014 AGM, Paul Dean succeeded Andrew Walker as senior Non-Executive Director and Dr Krishnamurthy Rajagopal succeeded Andrew Walker as Chairman of the Remuneration Committee.

Staff

During a period of strong growth over the last five years, Porvair has increased its staff numbers by 40%. With new staff joining the Group, we have placed an increasing emphasis on development and training. We welcome all those who have joined us this year. 2014 was a successful year for the Group, substantially due to the hard work and commitment of our staff, to whom we offer our thanks.

Current trading and outlook

2014 finished well and order books going into 2015 are healthy with the fundamentals of the markets in which we operate looking satisfactory. All key initiatives are progressing well and new product development pipelines are promising. Capacity investments made in 2014 and planned for 2015 will allow for growth. The Group has a strong balance sheet, a positive start has been made to the year and the Board looks forward with confidence.

Ben Stocks
Group Chief Executive
23 January 2015

Financial review

Group operating performance

	2014 £m	2013 £m	Growth %
Revenue	104.0	84.3	23
Operating profit	9.2	8.4	10
Profit before tax	8.4	7.6	10

Revenues grew 23% in the year. Underlying revenues, excluding £19.5 million (2013: £6.0 million) large contract revenue, grew 8% (11% at constant currencies). Operating profit and profit before tax grew 10%. Operating profit margins were 8.9% (2013: 10.0%) with the reduction resulting from the phasing of large contract profits as explained in detail in the Divisional Review and Construction Contract sections of this statement. Underlying operating margins remained broadly unchanged.

The operating performance of the Microfiltration and Metals Filtration divisions are described in detail in the Operating Review and below. The operating loss associated with the Other Unallocated segment fell to £2.1 million (2013: £2.6 million), which mainly comprises Group corporate costs such as new business development costs and general financial costs.

The operating profit includes amortisation charges on intangible assets arising on acquisition of £0.2 million (2013: £0.2 million), a credit of £0.3 million (2013: £nil) arising on the reassessment of acquisition consideration, acquisition expenses written-off of £nil (2013: £0.1 million) and share based payment charges of £0.5 million (2013: £0.5 million).

Prior year adjustment in relation to the adoption of IAS 19 Revised

The Group has adopted IAS 19 Revised in its accounts for the year ended 30 November 2014. The new standard amends the basis for calculating the profit and loss charge arising on the operation of the defined benefit pension scheme. In summary, it requires an interest charge to be calculated on the net liabilities of the scheme rather than, as previously, separate income/charges being based on different expected performances of the pension fund's gross assets and gross liabilities.

To ensure that the comparative information for the year ended 30 November 2013 is shown on the same basis, the prior year results have been restated. The impact of the restatement is shown in the table below:

	2013 Previously disclosed £m	Prior year adjustment £m	2013 Restated £m
Operating profit	8,641	(250)	8,391
Interest payable	(793)	40	(753)
Profit before tax	7,848	(210)	7,638
Income tax expense	(2,367)	49	(2,318)
Profit for the year	5,481	(161)	5,320
Earnings per share	12.7p	(0.4)p	12.3p

The impact on the results for the year ended 30 November 2014 of adopting IAS19 Revised has been to increase the pension cost of the Group and reduce profit before tax by £360,000 (2013: £210,000).

Impact of exchange rate movements on performance

The international nature of the Group's business means that relative movements in exchange rates can have a significant impact on reported performance. The average rate used for translating the results of US operations into Sterling was US$1.65:£1 (2013: US$1.57:£1) and the Group's Euro denominated operations were translated at €1.24:£1 (2013: €1.18:£1). The weaker dollar and Euro rates held back revenue growth by 2% and operating profit growth by 2% on translating the Group's foreign subsidiaries compared with the prior year.

The Group sold its UK business' 2014 US dollar receipts during the financial year and achieved an average rate of US$1.57:£ (2013: US$1.53:£). Had the rates achieved in 2013 applied to 2014, the operating profit would have been around 3% higher.

At 30 November 2014 the Group has US$7 million of outstanding forward foreign exchange contracts taken out to translate the future revenue on the Group's large contracts. The Group has applied hedge accounting to US$3 million of these transactions. The reduction in the value of the hedge in the year of £0.9 million is shown in the consolidated statement of comprehensive income.

Finance costs

Net interest payable remained at £0.8 million (2013: £0.8 million). Included within interest payable are finance costs in relation to the defined benefit pension scheme, which were £0.5 million (2013: £0.3 million (restated)) in the year. Other net interest payable reduced as a result of lower borrowings in the year. The Group suffers non-utilisation fees on its unused borrowing facilities at a rate of half the margin on the facility. Consequently, the interest payments have not fallen in line with the reduction in gross borrowings.

The Group has a policy of maintaining between 40% and 60% of its borrowings on fixed interest terms, by taking out interest rate swaps to fix the interest rates on certain of its borrowings. During periods of high borrowing, these provided some protection for the Group in the event of interest rate rises. For the time being, while the Group's gross borrowings are low, the Board concluded that further interest rate swaps need not be taken out and the Group's borrowings have been at floating rates since 13 December 2013.

Interest cover was 12 times (2013: 11 times); excluding the impact of the pension finance charge the interest cover is 30 times (2013: 20 times).

Tax

The Group tax charge was £2.1 million (2013: £2.3 million). This is an effective rate of 25% (2013: 30%), which is higher than the UK standard corporate tax rate of 21.7% (2013: 23.3%). Tax in the UK was reduced by the benefit of tax relief on the exercise of share options but the rates of tax are higher on profits made in Germany and the US. The tax charge comprises current tax of £2.1 million (2013: £2.2 million) and a deferred tax charge of £nil (2013: £0.1 million).

The Group carries a deferred tax asset of £3.2 million (2013: £3.7 million) and a deferred tax liability of £1.5 million (2013: £1.3 million). The deferred tax asset relates principally to the deficit on the pension fund and share-based payments. The deferred tax liability relates to accelerated capital allowances, capitalised development costs and other timing differences, arising in the US.

Total equity

Total equity at 30 November 2014 was £52.1 million (2013: £47.7 million), an increase of 9% over the prior year. Increases in total equity arose from profit after tax of £6.4 million (2013: £5.8 million restated), after adding back the charge for employee share option schemes; £0.2 million (2013: £0.7 million) in relation to share issues on option exercises; and exchange gains on translation of £1.1 million (2013: loss of £0.9 million). Dividends paid of £1.3 million (2013: £1.2 million); a reduction of £0.9 million (2013: gain of £1.0 million) in the value of hedge accounting instruments; and an actuarial loss of £1.1 million net of tax (2013: £2.9 million restated) reduced total equity.

Return on capital employed

The increase in the profits of the Group compared with lower capital employed led to an increase in the return on capital employed to 15% (2013: 12%). Excluding the impact of goodwill and the net pension liability, the return on operating capital employed increased to 47% (2013: 38%).

Cash flow

The table below summarises the key elements of the cash flow for the year:

	2014 £m	2013 £m
Operating cash flow before working capital	**11.9**	10.7
Working capital movement	**2.2**	1.6
Cash generated from operating activities	**14.1**	12.3
Interest	**(0.3)**	(0.4)
Tax	**(2.2)**	(2.1)
Capital expenditure net of disposals	**(5.1)**	(1.5)
	6.5	8.3
Acquisitions	**(0.7)**	(3.3)
Dividends	**(1.3)**	(1.2)
Share issue proceeds	**0.2**	0.7
Net cash increase in the year	**4.7**	4.5
Net cash/(debt) at 1 December	**0.6**	(3.9)
Net cash at 30 November	**5.3**	0.6

Net working capital reduced by £2.2 million. Working capital was reduced by £3.3 million as a result of cash received from large contracts being in excess of the revenues recognised in the year ended 30 November 2014. An increase in working capital in the rest of the business is principally explained by an increase in trade debtors as a result of a strong final two months of trading.

Net interest paid represents the bank interest and non-utilisation fees charged in the year. It reduced as bank borrowings fell in the year.

Tax payments are now closely in line with the Group's tax charge.

£0.7 million was paid in deferred consideration for acquisitions completed in 2012 and 2013. A further £0.9 million is payable in 2015.

Construction contracts and performance bonds

The income statement impact of the large contracts is described in the Divisional Review above. At 30 November 2014, the Group had amounts due from contract customers of £2.6 million and amounts due to contract customers of £8.6 million. The net of these two amounts, £6.0 million, is the amount by which cash received at 30 November 2014 exceeds revenue recognised to date on these large contracts.

The contract customers generally provide advance payments to fund the initial stages of the contracts and the Group provides advance payment bonds to the customer as security. The bonds are cancellable after up to six months following the shipment of goods. At 30 November 2014 the Group held US$248,000 of advanced payments against future shipments and there were US$5.6 million (£3.6 million) of advance payment bonds outstanding.

The contract customers also generally require performance bonds to cover risks arising during the contract warranty periods. At 30 November 2014 the Group had US$5.7 million (£3.6 million) of performance bonds outstanding.

Capital expenditure

Capital expenditure was £5.1 million (2013: £1.5 million net of £0.5 million disposals). The principal investments in 2014 were a new plant in New Milton, UK, which will be fully operational by the end of

January 2015 and an extension to the plant in Caribou, Maine, which will be completed in the spring of 2015. In addition, further machining capacity was acquired, principally to deliver growth in the aerospace business.

Looking forward to 2015 the Board is planning further investments in facilities in US and China. Capital expenditure, however, is unlikely to be as high in 2015 as it was in 2014.

Pension schemes

The Group continues to support its defined benefit pension scheme in the UK, which is closed to new members, and to provide access to defined contribution schemes for its US employees and other UK employees. As described above, the Group adopted IAS 19 Revised in the year ended 30 November 2014 and has accordingly restated the prior year comparatives.

The Group total pension cost was £2.2 million (2013: £1.7 million); £1.7 million (2013: £1.4 million) was recorded as an operating cost. The increase over the prior period principally relates to the introduction of auto enrolment for the Group's UK staff. £0.5 million (2013: £0.3 million) was recorded as a finance charge.

The Group's net retirement benefit obligation was £12.8 million (2013: £11.9 million). The contributions paid were £0.9 million (2013: £0.8 million). The service cost, administrative expenses and finance cost were £1.0 million (2013: £0.8 million) and the actuarial loss in the year was £0.9 million (2013: £3.3 million). The discount rate used reduced to 3.6% (2013: 4.2%); all other assumptions adopted were broadly in line with the previous year.

The scheme had 53 (2013: 53) active members, 281 (2013: 289) deferred members and 271 (2013: 265) pensioners at 30 November 2014. The life expectancy of members of the scheme at age 65 is assumed to be 21.6 years (2013: 21.5 years) for men and 23.8 years (2013: 23.7 years) for women.

A full triennial actuarial valuation of the assets and liabilities of the defined benefit scheme was completed in 2013, based on data at 31 March 2012. As a result of this review, the Group and the Trustees agreed to alter the employer's contributions from 8.2% of salary to 13.3% of salary. Additionally, the Group committed to making a £194,000 annual contribution towards the running costs of the scheme from March 2014, which will increase by 3.25% per annum thereafter. The Group also committed to make additional annual contributions, to cover the past service deficit, of £456,000 per annum commencing in December 2013, increasing by 5% per annum thereafter. The funding shortfall is expected to be eliminated by December 2027. The next full actuarial valuation of the scheme will be based on the pension scheme's position at 31 March 2015 and is expected to be completed before June 2016.

Borrowings and bank finance

At the year end, the Group had net cash balances of £5.3 million (2013: net cash of £0.6 million) comprising cash balances of £7.9 million (2013: £6.8 million) offset by gross borrowings of £2.6 million (2013: £6.2 million). Borrowings of £2.0 million (US$3.1 million) (2013: £4.6 million (US$7.5 million)) are held in US dollars.

The Group signed a new five year borrowing facility agreement on 25 January 2013 comprising a five year US$20 million revolving credit facility, a £2.5 million term loan (reduced to £0.75 million at 30 November 2014) and a £2.5 million overdraft facility. These facilities have margins over LIBOR ranging between 1.95% and 2.25%. These facilities provide adequate operating headroom until January 2018.

At 30 November 2014, the Group had £10.8 million (2013: £7.6 million) of unused loan facilities, an unutilised overdraft facility of £2.5 million (2013: £2.5 million) and cash balances of £7.9 million (2013: £6.8 million).

Finance and treasury policy

The treasury function at Porvair is managed centrally, under Board supervision. It is not a profit centre and does not undertake speculative transactions. It seeks to limit the Group's trading exposure to currency movements. The Group does not hedge against the impact of exchange rate movements on the translation of profits and losses of overseas operations.

At the year end, the Group had US$3.1 million (2013: US$7.5 million) of US dollar borrowings exposure which partially hedged underlying US net assets on the balance sheet of US$46.2 million (2013: US$39.9 million).

The Group finances its operations through share capital, retained profits and bank debt. It has adequate facilities to finance its current operations and capital plans for the foreseeable future.

Chris Tyler
Group Finance Director
23 January 2015

Consolidated income statement
For the year ended 30 November

Continuing operations	Note	2014 £'000	Restated 2013 £'000
Revenue	1	**104,004**	84,267
Cost of sales		**(74,157)**	(55,519)
Gross profit		**29,847**	28,748
Distribution costs		**(1,227)**	(968)
Administrative expenses		**(19,415)**	(19,389)
Operating profit	1	**9,205**	8,391
Finance costs		**(785)**	(753)
Profit before income tax		**8,420**	7,638
Income tax expense		**(2,087)**	(2,318)
Profit for the year attributable to shareholders		**6,333**	5,320
Earnings per share (basic)	2	**14.4p**	12.3p
Earnings per share (diluted)	2	**14.2p**	12.1p

Consolidated statement of comprehensive income
For the year ended 30 November

	2014 £'000	Restated 2013 £'000
Profit for the year	**6,333**	5,320
Other comprehensive income / (expense):		
Items that will not be reclassified to profit and loss		
Actuarial losses in defined benefit pension plans net of tax	**(1,066)**	(2,918)
Items that may subsequently be classified to profit and loss		
Exchange differences on translation of foreign subsidiaries	**1,125**	(921)
Changes in fair value of interest rate swaps held as a cash flow hedge	**20**	79
Changes in fair value of forex contracts held as a cash flow hedge	**(866)**	932
	279	90
Net other comprehensive expense	**(787)**	(2,828)
Total comprehensive income for the year attributable to shareholders of Porvair plc	**5,546**	2,492

Consolidated balance sheet
As at 30 November

	Note	**2014**	2013
		£'000	£'000
Non-current assets			
Property, plant and equipment	4	**12,336**	9,006
Goodwill and other intangible assets	5	**43,209**	42,535
Deferred tax asset		**3,240**	3,691
Derivative financial instruments		**-**	144
		58,785	55,376
Current assets			
Inventories		**11,363**	11,617
Trade and other receivables		**17,067**	13,978
Derivative financial instruments		**66**	1,027
Cash and cash equivalents		**7,891**	6,773
		36,387	33,395
Current liabilities			
Trade and other payables	6	**(24,910)**	(19,472)
Current tax liabilities		**(919)**	(995)
Borrowings	8	**(727)**	(983)
Derivative financial instruments		**(118)**	(20)
		(26,674)	(21,470)
Net current assets		**9,713**	11,925
Non-current liabilities			
Borrowings	8	**(1,900)**	(5,211)
Deferred tax liability		**(1,494)**	(1,251)
Retirement benefit obligations		**(12,833)**	(11,875)
Other payables		**-**	(1,159)
Provisions for other liabilities and charges		**(138)**	(125)
		(16,365)	(19,621)
Net assets		**52,133**	47,680
Capital and reserves			
Share capital	9	**887**	875
Share premium account	9	**35,334**	35,147
Cumulative translation reserve	10	**816**	(309)
Retained earnings	10	**15,096**	11,967
Total equity		**52,133**	47,680

Consolidated cash flow statement
For the year ended 30 November

	Note	2014 £'000	2013 £'000
Cash flows from operating activities			
Cash generated from operations	12	**14,156**	12,265
Interest paid		**(328)**	(417)
Tax paid		**(2,205)**	(2,104)
Net cash generated from operating activities		**11,623**	9,744
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)	11	**(707)**	(3,324)
Purchase of property, plant and equipment	4	**(4,930)**	(1,831)
Purchase of intangible assets	5	**(167)**	(193)
Proceeds from sale of property, plant and equipment		**1**	481
Net cash used in investing activities		**(5,803)**	(4,867)
Cash flows from financing activities			
Proceeds from issue of ordinary share capital	9	**199**	659
Repayment of borrowings		**(3,654)**	(4,850)
Dividends paid to shareholders	3	**(1,325)**	(1,175)
Net cash used in financing activities		**(4,780)**	(5,366)
Net increase/(decrease) in cash and cash equivalents		**1,040**	(489)
Gains/(losses) on cash and cash equivalents		**78**	(13)
		1,118	(502)
Cash and cash equivalents at 1 December		**6,773**	7,275
Cash and cash equivalents at 30 November		**7,891**	6,773

Reconciliation of net cash flow to movement in net cash

	2014 £'000	2013 £'000
Net increase/(decrease) in cash and cash equivalents	**1,040**	(489)
Effects of exchange rate changes	**(9)**	88
Repayment of borrowings	**3,654**	4,850
Net cash/(debt) at 1 December	**579**	(3,870)
Net cash at 30 November	**5,264**	579

Consolidated statement of changes in equity

	Share capital £'000	Share premium account £'000	Cumulative translation reserve £'000	Restated Retained earnings £'000	Restated Total £'000
Balance at 1 December 2012	852	34,511	612	9,199	45,174
Profit for the year	-	-	-	5,320	5,320
Other comprehensive income/(expense):					
Exchange differences on translation of foreign subsidiaries	-	-	(921)	-	(921)
Changes in fair value of interest rate swaps held as a cash flow hedge	-	-	-	79	79
Changes in fair value of foreign exchange contracts held as a cash flow hedge	-	-	-	932	932
Actuarial losses in defined benefit pension plans net of tax	-	-	-	(2,918)	(2,918)
Total comprehensive (expense)/income for the year	-	-	(921)	3,413	2,492
Transactions with owners:					
Employee share option schemes:					
- value of employee services net of tax	-	-	-	530	530
Proceeds from shares issued	23	636	-	-	659
Dividends approved or paid	-	-	-	(1,175)	(1,175)
Total transactions with owners recognised directly in equity	23	636	-	(645)	14
Balance at 30 November 2013	875	35,147	(309)	11,967	47,680
Balance at 1 December 2013	**875**	**35,147**	**(309)**	**11,967**	**47,680**
Profit for the year	**-**	**-**	**-**	**6,333**	**6,333**
Other comprehensive income/(expense):					
Exchange differences on translation of foreign subsidiaries	**-**	**-**	**1,125**	**-**	**1,125**
Changes in fair value of interest rate swaps held as a cash flow hedge	**-**	**-**	**-**	**20**	**20**
Changes in fair value of foreign exchange contracts held as a cash flow hedge	**-**	**-**	**-**	**(866)**	**(866)**
Actuarial losses in defined benefit pension plans net of tax	**-**	**-**	**-**	**(1,066)**	**(1,066)**
Total comprehensive income for the year	**-**	**-**	**1,125**	**4,421**	**5,546**
Transactions with owners:					
Employee share option schemes:					
- value of employee services net of tax	**-**	**-**	**-**	**33**	**33**
Proceeds from shares issued	**12**	**187**	**-**	**-**	**199**
Dividends approved or paid	**-**	**-**	**-**	**(1,325)**	**(1,325)**
Total transactions with owners recognised directly in equity	**12**	**187**	**-**	**(1,292)**	**(1,093)**
Balance at 30 November 2014	**887**	**35,334**	**816**	**15,096**	**52,133**

Notes

1. Segment information

The segmental analyses of revenue, operating profit/(loss), segment assets and liabilities and geographical analyses of revenue are set out below:

2014	**Metals Filtration**	**Microfiltration**	**Other Unallocated**	**Group**
	£'000	**£'000**	**£'000**	**£'000**
Revenue	**30,061**	**73,943**	**-**	**104,004**
Operating profit/(loss)	2,558	8,710	(2,063)	**9,205**
Net finance costs	-	-	(785)	**(785)**
Profit/(loss) before income tax	2,558	8,710	(2,848)	**8,420**
Income tax expense	-	-	(2,087)	**(2,087)**
Profit/(loss) for the year	2,558	8,710	(4,935)	**6,333**

2013	Metals Filtration	Microfiltration	Restated Other Unallocated	Restated Group
	£'000	£'000	£'000	£'000
Revenue	28,484	55,783	-	84,267
Operating profit/(loss)	2,391	8,632	(2,632)	8,391
Net finance costs	-	-	(753)	(753)
Profit/(loss) before income tax	2,391	8,632	(3,385)	7,638
Income tax expense	-	-	(2,318)	(2,318)
Profit/(loss) for the year	2,391	8,632	(5,703)	5,320

Other Group operations are included in "Other Unallocated". These mainly comprise Group corporate costs such as new business development costs and general financial costs.

1. Segment information continued

Segment assets and liabilities

At 30 November 2014	**Metals Filtration £'000**	**Microfiltration £'000**	**Other Unallocated £'000**	**Group £'000**
Segmental assets	27,119	55,481	4,681	**87,281**
Cash and cash equivalents	-	-	7,891	**7,891**
Total assets	27,119	55,481	12,572	**95,172**
Segmental liabilities	(3,249)	(20,379)	(3,951)	**(27,579)**
Retirement benefit obligations	-	-	(12,833)	**(12,833)**
Borrowings	-	-	(2,627)	**(2,627)**
Total liabilities	(3,249)	(20,379)	(19,411)	**(43,039)**

At 30 November 2013	Metals Filtration £'000	Microfiltration £'000	Other Unallocated £'000	Group £'000
Segmental assets	24,623	51,606	5,769	81,998
Cash and cash equivalents	-	-	6,773	6,773
Total assets	24,623	51,606	12,542	88,771
Segmental liabilities	(3,360)	(15,459)	(4,203)	(23,022)
Retirement benefit obligations	-	-	(11,875)	(11,875)
Borrowings	-	-	(6,194)	(6,194)
Total liabilities	(3,360)	(15,459)	(22,272)	(41,091)

Geographical analysis

	2014		2013	
	By destination £'000	**By origin £'000**	By destination £'000	By origin £'000
Revenue				
United Kingdom	**17,730**	**52,380**	17,772	36,943
Continental Europe	**11,630**	**7,623**	11,187	6,658
United States of America	**33,372**	**42,671**	33,324	39,214
Other NAFTA	**6,195**	**-**	3,479	-
South America	**1,661**	**-**	1,709	-
Asia	**31,643**	**1,330**	15,483	1,452
Africa	**1,773**	**-**	1,313	-
	104,004	**104,004**	84,267	84,267

2. Earnings per share

	2014			2013		
	Earnings	**Weighted average number of shares**	**Per share amount**	Restated Earnings	Weighted average number of shares	Restated Per share amount
Basic EPS	**£'000**		**(pence)**	£'000		(pence)
Earnings attributable to ordinary shareholders	**6,333**	**44,121,412**	**14.4**	5,320	43,254,346	12.3
Effect of dilutive securities – share options	**-**	**587,422**	**(0.2)**	-	661,024	(0.2)
Diluted EPS	**6,333**	**44,708,834**	**14.2**	5,320	43,915,370	12.1

3. Dividends per share

	2014		2013	
	Per share	**£'000**	Per share	£'000
Final dividend paid	**1.8p**	**795**	1.6p	694
Interim dividend paid	**1.2p**	**530**	1.1p	481
	3.0p	**1,325**	2.7p	1,175

The Directors recommend the payment of a final dividend of 2.0 pence per share (2013: 1.8 pence per share) on 5 June 2015 to shareholders on the register on 1 May 2015; the ex-dividend date is 29 April 2015. This makes a total dividend for the year of 3.2 pence per share (2013: 2.9 pence per share).

4. Property, plant and equipment

Cost	**Land and buildings**	**Assets in the course of construction**	**Plant, machinery and equipment**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
At 1 December 2013	4,022	349	25,639	30,010
Reclassification	5	(518)	513	-
Additions	1,853	2,036	1,041	4,930
Disposals	-	-	(342)	(342)
Exchange differences	128	20	652	800
At 30 November 2014	**6,008**	**1,887**	**27,503**	**35,398**
Depreciation				
At 1 December 2013	(1,771)	-	(19,233)	(21,004)
Charge for the year	(236)	-	(1,452)	(1,688)
Impairment charge	(85)	-	(85)	(170)
Disposals	-	-	342	342
Exchange differences	(66)	-	(476)	(542)
At 30 November 2014	**(2,158)**	**-**	**(20,904)**	**(23,062)**
Net book value				
At 30 November 2014	**3,850**	**1,887**	**6,599**	**12,336**
At 30 November 2013	2,251	349	6,406	9,006

5. Goodwill and other intangible assets

	Goodwill £'000	Development expenditure capitalised £'000	Software capitalised £'000	Trademarks, knowhow and other intangibles £'000	Total £'000
Net book amount at 1 December 2013	41,373	329	19	814	42,535
Additions	-	-	42	125	167
Amortisation charges	-	(127)	(46)	(204)	(377)
Exchange differences	834	21	(2)	31	884
Net book amount at 30 November 2014	**42,207**	**223**	**13**	**766**	**43,209**

At 30 November 2014	Goodwill £'000	Development expenditure capitalised £'000	Software capitalised £'000	Trademarks, knowhow and other intangibles £'000	Total £'000
Cost	60,744	1,820	1,049	1,234	64,847
Accumulated amortisation and impairment	(18,537)	(1,597)	(1,036)	(468)	(21,638)
Net book amount	**42,207**	**223**	**13**	**766**	**43,209**

6. Trade and other payables

	2014	2013
Amounts falling due within one year:	**£'000**	£'000
Trade payables	**6,977**	7,867
Taxation and social security	**1,020**	697
Other payables	**924**	733
Accruals and deferred income	**15,989**	10,175
At 30 November	**24,910**	19,472

7. Construction contracts

	2014	2013
	£'000	£'000
Amounts due from contract customers included in trade receivables	**2,564**	308
Contracts in progress at 30 November		
Amounts due from contract customers included in other receivables	**-**	102
Amounts due to contract customers included in accruals and deferred income	**(8,586)**	(3,127)
Net amounts due to contract customers	**(8,586)**	(3,025)
Contract costs incurred plus recognised profits less recognised losses to date	**29,611**	10,105
Less: progress billings	**(38,197)**	(13,130)
Contracts in progress at 30 November	**(8,586)**	(3,025)

8. Borrowings

	2014	2013
	£'000	£'000
Secured multi-currency revolving credit facility of US$20 million (2013: US$20 million) maturing in January 2018 with interest at 2.25% (2013: 2.25%) above US dollar LIBOR	**1,900**	4,474
Secured five year amortising debt facility of £0.75 million (2013: £1.75 million) expiring in June 2015 with interest at 2.0% (2013: 2.0%) above LIBOR	**727**	1,720
At 30 November	**2,627**	6,194

On 25 January 2013, the Group entered into new five year banking facilities sufficient for its foreseeable needs comprising a US $20 million revolving credit facility, a £2.5 million amortising term loan (reduced to £750,000 at 30 November 2014) and a £2.5 million overdraft. At 30 November 2014, the Group had £10.8 million of unused facilities (2013: £7.6 million of unused facilities) and an unutilised overdraft facility of £2.5 million (2013: £2.5 million).

9. Share capital and premium

	Number of shares	**Ordinary shares**	**Share premium account**	**Total**
	thousands	**£'000**	**£'000**	**£'000**
At 1 December 2013	43,734	875	35,147	36,022
Issue of shares on exercise of share options	629	12	187	199
At 30 November 2014	**44,363**	**887**	**35,334**	**36,221**

In January 2014, 425,000 ordinary shares of 2 pence each were issued on the exercise of Long Term Share Plan share options for a cash consideration of £9,000. In May 2014, September 2014, October 2014 and November 2014 204,733 ordinary shares of 2 pence each were issued on exercise of Save As You Earn share options for a cash consideration of £190,000.

10. Other reserves

	Cumulative translation reserve	**Restated Retained earnings**
	£'000	**£'000**
At 1 December 2012	612	9,199
Profit for the year attributable to shareholders	-	5,320
Dividends paid	-	(1,175)
Actuarial losses	-	(3,340)
Tax on actuarial losses	-	422
Share based payments	-	455
Tax on share based payments	-	75
Interest rate swap cash flow hedge	-	79
Foreign exchange contract cash flow hedge	-	932
Exchange differences	(921)	-
At 30 November 2013	**(309)**	**11,967**
Profit for the year attributable to shareholders	**-**	**6,333**
Dividends paid	**-**	**(1,325)**
Actuarial losses	**-**	**(900)**
Tax on actuarial losses	**-**	**(166)**
Share based payments	**-**	**503**
Tax on share based payments	**-**	**(470)**
Interest rate swap cash flow hedge	**-**	**20**
Foreign exchange contract cash flow hedge	**-**	**(866)**
Exchange differences	**1,125**	**-**
At 30 November 2014	**816**	**15,096**

11. Deferred and contingent consideration on acquisitions

	£'000
At 1 December 2013	1,892
Cash paid in the period	(707)
Recognised in the income statement	(297)
Exchange movements	36
At 30 November 2014	**924**

12. Cash generated from operations

	2014	Restated 2013
	£'000	£'000
Operating profit	**9,205**	8,391
Post-employment benefits	**26**	32
Share based payments	**503**	455
Depreciation, amortisation and impairment	**2,235**	1,879
Profit on disposal of property, plant and equipment	**(1)**	(66)
Operating cash flows before movement in working capital	**11,968**	10,691
Decrease/(increase) in inventories	**415**	(920)
Increase in trade and other receivables	**(2,440)**	(2,002)
Increase in payables	**4,213**	4,496
Decrease in working capital	**2,188**	1,574
Cash generated from operations	**14,156**	12,265

13. Basis of preparation

The results for the year ended 30 November 2014 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as at 30 November 2014. The financial information contained in this announcement does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information has been extracted from the financial statements for the year ended 30 November 2014, which have been approved by the Board of Directors and on which the auditors have reported without qualification. The financial statements will be delivered to the Registrar of Companies after the Annual General Meeting. The financial statements for the year ended 30 November 2013, upon which the auditors reported without qualification, have been delivered to the Registrar of Companies.

14. Annual general meeting

The Company's Annual General Meeting will be held on Tuesday 14 April 2015 at 7 Regis Place, Bergen Way, King's Lynn, PE30 2JN.

15. Related parties

There were no related party transactions in the year ended 30 November 2014.

16. Responsibility Statement

Each of the Directors confirms that, to the best of his knowledge that:

- the financial statements, on which this announcement is based, have been prepared in accordance with the applicable law and International Financial Reporting Standards as adopted by the EU and give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

- the review of the business includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors of Porvair are listed in the Porvair Annual Report for the year ended 30 November 2013. Since the Report was filed Dr Krishnamurthy Rajagopal was appointed to the Board on 1 April 2014 and Andrew Walker resigned as a Non-Executive Director on 8 April 2014. A list of current Directors is maintained on the Porvair website www.porvair.com.

Copies of full accounts will be sent to shareholders in March 2015. Additional copies will be available from www.porvair.com.