Andrews Sykes Group plc
Summary of results
For the 12 months ended 31 December 2015

	12 months ended 31 December 2015 £'000	12 months ended 31 December 2014 £'000
Revenue from continuing operations	**60,058**	56,400
EBITDA* from continuing operations	**17,701**	15,569
Operating profit	**13,208**	11,311
Profit after tax for the financial period	**10,800**	9,311
Basic earnings per share from total operations (pence)	**25.55p**	22.03p
Interim and final dividends paid per equity share (pence)	**23.80p**	23.80p
Proposed final dividend per equity share (pence)	**11.90p**	11.90p
Net cash inflow from operating activities	**12,124**	10,621
Total interim and final dividends paid	**10,058**	10,058
Net funds	**14,558**	16,846

* Earnings Before Interest, Taxation, Depreciation, profit on sale of property, plant and equipment, Amortisation and non-recurring items as reconciled on the consolidated income statement.

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Chairman's Statement

Overview and financial highlights

Summary

The group's revenue for the year ended 31 December 2015 was £60.1 million, an increase of £3.7 million, or 6.5%, compared with the same period last year. This increase had a more than proportionate impact on operating profit which increased by 16.8%, or £1.9 million, from £11.3 million last year to £13.2 million in the year under review. This increase is primarily due to strong performances from our hire and sales businesses in Europe and the Middle East complemented by an improved performance from our installation business in the UK.

As a consequence of the above, our basic earnings per share increased by 16.0% from 22.03p last year to 25.55p in the current period. The basic earnings per share is a positive factor reflecting the strong trading performance of the group's businesses.

The group continues to generate strong cash flows. Net cash inflow from operating activities was £12.1 million compared with £10.6 million last year. Net funds decreased, but only by £2.3 million from £16.8 million last year to £14.5 million at 31 December 2015 despite shareholder related cash outflows of £10.1 million *(2014: £10.1 million)* on equity dividends. Therefore, over the last three financial years, the group has returned £27.7 million in cash to shareholders. At the same time the level of external bank borrowings reduced from £7 million as at the end of last year to £6 million as at 31 December 2015. The Board is once again proposing a further final dividend payment totalling £5.0 million which, if approved at the forthcoming AGM, would be paid in June 2016.

Cost control, cash and working capital management continue to be priorities for the group. Capital expenditure is concentrated on assets that give a good return and in total £5.6 million was invested in the hire fleet this year, £1.2 million more than last year and significantly more than the wasting depreciation charge of £4.2 million. In addition, the group invested a further £1.1 million in property, plant and equipment. These actions will ensure that the group's infrastructure and revenue generating assets are sufficient to support future growth and profitability. Hire fleet utilisation, condition and availability continue to be the subjects of management focus.

Operating performance

The following table splits the results between the first and second half years:

	Turnover	**Operating profit**
	£'000	**£'000**
1st half 2015	**28,240**	**4,973**
1st half 2014	26,759	4,349
2nd half 2015	**31,818**	**8,235**
2nd half 2014	29,641	6,962
Total 2015	**60,058**	**13,208**
Total 2014	56,400	11,311

The above table demonstrates that the improved performance in the first half of the year continued and accelerated into the second half. Turnover in the first half of the year showed a 5.5% improvement over the same period in 2014 but, in the second half, the percentage improvement increased to 7.4%. Similarly with operating profit, the first half of 2015 showed a 14.3% improvement compared with the same period in 2014 but this increased to 18.3% for the second half year. Traditionally the group makes more profit in the second half year due to the higher profit margins on its air conditioning products which are hired predominantly in the second half of the year.

Our main hire and sales business sector in the UK and Europe had mixed results in the year.

Our air conditioning, ventilation and chiller business in the UK benefited from a brief hot spell of weather in the early part of July which stimulated demand for our products. However this was short lived and the overall cooler conditions this summer compared to last year had an adverse impact on this business. In contrast our operations across the rest of Europe enjoyed a hot summer with prolonged periods of above average temperatures. Our business across the Benelux region continued to produce significant growth compared with last year's performance. In particular, the result produced by our business in The Netherlands showed a marked improvement compared with 2014, being helped by a gradual improvement in the construction market as well as the hot summer conditions, and this was complemented by growth in both Belgium and Italy. Whilst our newly formed businesses in France, Switzerland and Luxembourg all returned losses, overall these were much reduced compared with 2014 and are in line with our expectations in the development phase of these businesses.

Our UK pump business benefited from the unusually wet weather in the fourth quarter of the year. This, together with management's continuing focus on developing non-weather dependent income streams, enabled the weekly hire rate to return to near to the high levels achieved at the end of 2014; although the overall performance of this division was still behind the exceptional level achieved last year.

Despite the mild weather during the 2015 winter, which had an adverse impact on our heating businesses in both the UK and Europe, our heating and boiler hire divisions both performed better than last year.

Overall, the operating profit of our main business segment increased from £10.5 million last year to £11.3 million in the year under review. This indicates that despite the above mixed trading conditions, the group's diverse product range is able to return a robust performance during any weather conditions. This is supported by the continuing development of non-weather dependent niche markets which continue to benefit the performance of our specialist hire divisions. We will continue to invest in and develop these businesses as well as our traditional core products and services.

Our hire and sales business in the Middle East had an excellent trading year. The operating profit for this business segment increased from £1.5 million last year to £2.3 million in 2015, which is even better than the £1.8 million operating profit achieved in 2013. Trading was strong throughout the region, particularly in Abu Dhabi and Ruwaise, for our traditional dewatering, sewage and general pump hire activities. Our climate rental division which was formed in 2012 returned a positive contribution to the business results.

Our fixed installation business sector in the UK also returned an improved operating profit of £0.4 million, £0.2 million ahead of the result achieved last year due to an improvement in general trading conditions. However, the market continues to be fragmented with high levels of price competition which means that it will be difficult to achieve any significant growth in the future.

Careful cost control resulted in a £0.1 million reduction in central overheads from £0.9 million in 2014 to £0.8 million in the current year.

Profit for the financial year

Profit before tax was £13.4 million this year compared with £11.8 million last year. This is mainly attributable to the above £1.9 million increase in operating profit which was partially offset by the lack of any dividend being received this year *(2014: £0.5 million)* from Oasis Sykes, our trade investment in Saudi Arabia. Net finance costs reduced by £0.2 million compared with 2014 mainly due to favourable foreign exchange movements.

Despite the £1.6 million increase in profit before tax, tax charges increased only slightly from £2.5 million to £2.6 million in 2015. The overall effective tax rate reduced from 20.8% in 2014 to 19.2% primarily due to reductions in the UK corporation tax rate and an increase in profits earned by our business based in the Middle East, where corporation tax rates are very low. Profit for the financial year was £10.8 million compared with £9.3 million last year.

Equity dividends

The company paid two dividends during the year. On 19 June 2015 a final dividend for the year ended 31 December 2014 of 11.9 pence per ordinary share was paid and this was followed on 4 November 2015 by the payment of an interim dividend for 2015 also of 11.9 pence per share. Therefore, during 2015, a total of £10.1 million in cash dividends has been returned to our ordinary shareholders.

I am pleased to announce that, in view of the group's ongoing profitability and its significant cash resources, the board has proposed a final dividend for 2015 also of 11.9 pence per ordinary share. If approved at the forthcoming Annual General Meeting this dividend, which in total amounts to £5.0 million, will be paid on 24 June 2016 to shareholders on the register as at 27 May 2016.

Net funds

At 31 December 2015 the group had net funds of £14.5 million compared with £16.8 million last year, a decrease of only £2.3 million despite the payment of the above equity dividends totalling £10.1 million during the year.

Share buybacks

During the current year the company did not purchase any ordinary shares for cancellation. However, in prior periods such purchases were made and these enhanced earnings per share and were for the benefit of all shareholders.

The board believes that it is in the best interest of shareholders if it has this authority in order that market purchases may be made in the right circumstances if the necessary funds are available. Accordingly, at the next Annual General Meeting, shareholders will be asked to vote in favour of a resolution to renew the general authority to make market purchases of up to 12.5% of the ordinary share capital in issue.

Outlook

The group's policy to increase investments in new technologically advanced and environmentally friendly non-seasonal products will be continued into 2016. Investments will also continue in our traditional businesses to ensure we are ready to support our customers in times of extreme weather conditions.

The group continues to face challenges in all of its geographical markets but our business remains strong, cash generative and well developed, with positive net funds. The mild and wet weather in Europe experienced in the fourth quarter of 2015 continued into the first quarter of 2016, thereby presenting both opportunities and challenges. Our business in the Middle East continues to perform well but we are mindful of the current political and economic issues that surround the region. The board is therefore cautiously optimistic for further success in 2016, always being mindful of the favourable or adverse impact that the weather can have on our business.

JG Murray

Chairman

10 May 2016

Andrews Sykes Group plc
Consolidated Income Statement
For the 12 months ended 31 December 2015

	12 months ended 31 December 2015 £'000	12 months ended 31 December 2014 £'000
Continuing operations		
Revenue	**60,058**	56,400
Cost of Sales	**(25,284)**	(24,101)
Gross profit	**34,774**	32,299
Distribution costs	**(10,828)**	(10,410)
Administrative expenses	**(10,738)**	(10,578)
Operating profit	**13,208**	11,311
EBITDA*	**17,701**	15,569
Depreciation and impairment losses	**(4,959)**	(4,563)
Profit on the sale of plant and equipment	**466**	305
Operating profit	**13,208**	11,311
Income from trade investments	**-**	517
Finance income	**323**	342
Finance costs	**(164)**	(414)
Profit before taxation	**13,367**	11,756
Taxation	**(2,567)**	(2,445)
Profit for the financial period	**10,800**	9,311

There were no discontinued operations in either of the above periods

Earnings per share		
Basic (pence)	**25.55p**	22.03p
Diluted (pence)	**25.55p**	22.03p
Interim and final dividends paid per equity share (pence)	**23.80p**	23.80p
Proposed final dividend per equity share (pence)	**11.90p**	11.90p

* Earnings Before Interest, Taxation, Depreciation, profit on the sale of property, plant and equipment, Amortisation and non-recurring items.

Andrews Sykes Group plc
Consolidated Statement of Comprehensive Total Income
For the 12 months ended 31 December 2015

	12 months ended 31 December 2015 £'000	12 months ended 31 December 2014 £'000
Profit for the financial period	**10,800**	9,311
Other comprehensive charges		
Items that may be reclassified to profit and loss:		
Currency translation differences on foreign currency net Investments	**(175)**	(312)
Items that will never be reclassified to profit and loss:		
Remeasurement of defined benefit assets and liabilities	**1,157**	(802)
Related deferred tax	**(207)**	160
Other comprehensive income/(charges) for the period net of tax	**775**	(954)
Total comprehensive income for the period	**11,575**	8,357

Andrews Sykes Group plc
Consolidated Balance Sheet
As at 31 December 2015

	31 December 2015		31 December 2014	
	£'000	£'000	£'000	£'000
Non-current assets				
Property, plant and equipment		**17,750**		16,388
Lease prepayments		**50**		51
Trade investments		**164**		164
Deferred tax asset		**282**		626
Retirement benefit pension surplus		**2,443**		1,253
		20,689		18,482
Current assets				
Stocks	**4,199**		4,618	
Trade and other receivables	**16,584**		14,348	
Overseas tax (denominated in Euros)	**17**		133	
Cash and cash equivalents	**20,715**		24,077	
	41,515		43,176	
Current liabilities				
Trade and other payables	**(11,090)**		(10,963)	
Current tax liabilities	**(1,306)**		(1,321)	
Bank loans	**(980)**		(980)	
Obligations under finance leases	**(101)**		(114)	
Provisions	**-**		(9)	
	(13,477)		(13,387)	
Net current assets		**28,038**		29,789
Total assets less current liabilities		**48,727**		48,271
Non-current liabilities				
Bank loans	**(4,995)**		(5,975)	
Obligations under finance leases	**(81)**		(162)	
		(5,076)		(6,137)
Net assets		**43,651**		42,134
Equity				
Called-up share capital		**423**		423
Share premium		**13**		13
Retained earnings		**40,987**		39,295
Translation reserve		**1,973**		2,148
Other reserves		**245**		245
Surplus attributable to equity holders of the parent		**43,641**		42,124
Minority interest		**10**		10
Total equity		**43,651**		42,134

Andrews Sykes Group plc
Consolidated Cash Flow Statement
For the 12 months ended 31 December 2015

	12 months ended 31 December 2015 £'000	12 months ended 31 December 2014 £'000
Cash flows from operating activities		
Cash generated from operations	**14,623**	13,222
Interest paid	**(155)**	(166)
Net UK corporation tax paid	**(1,881)**	(2,268)
Withholding tax paid	**-**	(47)
Overseas tax paid	**(463)**	(120)
Net cash flow from operating activities	**12,124**	10,621
Investing activities		
Dividends received from trade investments	**-**	517
Sale of property, plant and equipment	**711**	511
Purchase of property, plant and equipment	**(5,234)**	(3,727)
Interest received	**197**	270
Net cash flow from investing activities	**(4,326)**	(2,429)
Financing activities		
Loan repayments	**(1,000)**	(1,000)
Finance lease capital repayments	**(94)**	(93)
Equity dividends paid	**(10,058)**	(10,058)
Net cash flow from financing activities	**(11,152)**	(11,151)
Net decrease in cash and cash equivalents	**(3,354)**	(2,959)
Cash and cash equivalents at the beginning of the period	**24,077**	27,417
Effect of foreign exchange rate changes	**(8)**	(381)
Cash and cash equivalents at the end of the period	**20,715**	24,077

Reconciliation of net cash flow to movement in net funds in the period

Net decrease in cash and cash equivalents	**(3,354)**	(2,959)
Cash outflow from the decrease in debt	**1,094**	1,093
Non-cash movement in respect of raising loan finance	**(20)**	(20)
Movement in net funds during the period	**(2,280)**	(1,886)
Opening net funds at the beginning of the period	**16,846**	19,113
Effect of foreign exchange rate changes	**(8)**	(381)
Closing net funds at the end of the period	**14,558**	16,846

Andrews Sykes Group plc

Consolidated Statement of Changes in Equity
For the 12 months ended 31 December 2015

	Attributable to equity holders of the parent company						Minority interest	Total equity
	Share capital £'000	Share Premium £'000	Retained earnings £'000	Translation reserve £'000	Other reserves £'000	Total £'000	£'000	£'000
At 31 December 2013	423	13	40,684	2,460	245	43,825	10	43,835
Profit for the financial period	-	-	9,311	-	-	9,311	-	9,311
Other comprehensive charges:								
Items that may be reclassified to profit and loss:								
Currency translation differences on foreign currency net investments	-	-	-	(312)	-	(312)	-	(312)
Items that will never be reclassified to profit and loss:								
Remeasurement of defined benefit assets and liabilities	-	-	(802)	-	-	(802)	-	(802)
Related deferred tax	-	-	160	-	-	160	-	160
Total other comprehensive charges	-	-	(642)	(312)	-	(954)	-	(954)
Transactions with owners recorded directly in equity								
Dividends paid	-	-	(10,058)	-	-	(10,058)	-	(10,058)
Total transactions with owners	-	-	(10,058)	-	-	(10,058)	-	(10,058)
At 31 December 2014	423	13	39,295	2,148	245	42,124	10	42,134
Profit for the financial period	**-**	**-**	**10,800**	**-**	**-**	**10,800**	**-**	**10,800**
Other comprehensive charges:								
Items that may be reclassified to profit and loss:								
Currency translation differences on foreign currency net investments	**-**	**-**	**-**	**(175)**	**-**	**(175)**	**-**	**(175)**
Items that will never be reclassified to profit and loss:								
Remeasurement of defined benefit assets and liabilities	**-**	**-**	**1,157**	**-**	**-**	**1,157**	**-**	**1,157**
Related deferred tax	**-**	**-**	**(207)**	**-**	**-**	**(207)**	**-**	**(207)**
Total other comprehensive charges	**-**	**-**	**950**	**(175)**	**-**	**775**	**-**	**775**
Transactions with owners recorded directly in equity:								
Dividends paid	**-**	**-**	**(10,058)**	**-**	**-**	**(10,058)**	**-**	**(10,058)**
Total transactions with owners	**-**	**-**	**(10,058)**	**-**	**-**	**(10,058)**	**-**	**(10,058)**
At 31 December 2015	**423**	**13**	**40,987**	**1,973**	**245**	**43,641**	**10**	**43,651**

Notes

1. Basis of preparation

Whilst the information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs. Therefore the financial information set out above does not constitute the company's financial statements for the 12 months ended 31 December 2015 or 31 December 2014 but it is derived from those financial statements.

2. Going Concern

The board remains satisfied with the group's funding and liquidity position. The group has operated throughout the 2015 financial year and, until the date of this preliminary announcement, within its financial covenants as contained in the bank agreement. Consequently the loans have been analysed between current and non-current liabilities in accordance with the agreed repayment profile.

Both loan capital and interest payments have been made in accordance with the bank agreement. On 30 April 2014 and 30 April 2015 the first and second capital repayments of £1 million were made and these were followed by a further capital payment, also of £1 million, on 30 April 2016. Interest is paid bi-annually at the end of October and April. The group's profit and cash flow projections indicate that the financial covenants included within the new bank loan agreement will be met for the foreseeable future.

The group continues to have substantial cash resources which at 31 December 2015 amounted to £20.7 million compared with £24.1 million as at 31 December 2014. Profit and cash flow projections for 2016 and 2017, which have been prepared on a conservative basis taking into account reasonably possible changes in trading performance, indicate that the group will be profitable and generate positive cash flows after loan repayments. These forecasts and projections indicate that the group should be able to operate within the current bank facility agreement and that all associated covenants will be met.

The board considers that the group has considerable financial resources and a wide operational base. As a consequence, the board believes that the group is well placed to manage its business risks successfully, as demonstrated by the current year's result, despite some uncertain external influences.

After making enquiries, the board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the board continues to adopt the going concern basis when preparing this preliminary announcement and the Annual Report and Financial Statements.

3. Distribution of Annual Report and Financial Statements

The group expects to distribute copies of the full Annual Report and Financial Statements that comply with IFRSs by 20 May 2016 following which copies will be available either from the registered office of the company; St David's Court, Union Street, Wolverhampton, WV1 3JE; or from the company's website; www.andrews-sykes.com. The Annual Report and Financial Statements for the 12 months ended 31 December 2014 have been delivered to the Registrar of Companies and those for the 12 months ended 31 December 2015 will be filed at Companies House following the company's Annual General Meeting. The auditors have reported on those financial statements; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain details of any matters on which they are required to report by exception.

4. Date of Annual General Meeting

The group's Annual General Meeting will be held at 10.30 a.m. on Tuesday 21 June 2016 at Floor 5, 10 Bruton Street, London, W1J 6PX.