Andrews Sykes Group plc
Summary of results
For the 12 months ended 31 December 2012

	12 months ended 31 December 2012 £'000	12 months ended 31 December 2011 £'000
Revenue from continuing operations	**58,380**	53,838
Normalised EBITDA* from continuing operations	**17,916**	15,387
Normalised operating profit **	**14,312**	11,882
Profit on the sale of property	**-**	3,113
Profit after tax for the financial period	**11,158**	11,566
Basic earnings per share from total operations (pence)	**26.39p**	27.05p
Dividend paid per equity share (pence)	**7.10p**	6.60p
Net cash inflow from operating activities	**12,768**	11,606
Total dividends paid	**3,001**	2,818
Net funds	**15,642**	10,365

* 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.

** Normalised operating profit, being operating profit before non-recurring items as reconciled on the consolidated income statement.

For further information, please contact:

Andrews Sykes Group plc

Kevin Ford 01902 328700

WH Ireland Limited

Andrew Kitchingman 0113 394 6619
Nick Field 0207 220 1658

Chairman’s Statement

Overview and financial highlights

Summary

The group’s revenue for the year ended 31 December 2012 was £58.4 million, an increase of £4.6 million, or 8.4%, compared with the same period last year. This increase had a significant impact on normalised operating profit* which increased by £2.4 million from £11.9 million last year to £14.3 million in the year under review.

Last year’s results benefitted from a non-recurring profit of £3.1 million on the sale of a freehold property. Consequently the basic earnings per share decreased slightly from 27.05p last year to 26.39p in the current period. Excluding the effect of this one-off sale the basic earnings per share would have shown an improvement of 6.15p, or approximately 30%, from last year’s adjusted figure of 20.24p to this year’s figure of 26.39p. This reflects the strong trading performance of the group this year.

The group continues to generate strong cash flows. Net cash inflow from operating activities was £12.8 million, an improvement of £1.2 million compared with last year. Net funds increased from £10.4 million last year to £15.6 million at 31 December 2012 despite shareholder related cash outflows of £3.8 million on dividends and the purchase of own shares. External bank borrowings have been reduced by £6.0 million from £14.0 million at the start of the year to £8.0 million by the year end.

Cost control, cash and working capital management continue to be priorities for the group. Capital expenditure on the hire fleet increased slightly from £4.1 million in 2011 to £4.2 million this year and the group invested a further £1.1 million on 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	**Normalised Operating profit***
	£’000	**£’000**
1st half 2012	28,570	6,448
1st half 2011	27,717	5,930
2nd half 2012	29,810	7,864
2nd half 2011	26,121	5,952
Total 2012	58,380	14,312
Total 2011	53,838	11,882

Our main hire and sales business in the UK and Europe has again faced challenging trading conditions throughout 2012 mainly as a result of unhelpful weather conditions but also due to the current economic conditions. Despite these factors, the operating profit of this business segment, excluding the non-recurring profit on the sale of property last year, increased from £12.0 million last year to £13.1 million in 2012.

The weather at the start of the year was mild but that was soon replaced by the arrival of a cold spell of weather in February and March which stimulated the demand for our heating products. The summer was one of the wettest on record which did not stimulate demand for our air conditioning business. However it did help our UK pumping business which saw turnover return to a more normal level. This improvement in performance in the second half continued through the remainder of the year and into the start of 2013. Our long-established HVAC business in the Netherlands had a very successful year returning a record performance in 2012.

The above again clearly demonstrates our ability to deliver acceptable profit levels even in times of unfavourable external influence and is due, in part, to 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.

Despite difficult trading conditions for our Middle East hire and sales business sector, operating profit doubled from £0.6 million last year to £1.2 million in the year under review. This improvement, which occurred largely in the second half of the year, reflects improved trading conditions in the UAE as well as the development of additional income streams in the region.

Our fixed installation business sector had a very successful year mainly due to a significant contract for the supply of equipment in connection with the Olympic and Paralympic Games. The operating profit increased by £0.6 million from £0.3 million last year to £0.9 million in the current year. Excluding this contract, the business continues to perform broadly in line with last year albeit at relatively modest levels compared with the rest of the group.

Profit for the financial year

Excluding the one off benefit of the sale of property last year, the profit for this financial year of £11.2 million would have been £2.5 million higher than the equivalent figure of £8.7 million last year. This reflects the £2.4 million increase in normalised operating profit*, receipts of dividends from Oasis Sykes, our trade investment in Saudi Arabia, of £0.6 million, an increase in the tax charge of £0.6 million and a reduction in net interest payable of £0.1 million.

Equity dividends paid

The company declared an interim dividend of £3.0 million on 29 October 2012 and this was paid on 3 December 2012. The board continues the policy of returning value to shareholders whenever possible and accordingly the decision regarding an interim dividend for 2013 will be taken later in the year in the light of profitability and available cash resources.

Net funds

At 31 December 2012 the group had net funds of £15.6 million compared with £10.4 million last year, an increase of £5.2 million despite a dividend of £3.0 million and cash outflows on share buybacks of £0.8 million.

Renewal of bank loan facilities

The group's existing bank loan agreements expired on 30 April 2013. In order to safeguard the group's cash position and to ensure that the group has adequate liquid resources available to finance any business opportunities that may arise, a new loan of £8.0 million was taken out on the same day to finance the loan repayment. This new loan is for four years with annual repayments of £1.0 million commencing on 30 April 2014 and a final balloon payment of £5.0 million due on 30 April 2017.

Share buybacks

During the current year the company purchased 426,506 ordinary shares for cancellation for a total consideration of £814,934. These purchases 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 they have 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 of reducing its reliance on its traditional core products and services together with the increase in non-seasonal business and investment in new technologically advanced and environmentally friendly products will be continued into 2013.

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. Improvements have been seen in both the UK pumping business and the Middle East business sector but the one off benefit of the Olympic Games will be difficult to replace. The board is therefore cautiously optimistic for further success in 2013.

JG Murray

Chairman

30 April 2013

* Operating profit before non-recurring items as reconciled on the consolidated income statement.

Andrews Sykes Group plc
Consolidated Income Statement
For the 12 months ended 31 December 2012

		12 months ended 31 December 2012 £'000	12 months ended 31 December 2011 £'000
Continuing operations			
Revenue		**58,380**	53,838
Cost of Sales		**(25,455)**	(23,873)
Gross profit		**32,925**	29,965
Distribution costs		**(10,088)**	(9,317)
Administrative expenses	- Recurring	**(8,525)**	(8,766)
	- Non-recurring	**-**	3,113
Total administrative expenses		**(8,525)**	(5,653)
Operating profit		**14,312**	14,995
Normalised EBITDA*		**17,916**	15,387
Depreciation and impairment losses		**(4,006)**	(3,911)
Profit on the sale of plant and equipment		**402**	406
Normalised operating profit		**14,312**	11,882
Profit on the sale of property		-	3,113
Operating profit		**14,312**	14,995
Income from trade investments		**592**	-
Finance income		**1,750**	1,850
Finance costs		**(1,782)**	(1,942)
Profit before taxation		**14,872**	14,903
Taxation		**(3,714)**	(3,337)
		11,158	11,566

There were no discontinued operations in either of the above periods

	2012	2011
Basic (pence)	**26.39p**	27.05p
Diluted (pence)	**26.39p**	27.05p
Dividends paid per equity share (pence)	**7.10p**	6.60p

* 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 2012

	12 months ended 31 December 2012 £'000	12 months ended 31 December 2011 £'000
Profit for the financial period	**11,158**	11,566
Other comprehensive charges:		
Currency translation differences on foreign currency net investments	**(335)**	(184)
Defined benefit plan actuarial gains and losses	**(785)**	(559)
Deferred tax on other comprehensive charges	**233**	184
Other comprehensive charges for the period net of tax	**(887)**	(559)
Total comprehensive income for the period	**10,271**	11,007

Andrews Sykes Group plc
Consolidated Balance Sheet
As at 31 December 2012

	31 December 2012		31 December 2011	
	£'000	**£'000**	£'000	£'000
Non-current assets				
Property, plant and equipment		**15,522**		14,486
Lease prepayments		**55**		57
Trade investments		**164**		164
Deferred tax asset		**609**		760
Retirement benefit pension surplus		**1,809**		1,629
		18,159		17,096
Current assets				
Stocks	**3,197**		3,561	
Trade and other receivables	**15,248**		14,775	
Overseas tax (denominated in Euros)	**-**		19	
Cash and cash equivalents	**24,108**		24,986	
	42,553		43,341	
Current liabilities				
Trade and other payables	**(9,881)**		(9,696)	
Current tax liabilities	**(1,492)**		(1,689)	
Bank loans	**(8,000)**		(6,000)	
Obligations under finance leases	**(124)**		(203)	
Provisions	**(13)**		(13)	
	(19,510)		(17,601)	
Net current assets		**23,043**		25,740
Total assets less current liabilities		**41,202**		42,836
Non-current liabilities				
Bank loans	**-**		(8,000)	
Obligations under finance leases	**(342)**		(395)	
Provisions	**(21)**		(34)	
Derivative financial instruments	**-**		(23)	
		(363)		(8,452)
Net assets		**40,839**		34,384
Equity				
Called-up share capital		**423**		427
Share premium		**13**		13
Retained earnings		**37,825**		31,035
Translation reserve		**2,323**		2,658
Other reserves		**245**		241
Surplus attributable to equity holders of the parent		**40,829**		34,374
Minority interest		**10**		10
Total equity		**40,839**		34,384

Andrews Sykes Group plc
Consolidated Cash Flow Statement
For the 12 months ended 31 December 2012

	12 months ended 31 December 2012 £'000	12 months ended 31 December 2011 £'000
Cash flows from operating activities		
Cash generated from operations	**16,602**	15,766
Interest paid	**(326)**	(385)
Net UK corporation tax paid	**(2,543)**	(3,191)
Withholding tax paid	**(140)**	-
Overseas tax paid	**(825)**	(584)
Net cash flow from operating activities	**12,768**	11,606
Investing activities		
Dividends received from trade investments	**592**	-
Sale of property, plant and equipment	**559**	4,221
Purchase of property, plant and equipment	**(4,715)**	(6,582)
Interest received	**193**	311
Net cash flow from investing activities	**(3,371)**	(2,050)
Financing activities		
Loan repayments	**(6,000)**	(6,000)
Finance lease capital repayments	**(132)**	(158)
Equity dividends paid	**(3,001)**	(2,818)
Purchase of own shares	**(825)**	(1,121)
Issue of new shares	**-**	13
Net cash flow from financing activities	**(9,958)**	(10,084)
Net decrease in cash and cash equivalents	**(561)**	(528)
Cash and cash equivalents at the beginning of the period	**24,986**	25,709
Effect of foreign exchange rate changes	**(317)**	(195)
Cash and cash equivalents at end of the period	**24,108**	24,986

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

Net decrease in cash and cash equivalents	**(561)**	(528)
Cash outflow from the decrease in debt	**6,132**	6,158
Non-cash movements in the fair value of derivative instruments	**23**	25
Movement in net funds during the period	**5,594**	5,655
Opening net funds at the beginning of the period	**10,365**	4,905
Effect of foreign exchange rate changes	**(317)**	(195)
Closing net funds at the end of the period	**15,642**	10,365

Andrews Sykes Group plc
Consolidated Statement of Changes in Equity
For the 12 months ended 31 December 2012

	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 2010	431	-	23,607	2,842	237	27,117	10	27,127
Profit for the financial period	-	-	11,566	-	-	11,566	-	11,566
Other comprehensive charges:								
Currency translation differences on foreign currency net investments	-	-	-	(184)	-	(184)	-	(184)
Defined benefit plan actuarial gains and losses net of tax	-	-	(375)	-	-	(375)	-	(375)
Total other comprehensive charges	-	-	(375)	(184)	-	(559)	-	(559)
Transactions with owners recorded directly in equity:								
Purchase of own shares	(4)	-	(945)	-	4	(945)	-	(945)
Issue of shares	-	13	-	-	-	13	-	13
Dividends paid	-	-	(2,818)	-	-	(2,818)	-	(2,818)
Total transactions with owners	(4)	13	(3,763)	-	4	(3,750)	-	(3,750)
At 31 December 2011	427	13	31,035	2,658	241	34,374	10	34,384
Profit for the financial period	**-**		**11,158**	**-**	**-**	**11,158**	**-**	**11,158**
Other comprehensive charges:								
Currency translation differences on foreign currency net investments	**-**	**-**	**-**	**(335)**	**-**	**(335)**	**-**	**(335)**
Defined benefit plan actuarial gains and losses net of tax	**-**	**-**	**(552)**	**-**	**-**	**(552)**	**-**	**(552)**
Total other comprehensive charges	**-**	**-**	**(552)**	**(335)**	**-**	**(887)**	**-**	**(887)**
Transactions with owners recorded directly in equity								
Purchase of own shares	**(4)**	**-**	**(815)**	**-**	**4**	**(815)**	**-**	**(815)**
Dividends paid	**-**	**-**	**(3,001)**	**-**	**-**	**(3,001)**	**-**	**(3,001)**
Total transactions with owners	**(4)**	**-**	**(3,816)**	**-**	**4**	**(3,816)**	**-**	**(3,816)**
At 31 December 2012	**423**	**13**	**37,825**	**2,323**	**245**	**40,829**	**10**	**40,839**

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 2012 or 31 December 2011 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 2011 and 2012 financial years and until the date of signing these accounts within its financial covenants. 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. In April 2012 the group made the agreed bank loan repayment of £6.0 million and accordingly total bank loans have been reduced from £14.0 million at the beginning of the year to £8.0 million as at 31 December 2012. In April 2013 the final loan repayment under the existing loans of £8.0 million was made and this was financed by a new loan from the group's existing bankers of the same amount. Details of the new loan are set out above and the group's profit and cash flow projections indicate that the financial covenants included within the new loan agreement will be met for the foreseeable future.

The group continues to have substantial cash resources which at 31 December 2012 amounted to £24.1 million compared with £25.0 million as at 31 December 2011. Profit and cash flow projections for 2013 and 2014, 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 new bank facility agreement entered into in April 2013 and 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 the current uncertain economic outlook.

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 Annual Report and Financial Statements and this preliminary announcement.

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 13 May 2013 following which copies will be available either from the registered office of the company; Premier House, Darlington Street, Wolverhampton, WV1 4JJ; or from the company's website; www.andrews-sykes.com. The Annual Report and Financial Statements for the 12 months ended 31 December 2011 have been delivered to the Registrar of Companies and those for the 12 months ended 31 December 2012 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 18th June 2013 at Floor 5, 10 Bruton Street, London, W1J 6PX.