Andrews Sykes Group plc

Interim financial statements 2015

Summary of results
for the six months ended 30 June 2015

	(Unaudited) **6 months ended 30 June 2015 £'000**	6 months ended 30 June 2014 £'000
Revenue from continuing operations	**28,240**	26,759
EBITDA* from continuing operations	**7,293**	6,495
Operating profit	**4,973**	4,349
Profit for the financial period	**3,732**	3,206
Basic earnings per share (pence)	**8.83p**	7.59p
Interim dividends declared per equity share (pence)	**11.90p**	11.90p
Prior year final dividend declared per equity share (pence)	**11.90p**	11.90p
Net funds	**13,505**	15,291

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

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Chairman's Statement

Overview

The group produced a successful result for the first half of 2015, the winter months created some good opportunities for our heating and boiler hire products and this was further enhanced by continued stability within the construction sector. Overall, the group's revenue for the six months ended 30 June 2015 was £28.2 million, an increase of £1.5 million compared with the same period last year. As a consequence operating profit increased by £0.7 million from £4.3 million in the first half of 2014 to £5.0 million for the six months ended 30 June 2015.

The group continues to be profitable and cash generative. Cash generated from operations was £5.0 million *(2014: £4.2 million)* and although net funds decreased by £3.3 million from £16.8 million as at 31 December 2014 to £13.5 million as at 30 June 2015 this was after paying the 2014 final dividend of 11.90 pence per share, or £5.0 million in total, during the period.

Management continue to safeguard the operational structure of the business. Cash spent on new plant and equipment, primarily hire fleet assets, amounted to £1.7 million and a further £1.0 million from stock was also added to the hire fleet. We have continued our policy of pursuing organic growth within our market sectors and start up costs of the new businesses discussed in previous Strategic Reports continue to be expensed as incurred. A new depot in Lyon has been opened in the first half of 2015 and continuing investment in both our existing core businesses and the ongoing development of new operations and income streams will ensure that we remain in a strong position and will safeguard profitability into the future.

Operations review

Our main hire and sales business segment in the UK and Europe enjoyed some improved trading conditions during first half of 2015. The colder weather during the winter months provided good opportunity for our heating products, however our pumping activity decreased when compared to 2014, where the first few months recorded exceptional levels of rainfall with widespread flooding, this was not repeated in 2015. Demand for our air conditioning products was in line with previous years.

Following a disappointing result in 2014 our operations across the Benelux region have produced a strong recovery with significant growth on last year's performance. Our newly established businesses in France, Switzerland and Luxembourg continue to trade in line with our expectations.

Andrews Air Conditioning & Refrigeration, our UK air conditioning installation business, produced an operating profit that was £0.1 million ahead of the level achieved last year.

Khansaheb Sykes, our long established business based in the UAE, had a strong start to the year, with improvements in both Dubai and Abu Dhabi involving our traditional dewatering, sewage and general pump hire activities. The climate rental division that was started in 2012 also continues to make a positive contribution. Overall, the operating profit of Khansaheb Sykes was £0.5 million ahead of the same period last year.

Profit for the financial period and Earnings per Share

Profit before tax was £4.7 million *(2014: £4.1 million)* reflecting both the above £0.7 million increase in operating profit and an increase in net finance costs of £0.1 million compared with the same period in 2014. Net finance costs increased primarily due to an inter company foreign exchange loss of £0.4 million, compared with a loss of £0.3 million in 2014, due to the continued strengthening of Sterling compared mainly with the Euro during the period.

Despite the increase in profits before tax, the tax charge remained virtually unchanged at £0.9 million for the six months ended 30 June 2015. This is due to a decrease in the group's effective tax rate from 22.7% for the six months ended 30 June 2014 to 20.2% in the current period which is mainly attributable to (i) a 1.25% reduction in the UK annualised effective tax rate and (ii) an increase in the mix of profits earned in low tax regions overseas. A reconciliation of the theoretical corporation tax charge based on the accounts profit multiplied by the UK annualised corporation tax rate of 20.25% and the actual tax charge is given in note 4 of these interim accounts.

Profit after tax was £3.7 million *(2014: £3.2 million)* and consequently the basic earnings per share increased by 1.24 pence, or 16.3%, from 7.59 pence for the first half of 2014 to 8.83 pence for the period under review. There were no share buy-backs in the period.

Dividends

The final dividend of 11.90 pence per ordinary share for the year ended 31 December 2014 was approved by members at the AGM held on 16 June 2015. Accordingly on 19 June 2015 the company made a total dividend payment of £5,029,000 which was paid to shareholders on the register as at 29 May 2015.

The board continues to adopt the policy of returning value to shareholders whenever possible. The group remains profitable, cash generative and financially strong. Accordingly the board has decided to declare an interim dividend for 2015 of 11.90 pence per share which in total amounts to £5,029,000. This will be paid on 4 November 2015 to shareholders on the register as at 9 October 2015. The shares will go ex-dividend on 8 October 2015.

Preparation of the year end accounts

Following a change in the financial reporting framework applicable to all UK groups with effect from the start of the current year, the parent company accounts of Andrews Sykes Group plc will be prepared in accordance with this new framework this year. There are no changes to the preparation of the group's consolidated financial statements. Further details of the new framework are set out in note 11 of these interim accounts.

Outlook

Trading in the third quarter to date has been positive. Europe experienced a period of hot weather during the early part of July which stimulated a high demand for air conditioning products. Although this was short lived in the UK, our operations across mainland Europe enjoyed a hot summer with prolonged periods of above average temperatures. Activity in the Middle East has remained consistent through the summer period, with trading levels ahead of last year in both Sharjah and Abu Dhabi.

The board remains cautiously optimistic that the group will return an improved performance for the full year.

JG Murray
Chairman

29 September 2015

Consolidated income statement
for the 6 months ended 30 June 2015 (unaudited)

	6 months ended 30 June 2015 £'000	6 months ended 30 June 2014 £'000	12 months ended 31 December 2014 £'000
Continuing operations			
Revenue	**28,240**	26,759	56,400
Cost of sales	**(12,602)**	(12,116)	(24,101)
Gross profit	**15,638**	14,643	32,299
Distribution costs	**(5,343)**	(5,061)	(10,410)
Administrative expenses	**(5,322)**	(5,233)	(10,578)
Operating profit	**4,973**	4,349	11,311
EBITDA*	**7,293**	6,495	15,569
Depreciation and impairment losses	**(2,531)**	(2,301)	(4,563)
Profit on the sale of plant and equipment	**211**	155	305
Operating profit	**4,973**	4,349	11,311
Income from trade investments	**-**	-	517
Finance income	**145**	178	342
Finance costs	**(84)**	(93)	(192)
Intercompany foreign exchange gains and losses	**(355)**	(286)	(222)
Profit before taxation	**4,679**	4,148	11,756
Taxation	**(947)**	(942)	(2,445)
Profit for the financial period	**3,732**	3,206	9,311

There were no discontinued operations in either of the above periods

Earnings per share from continuing operations			
Basic and diluted (pence)	**8.83p**	7.59p	22.03p
Dividends paid for the period per equity share (pence)	**-**	-	11.90p
Proposed dividend for the period per equity share (pence)	**11.90p**	11.90p	11.90p

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

Consolidated balance sheet
as at 30 June 2015 (unaudited)

	30 June 2015	30 June 2014	31 December 2014
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	**16,187**	15,524	16,388
Lease prepayments	**51**	52	51
Trade investments	**164**	164	164
Deferred tax asset	**495**	627	626
Retirement benefit pension surplus	**1,695**	1,681	1,253
	18,592	18,048	18,482
Current assets			
Stocks	**5,002**	4,592	4,618
Trade and other receivables	**15,031**	14,772	14,348
Overseas tax (denominated in Euros)	**195**	547	133
Cash and cash equivalents	**19,697**	22,559	24,077
	39,925	42,470	43,176
Current liabilities			
Trade and other payables	**(10,716)**	(10,355)	(10,963)
Current tax liabilities	**(1,149)**	(1,308)	(1,321)
Bank loans	**(980)**	(980)	(980)
Obligations under finance leases	**(101)**	(114)	(114)
Provisions	**(2)**	(13)	(9)
	(12,948)	(12,770)	(13,387)
Net current assets	**26,977**	29,700	29,789
Total assets less current liabilities	**45,569**	47,748	48,271
Non-current liabilities			
Bank loans	**(4,985)**	(5,965)	(5,975)
Obligations under finance leases	**(126)**	(209)	(162)
Provisions	**-**	(2)	-
	(5,111)	(6,176)	(6,137)
Net assets	**40,458**	41,572	42,134
Equity			
Called-up share capital	**423**	423	423
Share premium	**13**	13	13
Retained earnings	**38,331**	38,828	39,295
Translation reserve	**1,436**	2,053	2,148
Other reserves	**245**	245	245
Surplus attributable to equity holders of the parent	**40,448**	41,562	42,124
Minority interest	**10**	10	10
Total equity	**40,458**	41,572	42,134

Consolidated cash flow statement

for the six months ended 30 June 2015 (unaudited)

	6 months ended 30 June 2015 £'000	6 months ended 30 June 2014 £'000	12 months ended 31 December 2014 £'000
Cash flows from operating activities			
Cash generated from operations	**4,996**	4,205	13,222
Interest paid	**(86)**	(86)	(166)
Net UK corporation tax paid	**(951)**	(1,220)	(2,268)
Net withholding tax paid	**-**	-	(47)
Overseas tax paid	**(190)**	(291)	(120)
Net cash inflow from operating activities	**3,769**	2,608	10,621
Investing activities			
Dividends received from trade investments	**-**	-	517
Sale of property, plant and equipment	**335**	252	511
Purchase of property, plant and equipment	**(1,711)**	(1,256)	(3,727)
Interest received	**100**	126	270
Net cash outflow from investing activities	**(1,276)**	(878)	(2,429)
Financing activities			
Loan repayments	**(1,000)**	(1,000)	(1,000)
Finance lease capital repayments	**(49)**	(46)	(93)
Equity dividends paid	**(5,029)**	(5,029)	(10,058)
Net cash outflow from financing activities	**(6,078)**	(6,075)	(11,151)
Net decrease in cash and cash equivalents	**(3,585)**	(4,345)	(2,959)
Cash and cash equivalents at the beginning of the period	**24,077**	27,417	27,417
Effect of foreign exchange rate changes	**(795)**	(513)	(381)
Cash and cash equivalents at end of the period	**19,697**	22,559	24,077

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

Net decrease in cash and cash equivalents	**(3,585)**	(4,345)	(2,959)
Net cash outflow from the decrease in debt	**1,049**	1,046	1,093
Non-cash movements in respect of costs of raising loan finance	**(10)**	(10)	(20)
Decrease in net funds during the period	**(2,546)**	(3,309)	(1,886)
Opening net funds at the beginning of the period	**16,846**	19,113	19,113
Effect of foreign exchange rate changes	**(795)**	(513)	(381)
Closing net funds at the end of the period	**13,505**	15,291	16,846

Consolidated statement of comprehensive total income (CSOCTI)
for the six months ended 30 June 2015 (unaudited)

	6 months ended 30 June 2015 £'000	6 months ended 30 June 2014 £'000	12 months ended 31 December 2014 £'000
Profit for the financial period	**3,732**	3,206	9,311
Other comprehensive (charges) / income:			
Items that may be reclassified to profit and loss:			
Currency translation differences on foreign currency net investments	**(712)**	(406)	(312)
Items that will never be reclassified to profit and loss:			
Remeasurement of defined benefit liabilities and assets	**416**	(41)	(802)
Related deferred tax	**(83)**	8	160
Other comprehensive charges for the period net of tax	**(379)**	(439)	(954)
Total comprehensive income for the period	**3,353**	2,767	8,357

Notes to the consolidated interim financial statements
for the six months ended 30 June 2015

1 General information

Basis of preparation

These interim financial statements have been prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the European Union and with the Companies Act 2006.

The information for the 12 months ended 31 December 2014 does not constitute the group's statutory accounts for 2014 as defined in Section 434 of the Companies Act 2006. Statutory accounts for 2014 have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006. These interim financial statements, which were approved by the Board of Directors on 29 September 2015, have not been audited or reviewed by the auditors.

The interim financial statement has been prepared using the historical cost basis of accounting except for:

(i) properties held at the date of transition to IFRS which are stated at deemed cost;

(ii) assets held for sale which are stated at the lower of fair value less anticipated disposal costs and carrying value; and

(iii) derivative financial instruments (including embedded derivatives) which are valued at fair value.

Functional and presentational currency

The financial statements are presented in pounds Sterling because that is the functional currency of the primary economic environment in which the group operates.

2 Accounting policies

These interim financial statements have been prepared on a consistent basis and in accordance with the accounting policies set out in the group's Annual Report and Financial Statements 2014.

3 Revenue

An analysis of the group's revenue is as follows:

	6 months ended 30 June 2015 £'000	6 months ended 30 June 2014 £'000	12 months ended 31 December 2014 £'000
Continuing operations			
Hire	**22,996**	21,501	45,688
Sales	**3,186**	3,232	6,764
Installations	**2,058**	2,026	3,948
Group consolidated revenue from the sale of goods and provision of services	**28,240**	26,759	56,400

The geographical analysis of the group's revenue by origination is:

	6 months ended 30 June 2015 £'000	6 months ended 30 June 2014 £'000	12 months ended 31 December 2014 £'000
United Kingdom	**19,239**	19,814	40,987
Rest of Europe	**3,989**	3,703	7,947
Middle East and Africa	**5,012**	3,242	7,466
	28,240	26,759	56,400

4 Taxation

	6 months ended 30 June 2015 £'000	6 months ended 30 June 2014 £'000	12 months ended 31 December 2014 £'000
Current tax			
UK corporation tax at 20.25% *(30 June 2014 and 31 December 2014: 21.5%)*	**779**	929	2,111
Adjustments in respect of prior periods	**-**	-	(119)
	779	929	1,992
Overseas tax	**120**	14	261
Adjustments to overseas tax in respect of prior periods	**-**	-	(7)
Withholding tax	**-**	-	47
Total current tax charge	**899**	943	2,293
Deferred tax			
Deferred tax on the origination and reversal of temporary differences	**48**	(1)	91
Adjustments in respect of prior periods	**-**	-	61
Total deferred tax charge	**48**	(1)	152
Total tax charge for the financial period attributable to continuing operations	**947**	942	2,445

The tax charge for the financial period can be reconciled to the profit before tax per the income statement multiplied by the effective standard annualised corporation tax rate in the UK of 20.25% *(30 June 2014 and 31 December 2014: 21.5%)* as follows:

	6 months ended 30 June 2015 £'000	6 months ended 30 June 2014 £'000	12 months ended 31 December 2014 £'000
Profit before taxation from continuing and total operations	**4,679**	4,148	11,756
Tax at the UK effective annualised corporation tax rate of 20.25% *(30 June 2014 and 31 December 2014: 21.5%)*	**947**	892	2,528
Effects of:			
Expenses not deductible for tax purposes	**58**	53	78
Movement in overseas trading losses	**122**	106	207
Effect of different tax rates of subsidiaries operating abroad	**(180)**	(109)	(232)
Withholding tax	**-**	-	47
Non-taxable income from other participating interests	**-**	-	(111)
Effect of change in rate of corporation tax	**-**	-	(7)
Adjustments to tax charge in respect of previous periods	**-**	-	(65)
Total tax charge for the financial period	**947**	942	2,445

The total effective tax charge for the financial period represents the best estimate of the weighted average annual effective tax rate expected for the full financial year applying tax rates that have been substantively enacted by the balance sheet date. Accordingly UK corporation tax has been provided at 20.25%; the reduction to 20% for the tax year ending 31 March 2016 having been substantially enacted on 2 July 2013. UK deferred tax has been provided at 20% being the rate substantially enacted at the balance sheet date at which the timing differences are expected to reverse.

5 Earnings per share

Basic earnings per share

The basic figures have been calculated by reference to the weighted average number of ordinary shares in issue and the earnings as set out below. There are no discontinued operations in any period.

	6 months ended 30 June 2015	
	Continuing earnings £'000	**Number of Shares**
Basic earnings/weighted average number of shares	**3,732**	**42,262,082**
Basic earnings per ordinary share (pence)	**8.83p**	

	6 months ended 30 June 2014	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	3,206	42,262,082
Basic earnings per ordinary share (pence)	7.59p	

	12 months ended 31 December 2014	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	9,311	42,262,082
Basic earnings per ordinary share (pence)	22.03p	

Diluted earnings per share

There were no dilutive instruments outstanding at 30 June 2015 or either of the comparative periods and, therefore, there is no difference in the basic and diluted earnings per share for any of these periods. There were no discontinued operations in any period.

6 Dividend payments

Dividends declared and paid on ordinary one pence shares during the 6 months ended 30 June 2015 were as follows:

	Paid in the 6 months ended 30 June 2015	
	Pence per share	**Total dividend paid £'000**
Final dividend for the year ended 31 December 2014 paid to members on the register on 29 May 2015 on 19 June 2015	**11.90p**	**5,029**

The above dividend was charged against reserves during the 6 months ended 30 June 2015.

On 29 September 2015 the directors declared an interim dividend of 11.90 pence per ordinary share which in total amounts to £5,029,000. This will be paid on 4 November 2015 to shareholders on the register on 9 October 2015 and will be charged against reserves in the second half of 2015.

Dividends declared and paid on ordinary one pence shares during the 6 months ended 30 June 2014 were as follows:

	Paid in the 6 months ended 30 June 2014	
	Pence per share	Total dividend declared £'000
Final dividend for the year ended 31 December 2013 paid to members on the register on 30 May 2014 on 19 June 2014	11.90p	5,029

The above dividend was charged against reserves during the 6 months ended 30 June 2014.

Dividends declared and paid on ordinary one pence shares during the 12 month period ended 31 December 2014 were as follows:

	Paid in the 12 months ended 31 December 2014	
	Pence per share	Total dividend paid £'000
Final dividend for the year ended 31 December 2013 paid to members on the register on 30 May 2014 on 19 June 2014	11.90p	5,029
Interim dividend declared on 25 September 2014 and paid to shareholders on the register as at 7 November 2014 on 2 December 2014	11.90p	5,029
	23.80p	10,058

The above dividends were charged against reserves during the 12 months ended 31 December 2014.

7 Retirement benefit obligations – Defined benefit pension scheme

The group closed the UK group defined benefit pension scheme to future accrual as at 29 December 2002. The assets of the defined benefit pension scheme continue to be held in a separate trustee administered fund.

As at 30 June 2015 the group had a net defined benefit pension scheme surplus, calculated in accordance with IAS 19 (revised) using the assumptions as set out below, of £1,695,000 *(30 June 2014: £1,681,000; 31 December 2014: £1,253,000).* The asset has been recognised in the financial statements as the directors are satisfied that it is recoverable in accordance with IFRIC 14.

Following the triennial recalculation of the funding deficit as at 31 December 2013 a revised schedule of contributions and recovery plan was agreed with the pension scheme trustees in June 2014. In accordance with this schedule of contributions, which is effective from 1 January 2014, the group made additional contributions in 2014 totalling £905,000 to remove the funding deficit calculated as at 31 December 2013 and this has now been eliminated. Accordingly, until the next funding valuation is agreed with the pension scheme trustees, the group does not expect to make any further contributions to the pension scheme, other than a contribution towards the expenses that has been capped at £120,000 per annum.

Assumptions used to calculate the scheme surplus

A qualified independent actuary has updated the results of the December 2013 full actuarial valuation *(30 June 2014: December 2010 full actuarial valuation)* to calculate the surplus as disclosed below.

The major assumptions used to determine the present value of the scheme's defined benefit obligation were:

	30 June 2015	30 June 2014	31 December 2014
Rate of increase in pensionable salaries	**N/A**	N/A	N/A
Rate of increase in pensions in payment	**3.10%**	3.30%	3.00%
Discount rate applied to scheme liabilities	**3.60%**	4.20%	3.40%
Inflation assumption – RPI	**3.20%**	3.40%	3.10%
Inflation assumption – CPI	**2.20%**	2.40%	2.10%
Percentage of members taking maximum tax free lump sum on retirement	**90%**	100%	90%

From 1 January 2011, the government amended the basis for statutory increases to deferred pensions and pensions in payment. Such increases are now based on inflation measured by the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). Having reviewed the scheme rules and considered the impact of the change on this

pension scheme, the directors consider that future increases to (i) all deferred pensions and (ii) Guaranteed Minimum Pensions accrued between 6 April 1988 and 5 April 1997 and currently in payment will be based on CPI rather than RPI. Accordingly, this assumption was adopted as at 31 December 2010 and subsequently.

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics. The mortality table used at 30 June 2015 is 110% S1NA CMI2014 *(30 June 2014: 110% S1NA CMI2013; 31 December 2014: 110% S1NA CMI2014)* with a 1% per annum long term improvement for both males and females *(30 June 2014: 1% males, 0.5% females; 31 December 2014: 1% males, 1% females)*.

The assumed average life expectancy in years of a pensioner retiring at the age of 65 given by the above tables is as follows:

	30 June 2015	30 June 2014	31 December 2014
Male, current age 45	**22.5 years**	22.7 years	22.5 years
Female, current age 45	**25.2 years**	24.0 years	25.2 years

Valuations

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and are inherently uncertain, were as follows:

	30 June 2015 £'000	30 June 2014 £'000	31 December 2014 £'000
Total fair value of plan assets	**38,385**	36,786	38,864
Present value of defined benefit funded obligation calculated in accordance with stated assumptions	**(36,690)**	(35,105)	(37,611)
Surplus in the scheme calculated in accordance with stated assumptions recognised in the balance sheet	**1,695**	1,681	1,253

The movement in the fair value of the scheme's assets during the period was as follows:

	30 June 2015 £'000	30 June 2014 £'000	31 December 2014 £'000
Fair value of plan assets at the start of the period	**38,864**	35,707	35,707
Expected return on pension scheme assets	**649**	775	1,559
Actual return less expected return on pension scheme assets	**(359)**	545	2,275
Employer contributions – normal	**60**	540	905
Benefits paid	**(774)**	(727)	(1,455)
Administration expenses charged in the income statement	**(55)**	(54)	(127)
Fair value of plan assets at the end of the period	**38,385**	36,786	38,864

The movement in the present value of the defined benefit obligation during the period was as follows:

	30 June 2015 £'000	30 June 2014 £'000	31 December 2014 £'000
Present value of defined benefit funded at the beginning of the period	**(37,611)**	(34,503)	(34,503)
Interest on defined benefit obligation	**(628)**	(743)	(1,486)
Actuarial gain/(loss) recognised in the CSOCTI calculated in accordance with stated assumptions	**775**	(586)	(3,077)
Benefits paid	**774**	727	1,455
Closing present value of defined benefit funded obligation calculated in accordance with stated assumptions	**(36,690)**	(35,105)	(37,611)

Amounts recognised in the income statement

The amounts credited / (charged) in the income statement were:

	30 June 2015 £'000	30 June 2014 £'000	31 December 2014 £'000
Expected return on pension scheme assets	**649**	775	1,559
Interest on pension scheme liabilities	**(628)**	(743)	(1,486)
Net pension interest credit included within finance income	**21**	32	73
Scheme administration expenses	**(55)**	(54)	(127)
Net pension charge in the income statement	**(34)**	(22)	(54)

Actuarial gains and losses recognised in the consolidated statement of comprehensive total income (CSOCTI)

The amounts credited / (charged) in the CSOCTI were:

	30 June 2015 £'000	30 June 2014 £'000	31 December 2014 £'000
Actual return less expected return on pension scheme assets	**(359)**	545	2,275
Experience gains and losses arising on plan obligation	**123**	(3)	383
Changes in demographic and financial assumptions underlying the present value of plan obligations	**652**	(583)	(3,460)
Actuarial gain/(loss) calculated in accordance with stated assumptions recognised in the CSOCTI	**416**	(41)	(802)

8 Called up share capital

	30 June 2015 £'000	30 June 2014 £'000	31 December 2014 £'000
Issued and fully paid:			
42,262,082 ordinary shares of one pence each *(30 June 2014 and 31 December 2014: 42,262,082 ordinary shares of one pence each)*	**423**	423	423

The company did not buy back any shares for cancellation during the 6 months ended 30 June 2015 or either of the comparative periods. The company did not issue any shares in the period or either of the comparative periods. No share options were granted, forfeited or expired during any of the periods and there were no share options outstanding at any period end.

The company has one class of ordinary shares which carry no right to fixed income.

9 Cash generated from operations

	6 months ended 30 June 2015 £'000	6 months ended 30 June 2015 £'000	12 months ended 31 December 2015 £'000
Profit for the period attributable to equity shareholders	**3,732**	3,206	9,311
Adjustments for:			
Taxation charge	**947**	942	2,445
Finance costs	**84**	93	192
Finance income	**(145)**	(178)	(342)
Inter-company foreign exchange gains and losses	**355**	286	222

Income from trade investments	**-**	-	(517)
Profit on the sale of property, plant and equipment	**(211)**	(155)	(305)
Depreciation	**2,531**	2,301	4,563
EBITDA*	**7,293**	6,495	15,569
Excess of normal pension contributions compared with service and administration expenses	**(5)**	(486)	(778)
Workings capital movements:			
Stocks	**(1,389)**	(1,764)	(2,527)
Trade and other receivables	**(660)**	(122)	284
Trade and other payables	**(236)**	88	686
Provisions	**(7)**	(6)	(12)
Cash generated from operations	**4,996**	4,205	13,222

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

10 Analysis of net funds

	30 June 2015 £'000	30 June 2014 £'000	31 December 2014 £'000
Cash and cash equivalents per cash flow statement	**19,697**	22,559	24,077
Bank loans	**(5,965)**	(6,945)	(6,955)
Obligations under finance leases	**(227)**	(323)	(276)
Gross debt	**(6,192)**	(7,268)	(7,231)
Net funds	**13,505**	15,291	16,846

11 Adoption of Financial Reporting Standards (FRS) 101 and 102 – Reduced disclosure framework for parent and UK subsidiary company accounts

The group's consolidated financial statements for the year ended 31 December 2015 will continue to be prepared in accordance with European Union endorsed International Financial Reporting Standards (IFRSs) on a consistent basis with the previous financial year.

Last year, the parent company accounts of Andrews Sykes Group plc were prepared in accordance with the long established UK GAAP. With effect from accounting periods starting on or after 1 January 2015 this UK GAAP has been withdrawn and companies must prepare their financial statements either in accordance with new UK GAAP which, for Andrews Sykes Group plc, is essentially FRS 100, 101 and 102 or full IFRS.

Andrews Sykes Group plc has elected to prepare its parent company accounts in accordance with FRS 102 and to take advantage of the reduced disclosure framework permitted by paragraph 1.12 of that standard. Paragraph 1.11 requires the company to give shareholders the opportunity to object to the adoption of the reduced disclosure framework within a reasonable specified timeframe.

Any shareholder wishing to object to the adoption of the reduced disclosure framework set out in paragraph 1.12 of FRS 102 for the parent company accounts of Andrews Sykes Group plc should write to the Company Secretary at the company's registered office no later than 30 November 2015 setting out the reasons for any objection. Any letter received after 30 November 2015 will not be valid.

The group's UK subsidiary companies' accounts for the year ended 31 December 2015 will be prepared in accordance with the reduced disclosure framework of either FRS 101 or FRS 102 depending upon the circumstances relevant to each subsidiary.

12 Distribution of interim financial statements

Following a change in regulations in 2008, the company is no longer required to circulate this half year report to shareholders. This enables us to reduce costs associated with printing and mailing and to minimise the impact of these activities on the environment. A copy of the interim financial statements is available on the company's website, www.andrews-sykes.com.