Andrews Sykes Group plc
Summary of results
For the 12 months ended 31 December 2013

	12 months ended 31 December 2013 £'000	12 months ended 31 December 2012** £'000
Revenue from continuing operations	61,072	58,380
EBITDA* from continuing operations	18,592	17,825
Operating profit	14,683	14,221
Profit after tax for the financial period	11,518	11,069
Basic earnings per share from total operations (pence)	27.25p	26.18p
Interim dividends paid per equity share (pence)	17.80p	7.10p
Proposed final dividend per equity share (pence)	11.90p	-
Net cash inflow from operating activities	14,216	12,768
Total dividends paid	7,523	3,001
Net funds	19,113	15,642

* 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.

** Restated due to the implementation of IAS19 (2011)

For further information please contact:

Andrews Sykes Group plc Kevin Ford	01902 328700
Altium Capital Limited (NOMAD) Paul Lines Adam Sivner	0845 505 4307
Arden Partners plc (broker) Adrian Trimmings	020 7614 5920

Chairman's Statement

Overview and financial highlights

Summary

The group's revenue for the year ended 31 December 2013 was £61.1 million, an increase of £2.7 million, or 4.6%, compared with the same period last year. This increase had a favourable impact on operating profit which increased by £0.5 million from £14.2 million * last year to £14.7 million in the year under review. This increase is despite the lack of revenue in the current year from contracts in connection with the Olympic and Paralympic games which benefited the performance for 2012.

The basic earnings per share increased by 4.1% from 26.18p* last year to 27.25p in the current period. There were no share buybacks in the period and this increase reflects the strong trading performance of the group again this year.

The group continues to generate strong cash flows. Net cash inflow from operating activities was £14.2 million, an improvement of £1.4 million compared with last year. Net funds increased from £15.6 million last year to £19.1 million at 31 December 2013 despite shareholder related cash outflows of £7.5 million on equity dividends. The level of external bank borrowings remains unchanged as at 31 December 2013 from the previous year following the refinancing exercise in April 2013.

Cost control, cash and working capital management continue to be priorities for the group. Capital expenditure on the hire fleet increased from £4.2 million in 2012 to £4.6 million this year and the group invested a further £0.8 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	**Operating profit***
	£'000	**£'000**
1st half 2013	**29,774**	**6,427**
1st half 2012	28,570	6,396
2nd half 2013	**31,298**	**8,256**
2nd half 2012	29,810	7,825
Total 2013	**61,072**	**14,683**
Total 2012	58,380	14,221

Our main hire and sales business in the UK and Europe has again faced challenging trading conditions throughout 2013 mainly as a result of some unhelpful weather conditions but also due to economic conditions particularly in certain European territories. Consequently the business segment had mixed fortunes with Andrews Sykes Hire Limited in the UK performing significantly better than last year and our subsidiaries in Belgium and Northern Italy also returning an improved performance. However, after a very successful year in 2012, Andrews Sykes BV in Holland suffered a reduction in operating profit and, as expected, our business in France returned an operating loss in 2013 during its first year of trading. Overall, the operating profit of this business segment increased from £13.1 million last year to £13.5 million in 2013.

The weather at the beginning of the year was relatively cold thereby helping the performance of our heating division. However this was short lived and was replaced by much milder conditions which lasted until the middle of June when a spell of warmer weather finally arrived giving a boost to our all-important air conditioning hire and sales business. The autumn and winter that followed were exceptionally mild and wet which did nothing for our heating products but which did assist the performance of our UK pumping business. Improvements were apparent in the UK economy but less so in our other European territories with a reduction in the level of construction work throughout Holland.

The performance for the year clearly demonstrates our ability to deliver acceptable profit levels even in times of unfavourable external influence and is due, in part, to a diverse product range that is able to return a robust performance during any extreme 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 a very successful year with the operating profit for this business segment improving from £1.2 million last year to £1.8 million in the current year. This reflects improved market conditions which had a positive impact on our traditional dewatering, sewage and general pump hire activities. In addition our climate rental division which was formed in 2012 returned a positive contribution to the business results.

The operating profit for our fixed installation business sector in the UK fell from nearly £1.0 million in 2012 to £0.4 million in the current year. However this was expected as the business had a successful year in 2012 due to a significant contract for the supply of equipment in connection with the Olympic and Paralympic Games. 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

Profit before tax was £15.0 million this year compared with £14.8 million* last year. This is due to the above £0.5 million improvement in operating profit, a reduction of £0.4 million in dividends received from Oasis Sykes, our trade investment in Saudi Arabia, from £0.6 million last year to £0.2 million in 2013, and a £0.1 million reduction in finance costs. Tax charges amounted to £3.5 million, a reduction of £0.2 million compared with 2012, resulting in a profit for the financial year of £11.5 million compared with £11.1 million* last year.

Equity dividends

The company declared two interim dividends during the year, both of 8.9 pence per ordinary share. The first was declared on 18 June 2013 and was paid on 24 July 2013; the second was declared on 28 October 2013 and was paid on 3 December 2013. Therefore total ordinary dividends paid to shareholders in the year were in excess of £7.5 million.

I am pleased to announce that, in view of the group's ongoing profitability and its significant cash resources, the board has proposed a 2013 final dividend 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, would be paid on 19 June 2014 to shareholders on the register on 30 May 2014.

Net funds

At 31 December 2013 the group had net funds of £19.1 million compared with £15.6 million last year, an increase of £3.5 million despite the payment of the above two interim dividends totalling £7.5 million

Renewal of bank loan facilities

The group's previous 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. Interest is charged based on LIBOR plus a fixed margin of 1.2% and mandatory costs.

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 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 to increase investments in new technologically advanced and environmentally friendly non-seasonal products will be continued into 2014. 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. Improvements have been seen in the UK, especially the pumping business, and the Middle East business sector during 2013 but these have been partially offset by a downturn in trading in Holland. Management is currently addressing this issue and the board is therefore cautiously optimistic for further success in 2014.

JG Murray

Chairman

6 May 2014

* Restated due to the implementation of IAS19 (2011)

Andrews Sykes Group plc
Consolidated Income Statement
For the 12 months ended 31 December 2013

	12 months ended 31 December 2013 £'000	12 months ended 31 December 2012** £'000
Continuing operations		
Revenue	**61,072**	58,380
Cost of Sales	**(25,318)**	(25,455)
Gross profit	**35,754**	32,925
Distribution costs	**(10,994)**	(10,088)
Administrative expenses	**(10,077)**	(8,616)
Operating profit	**14,683**	14,221
EBITDA*	**18,592**	17,825
Depreciation and impairment losses	**(4,459)**	(4,006)
Profit on the sale of plant and equipment	**550**	402
Operating profit	**14,683**	14,221
Income from trade investments	**194**	592
Finance income	**1,730**	1,723
Finance costs	**(1,643)**	(1,782)
Profit before taxation	**14,964**	14,754
Taxation	**(3,446)**	(3,685)
	11,518	11,069

There were no discontinued operations in either of the above periods

Earnings per share		
Basic (pence)	**27.25p**	26.18p
Diluted (pence)	**27.25p**	26.18p
Interim dividends paid per equity share (pence)	**17.80p**	7.10p
Proposed final dividend per equity share (pence)	**11.90p**	-

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

** Restated due to implementation of IAS19 (2011).

Andrews Sykes Group plc
Consolidated Statement of Comprehensive Total Income
For the 12 months ended 31 December 2013

	12 months ended 31 December 2013 £'000	12 months ended 31 December 2012* £'000
Profit for the financial period	**11,518**	11,069
Other comprehensive charges		
Items that may be reclassified to profit and loss:		
Currency translation differences on foreign currency net Investments	**137**	(335)
Items that will never be reclassified to profit and loss:		
Remeasurement of defined benefit assets and liabilities	**(1,524)**	(667)
Related deferred tax	**388**	204
Other comprehensive charges for the period net of tax	**(999)**	(798)
Total comprehensive income for the period	**10,519**	10,271

* Restated due to the implementation of IAS19 (2011)

Andrews Sykes Group plc
Consolidated Balance Sheet
As at 31 December 2013

	31 December 2013		31 December 2012	
	£'000	**£'000**	£'000	£'000
Non-current assets				
Property, plant and equipment		**16,432**		15,522
Lease prepayments		**53**		55
Trade investments		**164**		164
Deferred tax asset		**618**		609
Retirement benefit pension surplus		**1,204**		1,809
		18,471		18,159
Current assets				
Stocks	**3,231**		3,197	
Trade and other receivables	**14,631**		15,248	
Overseas tax (denominated in Euros)	**280**		-	
Cash and cash equivalents	**27,417**		24,108	
	45,559		42,553	
Current liabilities				
Trade and other payables	**(10,271)**		(9,881)	
Current tax liabilities	**(1,599)**		(1,492)	
Bank loans	**(980)**		(8,000)	
Obligations under finance leases	**(114)**		(124)	
Provisions	**(13)**		(13)	
	(12,977)		(19,510)	
Net current assets		**32,582**		23,043
Total assets less current liabilities		**51,053**		41,202
Non-current liabilities				
Bank loans	**(6,955)**		-	
Obligations under finance leases	**(255)**		(342)	
Provisions	**(8)**		(21)	
		(7,218)		(363)
Net assets		**43,835**		40,839
Equity				
Called-up share capital		**423**		423
Share premium		**13**		13
Retained earnings		**40,684**		37,825
Translation reserve		**2,460**		2,323
Other reserves		**245**		245
Surplus attributable to equity holders of the parent		**43,825**		40,829
Minority interest		**10**		10
Total equity		**43,835**		40,839

Andrews Sykes Group plc
Consolidated Cash Flow Statement
For the 12 months ended 31 December 2013

	12 months ended 31 December 2013 £'000	12 months ended 31 December 2012 £'000
Cash flows from operating activities		
Cash generated from operations	**17,689**	16,602
Interest paid	**(243)**	(326)
Net UK corporation tax paid	**(2,340)**	(2,543)
Withholding tax paid	**(39)**	(140)
Overseas tax paid	**(851)**	(825)
Net cash flow from operating activities	**14,216**	12,768
Investing activities		
Dividends received from trade investments	**194**	592
Sale of property, plant and equipment	**706**	559
Purchase of property, plant and equipment	**(4,392)**	(4,715)
Interest received	**281**	193
Net cash flow from investing activities	**(3,211)**	(3,371)
Financing activities		
Loan repayments	**(8,000)**	(6,000)
New loans raised	**8,000**	-
Finance lease capital repayments	**(97)**	(132)
Equity dividends paid	**(7,523)**	(3,001)
Purchase of own shares	**-**	(825)
Net cash flow from financing activities	**(7,620)**	(9,958)
Net increase / (decrease) in cash and cash equivalents	**3,385**	(561)
Cash and cash equivalents at the beginning of the period	**24,108**	24,986
Effect of foreign exchange rate changes	**(76)**	(317)
Cash and cash equivalents at end of the period	**27,417**	24,108

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

Net increase / (decrease) in cash and cash equivalents	**3,385**	(561)
Cash outflow from the decrease in debt	**8,097**	6,132
Cash inflow from the increase in loans	**(8,000)**	-
Non-cash movement in respect of raising loan finance	**65**	-
Non-cash movement in the fair value of derivative instruments	**-**	23
Movement in net funds during the period	**3,547**	5,594
Opening net funds at the beginning of the period	**15,642**	10,365
Effect of foreign exchange rate changes	**(76)**	(317)
Closing net funds at the end of the period	**19,113**	15,642

Andrews Sykes Group plc

Consolidated Statement of Changes in Equity
For the 12 months ended 31 December 2013

	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 2011	427	13	31,035	2,658	241	34,374	10	34,384
Profit for the financial period*	-	-	11,069	-	-	11,069	-	11,069
Other comprehensive charges:								
Items that may be reclassified to profit and loss:								
Currency translation differences on foreign currency net investments	-	-	-	(335)	-	(335)	-	(335)
Items that will never be reclassified to profit and loss:								
Remeasurement of defined benefit assets and liabilities	-	-	(667)	-	-	(667)	-	(667)
Related deferred tax	-	-	204	-	-	204	-	204
Total other comprehensive charges	-	-	(463)	(335)	-	(798)	-	(798)
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
Profit for the financial period	**-**	**-**	**11,518**	**-**	**-**	**11,518**	**-**	**11,518**
Other comprehensive charges:								
Items that may be reclassified to profit and loss:								
Currency translation differences on foreign currency net investments	**-**	**-**	**-**	**137**	**-**	**137**	**-**	**137**
Items that will never be reclassified to profit and loss:								
Remeasurement of defined benefit assets and liabilities	**-**	**-**	**(1,524)**	**-**	**-**	**(1,524)**	**-**	**(1,524)**
Related deferred tax	**-**	**-**	**388**	**-**	**-**	**388**	**-**	**388**
Total other comprehensive charges	**-**	**-**	**(1,136)**	**137**	**-**	**(999)**	**-**	**(999)**
Transactions with owners recorded directly in equity								
Dividends paid	**-**	**-**	**(7,523)**	**-**	**-**	**(7,523)**	**-**	**(7,523)**
Total transactions with owners	**-**	**-**	**(7,523)**	**-**	**-**	**(7,523)**	**-**	**(7,523)**
At 31 December 2013	**423**	**13**	**40,684**	**2,460**	**245**	**43,825**	**10**	**43,835**

*Restated due to the implementation of IAS19 (2011)

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 2013 or 31 December 2012 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 2013 financial year and until the date of signing these accounts 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 2013 the previous bank loan agreement terminated and, in accordance with that agreement, the outstanding loan of £8.0 million plus interest was repaid to the bank. A new loan agreement was taken out for £8.0 million on the same day and the first capital repayment of £1 million was made at the end of April 2014. 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 2013 amounted to £27.4 million compared with £24.1 million as at 31 December 2012. Profit and cash flow projections for 2014 and 2015, 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 entered 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 uncertain external influences and the current uncertain economic outlook for certain of our trading territories in Europe.

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.

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 16 May 2014 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 2012 have been delivered to the Registrar of Companies and those for the 12 months ended 31 December 2013 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 17th June 2014 at Floor 5, 10 Bruton Street, London, W1J 6PX.