

Andrews Sykes Group plc

1 May 2008

Final Results

Preliminary announcement

For the 52 weeks ended 29 December 2007

Summary of Results

	52 weeks ended 29 December 2007 £000	52 weeks ended 31 December 2006 £000
Revenue from continuing operations	57,846	59,768
Normalised EBITDA* from continuing operations	18,173	18,887
Adjusted operating profit**	14,184	15,272
Profit for the financial period	8,549	9,708
Basic earnings per share from continuing operations (pence)	19.19p	22.11p
Adjusted basic earnings per share from continuing operations excluding pension curtailment charge	20.62p	22.11p
Net Cash inflow from operating activities	7,067	11,537
Net Debt	12,344	16,167

* Earnings Before Interest, Taxation, Depreciation, profit on sale of fixed assets, Amortisation and impairment charges as reconciled on the consolidated income statement.

** Normalised operating profit before pension curtailment charge

Chairman's Statement

Overview and financial highlights

The group achieved an adjusted operating profit * of £14.2 million for 2007 which compares with £15.3 million in 2006, our record year. Therefore although these profits are lower than 2006 I still consider that this is an extremely good performance, particularly considering we did not experience the very hot and favourable weather conditions of the summer of 2006 which contributed to a £2 million decrease in revenue to £57.8 million.

More importantly, this result highlights the fact that the group is now less weather dependent than ever before. It has been our strategy for some time to move away from this dependency and our group now has a diverse range of income streams thereby providing a solid base of revenue underpinning the business. This, combined with our ongoing strict cost control policy, ensures that we are able to deliver satisfactory results even in the face of less than favourable climatic conditions.

Our main trading subsidiary, Andrews Sykes Hire continues to perform well. It continues to expand its business in non-seasonal hire markets, particularly through its specialist hire division. It has continued to expand its presence in niche markets and these non-traditional businesses operate without undue influence from seasonal weather patterns.

We have, of course, continued to support our traditional business roots. The pumping division performed extremely well in 2007, taking advantage of the opportunities presented. We will invest more in this business, as well as in our profitable air conditioning and heating divisions, in order that we are well placed to satisfy our customers' demands whenever they arise.

Pension curtailment offer

As I reported at the half year, an offer was made to all deferred members of our defined benefit pension scheme giving them the opportunity to transfer their accrued rights to an alternative pension provider.

The offer, which was substantially completed in 2007, has resulted in a reduction of the pension scheme deficit of £3.5 million, a charge to the income statement of £0.9 million and a cash outflow of £4.3 million. This was mainly financed by an agreed reduction in the July 2007 loan repayment from £5 million to £1 million.

Net Debt

Net debt has been reduced by £3.9 million from £16.2 million to £12.3 million this year despite the following significant cash outflows:

	£m
Capital expenditure net of disposal proceeds	4.6
Pension curtailment offer	4.3
Corporation tax payments	3.0
Regular defined benefit pension scheme payments	1.5
	<hr/>
	13.4
	<hr/>

This reflects the strong cash generating ability of the group.

* Normalised operating profit before pension curtailment charge

Share buyback programme

The board continues to believe that shareholder value will be optimised by the purchase, where appropriate, of our own shares. Consequently at the forthcoming AGM, the board will request that shareholders vote in favour of a resolution to renew the authority to purchase up to 12.5% of the ordinary shares in issue.

Subsequent events

Recognising the fact that no interim or final dividends were declared or paid during either the current or previous financial period, I am pleased to report that the board has announced two interim dividends for the 2008 financial year amounting to approximately £15.0 million since the year-end. This continues the board's policy of returning value to shareholders wherever possible.

Prior to the payment of the above dividends the company consulted with the Andrews Sykes Defined Benefit Pension Scheme trustees and the pension regulator and agreed to pay an additional one-off contribution of £1.7million into the scheme as well as maintaining the regular monthly payment of £125,000.

The above payments will be mainly financed by additional borrowings of £10 million.

Outlook

The group's continuing strategy of investing in its traditional core products and services, the increase in non-seasonal business and investment in new technically advanced and environmentally friendly products proved to be successful in 2007 and will therefore be continued into 2008. Overall trading in the first quarter of 2008 was in line with expectations.

J G Murray
Chairman

30 April 2008

Andrews Sykes Group plc
Consolidated Income Statement
For the 52 weeks ended 29 December 2007

	<u>52 weeks ended 29 December 2007</u>			52 weeks ended 31 December 2006 £'000
	Normalised £'000	Pension curtailment charge £'000	Total £'000	
Continuing operations				
Revenue	57,846	-	57,846	59,768
Cost of sales	(25,816)	-	(25,816)	(26,918)
Gross profit	32,030	-	32,030	32,850
Distribution costs	(9,751)	-	(9,751)	(9,471)
Administrative expenses	(8,095)	(911)	(9,006)	(8,107)
Operating profit	14,184	(911)	13,273	15,272
EBITDA*	18,173	(911)	17,262	18,887
Depreciation and impairment charges	(4,463)	-	(4,463)	(4,153)
Profit on the sale of property, plant and equipment	474	-	474	538
Operating profit	14,184	(911)	13,273	15,272
Income from other participating interests			209	-
Finance income			624	500
Finance costs			(1,728)	(1,772)
Profit before taxation			12,378	14,000
Taxation			(3,829)	(4,150)
Profit for the period from continuing operations			8,549	9,850
Discontinued operations				
Loss for the period from discontinued operations			-	(142)
Profit for the financial period attributable to equity holders of the parent			8,549	9,708
Earnings per share from continuing operations				
Basic (pence)			19.19p	22.11p
Diluted (pence)			19.19p	22.10p
Earnings per share from total operations				
Basic (pence)			19.19p	21.79p
Diluted (pence)			19.19p	21.79p
Dividends paid per equity share (pence)			0.0 p	0.0p

* Earnings Before Interest, Taxation, Depreciation, profit on sale of fixed assets, Amortisation and impairment charges.

Andrews Sykes Group plc
Consolidated Balance Sheet
As at 29 December 2007

	29 December 2007		31 December 2006	
	£'000	£'000	£'000	£'000
Non-current assets				
Goodwill		-		31
Property, plant and equipment		15,668		15,201
Lease prepayments		96		229
Trade investments		164		164
Deferred tax asset		1,404		3,201
Derivative financial instruments		13		23
		17,345		18,849
Current assets				
Stocks	5,742		4,336	
Trade and other receivables	16,317		16,217	
Cash and cash equivalents	13,102		10,190	
Assets held for sale	494		-	
	35,655		30,743	
Current liabilities				
Trade and other payables	(11,371)		(10,108)	
Current tax liabilities	(1,370)		(2,292)	
Bank loans	(5,000)		(5,000)	
Obligations under finance leases	(415)		(233)	
Provisions	(15)		(24)	
	(18,171)		(17,657)	
Net current assets		17,484		13,086
Total assets less current liabilities		34,829		31,935
Non-current liabilities				
Bank loans	(19,000)		(20,000)	
Obligations under finance leases	(1,006)		(1,147)	
Retirement benefit obligations	(1,238)		(6,577)	
Derivative financial instruments	(38)		-	
		(21,282)		(27,724)
Net assets		13,547		4,211
Equity				
Called-up share capital		446		446
ESOP reserve		-		-
Retained earnings		12,595		3,854
Translation reserve		274		(321)
Other reserves		222		222
		13,537		4,201
Surplus attributable to equity holders of the parent		13,537		4,201
Minority interest		10		10
Total equity		13,547		4,211

Andrews Sykes Group plc
Consolidated Cash Flow Statement
For the 52 weeks ended 29 December 2007

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Cash flows from operating activities		
Cash generated from operations	11,211	15,935
Interest paid	(1,115)	(1,591)
Net UK corporation tax paid	(2,202)	(2,465)
Withholding tax recovered / (paid)	50	(52)
Overseas tax paid	(877)	(290)
Net cash flow from operating activities	7,067	11,537
Investing activities		
Dividends received from participating interests (trade investments)	209	-
Disposal costs paid less consideration received on prior year disposals	295	(183)
Sale of property, plant and equipment	778	526
Purchase of property, plant & equipment	(5,346)	(7,067)
Interest received	440	476
Net cash flow from investing activities	(3,624)	(6,248)
Financing activities		
Loan repayments	(1,000)	(5,000)
Finance lease capital repayments	(141)	(131)
Purchase of own shares	-	(16)
Sale of own shares by ESOP	-	4
Net cash flow from financing activities	(1,141)	(5,143)
Net increase in cash and cash equivalents	2,302	146
Cash and cash equivalents at the beginning of the year	10,190	10,342
Effect of foreign exchange rate changes	610	(298)
Cash and cash equivalents at end of the year	13,102	10,190
Reconciliation of net cash flow to movement in net debt in the period		
Net increase in cash and cash equivalents	2,302	146
Cash outflow from the decrease in debt	1,141	5,131
Non cash movements in respect of new finance leases	(182)	-
Non cash movements in the fair value of derivative instruments	(48)	23
Movement in net debt during the period	3,213	5,300
Opening net debt at the beginning of the year	(16,167)	(21,169)
Effect of foreign exchange rate changes	610	(298)
Closing net debt at the end of the year	(12,344)	(16,167)

Andrews Sykes Group plc
Consolidated Statement of Recognised Income and Expense
For the 52 weeks ended 29 December 2007

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Actual return less expected return on pension scheme assets	154	636
Experience gains and losses arising on plan obligation	424	(340)
Changes in demographic and financial assumptions underlying the present value of plan obligations	(279)	(1,937)
Currency translation differences on foreign currency net investments	595	(321)
Deferred tax on items posted directly to equity	(107)	493
Net income / (expense) recognised directly in equity	787	(1,469)
Profit for the period attributable to parent's shareholders	8,549	9,708
Total recognised income and expense for the period attributable to equity holders of the parent	9,336	8,239

Movement on share capital and reserves

	Share capital £'000	ESOP reserve £'000	Retained earnings £'000	Translation reserve £'000	Other reserves £'000	Total 0 £'000
At 1 January 2006	446	(6)	(4,688)	-	222	(4,026)
Total recognised income and expense	-	-	8,560	(321)	-	8,239
Purchase of own shares	-	-	(16)	-	-	(16)
Sale of shares by the ESOP	-	6	(2)	-	-	4
At 31 December 2006	446	-	3,854	(321)	222	4,201
Total recognised income and expense	-	-	8,741	595	-	9,336
At 29 December 2007	446	-	12,595	274	222	13,537

Notes

1. Whilst the financial 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. The group expects to distribute copies of the full Annual Report and Financial Statements that comply with IFRSs by the middle of May 2008 following which copies will be available from the registered office of the Company; Premier House, Darlington Street, Wolverhampton, WV1 4JJ.
2. The Company's Annual General Meeting will be held at 10.30 a.m. on Wednesday 11 June 2008 at Floor 5, 10 Bruton Street, London, W1J 6PX.

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