



ANDREWS SYKES GROUP PLC

INTERIM
FINANCIAL
STATEMENTS
2013

CONTENTS

- 1 Summary of Results
- 2 Chairman's Statement
- 5 Consolidated Income Statement
- 6 Consolidated Balance Sheet
- 7 Consolidated Cash Flow Statement
- 8 Consolidated Statement of Comprehensive Total Income (CSOCTI)
- 9 Notes to the Consolidated Interim Financial Statements

SUMMARY OF RESULTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	6 months ended 30 June 2013 (unaudited) £'000	6 months ended 30 June 2012* (unaudited) £'000
Revenue from continuing operations	29,774	28,570
EBITDA** from continuing operations	8,383	8,235
Operating profit	6,427	6,396
Profit for the financial period	5,208	4,894
Basic earnings per share (pence)	12.32p	11.57p
Dividends declared per equity share (pence)	8.90p	0.00p
Net funds	20,674	12,642

* Restated following the implementation of IAS 19 (revised), see note 2.

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

CHAIRMAN'S STATEMENT

OVERVIEW

The group's revenue for the six months ended 30 June 2013 was £29.8 million, an increase of £1.2 million (4.2%) compared with last half year's figure of £28.6 million. Operating profit increased very slightly to £6.4 million for the period under review, the positive impact from the increase in revenue being largely offset by a combination of a change in mix across our business sectors and start-up costs. However, the first half of 2012 benefited from a significant one-off contract for the supply of equipment in connection with the Olympic Games. The group continues to demonstrate its ability to return a satisfactory result, achieving an operating profit this period at approximately the same level as last in the face of both unfavourable weather and economic trading conditions.

The group continues to generate strong cash flows, net cash inflow from operating activities being £6.0 million in the six months ended 30 June 2013 compared with £4.6 million in the same period in 2012. As at 30 June 2013 the group had net funds of £20.7 million, an increase of £5.1 million compared with 31 December 2012 and an increase of over £8.0 million compared with the position as at 30 June 2012. Taking all these factors into account, on 18 June 2013 the board declared an interim dividend of 8.9 pence per ordinary share which resulted in a payment to shareholders of £3.8 million on 24 July 2013.

Management continue to be mindful of the need to maintain the operational structure of the business and the group has invested £2.5 million on new hire fleet assets, plant and equipment in the six months under review. In addition we have

continued our policy of pursuing organic growth within our market sectors and the associated overhead start-up costs have been expensed as incurred. Continuing investment in both our existing 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 in the UK again faced a number of challenges and opportunities during the first half of 2013. The improvements in the pumping business reported in last year's annual report continued into the current period and made a significant contribution to the results for the first half year. Non-weather dependent contracts continue to be sought and investment will continue to be made into this core business. Our heating division also performed well with revenue being slightly ahead of last year mainly due to the colder weather at the beginning of the year continuing longer this period than last. However, the early summer weather was very poor and conditions remained unseasonably cold until the middle of June when the warmer weather finally arrived. Overall the operating profit of our main UK business was approximately £0.1 million better than the first half last year.

Our subsidiary in the Netherlands had a difficult first half of the year also being adversely affected by the late arrival of the warmer summer weather in the middle of June; this had an almost direct impact on operating profit which ended £0.4 million lower than the same period in 2012. Our Belgian subsidiary continued to trade successfully.

In June 2011 we opened a new operation in Italy, Nolo Climat, and following additional investment in both staff and hire fleet in the first half of 2013, we remain optimistic for further growth in this business in the future.

In December 2012 we opened a new subsidiary in France that commenced trading in January 2013. We are also currently establishing another new subsidiary in the French-speaking region of Switzerland to become fully operational by the end of 2013.

Our UK air conditioning installation business benefited last year from the one-off contract for the supply of equipment for the Olympic Games. This year, despite the poor start to the season and lacking the Olympics contract, we have produced a result very close to last year's.

Khansaheb Sykes, our long established business based in the UAE, continued to benefit from improved market conditions in the region. Both of its main trading locations in Dubai and Abu Dhabi produced strong results in the first half of the year from its traditional dewatering, sewage and general pump hire activities. Overall revenue and operating profit increased in the first half of 2013 compared with the same period in 2012.

PROFIT FOR THE FINANCIAL PERIOD AND EARNINGS PER SHARE

Profit before tax was very slightly ahead of the first half of 2012 at £6.7 million.

The tax charge reduced by £0.3 million from £1.8 million* last half year to £1.5 million in the six months ended 30 June 2013. The group's effective tax rate fell from 26.3% to 22.0% mainly

due to (i) a 1.25% reduction in the UK annualised corporation tax rate to 23.25% and (ii) an increase in the proportion of profits earned in lower tax rate overseas countries in the first half of 2013. A reconciliation of the theoretical corporation tax charge based on the accounts profits multiplied by 23.25% and the actual tax charge is given in note 4 of these interim accounts.

The profit for the financial period increased by £0.3 million from £4.9 million* in the first half of 2012 to £5.2 million in the current period. Basic earnings per share increased by 6.5% from 11.57 pence* to 12.32 pence reflecting both the above increase in profit and the group's share buyback programme in earlier years. No shares have been purchased for cancellation in the current half year.

DIVIDENDS

On 18 June 2013 the board declared an interim dividend of £3.8 million, equal to 8.9 pence per ordinary share, and this was paid to shareholders on the register as at 28 June 2013 on 24 July 2013. This interim dividend has been charged against reserves during the six months ended 30 June 2013 and included on the balance sheet as a current liability as at 30 June 2013.

The board continues to adopt the policy of returning value to shareholders whenever possible and accordingly the decision regarding a further interim dividend will be taken later in the year in the light of profitability and cash resources.

* Restated due to the implementation of IAS 19 (revised), see note 2.

CHAIRMAN'S STATEMENT

RENEWAL OF BANK LOAN FACILITIES

As advised in the 2012 annual report and financial statements, a new bank loan of £8 million was taken out on 30 April 2013 which was used to finance the repayment of the previous loan on the same day. The group is currently in compliance with the loan covenants and forecasts indicate that this will continue to be the case for the foreseeable future. Accordingly the loan has been split between current and non-current liabilities in accordance with the agreed repayment profile.

OUTLOOK

Trading in the third quarter to date has been encouraging. During July and August the UK and Northern Europe saw sustained periods of warm weather conditions which benefited our air conditioning business. Both the UK pumping business and the Middle East business sector have continued to trade ahead of last year and these factors will therefore have a positive impact on the results for the second half of 2013.

However, it must be remembered that the results for 2012 had a one-off benefit of a significant contract in connection with the Olympic and Paralympic Games and therefore this will distort any comparison with 2013. In addition the weather for the final quarter of 2013 is currently an unknown factor. Overall, however, the board is cautiously anticipating a reasonable performance for the remainder of 2013.

JG Murray
Chairman

26 September 2013

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

	6 months ended 30 June 2013 £'000	6 months ended 30 June 2012*	12 months ended 31 December 2012* £'000
Continuing operations			
Revenue	29,774	28,570	58,380
Cost of sales	(13,324)	(12,930)	(25,455)
Gross profit	16,450	15,640	32,925
Distribution costs	(5,256)	(4,927)	(10,088)
Administrative expenses	(4,767)	(4,317)	(8,616)
Operating profit	6,427	6,396	14,221
EBITDA**	8,383	8,235	17,825
Depreciation and impairment losses	(2,201)	(2,019)	(4,006)
Profit on sale of plant and equipment	245	180	402
Operating profit	6,427	6,396	14,221
Income from trade investments	–	265	592
Finance income	860	850	1,723
Finance costs	(813)	(851)	(1,701)
Intercompany foreign exchange gains and losses	206	(16)	(81)
Profit before taxation	6,680	6,644	14,754
Taxation	(1,472)	(1,750)	(3,685)
Profit for the financial period	5,208	4,894	11,069

There were no discontinued operations in any of the above periods.

Earnings per share from continuing operations

Basic and diluted (pence)	12.32p	11.57p	26.18p
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Dividends declared per equity share (pence)

	8.90p	–	7.10p
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* Restated due to the implementation of IAS 19 (revised), see note 2.

** 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 2013 (UNAUDITED)

	30 June 2013 £'000	30 June 2012 £'000	31 December 2012 £'000
Non-current assets			
Property, plant and equipment	15,923	14,374	15,522
Lease prepayments	54	55	55
Trade investments	164	164	164
Deferred tax asset	383	1,107	609
Retirement benefit pension surplus	2,906	632	1,809
	19,430	16,332	18,159
Current assets			
Stocks	4,280	3,678	3,197
Trade and other receivables	14,283	14,878	15,248
Cash and cash equivalents	29,067	21,166	24,108
	47,630	39,722	42,553
Current liabilities			
Trade and other payables	(9,923)	(8,791)	(9,881)
Ordinary dividend	(3,761)	-	-
Current tax liabilities	(1,429)	(1,482)	(1,481)
Overseas tax (denominated in Euros)	(75)	(88)	(11)
Bank loans	(980)	(8,000)	(8,000)
Obligations under finance leases	(169)	(129)	(124)
Provisions	(13)	(13)	(13)
Derivative financial instruments	-	(11)	-
	(16,350)	(18,514)	(19,510)
Net current assets	31,280	21,208	23,043
Total assets less current liabilities	50,710	37,540	41,202
Non-current liabilities			
Bank loans	(6,945)	-	-
Obligations under finance leases	(299)	(384)	(342)
Provisions	(15)	(28)	(21)
	(7,259)	(412)	(363)
Net assets	43,451	37,128	40,839
Equity			
Called up share capital	423	423	423
Share premium	13	13	13
Retained earnings	39,763	34,060	37,825
Translation reserve	2,997	2,377	2,323
Other reserves	245	245	245
Surplus attributable to equity holders of the parent	43,441	37,118	40,829
Minority interest	10	10	10
Total equity	43,451	37,128	40,839

CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

	6 months ended 30 June 2013 £'000	6 months ended 30 June 2012*	12 months ended 31 December 2012*
Cash flows from operating activities			
Cash generated from operations	7,560	6,604	16,602
Interest paid	(194)	(170)	(326)
Net UK corporation tax paid	(1,101)	(1,378)	(2,543)
Net withholding tax paid	–	(76)	(140)
Overseas tax paid	(284)	(380)	(825)
Net cash inflow from operating activities	5,981	4,600	12,768
Investing activities			
Dividends received from trade investments	–	265	592
Sale of plant and equipment	431	252	559
Purchase of property, plant and equipment	(2,096)	(1,902)	(4,715)
Interest received	111	90	193
Net cash outflow from investing activities	(1,554)	(1,295)	(3,371)
Financing activities			
Loan repayments	(8,000)	(6,000)	(6,000)
New loans raised	8,000	–	–
Finance lease capital repayments	(102)	(84)	(132)
Equity dividends paid	–	–	(3,001)
Purchase of own shares	–	(826)	(825)
Net cash outflow from financing activities	(102)	(6,910)	(9,958)
Net increase/(decrease) in cash and cash equivalents	4,325	(3,605)	(561)
Cash and cash equivalents at beginning of period	24,108	24,986	24,986
Effect of foreign exchange rate changes	634	(215)	(317)
Cash and cash equivalents at end of period	29,067	21,166	24,108
Reconciliation of net cash flow to movement in net funds in the period			
Net increase/(decrease) in cash and cash equivalents	4,325	(3,605)	(561)
Cash outflow from the decrease in debt	102	6,084	6,132
Non-cash movements re new finance leases	(104)	–	–
Non-cash movements in the fair value of derivative instruments	–	13	23
Non-cash movements re loan finance costs	75	–	–
Increase in net funds during the period	4,398	2,492	5,594
Opening net funds at beginning of period	15,642	10,365	10,365
Effect of foreign exchange rate changes	634	(215)	(317)
Closing net funds at end of period	20,674	12,642	15,642

CONSOLIDATED STATEMENT OF COMPREHENSIVE TOTAL INCOME (CSOCTI)

FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

	6 months ended 30 June 2013 £'000	6 months ended 30 June 2012*	12 months ended 31 December 2012*
Profit for the financial period	5,208	4,894	11,069
Other comprehensive income			
Currency translation differences on foreign currency net investments	674	(281)	(335)
Defined benefit plan actuarial gains and losses	638	(1,409)	(667)
Deferred tax on other comprehensive income	(147)	355	204
Other comprehensive income/(charges) for the period net of tax	1,165	(1,335)	(798)
Total comprehensive income for the period	6,373	3,559	10,271

* Restated due to the implementation of IAS 19 (revised), see note 2.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

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 2012 does not constitute the group's statutory accounts for 2012 as defined in Section 434 of the Companies Act 2006. Statutory accounts for 2012 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 26 September 2013, have not been audited or reviewed by the auditor.

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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

2 ACCOUNTING POLICIES

With the exception of the adoption of IAS 19 (revised), which became mandatory for periods commencing on or after 1 January 2013, 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 2012.

IAS 19 (revised) had the following impact on the group's results:

- Pension scheme administration costs and the costs of managing the plan assets have been reported as an operating expense, within administration expenses, and not as a deduction from the expected return on assets within finance income.
- Interest income included within finance income is no longer based on the expected return from the pension scheme's assets but has been restricted to the discount rate as used to discount the pension scheme's liabilities.

The results for the prior periods have been restated on a consistent basis with the current period and the following changes have been made:

	(Unaudited)	
	6 months ended 30 June 2012 £'000	12 months ended 31 December 2012 £'000
Increase in administration expenses	52	91
Decrease in interest income included within finance income	3	27
Decrease in actuarial losses recognised in the statement of comprehensive total income	55	118

In addition the tax charge in the income statement has been reduced by £13,000 for the six months ended 30 June 2012 (£29,000 for the 12 months ended 31 December 2012) and the tax charge in the Consolidated Statement of Comprehensive Total Income has been increased by the same amount as a result of the above changes.

There has not been any impact on the net pension scheme surplus or the consolidated retained earnings as a result of the implementation of IAS 19 (revised). The remaining changes required by IAS 19 (revised), including the abolition of the "corridor" method of accounting for certain actuarial gains and losses and changes in the treatment of interest on service costs did not have any impact on the group's results.

3 REVENUE

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

	6 months ended 30 June 2013 £'000	6 months ended 30 June 2012 £'000	12 months ended 31 December 2012 £'000
Continuing operations			
Hire	24,379	21,469	47,453
Sales	3,451	4,789	6,083
Installations	1,944	2,312	4,844
Group consolidated revenue from the sale of goods and provision of services	29,774	28,570	58,380

4 TAXATION

	6 months ended 30 June 2013 £'000	6 months ended 30 June 2012* £'000	12 months ended 31 December 2012* £'000
Current tax			
UK corporation tax	1,048	1,172	2,580
Adjustments in respect of prior periods	-	-	(245)
	1,048	1,172	2,335
Overseas tax	344	444	813
Adjustments to overseas tax in respect of prior periods	-	49	42
Withholding tax	-	76	140
Total current tax charge	1,392	1,741	3,330
Deferred tax			
Deferred tax on the origination and reversal of temporary differences	80	9	162
Adjustments in respect of prior periods	-	-	193
Total deferred tax charge	80	9	355
Total tax charge for the financial period attributable to continuing operations	1,472	1,750	3,685

* Restated due to the implementation of IAS 19 (revised), see note 2.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

4 TAXATION (CONTINUED)

The tax charge for the financial period can be reconciled to the profit before tax per the income statement multiplied by the standard effective annualised corporation tax rate in the UK of 23.25% (*June 2012 and December 2012: 24.5%*) as follows:

	6 months ended 30 June 2013 £'000	6 months ended 30 June 2012*	12 months ended 31 December 2012*
Profit before taxation from continuing and total operations	6,680	6,644	14,754
Tax at the UK effective annualised corporation tax rate of 23.25% (<i>June 2012 and December 2012: 24.5%</i>)	1,553	1,628	3,615
<i>Effects of:</i>			
Expenses not deductible for tax purposes	61	58	122
Movement in overseas trading losses	51	35	71
Effect of different tax rates of subsidiaries operating abroad	(193)	(78)	(217)
Withholding tax	–	76	140
Non-taxable income from other participating interests	–	(65)	(145)
Effect of change in rate of corporation tax	–	47	109
Adjustments to tax charge in respect of previous periods	–	49	(10)
Total tax charge for the financial period	1,472	1,750	3,685

* Restated due to the implementation of IAS 19 (revised), see note 2.

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 23.25%; the reduction to 23% for the tax year ending 31 March 2014 having been substantively enacted on 2 July 2012. UK deferred tax has been provided at 23% being the rate substantively enacted at the balance sheet date at which the timing differences are expected to reverse.

4 TAXATION (CONTINUED)

In accordance with IAS 12 no account has been taken in these interim financial statements of the 2012 Finance Act that was substantively enacted on 2 July 2013 as this was after the balance sheet date. This Act provided for the further reduction in the rate of UK corporation tax from 23% to 21% for the tax year commencing 1 April 2014 and from 21% to 20% for the tax year commencing 1 April 2015. It is estimated that if these rate changes had been enacted by the balance sheet date it would have had the effect of reducing the deferred tax asset recognised at that date by approximately £30,000 and they will reduce the group's future corporation tax charge accordingly.

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 2013	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	5,208	42,262,082
Basic earnings per ordinary share (pence)	12.32p	

	6 months ended 30 June 2012*	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	4,894	42,297,624
Basic earnings per ordinary share (pence)	11.57p	

	12 months ended 31 December 2012*	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	11,069	42,279,853
Basic earnings per ordinary share (pence)	26.18p	

* Restated due to the implementation of IAS 19 (revised), see note 2.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

5 EARNINGS PER SHARE (CONTINUED)

DILUTED EARNINGS PER SHARE

There were no dilutive instruments outstanding at 30 June 2013 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

The directors declared the following interim dividend during the six months ended 30 June 2013:

	6 months ended 30 June 2013	Total dividend declared £'000
	Pence per share	
Interim dividend declared on 18 June 2013 and paid to shareholders on the register as at 28 June 2013 on 24 July 2013	8.90p	3,761

The above interim dividend has been charged against reserves during the six months ended 30 June 2013 and included on the balance sheet as a current liability as at 30 June 2013. The amount was paid on 24 July 2013.

The directors declared the following interim dividend during the 12 month period ended 31 December 2012:

	12 months ended 31 December 2012	Total dividend declared £'000
	Pence per share	
Interim dividend declared on 29 October 2012 and paid to shareholders on the register as at 9 November 2012 on 3 December 2012	7.10p	3,001

The above interim dividend was charged against reserves and paid during the 12 months ended 31 December 2012.

The directors did not declare or pay any interim dividends during the six months ended 30 June 2012.

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 2013 the group had a net defined benefit pension scheme surplus, calculated in accordance with IAS 19 using the assumptions as set out below, of £2,906,000 (*June 2012: £632,000; 31 December 2012: £1,809,000*). 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 2010, and taking into account the significant market movements since that date, a revised schedule of contributions and recovery plan has been agreed with the pension scheme trustees. Based on this schedule of contributions, which is effective from 1 January 2011, the best estimate of the employer contributions to be paid during the year commencing 1 January 2013 is £960,000.

ASSUMPTIONS USED TO CALCULATE THE SCHEME SURPLUS

The last full actuarial valuation was carried out as at 31 December 2010. A qualified independent actuary has updated the results of this valuation to calculate the position as disclosed below.

The major assumptions used in this valuation to determine the present value of the scheme's defined benefit obligation were as follows:

	30 June 2013	30 June 2012	31 December 2012
	%	%	%
Rate of increase in:			
Pensionable salaries	n/a	n/a	n/a
Pensions in payment	3.20	2.80	2.90
Discount rate applied to scheme liabilities	4.60	4.40	4.30
Inflation assumption:			
RPI	3.30	2.80	3.00
CPI for the first six years	2.30	1.80	2.00
CPI after the first six years	2.30	1.80	2.00

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

7 RETIREMENT BENEFIT OBLIGATIONS - DEFINED BENEFIT PENSION SCHEME (CONTINUED)

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 for all subsequent periods.

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics. The mortality table used at 30 June 2013 is 110% S1NA CMI2012 (*30 June 2012 and 31 December 2012: 110% S1NA CMI2011*).

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 2013	30 June 2012	31 December 2012
Male, current age 45	22.7 years	22.6 years	22.6 years
Female, current age 45	24.0 years	23.9 years	23.9 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 2013	30 June 2012	31 December 2012
	£'000	£'000	£'000
Total fair value of plan assets	34,946	32,200	34,195
Present value of defined benefit funded obligation calculated in accordance with stated assumptions	(32,040)	(31,568)	(32,386)
Surplus in the scheme calculated in accordance with stated assumptions recognised in the balance sheet	2,906	632	1,809

7 RETIREMENT BENEFIT OBLIGATIONS - DEFINED BENEFIT PENSION SCHEME (CONTINUED)

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

	30 June 2013 £'000	30 June 2012*	31 December 2012*
Fair value of plan assets at the start of the period	34,195	31,447	31,447
Expected return on plan assets	726	743	1,499
Actuarial gains recognised in the CSOCTI	244	320	1,794
Employer contributions – normal	480	420	840
Benefits paid	(634)	(678)	(1,294)
Scheme administration expenses	(65)	(52)	(91)
Fair value of plan assets at the end of the period	34,946	32,200	34,195

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

	30 June 2013 £'000	30 June 2012	31 December 2012
Opening present value of defined benefit funded obligation calculated in accordance with stated assumptions	(32,386)	(29,818)	(29,818)
Interest on defined benefit obligation	(682)	(699)	(1,401)
Actuarial gain/(loss) recognised in the CSOCTI calculated in accordance with stated assumptions	394	(1,729)	(2,461)
Benefits paid	634	678	1,294
Closing present value of defined benefit funded obligation calculated in accordance with stated assumptions	(32,040)	(31,568)	(32,386)

* Restated due to the implementation of IAS 19 (revised), see note 2.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

7 RETIREMENT BENEFIT OBLIGATIONS - DEFINED BENEFIT PENSION SCHEME (CONTINUED)

AMOUNTS RECOGNISED IN THE INCOME STATEMENT

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

	30 June 2013 £'000	30 June 2012* £'000	31 December 2012* £'000
Expected return on pension scheme assets credited within finance income	726	743	1,499
Interest on pension scheme liabilities charged within finance costs	(682)	(699)	(1,401)
Net pension interest credit	44	44	98
Scheme expenses charged in administration expenses	(65)	(52)	(91)
Net pension (charge)/credit in the income statement	(21)	(8)	7

ACTUARIAL GAINS AND LOSSES RECOGNISED IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE TOTAL INCOME (CSOCTI)

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

	30 June 2013 £'000	30 June 2012* £'000	31 December 2012* £'000
Actual return less expected return on scheme assets	244	320	1,794
Experience gains and losses arising on plan obligation	(6)	(437)	(278)
Changes in demographic and financial assumptions underlying the present value of plan obligations	400	(1,292)	(2,183)
Actuarial gain/(loss) calculated in accordance with stated assumptions recognised in the CSOCTI	638	(1,409)	(667)

* Restated due to the implementation of IAS 19 (revised), see note 2.

8 CALLED UP SHARE CAPITAL

	30 June 2013 £'000	30 June 2012 £'000	31 December 2012 £'000
Issued and fully paid:			
42,262,082 ordinary shares of one pence each (<i>June 2012 and December 2012: 42,262,082 ordinary shares of one pence each</i>)	423	423	423

8 CALLED UP SHARE CAPITAL (CONTINUED)

The company did not buy back any shares for cancellation during the six months ended 30 June 2013 (*June 2012 and December 2012: 426,506 shares for a total consideration of £814,934*). 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 either the current or comparative financial periods. 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 2013 £'000	6 months ended 30 June 2012*	12 months ended 31 December 2012*
Profit for the period attributable to equity shareholders	5,208	4,894	11,069
Adjustments for:			
Taxation charge	1,472	1,750	3,685
Finance costs	813	851	1,701
Finance income	(860)	(850)	(1,723)
Inter-company foreign exchange gains and losses	(206)	16	81
Income from trade investments	–	(265)	(592)
Profit on the sale of property, plant and equipment	(245)	(180)	(402)
Depreciation	2,201	2,019	4,006
Excess of normal pension contributions compared with service cost	(415)	(368)	(749)
Cash generated from operations before movements in working capital	7,968	7,867	17,076
Movement in stocks	(1,419)	(301)	(246)
Movement in trade and other receivables	988	(96)	(462)
Movement in trade and other payables	29	(860)	247
Movement in provisions	(6)	(6)	(13)
Cash generated from operations	7,560	6,604	16,602

* Restated due to the implementation of IAS 19 (revised), see note 2.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013 (UNAUDITED)

10 ANALYSIS OF NET FUNDS

	30 June 2013 £'000	30 June 2012 £'000	31 December 2012 £'000
Cash and cash equivalents per cash flow statement	29,067	21,166	24,108
Bank loans	(7,925)	(8,000)	(8,000)
Obligations under finance leases	(468)	(513)	(466)
Derivative financial instruments	–	(11)	–
Gross debt	(8,393)	(8,524)	(8,466)
Net funds	20,674	12,642	15,642

11 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.





Head Office

Premier House, Darlington Street
Wolverhampton, WV1 4JJ
Tel: 01902 328700 Fax: 01902 422466
E-mail: info@andrews-sykes.com
andrews-sykes.com