

## Andrews Sykes Group plc Interim Financial Statements 2016

### Summary of results for the six months ended 30 June 2016

	(Unaudited)	
	6 months ended 30 June 2016 £'000	6 months ended 30 June 2015 £'000
Revenue from continuing operations	30,287	28,240
EBITDA* from continuing operations	8,799	7,293
Operating profit	6,395	4,973
Inter-company foreign exchange gains and losses	1,062	(355)
Profit for the financial period	6,195	3,732
Basic earnings per share (pence)	14.66p	8.83p
Interim dividends declared per equity share (pence)	11.90p	11.90p
Net funds	15,392	13,505

\* 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 2016, once again the winter months created some good opportunities for our heating and boiler hire products. Overall, the group's revenue for the six months ended 30 June 2016 was £30.3 million, an increase of £2.1 million compared with the same period last year. As a consequence operating profit increased by £1.4 million from £5.0 million in the first half of 2015 to £6.4 million for the six months ended 30 June 2016.

The group continues to be profitable and cash generative. Cash generated from operations was £7.1 million (2015: £5.0 million) and net funds increased by £0.8 million from £14.6 million as at 31 December 2015 to £15.4 million as at 30 June 2016 this was after paying the 2015 final dividend of 11.9 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 £2.2 million and a further £0.7 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. 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 continued to expand during first half of 2016. Our pumping activity has increased when compared to 2015 and, despite a mild winter, our heating products have maintained revenue levels. Demand for our air conditioning products was in line with previous years.

Our operations across the Benelux region have continued a strong recovery with growth on last year's performance being recorded. Our recently 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 of £0.1 million.

Khansaheb Sykes, our long established business based in the UAE, had a strong start to the year, with improvements in our traditional pump hire activities. The climate rental division also continues to make a positive contribution. Overall, the operating profit of Khansaheb Sykes was £0.3 million ahead of the same period last year.

### Profit for the financial period and Earnings per Share

Profit before tax was £7.5 million (2015: £4.7 million) reflecting both the above £1.4 million increase in operating profit and a significant improvement in net finance income and costs, also of £1.4 million, compared with the same period in 2015. This improvement was primarily due to a net inter-company foreign exchange gain of £1.1 million compared with a loss of £0.3 million in 2015 which in turn was mainly due to the weakening of Sterling.

The total tax charge increased by £0.4 million from £0.9 million for the six months ended 30 June 2015 to £1.3 million for the current six month period. The effective tax rate decreased from 20.2% for the six months ended 30 June 2015 to 17.7% in the current period. The rate for the current period is less than the standard UK corporation tax rate of 20% which is mainly due to (i) the utilisation of off balance sheet overseas tax losses due, in part, to overseas foreign exchange gains and (ii) the effect of profits being made in lower 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% and the actual tax charge is given in note 4 of these interim accounts.

Profit after tax was £6.2 million (2015: £3.7 million) and consequently the basic earnings per share increased by 5.83 pence, or 66%, from 8.83 pence for the first half of 2015 to 14.66 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 2015 was approved by members at the AGM held on 21 June 2016. Accordingly on 24 June 2016 the company made a total dividend payment of £5,029,000 which was paid to shareholders on the register as at 27 May 2016.

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 2016 of 11.90 pence per share which in total amounts to £5,029,000. This will be paid on 2 November 2016 to shareholders on the register as at 7 October 2016. The shares will go ex-dividend on 6 October 2016.

## **Bank loan agreement**

During the period, and in accordance with the agreed repayment profile, the group repaid the third annual instalment of £1 million that was due for payment on 30 April 2016. The remaining loan balance of £5 million is due for repayment in full on 30 April 2017 and therefore this amount has been included within current liabilities as at 30 June 2016. The group intends to finance this loan repayment by a new loan of the same amount and management have already commenced negotiations with the banks to secure this position.

## **Outlook**

Trading in the third quarter to date has continued to be positive. After a slow start to the summer Europe has experienced above average temperatures during September which continue to stimulate high demand for air conditioning products. Once again 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*

28 September 2016

**Consolidated income statement**  
for the 6 months ended 30 June 2016 (unaudited)

	<b>6 months ended 30 June 2016 £'000</b>	6 months ended 30 June 2015 £'000	12 months ended 31 December 2015 £'000
<b>Continuing operations</b>			
<b>Revenue</b>	<b>30,287</b>	28,240	60,058
Cost of sales	<b>(12,692)</b>	(12,602)	(25,284)
<b>Gross profit</b>	<b>17,595</b>	15,638	34,774
Distribution costs	<b>(5,772)</b>	(5,343)	(10,828)
Administrative expenses	<b>(5,428)</b>	(5,322)	(10,738)
<b>Operating profit</b>	<b>6,395</b>	4,973	13,208
<b>EBITDA*</b>	<b>8,799</b>	7,293	17,701
Depreciation and impairment losses	<b>(2,702)</b>	(2,531)	(4,959)
Profit on the sale of plant and equipment	<b>298</b>	211	466
<b>Operating profit</b>	<b>6,395</b>	4,973	13,208
Finance income	<b>145</b>	145	280
Finance costs	<b>(73)</b>	(84)	(164)
Intercompany foreign exchange gains and losses	<b>1,062</b>	(355)	43
<b>Profit before taxation</b>	<b>7,529</b>	4,679	13,367
Taxation	<b>(1,334)</b>	(947)	(2,567)
<b>Profit for the financial period</b>	<b>6,195</b>	3,732	10,800
There were no discontinued operations in either of the above periods			
<b>Earnings per share from continuing operations</b>			
Basic and diluted (pence)	<b>14.66p</b>	8.83p	25.55p
<b>Dividends paid during the period per equity share (pence)</b>	<b>11.90p</b>	11.90p	23.80p
<b>Proposed dividend per equity share (pence)</b>	<b>11.90p</b>	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 2016 (unaudited)

	<b>30 June 2016</b>	30 June 2015	31 December 2015
	<b>£'000</b>	£'000	£'000
<b>Non-current assets</b>			
Property, plant and equipment	<b>18,604</b>	16,187	17,750
Lease prepayments	<b>49</b>	51	50
Trade investments	<b>164</b>	164	164
Deferred tax asset	<b>482</b>	495	282
Retirement benefit pension surplus	<b>1,512</b>	1,695	2,443
	<b>20,811</b>	18,592	20,689
<b>Current assets</b>			
Stocks	<b>5,709</b>	5,002	4,199
Trade and other receivables	<b>16,052</b>	15,031	16,584
Overseas tax (denominated in Euros)	<b>-</b>	195	17
Cash and cash equivalents	<b>20,590</b>	19,697	20,715
	<b>42,351</b>	39,925	41,515
<b>Current liabilities</b>			
Trade and other payables	<b>(11,414)</b>	(10,716)	(11,090)
Current tax liabilities	<b>(1,345)</b>	(1,149)	(1,306)
Overseas tax (denominated in euros)	<b>(44)</b>	-	-
Bank loans	<b>(4,985)</b>	(980)	(980)
Obligations under finance leases	<b>(129)</b>	(101)	(101)
Provisions	<b>-</b>	(2)	-
	<b>(17,917)</b>	(12,948)	(13,477)
<b>Net current assets</b>	<b>24,434</b>	26,977	28,038
<b>Total assets less current liabilities</b>	<b>45,245</b>	45,569	48,727
<b>Non-current liabilities</b>			
Bank loans	<b>-</b>	(4,985)	(4,995)
Obligations under finance leases	<b>(84)</b>	(126)	(81)
	<b>(84)</b>	(5,111)	(5,076)
<b>Net assets</b>	<b>45,161</b>	40,458	43,651
<b>Equity</b>			
Called-up share capital	<b>423</b>	423	423
Share premium	<b>13</b>	13	13
Retained earnings	<b>41,096</b>	38,331	40,987
Translation reserve	<b>3,374</b>	1,436	1,973
Other reserves	<b>245</b>	245	245
<b>Surplus attributable to equity holders of the parent</b>	<b>45,151</b>	40,448	43,641
Minority interest	<b>10</b>	10	10
<b>Total equity</b>	<b>45,161</b>	40,458	43,651

**Consolidated cash flow statement**  
for the six months ended 30 June 2016 (unaudited)

	6 months ended 30 June 2016 £'000	6 months ended 30 June 2015 £'000	12 months ended 31 December 2015 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	7,111	4,996	14,623
Interest paid	(66)	(86)	(155)
Net UK corporation tax paid	(941)	(951)	(1,881)
Overseas tax paid	(263)	(190)	(463)
<b>Net cash inflow from operating activities</b>	<u>5,841</u>	<u>3,769</u>	<u>12,124</u>
<b>Investing activities</b>			
Sale of property, plant and equipment	415	335	711
Purchase of property, plant and equipment	(2,237)	(1,711)	(5,234)
Interest received	124	100	197
<b>Net cash outflow from investing activities</b>	<u>(1,698)</u>	<u>(1,276)</u>	<u>(4,326)</u>
<b>Financing activities</b>			
Loan repayments	(1,000)	(1,000)	(1,000)
Finance lease capital repayments	(53)	(49)	(94)
Equity dividends paid	(5,029)	(5,029)	(10,058)
<b>Net cash outflow from financing activities</b>	<u>(6,082)</u>	<u>(6,078)</u>	<u>(11,152)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(1,939)</u>	<u>(3,585)</u>	<u>(3,354)</u>
Cash and cash equivalents at the beginning of the period	20,715	24,077	24,077
Effect of foreign exchange rate changes	1,814	(795)	(8)
<b>Cash and cash equivalents at end of the period</b>	<u>20,590</u>	<u>19,697</u>	<u>20,715</u>

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

Net decrease in cash and cash equivalents	(1,939)	(3,585)	(3,354)
Net cash outflow from the decrease in debt	1,053	1,049	1,094
Non-cash movement re the new financial leases	(84)	-	-
Non-cash movements re costs of raising loan finance	(10)	(10)	(20)
<b>Decrease in net funds during the period</b>	<u>(980)</u>	<u>(2,546)</u>	<u>(2,280)</u>
Opening net funds at the beginning of the period	14,558	16,846	16,846
Effect of foreign exchange rate changes	1,814	(795)	(8)
<b>Closing net funds at the end of the period</b>	<u>15,392</u>	<u>13,505</u>	<u>14,558</u>

**Consolidated statement of comprehensive total income (CSOCTI)**  
for the six months ended 30 June 2016 (unaudited)

	<b>6 months ended 30 June 2016 £'000</b>	6 months ended 30 June 2015 £'000	12 months ended 31 December 2015 £'000
<b>Profit for the financial period</b>	<b>6,195</b>	3,732	10,800
<b>Other comprehensive income/ (charges):</b>			
<b>Items that may be reclassified to profit and loss:</b>			
Currency translation differences on foreign currency net investments	<b>1,401</b>	(712)	(175)
<b>Items that will never be reclassified to profit and loss:</b>			
Remeasurement of defined benefit liabilities and assets	<b>(1,305)</b>	416	1,157
Related deferred tax	<b>248</b>	(83)	(207)
<b>Other comprehensive income/(charges) for the period net of tax</b>	<b>344</b>	(379)	775
<b>Total comprehensive income for the period</b>	<b>6,539</b>	3,353	11,575

# Notes to the consolidated interim financial statements for the six months ended 30 June 2016

## 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 2015 does not constitute the group's statutory accounts for 2015 as defined in Section 434 of the Companies Act 2006. Statutory accounts for 2015 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 28 September 2016, 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 2015.

## 3 Revenue

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

	<b>6 months ended 30 June 2016 £'000</b>	6 months ended 30 June 2015 £'000	12 months ended 31 December 2015 £'000
<b>Continuing operations</b>			
Hire	25,450	22,996	49,910
Sales	2,806	3,186	5,993
Installations	2,031	2,058	4,155
<b>Group consolidated revenue from the sale of goods and provision of services</b>	<b>30,287</b>	28,240	60,058

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

	<b>6 months ended 30 June 2016 £'000</b>	6 months ended 30 June 2015 £'000	12 months ended 31 December 2015 £'000
United Kingdom	20,172	19,239	39,830
Rest of Europe	4,787	3,989	9,925
Middle East and Africa	5,329	5,012	10,303
	<b>30,288</b>	28,240	60,058

#### 4 Taxation

	<b>6 months ended 30 June 2016 £'000</b>	6 months ended 30 June 2015 £'000	12 months ended 31 December 2015 £'000
<b>Current tax</b>			
UK corporation tax at 20% (30 June 2015 and 31 December 2015: 20.25%)	980	779	2,043
Adjustments in respect of prior periods	-	-	(177)
	<u>980</u>	<u>779</u>	<u>1,866</u>
Overseas tax	299	120	536
Adjustments to overseas tax in respect of prior periods	7	-	28
Total current tax charge	<u>1,286</u>	<u>899</u>	<u>2,430</u>
<b>Deferred tax</b>			
Deferred tax on the origination and reversal of temporary differences	48	48	12
Adjustments in respect of prior periods	-	-	125
Total deferred tax charge	<u>48</u>	<u>48</u>	<u>137</u>
<b>Total tax charge for the financial period attributable to continuing operations</b>	<u>1,334</u>	<u>947</u>	<u>2,567</u>

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% (30 June 2015 and 31 December 2015: 20.25%) as follows:

	<b>6 months ended 30 June 2016 £'000</b>	6 months ended 30 June 2015 £'000	12 months ended 31 December 2015 £'000
Profit before taxation from continuing and total operations	<u>7,529</u>	4,679	13,367
Tax at the UK effective annualised corporation tax rate of 20% (30 June 2015 and 31 December 2015: 20.25%)	1,506	947	2,707
Effects of:			
Expenses not deductible for tax purposes	45	58	86
Movement in overseas trading losses	(46)	122	88
Effect of different tax rates of subsidiaries operating abroad	(175)	(180)	(331)
Effect of change in rate of corporation tax	(3)	-	41
Adjustments to tax charge in respect of previous periods	7	-	(24)
Total tax charge for the financial period	<u>1,334</u>	<u>947</u>	<u>2,567</u>

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%; the reduction to 20% for the tax years ending 31 March 2016 and 31 March 2017 having been substantially enacted on 2 July 2013. UK deferred tax has been provided at 19% 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.

	<b>6 months ended 30 June 2016</b>	
	<b>Continuing earnings £'000</b>	<b>Number of Shares</b>
Basic earnings/weighted average number of shares	<b>6,195</b>	<b>42,262,082</b>
Basic earnings per ordinary share (pence)	<b>14.66p</b>	

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

	<b>12 months ended 31 December 2015</b>	
	<b>Continuing earnings £'000</b>	<b>Number of shares</b>
Basic earnings/weighted average number of shares	<b>10,800</b>	<b>42,262,082</b>
Basic earnings per ordinary share (pence)	<b>25.55p</b>	

### *Diluted earnings per share*

There were no dilutive instruments outstanding at 30 June 2016 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 2016 were as follows:

	<b>Paid during the 6 months ended 30 June 2016</b>	
	<b>Pence per share</b>	<b>Total dividend paid £'000</b>
Final dividend for the year ended 31 December 2015 paid to members on the register on 27 May 2016 on 24 June 2016	<b>11.90p</b>	<b>5,029</b>

The above dividend was charged against reserves during the 6 months ended 30 June 2016.

On 28 September 2016 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 2 November 2016 to shareholders on the register on 7 October 2016 and will be charged against reserves in the second half of 2016.

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

	<b>Paid during the 6 months ended 30 June 2015</b>	
	<b>Pence per share</b>	<b>Total dividend declared £'000</b>
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.

Dividends declared and paid on ordinary one pence shares during the 12 month period ended 31 December 2015 were as follows:

	<b>Paid during the 12 months ended 31 December 2015</b>	
	<b>Pence per share</b>	<b>Total dividend paid £'000</b>
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
Interim dividend declared on 29 September 2015 and paid to shareholders on the register as at 9 October 2015 on 4 November 2015	11.90p	5,029
	<b>23.80p</b>	<b>10,058</b>

The above dividends were charged against reserves during the 12 months ended 31 December 2015.

## 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 2016 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 £1,512,000 (30 June 2015: £1,695,000; 31 December 2015: £2,443,000). 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 to remove the funding deficit calculated as at 31 December 2013 and this has now been eliminated. Throughout 2015 and 2016 to date the group has continued to make a contribution towards expenses of £10,000 per month. In addition the group made an additional voluntary contribution of £32,000 per month from January 2016 and this was increased to £80,000 per month from April 2016. The group expects to continue to make the current level of contributions until 31 March 2017 at which time they will cease pending a review of the position in conjunction with the December 2016 triennial funding valuation.

### *Assumptions used to calculate the scheme surplus*

A qualified independent actuary has updated the results of the December 2013 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:

	<b>30 June 2016</b>	30 June 2015	31 December 2015
Rate of increase in pensionable salaries	N/A	N/A	N/A
Rate of increase in pensions in payment	<b>2.90%</b>	3.10%	3.00%
Discount rate applied to scheme liabilities	<b>2.80%</b>	3.60%	3.70%
Inflation assumption – RPI	<b>2.90%</b>	3.20%	3.00%
Inflation assumption – CPI	<b>1.90%</b>	2.20%	2.00%
Percentage of members taking maximum tax free lump sum on retirement	<b>90%</b>	90%	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 2016 is 110% S2NA CMI2015 (30 June 2015: 110% S1NA CMI2014; 31 December 2015: 110% S2NA CMI2015) with a 1% per annum long term improvement for both males and females (30 June 2015: 1% males and females; 31 December 2015: 1% males and 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:

	<b>30 June 2016</b>	30 June 2015	31 December 2015
Male, current age 45	<b>22.6 years</b>	22.5 years	22.6 years
Female, current age 45	<b>24.9 years</b>	25.2 years	24.9 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:

	<b>30 June 2016 £'000</b>	30 June 2015 £'000	31 December 2015 £'000
Total fair value of plan assets	<b>40,768</b>	38,385	37,734
Present value of defined benefit funded obligation calculated in accordance with stated assumptions	<b>(39,256)</b>	(36,690)	(35,291)
Surplus in the scheme calculated in accordance with stated assumptions recognised in the balance sheet	<b>1,512</b>	1,695	2,443

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

	<b>30 June 2016 £'000</b>	30 June 2015 £'000	31 December 2015 £'000
Fair value of plan assets at the start of the period	<b>37,734</b>	38,864	38,864
Expected return on pension scheme assets	<b>688</b>	649	1,298
Actual return less expected return on pension scheme assets	<b>2,737</b>	(359)	(895)
Employer contributions – normal	<b>396</b>	60	120
Benefits paid	<b>(717)</b>	(774)	(1,521)
Administration expenses charged in the income statement	<b>(70)</b>	(55)	(132)
Fair value of plan assets at the end of the period	<b>40,768</b>	38,385	37,734

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

	<b>30 June 2016 £'000</b>	30 June 2015 £'000	31 December 2015 £'000
Present value of defined benefit funded at the beginning of the period	<b>(35,291)</b>	(37,611)	(37,611)
Interest on defined benefit obligation	<b>(640)</b>	(628)	(1,253)
Actuarial (loss) / gain recognised in the CSOCTI calculated in accordance with stated assumptions	<b>(4,042)</b>	775	2,052
Benefits paid	<b>717</b>	774	1,521
Closing present value of defined benefit funded obligation calculated in accordance with stated assumptions	<b>(39,256)</b>	(36,690)	(35,291)

### ***Amounts recognised in the income statement***

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

	<b>30 June 2016</b>	30 June 2015	31 December 2015
	<b>£'000</b>	£'000	£'000
Expected return on pension scheme assets	<b>688</b>	649	1,298
Interest on pension scheme liabilities	<b>(640)</b>	(628)	(1,253)
Net pension interest credit included within finance income	<b>48</b>	21	45
Scheme administration expenses	<b>(70)</b>	(55)	(132)
Net pension charge in the income statement	<b>(22)</b>	(34)	(87)

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

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

	<b>30 June 2016</b>	30 June 2015	31 December 2015
	<b>£'000</b>	£'000	£'000
Actual return less expected return on pension scheme assets	<b>2,737</b>	(359)	(895)
Experience gains and losses arising on plan obligation	<b>281</b>	123	371
Changes in demographic and financial assumptions underlying the present value of plan obligations	<b>(4,323)</b>	652	1,681
Actuarial (loss) / gain calculated in accordance with stated assumptions recognised in the CSOCTI	<b>(1,305)</b>	416	1,157

## **8 Called up share capital**

	<b>30 June 2016</b>	30 June 2015	31 December 2015
	<b>£'000</b>	£'000	£'000
Issued and fully paid:			
42,262,082 ordinary shares of one pence each (30 June 2015 and 31 December 2015: 42,262,082 ordinary shares of one pence each)	<b>423</b>	423	423

The company did not buy back any shares for cancellation during the 6 months ended 30 June 2016 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

	<b>6 months ended 30 June 2016 £'000</b>	6 months ended 30 June 2015 £'000	12 months ended 31 December 2015 £'000
Profit for the period attributable to equity shareholders	6,195	3,732	10,800
Adjustments for:			
Taxation charge	1,334	947	2,567
Finance costs	1,135	84	164
Finance income	(1,207)	(145)	(280)
Inter-company foreign exchange gains and losses	(1,062)	355	(43)
Profit on the sale of property, plant and equipment	(298)	(211)	(466)
Depreciation	<u>2,702</u>	<u>2,531</u>	<u>4,959</u>
 EBITDA*	 <b>8,799</b>	 7,293	 17,701
Excess of normal pension contributions compared with service and administration expenses	(326)	(5)	12
Workings capital movements:			
Stocks	(2,195)	(1,389)	(1,024)
Trade and other receivables	508	(660)	(2,196)
Trade and other payables	325	(236)	139
Provisions	-	(7)	(9)
 Cash generated from operations	 <u><b>7,111</b></u>	 <u>4,996</u>	 <u>14,623</u>

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

## 10 Analysis of net funds

	<b>30 June 2016 £'000</b>	30 June 2015 £'000	31 December 2015 £'000
Cash and cash equivalents per cash flow statement	<u>20,590</u>	<u>19,697</u>	<u>20,715</u>
Bank loans	(4,985)	(5,965)	(5,975)
Obligations under finance leases	(213)	(227)	(182)
Gross debt	<u>(5,198)</u>	<u>(6,192)</u>	<u>(6,157)</u>
Net funds	<u><b>15,392</b></u>	<u>13,505</u>	<u>14,558</u>

## **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 2016 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 FRS 102 and the company elected to take advantage of the reduced disclosure framework permitted by paragraph 1.12 of that standard. The company intends to continue to take advantage of the reduced disclosure framework again this year. 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. Accordingly 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 2016 setting out the reasons for any objection. Any letter received after that date will not be valid.

The group's UK subsidiary companies' accounts for the year ended 31 December 2016 will continue to 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](http://www.andrews-sykes.com).