

28 September 2018

Andrews Sykes Group plc Interim Financial Statements 2018

Andrews Sykes Group plc (“Andrews Sykes” or the “Company” or the “Group”) announces unaudited results for the six months ended 30 June 2018.

Summary

	(Unaudited)	
	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000
Revenue from continuing operations	37,815	35,334
EBITDA* from continuing operations	12,429	10,892
Operating profit	9,280	8,171
Profit for the financial period	7,528	6,570
Basic earnings per share (pence)	17.82p	15.55p
Interim dividends declared per equity share (pence)	11.90p	11.90p
Net funds	16,991	17,403

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

Enquiries:

Andrews Sykes Group plc

+44 (0) 1902 328 700

Andy Phillips (CFO)

Mark Calderbank (Company Secretary)

GCA Altium (Nominated Adviser)

+44 (0) 20 7484 4040

Tim Richardson

Chairman's Statement

Overview

The Group produced a successful result for the first half of 2018, 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 2018 was £37.8 million, an increase of £2.5 million compared with the same period last year. As a consequence operating profit increased by £1.1 million from £8.2 million in the first half of 2017 to £9.3 million for the six months ended 30 June 2018.

The Group continues to be profitable and cash generative. Cash generated from operations was £7.6 million (2017: £8.6 million) but net funds decreased by £3.3 million from £20.3 million as at 31 December 2017 to £17.0 million as at 30 June 2018, partly due to an increase in working capital of £4.8 million. This was also after paying the 2017 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 £4.0 million and a further £0.9 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 2018. Our pumping activity has stayed in line with expectation and our heating products have increased revenue levels by 21%. Demand for our air conditioning products has increased by 14%.

Our operations across the Benelux region have experienced continued strong growth. Our recently established businesses in France and Switzerland continue to trade in line with our expectations. In Italy we have had a strong trading result driven by a 39% increase in revenues.

Andrews Air Conditioning & Refrigeration, our UK air conditioning installation business, produced an operating profit in line with previous periods.

Khansaheb Sykes, our business based in the UAE, had a challenging start to the year, maintaining similar hire revenue levels to 2017 whilst sales revenues have fallen back against expectation. As a result, the operating profit of Khansaheb Sykes has reduced to £1.0 million from £1.2 million in the first half of the year.

Profit for the financial period and Earnings per Share

Profit before tax was £9.3 million (2017: £8.1 million) reflecting the above £1.1 million increase in operating profit. The total tax charge was increased by £0.3 million from £1.5 million for the six months ended 30 June 2017 to £1.8 million for the current six month period. The effective tax rate increased from 19.0% for the six months ended 30 Jun 2017 to 19.4% in the current period. The rate for the current period is slightly higher than the standard effective UK corporation tax rate of 19% which is mainly due to the effect of profits being made in overseas regions with different tax rates to those in the UK and non-tax deductible expenses. A reconciliation of the theoretical corporation tax charge based on the accounts profit multiplied by the UK annualised corporation tax rate of 19% and the actual tax charge is given in note 4 of these interim financial statements.

Profit after tax was £7.5 million (2017: £6.6 million), an increase of £0.9 million or 14.58% (2017: £0.4 million or 6.05%) compared with the same period last year. The basic earnings per share increased by 2.27 pence, or 14.59%, from 15.55 pence for the first half of 2017 to 17.82 pence for the period under review reflecting both the increase in profit and shares purchased for cancellation during the period.

Share buybacks

The board continues to believe that shareholder value will be optimised by the purchase by the Company, when appropriate, of its own shares.

During the current period, on 31 May 2018, a total of 87,723 ordinary shares were purchased for cancellation for a total consideration of £438,000. These purchases enhanced earnings per share and were for the benefit of all shareholders.

Dividends

The final dividend of 11.90 pence per ordinary share for the year ended 31 December 2017 was approved by members at the AGM held on 20 June 2018. Accordingly on 25 June 2018 the Company made a total dividend payment of £5,029,000 which was paid to shareholders on the register as at 1 June 2018.

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 2018 of 11.90 pence per share which in total amounts to £5,019,000. This will be paid on 9 November 2018 to shareholders on the register as at 12 October 2018. The shares will go ex-dividend on 11 October 2018.

Outlook

Trading in the third quarter to date has continued to be positive. Europe has experienced strong trading results through the summer months as a result of continued high demand for air conditioning products. Once again activity in the Middle East has remained consistent through the summer period.

The board remains cautiously optimistic that the Group will have further success in the remainder of the year.

Consolidated income statement
for the 6 months ended 30 June 2018 (unaudited)

	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000	12 months ended 31 December 2017 £'000
Continuing operations			
Revenue	37,815	35,334	71,300
Cost of sales	(16,256)	(15,328)	(30,086)
Gross profit	21,559	20,006	41,214
Distribution costs	(5,987)	(5,917)	(11,571)
Administrative expenses	(6,292)	(5,918)	(12,054)
Operating profit	9,280	8,171	17,589
EBITDA*	12,429	10,892	22,851
Depreciation and impairment losses	(3,399)	(3,013)	(5,917)
Profit on the sale of plant and equipment	250	292	655
Operating profit	9,280	8,171	17,589
Finance income	60	49	82
Finance costs	(47)	(59)	(93)
Intercompany foreign exchange gains and losses	52	(51)	(293)
Profit before taxation	9,345	8,110	17,285
Taxation	(1,817)	(1,540)	(3,184)
Profit for the financial period	7,528	6,570	14,101
There were no discontinued operations in either of the above periods			
Earnings per share from continuing operations			
Basic and diluted (pence)	17.82p	15.55p	33.37p
Dividends paid during the period per equity share (pence)	11.90p	11.90p	23.80p
Proposed dividend per equity share (pence)	11.90p	11.90p	11.90p

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

Consolidated balance sheet
as at 30 June 2018 (unaudited)

	30 June 2018 £'000	30 June 2017 £'000	31 December 2017 £'000
Non-current assets			
Property, plant and equipment	23,186	20,756	21,911
Lease prepayments	46	48	47
Trade investments	-	164	-
Deferred tax asset	176	326	102
Retirement benefit pension surplus	3,354	2,575	3,364
	<u>26,762</u>	<u>23,869</u>	<u>25,424</u>
Current assets			
Stocks	5,807	4,542	3,860
Trade and other receivables	20,100	18,817	17,852
Overseas tax (denominated in Euros)	47	-	-
Cash and cash equivalents	21,489	22,453	25,311
	<u>47,443</u>	<u>45,812</u>	<u>47,023</u>
Current liabilities			
Trade and other payables	(12,598)	(12,354)	(12,358)
Current tax liabilities	(1,624)	(1,375)	(1,318)
Overseas tax (denominated in euros)	-	(404)	(378)
Bank loans	(493)	(493)	(493)
Obligations under finance leases	(26)	(61)	(43)
	<u>(14,741)</u>	<u>(14,687)</u>	<u>(14,590)</u>
Net current assets	32,702	31,125	32,433
Total assets less current liabilities	59,464	54,994	57,857
Non-current liabilities			
Bank loans	(3,979)	(4,471)	(4,475)
Obligations under finance leases	-	(25)	(7)
	<u>(3,979)</u>	<u>(4,496)</u>	<u>(4,482)</u>
Net assets	55,485	50,498	53,375
Equity			
Called-up share capital	422	423	423
Share premium	13	13	13
Retained earnings	50,789	45,917	48,789
Translation reserve	4,005	3,890	3,895
Other reserves	246	245	245
	<u>55,475</u>	<u>50,488</u>	<u>53,365</u>
Surplus attributable to equity holders of the parent	55,475	50,488	53,365
Minority interest	10	10	10
Total equity	55,485	50,498	53,375

Consolidated cash flow statement
for the six months ended 30 June 2018 (unaudited)

	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000	12 months ended 31 December 2017 £'000
Cash flows from operating activities			
Cash generated from operations	7,600	8,606	21,090
Interest paid	(42)	(56)	(84)
Net UK corporation tax paid	(946)	(1,208)	(2,142)
Overseas tax paid	(1,052)	(340)	(1,002)
Net cash inflow from operating activities	5,560	7,002	17,862
Investing activities			
Sale of property, plant and equipment	472	392	861
Purchase of property, plant and equipment	(4,031)	(2,594)	(5,790)
Interest received	16	38	51
Net cash outflow from investing activities	(3,543)	(2,164)	(4,878)
Financing activities			
Loan repayments	(500)	(5,000)	(5,000)
New loans raised net of arrangement fees	-	4,963	4,963
Finance lease capital repayments	(24)	(65)	(101)
Equity dividends paid	(5,029)	(5,029)	(10,058)
Purchase of own shares	(438)	-	-
Net cash outflow from financing activities	(5,991)	(5,131)	(10,196)
Net (decrease) / increase in cash and cash equivalents	(3,974)	(293)	2,788
Cash and cash equivalents at the beginning of the period	25,311	22,819	22,819
Effect of foreign exchange rate changes	152	(73)	(296)
Cash and cash equivalents at end of the period	21,489	22,453	25,311

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

Net (decrease)/increase in cash and cash equivalents	(3,974)	(293)	2,788
Net cash outflow from the decrease in debt	524	102	138
Non-cash movements re costs of raising loan finance	(4)	(6)	(10)
(Decrease)/increase in net funds during the period	(3,454)	(197)	2,916
Opening net funds at the beginning of period	20,293	17,673	17,673
Effect of foreign exchange rate changes	152	(73)	(296)
Closing net funds at the end of period	16,991	17,403	20,293

**Consolidated statement of comprehensive total income (CSOCTI)
for the six months ended 30 June 2018 (unaudited)**

	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000	12 months ended 31 December 2017 £'000
Profit for the financial period	<u>7,528</u>	<u>6,570</u>	<u>14,101</u>
Other comprehensive income:			
Items that may be reclassified to profit and loss:			
Currency translation differences on foreign currency net investments	110	(7)	(2)
Items that will never be reclassified to profit and loss:			
Remeasurement of defined benefit liabilities and assets	(75)	935	1,391
Related deferred tax	<u>14</u>	<u>(178)</u>	<u>(264)</u>
Other comprehensive income for the period net of tax	<u>49</u>	<u>750</u>	<u>1,125</u>
Total comprehensive income for the period	<u><u>7,577</u></u>	<u><u>7,320</u></u>	<u><u>15,226</u></u>

**Notes to the consolidated interim financial statements
for the six months ended 30 June 2018 (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 2017 does not constitute the Group's statutory accounts for 2017 as defined in Section 434 of the Companies Act 2006. Statutory accounts for 2017 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 27 September 2018, 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 (i) fair value less anticipated disposal costs and (ii) carrying value;
- (iii) Derivative financial instruments (including embedded derivatives) which are valued at fair value; and
- (iv) Pension scheme assets and liabilities calculated at fair value in accordance with IAS 19.

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

With the exception of the adoption of IFRS 15 on 1 January 2018, 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 2017. There was no material impact on the Group's results as a consequence of the transition to IFRS 15 as the Group's activities are primarily (i) the hire of assets, mainly on short term leases, and

(ii) the sale of goods the revenue for which was previously recognised at a point in time when the transfer of risks and rewards occurs which is consistent with IFRS 15. The comparative figures in these interim financial statements have not been restated as a consequence of adopting IFRS 15 for the first time this period.

3 Revenue

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

	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000	12 months ended 31 December 2017 £'000
Continuing operations			
Hire	32,847	29,405	59,314
Sales	3,152	3,906	7,485
Installations	1,816	2,023	4,501
Group consolidated revenue from the sale of goods and provision of services	37,815	35,334	71,300

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

	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000	12 months ended 31 December 2017 £'000
United Kingdom	23,993	22,624	44,704
Rest of Europe	8,664	7,067	14,715
Middle East and Africa	5,158	5,643	11,881
	37,815	35,334	71,300

The geographical analysis of the Groups' revenue by destination is not materially different to that by origination.

4 Taxation

	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000	12 months ended 31 December 2017 £'000
Current tax			
UK corporation tax at 19% (30 June 2017 and 31 December 2017: 19.25%)	1,252	1,008	1,947
Adjustments in respect of prior periods	-	-	(62)
	1,252	1,008	1,885
Overseas tax	618	474	1,125
Adjustments to overseas tax in respect of prior periods	7	3	(19)
Total current tax charge	1,877	1,485	2,991
Deferred tax			
Deferred tax on the origination and reversal of temporary differences	(60)	55	163
Adjustments in respect of prior periods	-	-	30
Total deferred tax (credit) / charge	(60)	55	193
Total tax charge for the financial period attributable to continuing operations	1,817	1,540	3,184

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 19% (30 June 2017 and 31 December 2017: 19.25%) as follows:

	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000	12 months ended 31 December 2017 £'000
Profit before taxation from continuing and total operations	<u>9,345</u>	<u>8,110</u>	<u>17,285</u>
Tax at the UK effective annualised corporation tax rate of 19% (30 June 2017 and 31 December 2017: 19.25%)	1,776	1,561	3,327
Effects of:			
Expenses not deductible for tax purposes	50	57	144
Utilisation of overseas trading losses	(24)	(3)	(30)
Effects of different tax rates of subsidiaries operating abroad	(22)	(93)	(225)
Overseas tax losses not recognised	30	16	21
Effect of change in rate of corporation tax	-	(1)	(2)
Adjustments to tax charge in respect of previous periods	7	3	(51)
Total tax charge for the financial period	<u>1,817</u>	<u>1,540</u>	<u>3,184</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 19%; the rate of 19% for the tax year ending 31 March 2019 having been substantially enacted in October 2015. 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 substantially 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.

	<u>6 months ended 30 June 2018</u>	
	Continuing earnings £'000	Number of Shares
Basic earnings/weighted average number of shares	<u>7,528</u>	<u>42,251,117</u>
Basic earnings per ordinary share (pence)	17.82p	
	<u>6 months ended 30 June 2017</u>	
	Continuing earnings £'000	Number of Shares
Basic earnings/weighted average number of shares	<u>6,570</u>	42,262,082
Basic earnings per ordinary share (pence)	15.55p	
	<u>12 months ended 31 December 2017</u>	
	Continuing earnings £'000	Number of Shares
Basic earnings/weighted average number of shares	<u>14,101</u>	42,262,082
Basic earnings per ordinary share (pence)	33.37p	

Diluted earnings per share

There were no dilutive instruments outstanding at 30 June 2018 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 2018 were as follows:

	Paid during the 6 months ended 30 June 2018	
	Pence per share	Total dividend paid £'000
Final dividend for the year ended 31 December 2017 paid to members on the register as at 1 June 2018 on 25 June 2018	11.90p	5,029

The above dividend was charged against reserves during the 6 months ended 30 June 2018.

On 27 September 2018 the directors declared an interim dividend of 11.90 pence per ordinary share which in total amounts to £5,019,000. This will be paid on 9 November 2018 to shareholders on the register as at 12 October 2018 and will be charged against reserves in the second half of 2018.

Dividends declared and paid on ordinary one pence shares during the 6 months ended 30 June 2017 were as follows:

	Paid during the 6 months ended 30 June 2017	
	Pence per share	Total dividend paid £'000
Final dividend for the year ended 31 December 2016 paid to members on the register as at 26 May 2017 on 26 June 2017	11.90p	5,029

The above dividend was charged against reserves during the 6 months ended 30 June 2017.

Dividends declared and paid on ordinary one pence shares during the 6 months ended 31 December 2017 were as follows:

	Paid during the 12 months ended 31 December 2017	
	Pence per share	Total dividend paid £'000
Final dividend for the year ended 31 December 2016 paid to members on the register as at 26 May 2017 on 26 June 2017	11.90p	5,029
Interim dividend declared on 28 September 2017 and paid to shareholders on the register as at 6 October 2017 on 3 November 2017	11.90p	5,029
	23.80p	10,058

The above dividends were charged against reserves during the 12 months ended 31 December 2017.

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 2018 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 £3,354,000 (30 June 2017: £2,575,000; 31 December 2017: £3,364,000). 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 2016 triennial recalculation of the funding deficit, a revised schedule of contributions was agreed with the pension scheme trustees. In accordance with this schedule of contributions the group made additional contributions in 2017 to remove the funding deficit as at 31 December 2016 of £710,000 and this was eliminated by 31 December 2017.

The next formal triennial funding valuation is due as at 31 December 2019. The Group currently expects to make pension contributions of £120,000 during 2018 in accordance with the current schedule of contributions of which £60,000 was paid in the first half year.

Assumptions used to calculate the scheme surplus

A qualified independent actuary has updated the results of the 31 December 2016 (30 June 2017 and 31 December 2017: 31 December 2016) full actuarial valuation to calculate the surplus as disclosed below:

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

	30 June 2018	30 June 2017	31 December 2017
	%	%	%
Rate of increase in pensionable salaries	N/A	N/A	N/A
Rate of increase in pensions in payment	3.10	3.20	3.10
Discount rate applied to scheme liabilities	2.60	2.60	2.50
Inflation assumption – RPI	3.10	3.20	3.10
Inflation assumption – CPI	2.10	2.20	2.10
Percentage of members taking maximum tax free lump sum on retirement	75	90	75

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 2018 is 110% S2NA CMI2016 (30 June 2017: 110% S2NA CMI2015; 31 December 2017: 110% S2NA CMI2016) with a 1.25% per annum long term improvement for both males and females (30 June 2017: 1% males and females; 31 December 2017: 1.25% 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:

	30 June 2018	30 June 2017	31 December 2017
Male, current age 45	22.9 years	22.6 years	22.9 years
Female, current age 45	25.0 years	24.9 years	25.0 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 2018	30 June 2017	31 December 2017
	£'000	£'000	£'000
Total fair value of plan assets	43,968	44,403	45,657
Present value of defined benefit funded obligation calculated in accordance with stated assumptions	(40,614)	(41,828)	(42,293)
Surplus in the scheme calculated in accordance with stated assumptions recognised in the balance sheet	3,354	2,575	3,364

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

	30 June 2018	30 June 2017	31 December 2017
	£'000	£'000	£'000
Fair value of plan assets at the start of the period	45,657	43,368	43,368

Interest income on pension scheme assets	551	580	1,159
Actual return less interest income on pension scheme assets	(671)	848	2,047
Employer contributions	60	540	920
Benefits paid	(1,592)	(851)	(1,687)
Administration expenses charged in the income statement	(37)	(82)	(150)
Fair value of plan assets at the end of the period	<u>43,968</u>	<u>44,403</u>	<u>45,657</u>

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

	30 June 2018 £'000	30 June 2017 £'000	31 December 2017 £'000
Present value of defined benefit funded at the beginning of the period	(42,293)	(42,207)	(42,207)
Interest on defined benefit obligation	(509)	(559)	(1,117)
Actuarial gain/(loss) recognised in the CSOCTI calculated in accordance with stated assumptions	596	87	(656)
Benefits paid	1,592	851	1,687
Closing present value of defined benefit funded obligation calculated in accordance with stated assumptions	<u>(40,614)</u>	<u>(41,828)</u>	<u>(42,293)</u>

Amounts recognised in the income statement

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

	30 June 2018 £'000	30 June 2017 £'000	31 December 2017 £'000
Interest income on pension scheme assets	551	580	1,159
Interest expense on pension scheme liabilities	(509)	(559)	(1,117)
Net pension interest credit included within finance income	42	21	42
Scheme administration expenses	(37)	(82)	(150)
Net pension credit / (charge) in the income statement	<u>5</u>	<u>(61)</u>	<u>(108)</u>

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

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

	30 June 2018 £'000	30 June 2017 £'000	31 December 2017 £'000
Actual return less interest income on pension scheme assets	(671)	848	2,047
Experience gains and losses arising on plan obligation	-	210	160
Changes in demographic and financial assumptions underlying the present value of plan obligations	596	(123)	(816)
Actuarial (loss) / gain calculated in accordance with stated assumptions recognised in the CSOCTI	<u>(75)</u>	<u>935</u>	<u>1,391</u>

8 Called up share capital

	30 June 2018 £'000	30 June 2017 £'000	31 December 2017 £'000
Issued and fully paid: 42,174,359 ordinary shares of one pence each (30 June 2017 and 31 December 2017: 42,262,082 ordinary shares of one pence each)	<u>422</u>	<u>423</u>	<u>423</u>

During the period the Company bought back 87,723 shares for cancellation for a total consideration of £437,689 (June 2017 and December 2017: Nil shares bought back).

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 the periods and there were no share options outstanding at any period end.

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

9 Cash generated from operations

	6 months ended 30 June 2018 £'000	6 months ended 30 June 2017 £'000	12 months ended 31 December 2017 £'000
Profit for the period attributable to equity shareholders	7,528	6,570	14,101
Adjustments for:			
Taxation charge	1,817	1,540	3,184
Finance costs	47	59	93
Finance income	(60)	(49)	(82)
Inter-company foreign exchange gains and losses	(52)	51	293
Profit on the sale of property, plant and equipment	(250)	(292)	(655)
Depreciation	3,399	3,013	5,917
EBITDA*	12,429	10,892	22,851
Excess of pension contributions compared with service and administration expenses	(23)	(458)	(770)
Write off of trade investments	-	-	164
Workings capital movements:			
Stocks	(2,799)	(728)	(1,022)
Trade and other receivables	(2,245)	(402)	563
Trade and other payables	238	(698)	(696)
Cash generated from operations	7,600	8,606	21,090

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

10 Analysis of net funds and movement in financing liabilities

	30 June 2018 £'000	30 June 2017 £'000	31 December 2017 £'000
Cash and cash equivalents per consolidated cash flow statement	21,489	22,453	25,311
Bank loans:			
At the beginning of the period	(4,968)	(4,995)	(4,995)
Loans repaid	500	5,000	5,000
Loans drawn down	-	(4,963)	(4,963)
Other non-cash changes	(4)	(6)	(10)
At the of the period	(4,472)	(4,964)	(4,968)
Finance lease liabilities:			
At the beginning of the period	(50)	(151)	(151)
Leases repaid	24	65	101
At the end of the period	(26)	(86)	(50)
Gross debt	(4,498)	(5,050)	(5,018)
Net funds	16,991	17,403	20,293

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.