ANDREWS SYKES GROUP PLC

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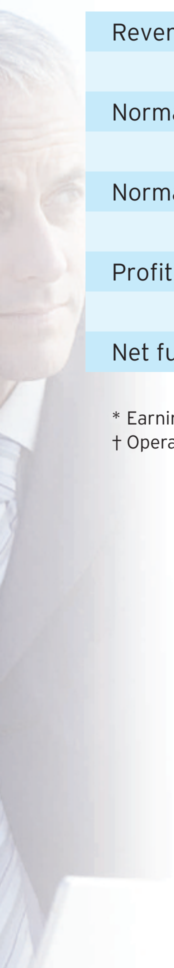
INTERIM FINANCIAL STATEMENTS 2010

SYKES PUMPS ANDREWS AIR CONDITIONING ANDREWS HEAT FOR HIRE ANDREWS CHILLERS ANDREWS BOILERS

CONTENTS

SUMMARY OF RESULTS



	6 MONTHS ENDED 30 JUNE 2010 £'000	6 MONTHS ENDED 30 JUNE 2009 £'000
Revenue from continuing operations	**27,573**	28,766
Normalised EBITDA* from continuing operations	**8,851**	8,763
Normalised operating profit†	**6,816**	6,609
Profit for the financial period	**5,225**	4,619
Net funds/(debt)	**2,762**	(12,070)

* Earnings Before Interest, Taxation, Depreciation, Amortisation and non-recurring costs.
† Operating profit before non-recurring items as reconciled on the consolidated income statement.

CHAIRMAN'S STATEMENT

OVERVIEW

The group's revenue for the six months ended 30 June 2010 was £27.6 million compared with £28.8 million in the first half of 2009, a decrease of 4.1%. Despite this reduction in revenue, through careful cost control and efficiency savings, the group's normalised operating profit* has increased by £0.2 million, or 3.1%, from £6.6 million in the first half of 2009 to £6.8 million in the current period.

The group continues to generate strong cash flows. As at 30 June 2010 the group has net funds of £2.8 million compared with a net debt position of £12.1 million at 30 June 2009 – an overall reduction in net debt of £14.9 million in a 12 month period. This clearly demonstrates the group's positive cash flow ability.

Management have achieved the above improvements in operating profit and positive cash flows by continuing to follow the policies outlined in the last year's annual report – namely cost control, efficiency initiatives, cash and working capital management. The operational structure of the business has been safeguarded and the group remains in a strong position ready to take advantage of any business opportunities whenever they arise.

OPERATIONS REVIEW

Our main hire and sales business in the UK and Northern Europe benefited from a long and cold end to the 2009 winter although, conversely, the second quarter of 2010 was abnormally dry. Fortunately our ongoing strategy of diversification, particularly into less weather dependent specialist hire sectors, again proved beneficial.

Our UK installation business continued to show some trading improvements, albeit relatively modest in comparison with the overall group results.

As predicted in the 2009 annual report, trading in the Middle East proved to be difficult throughout the first half of 2010 and we were unable to maintain the level of profitability achieved last year. Debt collection and credit control continue to be the focus of management attention and the directors consider that adequate bad debt provisions have been made in these interim results.

SHARE BUYBACK PROGRAMME

As previously announced, 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 period under review a total of 909,930 ordinary shares were purchased for cancellation for a total consideration of £1,053,000. Subsequently a further 5,000 have been purchased for a total consideration of £6,000 bringing the aggregate for the year to date to 914,930 ordinary shares representing approximately 2.07% of shares in issue at the beginning of the financial year.

The directors confirm that they intend to actively continue to pursue this policy and any shareholder who is considering taking advantage of the share buyback programme is invited to contact their stockbroker, bank manager, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000, in order to contact Brewin Dolphin Limited who are operating the buyback programme on behalf of the company.

PROSPECTS

In a similar vein to last year, there was a short hot spell in the UK and Northern Europe at the beginning of July following which the summer has been mixed with only average temperatures. Therefore we expect our all important air conditioning hire business to return a satisfactory performance.

The UK pumping division has faced adverse conditions throughout the summer with dry weather and lack of construction activity combining to make trading difficult. Whilst the effects have been partially offset by the development of non-weather related business it has not been possible to compensate completely for these factors.

Our business in the Middle East continues to suffer from the economic downturn in the region and we expect this to continue for the remainder of 2010.

Our specialist hire divisions continue to perform well and our ongoing strategy of careful investment in our traditional core products and services, increasing our non-seasonal business and investment in new technically advanced and environmentally friendly products will continue to be followed.

Overall, the board is cautiously anticipating a reasonable performance for the rest of 2010.

JG Murray
Chairman

28 September 2010

* Operating profit before non-recurring items as reconciled on the consolidated income statement.

CONSOLIDATED INCOME STATEMENT

FOR THE 6 MONTHS ENDED 30 JUNE 2010 (UNAUDITED)

		6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	12 months ended 31 December 2009 £'000
Continuing operations				
Revenue		**27,573**	28,766	54,358
Cost of sales		**(11,883)**	(12,766)	(23,218)
Gross profit		**15,690**	16,000	31,140
Distribution costs		**(4,518)**	(5,001)	(9,367)
Administrative expenses	– Recurring	**(4,356)**	(4,390)	(8,836)
	– Non-recurring	**164**	–	273
	– Total	**(4,192)**	(4,390)	(8,563)
Operating profit		**6,980**	6,609	13,210
Normalised EBITDA*		**8,851**	8,763	17,368
Depreciation and impairment losses		**(2,281)**	(2,518)	(4,964)
Profit on the sale of plant and equipment		**246**	364	533
Normalised operating profit		**6,816**	6,609	12,937
Profit on the sale of property		**164**	–	273
Operating profit		**6,980**	6,609	13,210
Income from other participating interests		**–**	–	980
Finance income		**843**	817	1,584
Finance costs		**(1,103)**	(1,797)	(2,843)
Inter-company foreign exchange gains and losses		**395**	873	360
Profit before taxation		**7,115**	6,502	13,291
Taxation		**(1,890)**	(1,883)	(1,648)
Profit for the financial period		**5,225**	4,619	11,643

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

Earnings per share from continuing operations			
Basic (pence)	**11.83p**	10.43p	26.30p
Diluted (pence)	**11.83p**	10.43p	26.30p
Dividends paid per equity share (pence)	**0.00p**	0.00p	0.00p

* Earnings Before Interest, Taxation, Depreciation, Amortisation and non-recurring costs.

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2010 (UNAUDITED)

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Non-current assets			
Property, plant and equipment	**12,543**	14,556	13,697
Lease prepayments	**58**	86	59
Trade investments	**164**	164	164
Deferred tax asset	**1,238**	–	1,042
Other financial assets – cash held on deposit	**–**	–	3,000
	14,003	14,806	17,962
Current assets			
Stocks	**4,117**	6,561	4,865
Trade and other receivables	**13,723**	14,265	13,295
Other financial assets – cash held on deposit	**–**	–	6,000
Cash and cash equivalents	**23,716**	17,974	18,150
Assets held for sale	**213**	405	238
	41,769	39,205	42,548
Current liabilities			
Trade and other payables	**(7,521)**	(7,818)	(7,408)
Current tax liabilities	**(1,980)**	(1,504)	(1,670)
Bank loans	**(6,000)**	(6,000)	(6,000)
Obligations under finance leases	**(261)**	(206)	(203)
Provisions	**(13)**	–	(13)
Derivative financial instruments	**–**	–	(23)
	(15,775)	(15,528)	(15,317)
Net current assets	**25,994**	23,677	27,231
Total assets less current liabilities	**39,997**	38,483	45,193
Non-current liabilities			
Bank loans	**(14,000)**	(23,000)	(23,000)
Obligations under finance leases	**(628)**	(770)	(700)
Provisions	**(53)**	–	(60)
Retirement benefit obligations	**–**	(1,026)	–
Deferred tax liability	**–**	(340)	–
Derivative financial instruments	**(65)**	(68)	(32)
	(14,746)	(25,204)	(23,792)
Net assets	**25,251**	13,279	21,401
Equity			
Called-up share capital	**434**	443	443
Retained earnings	**21,988**	10,545	17,828
Translation reserve	**2,585**	2,056	2,895
Other reserves	**234**	225	225
Surplus attributable to equity holders of the parent	**25,241**	13,269	21,391
Minority interest	**10**	10	10
Total equity	**25,251**	13,279	21,401

CONSOLIDATED CASH FLOW STATEMENT

FOR THE 6 MONTHS ENDED 30 JUNE 2010 (UNAUDITED)

	6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	12 months ended 31 December 2009 £'000
Cash flows from operating activities			
Cash generated from operations	**8,856**	9,288	18,081
Interest paid	**(292)**	(1,284)	(1,653)
Net UK corporation tax paid	**(843)**	(746)	(1,586)
Net withholding tax paid	**–**	–	(329)
Overseas tax paid	**(862)**	(243)	(179)
Net cash inflow from operating activities	**6,859**	7,015	14,334
Investing activities			
Dividends received from participating interests (trade investments)	**–**	–	980
Movements in ring fenced bank deposit accounts	**9,000**	–	(9,000)
Sale of assets held for sale	**390**	–	439
Sale of plant and equipment	**344**	568	813
Purchase of property, plant and equipment	**(1,014)**	(1,549)	(1,661)
Interest received	**73**	118	208
Net cash inflow/(outflow) from investing activities	**8,793**	(863)	(8,221)
Financing activities			
Loan repayments	**(9,000)**	(5,000)	(5,000)
Finance lease capital repayments	**(130)**	(77)	(150)
Purchase of own shares	**(1,053)**	–	–
Net cash outflow from financing activities	**(10,183)**	(5,077)	(5,150)
Net increase in cash and cash equivalents	**5,469**	1,075	963
Cash and cash equivalents at beginning of period	**18,150**	18,233	18,233
Effect of foreign exchange rate changes	**97**	(1,334)	(1,046)
Cash and cash equivalents at end of period	**23,716**	17,974	18,150

Reconciliation of net cash flow to movement in net funds/(debt) in the period

Net increase in cash and cash equivalents	**5,469**	1,075	963
Cash outflow from the decrease in debt	**9,130**	5,077	5,150
Movements in ring fenced bank deposit accounts	**(9,000)**	–	9,000
Non cash movements re finance leases	**(116)**	–	–
Non cash movements in the fair value of derivative instruments	**(10)**	40	53
Movement in net debt during the period	**5,473**	6,192	15,166
Opening net debt at the beginning of period	**(2,808)**	(16,928)	(16,928)
Effect of foreign exchange rate changes	**97**	(1,334)	(1,046)
Closing net funds/(debt) at the end of period	**2,762**	(12,070)	(2,808)

CONSOLIDATED STATEMENT OF COMPREHENSIVE TOTAL INCOME (CSOCTI)

FOR THE 6 MONTHS ENDED 30 JUNE 2010 (UNAUDITED)

	6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	12 months ended 31 December 2009 £'000
Profit for the financial period	**5,225**	4,619	11,643
Other comprehensive income:			
Currency translation differences on foreign currency net investments	**(306)**	(2,441)	(1,602)
Defined benefit plan actuarial gains and losses	**(14)**	(1,668)	(1,308)
Deferred tax on other comprehensive income	**4**	467	366
Other comprehensive income for the period net of tax	**(316)**	(3,642)	(2,544)
Total comprehensive income for the period	**4,909**	977	9,099

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED 30 JUNE 2010 (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 2009 does not constitute the group's statutory accounts for 2009 as defined in Section 434 of the Companies Act 2006. Statutory accounts for 2009 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 2010, 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 2009.

3 REVENUE

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

	6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	12 months ended 31 December 2009 £'000
Continuing operations			
Hire	**22,566**	22,515	42,934
Sales	**3,048**	4,437	7,708
Installations	**1,959**	1,814	3,716
Group consolidated revenue from the sale of goods and provision of services	**27,573**	28,766	54,358

4 TAXATION

	6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	12 months ended 31 December 2009 £'000
Current tax			
UK corporation tax	**1,691**	890	1,735
Adjustments in respect of prior periods	**2**	(12)	(146)
	1,693	878	1,589
Overseas tax	**320**	288	506
Adjustments to overseas tax in respect of prior periods	**68**	–	(10)
Withholding tax	**–**	–	329
Total current tax charge	**2,081**	1,166	2,414
Deferred tax			
Deferred tax on the origination and reversal of temporary differences	**(191)**	717	(837)
Adjustments in respect of prior periods	**–**	–	71
Total deferred tax charge	**(191)**	717	(766)
Total tax charge for the financial period	**1,890**	1,883	1,648

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED 30 JUNE 2010 (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 corporation tax rate in the UK of 28% *(June 2009 and December 2009: 28%)* as follows:

	6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	12 months ended 31 December 2009 £'000
Profit before taxation from continuing and total operations	**7,115**	6,502	13,291
Tax at the UK effective corporation tax rate of 28% *(June 2009 and December 2009: 28%)*	**1,992**	1,821	3,721
Effects of:			
Expenses not deductible for tax purposes	**44**	43	179
Capital gain sheltered by capital losses and indexation allowance	**(25)**	–	(75)
Effects of different tax rates of subsidiaries operating abroad	**(191)**	31	(925)
Withholding tax	**–**	–	329
Non-taxable income from other participating interests	**–**	–	(274)
Release of deferred tax provision following enactment of FA 2009	**–**	–	(1,222)
Adjustments to tax charge in respect of previous periods	**70**	(12)	(85)
Total tax charge for the financial period	**1,890**	1,883	1,648

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. In accordance with IAS 12 no account has been taken in these interim financial statements of the announcement in the emergency budget on 22 June 2010 that the UK corporation tax rate will reduce from 28% to 24% over a period of four years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011. This will reduce the group's future current tax rate accordingly. If the rate change from 28% to 27% had been substantively enacted on or before the balance sheet date it would have had the effect of reducing the deferred tax asset recognised at that date by approximately £40,000. It has not yet been possible to quantify the full anticipated effect of the announced further 3% reduction, although this will further reduce the group's future current tax charge and the group's deferred tax asset 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 2010	
	Continuing earnings £'000	**Number of shares**
Basic earnings/weighted average number of shares	**5,225**	**44,156,707**
Basic earnings per ordinary share (pence)	**11.83p**	

	6 months ended 30 June 2009	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	4,619	44,268,365
Basic earnings per ordinary share (pence)	10.43p	

	12 months ended 31 December 2009	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	11,643	44,268,365
Basic earnings per ordinary share (pence)	26.30p	

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED 30 JUNE 2010 (UNAUDITED)

5 EARNINGS PER SHARE (CONTINUED)

DILUTED EARNINGS PER SHARE

The calculation of the diluted earnings per ordinary share in the current period is based on the profits and shares as set out in the table below. The options have an anti-dilutive effect in both the previous periods and therefore there is no change to the basic earnings per share as disclosed above. There are no discontinued operations in any period.

	6 months ended 30 June 2010	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	5,225	44,156,707
Weighted average number of shares under option		15,000
Number of shares that would have been issued at fair value to satisfy the above options		(12,853)
Earnings/diluted weighted average number of shares	5,225	44,158,854
Diluted earnings per ordinary share (pence)	11.83p	

6 DIVIDEND PAYMENTS

The directors have not declared any interim dividends in respect of the period under review or either of the two previous periods.

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.

The group is making additional contributions to remove the funding deficit in the group pension scheme. These contributions include both one-off and regular monthly payments, currently £10,000 per month, and are agreed in advance with the trustees of the pension scheme.

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

ASSUMPTIONS USED TO CALCULATE THE SCHEME DEFICIT

The last full actuarial valuation was carried out as at 31 December 2007. 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 2010	30 June 2009	31 December 2009
Rate of increase in pensionable salaries	**N/A**	N/A	N/A
Rate of increase in pensions in payment	**3.05%**	3.50%	3.40%
Discount rate applied to scheme liabilities	**5.35%**	6.20%	5.80%
Inflation assumption	**3.15%**	3.50%	3.60%

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics. The current mortality table used is PA92YOBMC+2 at all the above period ends.

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 2010	30 June 2009	31 December 2009
Male, current age 45	**21.3 years**	21.3 years	21.3 years
Female, current age 45	**24.1 years**	24.0 years	24.1 years

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED 30 JUNE 2010 (UNAUDITED)

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

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 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Total fair value of plan assets	**28,926**	25,981	28,936
Present value of defined benefit funded obligation calculated in accordance with stated assumptions	**(28,904)**	(27,007)	(28,862)
Surplus/(deficit) in the scheme calculated in accordance with stated assumptions	**22**	(1,026)	74
Net pension asset not recognised	**(22)**	–	(74)
Pension liability recognised in the balance sheet	**–**	(1,026)	–

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

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Fair value of plan assets at the start of the period	**28,936**	26,440	26,440
Expected return on plan assets	**770**	662	1,338
Actuarial (losses)/gains recognised in the CSOCTI	**(221)**	(1,444)	992
Employer contributions – normal	**60**	750	1,500
Benefits paid	**(619)**	(427)	(1,334)
Fair value of plan assets at the end of the period	**28,926**	25,981	28,936

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

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

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Opening present value of defined benefit funded obligation calculated in accordance with stated assumptions	**(28,862)**	(26,165)	(26,165)
Interest on defined benefit obligation	**(816)**	(770)	(1,530)
Actuarial gain/(loss) recognised in the CSOCTI calculated in accordance with stated assumptions	**155**	(499)	(2,501)
Benefits paid	**619**	427	1,334
Closing present value of defined benefit funded obligation calculated in accordance with stated assumptions	**(28,904)**	(27,007)	(28,862)
Net pension asset not recognised	**(22)**	–	(74)
Present value of defined benefit funded obligation at the end of the period	**(28,926)**	(27,007)	(28,936)

AMOUNTS RECOGNISED IN THE INCOME STATEMENT

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

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Expected return on pension scheme assets credited within finance income	**770**	662	1,338
Interest on pension scheme liabilities charged within finance costs	**(816)**	(770)	(1,530)
Net pension interest charge	**(46)**	(108)	(192)
Settlements and curtailments	**–**	–	–
Net pension charge in the income statement	**(46)**	(108)	(192)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED 30 JUNE 2010 (UNAUDITED)

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

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

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

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Actual return less expected return on scheme assets	**(221)**	(1,444)	992
Experience gains and losses arising on plan obligation	**772**	–	(421)
Changes in demographic and financial assumptions underlying the present value of plan obligations	**(617)**	(499)	(2,080)
Actuarial loss calculated in accordance with stated assumptions	**(66)**	(1,943)	(1,509)
Pension asset not recognised	**(22)**	–	(74)
Reverse provision re non-recognition of pension scheme asset	**74**	275	275
Actuarial loss recognised in the CSOCTI	**(14)**	(1,668)	(1,308)
Cumulative actuarial loss recognised in the CSOCTI	**(4,464)**	(4,810)	(4,450)

8 CALLED-UP SHARE CAPITAL

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Issued and fully paid:			
43,358,435 ordinary shares of one pence each *(June 2009 and December 2009: 44,268,365 ordinary shares of one pence each)*	**434**	443	443

During the period the company bought back 909,930 shares for cancellation for a total consideration of £1,052,976 *(June 2009 and December 2009: Nil shares bought back).*

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

At 30 June 2010 cash options to subscribe for ordinary shares under the executive share option scheme were held as follows:

			Number of one pence ordinary shares		
Date of Grant	**Date normally exercisable**	**Subscription price per share**	**30 June 2010**	30 June 2009	31 December 2009
November 2001	November 2004 to October 2011	89.5 pence	**15,000**	15,000	15,000

No share options were granted, forfeited or expired during either the current or previous financial period.

No share options were exercised during the period *(June 2009 and December 2009: Nil options).*

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED 30 JUNE 2010 (UNAUDITED)

9 CASH GENERATED FROM OPERATIONS

	6 months ended 30 June 2010 £'000	6 months ended 30 June 2009 £'000	12 months ended 31 December 2009 £'000
Profit for the period attributable to equity shareholders	**5,225**	4,619	11,643
Adjustments for:			
Taxation charge	**1,890**	1,883	1,648
Finance costs	**1,103**	1,797	2,843
Finance income	**(843)**	(817)	(1,584)
Inter-company foreign exchange gains and losses	**(395)**	(873)	(360)
Income from other participating interests	**–**	–	(980)
Profit on the sale of property, plant and equipment	**(410)**	(364)	(806)
Depreciation	**2,281**	2,518	4,964
Excess of normal pension contributions compared with service cost	**(60)**	(750)	(1,500)
Cash generated from operations before movements in working capital	**8,791**	8,013	15,868
Decrease in stocks	**374**	1,432	1,904
(Increase)/decrease in trade and other receivables	**(428)**	3,499	4,318
Increase/(decrease) in trade and other payables	**126**	(3,656)	(4,082)
(Decrease)/increase in provisions	**(7)**	–	73
Cash generated from operations	**8,856**	9,288	18,081

10 ANALYSIS OF NET FUNDS/(DEBT)

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Cash and cash equivalents per cash flow statement	**23,716**	17,974	18,150
Other financial assets – cash held on deposit	**–**	–	9,000
	23,716	17,974	27,150
Bank loans	**(20,000)**	(29,000)	(29,000)
Obligations under finance leases	**(889)**	(976)	(903)
Derivative financial instruments	**(65)**	(68)	(55)
Gross debt	**(20,954)**	(30,044)	(29,958)
Net funds/(debt)	**2,762**	(12,070)	(2,808)

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.

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