

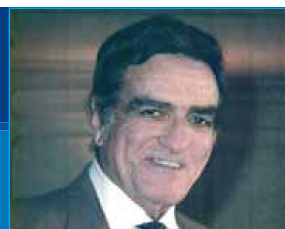
**ANDREWS SYKES GROUP plc**  
INTERIM FINANCIAL STATEMENTS  
**2008**



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# CHAIRMAN'S STATEMENT



## Overview and financial highlights

I am pleased to be able to report that, despite a general economic slowdown in the UK, the group's results for the first half of 2008 show a marked improvement compared with the same period last year. Management continue to show initiative and sound judgement, developing markets that are not only less weather dependent than our traditional products and services but are also less reliant on the market sectors most affected by the current UK slowdown.

The group's diverse base of operations predominantly across the UK, Northern Europe and the Middle East together with a low level of imports into the UK from Europe mean that the current weakening of Sterling against, most notably, the Euro has not had a significant impact on the group's profitability in the current period. In addition, the group has the benefit of interest rate caps covering the majority of the bank loans which have been effective in protecting it from the increase in the cost of borrowing seen by many over the past months.

The financial highlights of the period compared with the first half of 2007 are as follows:

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Revenue	<b>33,873</b>	27,185
EBITDA*	<b>10,550</b>	7,569
Operating profit	<b>9,019</b>	4,731
Profit after tax for the financial period	<b>6,169</b>	2,857
Basic earnings per share	<b>13.85 pence</b>	6.41 pence
Net cash inflow from operating activities	<b>5,854</b>	3,414
Equity dividends paid	<b>14,970</b>	–
Closing net debt	<b>22,182</b>	14,242

\* Earnings Before Interest, Taxation, Depreciation, Amortisation, Impairment provisions and exceptional items as reconciled on the face of the income statement.

**Operations review**

Our main UK trading subsidiary, Andrews Sykes Hire, continues to perform well. It continues to develop its business in non-seasonal hire markets, particularly through its specialist hire division. Its traditional products have also performed well, especially the pumping division, which has benefited both from the deliberate decision to enter into longer term contracts guaranteeing revenue income as well as unusually wet conditions and the opportunities so provided.

Our overseas operations in the Middle East and Northern Europe both continue to expand and further develop their market sectors. This is particularly so in the case of the Middle East with management taking full advantage of the level of work currently being undertaken in this region.

**Dividend and pension scheme payments**

During the current half year two interim dividends were paid that in total amounted to £15 million. Clearance was obtained both from the pensions regulator and the pension scheme trustees and as part of this process a special one-off payment of £1.7 million was made to the pension scheme. Further details of these payments are given in note 6 to these interim financial statements.

**Prospects**

The summer in the UK and Northern Europe has been very similar to 2007 with disappointing low average temperatures that have done little to stimulate the demand for our air conditioning hire business. Nevertheless, management initiatives and the move to less weather-related products continue to be effective and we currently anticipate that the second half of 2008 will be in line with last year.

**JG Murray**

Chairman

24 September 2008

# CONSOLIDATED INCOME STATEMENT

FOR THE 26 WEEKS ENDED 30 JUNE 2008 (UNAUDITED)

	26 weeks ended 30 June 2008 £'000	26 weeks ended 30 June 2007 (as restated)† £'000	52 weeks ended 29 December 2007 £'000
<b>Continuing operations</b>			
<b>Revenue</b>	<b>33,873</b>	27,185	57,846
Cost of sales	(15,552)	(12,696)	(25,816)
<b>Gross profit</b>	<b>18,321</b>	14,489	32,030
<b>Distribution costs</b>	<b>(4,959)</b>	(4,250)	(9,751)
<b>Administrative expenses</b> – Normal	<b>(4,872)</b>	(4,574)	(8,095)
– Exceptional	<b>529</b>	(934)	(911)
– Total	<b>(4,343)</b>	(5,508)	(9,006)
<b>Operating profit</b>	<b>9,019</b>	4,731	13,273
<b>EBITDA*</b>	<b>10,550</b>	7,569	18,173
Depreciation and impairment losses	(2,551)	(2,255)	(4,463)
Profit on the sale of plant and equipment	491	351	474
<b>Normalised operating profit</b>	<b>8,490</b>	5,665	14,184
Profit on the sale of property	529	–	–
Pension curtailment charge	–	(934)	(911)
<b>Operating profit</b>	<b>9,019</b>	4,731	13,273
Income from other participating interests	–	–	209
Finance income	476	430	624
Finance costs	(1,025)	(860)	(1,728)
<b>Profit before taxation</b>	<b>8,470</b>	4,301	12,378
Taxation	(2,301)	(1,444)	(3,829)
<b>Profit after tax for the financial period</b>	<b>6,169</b>	2,857	8,549

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

## Earnings per share from continuing operations

Basic (pence)	13.85p	6.41p	19.19p
Diluted (pence)	13.85p	6.41p	19.19p
<b>Dividends paid per equity share (pence)</b>	<b>33.60p</b>	–	–

\* Earnings Before Interest, Taxation, Depreciation, Amortisation, impairment provisions and exceptional costs.

† Finance income and finance costs have been restated on a consistent basis with the 52 weeks ended 29 December 2007.

# CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2008 (UNAUDITED)

	30 June 2008 £'000	30 June 2007 £'000	29 December 2007 £'000
<b>Non-current assets</b>			
Property, plant and equipment	15,489	15,340	15,668
Lease prepayments	93	224	96
Trade investments	164	164	164
Deferred tax asset	831	2,361	1,404
Derivative financial instruments	100	161	13
	<b>16,677</b>	<b>18,250</b>	<b>17,345</b>
<b>Current assets</b>			
Stocks	5,904	5,830	5,742
Trade and other receivables	17,447	15,318	16,317
Cash and cash equivalents	12,870	11,908	13,102
Assets held for sale	405	–	494
	<b>36,626</b>	<b>33,056</b>	<b>35,655</b>
<b>Current liabilities</b>			
Trade and other payables	(11,899)	(14,436)	(11,371)
Current tax liabilities	(1,633)	(1,343)	(1,370)
Bank loans	(5,000)	(5,000)	(5,000)
Obligations under finance leases	(252)	(233)	(415)
Provisions	–	(15)	(15)
	<b>(18,784)</b>	<b>(21,027)</b>	<b>(18,171)</b>
<b>Net current assets</b>	<b>17,842</b>	<b>12,029</b>	<b>17,484</b>
<b>Total assets less current liabilities</b>	<b>34,519</b>	<b>30,279</b>	<b>34,829</b>
<b>Non-current liabilities</b>			
Bank loans	(29,000)	(20,000)	(19,000)
Obligations under finance leases	(900)	(1,078)	(1,006)
Retirement benefit obligations	(432)	(2,190)	(1,238)
Derivative financial instruments	–	–	(38)
	<b>(30,332)</b>	<b>(23,268)</b>	<b>(21,282)</b>
<b>Net assets</b>	<b>4,187</b>	<b>7,011</b>	<b>13,547</b>
<b>Equity</b>			
Share capital	446	446	446
Retained earnings	2,675	6,701	12,595
Translation reserve	834	(368)	274
Other reserves	222	222	222
<b>Surplus attributable to equity holders of the parent</b>	<b>4,177</b>	<b>7,001</b>	<b>13,537</b>
Minority interest	10	10	10
<b>Total equity</b>	<b>4,187</b>	<b>7,011</b>	<b>13,547</b>

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE 26 WEEKS ENDED 30 JUNE 2008 (UNAUDITED)

	26 weeks ended 30 June 2008 £'000	26 weeks ended 30 June 2007 £'000	52 weeks ended 29 December 2007 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	7,821	5,259	11,211
Interest paid	(846)	(211)	(1,115)
Net UK corporation tax paid	(802)	(1,352)	(2,202)
Net withholding tax (paid)/recovered	(70)	(69)	50
Overseas tax paid	(249)	(213)	(877)
<b>Net cash inflow from operating activities</b>	<b>5,854</b>	<b>3,414</b>	<b>7,067</b>
<b>Investing activities</b>			
Dividends received from participating interests (trade investments)	–	–	209
Disposal costs paid less consideration received on prior year disposals	–	295	295
Sale of property, plant and equipment	636	389	778
Purchase of property, plant and equipment	(2,458)	(2,408)	(5,346)
Interest received	405	136	440
<b>Net cash outflow from investing activities</b>	<b>(1,417)</b>	<b>(1,588)</b>	<b>(3,624)</b>
<b>Financing activities</b>			
Loan repayments	(24,000)	–	(1,000)
New loans raised	34,000	–	–
Finance lease capital repayments	(195)	(69)	(141)
Equity dividends paid	(14,970)	–	–
<b>Net cash outflow from financing activities</b>	<b>(5,165)</b>	<b>(69)</b>	<b>(1,141)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(728)</b>	<b>1,757</b>	<b>2,302</b>
Cash and cash equivalents at beginning of period	13,102	10,190	10,190
Effect of foreign exchange rate changes	496	(39)	610
<b>Cash and cash equivalents at end of period</b>	<b>12,870</b>	<b>11,908</b>	<b>13,102</b>
<b>Reconciliation of net cash flow to movement in net debt in the period</b>			
Net (decrease)/increase in cash and cash equivalents	(728)	1,757	2,302
Cash outflow from loan and finance lease repayments	24,195	69	1,141
Cash inflow from the increase in loans	(34,000)	–	–
Non-cash movements re finance leases	74	–	(182)
Non-cash movements in the fair value of derivative instruments	125	138	(48)
<b>Movement in net debt during the period</b>	<b>(10,334)</b>	<b>1,964</b>	<b>3,213</b>
Opening net debt at the beginning of period	(12,344)	(16,167)	(16,167)
Effect of foreign exchange rate changes	496	(39)	610
<b>Closing net debt at the end of period</b>	<b>(22,182)</b>	<b>(14,242)</b>	<b>(12,344)</b>

# CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE 26 WEEKS ENDED 30 JUNE 2008 (UNAUDITED)

	<b>26 weeks ended 30 June 2008 £'000</b>	26 weeks ended 30 June 2007 £'000	52 weeks ended 29 December 2007 £'000
Actual return less expected return on pension scheme assets	<b>(1,759)</b>	–	154
Experience gains and losses arising on plan obligation	–	–	424
Changes in demographic and financial assumptions underlying the present value of plan obligations	<b>205</b>	–	(279)
Currency translation differences on foreign currency net investments	<b>560</b>	(46)	595
Deferred tax on items posted directly to equity	<b>435</b>	(11)	(107)
<b>Net (expense)/income recognised directly in equity</b>	<b>(559)</b>	(57)	787
Profit for the period attributable to equity shareholders	<b>6,169</b>	2,857	8,549
<b>Total recognised income and expense for the period attributable to equity holders of the parent</b>	<b>5,610</b>	2,800	9,336



# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 26 WEEKS ENDED 30 JUNE 2008 (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 1985 to 2006.

The information for the 52 weeks ended 29 December 2007 does not constitute the group's statutory accounts for 2007 as defined in Section 240 of the Companies Act 1985. Statutory accounts for 2007 have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain statements under Section 273(2) or (3) of the Companies Act 1985. These interim financial statements, which were approved by the Board of Directors on 24 September 2008, have not been audited or reviewed by the auditor.

These interim financial statements have 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.
- 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 2007.

### 3 Revenue

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

	<b>26 weeks ended 30 June 2008 £'000</b>	26 weeks ended 30 June 2007 £'000	52 weeks ended 29 December 2007 £'000
<b>Continuing Operations</b>			
Hire	<b>26,311</b>	19,693	43,579
Sales	<b>4,926</b>	4,084	8,043
Installations	<b>2,636</b>	3,408	6,224
<b>Group consolidated revenue from the sale of goods and services</b>	<b>33,873</b>	27,185	57,846
Income from other participating interests	–	–	209
Finance income	<b>476</b>	430	624
<b>Gross consolidated revenue</b>	<b>34,349</b>	27,615	58,679

### 4 Pension curtailment charge

	<b>26 weeks ended 30 June 2008 £'000</b>	26 weeks ended 30 June 2007 £'000	52 weeks ended 29 December 2007 £'000
Pension curtailment charge	–	(934)	(911)

Last year every member of the Andrews Sykes Group Defined Benefit Pension Scheme (ASGPS) was given the opportunity of transferring their accrued rights to an independent pension provider of their choice. An incentive equal to 40% of the normally available transfer value was offered and this could either be paid directly to the member, as a cash bonus, or to their new pension provider, via the ASGPS, as an enhanced transfer value (ETV). As well as the presentations made by independent financial advisors, the group paid for independent financial advice to be made available to each member.

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 26 WEEKS ENDED 30 JUNE 2008 (UNAUDITED)

## 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.

	26 weeks to 30 June 2008	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	6,169	44,552,865
Basic earnings per ordinary share (pence)	13.85p	

	26 weeks to 30 June 2007	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	2,857	44,552,715
Basic earnings per ordinary share (pence)	6.41p	

	52 weeks to 29 December 2007	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	8,549	44,552,790
Basic earnings per ordinary share (pence)	19.19p	

### Adjusted basic earnings per share excluding profit on sale of property and pension curtailment charge

The basic figures excluding the profit on sale of property and the pension curtailment charge 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.

## 5 Earnings per share (continued)

	26 weeks to 30 June 2008	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	6,169	44,552,865
Less profit on the sale of property net of tax	(517)	
Adjusted basic earnings/weighted average number of shares	5,652	44,552,865
Adjusted basic earnings per ordinary share (pence) excluding profit on sale of property	12.69p	
	26 weeks to 30 June 2007	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	2,857	44,552,715
Add back pension curtailment charge net of tax	654	
Adjusted basic earnings/weighted average number of shares	3,511	44,552,715
Adjusted basic earnings per ordinary share (pence) excluding pension curtailment charge	7.88p	
	52 weeks to 29 December 2007	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	8,549	44,552,790
Add back pension curtailment charge net of tax	638	
Adjusted basic earnings/weighted average number of shares	9,187	44,552,790
Adjusted basic earnings per ordinary share (pence) excluding pension curtailment charge	20.62p	

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 26 WEEKS ENDED 30 JUNE 2008 (UNAUDITED)

## 5 Earnings per share (continued)

### Diluted earnings per share

The calculation of the diluted earnings per ordinary share is based on the profits and shares as set out in the tables below. There are no discontinued operations in any period. The share options have a dilutive effect for the period calculated as follows:

	26 weeks to 30 June 2008	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	6,169	44,552,865
Weighted average number of shares under option		15,000
Number of shares that would be issued at fair value to satisfy above options		(11,966)
Earnings/diluted weighted average number of shares	6,169	44,555,899
Diluted earnings per ordinary share (pence)	13.85p	

	26 weeks to 30 June 2007	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	2,857	44,552,715
Weighted average number of shares under option		15,000
Number of shares that would be issued at fair value to satisfy above options		(8,001)
Earnings/diluted weighted average number of shares	2,857	44,559,714
Diluted earnings per ordinary share (pence)	6.41p	

	52 weeks to 29 December 2007	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	8,549	44,552,790
Weighted average number of shares under option		15,000
Number of shares that would be issued at fair value to satisfy above options		(8,065)
Earnings/diluted weighted average number of shares	8,549	44,559,725
Diluted earnings per ordinary share (pence)	19.19p	

## 5 Earnings per share (continued)

### Adjusted diluted earnings per share excluding profit on sale of property and pension curtailment charge

The calculation of the diluted earnings per ordinary share excluding the profit on sale of property and the pension curtailment charge is based on the profits and shares as set out in the table below. There are no discontinued operations in any period. The share options have a dilutive effect for the period calculated as follows:

	26 weeks to 30 June 2008	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	6,169	44,552,865
Less profit on sale of property net of tax	(517)	
Weighted average number of shares under option		15,000
Number of shares that would be issued at fair value to satisfy above options		(11,966)
Adjusted earnings/diluted weighted average number of shares	5,652	44,555,899
Adjusted diluted earnings per ordinary share (pence) excluding profit on sale of property	12.69p	

	26 weeks to 30 June 2007	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	2,857	44,552,715
Add back pension curtailment charge net of tax	654	
Weighted average number of shares under option		15,000
Number of shares that would be issued at fair value to satisfy above options		(8,001)
Adjusted earnings/diluted weighted average number of shares	3,511	44,559,714
Adjusted diluted earnings per ordinary share (pence) excluding pension curtailment charge	7.88p	

	52 weeks to 29 December 2007	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	8,549	44,552,790
Add back pension curtailment charge net of tax	638	
Weighted average number of shares under option		15,000
Number of shares that would be issued at fair value to satisfy above options		(8,065)
Adjusted earnings/diluted weighted average number of shares	9,187	44,559,725
Adjusted diluted earnings per ordinary share (pence) excluding pension curtailment charge	20.62p	

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 26 WEEKS ENDED 30 JUNE 2008 (UNAUDITED)

## 6 Dividend payments and loan restructuring

No interim dividends were declared or paid during either of the previous financial periods.

The directors declared and paid the following interim dividends in respect of the 52 weeks ending 31 December 2008 during the period under review:

	Pence per share	£'000
Interim dividend declared on 26 March 2008 and paid to shareholders on the register as at 4 April 2008 on 18 April 2008	6.50p	2,896
Interim dividend declared on 24 April 2008 and paid to shareholders on the register as at 2 May 2008 on 16 May 2008	27.10p	12,074
	<b>33.60p</b>	<b>14,970</b>

The above interim dividends have been charged against retained earnings during the current period.

Clearance was obtained from the pensions regulator and trustees of the Andrews Sykes Group Defined Benefit Pension Scheme (ASGPS) prior to the payment of the second interim dividend on 16 May 2008. As part of that process it was agreed that a special contribution of £1.7 million would be paid by the company to the ASGPS and this is shown in note 7 below.

The above dividend and pension scheme payments were mainly financed by net additional bank loans of £10 million comprising new loan draw-downs of £34 million less loan repayments of £24 million. The interest rates and covenants on the new loans are similar to those in the previous agreements and interest rate caps continue to be held to limit the group's exposure to increases in LIBOR.

## 7 Retirement benefit obligations – Defined benefit pension scheme

The group closed the UK group defined benefit pension scheme to future accrual as at 31 December 2002. The assets of the defined benefit pension scheme continue to be held in a separate trustee administered fund.

The group are making additional contributions to remove the funding deficit in the group pension scheme. These contributions include both one-off and regular monthly payments, £125,000 per month in the period under review, and are agreed in advance with the trustees of the pension scheme.

### Assumptions used to calculate the scheme deficit

A full actuarial valuation has been carried out as at 31 December 2007 and this was used as a basis for calculating the deficit as at 29 December 2007. In view of the significant changes in market conditions between the end of December 2007 and 30 June 2008, the valuation has been further updated by a qualified independent actuary to take into account current market conditions.

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

	<b>30 June 2008</b>	30 June 2007	29 December 2007
Rate of increase in pensionable salaries	<b>N/A</b>	N/A	N/A
Rate of increase in pensions in payment	<b>4.00%</b>	3.00%	3.40%
Discount rate applied to scheme liabilities	<b>6.60%</b>	5.40%	5.90%
Inflation assumption	<b>4.10%</b>	3.00%	3.40%



# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 26 WEEKS ENDED 30 JUNE 2008 (UNAUDITED)

## 7 Retirement benefit obligations – Defined benefit pension scheme (continued)

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics. The current mortality table used is PA92YOBMC+2 (29 December 2007: PA92YOBMC+2, 30 June 2007: PA92C2020).

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 2008</b>	30 June 2007	29 December 2007
Male, current age 45	<b>21.2 years</b>	19.8 years	21.2 years
Female, current age 45	<b>24.0 years</b>	22.8 years	24.0 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:

	<b>30 June 2008</b>	30 June 2007	29 December 2007
	<b>£'000</b>	£'000	£'000
Total fair value of plan assets	<b>26,794</b>	24,557	25,913
Present value of defined benefit funded obligation	<b>(27,226)</b>	(26,747)	(27,151)
Deficit in the scheme – pension liability recognised in the balance sheet	<b>(432)</b>	(2,190)	(1,238)

The movements in the fair value of the scheme's assets over the reporting period are as follows:

	<b>30 June 2008</b>	30 June 2007	29 December 2007
	<b>£'000</b>	£'000	£'000
Fair value of plan assets at the start of the period	<b>25,913</b>	33,445	33,445
Expected return on plan assets	<b>692</b>	1,050	1,926
Actuarial (losses)/gains recognised in the SORIE	<b>(1,759)</b>	–	154
Employer contributions – normal	<b>750</b>	750	1,500
Employer contributions – special (note 6)	<b>1,700</b>	–	–
Employer contributions – transfer value exercise	<b>–</b>	2,296	1,880
Benefits paid	<b>(502)</b>	(402)	(1,269)
Settlements and curtailments	<b>–</b>	(12,582)	(11,723)
Fair value of plan assets at the end of the period	<b>26,794</b>	24,557	25,913

Employer contributions in respect of the transfer value exercise and settlements and curtailments were both estimated at 30 June 2007 and finalised at 29 December 2007.

**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:

	<b>30 June 2008 £'000</b>	30 June 2007 £'000	29 December 2007 £'000
Present value of defined benefit funded obligation at the beginning of the period	<b>(27,151)</b>	(40,022)	(40,022)
Interest on defined benefit obligation	<b>(782)</b>	(1,061)	(1,888)
Actuarial gain/(loss) recognised in the SORIE	<b>205</b>	–	145
Benefits paid	<b>502</b>	402	1,269
Settlements and curtailments	<b>–</b>	13,934	13,345
Present value of defined benefit funded obligation at the end of the period	<b>(27,226)</b>	(26,747)	(27,151)

**Amounts recognised in the income statement**

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

	<b>30 June 2008 £'000</b>	30 June 2007 £'000	29 December 2007 £'000
Expected return on pension scheme assets	<b>692</b>	1,050	1,926
Interest on pension scheme liabilities	<b>(782)</b>	(1,061)	(1,888)
Net pension interest (charge)/income	<b>(90)</b>	(11)	38
Settlements and curtailments	<b>–</b>	1,352	1,622
	<b>(90)</b>	1,341	1,660

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 26 WEEKS ENDED 30 JUNE 2008 (UNAUDITED)

## 8 Share capital

	30 June 2008 £'000	30 June 2007 £'000	29 December 2007 £'000
<b>Authorised:</b>			
1,398,170,943 ordinary shares of one pence each (30 June 2007 and 29 December 2007: 1,398,170,943 ordinary shares of one pence each)	13,982	13,982	13,982
<b>Issued and fully paid:</b>			
44,552,865 ordinary shares of one pence each (30 June 2007 and 29 December 2007: 44,552,865 ordinary shares of one pence each)	446	446	446

During the period the company did not buy back any shares for cancellation (26 weeks ended 30 June 2007: Nil shares).

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

At 30 June 2008 cash options to subscribe for ordinary shares under the executive share option scheme were held as follows:

Date of grant	Date normally exercisable	Subscription price per share	Number of one pence ordinary shares		
			30 June 2008	30 June 2007	29 December 2007
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 periods.

No share options were exercised during the period (26 weeks ended 30 June 2007: Nil options).

## 9 Cash generated from operations

	<b>26 weeks ended 30 June 2008 £'000</b>	26 weeks ended 30 June 2007 £'000	52 weeks ended 29 December 2007 £'000
Profit for the period attributable to equity shareholders	<b>6,169</b>	2,857	8,549
Adjustments for:			
Taxation charge	<b>2,301</b>	1,444	3,829
Pension curtailment charge	<b>–</b>	934	911
Finance costs	<b>1,025</b>	860	1,728
Finance income	<b>(476)</b>	(430)	(624)
Income from other participating interests	<b>–</b>	–	(209)
Profit on the sale of property, plant and equipment	<b>(1,020)</b>	(351)	(474)
Depreciation and amortisation	<b>2,551</b>	2,224	4,432
Impairment losses	<b>–</b>	31	31
Excess of normal pension contributions compared with service cost	<b>(750)</b>	(750)	(1,500)
Special pension contributions	<b>(1,700)</b>	(868)	(4,279)
Cash generated from operations before movements in working capital	<b>8,100</b>	5,951	12,394
Increase in stocks	<b>(162)</b>	(1,493)	(1,406)
(Increase)/decrease in trade and other receivables	<b>(603)</b>	760	(350)
Increase in trade and other payables	<b>501</b>	50	582
Decrease in provisions	<b>(15)</b>	(9)	(9)
Cash generated from operations	<b>7,821</b>	5,259	11,211

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 26 WEEKS ENDED 30 JUNE 2008 (UNAUDITED)

## 10 Analysis of net debt

	<b>30 June 2008 £'000</b>	30 June 2007 £'000	29 December 2007 £'000
Cash and cash equivalents per cash flow statement	<b>12,870</b>	11,908	13,102
Derivative financial instruments	<b>100</b>	161	13
Financial assets	<b>100</b>	161	13
Bank loans	<b>(34,000)</b>	(25,000)	(24,000)
Obligations under finance leases	<b>(1,152)</b>	(1,311)	(1,421)
Derivative financial instruments	<b>–</b>	–	(38)
Financial liabilities	<b>(35,152)</b>	(26,311)	(25,459)
Net debt	<b>(22,182)</b>	(14,242)	(12,344)

## 11 Distribution of interim financial statements

Following a change in regulations, 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).



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