



**ANDREWS  
SYKES  
GROUP PLC**

**INTERIM  
FINANCIAL  
STATEMENTS  
2009**

# SUMMARY OF RESULTS

	<b>6 MONTHS ENDED</b> <b>30 June 2009</b>	6 MONTHS ENDED 30 June 2008 (as restated*)
	<b>£'000</b>	£'000
Revenue from continuing operations	<b>28,766</b>	33,873
EBITDA† from continuing operations	<b>8,763</b>	10,868
Normalised operating profit‡	<b>6,609</b>	8,808
Profit for the financial period	<b>4,619</b>	6,169
Basic earnings per share	<b>10.43p</b>	13.85p
Net cash inflow from operating activities	<b>7,015</b>	6,172
Net debt	<b>12,070</b>	22,182

\* Foreign exchange losses on inter-company loans of £318,000 have been re-categorised from administration expenses to be consistent with the presentation in the 12 months ended 31 December 2008.

† 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 2009 was £28.8 million compared with £33.9 million in the first half of 2008, a decrease of 15%. Due to fixed costs, this decrease had a disproportional effect on the normalised operating profit\* which fell by nearly 25% from £8.8 million in the first half of last year to £6.6 million in the current period. Although this is naturally disappointing it must be remembered that 2008 was our record year and the consolidated revenue and normalised operating profit for the current period are above the amounts achieved in the first half of 2007 by £1.6 million (6%) and £0.9 million (17%) respectively.

During the challenging current economic environment management is concentrating on cost control, capital spending and reduction in net debt.

Cost reductions have been achieved by efficiency savings. Management has been careful to ensure that the business infrastructure has not been damaged by these savings to continue to provide high quality customer service.

Judicious working capital management has been rewarded by a positive cash flow of £1.3 million which is primarily due to a stock reduction of £1.4 million since the end of the last financial year. The level of net debt has fallen by £4.8 million from £16.9 million at 31 December 2008 to £12.1 million at 30 June 2009.

## OPERATIONS REVIEW

Our main trading subsidiary in the UK, Andrews Sykes Hire, and our operations in Northern Europe continue to perform satisfactorily albeit below the levels achieved last year. This is primarily due to the current economic environment and the consequent impact on customer spending profiles. Our fixed air conditioning installation business has been particularly affected by this change possibly due to potential customers deferring capital expenditure in these difficult times. Conversely our UK specialist hire divisions continue to perform well as does our operation in the UAE which showed an improvement in operating profit compared with the first half of 2008.

## PROSPECTS

After a short favourable spell of hot weather in the UK and Northern Europe at the end of June and beginning of July, and despite forecasts to the contrary, the summer has been mixed with only average temperatures and rainfall patterns. We therefore expect our all important air conditioning business to return a satisfactory performance.

Our ongoing strategy of moving into non-weather related products and services, particularly those targeted at essential industry sectors, has provided a sound profit base for the current year. Overall, therefore, we currently anticipate the result for the second half of 2009 to be satisfactory but below the record level achieved last year.

**JG MURRAY** Chairman

29 September 2009

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

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# CONSOLIDATED INCOME STATEMENT

## FOR THE 6 MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

	<b>6 months ended 30 June 2009</b>	6 months ended 30 June 2008 (as restated†)	12 months ended 31 December 2008
<b>Continuing operations</b>	<b>£'000</b>	£'000	£'000
<b>Revenue</b>	<b>28,766</b>	33,873	67,394
Cost of sales	<b>(12,766)</b>	(15,552)	(30,523)
<b>Gross profit</b>	<b>16,000</b>	18,321	36,871
Distribution costs	<b>(5,001)</b>	(4,959)	(10,144)
Administrative expenses – Recurring	<b>(4,390)</b>	(4,554)	(8,803)
– Non-recurring	–	529	559
– Total	<b>(4,390)</b>	(4,025)	(8,244)
<b>Operating profit</b>	<b>6,609</b>	9,337	18,483
<b>EBITDA*</b>	<b>8,763</b>	10,868	22,002
Depreciation	<b>(2,518)</b>	(2,551)	(4,827)
Profit on the sale of plant and equipment	<b>364</b>	491	749
<b>Normalised operating profit</b>	<b>6,609</b>	8,808	17,924
Profit on the sale of property	–	529	559
<b>Operating profit</b>	<b>6,609</b>	9,337	18,483
Finance income	<b>155</b>	476	673
Finance costs	<b>(1,135)</b>	(1,025)	(2,479)
Inter-company foreign exchange gains and losses	<b>873</b>	(318)	(1,300)
<b>Profit before taxation</b>	<b>6,502</b>	8,470	15,377
Taxation	<b>(1,883)</b>	(2,301)	(4,321)
<b>Profit for the financial period</b>	<b>4,619</b>	6,169	11,056

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

### Earnings per share from continuing operations

Basic (pence)	<b>10.43p</b>	13.85p	24.85p
Diluted (pence)	<b>10.43p</b>	13.85p	24.85p
<b>Dividends paid per equity share</b> (pence)	<b>–p</b>	33.60p	33.60p

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

† Foreign exchange losses on inter-company loans of £318,000 have been re-categorised from administration expenses to be consistent with the presentation in the 12 months ended 31 December 2008.

# CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2009 (UNAUDITED)

	<b>30 June 2009 £'000</b>	30 June 2008 £'000	31 December 2008 £'000
<b>Non-current assets</b>			
Property, plant and equipment	14,556	15,489	16,108
Lease prepayments	86	93	90
Trade investments	164	164	164
Deferred tax asset	–	831	–
Derivative financial instruments	–	100	–
	<b>14,806</b>	16,677	16,362
<b>Current assets</b>			
Stocks	6,561	5,904	7,993
Trade and other receivables	14,265	17,447	17,764
Cash and cash equivalents	17,974	12,870	18,233
Assets held for sale	405	405	405
	<b>39,205</b>	36,626	44,395
<b>Current liabilities</b>			
Trade and other payables	(7,818)	(11,899)	(11,833)
Current tax liabilities	(1,504)	(1,633)	(1,371)
Bank loans	(6,000)	(5,000)	(5,000)
Obligations under finance leases	(206)	(252)	(217)
	<b>(15,528)</b>	(18,784)	(18,421)
<b>Net current assets</b>	<b>23,677</b>	17,842	25,974
<b>Total assets less current liabilities</b>	<b>38,483</b>	34,519	42,336
<b>Non-current liabilities</b>			
Bank loans	(23,000)	(29,000)	(29,000)
Obligations under finance leases	(770)	(900)	(836)
Retirement benefit obligations	(1,026)	(432)	–
Deferred tax liability	(340)	–	(90)
Derivative financial instruments	(68)	–	(108)
	<b>(25,204)</b>	(30,332)	(30,034)
<b>Net assets</b>	<b>13,279</b>	4,187	12,302
<b>Equity</b>			
Called-up share capital	443	446	443
Retained earnings	10,545	2,675	7,127
Translation reserve	2,056	834	4,497
Other reserves	225	222	225
<b>Surplus attributable to equity holders of the parent</b>	<b>13,269</b>	4,177	12,292
Minority interest	10	10	10
<b>Total equity</b>	<b>13,279</b>	4,187	12,302

# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE 6 MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

	<b>6 months ended 30 June 2009 £'000</b>	6 months ended 30 June 2008 (as restated*) £'000	12 months ended 31 December 2008 £'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	<b>9,288</b>	8,139	15,573
Interest paid	<b>(1,284)</b>	(846)	(2,484)
Net UK corporation tax paid	<b>(746)</b>	(802)	(1,836)
Net withholding tax paid	<b>–</b>	(70)	(3)
Overseas tax paid	<b>(243)</b>	(249)	(661)
<b>Net cash inflow from operating activities</b>	<b>7,015</b>	6,172	10,589
<b>Investing activities</b>			
Sale of assets held for sale	<b>–</b>	–	656
Sale of plant and equipment	<b>568</b>	636	974
Purchase of property, plant and equipment	<b>(1,549)</b>	(2,458)	(5,082)
Interest received	<b>118</b>	405	808
<b>Net cash outflow from investing activities</b>	<b>(863)</b>	(1,417)	(2,644)
<b>Financing activities</b>			
Loan repayments	<b>(5,000)</b>	(24,000)	(24,000)
New loans raised	<b>–</b>	34,000	34,000
Finance lease capital repayments	<b>(77)</b>	(195)	(308)
Equity dividends paid	<b>–</b>	(14,970)	(14,970)
Purchase of own shares	<b>–</b>	–	(259)
<b>Net cash outflow from financing activities</b>	<b>(5,077)</b>	(5,165)	(5,537)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,075</b>	(410)	2,408
Cash and cash equivalents at beginning of period	<b>18,233</b>	13,102	13,102
Effect of foreign exchange rate changes	<b>(1,334)</b>	178	2,723
<b>Cash and cash equivalents at the end of the period</b>	<b>17,974</b>	12,870	18,233

\* Foreign exchange losses on inter-company loans of £318,000 have been re-categorised from administration expenses. They are now included within "effect of foreign exchange rate changes" to be consistent with the presentation in the 12 months ended 31 December 2008.

### Reconciliation of net cash flow to movement in net debt in the period

Net increase/(decrease) in cash and cash equivalents	<b>1,075</b>	(410)	2,408
Cash outflow from loan and finance lease repayments	<b>5,077</b>	24,195	24,308
Cash inflow from the increase in loans	<b>–</b>	(34,000)	(34,000)
Non cash movements in respect of finance leases	<b>–</b>	74	(14)
Non cash movements in the fair value of derivative instruments	<b>40</b>	125	(9)
<b>Movement in net debt during the period</b>	<b>6,192</b>	(10,016)	(7,307)
Opening net debt at the beginning of the period	<b>(16,928)</b>	(12,344)	(12,344)
Effect of foreign exchange rate changes	<b>(1,334)</b>	178	2,723
<b>Closing net debt at the end of the period</b>	<b>(12,070)</b>	(22,182)	(16,928)

# CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE 6 MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

	<b>6 months ended 30 June 2009 £'000</b>	6 months ended 30 June 2008 £'000	12 months ended 31 December 2008 £'000
Actual return less expected return on pension scheme assets	<b>(1,444)</b>	(1,759)	(2,764)
Experience gains and losses arising on plan obligations	-	-	(196)
Changes in demographic and financial assumptions underlying the present value of plan obligations	<b>(499)</b>	205	1,435
Net pension asset not recognised due to uncertainty over future recoverability	-	-	(275)
Release provision re non-recognition of pension scheme asset	<b>275</b>	-	-
Currency translation differences on foreign currency net investments	<b>(2,441)</b>	560	4,223
Deferred tax on items posted directly to equity	<b>467</b>	435	504
<b>Net (expense)/income recognised directly in equity</b>	<b>(3,642)</b>	(559)	2,927
Profit for the period attributable to parent's shareholders	<b>4,619</b>	6,169	11,056
<b>Total recognised income and expense for the period attributable to equity holders of the parent</b>	<b>977</b>	5,610	13,983



# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED 30 JUNE 2009 (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 2008 does not constitute the group's statutory accounts for 2008 as defined in Section 434 of the Companies Act 2006. Statutory accounts for 2008 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 29 September 2009, 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; 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 2008.

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### 3 REVENUE

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

	<b>6 months ended 30 June 2009 £'000</b>	6 months ended 30 June 2008 £'000	12 months ended 31 December 2008 £'000
<b>Continuing operations</b>			
Hire	<b>22,515</b>	26,311	51,575
Sales	<b>4,437</b>	4,926	10,904
Installations	<b>1,814</b>	2,636	4,915
<b>Group consolidated revenue from the sale of goods and provision of services</b>	<b>28,766</b>	33,873	67,394
Finance income	<b>155</b>	476	673
Inter-company foreign exchange gains	<b>873</b>	–	–
<b>Gross consolidated revenue</b>	<b>29,794</b>	34,349	68,067

### 4 TAXATION

	<b>6 months ended 30 June 2009 £'000</b>	6 months ended 30 June 2008 £'000	12 months ended 31 December 2008 £'000
<b>Current tax</b>			
UK corporation tax	<b>890</b>	883	1,776
Adjustments in respect of prior periods	<b>(12)</b>	–	(29)
	<b>878</b>	883	1,747
Overseas tax	<b>288</b>	410	639
Adjustments to overseas tax in respect of prior periods	–	–	(63)
Total current tax charge	<b>1,166</b>	1,293	2,323
<b>Deferred tax</b>			
Deferred tax on the origination and reversal of temporary differences	<b>717</b>	1,008	1,916
Adjustments in respect of prior periods	–	–	82
Total deferred tax charge	<b>717</b>	1,008	1,998
<b>Total tax charge for the financial period</b>	<b>1,883</b>	2,301	4,321

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

## 4 TAXATION (CONTINUED)

The tax charge for the financial period can be reconciled to the profit before tax per the consolidated income statement multiplied by the standard effective corporation tax rate in the UK of 28% (June 2008 and December 2008: 28.5%) as follows:

	<b>6 months ended 30 June 2009 £'000</b>	6 months ended 30 June 2008 £'000	12 months ended 31 December 2008 £'000
Profit before taxation from continuing and total operations	<b>6,502</b>	8,470	15,377
Tax at the UK effective corporation tax rate of 28% (June 2008 and December 2008: 28.5%)	<b>1,821</b>	2,414	4,382
Effects of:			
Expenses not deductible for tax purposes	<b>43</b>	45	92
Capital gain sheltered by capital losses and indexation allowance	–	(139)	(130)
Effects of different tax rates of subsidiaries operating abroad	<b>31</b>	(14)	20
Effect of change in tax rate to 28%	–	(5)	(33)
Adjustments to tax charge in respect of previous periods	<b>(12)</b>	–	(10)
<b>Total tax charge for the financial period</b>	<b>1,883</b>	2,301	4,321

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 2009 Finance Act that was substantially enacted on 8 July 2009 as this is after the balance sheet date. It is estimated that as a result of this change in tax legislation, deferred tax liabilities on unremitted earnings from overseas undertakings provided as at 30 June 2009 of approximately £1.8 million (31 December 2008: £1.2 million) will be released in the second half year.

## 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 2009</b>	
	<b>Continuing earnings £'000</b>	<b>Number of shares</b>
Basic earnings/weighted average number of shares	<b>4,619</b>	<b>44,268,365</b>
Basic earnings per ordinary share (pence)	<b>10.43p</b>	

	<b>6 months ended 30 June 2008</b>	
	<b>Continuing earnings £'000</b>	<b>Number of shares</b>
Basic earnings/weighted average number of shares	6,169	44,552,865
Basic earnings per ordinary share (pence)	13.85p	

	<b>12 months ended 31 December 2008</b>	
	<b>Continuing earnings £'000</b>	<b>Number of shares</b>
Basic earnings/weighted average number of shares	11,056	44,493,594
Basic earnings per ordinary share (pence)	24.85p	



# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

## 5 EARNINGS PER SHARE (CONTINUED)

### DILUTED EARNINGS PER SHARE

The calculation of the diluted earnings per ordinary share in the previous periods is based on the profits and shares as set out in the tables below. The options have an antidilutive effect in the current period 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 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 have been issued at fair value to satisfy the above options		(11,966)
<b>Earnings/diluted weighted average number of shares</b>	<b>6,169</b>	<b>44,555,899</b>
Diluted earnings per ordinary share (pence)	13.85p	

	12 months ended 31 December 2008	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	11,056	44,493,594
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		(13,602)
<b>Earnings/diluted weighted average number of shares</b>	<b>11,056</b>	<b>44,494,992</b>
Diluted earnings per ordinary share (pence)	24.85p	

## 6 DIVIDEND PAYMENTS

The directors have not declared any interim dividends in respect of the period under review.

The directors declared and paid the following interim dividends in respect of the 12 months ended 31 December 2008 during the six months ended 30 June 2008:

	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
	<u>33.60p</u>	<u>14,970</u>

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

### ASSUMPTIONS USED TO CALCULATE THE SCHEME DEFICIT

A 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 deficit 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:

	<b>30 June 2009</b>	30 June 2008	31 December 2008
Rate of increase in pensionable salaries	<b>N/A</b>	N/A	N/A
Rate of increase in pensions in payment	<b>3.50%</b>	4.00%	3.00%
Discount rate applied to scheme liabilities	<b>6.20%</b>	6.60%	6.00%
Inflation assumption	<b>3.50%</b>	4.10%	3.00%

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED 30 JUNE 2009 (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 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:

	<b>30 June 2009</b>	30 June 2008	31 December 2008
Male, current age 45	<b>21.3 years</b>	21.3 years	21.3 years
Female, current age 45	<b>24.0 years</b>	24.0 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 2009</b>	30 June 2008	31 December 2008
	<b>£'000</b>	£'000	£'000
Total fair value of plan assets	<b>25,981</b>	26,794	26,440
Present value of defined benefit funded obligation calculated in accordance with stated assumptions	<b>(27,007)</b>	(27,226)	(26,165)
(Deficit)/surplus in the scheme calculated in accordance with stated assumptions	<b>(1,026)</b>	(432)	275
Net pension asset not recognised due to uncertainty over recoverability	–	–	(275)
Pension liability recognised in the balance sheet	<b>(1,026)</b>	(432)	–

**7 RETIREMENT BENEFIT OBLIGATIONS – DEFINED BENEFIT PENSION SCHEME**

(CONTINUED)

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

	<b>30 June 2009 £'000</b>	30 June 2008 £'000	31 December 2008 £'000
Fair value of plan assets at the start of the period	<b>26,440</b>	25,913	25,913
Expected return on plan assets	<b>662</b>	692	1,401
Actuarial losses recognised in the SORIE	<b>(1,444)</b>	(1,759)	(2,764)
Employer contributions – normal	<b>750</b>	750	1,500
Employer contributions – non-recurring	<b>–</b>	1,700	1,700
Benefits paid	<b>(427)</b>	(502)	(1,310)
Fair value of plan assets at the end of the period	<b>25,981</b>	26,794	26,440

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

	<b>30 June 2009 £'000</b>	30 June 2008 £'000	31 December 2008 £'000
Opening present value of defined benefit funded obligation	<b>(26,440)</b>	(27,151)	(27,151)
Interest on defined benefit obligation	<b>(770)</b>	(782)	(1,563)
Actuarial (loss)/gain recognised in the SORIE in accordance with stated assumptions	<b>(499)</b>	205	1,239
Pension asset not recognised due to uncertainty over future recoverability	<b>–</b>	–	(275)
Release provision re non-recognition of pension scheme asset	<b>275</b>	–	–
Benefits paid	<b>427</b>	502	1,310
Closing present value of defined benefit funded obligation	<b>(27,007)</b>	(27,226)	(26,440)



# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

## 7 RETIREMENT BENEFIT OBLIGATIONS – DEFINED BENEFIT PENSION SCHEME

(CONTINUED)

### AMOUNTS RECOGNISED IN THE INCOME STATEMENT

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

	<b>30 June</b>	30 June	31 December
	<b>2009</b>	2008	2008
	<b>£'000</b>	£'000	£'000
Expected return on pension scheme assets	<b>662</b>	692	1,401
Interest on pension scheme liabilities	<b>(770)</b>	(782)	(1,563)
Net pension interest charge	<b>(108)</b>	(90)	(162)

### ACTUARIAL GAINS AND LOSSES RECOGNISED IN THE STATEMENT OF RECOGNISED INCOME AND EXPENSE (SORIE)

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

	<b>30 June</b>	30 June	31 December
	<b>2009</b>	2008	2008
	<b>£'000</b>	£'000	£'000
Actual return less expected return on scheme assets	<b>(1,444)</b>	(1,759)	(2,764)
Experience gains and losses arising on plan obligations	–	–	(196)
Changes in demographic and financial assumptions underlying the present value of plan obligations	<b>(499)</b>	205	1,435
Actuarial loss calculated in accordance with stated assumptions	<b>(1,943)</b>	(1,554)	(1,525)
Pension asset not recognised due to uncertainty over future recoverability	–	–	(275)
Release provision re non-recognition of pension scheme asset	<b>275</b>	–	–
Actuarial loss recognised in the SORIE	<b>(1,668)</b>	(1,554)	(1,800)
Cumulative actuarial loss recognised in the SORIE	<b>(4,810)</b>	(2,896)	(3,142)

## 8 SHARE CAPITAL

	<b>30 June 2009 £'000</b>	30 June 2008 £'000	31 December 2008 £'000
<b>Issued and fully paid:</b>			
44,268,365 ordinary shares of one pence each (June 2008: 44,552,865, December 2008: 44,268,365 ordinary shares of one pence each)	<b>443</b>	446	443

During the period the company did not buy back any shares for cancellation (June 2008: Nil shares; December 2008 284,500 shares for a total consideration of £258,620).

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

At 30 June 2009 cash options to subscribe for ordinary shares under the executive share option scheme were held as follows:

<b>Date of Grant</b>	<b>Date normally exercisable</b>	<b>Subscription price per share</b>	<b>Number of one pence ordinary shares</b>		
			<b>30 June 2009</b>	30 June 2008	31 December 2008
November 2001	November 2004 to October 2011	89.5 pence	<b>15,000</b>	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 (June 2008 and December 2008: Nil options).

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED 30 JUNE 2009 (UNAUDITED)

## 9 CASH GENERATED FROM OPERATIONS

	<b>6 months ended 30 June 2009 £'000</b>	6 months ended 30 June 2008 (as restated)* £'000	12 months ended 31 December 2008 £'000
Profit for the period attributable to equity shareholders	<b>4,619</b>	6,169	11,056
Adjustments for:			
Taxation charge	<b>1,883</b>	2,301	4,321
Finance costs	<b>262</b>	1,343	3,779
Finance income	<b>(155)</b>	(476)	(673)
Profit on the sale of property, plant and equipment	<b>(364)</b>	(1,020)	(1,308)
Depreciation	<b>2,518</b>	2,551	4,827
Excess of normal pension contributions compared with service cost	<b>(750)</b>	(750)	(1,500)
Non-recurring pension contributions	<b>-</b>	(1,700)	(1,700)
Cash generated from operations before movements in working capital	<b>8,013</b>	8,418	18,802
Decrease/(increase) in stocks	<b>1,432</b>	(162)	(2,251)
Decrease/(increase) in trade and other receivables	<b>3,499</b>	(603)	(1,647)
(Decrease)/increase in trade and other payables	<b>(3,656)</b>	501	684
Decrease in provisions	<b>-</b>	(15)	(15)
Cash generated from operations	<b>9,288</b>	8,139	15,573

\* Foreign exchange losses on inter-company loans of £318,000 have been re-categorised from administration expenses. They are now included within "effect of foreign exchange rate changes" to be consistent with the presentation in the 12 months ended 31 December 2008.

**10 ANALYSIS OF NET DEBT**

	<b>30 June 2009 £'000</b>	30 June 2008 £'000	31 December 2008 £'000
Cash and cash equivalents per cash flow statement	<b>17,974</b>	12,870	18,233
Derivative financial instruments	–	100	–
Financial assets	–	100	–
Bank loans	<b>(29,000)</b>	(34,000)	(34,000)
Obligations under finance leases	<b>(976)</b>	(1,152)	(1,053)
Derivative financial instruments	<b>(68)</b>	–	(108)
Financial liabilities	<b>(30,044)</b>	(35,152)	(35,161)
Net debt	<b>(12,070)</b>	(22,182)	(16,928)

**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](http://www.andrews-sykes.com).



# CONTENTS

- 1 Summary of Results
- 2 Chairman's Statement
- 4 Consolidated Income Statement
- 5 Consolidated Balance Sheet
- 6 Consolidated Cash Flow Statement
- 7 Consolidated Statement of Recognised Income and Expense
- 8 Notes to the Consolidated Interim Financial Statements



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