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Andrews Sykes Group PLC
28 September 2017

Andrews Sykes Group plc
Interim Financial Statements 2017

Summary of results
for the six months ended 30 June 2017

	(Unaudited) **6 months ended 30 June 2017 £'000**	6 months ended 30 June 2016 £'000
Revenue from continuing operations	**35,334**	30,287
EBITDA* from continuing operations	**10,892**	8,799
Operating profit	**8,171**	6,395
Inter-company foreign exchange gains and losses	**(51)**	1,062
Profit for the financial period	**6,570**	6,195
Basic earnings per share (pence)	**15.55p**	14.66p
Interim dividends declared per equity share (pence)	**11.90p**	11.90p
Net funds	**17,403**	15,392

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

Chairman's Statement

Overview

The group produced a successful result for the first half of 2017, 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 2017 was £35.3 million, an increase of £5.0 million compared with the same period last year. As a consequence operating profit increased by £1.8 million from £6.4 million in the first half of 2016 to £8.2 million for the six months ended 30 June 2017.

The group continues to be profitable and cash generative. Cash generated from operations was £8.6 million *(2016: £7.1 million)* and net funds decreased by £0.3 million from £17.7 million as at 31 December 2016 to £17.4 million as at 30 June 2017, this was after paying the 2016 final dividend of 11.9 pence per share, or £5.0 million in total, during the period.

Management continue to safeguard the operational structure of the business. Cash spent on new plant and equipment, primarily hire fleet assets, amounted to £2.6 million and a further £1.2 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 2017. Our pumping activity has stayed in line with expectation and our heating products have increased revenue levels by 12%. Demand for our air conditioning products has increased mainly due to a warmer than expected start to the summer in the month of June.

Our operations across the Benelux region have experienced continued strong growth. Our recently established businesses in France, Switzerland and Luxembourg continue to trade in line with our expectations. In Italy we have had a strong trading result driven by a 50% 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 long established business based in the UAE, had a reasonable start to the year, maintaining similar revenue levels of 2016. The climate rental division also continues to make a positive contribution. Overall, the operating profit of Khansaheb Sykes was in line with expectation.

Profit for the financial period and Earnings per Share

Profit before tax was £8.1 million *(2016: £7.5 million)* reflecting both the above £1.8 million increase in operating profit and a significant decrease in net finance income of £1.2 million, compared with the same period in 2016. This decrease was primarily due to a net inter-company foreign exchange gain of £1.1 million reported in 2016 compared with a loss of £0.1 million in 2017.

The total tax charge increased by £0.2 million from £1.3 million for the six months ended 30 June 2016 to £1.5 million for the current six month period. The effective tax rate increased from 17.7% for the six months ended 30 June 2016 to 19.0% in the current period. The rate for the current period is slightly less than the standard effective UK corporation tax rate of 19.25% which is mainly due to the effect of profits being made in lower tax regions overseas partially offset by 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 19.25% and the actual tax charge is given in note 4 of these interim financial statements.

Profit after tax was £6.6 million *(2016: £6.2 million)* and consequently the basic earnings per share increased by 0.89 pence, or 6%, from 14.66 pence for the first half of 2016 to 15.55 pence for the period under review. There were no share buy-backs in the period.

Dividends

The final dividend of 11.90 pence per ordinary share for the year ended 31 December 2016 was approved by members at the AGM held on 21 June 2017. Accordingly on 26 June 2017 the company made a total dividend payment of £5,029,000 which was paid to shareholders on the register as at 26 May 2017.

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 2017 of 11.90 pence per share which in total amounts to £5,029,000. This will be paid on 3 November 2017 to shareholders on the register as at 6 October 2017. The shares will go ex-dividend on 5 October 2017.

Bank loan agreement

During the period, and in accordance with the agreed repayment profile, the group repaid the final annual instalment of £1 million that was due for payment on 30 April 2017. The remaining loan balance of £5 million has been refinanced over a five year period.

Outlook

Trading in the third quarter to date has continued to be positive. Europe has experienced strong results through to September 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.

JG Murray 28 September 2017
Chairman

Consolidated income statement

for the 6 months ended 30 June 2017 (unaudited)

	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000	12 months ended 31 December 2016 £'000
Continuing operations			
Revenue	**35,334**	30,287	65,389
Cost of sales	**(15,328)**	(12,692)	(26,677)
Gross profit	**20,006**	17,595	38,712

Distribution costs	**(5,917)**	(5,772)	(11,512)
Administrative expenses	**(5,918)**	(5,428)	(11,384)
Operating profit	**8,171**	6,395	15,816

EBITDA*	**10,892**	8,799	20,664
Depreciation and impairment losses	**(3,013)**	(2,702)	(5,310)
Profit on the sale of plant and equipment	**292**	298	462
Operating profit	**8,171**	6,395	15,816

Finance income	**49**	145	308
Finance costs	**(59)**	(73)	(150)
Intercompany foreign exchange gains and losses	**(51)**	1,062	1,567
Profit before taxation	**8,110**	7,529	17,541
Taxation	**(1,540)**	(1,334)	(3,068)
Profit for the financial period	**6,570**	6,195	14,473

There were no discontinued operations in either of the above periods

Earnings per share from continuing operations			
Basic and diluted (pence)	**15.55p**	14.66p	34.25p
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 2017 (unaudited)

	30 June 2017	30 June 2016	31 December 2016
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	**20,756**	18,604	20,062
Lease prepayments	**48**	49	49
Trade investments	**164**	164	164
Deferred tax asset	**326**	482	559
Retirement benefit pension surplus	**2,575**	1,512	1,161
	23,869	20,811	21,995
Current assets			
Stocks	**4,542**	5,709	4,994
Trade and other receivables	**18,817**	16,052	18,425
Cash and cash equivalents	**22,453**	20,590	22,819
	45,812	42,351	46,238
Current liabilities			
Trade and other payables	**(12,354)**	(11,414)	(13,055)
Current tax liabilities	**(1,375)**	(1,345)	(1,575)
Overseas tax (denominated in euros)	**(404)**	(44)	(250)
Bank loans	**(493)**	(4,985)	(4,995)
Obligations under finance leases	**(61)**	(129)	(102)
	(14,687)	(17,917)	(19,977)
Net current assets	**31,125**	24,434	26,261
Total assets less current liabilities	**54,994**	45,245	48,256
Non-current liabilities			
Bank loans	**(4,471)**	-	-
Obligations under finance leases	**(25)**	(84)	(49)
	(4,496)	(84)	(49)
Net assets	**50,498**	45,161	48,207
Equity			
Called-up share capital	**423**	423	423
Share premium	**13**	13	13
Retained earnings	**45,917**	41,096	43,619
Translation reserve	**3,890**	3,374	3,897
Other reserves	**245**	245	245

Surplus attributable to equity holders of the parent	**50,488**	45,151	48,197
Minority interest	**10**	10	10
Total equity	**50,498**	45,161	48,207

Consolidated cash flow statement

for the six months ended 30 June 2017 (unaudited)

	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000	12 months ended 31 December 2016 £'000
Cash flows from operating activities			
Cash generated from operations	**8,606**	7,111	17,693
Interest paid	**(56)**	(66)	(136)
Net UK corporation tax paid	**(1,208)**	(941)	(1,846)
Overseas tax paid	**(340)**	(263)	(578)
Net cash inflow from operating activities	**7,002**	5,841	15,133
Investing activities			
Sale of property, plant and equipment	**392**	415	673
Purchase of property, plant and equipment	**(2,594)**	(2,237)	(5,392)
Interest received	**38**	124	241
Net cash outflow from investing activities	**(2,164)**	(1,698)	(4,478)
Financing activities			
Loan repayments	**(5,000)**	(1,000)	(1,000)
New loans raised net of arrangement fees	**4,962**	-	-
Finance lease capital repayments	**(64)**	(53)	(116)
Equity dividends paid	**(5,029)**	(5,029)	(10,058)
Net cash outflow from financing activities	**(5,131)**	(6,082)	(11,174)
Net decrease in cash and cash equivalents	**(293)**	(1,939)	(519)
Cash and cash equivalents at the beginning of the period	**22,819**	20,715	20,715
Effect of foreign exchange rate changes	**(73)**	1,814	2,623
Cash and cash equivalents at end of the period	**22,453**	20,590	22,819

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

Net decrease in cash and cash equivalents	**(293)**	(1,939)	(519)
Net cash outflow from the decrease in debt	**102**	1,053	1,115
Non-cash movement re new financial leases	**-**	(84)	(84)
Non-cash movements re costs of raising loan finance	**(6)**	(10)	(20)
Decrease in net funds during the period	**(197)**	(980)	492
Opening net funds at the beginning of period	**17,673**	14,558	14,558
Effect of foreign exchange rate changes	**(73)**	1,814	2,623
Closing net funds at the end of period	**17,403**	15,392	17,673

Consolidated statement of comprehensive total income (CSOCTI)

for the six months ended 30 June 2017 (unaudited)

	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000	12 months ended 31 December 2016 £'000
Profit for the financial period	**6,570**	6,195	14,473
Other comprehensive income:			
Items that may be reclassified to profit and loss:			
Currency translation differences on foreign currency net investments	**(7)**	1,401	1,924
Items that will never be reclassified to profit and loss:			
Remeasurement of defined benefit liabilities and assets	**935**	(1,305)	(2,201)
Related deferred tax	**(178)**	248	418

Other comprehensive income for the period net of tax	**750**	344	141
Total comprehensive income for the period	**7,320**	6,539	14,614

Notes to the consolidated interim financial statements
for the six months ended 30 June 2017

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 2016 does not constitute the group's statutory accounts for 2016 as defined in Section 434 of the Companies Act 2006. Statutory accounts for 2016 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 2017, 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

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 2016.

3 Revenue

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

	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000	12 months ended 31 December 2016 £'000
Continuing operations			
Hire	**29,405**	25,450	54,852
Sales	**3,906**	2,806	6,386
Installations	**2,023**	2,031	4,151
Group consolidated revenue from the sale of goods and provision of services	**35,334**	30,287	65,389

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

	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000	12 months ended 31 December 2016 £'000
United Kingdom	**22,624**	20,171	41,754
Rest of Europe	**7,067**	4,787	12,105
Middle East and Africa	**5,643**	5,329	11,530
	35,334	30,287	65,389

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

4 Taxation

	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000	12 months ended 31 December 2016 £'000
Current tax			
UK corporation tax at 19.25% *(30 June 2016 and 31 December 2016: 20%)*	**1,008**	980	2,253
Adjustments in respect of prior periods	**-**	-	(138)
	1,008	980	2,115
Overseas tax	**474**	299	838
Adjustments to overseas tax in respect of prior periods	**3**	7	(26)
Total current tax charge	**1,485**	1,286	2,927
Deferred tax			
Deferred tax on the origination and reversal of temporary differences	**55**	48	38
Adjustments in respect of prior periods	**-**	-	103
Total deferred tax charge	**55**	48	141
Total tax charge for the financial period attributable to continuing operations	**1,540**	1,334	3,068

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 19.25% *(30 June 2016 and 31 December 2016: 20%)* as follows:

	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000	12 months ended 31 December 2016 £'000
Profit before taxation from continuing and total operations	8,110	7,529	17,541
Tax at the UK effective annualised corporation tax rate of 19.25% *(30 June 2016 and 31 December 2016: 20%)*	1,561	1,506	3,508
Effects of:			
Expenses not deductible for tax purposes	57	45	48
Movement in overseas trading losses	13	(46)	(87)
Effect of different tax rates of subsidiaries operating abroad	(93)	(175)	(337)
Effect of change in rate of corporation tax	(1)	(3)	(3)
Adjustments to tax charge in respect of previous periods	3	7	(61)
Total tax charge for the financial period	1,540	1,334	3,068

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 19.25%; the rate of 19% for the tax year ending 31 March 2018 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.

	6 months ended 30 June 2017	
	Continuing earnings £'000	**Number of Shares**
Basic earnings/weighted average number of shares	**6,570**	**42,262,082**
Basic earnings per ordinary share (pence)	**15.55p**	

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

	12 months ended 31 December 2016	
	Continuing earnings £'000	Number of shares
Basic earnings/weighted average number of shares	14,473	42,262,082
Basic earnings per ordinary share (pence)	34.25p	

Diluted earnings per share

There were no dilutive instruments outstanding at 30 June 2017 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 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.

On 28 September 2017 the directors declared an interim dividend of 11.90 pence per ordinary share which in total amounts to £5,029,000. This will be paid on 3 November 2017 to shareholders on the register on 6 October 2017 and will be charged against reserves in the second half of 2017.

Dividends declared and paid on ordinary one pence shares during the 6 months ended 30 June 2016 were as follows:

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

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

Dividends declared and paid on ordinary one pence shares during the 12 month period ended 31 December 2016 were as follows:

	Paid during the 12 months ended 31 December 2016	
	Pence per share	Total dividend paid £'000
Final dividend for the year ended 31 December 2015 paid to members on the register as at 27 May 2016 on 24 June 2016	11.90p	5,029
Interim dividend declared on 28 September 2016 and paid to shareholders on the register as at 7 October 2016 on 2 November 2016	11.90p	5,029
	23.80p	10,058

The above dividends were charged against reserves during the 12 months ended 31 December 2016.

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 2017 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 £2,575,000 *(30 June 2016: £1,512,000; 31 December 2016: £1,161,000)*. The asset has been recognised in the financial statements as the directors are satisfied that it is recoverable in accordance with IFRIC 14.

Following the triennial recalculation of the funding deficit as at 31 December 2013 a revised schedule of contributions and recovery plan was agreed with the pension scheme trustees in June 2014. In accordance with this schedule of contributions, which is effective from 1 January 2014, the group made additional contributions in 2014 to remove the funding deficit calculated as at 31 December 2013 and this has now been eliminated as at 31 December 2014. Subsequently, to date, the group has continued to make a contribution towards expenses of £10,000 per month. In addition the group made an additional voluntary contribution of £32,000 per month from January 2016 and this was increased to £80,000 per month from April 2016. The formal triennial funding valuation as at 31 December 2016 is currently being finalised and this is likely to show a deficit of £0.7 million. The group has agreed to continue to make the current level of monthly contributions until either the formal approval of the schedule of contributions or the elimination of the estimated deficit, whichever is the earlier.

Assumptions used to calculate the scheme surplus

A qualified independent actuary has updated the results of the provisional December 2016 *(30 June 2016 and 31 December 2016: December 2013)* full actuarial valuation to calculate the surplus as disclosed below:

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

	30 June 2017 %	30 June 2016 %	31 December 2016 %
Rate of increase in pensionable salaries	**N/A**	N/A	N/A
Rate of increase in pensions in payment	**3.20**	2.90	3.30
Discount rate applied to scheme liabilities	**2.60**	2.80	2.70
Inflation assumption - RPI	**3.20**	2.90	3.30
Inflation assumption - CPI	**2.20**	1.90	2.30
Percentage of members taking maximum tax free lump sum on retirement	**90.0**	90.0	90.0

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 2017 is 110% S2NA CMI2015 *(30 June 2016 and 31 December 2016: 110% S2NA CMI2015)* with a 1% per annum long term improvement for both males and females *(30 June 2016 and 31 December 2016: 1% males and females).*

The assumed average life expectancy in years of a pensioner retiring at the age of 65 given by the above tables is as follows:

	30 June 2017	30 June 2016	31 December 2016
Male, current age 45	**22.6 years**	22.6 years	22.6 years
Female, current age 45	**24.9 years**	24.9 years	24.9 years

Valuations

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and are inherently uncertain, were as follows:

	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Total fair value of plan assets	**44,403**	40,768	43,368
Present value of defined benefit funded obligation calculated in accordance with stated assumptions	**(41,828)**	(39,256)	(42,207)
Surplus in the scheme calculated in accordance with stated assumptions recognised in the balance sheet	**2,575**	1,512	1,161

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

	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Fair value of plan assets at the start of the period	**43,368**	37,734	37,734

Interest income on pension scheme assets	**580**	688	1,383
Actual return less interest income on pension scheme assets	**848**	2,737	4,927
Employer contributions	**540**	396	936
Benefits paid	**(851)**	(717)	(1,490)
Administration expenses charged in the income statement	**(82)**	(70)	(122)
Fair value of plan assets at the end of the period	**44,403**	40,768	43,368

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

	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Present value of defined benefit funded at the beginning of the period	**(42,207)**	(35,291)	(35,291)
Interest on defined benefit obligation	**(559)**	(640)	(1,278)
Actuarial gain/(loss) recognised in the CSOCTI calculated in accordance with stated assumptions	**87**	(4,042)	(7,128)
Benefits paid	**851**	717	1,490
Closing present value of defined benefit funded obligation calculated in accordance with stated assumptions	**(41,828)**	(39,256)	(42,207)

Amounts recognised in the income statement

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

	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Interest income on pension scheme assets	**580**	688	1,383
Interest expense on pension scheme liabilities	**(559)**	(640)	(1,278)
Net pension interest credit included within finance income	**21**	48	105
Scheme administration expenses	**(82)**	(70)	(122)
Net pension charge in the income statement	**(61)**	(22)	(17)

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

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

	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Actual return less interest income on pension scheme assets	**848**	2,737	4,927
Experience gains and losses arising on plan obligation	**210**	281	-
Changes in demographic and financial assumptions underlying the present value of plan obligations	**(123)**	(4,323)	(7,128)
Actuarial gain/(loss) in calculated in accordance with stated assumptions recognised in the CSOCTI	**935**	(22)	(2,201)

8 Called up share capital

	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Issued and fully paid:			
42,262,082 ordinary shares of one pence each *(30 June 2016 and 31 December 2016: 42,262,082 ordinary shares of one pence each)*	**423**	423	423

The company did not buy back any shares for cancellation during the 6 months ended 30 June 2017 or either of the comparative periods. The company did not issue any shares in the period or either of the comparative periods. No share options were granted, forfeited or expired during any of the periods and there were no share options outstanding at any period end.

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

9 Cash generated from operations

	6 months ended 30 June 2017 £'000	6 months ended 30 June 2016 £'000	12 months ended 31 December 2016 £'000
Profit for the period attributable to equity shareholders	**6,570**	6,195	14,473
Adjustments for:			

Taxation charge	**1,540**	1,334	3,068
Finance costs	**59**	73	150
Finance income	**(49)**	(145)	(308)
Inter-company foreign exchange gains and losses	**51**	(1,062)	(1,567)
Profit on the sale of property, plant and equipment	**(292)**	(298)	(462)
Depreciation	**3,013**	2,702	5,310
EBITDA*	**10,892**	8,799	20,664
Excess of pension contributions compared with service and administration expenses	**(458)**	(326)	(814)
Workings capital movements:			
Stocks	**(728)**	(2,195)	(2,251)
Trade and other receivables	**(402)**	508	(1,876)
Trade and other payables	**(698)**	325	1,970
Cash generated from operations	**8,606**	7,111	17,693

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

10 Analysis of net funds

	30 June 2017 £'000	30 June 2016 £'000	31 December 2016 £'000
Cash and cash equivalents per cash flow statement	**22,453**	20,590	22,819
Bank loans	**(4,964)**	(4,985)	(4,995)
Obligations under finance leases	**(86)**	(213)	(151)
Gross debt	**(5,050)**	(5,198)	(5,146)
Net funds	**17,403**	15,392	17,673

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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