ANDREWS SYKES GROUP PLC
ANNUAL REPORT & FINANCIAL STATEMENTS
2007

ANDREWS SYKES GROUP PLC

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A THRIVING BUSINESS
IN A DYNAMIC SECTOR

Contents

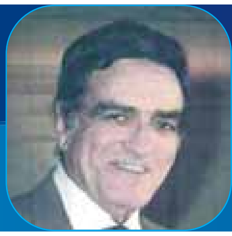
SUMMARY OF **RESULTS**

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Revenue from continuing operations	**57,846**	59,768
Normalised EBITDA* from continuing operations	**18,173**	18,887
Adjusted operating profit**	**14,184**	15,272
Profit for the financial period	**8,549**	9,708
Basic earnings per share from continuing operations	**19.19p**	22.11p
Adjusted basic earnings per share from continuing operations excluding pension curtailment charge	**20.62p**	22.11p
Net cash inflow from operating activities	**7,067**	11,537
Net debt	**12,344**	16,167

* Earnings Before Interest, Taxation, Depreciation, profit on sale of fixed assets, Amortisation and impairment charges as reconciled on the consolidated income statement.

** Normalised operating profit before pension curtailment charge.

CHAIRMAN'S **STATEMENT**



Overview and financial highlights

The group achieved an adjusted operating profit* of £14.2 million for 2007 which compares with £15.3 million in 2006, our record year.

Therefore although these profits are lower than 2006 I still consider that this is an extremely good performance, particularly considering we did not experience the very hot and favourable conditions of the summer of 2006 which contributed to a £2 million decrease in revenue to £57.8 million.

More importantly, this result highlights the fact that the group is now less weather dependent than ever before. It has been our strategy for some time to move away from this dependency and our group now has a diverse range of income streams thereby providing a solid base of revenue underpinning the business. This, combined with our ongoing strict cost control policy, ensures that we are able to deliver satisfactory results even in the face of less than favourable climatic conditions.

Our main trading subsidiary, Andrews Sykes Hire, continues to perform well. It continues to expand its business in non-seasonal hire markets, particularly through its specialist hire division. It has continued to expand its presence in niche markets and these non-traditional businesses operate without undue influence from seasonal weather patterns.

We have, of course, continued to support our traditional business roots. The pumping division performed extremely well in 2007, taking advantage of the opportunities presented. We will invest more in this business, as well as in our profitable air conditioning and heating divisions, in order that we are well placed to satisfy our customers' demands whenever they arise. A more detailed review of this year's performance is given in the Operations Review and Financial Review within the Directors' Report.

Pension curtailment offer

As I reported at the half year, an offer was made to all deferred members of our defined benefit pension scheme giving them the opportunity to transfer their accrued rights to an alternative pension provider.

The offer, which was substantially completed in 2007, has resulted in a reduction of the pension scheme deficit of £3.5 million, a charge to the income statement of £0.9 million and a cash outflow of £4.3 million. This was mainly financed by an agreed reduction in the July 2007 loan repayment from £5 million to £1 million.

* Normalised operating profit before pension curtailment charge.

Net debt

Net debt has been reduced by £3.9 million from £16.2 million to £12.3 million this year despite the following significant cash outflows:

	£m
Capital expenditure net of disposal proceeds	4.6
Pension curtailment offer	4.3
Corporation tax payments	3.0
Regular defined benefit pension scheme payments	1.5
	13.4

This reflects the strong cash generating ability of the group.

Share buyback programme

The board continues to believe that shareholder value will be optimised by the purchase, where appropriate, of our own shares. Consequently at the forthcoming AGM, the board will request that shareholders vote in favour of a resolution to renew the authority to purchase up to 12.5% of the ordinary shares in issue.

Subsequent events

Recognising the fact that no interim or final dividends were declared or paid during either the current or previous financial period, I am pleased to report that the board has announced two interim dividends for the 2008 financial year amounting to approximately £15.0 million since the year-end. This continues the board's policy of returning value to shareholders wherever possible.

Prior to the payment of the above dividends the company consulted with the Andrews Sykes Defined Benefit Pension Scheme trustees and the pension regulator and agreed to pay an additional one-off contribution of £1.7million into the scheme as well as maintaining the regular monthly payment of £125,000.

The above payments will be mainly financed by additional borrowings of £10 million.

Outlook

The group's continuing strategy of investing in its traditional core products and services, the increase in non-seasonal business and investment in new technically advanced and environmentally friendly products proved to be successful in 2007 and will therefore be continued into 2008. Overall trading in the first quarter of 2008 was in line with expectations.

JG Murray *Chairman*

30 April 2008

"Our strategy to target markets that are less reliant on the weather was successful in 2007; the winter was mild, the summer was cool and wet. However our continual investment in modern equipment has enabled us to enter new niche markets. These new opportunities were targeted during the year and provided a great deal of success in terms of volume growth, additional revenue and consistency of business for future years. Particular success was enjoyed by pumping, chiller and boiler divisions which all provided significant growth. With our overseas operations also producing good results and our proven ability to control our cost base, the group is able to report a good result without the help of the weather."

Paul Wood
Managing Director, Andrews Sykes Group plc

DIRECTORS' **REPORT**

Operations Review

Overview

The consolidated adjusted operating profit* from continuing operations this year was £14.2 million compared with £15.3 million in 2006. This was achieved by a very strong performance for the group from the pumping and specialist hire divisions despite a challenging summer period for our air conditioning business.

Adjusted operating profit

The following table summarises revenue and adjusted operating profit split between the first and second half year periods:

Continuing operations	Revenue £m	Adjusted operating profit* £m
First half 2007	**27.2**	**5.7**
First half 2006	27.6	5.4
Second half 2007	**30.6**	**8.5**
Second half 2006	32.2	9.9**
Total 2007	**57.8**	**14.2**
Total 2006	59.8	15.3

* Normalised operating profit before pension curtailment charge.
** Includes £0.2 million profit on the sale of property.

Andrews Sykes Hire Limited

The main UK trading subsidiary Andrews Sykes Hire Limited had a successful year, producing the second best ever operating profit despite a difficult summer period. This followed our record year of 2006, which enjoyed the second warmest summer for the UK since records began in 1914. Conversely, the summer of 2007 was the wettest summer for the UK, again since records began. Although the wet summer adversely affected our air conditioning business, the pumping business took great benefit from the opportunities created. Taking the year as a whole, turnover reduced by 1.7% to £42.3 million resulting in an operating profit of £12.8 million, which was down by 2.1 % compared with 2006. The overall performance further underlined the strong business strategies implemented by management during the year to develop the business without the reliance for very hot or very cold weather conditions.

The heating hire business had a slow start during the early part of 2007, but finished with a strong performance. This produced an overall performance slightly below that of 2006, but provides a strong platform for the 2007/2008 winter.

The pumping division provided very strong growth throughout the year, this division certainly benefited from the very high level of rainfall throughout the UK. However the majority of the growth can be attributed to the ongoing sales focus that was established during 2006. Several new contracts were gained during the year which will continue to provide a level of business throughout the next three years. This further demonstrates the success of our management strategies to provide revenue without reliance on the weather.

2007 was a special year for the Sykes Pump brand, which celebrated its 150th year anniversary having been established by Henry Sykes in 1857. This was commemorated in many ways both with our staff and customers. Substantial investment in our hire fleet continued to raise the profile of our equipment and reduced the average age of the fleet. The focus of the investment was based around environmentally improved super silenced units and submersible pumps. The demand for these items was particularly high throughout the year.

The air conditioning division produced a disappointing performance for the year, with the wet summer months affecting the results. Despite the difficult year, the company continued to invest in new equipment bringing the hire fleet up to the very highest standards in terms of performance and new technology. Further progress was made with our central contact centres and our key account strategy. The ongoing focus on non-weather related cooling applications such as IT suites and server rooms provided a level of success with several large contracts won during the year.

Another beneficiary of the wet weather was our drying division, which produced a positive improvement. This division provides dehumidifiers for hire and these were mainly used for drying out properties, both industrial and domestic, after the severe flooding in the summer months.

SYKES PUMPS™

"In 2007 we celebrated 150 years of the Sykes Pumps brand and our celebrations were enhanced by a record performance. Our strategy of securing contracts from non-construction related sectors, which are less weather dependent, has continued to be successful and the quality of our agreements with companies who operate nationally has improved giving us more regular revenue streams across the depot network. Our policy of fleet investment of recent years, with a particular focus on silenced units and submersible pumps has continued, this has seen both the size and the quality of the fleet improve.

The management team has been significantly strengthened during the year and we are benefiting from individual performance improvements as a result."

Bob Willoughby
Technical Director
Andrews Sykes Hire Limited

DIRECTORS' REPORT

The specialist hire division enjoyed another very successful year. This division, which markets and manages our range of specialist chiller and boiler equipment, produced a result above the 2006 performance. This was achieved despite the disappointing summer temperatures, which adversely affected the chiller hire. During the year the business invested in a range of high capacity chillers, which extended our range. This has in turn enabled us to attack new niche markets, which are less susceptible to climatic conditions. Our boiler range, which extends to 500kw fully equipped boiler plant rooms, supplied in containerised packages, had a successful year. Further investment in this range was made in 2007 and utilisation continued to run at a strong level.

Throughout 2007 the company made significant improvements in the environmental standards of both the equipment that we hire and also the working practices throughout our depot network. This was highlighted by the successful accreditation to ISO14001 in August 2007. The company is committed to providing further improvements in the environmental standards of our equipment and to provide our customers with a unique and superior solution to their applications. This is further supported by a commitment within our engineering support, which has improved the quality and general standards of our equipment before it goes on hire. This has also increased the availability of our equipment to ensure customers receive a rapid response, both for the delivery of equipment and also service backup.

Further improvements and developments to our IT systems were made in 2007, which enable fast and concise management information to be provided to the business. The group website was further developed and will continue to be improved and expanded during the forthcoming years.

Andrews Sykes Hire continues to concentrate on its core product range of pumping, heating and cooling equipment, whilst focusing on markets that are less reliant on climatic conditions, but still being able to take advantage of any extremes of weather conditions whenever they arise. This was demonstrated in 2007 by a strong profit performance despite some unfavourable weather conditions. Our hire fleet investment will continue to focus on products that have increased efficiency, environmental advantages and new technological developments. At the same time the business will also control its cost base to ensure that satisfactory levels of profits can be achieved even when we experience unfavourable weather conditions.

Andrews Air Conditioning and Refrigeration Limited

Andrews Air Conditioning and Refrigeration, our fixed air conditioning installation and service business, produced a small operating profit, which was similar to the result achieved last year. Several structural changes were made in this division throughout the year; these increased operating efficiency and reduced operating costs. This division suffered more than most in 2007, as it is very reliant on warm weather to drive enquiry level during the summer months. The lower cost base that is now in place should start to show benefit once activity increases during what we would expect to be a normal summer.

Andrews Sykes BV

Andrews Sykes BV, our subsidiary based in the Netherlands, produced a good operating profit result despite the unfavourable weather conditions. Turnover was slightly lower

than 2006, but this did not prevent the business from making its second best ever operating profit. Like the UK, the continued development towards non-weather related applications helped to provide the successful result. This along with a strong and mature management team, continues to provide a firm foundation for further development throughout Europe.

Our Netherlands depot network now consists of three locations that are based close to the three major cities of Rotterdam, Amsterdam and Eindhoven. Each of these locations produced strong performances for both heating and specialist hire equipment that helped to offset the deficit created by the poor performance by our air conditioning equipment. The Dutch business had a very strong end to the year which provides an optimistic view for the start of 2008.

Andrews Sykes BVBA

In May 2007 Andrews Sykes opened our first hire depot in Belgium. This operation, which is based in Brussels, experienced a very slow start which was mainly due to the very poor summer throughout Europe. However as the year came to an end, the business was showing signs of success with a wide range of equipment on hire to several different industries. This included a long term heating project in the centre of Brussels and a number of chiller hire projects.

This new business is managed by our Dutch operation, which works in very close co-operation with the company throughout the Benelux region. This new operation in Belgium also provides another opportunity to grow our business into new territories.

Rentacool LLC

Also in May 2007, we opened a small subsidiary company, Rentacool LLC, in Miami, USA. This is a low cost based operation that hires and sells air conditioning equipment. The company, as anticipated, is making a loss in its first year whilst developing local markets. Prospects for 2008 look more encouraging.

Khansaheb Sykes LLC

Khansaheb Sykes is our long established dewatering and pump hire company, which is based in the United Arab Emirates (UAE).

This business produced a good performance in 2007, which was created by an excellent second half. During the year the business benefited from further investment within the hire fleet and also further development of our management team. The ongoing development and construction projects within the UAE provide excellent opportunities for our products and services. Our business, which has locations in Dubai, Sharjah and Abu Dhabi is now in a very strong position to capitalise on these projects.

Our UAE business continues to provide a good outlet for pump sales into other Middle Eastern countries and this will continue to be developed via our agents and associate companies.

Summary

2007 proved to be a challenging year for the group, which was predominantly due to the wettest summer on record. Despite these difficulties, the business demonstrated its strength in attaining a strong profit result and continued to develop its core business regardless of the climatic conditions. The group will continue to invest in modern, efficient and environmentally improved equipment, which will enable us to pursue our strategy of organic growth primarily in the UK, Europe and the Middle East. The business will continue to develop new sales channels and propositions that will enable the group to be ready to take advantage of any favourable market conditions and opportunities as they arise.

ANDREWS HEAT FOR HIRE

"Even though average winter temperatures were higher than normal for both the start and the end of 2007 we finished the year strongly with our heating products. Our technical expertise enabled us to offer our customers solutions to their temperature control problems that utilised a broad mix of our product portfolio and ensured that their working environments were maintained for maximum efficiency. The very wet weather conditions, especially during the summer months, provided us with opportunities for our drying products, which enabled us to optimise our fleet of dehumidifiers.

In consideration of environmental issues we continued to increase the size of the fleet with equipment that offered the very highest efficiency ratings in their class."

Richard Galvin
Southern Operations Director
Andrews Sykes Hire Limited

DIRECTORS' REPORT

FINANCIAL REVIEW

Key Performance Indicators (KPI)

The KPIs are as follows:

	52 weeks ended 29 December 2007	52 weeks ended 31 December 2006
Average revenue per employee	**£120,000**	£124,000
Operating cash flow(1) as a percentage of operating assets(1) employed	**66.2%**	70.6%
Operating profit divided by net interest charge	**12.0**	12.0
Basic EPS from continuing operations (pence)	**19.19 p**	22.11 p

(1) Cash generated from operations before defined benefit pension scheme contributions. Operating assets are net assets employed excluding pension liabilities, loans, deferred and corporation tax balances and cash.

Non-financial KPIs monitored by the board include asset utilisation and health and safety statistics.

Pension curtailment charge

During the year every member of the Andrews Sykes Group 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.

In the event 290 members decided to transfer out of the pension scheme, of which 10 were still in progress at the end of the year. This resulted in the following charge in the income statement, cash outflow and reduction in the IAS 19 pension scheme deficit:

	Income statement £m	Cash flow £m	Pension scheme deficit reduction £m
Cash bonus payments and on costs	2.3	2.3	-
ETV payments to pension scheme	-	1.9	1.9
Legal costs	0.2	0.2	-
Settlement gain	(1.6)	-	1.6
Creditor re transfers in progress	-	(0.1)	-
Impact on 2007 accounts	**0.9**	**4.3**	**3.5**

There was a significant settlement gain of £1.6 million (shown in note 32 as a reduction in the scheme assets of £11,723,000 and a reduction in scheme liabilities of £13,345,000) as this includes the gain on members who chose to receive the cash bonus, the charge for which is included directly in the income statement.

ANDREWS AIR CONDITIONING

"Withstanding the challenges presented by the unseasonal temperatures during the key summer months, significant and positive progress was made in 2007. We have been successful in renewing existing hire contracts with major customers and securing new contracts with similar blue chip companies. Despite the weather conditions we continued our investment in new equipment to ensure that our fleet remains fresh and modern, reflecting the desire of our customers to have not only a functional unit in their environment, but one whose look and performance reflects their surroundings.

Our contact centre continues to develop with improved sales processes enabling us to better target key growth markets and provide customers with a high level of service."

Steve Reeve
Sales Director
Andrews Sykes Hire Limited

DIRECTORS' **REPORT**

Operating profit

Despite the above pension curtailment charge of £0.9 million and the impact on our air conditioning hire business of a very mediocre summer, more details of which are given in the above Operations Review, operating profit only moved by £2 million from £15.3 million last year (our best ever result) to £13.3 million this year. This reflects the underlying strength and diversification of our business which, thanks to our combined strategies of developing our less weather dependent niche market activities and ongoing cost control, now has the ability to generate a satisfactory level of operating profit whatever the weather conditions.

Net interest charge

Despite an increase in the weighted average interest rate from 5.73% last year to 6.15% this year, the net interest charge fell from £1.3 million to £1.1 million. This is due mainly to our strategy of taking out interest rate caps to limit the group's exposure to increases in LIBOR, as well as a reduction of £1 million in the level of outstanding bank loans in the middle of the year to £24 million at the year end. Further details of the interest rate caps held at the year end are given in note 37 to the consolidated financial statements. As a result of this strategy, the group does not have a significant exposure to interest rate increases.

Tax on profit on ordinary activities

The group's overall effective tax rate is 31% which is slightly above the standard tax rate in the UK for the current year of 30%. This reflects expenses not deductible for tax purposes in the UK, the write off of certain withholding tax payments and the effect on the deferred tax asset of the reduction in the corporation tax rate to 28% with effect from 1 April 2008.

A reconciliation of the theoretical corporation tax charge based on the accounts profit multiplied by 30% and the actual current tax charge is given in note 12 to the consolidated financial statements.

Earnings per share

Basic earnings per share from continuing operations is 19.19 pence this year compared with 22.11 pence last year. This is due to the fall in operating profit discussed above but is still a very creditable performance and is the group's second highest EPS on record. Based on the year end mid-market share price of 143 pence, this gives a low P/E ratio of 7.45.

Cash flow from operating activities

	2007 £m	2006 £m
Operating profit	**13.3**	15.3
Depreciation, impairment losses and asset disposals	**4.0**	3.6
EBITDA	**17.3**	18.9
Pension curtailment income statement charge	**0.9**	-
Costs of pension curtailment offer	**(4.3)**	-
Monthly defined benefit scheme payment	**(1.5)**	(1.5)
Interest paid	**(1.1)**	(1.6)
Tax paid	**(3.0)**	(2.8)
Net working capital movements	**(1.2)**	(1.5)
Net cash inflow from operating activities	**7.1**	11.5

The table above summarises the group's cash flow from operating activities compared with the previous year.

The group continues to generate strong operating cash flows.

Cash paid during the year in connection with the pension curtailment offer amounted to £4.3 million as discussed above.

During both the current and previous periods the group made a significant level of regular payments to the defined benefit pension scheme and these are discussed in more detail on pages 14 and 15.

ANDREWS BOILERS

"Further enhancements of our boiler portfolio combined with investment in our standard range proved to be a major success for this division in 2007. The continual development of our product, service capabilities and sales infrastructure has extended our application coverage and widened our market sectors. Careful management allowed utilisation to remain high during 2007 with many long term contracts being secured. Following the award of Corgi registration in 2007, we are now able to supply, install and service natural gas fired boilers. This has enabled us to secure major contracts within the public sector.

The introduction of equipment to commission under floor heating systems in new buildings has been welcomed by the construction industry and continues to secure contracts."

Dennis Gwynne
Technical Director
Andrews Sykes Hire Limited

DIRECTORS' REPORT

Net debt

The group's net debt decreased from £16.2 million at 1 January 2007 to £12.3 million by 29 December 2007. The movement can be reconciled as follows:

	£m
Opening net debt	16.2
Significant inflows:	
Operating activities	(7.1)
(after £4.3m costs of pension curtailment offer and £1.5m pension payments)	
Other factors	(1.4)
Significant outflows:	
Capital expenditure net of disposal proceeds	4.6
Closing net debt	**12.3**
Comprises:	
Bank loans	24.0
Finance lease obligations	1.4
Cash at bank	(13.1)
Total net debt	**12.3**

The bank loans are repayable over 4 years by three annual instalments of £5 million commencing July 2007 followed by a final payment of £9 million in July 2011. Interest is charged based on LIBOR plus a margin of between 0.5% and 1.25%.

Risk management

The group's principal risks are as follows:

Strategic risks

In common with all entities operating in a dynamic marketplace, the group faces a number of strategic risks. Management have developed long term business plans to manage the impact of these risks to ensure that the group continues to deliver a satisfactory performance in future years. The main strategic risks faced by the business together with the actions taken by management to mitigate their impact, are set out below.

Increased competition, product innovations and industry changes are regarded as the main strategic risks. New product developments by our competitors could impact on customer demand and the utilisation of our hire fleet. These are mitigated by investment in new environmentally friendly technically advanced products and equipment and providing service levels that are recognised as being among the best in the industry. We undertake market research and customer satisfaction studies to ensure that our products and services continue to meet the needs of our customers.

In order to remain competitive management recognises the need to invest in appropriate IT equipment and software. Consequently the communication network, website and data capture systems are all being constantly reviewed and updated to ensure they remain at the forefront of industry standards. During the year the group's main IBM AS400 system was upgraded and replaced by a new state of the art system.

The potential impact of the weather has been significantly reduced over the past few years by the expansion of our non-weather related business. The group also has a diverse product range of pumps, heaters and air conditioning and environmental control equipment which enables it to take maximum advantage of any extremes in weather conditions whenever they arise. This, combined with our policy of reducing fixed costs and linking them to a sustainable level of turnover, enables the group to achieve a satisfactory level of profits even in non-extreme weather conditions.

Financial Risks

There has been no change during the year, or since the year end, to the type of financial risks faced by the group or the group's management of those risks.

The key risks, which are discussed in more detail in note 37 to the consolidated financial statements, are:

- Interest rate risk
- Foreign exchange risk
- Credit risk
- Funding and liquidity

Pension scheme deficit

As set out in note 32 to the consolidated financial statements, the present value of the pension scheme liabilities calculated in accordance with IAS 19 is £27.1 million which, after deducting pension scheme assets of £25.9 million, results in a pre tax deficit of £1.2 million. Although this has been significantly reduced from last year's deficit of £6.6 million, see below, management continues to work with the pension scheme trustees to maximise the return from the pension scheme assets and to match that return with the pension scheme liabilities as they crystallise in order to minimise the exposure to the group.

ANDREWS CHILLERS

"During the year a major investment in our fluid chiller fleet was made which extended our range both in terms of size and capacity, this in turn allowed us to target new market sectors. Process work and low temperature applications were the main focus, in addition to growing our strong market position in the heating and cooling market. Our successes for 2007 included the award of a long term contract for the supply of specialist products and services. Our service and technical standards are now industry leading and offer an extensive nationwide coverage.

The continual development of our internal sales and administration team has further enhanced our sales activity; this was illustrated in the results for the year."

Carl Webb
Divisional Director
Andrews Sykes Hire Limited

DIRECTORS' **REPORT**

Andrews Sykes Group Pension Schemes

Defined benefit pension scheme

The group had for many years operated a defined benefit pension scheme for the benefit of the majority of its UK employees. This scheme provided a pension based on the employee's final salary and length of service.

The board reviewed the appropriateness of the scheme taking into account the interests of both the employees and the shareholders. Accordingly, to minimise the impact on the group's results in the future and with the agreement of the trustees, the scheme was closed to new entrants on 31 December 2002. Existing members are no longer eligible to make future contributions to the scheme and no further pension liabilities accrue as a result of any future service.

The group has adopted the requirements of IAS 19 – Employee Benefits and the scheme deficit has been calculated, in accordance with the rules set out in the standard, by an independent qualified actuary as at 31 December 2007. The deficit at the year end amounted to £1.2 million before deferred tax relief of £0.3 million.

The assumptions used by the actuary to calculate the deficit together with additional disclosures required by IAS 19, are set out in note 32 to the financial statements. In summary during the year the overall gross deficit has decreased from £6.6 million to £1.2 million as follows.

	£m
Opening IAS 19 deficit	6.6
Contributions paid by the group into the scheme – normal	(1.5)
Contributions paid by the group into the scheme – pension curtailment offer	(1.9)
Settlements and curtailment following pension curtailment offer	(1.6)
Actuarial gain on scheme assets	(0.2)
Actuarial gain on scheme liabilities	(0.1)
Net finance income	(0.1)
Closing IAS 19 deficit	**1.2**

Further details of the pension curtailment offer are given on pages 8 and 9 above.

The group are continuing to make 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 with the trustees of the pension scheme.

As set out in the subsequent event note on page 17, after the end of the year the group has agreed with the trustees to pay an additional one-off contribution of £1.7 million to the pension scheme. Accordingly the current best estimate of contributions to be paid to the scheme during 2008 is £3.2 million.

Defined contribution pension scheme

On 1 January 2003 a new pension scheme was introduced, the Andrews Sykes Stakeholder Pension Plan to which the majority of UK employees are eligible. The scheme is managed on behalf of the group by Legal & General. The employer's contribution rates vary from 3% to 15%, the current average being 4.2%. The charge in the income statement in the current year amounts to £0.2 million. Employee contribution rates normally vary between 3% and 5% with the employees having the option of increasing their contributions after 5 years of membership. The contributions are used to purchase a specific fund for the individual employee with both gains and losses from changes in the fund's market value accruing to that employee.

ANDREWS AIR CONDITIONING

"Our fixed air conditioning installation, service and maintenance business experienced an extremely challenging year. This division more than others was adversely affected by the very poor summer, which delayed new installations and also created a huge reduction in service type work. Overall the market for new air conditioning installation remains buoyant and demand looks likely to return to sensible levels along with normal summer temperatures. Internally we have restructured this business with a strong focus on our service and maintenance offering, where we have a unique proposition and new initiatives to provide additional services to our customers. Overhead cost reductions have been achieved through efficiency gains, which will allow us to become more profitable as the demand increases."

Paul Aldred
Divisional Director
Andrews Air Conditioning & Refrigeration Limited

DIRECTORS' **REPORT**

Reconciliation of movement in the group shareholders' funds

Group shareholders' funds have increased from £4.2 million at the beginning of the year to £13.5 million at the year end. The movement can be reconciled as follows:

	£m
Opening surplus attributable to equity shareholders of the parent	4.2
Profit for the financial period	8.5
IAS 19 actuarial gains net of deferred tax	0.2
Currency translation differences on foreign currency net investments	0.6
Closing group shareholders' funds	**13.5**

Subsequent events

As part of the group's strategy of continuing to return value to shareholders wherever possible, the directors have declared two interim dividends since the year end prior to these accounts being signed. Full details of these dividend payments are given in note 40 to the consolidated financial statements but in total approximately £15 million has been returned to shareholders.

The above dividends will be mainly financed by new bank loans of £34 million, which will replace the previous loans of £24 million, repayable over 5 years. The interest rates and covenants are similar to the current loan agreements and interest rate caps will continue to be held for the majority of the loans to limit the group's exposure to increases in LIBOR. The group also has an additional loan facility of £5 million which can be drawn down under certain circumstances.

Prior to agreeing to declare the above dividends, the board consulted with both the trustees of the Andrews Sykes Group Defined Benefit Pension Scheme and the pensions regulator. As a consequence it was agreed to make an additional one-off payment of £1.7 million into the pension scheme to further reduce the funding deficit. In addition, the current monthly contribution rate of £125,000 will continue. The pensions regulator issued a clearance statement under section 42 of the Pensions Act 2004 on 17 April 2008.

Share buyback programme

It is the group's strategy to continue to have the ability to follow the share repurchase programme providing the necessary cash flows are available. In previous periods the share buyback programme has enhanced earnings per share and shares will only be bought back for cancellation in this circumstance. Accordingly at the Annual General Meeting shareholders will be asked to vote in favour of a resolution to purchase up to 12.5% of the ordinary share capital in issue.

ANDREWS SYKES GROUP PLC

"In the Netherlands our business continued to perform well, even though weather conditions were particularly unkind to us. The mild winter and cool summer did little to help us. However growth in the construction industry and our focus on less weather related applications enabled our Dutch subsidiary to make a healthy profit, which was above target. We are now successfully operating from three locations in Holland, close to Rotterdam, Amsterdam and Eindhoven.

During the year we extended our coverage in mainland Europe, by opening a new subsidiary in Belgium. Located in Brussels this business opened in the summer months and had a good end to the year, giving us a strong base on which to continue our growth."

Rene Kol
Managing Director
Andrews Sykes BV

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

Principal activities

The principal activity of the group continues to be the hire, sale and installation of a range of equipment, including pumping, portable heating, air conditioning, drying and ventilation equipment. A review of the group's activities and an indication of likely future developments are set out in the Chairman's Statement, the Operations Review and Financial Review on pages 2 to 17.

Results and dividends

The results for the financial period are set out in the consolidated income statement on page 25.

The directors did not declare any interim or final dividends in either the current or previous financial periods.

Details of interim dividends declared for the financial period ending 31 December 2008 are given in the financial review and in note 40 of the consolidated financial statements.

The directors in office at 30 April 2007 are shown on page 22.

On 8 February 2007 the board appointed Ms MC Leon, Mr X Mignolet and Mr JL Simmonds as non-executive directors and these appointments were ratified at the 84th AGM held on 6 June 2007.

On 29 February 2008 the board appointed Mr RC King as non-executive director. On the same day, Mr JL Simmonds resigned as a non-executive director.

In accordance with the Articles of Association Mr RC King, being appointed to the board subsequent to the last Annual General Meeting, will retire and being eligible will offer himself for re-election at the forthcoming Annual General Meeting.

Also in accordance with the Articles of Association, Mr JG Murray and Mr FMB Gailer retire by rotation and being eligible will offer themselves for re-election at the forthcoming Annual General Meeting.

Directors' interests

Other than the beneficial interests disclosed below, no director in office at 29 December 2007 had any disclosable interest in share capital of the company or any subsidiary undertaking.

	Ordinary one pence shares		
	At 30 April 2008	At 29 December 2007	At 31 December 2006
JG Murray	37,707,369	37,707,369	37,727,369
JJ Murray	407,845	407,845	407,845
FMB Gailer	-	-	10,000
JC Pillois	409,206	409,206	409,206
EDOA Sebag	13,216	13,216	13,216
PT Wood	7,945	7,945	7,945

Mr JG Murray's interest includes those of EOI SYKES Sarl of which he is the sole beneficial shareholder.

Substantial shareholdings

At 30 April 2008 the company had been notified of the following interest of 3% or more in the company's issued ordinary share capital:

	Number	Percent
EOI SYKES Sarl	36,377,213	81.65%

Directors' share options

None of the directors in office at 27 December 2007 held any options to subscribe for ordinary shares at either 27 December 2007 or 31 December 2006. There have been no changes in the directors' share options during the period from 27 December 2007 to 30 April 2008.

The mid-market price of the company's ordinary shares on 27 December 2007 was 143 pence. The highest and lowest mid-market prices during the 52 weeks ended 27 December 2007 were 200 pence and 128 pence respectively.

خانصاحب سايكس

Khansaheb Sykes

"This subsidiary, which is based in the UAE, produced a good result which was driven by an excellent second half. With main depot locations in Sharjah and Abu Dhabi, the business is well placed to capitalise on the high level of construction and infrastructure projects that are ongoing throughout the region and planned to continue for many years. This business specialises in ground water control applications, which provide excellent pump hire utilisation. With very high water tables most foundations for buildings require dewatering. As demand grows we continue to make further investments both in terms of hire fleet and staff. Khansaheb Sykes also distribute and sell specialist pump units to other Middle East locations where demand is also very strong."

Dave Crawford
General Manager
Khansaheb Sykes LLC

DIRECTORS' **REPORT**

Health, safety and the environment

Andrews Sykes Group plc aims to achieve world class performance in health, safety and environmental issues by eliminating injuries, work related ill-health and minimising the effect of our activities on the environment. Health and safety officers are appointed at each location and receive periodic training to keep abreast of both legislative requirements and technological advances. The company aims to continually improve its performance in order to meet changing business and regulatory requirements.

Employment of disabled persons

The group makes every reasonable effort to give disabled applicants and existing employees becoming disabled, equal opportunities for work, training and career development in keeping with their individual aptitudes and abilities.

Employee involvement

The group recognises the need to ensure effective communications with employees to encourage involvement in the group's performance and achieve a common awareness of factors affecting that performance. Policies and procedures have been developed to suit the needs of each subsidiary undertaking, taking into account factors such as numbers employed and location, including newsletters and communication meetings.

Payment to suppliers

The group agrees payment terms with all suppliers when it enters into binding purchase contracts. The group seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The group does not follow any standard or external code which deals specifically with the payment of suppliers. The group's average credit period taken for trade purchases is 49 days (*31 December 2006: 50 days*). The parent company, Andrews Sykes Group plc, has no trade creditors.

Special business

Four resolutions are to be proposed at the Annual General Meeting as special business, resolutions 6 and 7 as ordinary resolutions and resolutions 8 and 9 as special resolutions.

Two resolutions, numbered 6 and 8, will be proposed at the Annual General Meeting, the combined effect of which will be to confer powers on the directors to allot or grant options over ordinary shares up to a maximum nominal value of £66,829 as they see fit. If the resolutions are approved at the Annual General Meeting the directors will then be able to allot or grant options as aforesaid, otherwise than pro rata to existing shareholders, to motivate key employees and to reinforce the link between their personal interest and those of the shareholders.

Resolution number 7 would, if approved at the Annual General Meeting, renew the powers of the directors to make market purchases of the company's own shares of up to a maximum of 5,569,108 ordinary shares of one pence each representing 12.5% of the current ordinary issued share capital. This authority would then enable the directors to carry out the strategy of making own market purchases to increase shareholder value as set out in the Chairman's Statement and the Financial Review section of the Directors' report.

Resolution number 9 proposes the adoption of new Articles of Association. These have been prepared to remove references to classes of shares in the Company which no longer exist, specifically the Convertible Preference Shares and Cumulative Preference Shares. In addition the Articles have been updated to reflect the changes introduced by the Companies Act 2006, in particular by updating references to older statutes which have now been replaced by the 2006 Act.

ISO 14001
BUREAU VERITAS
Certification

Purchase of own shares

During the year and subsequently, the company did not purchase any of its own ordinary one pence shares for cancellation and therefore as at 25 April 2007 there remained outstanding general authority for the directors to purchase 5,569,108 ordinary one pence shares. The directors are seeking to renew the general authority in respect of 5,569,108 ordinary one pence shares as set out in resolution number 7.

Financial calendar

The current financial period will end on 31 December 2008.

Auditors

In the case of each of the persons who are directors of the company at the date when this report was approved:

- So far as each director is aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware.

- Each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte and Touche LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board.

JC Pillois French ACA
Finance Director

30 April 2008

Premier House
Darlington Street
Wolverhampton
WV1 4JJ

ANDREWS SYKES GROUP PLC

"Once again in 2007 the group continued to make significant steps in improving the environmental aspect of our business. In particular, this includes a focus on our hire fleet investment whereby we ensure that our hire fleet is leading the industry in terms of fuel economy, emissions, noise control and by using the latest refrigerant gases ensure we control the impact on the environment wherever possible. In terms of internal management the group made impressive improvements in the way we work in regards to waste control, recycling and containment of hazardous materials.

This work paid dividends in many ways and resulted in the group successfully attaining the ISO14001 accreditation across the UK depot network in August 2007."

Nigel Gill
Operations Support Director
Andrews Sykes Hire Limited

DIRECTORS AND ADVISORS

Chairman

JG Murray
Age 88. Chairman of London Security plc, Nu Swift Limited and Ansul S.A
Mr Murray has a long and successful history in the industrial services sector.

Executive Directors
PT Wood, Managing Director
Age 45. Industry specialist, having joined the group in August 1978. Appointed Director of Operations on 1 March 2006 and Group Managing Director on 5 December 2006.

JC Pillois M Econ. & Man. French ACA
Finance Director. Age 51. Finance Director of London Security plc, Nu Swift Limited and Ansul S.A

Non-executive Directors

JJ Murray MBA
Non-executive Vice Chairman, Chairman of the Remuneration Committee. Age 41. Executive Vice Chairman of London Security plc, Nu Swift Limited and Ansul S.A

FMB Gailer Bsc
Senior Independent Non-executive, Chairman of the Audit Committee.
Age 72. Director of International Strategic Alliances Limited and certain other small private companies, non-executive director of London Security plc.

MC Leon BS
Age 44. Non-executive director of London Security plc.

X Mignolet (HEC-Economics)
Age 43. Director of London Security plc. Ansul S.A and Importe S.A

EDOA Sebag MBA
Age 39. Director of London Security plc and Nu Swift Limited.

RC King
Age 60. Non-executive director of London Security plc, Renovco Inc and a partner at Facility Service Association LLC. Appointed a director on 29 February 2008.

Company Secretary

MJ Calderbank ACA
Appointed Company Secretary on 13 October 1999.
Formerly a senior manager at KPMG.

Registered Office
Premier House
Darlington Street
Wolverhampton
WV1 4JJ

Registrar
Equiniti Limited
Worthing
West Sussex
BN99 6ZL

Stockbroker and Nominated Advisor
Brewin Dolphin Securities
34 Lisbon Street
Leeds
LS1 4LX

Auditor
Deloitte & Touche LLP
Four Brindleyplace
Birmingham
B1 2HZ

Bankers
Royal Bank of Scotland plc
National Westminster Bank plc

STATEMENT OF DIRECTORS' **RESPONSIBILITIES**

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required by the IAS Regulation to prepare the group financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union. The group financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the EU IAS Regulation.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The parent company financial statements are required by law to give a true and fair view of the state of affairs of the company. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the parent company financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANDREWS SYKES GROUP PLC

We have audited the group financial statements of Andrews Sykes Group plc for the 52 weeks ended 29 December 2007 which comprise the Group Income Statement, the Group Balance Sheet, the Group Cash Flow Statement, the Group Statement of Recognised Income and Expense and the related notes 1 to 42. These group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Andrews Sykes Group plc for the 52 weeks ended 29 December 2007.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the group financial statements give a true and fair view and whether the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the group financial statements.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited group financial statements. The other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any further information outside the annual report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the group financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 29 December 2007 and of its profit for the 52 weeks then ended;

- the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;

- the information given in the Directors' Report is consistent with the group financial statements.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham, United Kingdom

30 April 2008

CONSOLIDATED INCOME STATEMENT

FOR THE 52 WEEKS ENDED 29 DECEMBER 2007

	Note	52 weeks ended 29 December 2007 Normalised £'000	Pension curtailment charge £'000	Total £'000	52 weeks ended 31 December 2006 £'000
Continuing operations					
Revenue	4	**57,846**	**–**	**57,846**	59,768
Cost of sales		**(25,816)**	**–**	**(25,816)**	(26,918)
Gross profit		**32,030**	**–**	**32,030**	32,850
Distribution costs		**(9,751)**	**–**	**(9,751)**	(9,471)
Administrative expenses	8	**(8,095)**	**(911)**	**(9,006)**	(8,107)
Operating profit		**14,184**	**(911)**	**13,273**	15,272
EBITDA*		**18,173**	**(911)**	**17,262**	18,887
Depreciation and impairment charges		**(4,463)**	**–**	**(4,463)**	(4,153)
Profit on the sale of property, plant and equipment		**474**	**–**	**474**	538
Operating profit		**14,184**	**(911)**	**13,273**	15,272
Income from other participating interests	19			**209**	–
Finance income	6			**624**	500
Finance costs	7			**(1,728)**	(1,772)
Profit before taxation	9			**12,378**	14,000
Taxation	12			**(3,829)**	(4,150)
Profit for the period from continuing operations				**8,549**	9,850
Discontinued operations					
Loss for the period from discontinued operations	13			**–**	(142)
Profit for the financial period attributable to equity holders of the parent				**8,549**	9,708
Earnings per share from continuing operations					
Basic (pence)	14			**19.19p**	22.11p
Diluted (pence)	14			**19.19p**	22.10p
Earnings per share from total operations					
Basic (pence)	14			**19.19p**	21.79p
Diluted (pence)	14			**19.19p**	21.79p
Dividends paid per equity share (pence)	40			**0.0p**	0.0p

*Earnings Before Interest, Taxation, Depreciation, profit on sale of fixed assets, Amortisation and impairment charges.

CONSOLIDATED BALANCE SHEET
AS AT 29 DECEMBER 2007

	Note	29 December 2007 £'000	29 December 2007 £'000	31 December 2006 £'000	31 December 2006 £'000
Non-current assets					
Goodwill	15		**–**		31
Property, plant and equipment	16		**15,668**		15,201
Lease prepayments	17		**96**		229
Trade investments	19		**164**		164
Deferred tax asset	20		**1,404**		3,201
Derivative financial instruments	21		**13**		23
			17,345		18,849
Current assets					
Stocks	22	**5,742**		4,336	
Trade and other receivables	23	**16,317**		16,217	
Cash and cash equivalents	24	**13,102**		10,190	
Assets held for sale	25	**494**		–	
		35,655		30,743	
Current liabilities					
Trade and other payables	26	**(11,371)**		(10,108)	
Current tax liabilities	27	**(1,370)**		(2,292)	
Bank loans	28	**(5,000)**		(5,000)	
Obligations under finance leases	29	**(415)**		(233)	
Provisions	30	**(15)**		(24)	
		(18,171)		(17,657)	
Net current assets			**17,484**		13,086
Total assets less current liabilities			**34,829**		31,935
Non-current liabilities					
Bank loans	28	**(19,000)**		(20,000)	
Obligations under finance leases	29	**(1,006)**		(1,147)	
Retirement benefit obligations	32	**(1,238)**		(6,577)	
Derivative financial instruments	31	**(38)**		–	
			(21,282)		(27,724)
Net assets			**13,547**		4,211
Equity					
Called-up share capital	33		**446**		446
ESOP reserve	34		**–**		–
Retained earnings	34		**12,595**		3,854
Translation reserve	34		**274**		(321)
Other reserves	34		**222**		222
Surplus attributable to equity holders of the parent			**13,537**		4,201
Minority interest			**10**		10
Total equity			**13,547**		4,211

These financial statements were approved by the Board of Directors on 30 April 2008 and were signed on its behalf by:

JC Pillois
Finance Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE 52 WEEKS ENDED 29 DECEMBER 2007

	Note	**52 weeks ended 29 December 2007 £'000**	52 weeks ended 31 December 2006 £'000
Cash flows from operating activities			
Cash generated from operations	35	**11,211**	15,935
Interest paid		**(1,115)**	(1,591)
Net UK corporation tax paid		**(2,202)**	(2,465)
Withholding tax recovered/(paid)		**50**	(52)
Overseas tax paid		**(877)**	(290)
Net cash flow from operating activities		**7,067**	11,537
Investing activities			
Dividends received from participating interests (trade investments)		**209**	–
Disposal costs paid less consideration received on prior year disposals		**295**	(183)
Sale of property, plant and equipment		**778**	526
Purchase of property, plant & equipment		**(5,346)**	(7,067)
Interest received		**440**	476
Net cash flow from investing activities		**(3,624)**	(6,248)
Financing activities			
Loan repayments		**(1,000)**	(5,000)
Finance lease capital repayments		**(141)**	(131)
Purchase of own shares		**–**	(16)
Sale of own shares by ESOP		**–**	4
Net cash flow from financing activities		**(1,141)**	(5,143)
Net increase in cash and cash equivalents		**2,302**	146
Cash and cash equivalents at the beginning of the year	24	**10,190**	10,342
Effect of foreign exchange rate changes		**610**	(298)
Cash and cash equivalents at end of the year	24	**13,102**	10,190

	Note	**2007 £'000**	2006 £'000
Reconciliation of net cash flow to movement in net debt in the period			
Net increase in cash and cash equivalents		**2,302**	146
Cash outflow from the decrease in debt		**1,141**	5,131
Non cash movements in respect of new finance leases		**(182)**	–
Non cash movements in the fair value of derivative instruments		**(48)**	23
Movement in net debt during the period		**3,213**	5,300
Opening net debt at the beginning of the year		**(16,167)**	(21,169)
Effect of foreign exchange rate changes		**610**	(298)
Closing net debt at the end of the year	36	**(12,344)**	(16,167)

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE 52 WEEKS ENDED 29 DECEMBER 2007

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Actual return less expected return on pension scheme assets	**154**	636
Experience gains and losses arising on plan obligation	**424**	(340)
Changes in demographic and financial assumptions underlying the present value of plan obligations	**(279)**	(1,937)
Currency translation differences on foreign currency net investments	**595**	(321)
Deferred tax on items posted directly to equity	**(107)**	493
Net income/(expense) recognised directly in equity	**787**	(1,469)
Profit for the period attributable to parent's shareholders	**8,549**	9,708
Total recognised income and expense for the period attributable to equity holders of the parent	**9,336**	8,239

GROUP ACCOUNTING POLICIES

1. General information

Legal status and country of incorporation

Andrews Sykes Group plc, company number 175912, is incorporated in England under the Companies Act 1985. The address of the registered office is given on page 22. The nature of the group's operations and its principal activities are set out in note 5 and in the Directors' Report on pages 4 to 21.

Basis of preparation

These 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. Therefore the group financial statements comply with Article 4 of the EU IAS Regulation.

The accounts are presented on 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. Foreign operations are included in accordance with the accounting policy as set out in note 2.

First time adoption of International Financial Reporting Standards

These are the group's first consolidated financial statements that have been prepared in accordance with IFRS. The group's transition date for adoption of IFRS is 1 January 2006. An explanation of how the transition to IFRS has affected the group's financial position at both the date of transition and 31 December 2006 (the last reporting date under UK GAAP) together with a reconciliation of the results for the 52 weeks ended 31 December 2006 under UK GAAP to IFRS are given in note 41.

The group has revised its accounting policies where applicable to conform with IFRS and these are set out below. These policies have been applied consistently to all the years presented and in preparing the opening balance sheet as at 1 January 2006 for the purpose of transition to IFRS.

The group has taken advantage of the following exemptions on transition to IFRS as permitted by paragraph 13 of IFRS 1:

- The requirements of IFRS 3 – Business Combinations – have not been applied to business combinations that occurred before the date of transition to IFRS.

- The carrying values of freehold and leasehold properties are based on previously adopted UK GAAP valuations and these are now taken as deemed cost on transition to IFRS.

In addition, as permitted by paragraph 20a of IFRS 1, the disclosure requirements of IAS 19 concerning the history of experience gains and losses on defined benefit pension schemes have been disclosed prospectively from the transition date.

GROUP ACCOUNTING POLICIES

1. General information *(continued)*

IFRS has only been applied to the group's consolidated financial statements. Accordingly the parent company's financial statements, which are set out on pages 81 to 89, together with those of the UK subsidiary undertakings have been prepared in accordance with UK GAAP.

Future adoption of International Financial Reporting Standards

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 2 (Amendment) Share-based Payment Vesting Conditions and Cancellations. Effective for periods commencing on or after 1 January 2009.
- IFRS 3 (Revised) Business Combinations. Effective for periods commencing on or after 1 July 2009.
- IFRS 8 Operating Segments. Effective for periods commencing on or after 1 January 2009.
- IAS 1 (Revised) Presentation of Financial Statements. Effective for periods commencing on or after 1 January 2009.
- IAS 23 (Revised) Borrowing Costs. Effective for periods commencing on or after 1 January 2009.
- IAS 27 (Amendment) Consolidated and Separate Financial Statements. Effective for periods commencing on or after 1 July 2009.
- IAS 32 (Amendment) Financial Instruments: Presentation and IAS 1 (Amendment) Presentation of Financial Statements Puttable Financial Instruments and Obligations Arising on Liquidation. Effective for periods commencing on or after 1 January 2009.
- IFRIC 11 IFRS 2 – Group and treasury share transactions. Effective for periods commencing on or after 1 March 2007.
- IFRIC 12 Service Concession Arrangements. Effective for periods commencing on or after 1 January 2008.
- IFRIC 13 Customer Loyalty Programmes. Effective for periods commencing on or after 1 July 2008.
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Effective for periods commencing on or after 1 January 2008.

Whilst work has not yet been completed on the above standards, the directors do not foresee any material impact on the financial statements of the group as a result of adopting these standards.

2. Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 29 December 2007. Control is achieved where the company has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

2. Significant accounting policies *(continued)*

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations and goodwill

The acquisition of subsidiaries is accounted for using the acquisition method. The assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at their acquisition date except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 which are recognised and measured at fair value less costs to sell. Any excess of the cost over the asset valuation as calculated above is recognised as goodwill.

Goodwill arising on consolidation represents the excess of consideration over the group's interest in the fair value of assets acquired. Goodwill is recognised as an asset and is not amortised. It is reviewed for impairment annually as detailed in "impairment of non-financial assets" below.

In accordance with the options that are available under IFRS 1, the group has elected not to apply IFRS 3 retrospectively to past business combinations that occurred before the date of transition to IFRS. Accordingly goodwill amounting to £37,206,000 that had previously been offset against reserves under UK GAAP has not been recognised in the opening IFRS balance sheet.

The interest of any minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investments in associates and trade investments

An associate is an entity over which the group is in a position to exercise significant influence, but not control, over its financial and operating policy decisions. Significant influence is defined as the power, whether or not it is exercised, to be able to participate in the financial and operating decisions of the investee.

The results and assets and liabilities of associates are incorporated into these financial statements using the equity method of accounting except when they are classified as held for sale, see below.

The results of entities over which the group is not in a position to be able to exercise significant influence despite holding a significant shareholding are not accounted for as associates and therefore are not equity accounted. These companies are classified as trade investments and are carried at cost within non-current assets as they are held as long term investments. Dividend income is recognised in the income statement on an accruals basis when received.

Property, plant and equipment

Property is carried at deemed cost at the date of transition to IFRS based on the previous UK GAAP valuations adopted in 1998. Plant and equipment held at the date of transition and subsequent additions to property, plant and equipment are stated at purchase cost including directly attributable costs. The group does not have a revaluation policy.

GROUP ACCOUNTING POLICIES

2. Significant accounting policies *(continued)*

Freehold land is not depreciated. Depreciation of other property, plant and equipment is provided on a straight line basis using rates calculated to write down the cost of each asset to its estimated residual value over its estimated useful life as follows:

Property:	
Freehold and long leasehold buildings	2%
Short leasehold buildings	Period of the lease
Equipment for hire:	
Heating, air conditioning and other environmental control equipment	20%
Pumping equipment	10% to 33%
Accessories	33%
Motor vehicles	20% to 25%
Plant and machinery	7.5% to 33%
Fixtures and fittings	20%

Annual reviews are made of estimated useful lives and material residual values.

Leased assets

Lessor accounting

The group does not hold any assets for hire under finance leases.

Assets held for use under operating leases are recorded as hire fleet assets within property, plant and equipment and are depreciated over their useful lives to their estimated residual value. The group does not have any material non-cancellable operating leases.

Lessee accounting

Property leases are split into two elements, land and buildings and each considered in isolation. The land element is always classified as an operating lease and the building element is reviewed to determine if it is operating or finance in nature. Initial rental payments in respect of operating leases are included in current and non-current assets as appropriate and amortised to the income statement over the period of the lease. Ongoing rental payments are charged as an expense in the income statement on a straight line basis until the date of the next rent review. Finance leases are capitalised and depreciated in accordance with the accounting policy for property, plant and equipment.

As permitted by IFRS 1 at the date of transition to IFRS, the carrying value of long leasehold properties are based on the previous UK GAAP valuations adopted in 1998 and this has been taken as deemed cost.

Immaterial peppercorn rentals and ground rents in respect of all properties are expensed to the profit and loss account on an accruals basis.

Plant and equipment held under finance leases is recognised as an asset at fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to give a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

2. Significant accounting policies *(continued)*

Rental costs arising from operating leases are charged as an expense in the income statement on a straight line basis over the period of the lease.

Non-current assets held for sale

Non-current assets and disposal groups are reclassified as assets held for sale if their carrying value will be recovered through a sale transaction which is highly probable to be completed within 12 months of the initial classification. Assets held for sale are valued at the lower of carrying amount at the date of initial classification and fair value less costs to sell.

Impairment of non-financial assets

Goodwill is tested annually for impairment, or more frequently if there are any changes in circumstances or events that indicate that a potential impairment may exist. Goodwill impairments cannot be reversed.

Property, plant and equipment are reviewed for indications of impairment when events or changes in circumstances indicate that the carrying amount may not be recovered. If there are indications then a test is performed on the asset affected to assess its recoverable amount against carrying value.

An impaired asset is written down to the higher of value in use or its fair value less costs to sell.

ESOP shares

The shares held by the Andrews Sykes Group plc 1998 Employee Share Ownership Plan (ESOP) have been disclosed as an ESOP reserve and presented in the balance sheet as a deduction from equity shareholders' funds. The ESOP was closed during the financial period, the finance and administration costs relating to the ESOP prior to closure were charged in the income statement. The shares were ignored for the purpose of calculating the group's earnings per share.

Deferred and current taxation

The charge for taxation is based on the taxable profit or loss for the year and takes into account taxation deferred because of differences between the treatment of certain items for taxation and for accounting purposes. Full provision is made for the tax effects of these differences. Deferred tax is provided on unremitted earnings from overseas subsidiaries where it is probable that these earnings will be remitted to the UK in the foreseeable future. Deferred tax is measured using tax rates that have been enacted, or substantively enacted, by the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of deferred tax assets is reviewed at each balance sheet date to ensure that it is probable that sufficient taxable profits will be available to allow the asset to be recovered. Assets and liabilities, in respect of both deferred and current tax, are only offset when there is a legally enforceable right to offset and the assets and liabilities relate to taxes levied by the same taxation authority.

Deferred and current tax are charged or credited in the income statement except when they relate to items charged directly to equity in which case the associated tax is also dealt with in equity.

Stocks

Stocks are valued at the lower cost of purchase and net realisable value. Cost comprises actual purchase price and where applicable associated direct costs incurred bringing the stock to its present location and condition. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

GROUP ACCOUNTING POLICIES

2. Significant accounting policies *(continued)*

Financial instruments

Recognition criteria, classification and initial carrying value

Financial assets and financial liabilities are recognised on the consolidated balance sheet when the group becomes a party to the contractual provisions of the instrument.

Financial assets are recognised and derecognised on a trade date where the purchase or sale of an asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. Financial assets are classified as "loans and receivables", "held to maturity" investments, "available for sale" investments or "assets at fair value through the profit and loss" depending upon the nature and purpose of the financial asset. The classification is determined at the time of the initial recognition.

Financial assets are normally classified as "loans and receivables" and are initially measured at fair value including transaction costs incurred. No financial assets are currently classified as "available for sale" or as "held to maturity" investments. The only financial assets currently held at "fair value through profit or loss" are those derivative instruments that are not designated and effective as hedging instruments. The categories of financial assets are trade debtors, other debtors and cash.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Financial liabilities are normally classified as "other financial liabilities" and are initially measured at fair value, normally cost, net of transaction costs. The only financial liabilities currently held at "fair value through profit or loss" are those derivative instruments that are not designated and effective as hedging instruments.

Loans and receivables

Trade receivables, loans and other receivables are measured on initial recognition at fair value and, except for short term receivables where the recognition of interest would be immaterial, are subsequently re-measured at amortised cost using the effective interest rate method. Allowances for irrecoverable amounts, which are dealt with in the income statement, are calculated based on the difference between the asset's carrying amount and the present value of estimated future cash flows, calculated based on past default experience, discounted at the effective interest rate computed at initial recognition where material.

Derivative financial instruments and hedge accounting

The group's borrowings are subject to floating rates based on LIBOR plus a margin of between 0.5% and 1.25%. The group uses financial derivatives to cap exposure to LIBOR throughout the period of the loan, further details of which are given in note 37.

The group's policy is not to hedge its international assets with respect to foreign currency balance sheet translation exposure, nor against foreign currency transactions. The group generally does not enter into any forward exchange contracts and its does not use financial instruments for speculative purposes.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts.

2. Significant accounting policies *(continued)*

Derivative financial instruments are initially measured at cost and are remeasured at fair value at the balance sheet date. Changes in the fair value of derivative financial instruments that are designated and are effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Cash and cash equivalents

Cash and cash equivalents includes cash-in-hand, cash-at-bank and short term highly liquid investments that are readily convertible into known amounts of cash within three months from the date of initial acquisition with an insignificant risk of a change in value.

Impairment of financial assets

Financial assets, other than those designated as "assets at fair value through the profit and loss" are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets are assessed for impairment on a collective basis. Objective evidence for impairment could include the group's past history of collecting payments, an increase in the number of days taken by customers to make payment as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of all financial assets, except trade receivables, is reduced by the impairment loss directly. The carrying amount of trade receivables is reduced through the use of a bad debt provision account. If a trade receivable is considered uncollectable it is written off against the bad debt provision account. Subsequent recoveries of amounts written off are credited to the provision account. Changes to the carrying amount of the bad debt provision account are recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including trade payables, are measured on initial recognition at fair value and, except for short term payables where the recognition of interest would be immaterial, are subsequently re-measured at amortised cost using the effective interest rate method.

Bank loans

Interest bearing bank loans are recorded at the proceeds received less capital repayments made. Finance charges are accounted for on an accruals basis in the profit and loss account using the effective interest rate method. They are included within accruals to the extent that they are not settled in the period in which they arise.

Provisions

Provisions are created where the group has a present obligation (legal or constructive) as a result of a past event where it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions are only discounted to present value where the effect is material.

GROUP ACCOUNTING POLICIES

2. Significant accounting policies *(continued)*

Retirement benefit costs

Defined benefit scheme

As disclosed in note 32 the group previously operated a defined benefit pension scheme for the majority of its employees. This scheme was closed to new entrants and all existing members became deferred members on 31 December 2002.

The interest cost and the expected return on assets are shown within finance costs and finance income respectively. Settlement gains and losses are also included within the income statement, either within administration expenses or as part of a separate disclosure where material. Actuarial gains and losses are recognised immediately in the consolidated Statement of Recognised Income and Expense (SORIE).

The defined benefit scheme is funded with the assets of the scheme held separately in trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Full actuarial valuations are obtained triennially and are updated at each balance sheet date in accordance with IAS 19.

Net defined benefit pension scheme deficits are presented separately on the balance sheet within non-current liabilities before tax relief. The attributable deferred tax asset is included within deferred tax and is subject to the recognition criteria as set out in the accounting policy on deferred and current taxation. Net defined benefit pension scheme surpluses are only recognised to the extent of any refunds and reductions in future contributions to the scheme.

Defined contribution schemes

Employer's contributions are charged to the income statement on an accruals basis.

Net debt

Net debt is defined as cash and cash equivalents, bank and other loans, finance lease obligations and derivative financial instruments stated at current fair value.

Revenue recognition

Revenue

Revenue represents the fair value of the consideration received and receivable for the hire, sale and installation of environmental control products after deducting trade discounts and volume rebates. Revenue is recognised for sales on despatch of goods and for short term hire items on a straight line basis over the period of the hire. Installation revenue is recognised as the contract progresses on the basis of work completed. Revenue excludes Value Added Tax.

Investment and interest income

Dividend income is recognised in the income statement when the group's right to receive payment has been established.

Interest income from bank deposit accounts is accrued on a time basis calculated by reference to the principal on deposit and the effective interest rate applicable.

2. Significant accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into pounds sterling at the financial year end rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

The results of overseas subsidiary undertakings, associates and trade investments are translated into pounds sterling at average rates for the period unless exchange rates fluctuate significantly during that period in which case exchange rates at the date of transactions are used. The closing balance sheets are translated at the year end rates and the exchange differences arising are transferred to the group's translation reserve as a separate component of equity and are reported within the statement of other recognised income and expense. All other exchange differences are included within the income statement for the year.

In accordance with IFRS 1, the translation reserve has been set to zero at the date of transition to IFRS. Cumulative translation differences that are included within the translation reserve at the date of disposal of the relevant overseas company will be recognised in the income statement at that time.

Operating profit

Operating profit is defined as the profit for the period from continuing operations after all operating costs and income but before investment income, income from other participating interests, finance income, finance costs, other gains and losses and taxation. Operating profit is disclosed as a separate line on the face of the income statement.

Other gains and losses

Other gains and losses are material items that arise from unusual non-recurring events. They are disclosed separately, in aggregate, on the face of the income statement after operating profit where in the opinion of the directors such disclosure is necessary in order to fairly present the results for the financial period.

Finance costs

Finance costs are recognised in the income statement on an accruals basis in the period in which they are incurred.

3. Use of critical accounting assumptions and estimates

Estimates and judgements are continually evaluated and assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable given the circumstances prevailing when the accounts are approved.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying value of assets and liabilities are discussed below.

Pension scheme assumptions and mortality tables

As set out in note 32, the carrying value of the defined benefit pension scheme is valued using actuarial valuations. These valuations are based on assumptions including the selection of the most appropriate mortality table for the profile of the members in the scheme and the financial assumptions concerning discount rates and inflation. All these are estimates of future events and are therefore uncertain. The choices are based on advice received from the scheme actuaries which are checked from time to time with benchmark surveys.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 29 DECEMBER 2007

4 Revenue

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

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Continuing operations		
Hire	**43,579**	43,088
Sales	**8,043**	8,762
Installations	**6,224**	7,918
Group consolidated revenue from the sale of goods and provision of services	**57,846**	59,768
Income from other participating interests	**209**	–
Finance income	**624**	500
Gross consolidated revenue	**58,679**	60,268

5 Business and Geographical Segmental Analysis

Explanation

The group operates in the United Kingdom, the Netherlands, Belgium, the United Arab Emirates and America providing the hire and sale of a range of environmental control equipment. It also installs fixed air conditioning equipment within the United Kingdom.

The directors consider that the nature of the risks and returns within the hire and sales market are comparable across the geographical sectors within which the group operates. However, different risks and returns are faced by the fixed air conditioning installation business.

The group hires and sells similar equipment to the same market from its depot network. The integrated nature of this operation does not permit a meaningful analysis of profit, assets or liabilities between hire and sales.

Principal business segments are therefore as follows:

The hire and sale of environmental control equipment – Hire & sales
The installation of fixed air conditioning equipment – Fixed installation

Direct costs are allocated to each segment, central costs are included in unallocated overheads and expenses.

Principal geographical segments are:

United Kingdom
Rest of Europe
Middle East and Africa
Rest of the World (including America)

5 Business and Geographical Segmental Analysis *(continued)*

The group was also previously involved in the hire and sale of accommodation units and the sale of light engineering products in the UK. There were no sales of these products in either the current or preceding financial periods, the discontinued activities relate to adjustments made following the disposal of these businesses (see note 13).

Segmental information about these businesses is presented below. Inter-segment sales are charged at arms length prices.

Business Segments

Income statement analysis
52 weeks ended 29 December 2007

	Hire & sales £'000	Fixed installation £'000	Sub total £'000	Eliminations £'000	Consolidated results £'000
Revenue					
External sales	**51,622**	**6,224**	**57,846**	**–**	**57,846**
Inter-segment sales	**90**	**47**	**137**	**(137)**	**–**
Total revenue	**51,712**	**6,271**	**57,983**	**(137)**	**57,846**
Segment result	**14,144**	**143**	**14,287**	**(21)**	**14,266**
Unallocated overheads and expenses					**(82)**
Pension curtailment charge					**(911)**
Operating profit					**13,273**
Income from other participating interests					**209**
Finance income					**624**
Finance costs					**(1,728)**
Profit before taxation					**12,378**
Taxation					**(3,829)**
Profit for the period from continuing and total operations					**8,549**

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5 Business and Geographical Segmental Analysis *(continued)*

Balance sheet information
As at 29 December 2007

	Hire & sales £'000	Fixed installation £'000	Sub total £'000	Eliminations £'000	Consolidated results £'000
Segment assets	**41,518**	**2,719**	**44,237**	**(501)**	**43,736**
Trade investments					**164**
Deferred tax asset					**1,404**
Derivative financial instruments					**13**
Assets held for sale					**494**
Unallocated corporate assets					**7,189**
Consolidated total assets					**53,000**
Segment liabilities	**(9,969)**	**(1,337)**	**(11,306)**	**501**	**(10,805)**
Current tax liabilities					**(1,370)**
Bank loans					**(24,000)**
Obligations under finance leases					**(1,421)**
Provisions					**(15)**
Derivative financial instruments					**(38)**
Pensions					**(1,238)**
Unallocated corporate liabilities					**(566)**
Consolidated total liabilities					**(39,453)**

Other information
52 weeks ended 29 December 2007

	Hire & sales £'000	Fixed installation £'000	Sub total £'000	Eliminations £'000	Consolidated results £'000
Capital additions	**5,481**	**35**	**5,516**	**–**	**5,516**
Depreciation	**4,316**	**116**	**4,432**	**–**	**4,432**

5 Business and Geographical Segmental Analysis *(continued)*

Income statement analysis
52 weeks ended 31 December 2006

	Hire & sales £'000	Fixed installation £'000	Sub total £'000	Eliminations £'000	Consolidated results £'000
Revenue					
External sales	51,850	7,918	59,768	–	59,768
Inter-segment sales	109	16	125	(125)	–
Total revenue	51,959	7,934	59,893	(125)	59,768
Segment result	15,862	269	16,131	(19)	16,112
Unallocated overheads and expenses					(840)
Operating profit					15,272
Finance income					500
Finance costs					(1,772)
Profit before taxation					14,000
Taxation					(4,150)
Profit for the period from continuing operations					9,850
Post tax profit for the period from discontinued operations					(142)
Profit for the financial period after taxation and discontinued operations					9,708

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 29 DECEMBER 2007

5 Business and Geographical Segmental Analysis *(continued)*

Balance sheet information
As at 31 December 2006

	Hire & sales £'000	Fixed installation £'000	Sub total £'000	Eliminations £'000	Consolidated results £'000
Segment assets	41,591	3,543	45,134	(345)	44,789
Trade investments					164
Deferred tax asset					3,201
Derivative financial instruments					23
Unallocated corporate assets					1,415
Consolidated total assets					49,592
Segment liabilities	(8,724)	(1,586)	(10,310)	345	(9,965)
Current tax liabilities					(2,292)
Bank loans					(25,000)
Obligations under finance leases					(1,380)
Provisions					(24)
Pensions					(6,577)
Unallocated corporate liabilities					(143)
Consolidated total liabilities					(45,381)

Other information
52 weeks ended 31 December 2006

	Hire & sales £'000	Fixed installation £'000	Sub total £'000	Eliminations £'000	Consolidated results £'000
Capital additions	7,060	7	7,067	–	7,067
Depreciation	3,984	169	4,153	–	4,153

5 Business and Geographical Segmental Analysis *(continued)*

Geographical segments

The geographical analysis of the group's revenue was as follows;

	By origin		By destination	
	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000	**52 weeks ended 29 December 2007 £'000**	52 weeks ended 31 December 2006 £'000
United Kingdom	**47,953**	50,254	**46,567**	49,070
Rest of Europe	**5,153**	5,435	**6,271**	6,240
Middle East and Africa	**4,667**	4,079	**4,671**	4,116
Rest of the World	**73**	–	**337**	342
	57,846	59,768	**57,846**	59,768

The carrying amount of segment assets and additions to property, plant and equipment analysed by the geographical area in which the assets are located are as follows:

	Segment assets		Additions to property, plant and equipment	
	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000	**52 weeks ended 29 December 2007 £'000**	52 weeks ended 31 December 2006 £'000
United Kingdom	**35,308**	39,265	**4,431**	6,374
Rest of Europe	**4,353**	2,767	**631**	487
Middle East and Africa	**3,836**	2,757	**357**	206
Rest of the World	**239**	–	**97**	–
	43,736	44,789	**5,516**	7,067

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 29 DECEMBER 2007

6 Finance income

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Interest receivable on bank deposit accounts	**586**	477
Fair value gains on interest rate swaps that do not qualify for hedge accounting	**–**	23
Net pension interest income	**38**	–
	624	500

7 Finance costs

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Interest charge on bank loans and overdrafts	**1,570**	1,604
Fair value losses on interest rate swaps that do not qualify for hedge accounting	**48**	–
Finance lease interest charge	**110**	121
Net pension interest charge	**–**	47
	1,728	1,772

8 Pension curtailment charge

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Transfer value cash bonus and national insurance	**2,315**	–
Legal costs of pension transfer value offer	**218**	–
Settlement gain on transfer value offer	**(1,622)**	–
	911	–

During the 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.

In addition to the above costs the group paid total ETV payments of £1,880,000, as shown in note 32, directly to the pension scheme.

9 Profit before taxation

The following have been charged/(credited) in arriving at the profit before taxation:

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Net foreign exchange gains and losses	**441**	(68)
Bank charges	**71**	51
Depreciation of property, plant and equipment	**4,432**	4,153
Goodwill impairment charge	**31**	–
Profit on the sale of property, plant and equipment	**(474)**	(538)
Compensation receipts from third parties for lost or damaged plant & equipment	**(563)**	(412)
Operating lease rental payments:		
Property	**818**	733
Plant and machinery	**92**	84
Auditors' remuneration (see note 10)	**119**	154
Staff costs (see note 11)	**13,342**	13,185

10 Auditors' remuneration

A more detailed analysis of auditors' remuneration on a worldwide basis is as follows:

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Fees payable to the company's auditors in respect of audit services:		
The audit of the consolidated accounts	**27**	30
The audit of the group's subsidiaries pursuant to legislation	**88**	67
Total audit fees	**115**	97
Fees payable to the company's auditors in respect of non-audit services:		
Accountancy services	**4**	20
Tax services	**–**	24
Consultancy advice	**–**	13
Total non-audit fees	**4**	57
	119	154

Fees payable to the auditors and their associates for non-audit services to the company are not disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 29 DECEMBER 2007

11 Employee information

Staff costs charged in the income statement

The average number of employees employed during the period was:

	52 weeks ended 29 December 2007 Number	52 weeks ended 31 December 2006 Number
Sales and distribution	**161**	161
Engineers	**196**	196
Managers and administration	**126**	125
	483	482

Staff costs, including directors' remuneration amounted to:

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Wages and salaries	**11,724**	11,104
Redundancy and reorganisation	**198**	641
Social security costs	**1,160**	1,155
Other pension costs	**260**	285
	13,342	13,185

Key management compensation

Amounts paid to individuals, including directors, having authority and responsibility for planning, directing and controlling the group's activities were as follows:

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Short term employee benefits	**1,601**	1,382
Post employment benefits	**66**	59
Termination benefits	**85**	630
	1,752	2,071

11 Employee information *(continued)*

Directors' emoluments
Total directors' emoluments were as follows:

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Emoluments	**282**	174
Compensation for loss of office	**–**	446
Company contributions to a money purchase scheme	**20**	17
Company contributions to a Funded Unapproved Retirement Benefit Scheme	**–**	5
	302	642

No directors were either granted or exercised share options during the period.

The number of directors in office at the year end to whom retirement benefits are either accruing in the case of the defined contribution scheme or, in the case of the defined benefit scheme, were accruing until the closure of the scheme are as follows:

	52 weeks ended 29 December 2007 Number	52 weeks ended 31 December 2006 Number
Defined contribution	**1**	1
Defined benefit	**1**	1

Details in respect of the highest paid director are as follows:

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Emoluments	**168**	41
Compensation for loss of office	**–**	252
Company contributions to a money purchase scheme	**19**	–
Company contributions to a Funded Unapproved Retirement Benefit Scheme	**–**	5
	187	298

The highest paid director this year had an accrued annual pension of £16,500 (*as at 31 December 2006: £10,700*), no contributions were paid during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12 Taxation

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Current tax		
UK corporation tax at 30% (*52 weeks ended 31 December 2006: 30%*)		
based on the taxable profit for the period	**1,650**	2,665
Adjustments to corporation tax in respect of prior periods	**(121)**	721
	1,529	3,386
Overseas tax based on the taxable profit for the period	**552**	613
Adjustments to overseas tax in respect of prior periods	**(7)**	(3)
Withholding tax	**65**	4
Total current tax charge	**2,139**	4,000
Deferred tax		
Deferred tax on the origination and reversal of temporary differences	**1,710**	990
Adjustments to deferred tax in respect of prior periods	**(20)**	(840)
Total deferred tax charge	**1,690**	150
Total tax charge for the financial period attributable to continuing operations	**3,829**	4,150

12 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 applicable corporation tax rate in the UK of 30% as follows:

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Profit before taxation:		
Continuing operations	**12,378**	14,000
Discontinued operations (note 13)	**–**	(142)
	12,378	13,858
Tax at the UK effective corporation tax rate of 30% (*2006: 30%*)	**3,713**	4,157
Effects of:		
Expenses not deductible for tax purposes	**108**	157
Adjustments on overseas dividend income net of double tax relief	**–**	138
Effects of different tax rates of subsidiaries operating abroad	**22**	(131)
Withholding tax	**65**	4
Effect of change in tax rate to 28%	**69**	–
Profits covered by capital losses	**–**	(53)
Adjustments to tax charge in respect of previous periods	**(148)**	(122)
Total tax charge for the financial period	**3,829**	4,150

In addition to the amount charged in the income statement, deferred tax of £107,000 (*31 December 2006: £493,000*) attributable to pension scheme asset and liability adjustments has been charged (*31 December 2006: credited*) directly to equity.

Factors that may affect the future tax charge

The UK corporation tax rate applicable to the group will change from 30% to 28% from 1 April 2008. The deferred tax asset has been calculated at the tax rates expected to apply when the timing differences reverse in accordance with IAS 12.

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13 Discontinued activities

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Adjustments directly related to prior period disposals		
Provisions for onerous lease commitments	**–**	115
Profit adjustments in respect of the sale of subsidiary undertakings	**–**	27
Loss for the period before and after taxation from discontinued operations	**–**	142

During 2005 the group sold two subsidiary undertakings, Accommodation Hire Limited and Engineering Appliances Limited realising a combined profit on disposal of £6,564,000 under UK GAAP. During 2006 certain adjustments were made to both the deferred consideration receivable and legal costs payable which resulted in the net charge of £27,000 last year.

The group has various onerous property lease commitments inherited from the Cox Plant business which was sold during 2002. During the previous financial year the directors re-assessed the level of provisions required in respect of these commitments and adjusted the onerous lease provision. This resulted in a charge to the profit and loss account of £115,000 last year.

Cash flows attributable to the above discontinued activities have been included within the following categories in the cash flow statement:

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Investing activities	**295**	(183)

14 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, excluding those in the ESOP reserve, and the earnings as set out below:

52 weeks to 29 December 2007

	Continuing earnings £'000	Discontinued earnings £'000	Total earnings £'000	Number of shares
Basic earnings/weighted average number of shares	**8,549**	**–**	**8,549**	**44,552,790**
Basic earnings per ordinary share (pence)	**19.19p**	**–**	**19.19p**	

52 weeks to 31 December 2006

	Continuing earnings £'000	Discontinued earnings £'000	Total earnings £'000	Number of shares
Basic earnings/weighted average number of shares	9,850	(142)	9,708	44,557,701
Basic earnings per ordinary share (pence)	22.11p	(0.32)p	21.79p	

Adjusted basic earnings per share excluding pension curtailment charge

The basic figures excluding the pension curtailment charge have been calculated by reference to the weighted average number of ordinary shares in issue, excluding those in the ESOP reserve, and the earnings as set out below:

52 weeks to 29 December 2007

	Continuing earnings £'000	Discontinued earnings £'000	Total earnings £'000	Number of shares
Basic earnings/weighted average number of shares	**8,549**	**–**	**8,549**	**44,552,790**
Add back pension curtailment charge net of tax	**638**	**–**	**638**	
Adjusted basic earnings/weighted average number of shares	**9,187**	**–**	**9,187**	**44,552,790**
Adjusted basic earnings per ordinary share (pence) excluding pension curtailment charge	**20.62p**	**–**	**20.62p**	

The pension curtailment charge has no impact on the calculation of the basic earnings per ordinary share for the 52 weeks ended 31 December 2006.

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14 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. The share options have a dilutive effect for the period calculated as follows:

52 weeks to 29 December 2007

	Continuing earnings £'000	Discontinued earnings £'000	Total earnings £'000	Number of shares
Basic earnings/weighted average number of shares	**8,549**	**–**	**8,549**	**44,552,790**
Weighted average number of shares under option				**15,000**
Number of shares that would have been issued at fair value to satisfy above options				**(8,065)**
Earnings/ diluted weighted average number of shares	**8,549**	**–**	**8,549**	**44,559,725**
Diluted earnings per ordinary share (pence)	**19.19p**	**–**	**19.19p**	

52 weeks to 31 December 2006

	Continuing earnings £'000	Discontinued earnings £'000	Total earnings £'000	Number of shares
Basic earnings/weighted average number of shares	9,850	(142)	9,708	44,557,701
Weighted average number of shares under option				15,603
Number of shares that would have been issued at fair value to satisfy above options				(11,132)
Earnings/diluted weighted average number of shares	9,850	(142)	9,708	44,562,172
Diluted earnings per ordinary share (pence)	22.10p	(0.31)p	21.79p	

14 Earnings per share *(continued)*

Adjusted diluted earnings per share excluding pension curtailment charge

The calculation of the diluted earnings per ordinary share excluding the pension curtailment charge is based on the profit and shares as set out in the table below. The share options have a dilutive effect for the period calculated as follows:

52 weeks to 29 December 2007

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

The pension curtailment charge has no impact on the calculation of the diluted earnings per ordinary share for the 52 weeks ended 31 December 2006.

15 Goodwill

	£'000
Cost	
As at 1 January 2006 and 1 January 2007	286
Written off against impairment provisions	(286)
As at 29 December 2007	–
Accumulated impairment provisions	
As at 1 January 2006 and 1 January 2007	255
Impairment charge	31
Goodwill written off	(286)
As at 29 December 2007	–
Carrying value	
At 29 December 2007	–
At 31 December 2006	31

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16 Property, plant and equipment

	Property £'000	Equipment for hire £'000	Motor vehicles £'000	Plant and machinery £'000	Total £'000
Cost					
As at 1 January 2006	5,922	25,781	4,780	4,173	40,656
Exchange differences	(2)	(179)	(20)	(15)	(216)
Additions	7	5,845	896	319	7,067
Disposals	–	(2,322)	(534)	(51)	(2,907)
Transfer to assets held for sale	(210)	–	–	–	(210)
As at 1 January 2007	5,717	29,125	5,122	4,426	44,390
Exchange differences	**12**	**206**	**36**	**11**	**265**
Additions	**23**	**4,515**	**463**	**515**	**5,516**
Disposals	**–**	**(2,118)**	**(755)**	**(81)**	**(2,954)**
Transfer to assets held for sale	**(416)**	**–**	**–**	**(87)**	**(503)**
Reclassification	**–**	**(30)**	**–**	**30**	**–**
As at 29 December 2007	**5,336**	**31,698**	**4,866**	**4,814**	**46,714**
Accumulated depreciation					
As at 1 January 2006	2,430	18,328	3,645	3,543	27,946
Exchange differences	(2)	(147)	(18)	(14)	(181)
Charge for the period	148	3,007	666	332	4,153
Disposals	–	(2,142)	(516)	(49)	(2,707)
Transfer to assets held for sale	(22)	–	–	–	(22)
As at 1 January 2007	2,554	19,046	3,777	3,812	29,189
Exchange differences	**10**	**157**	**31**	**10**	**208**
Charge for the period	**145**	**3,350**	**597**	**340**	**4,432**
Disposals		**(1,812)**	**(754)**	**(81)**	**(2,647)**
Transfer to assets held for sale	**(50)**	**–**	**–**	**(86)**	**(136)**
Reclassification	**–**	**(13)**	**–**	**13**	**–**
As at 29 December 2007	**2,659**	**20,728**	**3,651**	**4,008**	**31,046**
Carrying value					
At 29 December 2007	**2,677**	**10,970**	**1,215**	**806**	**15,668**
At 31 December 2006	3,163	10,079	1,345	614	15,201

At 29 December 2007 the group's carrying value of plant and machinery held under finance leases and similar agreements was £167,000 (*31 December 2006: £Nil*).

At 29 December 2007 the group had entered into contractual commitments for the acquisition of property, plant and equipment of £Nil (*31 December 2006: £136,000*).

16 Property, plant and equipment *(continued)*

The carrying value of the group's property is as follows:

	29 December 2007 £'000	31 December 2006 £'000
Freehold land and buildings	**1,787**	1,975
Long leasehold buildings	**69**	274
Short leasehold buildings	**821**	914
	2,677	3,163

As disclosed in note 28, the group's bank loans are secured by fixed and floating charges over the group's assets including property, plant and equipment.

17 Lease prepayments

	29 December 2007 £'000	31 December 2006 £'000
Long leasehold land prepayments:		
Total	**103**	239
Split:		
Non-current assets	**96**	229
Current assets	**7**	10
	103	239

The current element of long leasehold land premiums is included within trade and other receivables in note 23.

18 Subsidiaries

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 3 to the company's separate financial statements prepared under UK GAAP.

With the exception of Khansaheb Sykes LLC the group holds 100% of the issued share capital of its subsidiaries. Whilst the group only holds 49% of the issued share capital of Khansaheb Sykes LLC, this shareholding entitles the group to 90% of the profits for the year. The 51 % shareholder has waived his right to receive the 10% profit share and therefore the group has consolidated 100% of the company's results for the year.

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19 Trade investments

	29 December 2007 £'000	31 December 2006 £'000
Cost and carrying amount	**164**	164

The above investment represents a 40% interest in the ordinary share capital of Oasis Sykes Limited, a company incorporated in Saudi Arabia and having an issued share capital of £410,000. The investment is not classified as an associate as the group does not and is unable to exercise significant influence, including decisions concerning the declaration and payments of dividends, due to the existence of a 60% majority shareholder. The investment is stated at cost as the shares do not have a quoted market price in an active market and the directors consider that the fair value cannot be reliably measured.

Dividends are accounted for on an accruals basis and the following amounts have been included in the income statement:

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Income from participating interests	**209**	–

20 Deferred tax asset

The deferred tax assets and liabilities recognised by the group and the movements thereon during the current and prior reporting periods are as follows:

	Depreciation in excess of capital allowances £'000	Pension liability £'000	Unremitted overseas earnings £'000	Provisions and other short term timing differences £'000	Total £'000
Asset/(liability) at 1 January 2006 at 30%	439	1,917	(269)	771	2,858
Credited/(charged) to income statement	(222)	–	147	(75)	(150)
Credited to equity	–	493	–	–	493
Effect of pension payments in excess of actuarial charges	–	(437)	–	437	–
Asset/(liability) at 1 January 2007 at 30%	217	1,973	(122)	1,133	3,201
Charged to income statement	**(148)**	**(487)**	**(129)**	**(926)**	**(1,690)**
Charged to equity	**–**	**(107)**	**–**	**–**	**(107)**
Effect of pension payments in excess of actuarial charges	**–**	**(1,025)**	**–**	**1,025**	**–**
Asset/(liability) at 29 December 2007	**69**	**354**	**(251)**	**1,232**	**1,404**

Deferred tax at 29 December 2007 has been calculated using the rate of tax that is expected to apply when the timing differences reverse. With the exception of certain pension payments that are expected to reverse before 1 April 2008 at 30%, a 28% tax rate has been used.

At 29 December 2007 the group had unused capital losses of £2,445,000 (*31 December 2006: £2,445,000*) available for offset against future capital gains. The utilisation of capital losses is only recognised following the actual crystallisation of a taxable gain.

With the exception of the above, the group did not have any unrecognised deferred tax assets or liabilities as at 29 December 2007 or 31 December 2006.

Of the deferred tax asset, £695,000 (*31 December 2006: £1,357,000*) is expected to be recovered after more than 12 months.

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21 Derivative financial instruments – assets

Derivative financial instruments classified as assets held for trading in accordance with IAS 39 were as follows:

	29 December 2007 £'000	31 December 2006 £'000
Interest rate cap held for trading	**13**	23
Total derivative financial instruments due after more than 12 months	**13**	23

Interest is charged on a bi-annual basis on the group's borrowings based on LIBOR plus a margin of between 0.5% and 1.25%. The group has taken out an interest rate cap to limit the exposure to LIBOR to 5.5%. The notional principal amount of this outstanding interest rate cap at 29 December 2007 was £15,000,000 (*31 December 2006: £20,000,000*), The fair value of the interest rate cap has been calculated taking into account these factors.

22 Stocks

	29 December 2007 £'000	31 December 2006 £'000
Raw material and consumables	**81**	82
Work in progress	**66**	62
Finished goods	**5,595**	4,192
	5,742	4,336

As disclosed in note 28, the group's bank loans are secured by fixed and floating charges over the group's assets including stocks.

The cost of stocks recognised as an expense in the period was £16,025,000 (*52 weeks ended 31 December 2006: £16,790,000*) and the charge in the income statement for net realisable value provisions was £531,000 (*52 weeks ended 31 December 2006: £129,000*).

23 Trade and other receivables

	29 December 2007 £'000	31 December 2006 £'000
Trade debtors:		
Current unimpaired debtors	**8,375**	7,757
Overdue impaired debtors:		
Gross	**6,828**	6,764
Less allowance for doubtful debts	**(906)**	(967)
Net overdue trade debtors	**5,922**	5,797
Net trade debtors	**14,297**	13,554
Amounts due from related parties	**34**	4
Lease prepayments – long lease land premiums	**7**	10
Prepayments and accrued income	**1,535**	1,319
Other debtors	**444**	1,330
	16,317	16,217

No collateral is held in respect of overdue trade debtors.

Current unimpaired trade debtors represents amounts due from customers that are not overdue in accordance with the specific credit terms agreed with those customers. The average outstanding debtor days for current unimpaired trade debtors at 29 December 2007 is 41 days (*31 December 2006: 44 days*).

The age profile of the trade debtors that are past due but not impaired is as follows:

	29 December 2007 £'000	31 December 2006 £'000
Not more than 3 months overdue	**5,516**	5,580
More than 3 months and not more than 6 months overdue	**406**	217
Net overdue trade debtors	**5,922**	5,797

The allowance for doubtful debts is based on past default experience. Debts with customers in liquidation or receivership are fully provided against. The movement in the provision during the period is as follows:

	29 December 2007 £'000	31 December 2006 £'000
Balance at the beginning of the period	**967**	906
Net amounts written off during the period	**(81)**	(104)
Income statement charge	**20**	165
Balance at the end of the year	**906**	967

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23 Trade and other receivables *(continued)*

The directors consider that the carrying value of trade debtors approximates to fair value and that no impairment provisions are required against other receivables.

Information concerning credit, liquidity and market risks together with an analysis of monetary assets held in currencies other than pounds Sterling is given in note 37.

24 Cash and cash equivalents

	29 December 2007 £'000	31 December 2006 £'000
Cash at bank	**5,707**	9,487
Deposit accounts	**7,008**	–
Capital reduction trust account	**387**	703
	13,102	10,190

Cash at bank comprises cash held by the group in interest free bank current accounts.

Deposit accounts comprise instant access interest bearing accounts and other short term bank deposits with an original maturity of three months or less. Interest is received at an average floating rate of approximately 5.6% (*52 weeks ended 31 December 2006: 4.7%*).

The capital reduction trust account was created by order of the High Court, as a condition of approving the capital reduction programme on 14 September 2005. It is held to protect third party interests and it is recoverable as the company is released from its obligations in the normal course of trading. Interest from the trust account accrued to the company at an average rate of 5.0% (*52 weeks ended 31 December 2006: 4.1%*).

The carrying value of cash and cash equivalents approximates to their fair value.

The amount of cash held in currencies other than Sterling as at 29 December 2007 and 31 December 2006 was not significant. Total monetary assets and liabilities denominated in foreign currencies are disclosed in note 37.

25 Assets held for sale

The major classes of assets and liabilities held for sale are as follows:

	29 December 2007 £'000	31 December 2006 £'000
Property, plant and equipment	**367**	–
Lease prepayments	**127**	–
Total assets classified as held for sale	**494**	–

The group has decided to close and sell certain depots and relocate its operations to alternative premises. This action does not result in a discontinued operation as defined by IFRS 5. The assets and liabilities were previously included within the hire and sales business segment as set out in note 5.

26 Trade and other payables

	29 December 2007 £'000	31 December 2006 £'000
Trade creditors	**5,347**	5,284
Amounts due to related parties	**–**	49
Other tax and social security	**1,360**	1,018
Accruals and deferred income	**4,406**	3,588
Other creditors	**258**	169
	11,371	10,108

Trade creditors, accruals and other creditors mainly comprise amounts outstanding from trade purchases and other normal business related costs. The average credit period taken for trade purchases is 49 days (*31 December 2006: 50 days*).

Information concerning credit, liquidity and market risks together with an analysis of monetary liabilities held in currencies other than pounds Sterling is given in note 37.

The carrying value of trade and other payables approximates to their fair value.

27 Current tax liabilities

	29 December 2007 £'000	31 December 2006 £'000
Corporation tax	**1,204**	1,877
Overseas tax (denominated in Euros)	**166**	415
	1,370	2,292

28 Bank loans

	29 December 2007 £'000	31 December 2006 £'000
The borrowings are repayable as follows:		
On demand or within one year	**5,000**	5,000
In the second year	**5,000**	5,000
In the third to fifth years inclusive	**14,000**	15,000
Total	**24,000**	25,000
Disclosed:		
Within current liabilities (on demand or within one year)	**5,000**	5,000
Within non-current liabilities	**19,000**	20,000
Total	**24,000**	25,000

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28 Bank loans *(continued)*

The group's Sterling denominated bank loans are secured by fixed and floating charges over the assets of the group and by cross guarantees between group undertakings. The loan was advanced on 25 July 2005, capital repayments commenced on 27 July 2006 and will continue until 27 July 2011 when the loan will be repaid in full. There are no unsecured bank loans at either period end.

Interest is charged on a bi-annual basis on the group's borrowings based on LIBOR plus a margin of between 0.5% and 1.25%. As disclosed in note 37, the group has taken out interest rate caps to limit the exposure to LIBOR. The weighted average effective interest rate paid during the year was 6.15% (*52 weeks ended 31 December 2006: 5.73%*).

There are no fixed rate liabilities at either period end.

The directors consider that the fair value of the floating rate bank loans are not materially different from their book values. The estimated fair values of the interest rate caps have been included on the balance sheet as disclosed in notes 21 and 31.

The maturity profile of the group's undrawn committed borrowing facilities at 29 December 2007 was:

	29 December 2007 £'000	31 December 2006 £'000
Expiring within one year	**2,000**	2,000

29 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	29 December 2007 £'000	31 December 2006 £'000	**29 December 2007 £'000**	31 December 2006 £'000
Amounts payable under finance leases:				
Within one year	**434**	252	**415**	233
In the second to fifth years inclusive	**889**	961	**716**	740
After five years	**576**	755	**290**	407
	1,899	1,968	**1,421**	1,380
Less future finance charges	**(478)**	(588)		
Present value of lease obligations	**1,421**	1,380		
Disclosed:				
Within current liabilities (payable within one year)			**415**	233
Within non-current liabilities			**1,006**	1,147
Total			**1,421**	1,380

29 Obligations under finance leases *(continued)*

As set out in the accounting policies, it is the group's policy to lease certain properties. The average lease term is 8.5 years (*31 December 2006: 9.5 years*), the present value of the minimum leased payments has been calculated based on the group's weighted average cost of capital as the interest rates implicit in the leases are not known. Of the total present value of minimum lease payments, £1,239,000 (*31 December 2006: £1,380,000*) relates to properties and £182,000 (*31 December 2006: £Nil*) relates to plant and equipment on lease purchase agreements all due within one year.

All lease obligations are denominated in sterling and the fair value of the group's lease obligations is approximately equal to their carrying value.

The group's obligations under finance leases are secured over the short leasehold assets and plant and equipment being leased the carrying value of which are set out in note 16.

30 Provisions

	Onerous leases £'000
At 1 January 2007	24
Utilisation of provisions	(9)
At 29 December 2007	**15**

The onerous lease provision represents the directors' best estimate of the likely cost of settling lease obligations in respect of properties that are no longer used for the purpose of the group's trade.

The directors anticipate that the provisions will be utilised in full within 12 months and therefore the provisions have been included in current liabilities payable within one year.

31 Derivative financial instruments – liabilities

Derivative financial instruments classified as liabilities in accordance with IAS 39 were as follows:

	29 December 2007 £'000	31 December 2006 £'000
Interest rate cap held for trading	**38**	–
Total derivative financial instruments due after more than 12 months	**38**	–

Interest is charged on a bi-annual basis on the group's borrowings based on LIBOR plus a margin of between 0.5% and 1.25%. The group has taken out an interest rate cap to limit the exposure to LIBOR to 6.5%. The notional principal amount of this outstanding interest rate cap at 29 December 2007 was £4,000,000 (*31 December 2006: £Nil*). The fair value of the interest rate cap has been calculated taking into account these factors.

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32 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, currently £125,000 per month, and are agreed with the trustees of the pension scheme. The current best estimate of employer contributions to be paid during the year commencing 1 January 2008 is £3.2 million.

Assumptions

A full actuarial valuation is being carried out as at 31 December 2007. A qualified independent actuary has updated the draft results from 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:

	29 December 2007	31 December 2006
Rate of increase in pensionable salaries	**N/A**	N/A
Rate of increase in pensions in payment	**3.40%**	3.00%
Discount rate applied to scheme liabilities	**5.90%**	5.40%
Inflation assumption	**3.40%**	3.00%

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics. The current mortality table used is PA92YOBMC+2 (*31 December 2006: 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:

	29 December 2007	31 December 2006
Male, current age 45	**21.2 years**	19.8 years
Female, current age 45	**24.0 years**	22.8 years

The major assumptions used to determine the expected future return on the scheme's assets, were as follows:

	29 December 2007	31 December 2006
Long term rate of return on:		
Equities	**7.50%**	7.50%
Corporate bonds	**5.90%**	5.40%
Gilts	**4.50%**	4.60%
Cash	**4.50%**	4.60%

32 Retirement benefit obligations *(continued)*

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice. The expected return on plan assets is based on market expectation at the beginning of the period for returns over the entire life of the benefit obligation.

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:

	29 December 2007 £'000	31 December 2006 £'000
UK equities	**9,061**	19,214
Corporate bonds	**2,979**	3,095
Gilts	**13,434**	10,972
Cash	**439**	164
Total fair value of plan assets	**25,913**	33,445
Present value of defined benefit funded obligation	**(27,151)**	(40,022)
Deficit in the scheme – pension liability recognised in the balance sheet	**(1,238)**	(6,577)

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

	29 December 2007 £'000	31 December 2006 £'000
Fair value of plan assets at the start of the period	**33,445**	30,633
Expected return on plan assets	**1,926**	1,777
Actuarial gains recognised in the SORIE	**154**	636
Employer contributions - normal	**1,500**	1,503
Employer contributions - transfer value exercise	**1,880**	–
Benefits paid	**(1,269)**	(1,104)
Settlements and curtailments	**(11,723)**	–
Fair value of plan assets at the end of the period	**25,913**	33,445

The above pension scheme assets do not include any investments in the parent company's own shares or property occupied by the company or its subsidiaries at either period end.

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32 Retirement benefit obligations *(continued)*

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

	29 December 2007 £'000	31 December 2006 £'000
Present value of defined benefit funded obligation at the beginning of the period	**(40,022)**	(37,025)
Interest on defined benefit obligation	**(1,888)**	(1,824)
Actuarial gain/(loss) recognised in the SORIE	**145**	(2,277)
Benefits paid	**1,269**	1,104
Settlements and curtailments	**13,345**	–
Present value of defined benefit funded obligation at the end of the period	**(27,151)**	(40,022)

Amounts recognised in the income statement:

	29 December 2007 £'000	31 December 2006 £'000
The amounts credited/(charged) in the income statement were:		
Expected return on pension scheme assets	**1,926**	1,777
Interest on pension scheme liabilities	**(1,888)**	(1,824)
Net pension interest income/(charge) (notes 6 and 7)	**38**	(47)
Settlements and curtailments (included in pension curtailment charge, note 8)	**1,622**	–
	1,660	(47)

Actuarial gains and losses recognised in the statement of recognised income and expense (SORIE)

	29 December 2007 £'000	31 December 2006 £'000
The amounts credited/(charged) in the statement of recognised income and expense were:		
Actual return less expected return on scheme assets	**154**	636
Experience gains and losses arising on plan obligation	**424**	(340)
Changes in demographic and financial assumptions underlying the present value of plan obligations	**(279)**	(1,937)
Actuarial gain/(loss) recognised in the statement of total recognised gains and losses	**299**	(1,641)
Cumulative actuarial loss recognised in the SORIE	**(1,342)**	(1,641)

32 Retirement benefit obligations *(continued)*

The actual return on plan assets can therefore be summarised as follows:

	29 December 2007 £'000	31 December 2006 £'000
Expected return on plan assets	**1,926**	1,777
Actuarial gain recognised in the SORIE reflecting the difference between expected and actual return on assets	**154**	636
Actual return on plan assets	**2,080**	2,413

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long term real rates of return experienced in the respective markets.

History of experience gains and losses

	29 December 2007 £'000	31 December 2006 £'000
Difference between the expected and actual return on scheme assets:		
Amount	**154**	636
Percentage of scheme assets	**0.6%**	1.9%
Experience gains and losses arising on scheme liabilities:		
Amount	**424**	(340)
Percentage of present value of plan obligation	**1.6%**	(0.8)%
Effects to changes in the demographic and financial assumptions underlying the present value of the scheme liabilities:		
Amount	**(279)**	(1,937)
Percentage of present value of plan obligation	**(1.0)%**	(4.8)%
Total amount recognised in the SORIE:		
Amount	**299**	(1,641)
Percentage of present value of plan obligation	**1.1%**	(4.1)%

Defined contribution pension scheme

On 1 January 2003 a new pension scheme was introduced, the Andrews Sykes Stakeholder Pension Plan, to which the majority of UK employees are eligible. The scheme is managed on behalf of the group by Legal & General. Both the employer and employee contributions vary generally based upon the individuals' length of service within the company. The employer's contribution rates vary from 3% to 15%, the current average being 4.2%. The profit and loss account charge in the current year amounted to £226,000 (*52 weeks ended 31 December 2006: £256,000*)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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32 Retirement benefit obligations *(continued)*

Overseas pension arrangements

Overseas companies make their own pension arrangements, the charge for the year being £34,000 (*31 December 2006: £29,000*). No additional disclosure is given on the basis of materiality.

33 Called-up share capital

	29 December 2007 £'000	31 December 2006 £'000
Authorised:		
1,398,170,943 ordinary shares of one pence each	**13,982**	13,982
(*31 December 2006: 1,398,170,943 ordinary shares of one pence each*)		
Issued and fully paid:		
44,552,865 ordinary shares of one pence each		
(*31 December 2006: 44,552,865 ordinary shares of one pence each*)	**446**	446

The company did not buy back any shares for cancellation during the period (*52 weeks ended 31 December 2006: 15,000 shares*).

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

At 29 December 2007 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	**29 December 2007**	31 December 2006
November 2001	November 2004 to October 2011	89.5 pence	**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 (*52 weeks ended 31 December 2006: 5,000 share options on 13 February 2006, when the average share price was £1.115, at average subscription price of 89.5p per share*).

34 Share capital and reserves

	Share capital £'000	ESOP reserve £'000	Retained earnings £'000	Translation reserve £'000	Other reserves £'000	Total £'000
At 1 January 2006	446	(6)	(4,688)	–	222	(4,026)
Total recognised income and expense	–	–	8,560	(321)	–	8,239
Purchase of own shares	–	–	(16)	–	–	(16)
Sale of shares by the ESOP	–	6	(2)	–	–	4
At 31 December 2006	446	–	3,854	(321)	222	4,201
Total recognised income and expense	**–**	**–**	**8,741**	**595**	**–**	**9,336**
At 29 December 2007	**446**	**–**	**12,595**	**274**	**222**	**13,537**

The ESOP reserve represented the cost of shares in Andrews Sykes Group plc purchased in the market and held by the Andrews Sykes Group plc 1998 Employee Share Ownership Plan (ESOP) in trust to partly satisfy options under the group's share option schemes. Further details of the share option schemes are disclosed in note 33.

The ESOP sold 164 shares (*52 weeks ended 31 December 2006: 5,000 shares*) during the period for a net consideration of £236 (*52 weeks ended 31 December 2006: £4,451*). The ESOP did not purchase any shares during either period. The ESOP was closed during the current financial period and accordingly it did not hold any shares at the period end (*31 December 2006: 164 shares with a market value of £242*). Prior to closure, the ongoing costs of the ESOP were borne by the company.

The translation reserve represents the cumulative translation differences on the foreign currency net investments since the date of transition to IFRS.

Other reserves comprise:

	29 December 2007 £'000	31 December 2006 £'000
Capital redemption reserve	**134**	134
UAE legal reserve	**79**	79
Netherlands capital reserve	**9**	9
	222	222

Local legislation in the United Arab Emirates requires Khansaheb Sykes LLC to maintain a non-distributable reserve equal to 50% of its share capital.

Under Netherlands law, Andrews Sykes BV is required to maintain a minimum aggregate share capital and capital reserves of Euros 18,151 (NLG: 40,000).

There were no movements in any of the above other reserves during either the current or preceding financial years.

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35 Cash generated from operations

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Profit for the period attributable to equity shareholders	**8,549**	9,708
Adjustments for:		
Loss from discontinued operations	**–**	142
Taxation charge	**3,829**	4,150
Pension curtailment charge	**911**	–
Finance costs	**1,728**	1,772
Finance income	**(624)**	(500)
Income from other participating interests	**(209)**	–
Profit on the sale of property, plant and equipment	**(474)**	(538)
Depreciation	**4,432**	4,153
Impairment losses	**31**	–
Cash paid in connection with pension transfer value exercise	**(4,279)**	–
Excess of normal pension contributions compared with service cost	**(1,500)**	(1,503)
Cash generated from operations before movements in working capital	**12,394**	17,384
(Increase)/decrease in stocks	**(1,406)**	196
Increase in trade and other receivables	**(350)**	(2,829)
Increase in trade and other payables	**582**	1,544
Decrease in provisions	**(9)**	(360)
Cash generated from operations	**11,211**	15,935

36 Analysis of net debt

	29 December 2007 £'000	31 December 2006 £'000
Cash and cash equivalents per cash flow and note 24	**13,102**	10,190
Derivative financial instruments per note 21	**13**	23
	13,115	10,213
Bank loans per note 28	**(24,000)**	(25,000)
Obligations under finance leases per note 29	**(1,421)**	(1,380)
Derivative financial instruments per note 31	**(38)**	–
Gross debt	**(25,459)**	(26,380)
Net debt	**(12,344)**	(16,167)

37 Financial instruments

Capital risk management

The group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The capital structure of the group consists of debt, which is analysed in note 36, and equity comprising issued share capital, reserves and retained earnings as disclosed in note 34. The gearing ratio is:

	29 December 2007 £'000	31 December 2006 £'000
Net debt per note 36	**12,344**	16,167
Equity per note 34	**13,537**	4,201
Net debt to equity percentage	**91.2%**	384.8%

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and liability are disclosed in note 2 to the financial statements.

Categories of financial instruments

The carrying values of each category of financial instrument are as follows:

	29 December 2007 £'000	31 December 2006 £'000
Financial assets		
Fair value through profit and loss – held for trading	**13**	23
Loans and receivables (including cash and cash equivalents):		
Trade debtors and amounts due by related parties	**14,331**	13,558
Other debtors	**444**	1,330
Cash and cash equivalents	**13,102**	10,190
	27,877	25,078
	27,890	25,101
Financial liabilities		
Fair value through profit and loss – held for trading	**38**	–
Amortised cost:		
Trade creditors and amounts due to related parties	**5,347**	5,333
Accruals and other creditors	**7,394**	7,067
Loans lease	**24,000**	25,000
Finance lease obligations	**1,421**	1,380
	38,162	38,780
	38,200	38,780

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37 Financial instruments *(continued)*

Financial risk management
The key risks that potentially impact on the group's results are market risk, credit risk and liquidity and interest rate risks. The group's exposure to each of these risks and the management of that exposure is discussed below. There has been no change during the year, or since the year end to the type of financial risks faced by the group or to the management of those risks.

Market risk
The group's activities expose it primarily to the financial risks of changes in interest rates. The group enters into derivative financial instruments to manage its exposure to interest rate risk including interest rate caps that limit the group's exposure to fluctuations in LIBOR on its bank loans. Interest charged on bank loans is based on LIBOR plus a margin of between 0.5% and 1.25%.

The total value of the loans, average LIBOR rate during the period, notional capital value of the interest rate cap agreements held at the period end and effective cap rates were as follows:

	29 December 2007 £'000	31 December 2006 £'000
Total bank loans	**24,000**	25,000
Average bank loan agreement rate	**6.41%**	5.73%
Notional capital value of interest rate caps and effective cap rate:		
Initial cap taken out on 27 July 2006 to run to 27 July 2011:		
Notional capital value	**15,000**	20,000
Capped interest rate	**5.50%**	5.50%
Second cap taken out on 27 July 2007 to run to 27 July 2011:		
Notional capital value	**4,000**	–
Capped interest rate	**6.50%**	N/A

A 1% increase in the average bank loan agreement rate for the year would increase net bank loan interest after income from the derivative instruments by £61,000 (*31 December 2006: £165,000*), a 1% decrease would decrease it by £196,000 (*31 December 2006: £165,000*).

The group's policy is not to hedge its international assets with respect to foreign currency balance sheet translation exposure, nor against foreign currency transactions. The group generally does not enter into forward exchange contracts and it does not use financial instruments for speculative purposes.

37 Financial instruments *(continued)*

The carrying amount of the group's foreign currency denominated financial assets and liabilities at the end of the financial period are as follows:

	29 December 2007 £'000	31 December 2006 £'000
Assets denominated in:		
Euros	**2,636**	1,639
UAE Dirhams	**2,311**	1,613
Liabilities denominated in:		
Euros	**1,599**	1,017
UAE Dirhams	**1,199**	770

A 10% increase in the Euro: Sterling exchange rate would reduce the consolidated profit before tax by £178,000 (*31 December 2006: £189,000*). A 10% decrease would increase the consolidated profit before tax by a similar amount.

A 10% increase in the Dirham: Sterling exchange rate would reduce the consolidated profit before tax by £45,000 (*31 December 2006: £37,000*). A 10% decrease would increase the consolidated profit before tax by a similar amount.

Monetary assets and liabilities denominated in currencies other than Sterling, the Euro and UAE Dirhams were not significant at either period end.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Creditworthiness is verified by independent rating agencies when available. The group's exposure and credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by senior management on a regular basis.

Trade receivables consist of a large number of customers spread across diverse industries and geographical locations. Ongoing credit evaluation is performed on the financial condition of accounts receivable and where appropriate credit guarantee insurance cover is purchased.

The group does not have any significant credit risk exposure to any single counterparty or connected counterparties at the reporting date where "significant" is defined as 5% of gross financial assets. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk.

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37 Financial instruments *(continued)*

Liquidity risk management

The group manages liquidity risk by maintaining adequate cash reserves, which at 29 December 2007 amounted to £13,102,000 (*31 December 2006: £10,190,000*) by operating within its agreed banking facilities and meeting its banking covenants and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of monetary assets and liabilities. As at 29 December 2007 the group had undrawn borrowing facilities of £2 million (*31 December 2006: £2 million*) to further reduce liquidity risk.

Liquidity and interest risk tables

The following table details the group's remaining contractual maturity for its non-derivative financial liabilities. The table has been prepared based on the undiscounted contractual maturities of the financial instruments. The future finance charges in respect of fixed interest finance leases represents the finance charges that will be charged to the income statement in future periods and have not been included within the carrying amount of the financial liability:

29 December 2007

	Weighted average interest rate	Due within 3 months £'000	Due 3 months to 1 year £'000	Due over 1 and less than 5 years £'000	Due after 5 years £'000	Future finance charges £'000	Total £'000
Non-interest bearing		**–**	**12,741**	**–**	**–**	**–**	**12,741**
Variable interest bank loans	**6.15%**	**–**	**5,000**	**19,000**	**–**	**–**	**24,000**
Fixed interest finance leases	**8.00%**	**–**	**434**	**889**	**576**	**(478)**	**1,421**
Total		**–**	**18,175**	**19,889**	**576**	**(478)**	**38,162**

31 December 2006

	Weighted average interest rate	Due within 3 months £'000	Due 3 months to 1 year £'000	Due over 1 and less than 5 years £'000	Due after 5 years £'000	Future finance charges £'000	Total £'000
Non-interest bearing		–	12,400	–	–	–	12,400
Variable interest bank loans	5.73%	–	5,000	20,000	–	–	25,000
Fixed interest finance leases	8.00%	–	252	961	755	(588)	1,380
Total		–	17,652	20,961	755	(588)	38,780

The value of the derivative financial assets and liabilities as at 29 December 2007 and 31 December 2006 carried at fair value through the profit and loss account are disclosed in notes 21 and 31 respectively. Both the derivative financial assets and liabilities mature between 1 and 5 years from the balance sheet date.

38 Operating lease arrangements

At the balance sheet date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Property		Plant, machinery and equipment	
	29 December 2007 £'000	31 December 2006 £'000	**29 December 2007 £'000**	31 December 2006 £'000
Amounts payable under operating leases:				
Within one year	**662**	589	**45**	48
In the second to fifth years inclusive	**2,217**	1,634	**31**	30
After five years	**2,106**	2,197	**–**	–
	4,985	4,420	**76**	78

Property lease payments represent rentals payable by the group for certain of its operating locations and offices. Leases are negotiated over various terms to suit the particular requirements at that time. Break clauses are included wherever appropriate and the above liability has been calculated from the balance sheet date to either the end of the lease or the first break clause, whichever is the earlier.

Plant, machinery and equipment leases represent short term leases for office and general equipment.

39 Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Trading transactions

During the year, the group entered into the following transactions with associated companies on an arms length basis:

	29 December 2007 £'000	31 December 2006 £'000
Sale of goods and services	**127**	19
Purchase of goods and services	**130**	228
Amounts owed to the group by associates	**–**	4
Amount owed by the group to associates	**–**	49

Transactions with key management personnel

During June 2007 the group installed air conditioning equipment with a sales value of £34,000, calculated on an arms length basis, in premises belonging to the Chairman, Mr JG Murray. The balance, outstanding at the period end, has subsequently been paid prior to the accounts being approved.

Last year the group sold a motor vehicle at its market value of £15,000 to a former director on leaving the group. The balance was fully paid by the end of the period.

The group did not hold any security and there were no impairment charges in respect of any of the above transactions.

Remuneration paid to key management personnel is disclosed in note 11 above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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40 Post balance sheet events – Dividend payments and loan restructuring

No interim dividends were declared or paid during either the current or previous financial periods and the directors do not recommend the payment of a final dividend for the period ended 29 December 2007.

After the period end the directors declared the following interim dividends in respect of the period ending 31 December 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	6.5	2,896
Interim dividend declared on 24 April 2008 which will be paid to shareholders on the register as at 2 May 2008 on 16 May 2008	27.1	12,074
	33.6	14,970

The above interim dividends, which have not been reflected in the financial statements for the period ended 29 December 2007, will be charged against retained earnings in next year's accounts.

The above dividends will be mainly financed by new bank loans of £34 million, which will replace the previous loans of £24 million, repayable over 5 years. The interest rates and covenants are similar to the current loan agreements and interest rate caps will continue to be held for the majority of the loans to limit the group's exposure to increases in LIBOR. The group also has an additional loan facility of £5 million which can be drawn down under certain circumstances.

41 Explanation of transition to IFRS

This is the first year that the group has prepared its consolidated financial statements under IFRS. The following disclosures are required in the year of transition to explain the financial impact of adopting IFRS on the group. The last financial statements under UK GAAP were for the 52 weeks ended 31 December 2006 and the date of transition to IFRS was 1 January 2006.

41 Explanation of transition to IFRS *(continued)*

Reconciliation of equity as at 1 January 2006 (date of transition to IFRS)

	UK GAAP £'000	Reclass-ifications Note 1 £'000	IFRS 1 First time adoption Note 2 £'000	IAS 17 Leases Note 4 £'000	IAS 19 Employee benefits Note 5 £'000	IFRS £'000
Non-current assets						
Goodwill	31	–	–	–	–	31
Property, plant & equipment	12,011	–	–	699	–	12,710
Lease prepayments	–	–	–	239	–	239
Trade investments	164	–	–	–	–	164
Deferred tax asset	–	2,672	–	169	17	2,858
	12,206	2,672	–	1,107	17	16,002
Current assets						
Stocks	4,532	–	–	–	–	4,532
Trade and other receivables	13,929	(772)	–	10	–	13,167
Cash and cash equivalents	10,342	–	–	–	–	10,342
	28,803	(772)	–	10	–	28,041
Current liabilities						
Trade and other payables	(14,687)	6,060	–	–	–	(8,627)
Current tax liabilities	–	(1,060)	–	–	–	(1,060)
Bank loans	–	(5,000)	–	–	–	(5,000)
Obligations under finance leases	–	–	–	(233)	–	(233)
Provisions	–	(469)	–	–	–	(469)
	(14,687)	(469)	–	(233)	–	(15,389)
Net current assets	14,116	(1,241)	–	(223)	–	12,652
Total assets less current liabilities	26,322	1,431	–	884	17	28,654
Non-current liabilities						
Bank loans	(25,000)	–	–	–	–	(25,000)
Obligations under finance leases	–	–	–	(1,278)	–	(1,278)
Pension liabilities	(4,434)	(1,900)	–	–	(58)	(6,392)
Provisions	(469)	469	–	–	–	–
	(29,903)	(1,431)	–	(1,278)	(58)	(32,670)
Net liabilities	(3,581)	–	–	(394)	(41)	(4,016)
Equity						
Called-up share capital	446	–	–	–	–	446
ESOP reserve	(6)	–	–	–	–	(6)
Retained earnings	(4,994)	–	741	(394)	(41)	(4,688)
Revaluation reserve	741	–	(741)	–	–	–
Other reserves	222	–	–	–	–	222
Deficit attributable to equity holders of the parent	(3,591)	–	–	(394)	(41)	(4,026)
Minority interest	10	–	–	–	–	10
Total equity	(3,581)	–	–	(394)	(41)	(4,016)

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41 Explanation of transition to IFRS *(continued)*

Reconciliation of equity as at 31 December 2006 (date of last UK GAAP financial statements)

	UK GAAP £'000	Reclass-ifications Note 1 £'000	IFRS 1 First time adoption Note 2 £'000	IFRS 3 Business combinations Note 3 £'000	IAS 17 Leases Note 4 £'000	IAS 39 Fair value adjustments Note 6 £'000	IFRS £'000
Non-current assets							
Goodwill	17	–	–	14	–	–	31
Property, plant & equipment	14,599	–	–	–	602	–	15,201
Lease prepayments	–	–	–	–	229	–	229
Trade investments	164	–	–	–	–	–	164
Deferred tax asset	–	3,046	–	–	162	(7)	3,201
Derivative financial instruments	–	–	–	–	–	23	23
	14,780	3,046	–	14	993	16	18,849
Current assets							
Stocks	4,336	–	–	–	–	–	4,336
Trade and other receivables	17,280	(1,073)	–	–	10	–	16,217
Cash and cash equivalents	10,190	–	–	–	–	–	10,190
	31,806	(1,073)	–	–	10	–	30,743
Current liabilities							
Trade and other payables	(17,400)	7,292	–	–	–	–	(10,108)
Current tax liabilities	–	(2,292)	–	–	–	–	(2,292)
Bank loans	–	(5,000)	–	–	–	–	(5,000)
Obligations under finance leases	–	–	–	–	(233)	–	(233)
Provisions	–	(24)	–	–	–	–	(24)
	(17,400)	(24)	–	–	(233)	–	(17,657)
Net current assets	14,406	(1,097)	–	–	(223)	–	13,086
Total assets less current liabilities	29,186	1,949	–	14	770	16	31,935
Non-current liabilities							
Bank loans	(20,000)	–	–	–	–	–	(20,000)
Obligations under finance leases	–	–	–	–	(1,147)	–	(1,147)
Pension liabilities	(4,604)	(1,973)	–	–	–	–	(6,577)
Provisions	(24)	24	–	–	–	–	–
	(24,628)	(1,949)	–	–	(1,147)	–	(27,724)
Net assets	4,558	–	–	14	(377)	16	4,211
Equity							
Called-up share capital	446	–	–	–	–	–	446
Retained earnings	3,153	312	736	14	(377)	16	3,854
Translation reserve	–	(321)	–	–	–	–	(321)
Revaluation reserve	736	–	(736)	–	–	–	–
Other reserves	213	9	–	–	–	–	222
Surplus attributable to equity holders of the parent	4,548	–	–	14	(377)	16	4,201
Minority interest	10	–	–	–	–	–	10
Total equity	4,558	–	–	14	(377)	16	4,211

41 Explanation of transition to IFRS *(continued)*

Reconciliation of profit for the 52 weeks ended 31 December 2006

	UK GAAP £'000	Reclass-ifications Note 1 £'000	IFRS 3 Business combinations Note 3 £'000	IAS 17 Leases Note 4 £'000	IAS 39 Fair value adjustments Note 6 £'000	IFRS £'000
Revenue	59,768	–	–	–	–	59,768
Cost of sales	(26,932)	–	14	–	–	(26,918)
Gross profit	32,836	–	14	–	–	32,850
Distribution costs	(9,471)	–	–	–	–	(9,471)
Administrative expenses	(8,458)	206	–	145	–	(8,107)
Operating profit	14,907	206	14	145	–	15,272
Finance income	477	–	–	–	23	500
Finance costs	(1,651)	–	–	(121)	–	(1,772)
Profit on the sale of property	206	(206)	–	–	–	–
Loss on disposal of business – discontinued	(142)	142	–	–	–	–
Profit before taxation	13,797	142	14	24	23	14,000
Taxation	(4,136)	–	–	(7)	(7)	(4,150)
Profit for the period from continuing operations	9,661	142	14	17	16	9,850
Loss for the period from discontinued operations	–	(142)	–	–	–	(142)
Profit for the financial period	9,661	–	14	17	16	9,708

Notes to the reconciliations of equity and profit for the 52 weeks ended 31 December 2006

1 Reclassifications are required as certain items are shown differently under IFRS compared with UK GAAP. Reclassifications relate to (i) disclosing the defined benefit pension obligation gross of deferred tax under IFRS compared with net under UK GAAP, (ii) the disclosure of current tax liabilities and financial liabilities as separate items on the face of the balance sheet under IFRS, (iii) the split of provisions for liabilities between current and long term creditors under IFRS, (iv) the reclassification of profit on sale of property within administration expenses under IFRS and (v) the disclosure of loss on disposal of business as a discontinued operation. In addition the foreign exchange translation adjustments are disclosed as a separate reserve under IFRS from the date of transition.

2 As permitted by IFRS 1 - First time adoption of IFRS, the group has elected to treat the October 1998 revaluation of the UK freehold and long leasehold properties as deemed cost at that date. The valuation was carried out by DTZ Debenham Tie Leung, Chartered Surveyors, at open market value for existing use in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. The aggregate deemed gross cost included within property, plant and equipment is £2,731,000. Although no adjustment is required to the carrying value of property, plant and equipment; the revaluation reserve carried under UK GAAP has been transferred to retained earnings as a consequence of this election.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 29 DECEMBER 2007

41 Explanation of transition to IFRS *(continued)*

3 As required by IFRS 3 - Business Combinations, purchased goodwill is not amortised and is stated at its carrying value at the date of transition to IFRS. Accordingly goodwill amortisation charged in accordance with UK GAAP has been reversed.

4 IFRS requires property leases to be split into two elements, land and buildings. Each element is then considered independently and treated as a finance or operating lease as appropriate. This treatment differs to UK GAAP which requires the whole property lease to be considered in its entirety. Consequently certain leasehold buildings have been brought onto the balance sheet under IFRS and conversely certain leasehold land, that was previously treated as a finance lease under UK GAAP, has been reclassified as an off balance sheet operating lease. Lease premiums relating to land have been reclassified as prepayments.

5 The calculation of the defined benefit pension scheme liability under IFRS requires the scheme's assets to be valued at the lower bid-market value compared with mid-market value required by UK GAAP.

6 IAS 39 requires all derivative financial instruments to be valued and brought onto the balance sheet. There was no equivalent requirement under UK GAAP. During 2006 the group purchased an interest rate cap and this has been brought onto the balance sheet at fair value at 31 December 2006.

Other than presentational differences, there are no material adjustments to the previous cash flow statements presented under UK GAAP.

42 Ultimate parent company

As at 30 April 2008 EOI Sykes Sarl, which is incorporated in Luxembourg, held 81.65% of the share capital of Andrews Sykes Group plc and is therefore the immediate parent company. The intermediate holding company is SK Participation Sarl, a company incorporated in Luxembourg, in respect of which consolidated accounts are prepared. The ultimate holding company is the Tristar Corporation, a company incorporated in The Republic of Panama. The ultimate controlling party is Mr JG Murray.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANDREWS SYKES GROUP PLC

We have audited the parent company financial statements of Andrews Sykes Group plc for the 52 weeks ended 29 December 2007 which comprise company balance sheet and the related notes 1 to 13. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the group financial statements of Andrews Sykes Group plc for the 52 weeks ended 29 December 2007.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the parent company financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Directors' Report is consistent with the parent company financial statements. The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements. The other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent company financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent company financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent company financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANDREWS SYKES GROUP PLC

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 29 December 2007;
- the parent company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the parent company financial statements.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham, United Kingdom

30 April 2008

COMPANY BALANCE SHEET
AS AT 29 DECEMBER 2007

	Note	29 December 2007 £'000	29 December 2007 £'000	31 December 2006 £'000	31 December 2006 £'000
Fixed assets					
Investments	3		**32,623**		32,623
Current assets					
Debtors	4	**11,378**		11,967	
Cash at bank and in hand	5	**7,367**		643	
		18,745		12,610	
Creditors: Amounts falling due within one year	6	**(11,264)**		(10,636)	
Net current assets			**7,481**		1,974
Total assets less current liabilities			**40,104**		34,597
Creditors: Amounts falling due after more than one year	6		**(19,000)**		(20,000)
Provisions for liabilities	8		**(216)**		(90)
Net assets			**20,888**		14,507
Capital and reserves					
Called-up share capital	9		**446**		446
Profit and loss account	10		**18,097**		11,716
Other reserves	10		**2,345**		2,345
Equity shareholders' funds	11		**20,888**		14,507

These financial statements were approved by the Board of Directors on 30 April 2008 and were signed on its behalf by:

JC Pillois
Finance Director

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE 52 WEEKS ENDED 29 DECEMBER 2007

1 Significant Accounting Policies

Basis of preparation

These separate financial statements of Andrews Sykes Group plc (the company) have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards. The principal accounting policies, which have all been applied consistently throughout the current and preceding accounting periods, are summarised below.

Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment. Cost is defined as the aggregate of:

(a) the cash consideration;
(b) the nominal value of shares issued as consideration where Section 131 of the Companies Act 1985 applies;
(c) the market value of the company's shares on the date they were issued where Section 131 does not apply;
(d) the fair value of any other consideration; and
(e) costs of acquisition.

Deferred tax

Deferred tax is provided in full on timing differences that result in an obligation to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on unremitted earnings where there is no binding commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Current tax

Current tax payable and recoverable is based on the taxable profit or loss for the year using tax rates enacted or substantively enacted at the reporting date. Taxable profit differs from the profit as reported in the profit and loss account as it is adjusted for both items that will never be taxable or deductible and temporary timing differences.

Borrowing costs

All borrowing costs are recognised in the company's profit and loss account on an accruals basis.

Employees

Other than the directors who are listed on page 22 and whose emoluments are disclosed in note 11 to the consolidated financial statements, the company did not have any employees in the current or previous financial year.

1 Significant Accounting Policies *(continued)*

Cash flow statement

Under the provisions of FRS 1: Cash flow statements (revised), the company has not presented a cash flow statement because the consolidated financial statements contain a cash flow statement which includes the results of the company.

Related party transactions

Under the provisions of FRS 8 Related Party Disclosures, the company has not disclosed details of intra-group transactions because consolidated financial statements have been prepared.

2 Profit for the financial period

As permitted by Section 230 of the Companies Act 1985, the company has elected not to present its own profit and loss account for the period. The profit for the financial period dealt with in the profit and loss account of the company was £6,381,000 (*52 weeks ended 31 December 2006: £65,000*).

3 Fixed asset investments

	Subsidiary undertakings shares £'000
Cost	
At the beginning and end of the period	**40,748**
Provisions	
At the beginning and end of the period	**8,125**
Net book value	
At 29 December 2007	**32,623**
At 31 December 2006	32,623

The company's principal subsidiary undertakings (* denotes directly owned by Andrews Sykes Group plc) as at 29 December 2007 were as follows:

Andrews Sykes Hire Limited *
Andrews Air Conditioning & Refrigeration Limited *
Andrews Sykes Investments Limited * (Intermediate holding company)
A.S. Group Management Limited * (Intermediate holding company)
Heat for Hire Limited * (Intermediate holding company)
Andrews Sykes Properties Limited * (Property holding company)
AS Holding B.V. (Netherlands, Intermediate holding company)
Khansaheb Sykes LLC (49%, United Arab Emirates)
Andrews Sykes B.V. (Netherlands)
Andrews Sykes BVBA (Belgium)
Rentacool LLC (USA)

Unless otherwise indicated, all are incorporated in Great Britain and undertake hire, sales, service and/or installation of specialist environmental control products mainly in the country of incorporation. The group holds 100% of the ordinary share capital of all of the above, unless otherwise stated. 100% of the profits of Khansaheb Sykes LLC accrue to the group.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 29 DECEMBER 2007

4 Debtors

	29 December 2007 £'000	31 December 2006 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	**9,837**	10,994
Corporation tax and group relief	**1,460**	683
Other debtors	**80**	286
Prepayments and accrued income	**1**	4
	11,378	11,967

5 Cash at bank and in hand

	29 December 2007 £'000	31 December 2006 £'000
Cash at bank and in hand	**7,000**	–
Capital reduction trust account	**367**	643
	7,367	643

The capital reduction trust account was created by order of the High Court, as a condition of approving a capital reduction programme, on 14 September 2005. It is held to protect third party interests and it is recoverable as the company is released from its obligations in the normal course of trading. Interest from the trust account accrues to the company.

6 Creditors

	29 December 2007 £'000	31 December 2006 £'000
Amounts falling due within one year:		
Bank loans and overdrafts	**5,412**	5,462
Amounts owed to group undertakings	**5,142**	5,053
Corporation tax	**–**	25
Other taxes and social security	**1**	1
Other creditors	**36**	34
Accruals and deferred income	**673**	61
	11,264	10,636

6 Creditors *(continued)*

	29 December 2007 £'000	31 December 2006 £'000
Amounts falling due after more than one year:		
Bank loans	**19,000**	20,000
	19,000	20,000

Total company bank loans and overdrafts of £24,412,000 (*31 December 2006: £25,462,000*) are secured by fixed and floating charges on the assets of the group and by cross guarantees between group undertakings. There are no unsecured bank loans at either year end.

Of the company's bank loans falling due after more than one year, £10,000,000 (*31 December 2006: £10,000,000*) is repayable between one and two years and the balance is between two and five years from the balance sheet date.

All inter-company loans are repayable on demand and accordingly have been classified within current liabilities.

The maturity profile of the company's undrawn committed borrowing facilities available as at 29 December 2007 was:

	29 December 2007 £'000	31 December 2006 £'000
Expiring within one year	**2,000**	2,000

7 Financial Instruments

The group's policies, objectives and exposure in respect of capital and financial (encompassing market, credit and liquidity) risk management are set out in note 37 of the consolidated financial statements.

8 Provisions for liabilities

	Deferred tax £'000
At the beginning of the period	90
Profit and loss account	126
At the end of the period	216

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 29 DECEMBER 2007

8 Provisions for liabilities *(continued)*

The liability for deferred taxation at 28% (*31 December 2006: 30%*) is analysed as follows:

	29 December 2007 £'000	31 December 2006 £'000
Unremitted overseas earnings	**251**	122
Other short term timing differences	**(35)**	(32)
	216	90

There were no unprovided deferred tax assets or liabilities at the end of either period.

9 Called-up share capital

	29 December 2007 £'000	31 December 2006 £'000
Authorised.		
1,398,170,943 ordinary shares of one pence each	**13,982**	13,982
(*31 December 2006: 1,398,170,943 ordinary shares of one pence each*)		
Issued and fully paid:		
44,552,865 ordinary shares of one pence each	**446**	446
(*31 December 2006: 44,552,865 ordinary shares of one pence each*)		

The company did not buy back any shares for cancellation during the period (*52 weeks ended 31 December 2006: 15,000 shares*).

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

At 29 December 2007 cash options to subscribe for ordinary shares under the executive share option scheme were held as follows:

		Subscription	Number of one pence ordinary shares	
		price per	**29 December**	31 December
Date of grant	Date normally exercisable	share	**2007**	2006
November 2001	November 2004 to October 2011	89.5 pence	**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. (*52 weeks ended 31 December 2006: 5,000 share options on 13 February 2006, when the average share price was £1.115, at an average subscription price of 89.5p per share*).

10 Reserves

	Profit and loss account £'000	Other reserves £'000	Total £'000
At the beginning of the period	11,716	2,345	14,061
Retained profit for the period	**6,381**	**–**	**6,381**
At the end of the period	**18,097**	**2,345**	**20,442**

Other reserves comprise:	**29 December 2007 £'000**
Capital redemption reserve	**134**
Non-distributable dividends received from subsidiaries	**2,211**
	2,345

11 Reconciliation of movements in equity shareholders' funds

	52 weeks ended 29 December 2007 £'000	52 weeks ended 31 December 2006 £'000
Profit for the financial period	**6,381**	65
Consideration for the purchase of own shares	**–**	(16)
Sale of own shares by the ESOP trust	**–**	4
Net increase in equity shareholders' funds	**6,381**	53
Equity shareholders' funds at the beginning of the period	**14,507**	14,454
Equity shareholders' funds at the end of the period	**20,888**	14,507

12 Capital commitments and guarantees

The company has guaranteed certain property leases of subsidiary undertakings occupied for the purposes of the group's trade. At 29 December 2007 the annual commitment under such leases totalled £81,000 (*31 December 2006: £265,000*), all expiring in five years or more.

13 Ultimate parent company

As at 30 April 2008 EOI Sykes Sarl, which is incorporated in Luxembourg, held 81.65% of the share capital of Andrews Sykes Group plc and is therefore the immediate parent company. The ultimate holding company is the Tristar Corporation, a company incorporated in the Republic of Panama. The ultimate controlling party is Mr JG Murray.

ANDREWS SYKES GROUP PLC
NOTICE OF ANNUAL GENERAL MEETING ON 11 JUNE 2008

Notice is hereby given that the eighty fifth Annual General Meeting of Andrews Sykes Group plc will be held at Floor 5, Number 10, Bruton Street, London, W1J 6PX on 11 June 2008 at 10.30 am for the following purposes:

As ordinary business:

Ordinary resolutions

1. That the financial statements for the 52 weeks ended 29 December 2007 together with the report of the directors and of the auditors, be and they are hereby received and adopted.

2. That Mr RC King, who was appointed as a director by the Board on 29 February 2008, retires in accordance with the Articles of Association and offers himself for re-election, be and is hereby re-elected.

3. That Mr JG Murray, who retires by rotation and offers himself for re-election, be and is hereby re-elected.

4. That Mr FMB Gailer, who retires by rotation and offers himself for re-election, be and is hereby re-elected.

   Details of directors are set out on page 22 of the financial statements.

5. That Deloitte & Touche LLP be and are hereby re-appointed as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company at a remuneration to be fixed by the directors.

As special business:

Ordinary resolutions

6. That the directors, in substitution for all authorities previously conferred upon them (save to the extent that such authorities shall have been exercised) be and they are hereby authorised generally and unconditionally for the purposes of Section 80 of the Companies Act 1985 to allot or grant options over relevant securities (as therein defined) up to a maximum aggregate nominal amount of £66,829 such authority to expire at the end of the next Annual General Meeting of the Company save where the directors exercise such authority pursuant to an offer or agreement made prior to the date of such meeting.

7. That the general authority given by the Company to make market purchases (as defined by the Companies Act 1985 Section 163(3)) of Ordinary Shares of one pence each in its capital, passed by the Company in general meeting on 29 May 1996 and last renewed on 6 June 2007 be, and it is hereby renewed, subject as follows:

   7.1 the maximum number of shares which may be so acquired is 5,569,108 Ordinary Shares of one pence each;

   7.2 the minimum price which may be paid for such shares is the nominal value of such shares;

   7.3 the maximum price which may be paid per share is a sum equal to 105% of the average of the market values of the Ordinary Shares of the Company in the Daily Official List of the Stock Exchange on the five business days immediately preceding the date of purchase;

7.4 the authority conferred by this resolution shall expire on 11 December 2009 or the date of the Annual General Meeting for the period ending 31 December 2008 whichever is the earlier.

Special resolutions

8. That subject to the passing of resolution numbered 6 above the directors be and they are hereby generally and unconditionally authorised to allot equity securities (defined in Section 94(2) of the Companies Act 1985) pursuant to the authority conferred by the resolution numbered 6 above as if Section 89(1) of the said Act did not apply to any such allotment of equity securities and so that references to allotment in this resolution shall be construed in accordance with Section 94(3) of the said Act and the power hereby conferred shall enable the Company to make an offer or agreement before the expiry of this authority which would or might require equity securities to be allotted after the expiry of such authority provided that the authority hereby conferred shall be limited (a) to the allotment of equity securities in connection with a rights issue in favour of the holders of equity securities in proportion to their respective holdings of such securities or (as the case may be) in accordance with the rights attached hereto, but subject to such exclusions or arrangements as the directors shall deem necessary in relation to fractional entitlements or pursuant to the laws of any territory or requirements of any regulatory body or any Stock Exchange in any territory, and (b) the allotment (otherwise than pursuant to (a) of this provision) of equity securities up to an aggregate nominal amount of £66,829; this authority to expire at the end of the next Annual General Meeting of the Company save to the extent that the directors exercise such authority pursuant to an offer or agreement made prior to the date of such meeting.

9. That the Articles of Association, a copy of which is attached and signed by the Chairman of the Board of Directors for the purposes of identification only, be and they are hereby adopted as the Articles of Association of the Company to the exclusion of and in substitution for the existing Articles of Association.

ANDREWS SYKES GROUP PLC
NOTICE OF ANNUAL GENERAL MEETING ON 11 JUNE 2008

Recommendation

Your directors unanimously recommend the Ordinary Shareholders to vote in favour of the Resolutions to be proposed at the Annual General Meeting of the company as they intend to do in respect of their own beneficial holdings amounting to 38,545,581 ordinary shares representing approximately 86.52% of the current ordinary shares. You are referred to the Directors' Report on page 20 for an explanation for each resolution to be considered as special business.

In respect of resolution number 7 it is intended that any share purchases by the company will only be made on the London Stock Exchange. This should not be taken to imply that shares will be purchased. The directors believe it is in the best interests of all the Shareholders that the company should have the flexibility to make market purchases of its own shares. The effect of such purchases will be to reduce the number of shares in issue and the directors would accordingly only make such purchases after considering the effect on earnings per share and the benefit for Shareholders.

By order of the board

MJ Calderbank ACA
Company Secretary

Premier House
Darlington Street
Wolverhampton
WV1 4JJ

30 April 2008

Notes:
1. The following documents will be available at the registered office of the Company on any weekday during normal business hours and at the Annual General Meeting:
   (a) The Register of Directors' share interests.
   (b) Copies of the contracts of service between the Company and its directors.
2. (a) A member is entitled to appoint a proxy to attend and, on a poll, to vote on his or her behalf. A proxy need not be a member of the Company.
   (b) The appointment of the proxy does not preclude a member from attending the meeting and voting in person if he or she so wishes.
   (c) A Form of Proxy is enclosed for use by ordinary shareholders in relation to the meeting, which, to be effective, must be completed and deposited with the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6ZL at least 48 hours before the time appointed for holding the meeting.
   (d) To be entitled to attend and vote at the meeting (and for the purposes of the determination by the Company of the votes they may cast) members must be entered on the register of members of the Company by 6 pm on 9 June 2008. Changes to entries on the register of members after 6 pm on 9 June 2008 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

FIVE YEAR HISTORY

	IFRS		UKGAAP**		
	52 weeks ended 29 December 2007 £000	52 weeks ended 31 December 2006 £000	53 weeks ended 31 December 2005 £000	52 weeks ended 27 December 2004 £000	52 weeks ended 27 December 2003 £000
Revenue	**57,846**	59,768	55,088	62,680	68,252
Operating profit from continuing activities*					
Trading profit before exceptional and goodwill charges	**14,215**	15,696	11,418	12,775	14,729
Pension curtailment offer	**(911)**	–	–	–	–
Exceptional reorganisation and redundancy payments	**–**	(630)	–	–	–
Cash cancellation offer	**–**	–	–	(4,872)	–
Goodwill amortisation and impairment charges	**(31)**	–	(14)	(14)	(14)
Profit on the disposal of property	**–**	206	–		–
	13,273	15,272	11,404	7,889	14,715
Income from other participating interests	**209**	–	–	304	–
Net interest	**(1,104)**	(1,272)	(738)	(718)	(684)
Profit before taxation	**12,378**	14,000	10,666	7,475	14,031
Taxation	**(3,829)**	(4,150)	(2,838)	(2,236)	(4,634)
Profit for the financial period from continuing activities	**8,549**	9,850	7,828	5,239	9,397
(Loss)/profit on disposal of businesses after tax	**–**	(142)	6,299	(305)	598
Profit for the financial period	**8,549**	9,708	14,127	4,934	9,995
Dividends paid during the year	**–**	–	8,119	2,320	–
Basic earnings per share from continuing operations	**19.19p**	22.11p	15.24p	8.13p	14.56p
Ordinary dividend per share paid in the year	**–**	–	14.0p	4.0p	–

* Defined as at the end of each reporting period.

** Prior year periods are stated under UK GAAP as the transition to IFRS did not have a material impact on the reported profit. Presentational adjustments have been made where material.

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