

26 September 2023

ANDREWS SYKES GROUP PLC
 ("Andrews Sykes" or the "Company" or the "Group")

Half Year Results

Unaudited results for the six months ended 30 June 2023

Summary of Results

	Unaudited six months ended 30 June 2023 £000	Unaudited six months ended 30 June 2022 £000
Revenue from continuing operations	38,843	37,903
EBITDA* from continuing operations	13,887	13,181
Operating profit	9,713	8,489
Profit for the financial period	7,534	6,477
Cash and cash equivalents	24,146	34,430
Net funds	24,803	21,741
	(pence)	(pence)
Basic earnings per share	17.88	15.36
Interim dividend declared per equity share	11.90	11.90
Special dividend declared per equity share	59.40	16.60

* Earnings before interest, taxation, depreciation, profit on the sale of property, plant and equipment and amortisation

Enquiries

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CHAIRMAN'S STATEMENT

Overview

The Group's revenue for the 6 months ended 30 June 2023 (the "period") was £38.8 million, an increase of £0.9 million compared with the same period in 2022. Operating profit for the period was £9.7 million compared with £8.5 million in 2022, an increase of £1.2 million, reflecting the increased revenue and the absence of £0.5m France restructure costs which were incurred in 2022. The period turnover and operating profit are both record results. Overall, net funds decreased by £1.1 million from £25.9 million as at 31 December 2022 to £24.8 million as at 30 June 2023 largely as a result of £3.0 million additional right-of-use lease obligations arising from new property leases.

Operations review

Revenue at Andrews Sykes Hire in the UK continues to grow and improved by 5.6% compared with the same period in 2022.

Our business in Europe continues to grow very strongly, with revenue growing 15.5% compared to the same period in 2022. This result was driven by an exceptional performance from our Luxembourg and Dutch subsidiaries, with revenues up 64.8% and 24.1% respectively on the same period in 2022 with a cold winter and the high early summer temperatures in June driving increasing demand in our heating and cooling products. Consequently, the combined operating profit for the UK and European hire businesses in the period was £1.1 million above the level achieved in 2022.

The previously announced restructure and depot closures in Climat Location, our France subsidiary, has contributed to a significantly reduced operating loss in France, with a loss of £0.1m being recognised in 2023. In addition, the group has further benefitted by not incurring any further restructure costs in the period whereas the same period in 2022 included £0.5m of restructure costs.

Andrews Air Conditioning and Refrigeration, our UK air conditioning installation business, continues to trade broadly in line with last few years but remains significantly down on 2019 levels. Whilst revenue decreased 11.7% in the period compared to the first six months of 2022, tight cost control meant operating profit increased by 1.8%.

Khansaheb Sykes, our business based in the UAE, continues to experience a difficult trading environment with revenue down 40.3% versus the first half of 2022. A restructure undertaken during the period has further reduced headcount in the UAE and rationalised our depots to one main trading depot in Sharjah. New senior management have recently been recruited and are having a positive impact. The reduced turnover in the UAE has resulted in operating profit being £0.4m lower to the first half of 2022.

Defined benefit pension scheme

Since the period end, the company has worked with the pension scheme Trustees and pension advisors, Hymans Robertson, to successfully de-risk its defined benefit scheme by completing a buy-in deal with Canada Life. This transaction, whilst significantly reducing the defined benefit pension scheme surplus recorded on the balance sheet, means that future liabilities are fully de-risked and the company will not be required to contribute significant cash payments into the pension scheme to fund adverse liability movements. During 2021 and 2022 the company contributed £2.6m of cash into the defined benefit pension scheme.

Profit for the financial period and Earnings per Share

Profit before tax for the period was £10.1 million compared with £8.5 million in the same period last year. This £1.6m increase is attributable to the £1.2 million improvement in operating profit, a reduced net foreign exchange gain on inter-company balances of £0.2 million due to the strengthening of Sterling compared with the Euro, and a net increase of £0.5 million in interest receivable resulting from the higher interest received on cash deposits.

The total tax charge for the period increased by £0.5 million to £2.6 million (2022: £2.1 million), an effective tax rate of 25.5% (2022: 24.0%). The increase in the overall effective rate of tax is driven by an increase in the UK corporation tax rate from 19% to 25% effective from April 2023, giving a blended rate of 23.5% for UK corporation tax in 2023.

Profit after tax in the period was £7.5 million (2022: £6.5 million). Basic earnings per share increased by 2.52 pence, or 16.4%, to 17.88 pence (2022: 15.36 pence) reflecting this increase in profit.

Dividends

The final dividend of 14.00 pence per ordinary share for the year ended 31 December 2022 was approved by members at the AGM held on 14 June 2023. Accordingly, on 16 June 2023 the Company made a total dividend payment of £5.9 million which was paid to shareholders on the register as at 26 May 2023.

The board continues to adopt the policy of returning value to shareholders whenever possible. The Group remains profitable, cash generative and financially strong. Accordingly, the board has decided to declare an interim dividend of 11.90 pence per ordinary share which in total amounts to £5.0 million.

In addition to the interim dividend, the board has assessed the company's ongoing cash requirements and has concluded that, as a result of the company's robust cash generation and de-risking of the defined benefit pension scheme, a portion of the current cash reserves are surplus to the company's requirements. The board has therefore decided to return this surplus capital to Andrews Sykes shareholders by way of a special dividend of 59.40 pence per ordinary share which in total amounts to £25.0 million. Both the interim and special dividends will be paid on 3 November 2023 to shareholders on the register as at 26 May 2023.

the register as at 6 October 2023.

Outlook

Following the Company's strong first half performance, trading in the second half of the year to date has been more mixed. Whilst extreme summer temperatures in Southern Europe positively impacted demand for the Group's chillers in Italy, a more subdued summer season in the UK has limited the overall positive impact for the Group. Overall, Management remains confident of delivering full year results in line with the Board's expectations. In the longer term, management remains optimistic that the business will continue to improve but are mindful of the current economic climate and the impact that volatile energy prices and inflationary cost pressures can pose to the business and customer demand.

JJ Murray

Chairman

25 September 2023

Consolidated Income Statement

for the six months ended 30 June 2023

	Note	Unaudited six months ended 30 June 2023 £000	Unaudited six months ended 30 June 2022 £000	Year ended 31 December 2022 £000
Revenue	2	38,843	37,903	83,007
Cost of sales		(14,132)	(15,338)	(30,006)
Gross profit		24,711	22,565	53,001
Distribution costs		(7,321)	(6,846)	(14,936)
Administrative expenses		(7,677)	(7,230)	(16,535)
Operating profit		9,713	8,489	21,530
EBITDA*		13,887	13,181	30,616
Depreciation and impairment losses		(3,220)	(3,444)	(6,565)
Depreciation of right-of-use assets		(1,332)	(1,528)	(4,017)
Profit on the sale of property		-	-	866
Profit on the sale of plant and equipment and right-of-use assets		378	280	630
Operating profit		9,713	8,489	21,530
Finance income	3	730	316	631
Finance costs	3	(332)	(278)	(610)
Profit before tax		10,111	8,527	21,551
Tax expense	4	(2,577)	(2,050)	(4,531)
Profit for the period from continuing operations attributable to equity holders of the Parent Company		7,534	6,477	17,020
Earnings per share from continuing operations:				
Basic and diluted	5	17.88p	15.36p	40.36p
Dividend per equity share paid during the period		14.00p	12.50p	41.00p
Proposed dividend per equity share		11.90p	11.90p	14.00p
Proposed special dividend per equity share		59.40p	16.60p	-

* Earnings before interest, taxation, depreciation, profit on sale of property, plant and equipment and amortisation.

Consolidated Statement of Comprehensive Total Income
for the six months ended 30 June 2023

	Unaudited six months ended 30 June 2023 £000	Unaudited six months ended 30 June 2022 £000	Year ended 31 December 2022 £000
Profit for the period	7,534	6,477	17,020
Other comprehensive income			
Currency translation differences on foreign currency operations	(459)	926	1,222
Foreign exchange differences on IFRS 16 adjustments	16	-	(32)
Net other comprehensive (expense)/ income that may be reclassified to profit and loss	(443)	926	1,190
Re-measurement of defined benefit pension assets and liabilities	(17)	2,567	823
Related asset restriction	(49)	(898)	(735)
Net other comprehensive income that will not be reclassified to profit and loss	(66)	1,669	88
Other comprehensive (expense)/ income for the period net of tax	(509)	2,595	1,278
Total comprehensive income for the period attributable to equity holders of the Parent Company	7,025	9,072	18,298

Consolidated Balance Sheet
At 30 June 2023

	Unaudited 30 June 2023 £000	Unaudited 30 June 2022 £000 As restated	31 December 2022 £000
Non-current assets			
Property, plant and equipment	17,967	20,091	19,361
Right-of-use assets	12,822	12,125	9,667
Deferred tax assets	195	163	229
Defined benefit pension scheme surplus	5,445	6,105	5,353
	36,429	38,484	34,610
Current assets			
Stocks	3,208	5,205	4,434
Trade and other receivables	20,012	18,749	19,535
Current tax asset	188	-	423
Other financial assets	15,000	-	16,700
Cash and cash equivalents	24,146	34,430	20,518
	62,554	58,384	61,610
Current liabilities			
Trade and other payables	(17,252)	(14,178)	(16,695)
Current tax liabilities	-	(485)	(810)
Right-of-use lease obligations	(2,555)	(2,625)	(2,505)
	(19,807)	(17,288)	(20,010)
Net current assets	42,747	41,096	41,600
Total assets less current liabilities	79,176	79,580	76,210
Non-current liabilities			
Right-of-use lease obligations	(11,788)	(10,064)	(8,817)
Provisions	(2,015)	(2,096)	(2,682)
	(13,803)	(12,160)	(11,499)

Net assets	65,373	67,420	64,711
Equity			
Called up share capital	420	422	421
Share premium	13	13	13
Retained earnings	60,977	62,845	59,872
Translation reserve	3,715	3,894	4,158
Other reserve	248	246	247
Total equity	65,373	67,420	64,711

Consolidated Cash Flow Statement

for the six months ended 30 June 2023

	Unaudited six months ended 30 June 2023 £000	Unaudited six months ended 30 June 2022 £000	Year ended 31 December 2022 £000
Operating activities			
Profit for the period	7,534	6,477	17,020
Adjustments for:			
Tax charge	2,577	2,050	4,531
Finance costs	332	278	610
Finance income	(730)	(316)	(631)
Profit on disposal of plant and equipment and right-of-use assets	(378)	(280)	(630)
Profit on disposal of property	-	-	(866)
Depreciation of property, plant and equipment	3,220	3,444	6,565
Depreciation of right-of-use assets	1,332	1,528	4,017
Difference between pension contributions paid and amounts recognised in the Income Statement	36	(628)	(1,152)
Decrease/ (increase) in inventories	1,155	639	(1,206)
(Increase)/ decrease in receivables	(791)	1,669	1,232
Increase in payables	766	330	2,492
Movement in provisions	(667)	125	711
Cash generated from continuing operations	14,386	15,316	32,693
Interest paid	(332)	(278)	(610)
Corporation tax paid	(3,185)	(1,553)	(4,487)
Net cash inflow from operating activities	10,869	13,485	27,596
Investing activities			
Disposal of property, plant and equipment	485	302	1,906
Purchase of property, plant and equipment	(2,132)	(2,380)	(2,463)
Cash on deposit with greater than 3 month maturity	1,700	-	(16,700)
Interest received	522	256	265
Net cash inflow/ (outflow) from investing activities	575	(1,822)	(16,992)
Financing activities			
Loan repayments	-	(3,000)	(3,000)
Capital repayments for right-of-use lease obligations	(1,402)	(1,471)	(2,849)
Equity dividends paid	(5,898)	(5,272)	(17,292)
Equity dividends forfeited	-	-	85
Share repurchase	(465)	-	-
Net cash outflow from financing activities	(7,765)	(9,743)	(23,056)
Net increase in cash and cash equivalents	3,679	1,920	(12,452)
Cash and cash equivalents at the start of the period	20,518	32,443	32,443
Effect of foreign exchange rate changes	(51)	67	527
Cash and cash equivalents at the end of the period	24,146	34,430	20,518

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2023

	Share capital	Share premium	Translation reserve	Capital redemption reserve	UAE legal reserve	Netherlands capital reserve	Retained earnings	to equity holders of the parent
	£000	£000	£000	£000	£000	£000	£000	£000
At 31 December 2021	422	13	2,968	158	79	9	59,971	63,620
Profit for the period	-	-	-	-	-	-	6,477	6,477
Other comprehensive income for the period net of tax	-	-	926	-	-	-	1,669	2,595
Total comprehensive income	-	-	926	-	-	-	8,146	9,072
Dividends paid	-	-	-	-	-	-	(5,272)	(5,272)
Total of transactions with shareholders	-	-	-	-	-	-	(5,272)	(5,272)
At 30 June 2022	422	13	3,894	158	79	9	62,845	67,420
Profit for the period	-	-	-	-	-	-	10,543	10,543
Other comprehensive (expense)/ income for the period net of tax	-	-	264	-	-	-	(1,581)	(1,317)
Total comprehensive (expense)/ income	-	-	264	-	-	-	8,962	9,226
Dividends paid	-	-	-	-	-	-	(12,020)	(12,020)
Share and dividend forfeiture	(1)	-	-	1	-	-	85	85
Total of transactions with shareholders	(1)	-	-	1	-	-	(11,935)	(11,935)
At 31 December 2022	421	13	4,158	159	79	9	59,872	64,711
Profit for the period	-	-	-	-	-	-	7,534	7,534
Other comprehensive income for the period net of tax	-	-	(443)	-	-	-	(66)	(509)
Total comprehensive income	-	-	(443)	-	-	-	7,468	7,025
Dividends paid	-	-	-	-	-	-	(5,898)	(5,898)
Share repurchase	(1)	-	-	1	-	-	(465)	(465)
Total of transactions with shareholders	(1)	-	-	1	-	-	(6,363)	(6,363)
At 30 June 2023	420	13	3,715	160	79	9	60,977	65,373

Notes to the Interim Financial statements

1 General information and accounting policies

These interim financial statements have been prepared in accordance with the recognition and measurement principles of international accounting standards in conformity with the requirements of the Companies Act 2006.

The information for the 12 months ended 31 December 2022 does not constitute the Group's statutory accounts for 2022 as defined in Section 434 of the Companies Act 2006. Statutory accounts for 2022 have been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006. These interim financial statements, which were approved by the Board of Directors on 26 September 2023, have not been audited or reviewed by the auditors.

Basis of preparation

The interim financial statement has been prepared using the historical cost basis of accounting except for:

- (i) Properties held at the date of transition to IFRS which are stated at deemed cost;

(ii) Assets held for sale which are stated at the lower of (i) Carrying amount and (ii) amount for sale.

- (ii) Assets held for sale which are stated at the lower of (i) fair value less anticipated disposal costs and (ii) carrying value;
- (iii) Derivative financial instruments (including embedded derivatives) which are valued at fair value; and
- (iv) Pension scheme assets and liabilities calculated at fair value in accordance with IAS 19

The annual financial statements of the Group are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the AIM Rules issued by the London Stock Exchange.

Accounting policies

The principal accounting policies applied in preparing the interim Financial Statements comply with international accounting standards in conformity with the requirements of the Companies Act 2006 and are consistent with the policies set out in the Annual Report and Accounts for the year ended 31 December 2022.

No new standards or interpretations issued since 31 December 2022 have had a material impact on the accounting of the Group.

Functional and presentational currency

The financial statements are presented in pounds Sterling because that is the functional currency of the primary economic environment in which the group operates.

2 Revenue

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

	Unaudited six months ended 30 June 2023 £000	Unaudited six months ended 30 June 2022 £000	Year ended 31 December 2022 £000
Continuing operations			
Revenue outside the scope of IFRS 15 and recognised as lease income in accordance with IFRS 16:			
Hire	35,862	33,772	74,612
Revenue recognised at a point in time in accordance with IFRS 15:			
Sales	1,762	2,739	5,482
Maintenance	674	665	1,357
Installation and sale of units	545	727	1,556
Group consolidated revenue from the sale of goods and provision of services	38,843	37,903	83,007

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

Unaudited Unaudited

	Unaudited six months ended 30 June 2023 £000	Unaudited six months ended 30 June 2022 £000	Year ended 31 December 2022 £000
United Kingdom	24,111	23,225	50,018
Europe	12,148	10,365	24,204
Middle East and Africa	2,584	4,313	8,785
	38,843	37,903	83,007

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

3 Finance income and costs

	Unaudited six months ended 30 June 2023 £000	Unaudited six months ended 30 June 2022 £000	Year ended 31 December 2022 £000
Finance income			
Net interest on net defined benefit pension surplus	194	60	124
Interest receivable on bank deposit accounts	522	31	265
Inter-company foreign exchange gains	14	225	242
	730	316	631
Finance costs			
Interest charge on bank loans and overdrafts	-	(25)	(33)
Interest charge on right-of-use lease obligations	(332)	(253)	(577)
Inter-company foreign exchange losses	-	-	-
	(332)	(278)	(610)

4 Income tax expense

The total effective tax charge for the financial period represents the best estimate of the weighted average annual effective tax rate expected for the full financial year applying tax rates that have been substantively enacted by the balance sheet date. In the UK budget on 15 March 2021, the chancellor announced that the rate of corporation tax in the UK will increase from 19% to 25% with effect from 1 April 2023. UK corporation tax has been provided at 23.5% being the weighted tax rate in the UK for 2023. Deferred tax has been calculated based on the rates that the directors anticipate will apply when the temporary timing differences are expected to reverse.

	Unaudited six months ended 30 June 2023 £000	Unaudited six months ended 30 June 2022 £000	Year ended 31 December 2022 £000
Current tax			
UK corporation tax at 23.5% (June and December 2022: 19%)	1,709	1,139	2,538
Adjustments in respect of prior periods	-	-	(55)
	1,709	1,139	2,483
Overseas tax	835	644	2,088
Total current tax charge	2,544	1,783	4,571
Deferred tax			
Origination and reversal of timing differences	33	126	(173)
Adjustments in respect of prior periods	-	141	133
Total deferred tax charge/ (credit)	33	267	(40)
Total tax charge for the financial period	2,577	2,050	4,531

5 Earnings per share

Basic earnings per share

The basic figures have been calculated by reference to the weighted average number of ordinary shares in issue and the earnings as set out below. There are no discontinued operations in any period.

	Unaudited six months ended 30 June 2023	Unaudited six months ended 30 June 2022	Year ended 31 December 2022
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Weighted average number of ordinary shares	42,135,823	42,174,359	42,172,124
	£000	£000	£000
Basic earnings	7,534	6,477	17,020
	pence	pence	pence
Basic earnings per ordinary share	17.88	15.36	40.36

Diluted earnings per share

There were no dilutive instruments outstanding as at 30 June 2023 or either of the comparative periods and therefore there is no difference in the basic and diluted earnings per share for any of these periods. There were no discontinued operations in any period.

6 Dividend payments

Dividends declared and paid on ordinary one pence shares during the 6 months ended 30 June 2023 were as follows:

	Paid during the six months ended 30 June 2023	
	Pence per share	Total dividend paid £000
Final dividend for the year ended 31 December 2022 paid on 16 June 2023 to members on the register as at 26 May 2023	14.00p	5,898

The above dividend was charged against reserves during the 6 months ended 30 June 2023.

On 26 September 2023 the directors declared an interim dividend of 11.90 pence per ordinary share which in total amounts to £5,004,000. In addition, a special dividend of 59.40 pence per ordinary share which in total amounts to £24,977,000 was also declared. These will be both be paid on 3 November 2023 to shareholders on the register as at 6 October 2023 and will be charged against reserves in the second half of 2023.

Dividends declared and paid on ordinary one pence shares during the 6 months ended 30 June 2022 were as follows:

	Paid during the six months ended 30 June 2022	
	Pence per share	Total dividend paid £000
Final dividend for the year ended 31 December 2021 paid on 17 June 2022 to members on the register as at 27 May 2022	12.50p	5,272

The above dividend was charged against reserves during the 6 months ended 30 June 2022.

Dividends declared and paid on ordinary one pence shares during the 12 months ended 31 December 2022 were as follows:

	Paid during the year ended 31 December 2022	
	Pence per share	Total dividend paid £000
Final dividend for the year ended 31 December 2021 paid on 17 June 2022 to members on the register as at 27 May 2022	12.50p	5,272
Interim dividend declared on 27 September 2022 and paid on 4 November 2022 to members on the register as at 7 October 2022	11.90p	5,019
Special dividend declared on 27 September 2022 and paid on 4 November 2022 to members on the register as at 7 October 2022	16.60p	7,001
	41.00p	17,292

The above dividends were charged against reserves during the 12 months ended 31 December 2022.

7 Pensions

The Group closed the UK Group defined benefit pension scheme to future accrual as at 29 December 2002. The assets of the defined benefit pension scheme continue to be held in a separate trustee administered fund. Over recent years the Group has taken steps to manage the ongoing risks associated with its defined benefit liabilities.

As at 30 June 2023 the Group had a net defined benefit pension scheme surplus, calculated in accordance with IAS 19 using the assumptions as set out below, of £8,377,000 (30 June 2022: £9,392,000; 31 December 2022: £8,236,000). The asset has been recognised in the financial statements as the directors are satisfied that it is recoverable in accordance with IFRIC 14.

Following the triennial recalculation of the funding deficit as at 31 December 2019, a revised schedule of contributions and recovery plan was agreed with the pension scheme trustees in March 2021 and was effective from 1 January 2021. In accordance with this schedule of contributions and recovery plan, the Group will be making regular contributions of £10,000 per month for the period 1 January 2023 to 31 December 2023, and £10,000 per month for the period 1 January 2024 to 31 December 2025 or until a revised schedule of contributions is agreed, if earlier. Consequently, the Group expects to make total contributions to the defined benefit pension scheme of £120,000 during 2023.

Assumptions used to calculate the scheme surplus

The IAS 19 figures are based on a number of actuarial assumptions as set out below, which the actuaries have confirmed they consider appropriate.

	30 June 2023	30 June 2022	31 December 2022
Rate of increase in pensionable salaries	n/a	n/a	n/a
Rate of increase in pensions in payment	3.15%	3.15%	3.15%
Discount rate	5.20%	3.75%	4.75%
Inflation assumption - RPI	3.15%	3.15%	3.15%
Inflation assumption - CPI	2.55%	2.55%	2.55%
Percentage of members taking maximum tax-free lump sum on retirement	75%	75%	75%

The demographic assumptions used for 30 June 2023, were the same as used in 31 December 2022, 30 June 2022 and the last full actuarial valuation performed as at 1 April 2020.

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics. The mortality table used at 30 June 2023, 30 June 2022 and 31 December 2022 is 100% S3PA CMI2021 with a 1.25% per annum long term improvement for both males and females, heavy tables for males and medium tables for females.

Valuation

The defined benefit scheme funding has changed under IAS 19 as follows:

Funding status	Unaudited six months to 30 June 2023 £000	Unaudited six months to 30 June 2022 £000	Year to 31 December 2022 £000
Scheme assets at end of period	35,096	40,648	36,809
Benefit obligations at end of period	(26,719)	(31,256)	(28,573)
Surplus in scheme	8,377	9,392	8,236
Impact of asset restriction	(2,932)	(3,287)	(2,883)
Net pension asset recognised on the balance sheet	5,445	6,105	5,353

The increase in the pension surplus since December 2022 is mainly due to a decrease in the value of liabilities as a consequence of an increase in bond yields increasing the discount rate.

8 Net funds and movement in financing liabilities

	Unaudited six months ended 30 June 2023 £000	Unaudited six months ended 30 June 2022 £000	Year ended 31 December 2022 £000
Cash and cash equivalents per consolidated cashflow statement	24,146	34,430	20,518
Other financial assets	15,000	-	16,700

Gross funds	39,146	34,430	37,218
Bank loans at the beginning of the period	-	(3,000)	(3,000)
Loans repaid	-	3,000	3,000
Bank loans at the end of the period	-	-	-
Right-of-use lease obligations at the beginning of the period	(11,322)	(12,934)	(12,934)
Capital repayments for right-of-use lease obligations	1,402	1,472	2,849
New right-of-use leases entered into during the period	(4,575)	(1,204)	(1,856)
Non-cash movements re: termination of right-of-use lease obligations	87	77	796
Foreign exchange	65	(100)	(177)
Right-of-use lease obligations at the end of the period	(14,343)	(12,689)	(11,322)
Gross debt	(14,343)	(12,689)	(11,322)
Net funds	24,803	21,741	25,896

9 Distribution of interim financial statements

Following a change in regulations in 2008, the Company is no longer required to circulate this half year report to shareholders. This enables us to reduce costs associated with printing and mailing and to minimise the impact of these activities on the environment. A copy of the interim financial statements is available on the Company's website, www.andrews-sykes.com.

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