

Interim Report September 2000

Airsprung Furniture Group PLC





Cavendish Upholstery - Kenya sofa

Chairman's Statement

The unaudited results for the six months to 30 September 2000 show the effects of a difficult trading environment and the sale of Duckers Furniture Ltd at a book loss on disposal of £2,103,000. The board announced a decrease in customer demand and the onset of severe price competition which was mainly due to imported pine furniture, in a statement released to the Stock Exchange on 21 September 2000, together with the likelihood of a small profit from continuing operations at the interim stage.

The net proceeds from the disposal of Duckers and the sale of the Rotherham property amount to £2.85 million, although receipts from the property sale of £2.4 million are not reflected in the cash flow statement, completion having not yet taken place. The continuing operations made an operating profit of £608,000 on turnover 6.2% lower at £32,864,000. The Group made a loss before taxation of £2,158,000.

As indicated in the earlier trading statement, the board has declared an interim dividend of 2.1p per ordinary share (1999: 2.1p), which will be paid on 26 January 2001 to shareholders on the register at close of business on 8 January 2001.

I am pleased to inform shareholders that Jeremy Yates has been appointed a director of the company. He has been responsible for the growth of Gainsborough Ltd which is now an important contributor to the Group. Stephen Harrington, previously managing director of Bymacks Ltd, has been appointed managing director of Airsprung Beds Ltd.

continued

Chairman's Statement continued

In the current circumstances, we continue to focus on tight control of costs and taking appropriate action to improve the sales performance of our operating companies. Our new Exhibition Centre in Trowbridge has proven to be an excellent investment for our sales force, and we have designed new products which will be launched at the NEC Furniture Show in January, which we believe will be well received by our customers. As part of our effort to improve sales, we have sought and found new overseas markets for our products with initial deliveries in early 2001. Whilst we are taking the necessary actions to improve the Group's performance, trading conditions remain difficult.



Philip G Bradshaw
30 November 2000

Registered office: Canal Road, Trowbridge, Wiltshire, BA14 8RQ

Consolidated Profit and Loss Account

	6 months to 30.9.00 £000	6 months to 30.9.99 £000	Year to 31.3.00 £000
Turnover			
Continuing operations	32,864	35,035	73,409
Discontinued operations	1,203	3,326	6,761
	34,067	38,361	80,170
Operating profit/(loss)			
Continuing operations	608	3,046	6,882
Discontinued operations	(288)	(599)	(1,037)
	320	2,447	5,845
Loss on disposal of subsidiary			
Goodwill eliminated on disposal	(296)	-	-
Loss on disposal of discontinued operations	(2,103)	-	-
	(2,079)	2,447	5,845
(Loss)/profit on ordinary activities before interest			
Interest (payable)/receivable	(79)	9	7
	(2,158)	2,456	5,852
(Loss)/profit on ordinary activities before taxation			
Tax charge on ordinary activities	(189)	(737)	(1,721)
	(2,347)	1,719	4,131
Dividends			
Equity dividends	502	502	1,911
Non-equity dividends	33	96	129
Premium on redemption of non-equity shares	-	511	511
	(2,882)	610	1,580
(Loss)/retained profit			
Dividend per ordinary share	2.1p	2.1p	8.0p
(Loss)/earnings per ordinary share	(10.0p)	4.7p	14.6p
Earnings per ordinary share on continuing activities	1.7p	6.6p	19.5p

Reconciliation of Movements in Shareholders' Funds

	6 months to 30.9.00 £000	6 months to 30.9.99 £000	Year to 31.3.00 £000
(Loss)/profit for the period	(2,347)	1,719	4,131
Dividends	(535)	(1,109)	(2,551)
	(2,882)	610	1,580
Goodwill reinstated on disposal of business	296	-	-
Nominal value of preference shares redeemed	-	(2,345)	(2,345)
Net movement in shareholders' funds	(2,586)	(1,735)	(765)
Opening shareholders' funds	26,051	26,816	26,816
Closing shareholders' funds	23,465	25,081	26,051

Consolidated Balance Sheet

	30.9.00 £000	30.9.99 £000	31.3.00 £000
Assets employed			
Fixed assets			
Intangible assets	326	-	342
Tangible assets	<u>17,532</u>	<u>19,237</u>	<u>20,331</u>
	<u>17,858</u>	<u>19,237</u>	<u>20,673</u>
Current assets			
Stocks	5,619	5,840	6,989
Debtors	9,937	11,889	12,167
Investments	2,400	765	-
Bank and cash balances	<u>50</u>	<u>223</u>	<u>1,836</u>
	<u>18,006</u>	<u>18,717</u>	<u>20,992</u>
Creditors: amounts falling due within one year	<u>11,937</u>	<u>12,480</u>	<u>15,132</u>
Net current assets	<u>6,069</u>	<u>6,237</u>	<u>5,860</u>
Total assets less current liabilities	<u>23,927</u>	<u>25,474</u>	<u>26,533</u>
Financed by			
Creditors: amounts falling due after more than one year	16	63	36
Provisions for liabilities and charges			
Deferred tax	<u>446</u>	<u>330</u>	<u>446</u>
	<u>462</u>	<u>393</u>	<u>482</u>
Capital and reserves			
Called up share capital	3,044	3,044	3,044
Share premium account	2,348	2,348	2,348
Capital redemption reserve	2,345	2,345	2,345
Revaluation reserve	1,487	1,966	1,866
Profit and loss account	<u>14,241</u>	<u>15,378</u>	<u>16,448</u>
	<u>23,465</u>	<u>25,081</u>	<u>26,051</u>
Equity shareholders' funds	<u>22,810</u>	<u>24,426</u>	<u>25,396</u>
Non-equity shareholders' funds	<u>655</u>	<u>655</u>	<u>655</u>
Total shareholders' funds	<u>23,465</u>	<u>25,081</u>	<u>26,051</u>
	<u>23,927</u>	<u>25,474</u>	<u>26,533</u>

Consolidated Cash Flow Statement

	6 months to 30.9.00 £000	6 months to 30.9.99 £000	Year to 31.3.00 £000
Net cash inflow from operating activities	417	420	4,837
Returns on investments and servicing of finance			
Interest received	2	42	66
Interest paid	(75)	(26)	(45)
Interest paid on finance leases and similar hire purchase contracts	(6)	(7)	(14)
Non-equity dividends paid	(33)	(661)	(694)
Net cash outflow from returns on investments and servicing of finance	(112)	(652)	(687)
Taxation			
UK corporation tax and advance corporation tax paid	(446)	(148)	(1,524)
Capital expenditure and financial investment			
Receipts from sales of tangible fixed assets	8	303	1,082
Tangible fixed assets purchased	(1,467)	(2,106)	(3,271)
	(1,459)	(1,803)	(2,189)
Acquisitions and disposals			
Disposal of Group company	450	-	-
Purchase of business assets and goodwill	(8)	-	(471)
	442	-	(471)
Equity dividends paid	(1,410)	(1,292)	(1,793)
Net cash outflow before financing	(2,568)	(3,475)	(1,827)
Financing			
Repayment of long term loans	-	(300)	(300)
Capital element of finance lease rental payments	(34)	(28)	(63)
Redemption of preference shares	-	(2,345)	(2,345)
Net cash outflow from financing	(34)	(2,673)	(2,708)
Decrease in cash	(2,602)	(6,148)	(4,535)

Reconciliation of Operating Profit to Net Cash Inflow/(Outflow) from Operating Activities

	6 months to 30.9.00 £000	6 months to 30.9.99 £000	Year to 31.3.00 £000
Continuing activities			
Operating profit	608	3,046	6,882
Depreciation of tangible fixed assets	646	578	809
Profit on sales of tangible fixed assets	-	(18)	(30)
Decrease/(increase) in stocks	126	544	(425)
Decrease/(increase) in debtors	1,260	(1,195)	(1,158)
Decrease in creditors	(2,058)	(2,254)	(186)
Goodwill amortisation	8	-	8
Cash inflow from continuing operations	590	701	5,900
Cash outflow from discontinued operations	(173)	(281)	(1,063)
Net cash inflow from operating activities	417	420	4,837

Reconciliation of Net Cash Flow to Movement in Net Funds

	6 months to 30.9.00 £000	6 months to 30.9.99 £000	Year to 31.3.00 £000
Decrease in cash in the period	(2,602)	(6,148)	(4,535)
Cash outflow from decrease in debt	34	328	363
Change in net (debt)/funds resulting from cash flows	(2,568)	(5,820)	(4,172)
Net opening funds	1,435	5,607	5,607
Net closing (debt)/funds	(1,133)	(213)	1,435

Analysis of Net Funds

	At 1.4.00 £000	Cash flow £000	At 30.9.00 £000
Cash	1,836	(2,602)	(766)
Debt due within one year	(300)	-	(300)
Finance leases	(101)	34	(67)
	<u>1,435</u>	<u>(2,568)</u>	<u>(1,133)</u>

Notes

1. For the purpose of Section 240 of the Companies Act 1985 the interim results represent unaudited abridged accounts. No review of the interim results has been carried out by the company's Auditors. Full accounts for the year to 31 March 2000, upon which Auditors have given an unqualified report, have been delivered to the Registrar of Companies.
2. The earnings per ordinary share have been calculated on 23,888,698 ordinary shares (1999 - 23,888,698), being the weighted average number of shares in issue during the period.
3. The interim report is being circulated to all shareholders and further copies are available at the company's Registered Office.

Corporate Information

Secretary and Registered Office	Tean Dallaway ACA Canal Road, Trowbridge, Wiltshire BA14 8RQ
Registrars	Northern Registrars Limited, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0LA
Registered Auditors	PricewaterhouseCoopers, 31 Great George Street, Bristol BS1 5QD
Principal Bankers	Fortis Bank sa-nv, 23 Camomile Street, London, EC3A 7PP
Solicitors	Osborne Clarke, 50 Queen Charlotte Street, Bristol BS1 4HE
Stockbrokers	Beeson Gregory, The Registry, Royal Mint Court, London EC3N 4EY



Cavendish Upholstery - Alexa



Bymacks - Washington



Gainsborough - Rhapsody Supreme



Sprung Slumber - Sovereign Shield



Airsprung Beds - Carolina



Enchanted House - Westminster

Trading Subsidiaries

Division	Company	Location
Beds	Airsprung Beds	Trowbridge
	Airsprung Scotland	Glasgow
	Gainsborough	Trowbridge
	Sprung Slumber	Okehampton
	Enchanted House	St Austell
Upholstery	Bymacks	Dursley
	Cavendish Upholstery	Chorley
	Gimson & Slater	Dursley
Fillings	Airofreem	Trowbridge
	Fitex Products	Trowbridge
Design	Arena Design Associates	Trowbridge

Airsprung Furniture Group PLC



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