





The Windsor Bed Company - Beau Nash



Peter Guild - Fairfax

# Chairman's Statement

The unaudited results for the six months to 30 September 2001 show an operating loss from continuing operations before exceptionals of £110,000 reduced to £71,000 after the £39,000 profit generated by our recent acquisition of Peter Guild Ltd, a company we acquired to move our upholstery division into the higher value segment of the market. The loss on ordinary activities is £485,000 before taxation and after interest and exceptional items which are made up of severance costs including those of the former chief executive, as well as the costs relating to the closure of a small loss-making fillings production unit. In addition there was a write back of £143,000 in respect of over-provision on the closure of Duckers.

Whilst our order book remains strong on both beds and upholstery, the main reason for our lack of profitability, as previously indicated, is associated with the shortage of labour at our Trowbridge site. To help overcome these problems we have recently appointed a new production director for the Airsprung Beds mattress and divan factory, and a strategy to improve our recruitment and retention policy, production management and staff training is in place. In addition to introducing a new training scheme, machines have been purchased to provide further automation. In the short term, some transfer of production has taken place to other sites within the Group. While the benefits of these changes are beginning to show through, the full effects are not expected until the next financial year. At the same time, we are continuing to reduce our overhead cost base.

As previously announced, Mr Peter Ziemniak has, by mutual consent, relinquished his role as chief executive and resigned from the board with effect from 31 August 2001. A replacement is being considered. Also, as announced earlier, contracts have been exchanged for the sale of our Rotherham property for £2.4 million, completion to take place no later than 15 March 2002.

**continued**

## Chairman's Statement continued

The board has declared an interim dividend of 1.0p per ordinary share (2000 2.1p) which will be paid on 25 January 2002 to shareholders on the register at close of business on 4 January 2002, the ex-dividend date being 2 January 2002.

I expect the second half of our financial year to show an improvement, with some encouraging signs, especially in upholstery, in evidence. Our balance sheet remains strong, and the second half of the year is expected to be cash generative which will substantially reduce debt by the year end.



Philip G Bradshaw  
29 November 2001

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

## Consolidated Profit and Loss Account

	6 months to 30.9.01			6 months	Year to
	Before exceptional items £000	Exceptional items £000	Total £000	to 30.9.00 £000 As restated	31.3.01 £000 As restated
<b>Turnover</b>					
Continuing operations	33,063	-	33,063	32,864	69,043
Acquisitions	1,196	-	1,196	-	-
Discontinued operations	-	-	-	1,203	2,319
	<u>34,259</u>	<u>-</u>	<u>34,259</u>	<u>34,067</u>	<u>71,362</u>
<b>Operating (loss)/profit</b>					
Continuing operations	(110)	(469)	(579)	608	2,665
Acquisitions	39	-	39	-	-
Discontinued operations	-	-	-	(288)	(288)
	<u>(71)</u>	<u>(469)</u>	<u>(540)</u>	<u>320</u>	<u>2,377</u>
Profit/(loss) on sale of discontinued operations			143	(2,399)	(2,443)
<b>Loss on ordinary activities before interest</b>			<u>(397)</u>	<u>(2,079)</u>	<u>(66)</u>
Interest payable			(88)	(79)	(141)
<b>Loss on ordinary activities before taxation</b>			<u>(485)</u>	<u>(2,158)</u>	<u>(207)</u>
UK corporation tax			146	(189)	(689)
Deferred tax			25	14	28
<b>Loss on ordinary activities after taxation</b>			<u>(314)</u>	<u>(2,333)</u>	<u>(868)</u>
<b>Dividends</b>					
Equity dividends			239	502	1,911
Non-equity dividends			33	33	66
<b>Loss</b>			<u>(586)</u>	<u>(2,868)</u>	<u>(2,845)</u>
<b>Dividend per ordinary share</b>			<u>1.0p</u>	<u>2.1p</u>	<u>8.0p</u>
<b>Loss per ordinary share</b>			<u>(1.5p)</u>	<u>(9.9p)</u>	<u>(3.9p)</u>

## Reconciliation of Movements in Shareholders' Funds

	<b>6 months to 30.9.01 £000</b>	6 months to 30.9.00 £000 As restated	Year to 31.3.01 £000 As restated
Loss for the period	<b>(314)</b>	(2,333)	(868)
Dividends	<b>(272)</b>	(535)	(1,977)
	<b>(586)</b>	(2,868)	(2,845)
Goodwill reinstated on sale of business	-	296	296
<b>Net movement in shareholders' funds</b>	<b>(586)</b>	(2,572)	(2,549)
Opening shareholders' funds*	<b>22,317</b>	24,866	24,866
<b>Closing shareholders' funds</b>	<b>21,731</b>	22,294	22,317

\*Restated for change in accounting policy for deferred tax (see note 1). Originally shareholders' funds were £23,474,000 at 31 March 2001 before deducting prior year adjustment of £1,157,000 (1 April 2000: £26,051,000 before deducting prior year adjustment of £1,185,000).

## Note of Historical Cost Profits and Losses

	<b>6 months to 30.9.01 £000</b>	6 months to 30.9.00 £000 As restated	Year to 31.3.01 £000 As restated
Loss on ordinary activities before taxation	<b>(485)</b>	(2,158)	(207)
Impairment of revalued tangible fixed assets	-	249	249
<b>Historical cost (loss)/profit on ordinary activities before taxation</b>	<b>(485)</b>	(1,909)	42
<b>Historical cost loss after taxation and dividends**</b>	<b>(586)</b>	(2,619)	(2,596)

\*\*Restated for change in accounting policy for deferred tax (see note 1). Originally historical cost loss after taxation and dividends was £2,624,000 at 31 March 2001 before adding prior year adjustment of £28,000 (30 September 2000: £2,633,000 before adding prior year adjustment of £14,000).

# Consolidated Balance Sheet

	30.9.01 £000	30.9.00 £000 As restated	31.3.01 £000 As restated
<b>Assets employed</b>			
Fixed assets			
Intangible assets	978	326	317
Tangible assets	17,909	17,532	17,509
	<u>18,887</u>	<u>17,858</u>	<u>17,826</u>
Current assets			
Stocks	5,736	5,619	5,522
Debtors	11,005	9,937	10,167
Investments	2,400	2,400	2,400
Bank and cash balances	47	50	357
	<u>19,188</u>	<u>18,006</u>	<u>18,446</u>
Creditors: amounts falling due within one year	14,766	11,937	12,352
Net current assets	<u>4,422</u>	<u>6,069</u>	<u>6,094</u>
Total assets less current liabilities	<u>23,309</u>	<u>23,927</u>	<u>23,920</u>
<b>Financed by</b>			
Creditors: amounts falling due after more than one year	-	16	-
Provisions for liabilities and charges			
Deferred tax	1,578	1,617	1,603
	<u>1,578</u>	<u>1,633</u>	<u>1,603</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	1,617	1,617	1,617
Profit and loss account	12,377	12,940	12,963
	<u>21,731</u>	<u>22,294</u>	<u>22,317</u>
Equity shareholders' funds	<u>21,076</u>	<u>21,639</u>	<u>21,662</u>
Non-equity shareholders' funds	<u>655</u>	<u>655</u>	<u>655</u>
Total shareholders' funds	<u>21,731</u>	<u>22,294</u>	<u>22,317</u>
	<u>23,309</u>	<u>23,927</u>	<u>23,920</u>

## Consolidated Cash Flow Statement

	6 months to 30.9.01 £000	6 months to 30.9.00 £000	Year to 31.3.01 £000
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(435)</b>	417	4,224
Returns on investments and servicing of finance			
Interest received	4	2	4
Interest paid	(90)	(75)	(135)
Interest paid on finance leases and similar hire purchase contracts	(2)	(6)	(10)
Non-equity dividends paid	(33)	(33)	(66)
Net cash outflow from returns on investments and servicing of finance	<b>(121)</b>	(112)	(207)
Taxation			
UK corporation tax and advance corporation tax refunded/(paid)	2	(446)	(1,487)
Capital expenditure and financial investment			
Receipts from sales of assets	127	8	44
Tangible fixed assets purchased	(975)	(1,467)	(2,052)
	<b>(848)</b>	(1,459)	(2,008)
Acquisitions and disposals			
Disposal of subsidiary business	-	450	283
Purchase of subsidiary business	(839)	(8)	(8)
Net overdraft acquired with subsidiary business	(233)	-	-
	<b>(1,072)</b>	442	275
Equity dividends paid	<b>(1,410)</b>	(1,410)	(1,911)
<b>Net cash outflow before financing</b>	<b>(3,884)</b>	(2,568)	(1,114)
Financing			
Repayment of loan stock	-	-	(300)
Capital element of finance lease rental payments	(30)	(34)	(65)
<b>Net cash outflow from financing</b>	<b>(30)</b>	(34)	(365)
<b>Decrease in cash</b>	<b>(3,914)</b>	(2,602)	(1,479)

## Reconciliation of Operating Profit to Net Cash Flow from Operating Activities

	6 months to 30.9.01 £000	6 months to 30.9.00 £000	Year to 31.3.01 £000
Continuing activities			
Operating (loss)/profit	(540)	608	2,665
Depreciation of tangible fixed assets	667	646	1,402
(Profit)/loss on sales of tangible fixed assets	(2)	-	41
Decrease in stocks	270	126	223
(Increase)/decrease in debtors	(6)	1,260	958
Decrease in creditors	(784)	(2,058)	(1,023)
Goodwill amortisation	17	8	17
Cash (outflow)/inflow from continuing operations	<u>(378)</u>	590	4,283
Cash outflow from discontinued operations	<u>(57)</u>	(173)	(59)
Net cash (outflow)/inflow from operating activities	<u>(435)</u>	<u>417</u>	<u>4,224</u>

## Reconciliation of Net Cash Flow to Movement in Net (Debt)/Funds

	6 months to 30.9.01 £000	6 months to 30.9.00 £000	Year to 31.3.01 £000
Decrease in cash in the period	(3,914)	(2,602)	(1,479)
Cash outflow from decrease in debt	<u>30</u>	34	365
Change in net (debt)/funds resulting from cash flows	<u>(3,884)</u>	(2,568)	(1,114)
Finance leases acquired with acquisition	<u>36</u>	-	-
Movement in net funds in the period	<u>(3,848)</u>	(2,568)	(1,114)
Net opening funds	<u>321</u>	1,435	1,435
Net closing (debt)/funds	<u>(3,527)</u>	<u>(1,133)</u>	<u>321</u>

## Analysis of Net Funds/(Debt)

	At 1.4.01	Cash flow	Acquisition (excluding cash)	At 30.9.01
	£000	£000	£000	£000
Cash	357	(3,914)	-	<b>(3,557)</b>
Finance leases	(36)	30	36	<b>30</b>
	<u>321</u>	<u>(3,884)</u>	<u>36</u>	<u><b>(3,527)</b></u>

### Notes

1. The financial information has been prepared using the accounting policies set out in the Annual Report and Accounts 2001 with the exception of the policy on deferred tax. Financial Reporting Standard (FRS) 19 'Deferred Tax' has been adopted with effect from 1 April 2001. FRS 19 requires that deferred tax be recognised in respect of all timing difference that have originated but not reversed by the balance sheet date. Previously provision was made for deferred tax on material timing differences to the extent it was probable that a liability or asset would crystallise.
2. 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 2001, upon which Auditors have given an unqualified report, have been delivered to the Registrar of Companies.
3. The earnings per ordinary share have been calculated on 23,888,698 ordinary shares (2000 - 23,888,698), being the weighted average number of shares in issue during the period.
4. 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	Rowan Dartington & Co Ltd, Colston Tower, Colston Street, Bristol BS1 4RD



Cavendish Upholstery - Seville



Bymacks - Nina



Gainsborough - Tang sofa bed



Sprung Slumber - Diplomat



Airsprung Beds - Finlandia



Enchanted House - Canterbury

## 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
	Peter Guild	Bedford
Fillings	Airofreem	Trowbridge
	Fitex Products	Trowbridge
Design	Arena Design Associates	Trowbridge



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