



Interim Report  
September 2003



Airsprung Beds - Carolina bedstead with Canterbury cabinet range



# Chairman's Statement

The unaudited results for the six months to 3 October 2003 show a pre-tax profit of £861,000 (2002: £321,000 loss). This was after a profit of £1.45 million (2002: nil) on the disposal of Sprung Slumber and a profit on a property disposal of £301,000 (2002: £1.25 million). The operating loss from continuing operations is £883,000 (2002: £1.55 million loss). The net asset value per ordinary share of the Group has increased since the last financial year end from 81p to 88p and the Group held cash balances of £4.79 million as at 3 October 2003.

The board has declared an interim dividend of 1.5p per ordinary share (2002: 1.0p) which will be paid on 30 January 2004, the ex-dividend date being 7 January 2004 and the record date 9 January 2004. The level of dividend reflects the particularly strong cash position following the sale of Sprung Slumber.

On 3 October 2003 the successful sale of Sprung Slumber was announced for a cash consideration of £5.40 million. The board felt that Sprung Slumber would not be able to achieve its full potential without considerable capital expenditure in the form of a new and larger manufacturing facility and it therefore decided to concentrate bed production for the Group at its Trowbridge facility. In the period under review Sprung Slumber contributed a profit of £296,000 on sales of £5.30 million.

Also announced on 3 October 2003 were the continuing difficulties in trading conditions in the furniture industry in general. Whereas the month of September would usually see the commencement of a significant increase in demand, this upturn has only marginally materialised this year.

At the year end we specifically mentioned the difficulties being experienced by Bymacks which has traditionally operated at the entry point level of the upholstery market and more especially the continuing challenge created by low cost imports. On 26 November 2003 we commenced collective

**continued**

## Chairman's Statement continued

consultation to discuss the potential closure of our Bymacks facility. In the event of closure we would seek to transfer a proportion of production to other sites. Losses at Bymacks for the period under review are £598,000.

While restructuring continues in the Group as a whole, we are pleased to report that the restructuring at Airsprung Beds is now largely complete. Tangible improvements in productivity, plant efficiencies and staff retention have already taken place and are expected to continue.

These improvements, together with others across the Group, give the Board confidence that the underlying operating performance in the second half will be profitable, although it is difficult to determine at this stage, and until the restructuring is complete, to what extent operating losses on continuing operations in the first half will be offset.



Philip G Bradshaw  
4 December 2003

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



# Consolidated Profit and Loss Account

|   | <b>6 months<br/>to 3.10.03<br/>£000</b> | 6 months<br>to 30.9.02<br>£000 | Year to<br>31.3.03<br>£000 |
|---|---|--------------------------------|----------------------------|
| <b>Turnover</b> - Continuing operations                     | <b>27,036</b>                           | 31,560                         | 66,453                     |
| <b>Operating loss</b> - Continuing operations               | <b>(883)</b>                            | (1,554)                        | (1,713)                    |
| Profit on sale of fixed assets                              | <b>301</b>                              | 1,252                          | 1,299                      |
| Profit on sale of operation                                 | <b>1,454</b>                            | -                              | -                          |
| <b>Profit/(loss) on ordinary activities before interest</b> | <b>872</b>                              | (302)                          | (414)                      |
| Interest payable  | <b>(11)</b>                             | (19)                           | (57)                       |
| <b>Profit/(loss) on ordinary activities before taxation</b> | <b>861</b>                              | (321)                          | (471)                      |
| UK corporation tax  | -                                       | 212                            | 32                         |
| Deferred tax  | <b>220</b>                              | 82                             | 249                        |
| <b>Profit/(loss) on ordinary activities after taxation</b>  | <b>1,081</b>                            | (27)                           | (190)                      |
| <b>Dividends</b>  |   |                                |                            |
| Equity dividends  | <b>(358)</b>                            | (239)                          | (1,910)                    |
| Non-equity dividends  | <b>(33)</b>                             | (33)                           | (66)                       |
| <b>Profit/(loss)</b>  | <b>690</b>                              | (299)                          | (2,166)                    |
| <b>Dividend per ordinary share</b>                          | <b>1.5p</b>                             | 1.0p                           | 8.0p                       |
| <b>Earnings/(loss) per ordinary share</b>                   | <b>4.4p</b>                             | (0.3p)                         | (1.1p)                     |

## Reconciliation of Movements in Shareholders' Funds

|  | <b>6 months<br/>to 3.10.03<br/>£000</b> | 6 months<br>to 30.9.02<br>£000 | Year to<br>31.3.03<br>£000 |
|--|---|--------------------------------|----------------------------|
| Profit/(loss) for the period               | <b>1,081</b>                            | (27)                           | (190)                      |
| Dividends                                  | <b>(391)</b>                            | (272)                          | (1,976)                    |
|  | <b>690</b>                              | (299)                          | (2,166)                    |
| Goodwill reinstated on sale of operation   | <b>1,023</b>                            | -                              | -                          |
| <b>Net movement in shareholders' funds</b> | <b>1,713</b>                            | (299)                          | (2,166)                    |
| Opening shareholders' funds                | <b>19,977</b>                           | 22,143                         | 22,143                     |
| <b>Closing shareholders' funds</b>         | <b>21,690</b>                           | 21,844                         | 19,977                     |

# Consolidated Balance Sheet

|   | <b>3.10.03</b><br><b>£000</b> | 30.9.02<br>£000 | 31.3.03<br>£000 |
|---|-------------------------------|-----------------|-----------------|
| <b>Assets employed</b>                                  |                               |                 |                 |
| Fixed assets  |                               |                 |                 |
| Intangible assets                                       | <b>604</b>                    | 929             | 904             |
| Tangible assets   | <b>12,857</b>                 | 15,008          | 14,303          |
|   | <b>13,461</b>                 | 15,937          | 15,207          |
| Current assets  |                               |                 |                 |
| Stocks  | <b>3,544</b>                  | 4,857           | 4,677           |
| Debtors   | <b>7,135</b>                  | 13,623          | 13,069          |
| Bank and cash balances                                  | <b>4,793</b>                  | -               | 1,343           |
|   | <b>15,472</b>                 | 18,480          | 19,089          |
| Creditors: amounts falling due within one year          | <b>6,271</b>                  | 11,212          | 13,127          |
| Net current assets                                      | <b>9,201</b>                  | 7,268           | 5,962           |
| Total assets less current liabilities                   | <b>22,662</b>                 | 23,205          | 21,169          |
| <b>Financed by</b>                                      |                               |                 |                 |
| Creditors: amounts falling due after more than one year | -                             | 2               | -               |
| Provisions for liabilities and charges                  |                               |                 |                 |
| Deferred tax  | <b>972</b>                    | 1,359           | 1,192           |
|   | <b>972</b>                    | 1,361           | 1,192           |
| Capital and reserves                                    |                               |                 |                 |
| Called up share capital                                 | <b>3,044</b>                  | 3,044           | 3,044           |
| Share premium account                                   | <b>2,348</b>                  | 2,348           | 2,348           |
| Capital redemption reserve                              | <b>2,345</b>                  | 2,345           | 2,345           |
| Revaluation reserve                                     | <b>1,617</b>                  | 1,617           | 1,617           |
| Profit and loss account                                 | <b>12,336</b>                 | 12,490          | 10,623          |
|   | <b>21,690</b>                 | 21,844          | 19,977          |
| Equity shareholders' funds                              | <b>21,035</b>                 | 21,189          | 19,322          |
| Non-equity shareholders' funds                          | <b>655</b>                    | 655             | 655             |
| Total shareholders' funds                               | <b>21,690</b>                 | 21,844          | 19,977          |
|   | <b>22,662</b>                 | 23,205          | 21,169          |

# Consolidated Cash Flow Statement

|  | <b>6 months<br/>to 3.10.03<br/>£000</b> | 6 months<br>to 30.9.02<br>£000 | Year to<br>31.3.03<br>£000 |
|--|---|--------------------------------|----------------------------|
| <b>Net cash (outflow)/inflow from operating activities</b>               | <b>(1,696)</b>                          | (2,119)                        | 659                        |
| Returns on investments and servicing of finance                          |   |                                |                            |
| Interest received  | -                                       | 1                              | 8                          |
| Interest paid  | <b>(11)</b>                             | (20)                           | (64)                       |
| Interest paid on finance leases and<br>similar hire purchase contracts   | -                                       | -                              | (1)                        |
| Non-equity dividends and appropriations paid                             | <b>(33)</b>                             | (33)                           | (66)                       |
| Net cash outflow from returns on<br>investments and servicing of finance | <b>(44)</b>                             | (52)                           | (123)                      |
| Taxation   |   |                                |                            |
| UK corporation tax   | <b>193</b>                              | (40)                           | (308)                      |
| Capital expenditure and financial investment                             |   |                                |                            |
| Receipts from sales of assets  | <b>2,528</b>                            | 268                            | 1,203                      |
| Tangible fixed assets purchased  | <b>(255)</b>                            | (488)                          | (977)                      |
|  | <b>2,273</b>                            | (220)                          | 226                        |
| Acquisitions and disposals   |   |                                |                            |
| Disposal of operation  | <b>4,398</b>                            | -                              | -                          |
|  | <b>4,398</b>                            | -                              | -                          |
| Equity dividends paid  | <b>(1,672)</b>                          | (478)                          | (716)                      |
| <b>Net cash inflow/(outflow)</b>   | <b>3,452</b>                            | (2,909)                        | (262)                      |
| Financing  |   |                                |                            |
| Capital element of finance lease rental payments                         | <b>(2)</b>                              | (3)                            | (6)                        |
| <b>Net cash outflow from financing</b>                                   | <b>(2)</b>                              | (3)                            | (6)                        |
| <b>Increase/(decrease) in cash</b>                                       | <b>3,450</b>                            | (2,912)                        | (268)                      |

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

|   | <b>6 months<br/>to 3.10.03<br/>£000</b> | 6 months<br>to 30.9.02<br>£000 | Year to<br>31.3.03<br>£000 |
|---|---|--------------------------------|----------------------------|
| Continuing activities                               |   |                                |                            |
| Operating loss                                      | <b>(883)</b>                            | (1,554)                        | (1,713)                    |
| Depreciation of tangible fixed assets               | <b>586</b>                              | 665                            | 1,302                      |
| Profit on sales of tangible fixed assets            | <b>(7)</b>                              | -                              | (2)                        |
| Decrease in stocks                                  | <b>519</b>                              | 820                            | 1,000                      |
| Decrease in debtors                                 | <b>2,571</b>                            | 648                            | 813                        |
| Decrease in creditors                               | <b>(4,509)</b>                          | (2,725)                        | (793)                      |
| Goodwill amortisation                               | <b>27</b>                               | 27                             | 52                         |
| Net cash (outflow)/inflow from operating activities | <b><u>(1,696)</u></b>                   | <u>(2,119)</u>                 | <u>659</u>                 |

## Reconciliation of Net Cash Flow to Movement in Net Funds

|  | <b>6 months<br/>to 3.10.03<br/>£000</b> | 6 months<br>to 30.9.02<br>£000 | Year to<br>31.3.03<br>£000 |
|--|---|--------------------------------|----------------------------|
| Increase/(decrease) in cash in the period  | <b>3,450</b>                            | (2,912)                        | (268)                      |
| Cash outflow from decrease in debt         | <b>2</b>                                | 3                              | 6                          |
| Movement in net funds/(debt) in the period | <b>3,452</b>                            | (2,909)                        | (262)                      |
| Net opening funds                          | <b>1,341</b>                            | 1,603                          | 1,603                      |
| Net closing funds/(debt)                   | <b><u>4,793</u></b>                     | <u>(1,306)</u>                 | <u>1,341</u>               |

## Analysis of Net Funds

|                | At 1.4.03    | Cash flow      | At 3.10.03          |
|----------------|--------------|----------------|---------------------|
|                | £000         | £000           | £000                |
| Cash           | 1,343        | 3,450          | <b>4,793</b>        |
| Finance leases | (2)          | 2              | -                   |
|                | <u>1,341</u> | <u>(3,452)</u> | <u><b>4,793</b></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 2003, 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 (2002 - 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<br>Canal Road, Trowbridge, Wiltshire BA14 8RQ                         |
| Registrars                      | Capita Registrars, Northern House, Woodsome Park,<br>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, 2 Temple Back East, Temple Quay, Bristol BS1 6EG                        |
| Stockbrokers                    | Rowan Dartington & Co Ltd, Colston Tower, Colston Street, Bristol BS1 4RD               |



The Windsor Bed Company - Panama bedstead



Cavendish - New England large sofa



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