



airsprung furniture  
GROUP PLC

Interim Report and Accounts September 2008



Cavendish Upholstery – Soho



The Windsor Bed Company – Windsor Royale

## Financial review

	6 months to 30.09.08 £000	6 months to 30.09.07 £000	12 months to 31.03.08 £000
Sales revenue	<b>21,175</b>	24,911	49,920
(Loss)/profit before tax	<b>(721)</b>	419	1,464
Cash and cash equivalents	<b>1,093</b>	2,662	1,672
(Loss)/earnings per share – basic	<b>(3.3p)</b>	1.7p	6.0p
(Loss)/earnings per share – diluted	<b>(3.1p)</b>	1.6p	5.6p

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## Chairman's statement

Revenue for the six months ended 30 September 2008 was £21.2 million, a 15% fall on the previous year's comparable period, and approximately level with the half-year sales for 2006. There was a loss on ordinary activities before taxation of £721,000 (2007: profit £419,000). Group cash balances ended at £1.1 million (2007: £2.7 million) having fallen from a year end position of £1.7 million and reflecting the trading performance.

The fall in profits arose as a result of the sharp downturn in trading activity caused by the current economic crisis and exacerbated by unforeseen increases in the price of raw materials and fuel.

Since the half-year end, the board is pleased to announce that it has taken steps to redeem the 10% Preference shares with their full entitlement to accrued interest. This was financed with a bank loan at 1.75% above base rate.

The Group has signed a new licensing agreement in the USA with a major bed manufacturer. Airsprung products will now be distributed through over 350 retail outlets mainly in the South and East, and will deliver valuable royalty income from January 2009. The board intends to pursue other similar initiatives.

The outlook for the rest of the year is unpredictable. The steps taken by management to reduce costs and increase gross margins have begun to produce benefits, and commodity prices have begun to show signs of greater stability. Current trading is at about break even, which is broadly cash generative. Progress in the first calendar quarter of 2009 will be influenced by the strategies agreed by the major economic powers and the impact on consumer spending of the measures announced in the November pre-Budget Statement. Airsprung is in a position of some competitive advantage as our major retail customers are among the strongest in the sector.



Stuart Lyons CBE  
Chairman  
9 December 2008

# Consolidated income statement

Unaudited

	Notes	6 months to 30.09.08 £000	6 months to 30.09.07 £000	12 months to 31.03.08 £000
<b>Revenue</b>	<b>2</b>	<b>21,175</b>	24,911	49,920
Operating costs		<b>(21,935)</b>	(24,454)	(48,400)
Operating (loss)/profit before financing		<b>(760)</b>	457	1,520
Finance income	<b>3</b>	<b>87</b>	4	18
Finance costs	<b>3</b>	<b>(48)</b>	(42)	(74)
<b>(Loss)/profit before tax</b>		<b>(721)</b>	419	1,464
Income tax		<b>(78)</b>	(20)	(42)
<b>(Loss)/profit attributable to equity holders of the parent</b>		<b>(799)</b>	399	1,422
Basic (loss)/earnings per share	<b>4</b>	<b>(3.3p)</b>	1.7p	6.0p
Diluted (loss)/earnings per share	<b>4</b>	<b>(3.1p)</b>	1.6p	5.6p

All the above figures relate to continuing operations.

# Consolidated balance sheet

Unaudited

	30.09.08 £000	30.09.07 £000	31.03.08 £000
Property, plant and equipment	8,515	8,614	8,754
Deferred tax	500	600	578
<b>Total non-current assets</b>	<b>9,015</b>	9,214	9,332
Inventories	3,699	3,909	4,349
Trade and other receivables	6,272	7,879	7,723
Cash and cash equivalents	1,093	2,662	1,672
<b>Total current assets</b>	<b>11,064</b>	14,450	13,744
<b>Total assets</b>	<b>20,079</b>	23,664	23,076
Called up share capital	2,389	2,389	2,389
Share premium account	2,348	2,348	2,348
Reserves	2,409	2,390	2,399
Retained earnings	4,435	2,292	4,301
<b>Total equity</b>	<b>11,581</b>	9,419	11,437
Obligations under finance leases	123	15	145
Pension scheme deficit	1,732	4,379	2,927
<b>Total non-current liabilities</b>	<b>1,855</b>	4,394	3,072
Trade and other payables	5,988	9,196	7,912
Shares classed as financial liabilities	655	655	655
<b>Total current liabilities</b>	<b>6,643</b>	9,851	8,567
Total liabilities	8,498	14,245	11,639
<b>Total equity and liabilities</b>	<b>20,079</b>	23,664	23,076

# Consolidated cash flow statement

Unaudited

	6 months to 30.09.08 £000	6 months to 30.09.07 £000	12 months to 31.03.08 £000
<b>(Loss)/profit before tax</b>	<b>(721)</b>	419	1,464
<i>Adjustments for:</i>			
Depreciation	324	304	542
Interest (income)/expense	(39)	38	56
Contributions to defined benefit pension scheme	(175)	–	(450)
Charge for share based payments	10	10	19
<b>Operating cash flows before movements in working capital</b>	<b>(601)</b>	771	1,631
Decrease/(increase) in inventories	650	(402)	(842)
Decrease in receivables	1,451	37	193
(Decrease)/increase in payables	(1,923)	540	(599)
<b>Cash generated from operations</b>	<b>(423)</b>	946	383
Non equity dividends	(33)	–	(198)
Interest paid	(15)	(9)	(8)
<b>Net cash from operating activities</b>	<b>(471)</b>	937	177
<b>Investing activities</b>			
Interest received	–	4	2
Purchase of property, plant and equipment	(85)	(229)	(607)
<b>Net cash outflow from investing activities</b>	<b>(85)</b>	(225)	(605)
<b>Financing activities</b>			
Increase in borrowing	–	–	197
Payment of finance lease liabilities	(23)	(36)	(83)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(23)</b>	(36)	114
Net (decrease)/increase in cash and cash equivalents	(579)	676	(314)
Cash and cash equivalents at beginning of period	1,672	1,986	1,986
<b>Cash and cash equivalents at end of period</b>	<b>1,093</b>	2,662	1,672

# Consolidated statement of recognised income and expense

Unaudited

	6 months to 30.09.08 £000	6 months to 30.09.07 £000	12 months to 31.03.08 £000
(Loss)/profit for the period	<b>(799)</b>	399	1,422
Actuarial gain on defined benefit pension scheme	<b>933</b>	1,828	2,814
Total recognised income and expense for the period	<b>134</b>	2,227	4,236

# Notes to the financial statements

## 1. Basis of preparation

The financial information has been prepared using the accounting policies set out in the Annual Report and Accounts 2008.

The interim financial information has not been audited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The Group's statutory accounts for the year ended 31 March 2008, prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and also in accordance with the IFRSs as issued by the International Accounts Standards Board, have been delivered to the Registrar of Companies; the report of the Auditors on these accounts was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

## 2. Geographical segments

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the products:

	6 months to 30.09.08 £000	6 months to 30.09.07 £000	12 months to 31.03.08 £000
United Kingdom	21,034	24,723	49,335
Rest of the world	141	188	585
	<b>21,175</b>	24,911	49,920

## 3. Finance costs

	6 months to 30.09.08 £000	6 months to 30.09.07 £000	12 months to 31.03.08 £000
Interest receivable	-	4	2
Interest paid	(15)	(9)	(8)
Finance charge on shares classed as financial liabilities	(33)	(33)	(66)
Interest credit on pension scheme liability	87	-	16
	<b>39</b>	(38)	(56)

## 4. Earnings per share

The earnings per share are calculated on loss after tax of £799,000 (2007 profit: £399,000) and the weighted average number of ordinary shares of 23,888,698 (2007: 23,888,698) in issue during the period. The share options in existence during the six months ended 30 September 2008 have a dilutive effect. The diluted earnings per share are calculated on loss after tax of £799,000 (2007 profit: £399,000) and the weighted average number of ordinary shares in issue adjusted to assume conversion of all dilutive potential ordinary shares which is 25,482,031 (2007: 25,448,698).

# Company information

## Directors

Stuart Lyons CBE  
Tony Lisanti  
Tean Dallaway  
John Newman  
Stephen Yates

Chairman  
Chief Executive  
Finance Director  
Non-executive Director  
Non-executive Director

## Secretary

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