

AIREA plc

The principal activity of the group is the manufacturing, marketing and distribution of floor coverings.

Chairman's Statement

It is pleasing to report that the success achieved in the second half of the last financial year has been maintained and the dip in sales seen in the first half of last year has been reversed.

The retail market in the UK continues to be challenging, however there have been some signs of improved consumer confidence. Statistics for the UK non-residential construction sectors that we serve showed modest growth in refurbishment and maintenance work, a flat picture on private new build, and public sector new build remaining in negative territory. This picture of market conditions in the UK, combined with strengthening sterling and continuing difficulties in the Eurozone economies, meant that we continue to operate in a fiercely competitive and difficult environment.

It is therefore encouraging that our strategy of strengthening our product portfolio, investing in our sales resource and the relentless pursuit of service improvements and efficiency gains has delivered a promising advance in financial performance.

Group results

Revenue for the period was £13.5m (2013: £11.6m). The operating profit was £700,000 (2013: £222,000). After charging pension related finance costs of £215,000 (2013: £200,000) and the appropriate tax

charge the net profit for the period was £371,000 (2013: £16,000). Basic earnings per share were 0.80p (2013: 0.03p).

Operating cash flows before movements in working capital were £1.1m (2013: £0.6m). Working capital increased by £400,000 (2013: £373,000) due to timing of payments to suppliers. Payment of £115,000 was made in line with the provision made at the year end in full and final settlement of a dilapidations dispute concerning properties vacated in 2011. Contributions to the defined benefit pension scheme were £200,000 (2013: £200,000), in line with the agreement reached with the scheme trustees following the last triennial valuation as at 1st July 2011. Capital expenditure of £136,000 (2013: £113,000) was focussed on productivity improvements and supporting new product launches.

Outlook

The Board does not detect any fundamental changes in the outlook for the markets that we serve, and competition for business is likely to remain intense. As a result the Board has resolved to determine the level of dividend at the year end, and there will not be a dividend payment at the interim stage.

Martin Toogood

Chairman

10th March 2015

Consolidated Income Statement

6 months ended 31st December 2014

	Unaudited 6 months ended 31st December 2014 £000	Unaudited 6 months ended 31st December 2013 £000	Audited Year ended 30th June 2014 £000
Revenue	13,514	11,555	23,342
Operating costs	(12,814)	(11,333)	(22,736)
Operating profit	700	222	606
Finance income	1	2	3
Finance costs	(215)	(200)	(279)
Profit before taxation	486	24	330
Taxation	(115)	(8)	(29)
Profit attributable to shareholders of the group	371	16	301
Earnings per share (basic and diluted)	0.80p	0.03p	0.65p

All amounts relate to continuing operations.

Consolidated Statement of Comprehensive Income

6 months ended 31st December 2014

	Unaudited 6 months ended 31st December 2014 £000	Unaudited 6 months ended 31st December 2013 £000	Audited Year ended 30th June 2014 £000
Profit attributable to shareholders of the group	371	16	301
Actuarial gain recognised in the pension scheme	-	-	(189)
Related deferred taxation	-	-	(73)
	-	-	(262)
Total comprehensive income attributable to shareholders of the group	371	16	39

Consolidated Balance Sheet

as at 31st December 2014

	Unaudited 6 months ended 31st December 2014 £000	Unaudited 6 months ended 31st December 2013 £000	Audited Year ended 30th June 2014 £000
Non-current assets			
Property, plant and equipment	5,427	6,165	5,704
Deferred tax asset	1,288	1,476	1,323
	<u>6,715</u>	<u>7,641</u>	<u>7,027</u>
Current assets			
Inventories	10,358	8,723	10,220
Trade and other receivables	3,832	3,205	4,313
Cash and cash equivalents	1,915	2,406	1,930
	<u>16,105</u>	<u>14,334</u>	<u>16,463</u>
Total assets	<u>22,820</u>	<u>21,975</u>	<u>23,490</u>
Current liabilities			
Trade and other payables	(4,457)	(3,797)	(5,121)
Provisions	-	-	(115)
	<u>(4,457)</u>	<u>(3,797)</u>	<u>(5,236)</u>
Non-current liabilities			
Pension deficit	(5,776)	(5,668)	(5,761)
Deferred tax	(1)	(41)	(1)
	<u>(5,777)</u>	<u>(5,709)</u>	<u>(5,762)</u>
Total liabilities	<u>(10,234)</u>	<u>(9,506)</u>	<u>(10,998)</u>
	<u>12,586</u>	<u>12,469</u>	<u>12,492</u>
Equity			
Called up share capital	11,561	11,561	11,561
Share premium account	504	504	504
Capital redemption reserve	2,395	2,395	2,395
Retained earnings	(1,874)	(1,991)	(1,968)
	<u>12,586</u>	<u>12,469</u>	<u>12,492</u>

Consolidated Cash Flow Statement

6 months ended 31st December 2014

	Unaudited 6 months ended 31st December 2014 £000	Unaudited 6 months ended 31st December 2013 £000	Audited year ended 30th June 2014 £000
Operating activities			
Profit attributable to shareholders of the group	371	16	301
Tax charged	115	8	29
Finance costs	214	198	276
Depreciation	413	377	877
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Operating cash flows before movement in working capital	1,113	599	1,483
Increase in working capital	(400)	(373)	(1,633)
(Decrease)/increase in provisions for liabilities and charges	(115)	-	115
Contributions to defined benefit pension scheme	(200)	(200)	(375)
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Cash generated from/(used in) operations	398	26	(410)
Investing activities			
Purchase of property, plant and equipment	(136)	(113)	(153)
Financing activities			
Equity dividends paid	(277)	(254)	(254)
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Net decrease in cash and cash equivalents	(15)	(341)	(817)
Cash and cash equivalents at start of the year	1,930	2,747	2,747
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Cash and cash equivalents at end of the year	<u>1,915</u>	<u>2,406</u>	<u>1,930</u>

Consolidated Statement of Changes in Equity

6 months ended 31st December 2014

	Share capital £000	Share premium account £000	Capital redemption reserve £000	Retained earnings £000	Total equity £000
At 1st July 2013	11,561	504	2,395	(1,753)	12,707
Profit attributable to shareholders of the group	-	-	-	16	16
Other comprehensive income for the period	-	-	-	-	-
Dividend paid	-	-	-	(254)	(254)
At 1st January 2014	11,561	504	2,395	(1,991)	12,469
Profit attributable to shareholders of the group	-	-	-	285	285
Other comprehensive income for the period	-	-	-	(262)	(262)
Reserve transfer relating to share based payment	-	-	-	-	-
At 1st July 2014	11,561	504	2,395	(1,968)	12,492
Profit attributable to shareholders of the group	-	-	-	371	371
Other comprehensive income for the period	-	-	-	-	-
Dividend paid	-	-	-	(277)	(277)
At 31st December 2014	<u>11,561</u>	<u>504</u>	<u>2,395</u>	<u>(1,874)</u>	<u>12,586</u>

Note

Basis of preparation and accounting policies

The financial information for the six month periods ended 31st December 2014 and 31st December 2013 has not been audited and does not constitute full financial statements within the meaning of Section 434 of the Companies Act 2006.

The financial information relating to the year ended 30th June 2014 does not constitute full financial statements within the meaning of Section 434 of the Companies Act 2006. This information is based on the group's statutory accounts for that period. The statutory accounts were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and received an unqualified audit report and did not contain statements under Section 498(2) or (3) of the Companies Act 2006. These financial statements have been filed with the Registrar of Companies.

These interim financial statements have been prepared using the recognition and measurement principles of International Financial Reporting Standards as adopted by the European Union ("IFRS"). The accounting policies used are the same as those used in preparing the financial statements for the year ended 30th June 2014. These policies are set out in the annual report and accounts for the year ended 30th June 2014. The interim and annual reports are available on the company's website at www.aireaplco.uk.