

AGA RANGEMASTER GROUP plc  
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28<sup>th</sup> August 2009

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**FOR IMMEDIATE RELEASE**

**AGA RANGEMASTER GROUP PLC  
 2009 HALF-YEARLY FINANCIAL REPORT**

**HIGHLIGHTS**

AGA Rangemaster Group plc ("the Group"), which sells premium branded cookers and refrigerators, is pleased to announce its interim results for the half year ended 30<sup>th</sup> June 2009.

Half year to 30 <sup>th</sup> June	2009 £m	2008 £m	Full year 2008 £m
Revenue	117.8	145.1	279.4
EBITDA (before non-recurring costs)	3.3	16.0	24.6
Operating (loss) / profit	(1.7)	9.0	11.1
(Loss) / profit before tax	(2.4)	12.3	14.4
Basic (loss) / earnings per share	(2.3p)	9.5p	14.4p
Equity attributable to equity holders of the parent	151.3	183.2	214.7
Net cash	2.3	16.9	5.8

**Strategic and operational highlights**

- Trading results in line with market expectations with a fall in revenue of 19%.
- Sound financial position maintained with net cash of £2.3 million reflecting good first half operating cash flow.
- Annualised cost savings of £8 million will be delivered in 2009 from initiatives taken since the start of 2008.
- Energetic response to the market conditions seen with AGA Authentic Upgrade Programme; new look for Rayburn and new platforms for Rangemaster.
- Order intake falls have levelled out at around 20% and heading into the major Autumn sales months we expect sales to start to match comparators impacted by last year's market slowdown.
- Purchase of Mercury brand further strengthens market leadership in UK premium cooker market.

*"Cost cutting, good cashflow management and resilient trading are central components of our 2009 story. We have the product and sales initiatives in place now to respond should the Autumn selling season bring the hoped for bounce-back in consumer confidence."*

**William McGrath  
 Chief Executive**

**Enquiries:**

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## AGA RANGEMASTER GROUP PLC

### 2009 INTERIM MANAGEMENT REPORT

#### Overview

The Group has continued to work hard in the first half of 2009 to adjust to the reduced levels of demand caused by the economic climate and against that backdrop has produced satisfactory results for the first half of the year. The housing market is the primary driver of sales of range cookers and refrigerators - our core area of expertise. With housing transactions sharply down we have unsurprisingly seen sales down by around 20% in our core markets of the British Isles and Europe and by more in North America, our most challenging market. Fortunately, the Group is well placed to withstand the impact of the recession with our breadth of strong brands; impressive new product pipeline and sound finances - demonstrated by the Group maintaining a net cash position at the half year. With markets and consumer confidence showing some more positive signs, we retain our underlying confidence in the prospects for the business given our quality products and market positions.

#### Half year performance

As anticipated revenues in the first half fell and were £117.8 million – down 19% from £145.1 million in the first half of 2008 – reflecting the sharp fall in demand seen particularly from September 2008 onwards. Sales in North America were particularly weak at £15.1 million and well below the 2008 level of £20.5 million. The revenue falls led to an operating loss of £1.7 million compared to an operating profit of £9.0 million in 2008 and a loss before tax after non-recurring costs of £2.4 million compared with a profit before tax of £12.3 million in the first half of 2008.

Given these results, the degree of uncertainty about the outlook and the importance of keeping strong finances in place, the board has decided to maintain a cautious approach and not to pay an interim dividend this half year (2008: 4.0p). The position for the full year will be considered carefully when the annual results are available and a medium term trading outlook can be assessed at that point.

#### Operating performances

Larger ticket consumer products have seen substantial sales falls across the sector, even where consumer interest in the products remains high. Our cooker business remained profitable while our refrigeration and home fashions operations were not.

Cast iron cookers are a central product area for us under the AGA, Rayburn and Stanley brands and here sales fell by over 25%. The level of new leads generated was only down 10% but many consumers cautiously delayed purchases. For AGA the trend to electric, including the revived 'Economy 7' models, has stabilised at around 55% of AGA sales. 14% of cast iron sales were overseas. The new generation of programmable gas and electric models has stimulated the trade up market. We are encouraged by this trend and will capitalise on this through the AGA Authentic Upgrade Programme, now underway across the UK, which will see us offer AGA owners the opportunity to upgrade their cookers or make them programmable. Programmability can cut running costs by around a quarter per household and make the product more responsive to individual needs.

Rangemaster sales which were down around 15%, continue to hold up relatively well in a falling market. We continue to be the market leader in the UK in range cookers and the strong routes to market, together with a widened appliance offering, all contributed to this performance. Over 20% of Rangemaster sales are now outside of the UK. The continental market continues to grow well – offsetting steep declines in activity in Ireland. La Cornue had a good first half and order intake was ahead of the prior year.

In North America we now have our new \$10 million Marvel refrigeration factory in Greenville, Michigan producing more efficiently at significantly lower cost. However, our cooker and refrigeration operations have experienced weak demand across our range of products. Last year undercounter fridge sales in the first half were 21,700 units; this year 11,800 units.

Our wider consumer home fashions offering led by Fired Earth and Grange similarly had a tough first half, although towards the end of the half year there were some signs of improvement for Fired Earth as the focus on our market leading tile offering paid off.

#### Managing costs

The Group's response across the board has been to reduce costs and raise efficiencies. Headcount has been reduced by nearly 550 since December 2007 - short time working and extended shutdowns in 2009 make this equivalent to a 20% headcount reduction on an annualised basis which will reduce the cost base. We manage our procurement tightly now as a Group-wide function making us alive to market changes while ensuring we have a good grasp of the supply chains seen in the BS EN ISO 9001 : 2008 (Quality) and BS EN ISO 14001 :

2008 (Environmental) accreditations we have alongside the new BS OHSAS 18001 : 2007 at our principal manufacturing facilities for occupational health and safety.

We have implemented programmes to help us move steadily to a more integrated operation with functions and processes covering larger parts of the Group. This has applied since late 2008 to new product appraisals; marketing, human resources, procurement and more recently to manufacturing and now distribution in the UK. Our objective is to create a single focused integrated operation. Cost savings from steps taken in 2008 at a cost of £5.3 million are generating savings of £6.5 million per annum. Further cost savings of £1.5 million per annum are being realised from recent 2009 non-recurring costs. Further working capital reductions are also targeted in the second half. All these steps are designed to address the demand falls we have witnessed and to ensure that we have the operational gearing to respond well when market conditions improve.

### **Cash flow and financial position**

The Group had net cash at 30<sup>th</sup> June 2009 of £2.3 million and this balance reflects the focus placed on working capital management this year. The first half working capital inflow was £2.7 million compared to a £11.9 million outflow in the first half last year – cash generated from inventory reductions was £5.6 million and this is expected to improve further because of some extended summer shutdowns. Working capital at the half year was £34.1m (30<sup>th</sup> June 2008: £41.0m). The Group is well invested with expenditure on capital and research and development having been maintained at high levels compared to related depreciation and amortisation for some years. With the completion of the new Marvel factory in Greenville, Michigan of which the final £2.8 million payment was made in early 2009, future expenditure is likely to run below depreciation levels for some time.

The Group put in place four and a half year banking facilities in Spring 2008 and these continue to meet the Group's needs.

The net assets of the Group at 30<sup>th</sup> June 2009 were £152.4 million compared with £216.5 million at 31<sup>st</sup> December 2008. The roll forward in the position of the pension scheme saw the surplus of £57.5 million translate into a deficit of £13.8 million - before deferred tax - because of a fall in yields on double 'A' corporate bonds used to discount liabilities and a rise in the assessed level of long term inflation. The gap between the actuarial and accounting appraisal of the pension scheme position remains volatile – hence the importance of the 2020 agreement the trustees and the Group has designed to facilitate long term planning for the scheme. The 2008 full actuarial valuation is currently being prepared.

### **Group strategy**

The strategy for the Group during the recession is to continue to enhance the value of our outstanding consumer brands. This will be achieved by:

- Providing new generations of innovative products reflecting contemporary needs
- Strengthened Customer Relationship Management
- High brand visibility in our retail outlets and through a strengthened, clear presence in our larger dealers
- Strong marketing programmes this Autumn in our campaigns for AGA, Rangemaster and Fired Earth
- The establishment of a strong group of partnerships

We are making good progress on this strategy. Innovative products include the launch of the Rayburn 600 Series with remodelled ovens and a larger hot plate which is able to offer an attractive modern cooker / boiler combination that will link with wider energy management whole house schemes. The single cavity Rangemaster oven also provides a complete new platform which we will use to provide new models for brands like Falcon, La Cornue and AGA Ranges in North America.

The £0.4 million acquisition of the distinctive, modern styled Mercury and Thermastone brands is part of our growth plan. These brands generated revenue of over £1.8 million in 2008 and from 2010 will be made in our UK factories.

Our Customer Relationship Management is now run from the Group Head Office and is already having an appreciable impact on our ability to generate repeat business.

We are developing partnerships namely with the National Trust for Fired Earth; with an energy supplier for our cast iron appliances; and with leading designers to celebrate the Great British Cookers represented by AGA, Rangemaster, Rayburn and Falcon.

### **Risks and uncertainties**

There are a number of risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since the

publication of the annual report and accounts for the year ended 31<sup>st</sup> December 2008. A detailed explanation of the risks and uncertainties can be found on pages 16 to 18 of the annual report.

### **Current trading and outlook**

We are now heading into the key sales period of the year when markets fell away sharply in 2008. Having seen sales stabilise at around 20% down since the Spring, we hope at least to match the order intake of Autumn 2008. With the strong product and marketing line ups for this Autumn combining with the increased impact of the cost saving measures taken, we are as well placed as we can be given current market conditions. Overall, we approach the second half with some renewed optimism.

By order of the board:

**J Coleman**  
Chairman

**W B McGrath**  
Chief Executive

**28<sup>th</sup> August 2009**

### **Cautionary statement**

This Interim Management Report ("IMR") has been prepared solely to provide additional information to shareholders to enable them to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

This IMR contains certain forward-looking statements. These are made by the directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

The IMR has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to AGA Rangemaster Group plc and its subsidiary undertakings when viewed as a whole.

**AGA RANGEMASTER GROUP PLC**  
**2009 HALF-YEARLY FINANCIAL REPORT**  
**CONSOLIDATED INCOME STATEMENT**

		Half year to June 2009 Unaudited	Half year to June 2008 Unaudited	Year to December 2008 Audited
	Note	£m	£m	£m
<b>Revenue</b>		<b>117.8</b>	145.1	279.4
Net operating costs		<b>(119.5)</b>	(136.1)	(268.3)
<b>Group operating (loss) / profit</b>		<b>(1.7)</b>	9.0	11.1
Net pension credit	10	<b>0.8</b>	2.5	5.4
Non-recurring cost	5	<b>(1.3)</b>	(2.6)	(5.3)
<b>(Loss) / profit before net finance costs and income tax</b>		<b>(2.2)</b>	8.9	11.2
Finance income		<b>0.2</b>	3.8	4.8
Finance costs		<b>(0.4)</b>	(0.4)	(1.6)
<b>(Loss) / profit before income tax</b>		<b>(2.4)</b>	12.3	14.4
Income tax expense	6	-	(2.5)	(2.7)
<b>(Loss) / profit for the period</b>		<b>(2.4)</b>	9.8	11.7
<b>(Loss) / profit attributable to:</b>				
Equity holders of the parent		<b>(1.6)</b>	9.8	12.4
Minority interests		<b>(0.8)</b>	-	(0.7)
<b>(Loss) / profit for the period</b>		<b>(2.4)</b>	9.8	11.7
<b>(Loss) / earnings per share attributable to equity holders of the parent</b>				
Basic	7	<b>p</b> <b>(2.3)</b>	p 9.5	p 14.4
Diluted		<b>(2.3)</b>	9.5	14.4
<b>Dividend per share – proposed or paid</b>	8	<b>p</b> -	p 4.0	p 4.0
<b>Return of cash – paid</b>	8	-	121.0	121.0

All the above results relate to continuing operations.

**AGA RANGEMASTER GROUP PLC**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Half year to June 2009 Unaudited</b>	Half year to June 2008 Unaudited	Year to December 2008 Audited
	<b>£m</b>	£m	£m
<b>(Loss) / profit for the period</b>	<b>(2.4)</b>	9.8	11.7
<hr/>			
Exchange adjustments on hedge of net investments	2.1	(0.4)	(3.2)
Exchange differences on translation of foreign operations	<b>(11.6)</b>	3.4	23.0
Actuarial losses on defined benefit pension schemes	<b>(72.7)</b>	(50.9)	(28.7)
Deferred tax on actuarial losses	<b>20.4</b>	14.2	7.9
<hr/>			
<b>Other comprehensive losses for the period</b>	<b>(61.8)</b>	(33.7)	(1.0)
<hr/>			
<b>Total comprehensive (losses) / income for the period</b>	<b>(64.2)</b>	(23.9)	10.7
<hr/>			
Attributable to:			
Equity holders of the parent	<b>(63.5)</b>	(23.9)	11.0
Minority interests	<b>(0.7)</b>	-	(0.3)
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<b>Total comprehensive (losses) / income for the period</b>	<b>(64.2)</b>	(23.9)	10.7
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**AGA RANGEMASTER GROUP PLC**

**CONSOLIDATED BALANCE SHEET**

		<b>Half year to June 2009 Unaudited</b>	<b>Half year to June 2008 Unaudited</b>	<b>Year to December 2008 Audited</b>
	<b>Note</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Non-current assets</b>				
Goodwill		65.8	61.4	70.9
Intangible assets		22.2	19.0	24.0
Property, plant and equipment	9	54.3	51.0	58.7
Retirement benefit surplus	10	-	32.1	58.7
Deferred tax assets		5.5	3.0	5.5
		<b>147.8</b>	<b>166.5</b>	<b>217.8</b>
<b>Current assets</b>				
Inventories		54.8	58.9	63.5
Trade and other receivables		33.7	39.9	39.9
Current tax assets		2.1	1.5	2.1
Cash and cash equivalents	11	38.5	36.0	42.9
		<b>129.1</b>	<b>136.3</b>	<b>148.4</b>
<b>Assets held for sale</b>		<b>1.7</b>	<b>-</b>	<b>1.9</b>
<b>Total assets</b>		<b>278.6</b>	<b>302.8</b>	<b>368.1</b>
<b>Current liabilities</b>				
Borrowings	11	(5.7)	(5.6)	(9.7)
Trade and other payables		(54.4)	(57.8)	(66.8)
Current tax liabilities		(9.1)	(11.3)	(11.6)
Current provisions	12	(2.1)	(3.6)	(4.3)
		<b>(71.3)</b>	<b>(78.3)</b>	<b>(92.4)</b>
<b>Net current assets</b>		<b>57.8</b>	<b>58.0</b>	<b>56.0</b>
<b>Non-current liabilities</b>				
Borrowings	11	(30.5)	(13.5)	(27.4)
Retirement benefit obligation	10	(13.8)	(0.8)	(1.2)
Deferred tax liabilities		(1.5)	(15.7)	(21.9)
Provisions	12	(9.1)	(9.2)	(8.7)
		<b>(54.9)</b>	<b>(39.2)</b>	<b>(59.2)</b>
<b>Total liabilities</b>		<b>(126.2)</b>	<b>(117.5)</b>	<b>(151.6)</b>
<b>Net assets</b>		<b>152.4</b>	<b>185.3</b>	<b>216.5</b>
<b>Equity</b>				
Share capital	13	32.5	32.4	32.5
Share premium account		29.6	30.0	29.6
Other reserves		85.9	79.0	95.5
Retained earnings		3.3	41.8	57.1
<b>Equity attributable to equity holders of the parent</b>		<b>151.3</b>	<b>183.2</b>	<b>214.7</b>
Minority interest		1.1	2.1	1.8
<b>Total equity</b>		<b>152.4</b>	<b>185.3</b>	<b>216.5</b>

**AGA RANGEMASTER GROUP PLC**

**CONSOLIDATED CASH FLOW STATEMENT**

		<b>Half year to June 2009 Unaudited</b>	Half year to June 2008 Unaudited	Year to December 2008 Audited
	<b>Note</b>	<b>£m</b>	£m	£m
<b>Cash flows from operating activities</b>				
<b>(Loss) / profit before net finance costs and income tax</b>		<b>(2.2)</b>	8.9	11.2
Reconciliation of (loss) / profit before finance costs and income tax to net cash flows:				
Depreciation of property, plant and equipment	9	3.4	3.8	6.8
Amortisation of intangible assets		0.8	0.7	1.3
Loss on disposal of property, plant and equipment		-	-	0.3
Share based payments expense		0.1	0.3	-
Decrease / (increase) in inventories		5.6	(3.3)	(3.6)
Decrease in receivables		3.2	0.4	5.4
Decrease in payables		(6.1)	(9.0)	(10.7)
(Decrease) / increase in provisions		(1.5)	1.2	0.5
Increase in pensions balances		(1.3)	(3.1)	(6.7)
<hr/>				
<b>Cash generated from / (used in) operating activities</b>		<b>2.0</b>	(0.1)	4.5
Interest paid		(0.4)	(0.3)	(1.6)
Tax payment		(2.5)	(0.2)	(2.7)
<hr/>				
<b>Net cash (used in) / generated from operating activities</b>		<b>(0.9)</b>	(0.6)	0.2
<hr/>				
<b>Cash flows from investing activities</b>				
Interest received		0.2	3.8	5.0
Disposal proceeds from sale of subsidiaries less costs		0.3	(3.2)	(2.4)
Purchase of property, plant and equipment	9	(4.3)	(2.6)	(10.2)
Expenditure on intangibles		(1.2)	(0.9)	(3.3)
Proceeds from disposal of property, plant and equipment		-	-	0.5
<hr/>				
<b>Net cash used in investing activities</b>		<b>(5.0)</b>	(2.9)	(10.4)
<hr/>				
<b>Cash flows from financing activities</b>				
Return of cash and dividends paid to shareholders	8	-	(148.4)	(151.2)
Net proceeds from issue of ordinary share capital and cost of share consolidation		-	0.2	(0.1)
(Decrease) / increase in borrowings		(3.3)	1.3	(1.5)
New bank loans raised		5.3	5.0	22.7
<hr/>				
<b>Net cash generated from / (used in) financing activities</b>		<b>2.0</b>	(141.9)	(130.1)
<hr/>				
Effects of exchange rate changes		(0.5)	(0.1)	1.7
<hr/>				
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(4.4)</b>	(145.5)	(138.6)
Cash and cash equivalents at beginning of period		42.9	181.5	181.5
<hr/>				
<b>Cash and cash equivalents at end of period</b>	<b>10</b>	<b>38.5</b>	36.0	42.9

**AGA RANGEMASTER GROUP PLC**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**Equity attributable to equity holders of the parent**

	<b>Share capital £m</b>	<b>Share premium £m</b>	<b>Other reserves £m</b>	<b>Retained earnings £m</b>	<b>Total £m</b>	<b>Minority interests £m</b>	<b>Total equity £m</b>
<b>At 1<sup>st</sup> January 2009</b>	32.5	29.6	95.5	57.1	<b>214.7</b>	1.8	<b>216.5</b>
<b>Total comprehensive losses for the period ended 30<sup>th</sup> June 2009</b>	-	-	(9.6)	(53.9)	<b>(63.5)</b>	(0.7)	<b>(64.2)</b>
Share based payments	-	-	-	0.1	<b>0.1</b>	-	<b>0.1</b>
<b>At 30<sup>th</sup> June 2009</b>	<b>32.5</b>	<b>29.6</b>	<b>85.9</b>	<b>3.3</b>	<b>151.3</b>	<b>1.1</b>	<b>152.4</b>

**Equity attributable to equity holders of the parent**

	<b>Share capital £m</b>	<b>Share premium £m</b>	<b>Other reserves £m</b>	<b>Retained earnings £m</b>	<b>Total £m</b>	<b>Minority interests £m</b>	<b>Total equity £m</b>
<b>At 1<sup>st</sup> January 2008</b>	32.4	68.8	37.1	216.7	355.0	2.1	357.1
<b>Total comprehensive income / (losses) for the period ended 30<sup>th</sup> June 2008</b>	-	-	3.0	(26.9)	(23.9)	-	(23.9)
Dividends and cash return	-	-	-	(148.4)	(148.4)	-	(148.4)
Shares issued	-	0.2	-	-	0.2	-	0.2
Share based payments	-	-	-	0.3	0.3	-	0.3
Transfer between reserves	-	(39.0)	38.9	0.1	-	-	-
<b>At 30<sup>th</sup> June 2008</b>	<b>32.4</b>	<b>30.0</b>	<b>79.0</b>	<b>41.8</b>	<b>183.2</b>	<b>2.1</b>	<b>185.3</b>

**Equity attributable to equity holders of the parent**

	<b>Share capital £m</b>	<b>Share premium £m</b>	<b>Other reserves £m</b>	<b>Retained earnings £m</b>	<b>Total £m</b>	<b>Minority interests £m</b>	<b>Total equity £m</b>
<b>At 1<sup>st</sup> January 2008</b>	32.4	68.8	37.1	216.7	355.0	2.1	357.1
<b>Total comprehensive income / (losses) for year ended 31<sup>st</sup> December 2008</b>	-	-	19.4	(8.4)	11.0	(0.3)	10.7
Dividends and cash return	-	-	-	(151.2)	(151.2)	-	(151.2)
Shares issued	0.1	0.2	-	-	0.3	-	0.3
Costs associated with share consolidation	-	(0.4)	-	-	(0.4)	-	(0.4)
Transfer between reserves	-	(39.0)	39.0	-	-	-	-
<b>At 31<sup>st</sup> December 2008</b>	<b>32.5</b>	<b>29.6</b>	<b>95.5</b>	<b>57.1</b>	<b>214.7</b>	<b>1.8</b>	<b>216.5</b>

# AGA RANGEMASTER GROUP PLC

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of the Group for the six months ended 30<sup>th</sup> June 2009 were authorised for issue in accordance with a resolution of the directors on 27<sup>th</sup> August 2009.

AGA Rangemaster Group is a public limited company incorporated and domiciled in the UK whose shares are publicly traded on the London Stock Exchange.

The principal activities of the Group are the manufacture and sale of range cookers and related home fashions products.

The interim condensed consolidated financial statements do not comprise the Group's statutory accounts as defined by section 240 of the Companies Act 1985. Statutory accounts for the year ended 31<sup>st</sup> December 2008 were approved by the board of directors on 13<sup>th</sup> March 2009 and were delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, it did not contain an emphasis of matter paragraph and did not contain any statement under section 237 of the Companies Act 1985.

The financial information presented here is unaudited but has been reviewed by the Group's auditor, Ernst & Young LLP. Its review opinion appears at the end of these notes.

### 2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30<sup>th</sup> June 2009 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with International Accounting Standard 34 (IAS 34) 'Interim Financial Reporting' as adopted by the European Union.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31<sup>st</sup> December 2008 which have been prepared in accordance with IFRSs as adopted by the European Union.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly condensed financial statements.

### 3. ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared using the same accounting policies as used in the preparation of the Group's annual financial statements for the year ended 31<sup>st</sup> December 2008 except for the adoption of new standards and interpretations, noted below.

#### IAS 1 - Presentation of Financial Statements (revised)

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income which presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

#### IFRIC 13 - Customer Loyalty Programmes

This interpretation clarifies where goods and services are sold together with a customer loyalty incentive the arrangement should be accounted for as a sale of two things – the goods / services and the incentive. Amounts due from the customer should be allocated between these two elements in proportion to their fair values and recognised as revenue at different times. The adoption of this interpretation did not have any material impact on the financial position or performance of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**3. ACCOUNTING POLICIES (CONTINUED)**

IFRIC 16 - Hedges of a Net Investment in a Foreign Operation

This interpretation provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the Group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation. As the Group did not dispose of any net investment it has no impact on the financial position or results.

The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

IAS 1 - Presentation of Financial Statements

Assets and liabilities classified as held for trading in accordance with IAS 39 Financial Instruments: Recognition and Measurement are not automatically classified as current in the balance sheet. No reclassification of financial instruments between current and non-current have been made as a result of this amendment.

IAS 16 - Property, Plant and Equipment

The term 'net selling price' has been replaced with 'fair value less costs to sell'. No change in the financial position has been made as a result of this amendment.

IAS 38 - Intangible Assets

Expenditure on advertising and promotional activities is recognised as an expense when the Group either has a right to access the goods or has received the service. This amendment has no material impact on the financial position or results of the Group.

IAS 27 (revised) - Consolidated and Separate Financial Statements and IFRS 3 (revised) Business Combinations are both effective for accounting periods beginning on or after 1<sup>st</sup> July 2009. The directors anticipate that the adoption of these revised standards will have no material impact on the financial statements.

**4. SEASONALITY OF OPERATIONS**

Historically the normal seasonal nature of our range cooker business saw higher revenues and operating profits in the second half of the year than in the first six months. This did not apply in 2008 when market conditions changed materially in the second half of the year.

**5. SEGMENTAL ANALYSIS**

The directors consider that there are two operating segments which meet the aggregation criteria. Therefore the directors consider that there is only one reportable aggregated segment. All disclosures required under IFRS 8 and IAS 34 have therefore already been given in these interim condensed consolidated financial statements.

The non-recurring costs relate to redundancy and reorganisation programmes across the Group.

AGA RANGEMASTER GROUP PLC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. TAXATION

Corporation tax for the interim period to 30<sup>th</sup> June 2009 has been charged at the estimated rates chargeable for the full year in the respective jurisdictions as follows:

	Half year to June 2009	Half year to June 2008	Year to December 2008
	£m	£m	£m
<b>Current tax</b>			
UK corporation tax	-	2.8	4.1
Overseas tax	-	-	1.4
	-	2.8	5.5
<b>Deferred tax</b>			
UK corporation tax	-	(0.3)	(1.6)
Overseas tax	-	-	(1.2)
	-	(0.3)	(2.8)
<b>Total income tax expense</b>	-	2.5	2.7
UK corporation tax	-	2.5	2.5
Overseas tax	-	-	0.2
<b>Total income tax expense</b>	-	2.5	2.7

7. LOSS / EARNINGS PER SHARE

The calculation of the basic and diluted loss / earnings per share is based on the following data:

	Half year to June 2009	Half year to June 2008	Year to December 2008
	£m	£m	£m
<b>Loss / earnings</b>			
(Loss) / profit after tax	(2.4)	9.8	11.7
Minority interests	0.8	-	0.7
<b>(Loss) / profit attributable to equity holders of the parent</b>	(1.6)	9.8	12.4
<b>Weighted average number of shares in issue</b>	million	million	million
For basic EPS calculation	69.2	102.8	85.9
Dilutive effect of share options	-	0.8	0.2
<b>For diluted EPS calculation</b>	69.2	103.6	86.1

**AGA RANGEMASTER GROUP PLC**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**7. LOSS / EARNINGS PER SHARE (CONTINUED)**

	Half year to June 2009	Half year to June 2008	Year to December 2008
<b>Total operations</b>	<b>p</b>	<b>p</b>	<b>p</b>
Basic	<b>(2.3)</b>	9.5	14.4
Diluted	<b>(2.3)</b>	9.5	14.4

**8. DIVIDENDS**

	Half year to June 2009 £m	Half year to June 2008 £m	Year to December 2008 £m
No final dividend for the year ended 31 <sup>st</sup> December 2008 (2007: 7.65p)	-	8.7	8.7
No interim dividend paid (2008: 4.0p)	-	-	2.8
Return of cash of £1.21 per share	-	139.7	139.7
<b>Amounts recognised as distributions to equity holders of the parent in the period</b>	<b>-</b>	<b>148.4</b>	<b>151.2</b>

The directors are not proposing to pay an interim dividend in respect of the financial year ending 31<sup>st</sup> December 2009 (2008: 4.0p).

**9. PROPERTY, PLANT & EQUIPMENT**

During the six months to 30<sup>th</sup> June 2009 the Group purchased £4.3m (period to 30<sup>th</sup> June 2008: £2.6m) of property, plant and equipment of which £2.8m, relating to the building of the new Marvel factory in the US, was included in payables at 31<sup>st</sup> December 2008. Depreciation in the period was £3.4m (period to 30<sup>th</sup> June 2008: £3.8m). Disposals in the period were £nil (period to 30<sup>th</sup> June 2008: £nil).

**10. RETIREMENT BENEFITS**

Defined benefit scheme assets have been valued at a market value of £637.5m (31<sup>st</sup> December 2008: £655.0m) and the defined benefit liabilities at £651.3m (31<sup>st</sup> December 2008: £597.5m), giving a £13.8m deficit at the interim date (31<sup>st</sup> December 2008: £57.5m surplus). The liabilities have been rolled forward from 31<sup>st</sup> December 2008 and adjusted to take account of the decrease in bond yields, which have decreased the discount rate from 6.4% to 6.2%. The net pension credit for the period was £0.8m (period to 30<sup>th</sup> June 2008: £2.5m).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. CASH & BORROWINGS

**Cash**

Cash and cash equivalents at 30<sup>th</sup> June 2009 was £38.5m (2008: £36.0m) and includes £22.5m which is offset against the provision of a bank guarantee that the Group has provided to the AGA Rangemaster Group Pension Scheme.

**Borrowings**

	30 <sup>th</sup> June 2009	30 <sup>th</sup> June 2008	31 <sup>st</sup> December 2008
	£m	£m	£m
<b>Bank borrowings</b>			
Current (unsecured)	5.7	5.6	9.7
Non-current	30.5	13.5	27.4
<b>Total</b>	<b>36.2</b>	19.1	37.1

Current and non-current bank borrowings included no obligations under finance leases at 30<sup>th</sup> June 2009 (30<sup>th</sup> June 2008: nil, 31<sup>st</sup> December 2008: nil).

The Group's bank borrowings are primarily loan advances denominated in a number of currencies and have floating interest rates based on LIBOR or foreign equivalents.

At 30<sup>th</sup> June 2009 the non-current borrowings are split £0.4m secured and £30.1m unsecured.

12. PROVISIONS

During the period £1.2m has been spent in respect of the redundancy and reorganisation programmes across the Group that were provided for at 31<sup>st</sup> December 2008.

13. SHARE CAPITAL

The number of shares in issue amounted to 69.2m on 30<sup>th</sup> June 2009 (30<sup>th</sup> June 2008 and 31<sup>st</sup> December 2008: 69.2m).

14. FINANCIAL INSTRUMENTS

Included in borrowings at 30<sup>th</sup> June 2009 were loans of USD13.7m and EUR7.5m, which have been designated as hedges of net investments in operations based in the United States and Europe. The loans are held as a hedge against the Group's exposure to foreign exchange risk on these investments.

During the six month period ended 30<sup>th</sup> June 2009, the gain of £1.2m on the retranslation of the USD loan and the gain of £0.9m on the retranslation of the Euro loan have been transferred to equity to offset any gains and losses on translation of the net investments in subsidiaries.

15. CONTINGENT LIABILITIES & COMMITMENTS

The Group had no material contingent liabilities arising in the normal course of business at 30<sup>th</sup> June 2009.

The Group has arranged £50.0m of bank guarantees, to guarantee obligations of the Company to the AGA Rangemaster Group Pension Scheme which may arise in the period up to 2020, of which £22.5m of cash is offset as disclosed in note 11.

The Group had capital commitments of £0.9m at 30<sup>th</sup> June 2009 (31<sup>st</sup> December 2008: £0.7m).

16. RELATED PARTY TRANSACTIONS

The Group recharges the Group pension scheme with the cost of administration and independent advisers paid by the Group. The total amount recharged in the period was £0.1m (half year to 30<sup>th</sup> June 2008: £0.1m). The amount outstanding at 30<sup>th</sup> June 2009 was nil (30<sup>th</sup> June 2008: £0.1m).

**AGA RANGEMASTER GROUP PLC**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors' confirm that these condensed consolidated interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors of AGA Rangemaster Group plc are listed in the annual report for 31<sup>st</sup> December 2008.

By order of the board

W B McGrath  
Chief Executive

S M Smith  
Finance Director

# AGA RANGEMASTER GROUP PLC

## INDEPENDENT REVIEW REPORT TO THE MEMBERS OF AGA RANGEMASTER GROUP PLC

### Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30<sup>th</sup> June 2009 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related notes 1 to 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

### Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

### Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30<sup>th</sup> June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP  
Birmingham

## **AGA RANGEMASTER GROUP PLC**

### **MAIN ADDRESSES AND ADVISERS**

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Other telephone providers' costs may vary).  
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#### **Auditors**

Ernst & Young LLP

#### **Joint financial advisers and stockbrokers**

Citigroup Global Markets Limited  
Numis Securities Limited