

AGA RANGEMASTER GROUP plc
 Juno Drive
 Leamington Spa
 Warwickshire
 CV31 3RG
 Tel: 01926 455 755
 Fax: 01926 455 749
 www.agarangemaster.com

12th March 2010

FOR IMMEDIATE RELEASE

AGA RANGEMASTER GROUP PLC
2009 PRELIMINARY RESULTS

| Year to 31 st December | 2009 | 2008 |
|--------------------------------------|-------|-------|
| | £m | £m |
| Revenue | 245.0 | 279.4 |
| EBITDA (before non-recurring costs) | 12.6 | 24.6 |
| Operating profit before amortisation | 0.1 | 12.4 |
| Operating (loss) / profit | (1.5) | 11.1 |
| Profit before tax | 0.5 | 14.4 |
| Basic earnings per share | 2.5p | 14.4p |
| Shareholders' equity | 133.8 | 214.7 |
| Net cash | 28.0 | 5.8 |

Strategic and operational highlights

- Cash balances increased to £28.0 million from £5.8 million in the year reflecting the emphasis placed on strong business processes, good working capital management and on cash generation.
- The Group made a profit before tax in an extremely tough year for its core product lines internationally.
- Markets improved as the year progressed. Rangemaster orders were up in the year whilst AGA cooker orders were ahead in the last quarter.
- New products backed by strong commercial offers are designed to maintain the momentum established at the end of 2009.
- The Group expects to contribute an additional £2 million this year and next to the Group's pension scheme.

William McGrath, Chief Executive commented: *"The generation of cash was the big achievement of 2009 and that remains the focus given the caution needed in the current market. Our lead indicators, however, are positive and after a slow order intake at the start of the year, the prospects are encouraging heading into the Spring."*

Enquiries:

| | | |
|--|---|----------------------------|
| William McGrath, Chief Executive | } | 0207 404 5959 (today) |
| Shaun Smith, Finance Director | | 01926 455 731 (thereafter) |
| Simon Sporborg / Charlotte Kenyon, Brunswick | | 0207 404 5959 |

AGA RANGEMASTER GROUP PLC

2009 PRELIMINARY RESULTS

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

Overview

The Group responded quickly and well to the downturn in the consumer markets caused by the recession which made 2009 a tough year. The Group was well placed to do so having maintained a net cash position after returning £140 million in cash to shareholders in May 2008 following the well timed Foodservice disposal at the end of 2007. The board prioritised remaining profitable and having more cash at the end of the year than at the start thereby ensuring that the Group's long-term financing arrangements organised in early 2008 remained unaltered. The stable financial base meant that the Group was free to direct its energies to work to integrate operations and to have a set of disciplined business processes that apply across the Group. These steps helped to reduce costs in a way that would be in the long-term interests of the Group and to sustain product investment, positioning the business for an upturn.

Trading performance in 2009

2009 saw sharp falls in demand in the first half before levelling out and, in some areas, strengthening later in the year. These trends were reflected in first half sales down 18.8% and sales down 12.3% for the full year. This put 2009 revenues at £245.0 million down from £279.4 million in 2008. EBITDA (pre non-recurring costs) fell from £24.6 million to £12.6 million. There was an operating loss in the first half of £1.7 million and a small operating profit in the second half. Non-recurring rationalisation costs were incurred in the year of £3.6 million primarily from business integration costs and provisions against the carrying value of properties no longer required after the integration. With net finance income in the year and with pension credits arising, there was an overall profit before tax in the year. Given the sharp profit fall and the continuing market uncertainties the board concluded it would not be appropriate to pay a dividend in respect of 2009.

Strategy for 2010

The 300 years of innovation we highlighted last year put us in good stead to deal with the current economic cycle. The warmth felt towards our key brands led by AGA came through strongly in the year – notably through the 300th anniversary of the first smelting of iron ore with coke at the AGA foundry which is where the Industrial Revolution began. Our confidence that the power of our brands will drive strong performance remains. The market conditions of 2009, however, required us to modify our ambitions for the business in the short-term and focus on cutting costs and cash generation to ensure we emerged stronger from the recession. We now have new opportunities to improve further our market positions.

Our key objectives are:

- To continue to grow and create new markets for our range cookers and cooker / boilers. The board sees energy management in the home – seen in new Government initiatives to boost renewable energy - as a major theme for the years ahead and believes that the product offering it has been developing over the last decade is particularly well attuned to future consumer requirements.

- To widen the position of range cookers in the UK and Ireland and on the continent as being at the heart of family life and show that the look and functionality of the range cooker brings benefits over built-in equivalents which make up the larger part of the market.
- To become a significant force in the North American appliance market under the AGA Marvel brand – highlighting the best of European style range cooking and USA made undercounter refrigeration.
- To use the high level of consumer response we receive, to look to all our brands to increase the overall sales opportunities in the home by effective customer relationship management.

With our well managed financial position, we have the financial flexibility to back our brands and to ensure that we use the capacity we have available to best effect. The board's strategy remains to focus on being the major force in the range cooker market internationally and to use that to attract consumers to the wider product offering. We will enhance our marketing effort to support our product introductions and will take market opportunities that saw the acquisition of Mercury in 2009 and saw that of La Cornue, Heartland and Stanley in earlier years.

We have to take into account our pension scheme to which we have already provided £50 million in guarantees of contingent liabilities. We are finalising funding arrangements with the trustees taking account of the 2008 actuarial valuation. We expect to make additional payments of £2 million into the scheme in 2010 and 2011. Total pension contributions could equate to £10 million per annum from 2012 depending on the outturn of the 2011 actuarial valuation.

In achieving these objectives the Group is dependent on the skills and commitment of its employees. It was an exceptionally difficult year in which short-time working was needed in some factories and staff reductions were made. The continuing enthusiasm and energy in the Group ensured that confidence grew over the year. The board is, of course, grateful to all the employees for their contributions. Helen Mahy left the board after six years. I should like to thank her in particular for her important contribution, notably in the development of our corporate governance practices.

Current trading

Economic uncertainties remain as markets seek to recover from the long and difficult recession and against that background we remain cautious and conservative in our trading and financial expectations. We have focused on having strong business processes and disciplines. We will continue to drive down costs and to generate cash as we did in 2009. In 2010 the Group will continue to keep capital expenditure below depreciation and to reduce inventory levels. The important benefits of integrating AGA and Rangemaster in the UK will show through. Overall the key factor is the extent of the revenue recovery.

The board has thus taken the right steps to ensure the Group is best placed to take advantage of improved conditions while remaining cautious and able to continue with the defensive approach of 2009 that saw costs cut and cash generation set as a key driver. At present the board would hope that the current year will show a real improvement. A decision on dividend payments will be made when the earnings outlook becomes clearer.

The cold weather may have slowed short-term activity but it has also highlighted the virtues of our heat storage and stove products and home survey numbers are ahead of 2009 and confidence in the AGA shops is high. For Rangemaster the start of the year has been slower after the VAT rate assisted end of 2009 but the trend lines continue to be positive. For Fired Earth and Grange improvement plans covering both broadening of markets and cost reductions are well underway. Headed into the Spring the Group expects revenues to run ahead of the prior year.

BUSINESS AND FINANCE REVIEW

Today's AGA Rangemaster Group has its strength in its much loved brands and well-developed sales channels and structures. In 2008 we concentrated the resources of the Group on our consumer operations as they have long-term significant growth potential arising from investments made over many years. We focus on producing products for the kitchen – the heart of family life – led by our outstanding range cookers. Looking back, key decisions in the creation of the Group had been to make AGA the centre stage brand in 2001 and the decision to concentrate resources on Rangemaster and the premium range cooker market and to sell off the lower added value brands in 2002. The AGA and Rangemaster operations have since then worked increasingly closely together. In 2009 we decided to integrate the operational management of the two businesses. This has worked well for all the core processes from product identification and now for manufacturing and distribution. It means that the Group has a single strong core cooker operation in the British Isles – encompassing the Group's Irish brand, Stanley.

We knew early in 2009 that it would be a difficult year but we remained determined not to lose sight of the key objectives we had set in 2007 for the development of the Group. We discuss below the progress made towards those objectives and related 'Key Performance Indicators' ('KPI'). With strong links across our international operations, the appliance-led activities are now well assimilated and able to benefit from the economies of scale and the customer-led opportunities of being part of a Group.

- **KPI I : *Grow sales of cast iron cookers***

| 2007 | 2008 | 2009 |
|-------------|-------------|-------------|
| 19,600 | 15,400 | 12,150 |

Sales in 2007 have proved to be a peak – when a good level of Irish state supported orders assisted Stanley sales. From mid 2008 it became clear that customers were deferring expenditure because of weakening markets while at the same time there was enthusiasm for our modernisation programmes. Our response was to continue with the development themes of making the AGA programmable across the range and adding upgrade options for products in the field. This focus on customers who may have acquired their AGA many years ago was a major new development making all existing owners potential new customers. The Group does expect a significant number of owners to upgrade their existing model or return their existing model for recycling and purchasing a new product over the next few years. As consumers focused on what they found essential in their home, we also emphasised how the warmth and reliability of cast iron cookers was relevant to modern needs.

2009 also saw the Group increase its focus on Rayburn – and not only the successful upgraded wood burning model but now a restyled oil series. Rayburn – the all-in-one cooker/boiler – is not only a great cooker but its boiler – soon to have condensing oil as well as gas models – makes it tremendously flexible and an attractive alternative to standard boiler systems. With Rayburn launching a second generation of control systems linking to renewable energy sources, it is a highly relevant modern product. The objective is to ensure Rayburn is seen as a clear option to consumers and their installers assessing ‘heating and eating’ options.

In Ireland cast iron cooker sales fell again and for the first time the stove business was a similar revenue generator to cookers. Growth in stove sales in Ireland and the UK is set to continue as consumers ensure that given energy cost and availability concerns, that they have more than one energy source in their homes.

The Group continues to make the foundry and factory complex in Shropshire more efficient. It has ample capacity to produce above the targeted level.

- **KPI II : *Grow sales of Rangemaster made cookers***

| 2007 | 2008 | 2009 |
|-------------|-------------|-------------|
| 76,000 | 67,900 | 60,600 |

Rangemaster and our wider range cooker brands all proved resilient – with volumes lower but average selling prices up – and towards the end of 2009 orders were running well ahead of 2008 levels. Rangemaster was 14% down in order values at the half year but full year order values were just ahead of the prior year. The performance reflects the breadth of product and the international reach of Rangemaster – with sales on the continent where there is sustained expansion in France and now growth in Belgium and Holland and more recently Germany, being up. Ireland, in contrast, was again well down. The purchase of Mercury in August added a further modern style to our range and with new products to come to market this year under the Mercury brand aimed particularly at the independent kitchen specialist market - it is proving an important addition.

The range cooker market in the UK is estimated to be around 113,000 units per annum. The total UK equivalent premium built-in cooker market is larger. In 2010 Rangemaster and the related brands will emphasise the case for having the highly functional, attractive range at the heart of modern family life. Our efficient Leamington Spa factory has the capability of producing well above the targeted volumes. With higher volume expectations, notably with anticipated sales in North America of the new AGA Pro+ range, progress can be made in 2010 towards our performance objective.

Our cookware operations comprise AGA Cookware and Divertimenti and 2009 was a good year. Divertimenti has a new catalogue and has the potential to grow appreciably. The newly upgraded web shopping sites of both brands have been successful.

- **KPI III : *Return Fired Earth and Grange to profit***

Fired Earth specialises in tiles and paint. It had another tough year as consumers deferred major projects. Sales on a like-for-like basis were down 17% and did not show a marked improvement in the last quarter. Fired Earth has become tightly run and is admired for its quality and style. To balance the business, Fired Earth has set out to ensure it attracts consumers looking for quality products for everyday purposes at appropriate prices. This development of diffusion lines, combined with the new catalogue and the provision of consumer credit, is expected to boost Fired Earth with a wider audience. Additionally, a move into fitted kitchens, with Charles Smallbone designed product with an affordable luxury message made by Grange, is an exciting development. The first kitchen in the range attracted the Editor's prize at the House Beautiful 2009 Awards and features in our Marylebone High Street store and soon to be seen in our Adderbury and Cobham stores.

Grange similarly had a difficult year as revenues fell sharply - hitting the US design centre business particularly hard. Short time working was in place in the factories for much of the year. There was also a major production rationalisation programme in Lyon, France with three factories being merged into one. The confidence of the dealer base in the product range and prospects of Grange continues to improve. Orders at the start of 2010 are more encouraging. Particular effort will be made this year to raise Grange's UK profile using the database resources of the Group.

One of the key strategic objectives and a key performance indicator for the Group remains to see Grange and Fired Earth return to profit and for the inter-relationships with the wider customer base to prove effective.

- **KPI IV : *International expansion with half the business to be outside the UK***

The largest market for the Group is in the UK. The objective is to make overseas markets account for over half the business – up from the current 36%. On the continent we continue to progress where the Grange, La Cornue and Falcon brands are all well established.

In North America the Group set about revisiting its approach – accelerated by the three year decline in the appliance market which is now just bottoming out. We have integrated our activities under AGA Marvel to provide our overall market positioning as having available from Europe the best range cookers as with refrigeration “at its best” – made in North America at our new Greenville, Michigan factory. We are delighted with our new Greenville production facility which became fully operational in Spring 2009 and has already received ISO 9001 and ISO 14001 quality and environmental accreditation. It is producing at a substantially lower unit cost than was practical at our two previous facilities. We would like to acknowledge the excellent support of the State of Michigan in the successful delivery of the project. We have just launched the AGA Pro+ in Canada at C\$4,000 - a Rangemaster made product with a single oven and self cleaning features aimed at a competitive price in the North American market. This is backed by a suite of appliances including refrigerators and dishwashers similar to that found in design centres in the UK. We feel that dealers can look to our hot and cold offering to anchor their sales efforts.

We look to markets less mature than the UK for our products to provide sustained sales impetus taking us towards our KPI.

- **KPI V : *Leveraging the Group's customer database***

The Group's contact with its customers is generated by advertising, direct marketing and through our retail operations. This continues through our service support for the products in the field – many of which last for decades. This all provides the Group with a large customer database in addition to that of dealers selling the Group's products.

The Group has 670,000 customers on its UK database and nearly another 600,000 prospective customers who have contacted the Group. In 2009 the Group received nearly 60,000 sales enquiries into the contact centre. It has nearly 200,000 customers contactable by email. It has 120,000 specifically AGA owners on the database – of which nearly 18,000 were added in 2009.

Web traffic increased across the brands in 2009 with AGA receiving over 700,000 visitors and Fired Earth nearly 600,000 visitors. At the start of 2010, web enquiries and brochure requests have increased markedly and for Fired Earth and Rangemaster web traffic is up over 20%. The Group sees the development of customer contact and the development of closer links in the eyes of customers across the brands as an important source of growth in the years ahead.

- **KPI VI : *Return on sales***

The Group believes that by raising efficiencies while also investing in product that there is appreciable operational gearing available in the business. An initial target of a return on sales of 10% was set in 2007. Some of the Group's operations achieved returns above that – but the average was below 10% when the recession impacted the Group. This has not deflected us from the belief that the brands and their strength with identifiable customer bases is such that returns at or above it – a peak cycle return on sales target is 12% - remain a reasonable expectation.

- ***Raising efficiencies across the Group to improve operational gearing***

During the recession the Group has accelerated plans to cut costs, raise efficiencies and improve operational gearing. In particular, structures have been streamlined further – as with AGA and Rangemaster and in the North American operations – production facilities integrated – as for AGA Marvel and Grange. Company-wide procurement strategies have helped control costs. Over the last two years the Group has reduced the cost base by over £9 million through such measures. In addition to major structural programmes it continues to identify and implement a comprehensive programme of process improvement initiatives which senior managers have identified.

- ***Home energy management and new product investments***

An underlying theme for the Group is investing in new product. A key area is looking into home energy management. The Group has the background and the technologies to play an important part in the changing

approach to energy management in the home. The Government's new initiative to boost the renewable energy market will further stimulate interest. The electric AGA uses a small amount of energy over a long period and can store energy. This works well with the intermittent nature of wind and solar micro generation. The Rayburn is primarily an all-in-one cooker and boiler. Its burners can use biofuels : we have field trials with methane produced from biomass. We are now linking Rayburns with wood burning stoves and solar collectors in a comprehensive home heating package. Our investment programmes align our products to the renewables markets as they develop. We aim to make our products more flexible – future-proofing purchasers so that they can, if not immediately then in due course, take advantage of the rapidly increasing output of micro generation and of reliability of non-fossil fuels.

Consumers are concerned to ensure that their homes remain warm and comfortable and that they have reliable energy sources throughout the year. This means that having more than one energy source in the home is particularly attractive. We expect the rapid growth in stove sales to continue. We sold over 20,000 stoves in 2009 and they are now the core activity of Stanley in Ireland and they are a growing part of sales in the UK.

Pension scheme funding

The Group continues to consider carefully its obligations to its defined benefit pension scheme which is large, reflecting the Group's long industrial history in the Midlands. The scheme has around 14,000 members of which circa 650 are current employees.

The triennial valuation as at 31st December 2008 is close to finalisation. It is likely to show a deficit of well over £100 million at a date when there was a £57.5 million surplus on an accounting basis. Rolled forward a year to 31st December 2009, the actuarial deficit is considered to be potentially around £50 million above the accounting deficit of £40.5 million. The Group has previously provided £50 million of guarantees in support of the Group's potential obligation to the scheme in 2020. The Group currently expects to be asked to contribute an additional £2 million per annum in 2010 and 2011. From 2012 the Group expects to be asked to contribute around £10 million annually to meet the current service cost and deficit contributions or to add to the guarantees already provided. The 2011 triennial valuation is expected to be concluded before these cash contributions or additional guarantees are required.

The Group continues to work hard and closely with the trustee of the scheme to ensure that the obligations to members are met and the costs to the Group are carefully monitored and managed as the scheme moves towards the targeted self-sufficiency position in 2020.

As part of the management of pension costs, following consultations, the current member pensionable salaries were frozen. This gave rise to a curtailment gain in 2009 against the previous IAS 19 valuation assumptions for future salary inflation when applied to higher paid employees of £3.8 million and will give rise to a curtailment gain in 2010 of around £15 million when applied to all other current members.

The Group would like to reduce the contingent risks the scheme creates – should markets make that sensible economically for all relevant parties.

Finance strategy

The Group maintains its conservative approach to finances in light of the difficult markets and the scale of the Group's pension scheme. The Group looked to maintain profits during the recession while investing carefully in product for the future.

The Group had moved to a net cash position at the end of 2007 and we took further action to manage the business through a severe economic downturn. We set the objective of having more cash at the end of the year than at the start. It is, therefore, pleasing against this background to report cash of £28.0 million compared to £5.8 million. This gives us a strong position upon which we can build.

Revenue

Group revenues decreased by 12.3% to £245.0 million from £279.4 million in 2008. In constant currency the revenue decrease was 15.7%. Second half revenues of £127.2 million were down 5.3% from £134.3 million which was much improved on the first half when revenues of £117.8 million were down 18.8% from the £145.1 million reported in the first half of 2008. Of total revenues 36% were outside the UK.

Operating profit

The operating loss for the year was £1.5 million (2008: profit £11.1 million). The first half loss of £1.7 million was partly offset by a small second half profit. The results for the year reflect the significant fall in revenues. We took action early to address the revenue decrease by reducing headcount by a further 200 to below 2,600 following on from a reduction of around 400 in 2008. Non-recurring costs in the year totalled £3.6 million (2008: £5.3 million). The further reorganisations undertaken in the year were at a cost of £2.8 million. Taken together, cost cutting measures implemented in the last two years have led to cost savings of over £9 million.

Finance income

Net finance income for the year was £0.2 million (2008: £3.2 million). The movement was principally due to lower interest income resulting from the substantial reduction in cash balances following the £140 million cash return to shareholders in 2008, lower interest rates on cash deposits offset by £0.8 million of interest on a tax repayment received.

Taxation

The Group's tax charge was nil on profits before tax of £0.5 million. The Group considered the level of tax paid for years yet to be finalised with the revenue and sought a tax repayment which was received in the second half. There was altogether a net tax repayment of £4.0 million relating to prior tax years.

Moving forward the Group expects to pay tax at around the UK standard rate of 28% once the benefit of tax losses arising during the recession have been utilised.

Earnings per share

Basic earnings per share were 2.5 pence (2008: 14.4 pence) based on an average number of shares in issue of 69.2 million (2008: 85.9 million).

Dividends

While no interim dividend has been paid or a final dividend proposed for 2009, the board will continue to keep this under review and intends to return to paying a dividend as soon as it is appropriate to do so.

Cashflow

One of the most encouraging features of the year was the cashflow from operational activities which at £25.3 million (2008: £4.5 million) was £20.8 million higher. The increase was mainly due to action taken in the first part of the year to destock in response to the downturn – the value of inventory held by the Group fell in the year by £15.3 million. Particular focus was also placed on debtor and creditor management across the Group. The net inflow from working capital was £22.9 million in the year (2008: outflow of £8.9 million).

New capital expenditure projects in the year totalled £3.4 million which makes the net cash flow on capital items, including intangibles, £8.1 million in the year. This figure includes the £2.8 million final payment on the AGA Marvel factory in the US. The depreciation and amortisation of intangibles charge in 2009 was £8.7 million (2008: £8.1 million).

The resulting net cash position at 31st December 2009 was £28.0 million (2008: £5.8 million).

CONSOLIDATED INCOME STATEMENT

Year to 31st December

| | 2009 £m | 2008 £m |
|--|----------------|------------|
| Revenue | 245.0 | 279.4 |
| Net operating costs | (246.5) | (268.3) |
| Group operating (loss) / profit | (1.5) | 11.1 |
| Net pension credit | 5.4 | 5.4 |
| Non-recurring cost | (3.6) | (5.3) |
| Profit before net finance income and income tax | 0.3 | 11.2 |
| Finance income | 1.1 | 4.8 |
| Finance costs | (0.9) | (1.6) |
| Profit before income tax | 0.5 | 14.4 |
| Income tax expense | - | (2.7) |
| Profit for year | 0.5 | 11.7 |
| Profit attributable to: | | |
| Equity holders of the parent | 1.7 | 12.4 |
| Minority shareholders | (1.2) | (0.7) |
| Profit for year | 0.5 | 11.7 |
| Earnings per share | p | p |
| Basic | 2.5 | 14.4 |
| Diluted | 2.5 | 14.4 |
| Dividend per share | p | p |
| | - | 4.0 |
| Cash return | - | 121.0 |

All operations are continuing.

CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSSES) / INCOME

| <u>Year to 31st December</u> | 2009 £m | 2008 £m |
|---|-------------------|------------|
| Profit for year | 0.5 | 11.7 |
| Exchange adjustments on hedge of net investments | 1.6 | (3.2) |
| Exchange differences on translation of foreign operations | (9.3) | 23.0 |
| Actuarial losses on defined benefit pension schemes | (104.5) | (28.7) |
| Deferred tax on actuarial losses | 29.3 | 7.9 |
| Other comprehensive losses for the year | (82.9) | (1.0) |
| Total comprehensive (losses) / income for the year | (82.4) | 10.7 |
| Attributable to: | | |
| Equity holders of parent | (81.1) | 11.0 |
| Minority interests | (1.3) | (0.3) |
| Total comprehensive (losses) / income for the year | (82.4) | 10.7 |

CONSOLIDATED BALANCE SHEET

As at 31st December

| | 2009 £m | 2008 £m |
|--|------------|------------|
| Non-current assets | | |
| Goodwill | 66.9 | 70.9 |
| Intangible assets | 23.2 | 24.0 |
| Property, plant and equipment | 50.8 | 58.7 |
| Retirement benefit surplus | - | 58.7 |
| Deferred tax assets | 21.7 | 5.5 |
| | 162.6 | 217.8 |
| Current assets | | |
| Inventories | 46.0 | 63.5 |
| Trade and other receivables | 31.7 | 39.9 |
| Current tax assets | 1.8 | 2.1 |
| Cash and cash equivalents | 45.0 | 42.9 |
| | 124.5 | 148.4 |
| Assets held for sale | 3.1 | 1.9 |
| Total assets | 290.2 | 368.1 |
| Current liabilities | | |
| Borrowings | (1.3) | (9.7) |
| Trade and other payables | (63.2) | (66.8) |
| Current tax liabilities | (18.4) | (11.6) |
| Current provisions | (2.4) | (4.3) |
| | (85.3) | (92.4) |
| Net current assets | 39.2 | 56.0 |
| Non-current liabilities | | |
| Borrowings | (15.7) | (27.4) |
| Retirement benefit obligation | (40.5) | (1.2) |
| Deferred tax liabilities | (6.1) | (21.9) |
| Provisions | (8.3) | (8.7) |
| | (70.6) | (59.2) |
| Total liabilities | (155.9) | (151.6) |
| Net assets | 134.3 | 216.5 |
| Shareholders' equity | | |
| Share capital | 32.5 | 32.5 |
| Share premium account | 29.6 | 29.6 |
| Other reserves | 85.8 | 95.5 |
| Retained (losses) / earnings | (14.1) | 57.1 |
| Equity attributable to equity holders of the parent | 133.8 | 214.7 |
| Minority interest | 0.5 | 1.8 |
| Total equity | 134.3 | 216.5 |

CONSOLIDATED CASH FLOW STATEMENT

| <u>Year to 31st December</u> | 2009 £m | 2008 £m |
|--|-------------------|------------|
| Cashflows from operating activities | | |
| Profit before income tax | 0.5 | 14.4 |
| Reconciliation of profit before income tax to net cashflows: | | |
| Net finance income | (0.2) | (3.2) |
| Depreciation of property, plant and equipment | 7.1 | 6.8 |
| Impairment of assets held for sale | 0.8 | - |
| Amortisation of intangible assets | 1.6 | 1.3 |
| Loss on disposal of property, plant and equipment | 0.1 | 0.3 |
| Share based payments expense | 0.2 | - |
| Decrease / (increase) in inventories | 15.3 | (3.6) |
| Decrease in receivables | 5.6 | 5.4 |
| Increase / (decrease) in payables | 2.0 | (10.7) |
| (Decrease) / increase in provisions | (1.3) | 0.5 |
| Increase in pensions | (6.4) | (6.7) |
| <hr/> | | |
| Cash generated from operating activities | 25.3 | 4.5 |
| Finance income | 1.1 | 5.0 |
| Finance costs | (0.9) | (1.6) |
| Tax receipt/(payment) | 4.0 | (2.7) |
| <hr/> | | |
| Net cash generated from operating activities | 29.5 | 5.2 |
| <hr/> | | |
| Cash flows from investing activities | | |
| Disposal proceeds from sale of subsidiaries less costs | (0.4) | (2.4) |
| Purchase of Mercury | (0.5) | - |
| Purchase of property, plant and equipment | (6.2) | (10.2) |
| Expenditure on intangibles | (1.9) | (3.3) |
| Proceeds from disposal of property, plant and equipment | - | 0.5 |
| <hr/> | | |
| Net cash used in investing activities | (9.0) | (15.4) |
| <hr/> | | |
| Cash flows from financing activities | | |
| Dividends paid and cash returned to shareholders | - | (151.2) |
| Net proceeds from issue of ordinary share capital and costs of share consolidation | - | (0.1) |
| Repayment of borrowings | (20.5) | (1.5) |
| New bank loans raised | 2.6 | 22.7 |
| <hr/> | | |
| Net cash used in financing activities | (17.9) | (130.1) |
| <hr/> | | |
| Effects of exchange rate changes | (0.5) | 1.7 |
| <hr/> | | |
| Net increase / (decrease) in cash and cash equivalents | 2.1 | (138.6) |
| Cash and cash equivalents at beginning of year | 42.9 | 181.5 |
| <hr/> | | |
| Cash and cash equivalents at end of year | 45.0 | 42.9 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year to 31st December 2009

| | <u>Equity attributable to equity holders of the parent</u> | | | | | Minority interests | Total equity |
|---|---|----------------------|-----------------------|--------------------------|--------------|---------------------------|---------------------|
| | Share capital | Share premium | Other reserves | Retained earnings | Total | | |
| | £m | £m | £m | £m | £m | £m | £m |
| At 1 st January 2009 | 32.5 | 29.6 | 95.5 | 57.1 | 214.7 | 1.8 | 216.5 |
| Comprehensive income | | | | | | | |
| Profit / (loss) for the year | - | - | - | 1.7 | 1.7 | (1.2) | 0.5 |
| Other comprehensive (losses) / income: | | | | | | | |
| Exchange adjustments on hedge of net investments | - | - | 1.6 | - | 1.6 | - | 1.6 |
| Exchange differences on translation of foreign operations | - | - | (9.2) | - | (9.2) | (0.1) | (9.3) |
| Actuarial losses on defined benefit pension schemes | - | - | - | (104.5) | (104.5) | - | (104.5) |
| Deferred tax on actuarial losses | - | - | - | 29.3 | 29.3 | - | 29.3 |
| Total comprehensive losses for the year to 31st December 2009 | - | - | (7.6) | (73.5) | (81.1) | (1.3) | (82.4) |
| Transfer between reserves | - | - | (2.1) | 2.1 | - | - | - |
| Share based payments | - | - | - | 0.2 | 0.2 | - | 0.2 |
| At 31st December 2009 | 32.5 | 29.6 | 85.8 | (14.1) | 133.8 | 0.5 | 134.3 |

Year to 31st December 2008

| | <u>Equity attributable to equity holders of the parent</u> | | | | | Minority interests | Total equity |
|---|---|----------------------|-----------------------|--------------------------|--------------|---------------------------|---------------------|
| | Share capital | Share Premium | Other reserves | Retained earnings | Total | | |
| | £m | £m | £m | £m | £m | £m | £m |
| At 1 st January 2008 | 32.4 | 68.8 | 37.1 | 216.7 | 355.0 | 2.1 | 357.1 |
| Comprehensive income | | | | | | | |
| Profit / (loss) for the year | - | - | - | 12.4 | 12.4 | (0.7) | 11.7 |
| Other comprehensive (losses) / income: | | | | | | | |
| Exchange adjustments on hedge of net investments | - | - | (3.2) | - | (3.2) | - | (3.2) |
| Exchange differences on translation of foreign operations | - | - | 22.6 | - | 22.6 | 0.4 | 23.0 |
| Actuarial losses on defined benefit pension schemes | - | - | - | (28.7) | (28.7) | - | (28.7) |
| Deferred tax on actuarial losses | - | - | - | 7.9 | 7.9 | - | 7.9 |
| Total comprehensive gains / (losses) for the year to 31st December 2008 | - | - | 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 | - | - | - | - |
| At 31st December 2008 | 32.5 | 29.6 | 95.5 | 57.1 | 214.7 | 1.8 | 216.5 |

SEGMENTAL ANALYSIS

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the chief executive and his senior management team to make decisions about the resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

There are two operating segments, namely AGA (which comprises the brands and operations of AGA, Fired Earth, Waterford Stanley and Grange) and Rangemaster (which comprises the brands and operations of Rangemaster, AGA Marvel, Heartland, La Cornue and Divertimenti).

The two operating segments are considered to meet the aggregation criteria of IFRS 8 in full and so the directors consider that there is only one aggregated reportable segment, this is consistent with the core principle that the result is to provide information that enable users to evaluate the nature and financial effects of the business activities in which the Group engages and the economic environments in which it operates.

Aggregation is based on an assessment that the operating segments have similar economic characteristics, products and services, production processes and types and classes of customer and methods used to distribute products. The directors consider the activities of the aggregated reportable segment to be the manufacture and sale of range cookers and related home fashions product. Therefore the majority of the disclosures as required under IFRS 8 have already been given in these financial statements.

Segment assets include property, plant and equipment, intangibles, inventories, retirement benefit surpluses and receivables. Cash borrowings and taxation are not included. Non-current assets exclude retirement benefit surplus and deferred tax assets.

Entity wide disclosures in respect of revenues from external customers and non-current assets are provided below.

| | 2009 | 2009 | Non- | | 2008 | Non- |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Revenue | Total | current | Revenue | Total | current |
| | £m | segment | assets | £m | segment | assets |
| | | assets | assets | | assets | assets |
| | | £m | £m | | £m | £m |
| United Kingdom | 156.5 | 116.3 | 69.0 | 175.3 | 191.0 | 73.6 |
| North America | 30.6 | 43.2 | 30.5 | 40.0 | 55.0 | 34.4 |
| Europe | 53.8 | 62.2 | 41.4 | 60.0 | 71.6 | 45.6 |
| Rest of World | 4.1 | - | - | 4.1 | - | - |
| Total operations | 245.0 | 221.7 | 140.9 | 279.4 | 317.6 | 153.6 |
| Tax | - | 23.5 | - | - | 7.6 | - |
| Cash | - | 45.0 | - | - | 42.9 | - |
| Total | 245.0 | 290.2 | 140.9 | 279.4 | 368.1 | 153.6 |

NOTES

1. Dividends

The directors are not recommending a final dividend in respect of the financial year ended 31st December 2009 (2008: nil). No interim dividend was paid (2008: 4.0p). In 2008 a return of cash of £1.21 per share was paid during the year.

2. Exchange rates

The income statements of overseas subsidiaries are translated into sterling using average exchange rates and balance sheets are translated at year end rates.

3. Net pension credit

| | 2009 £m | 2008 £m |
|---|------------|------------|
| Current service cost of final salary scheme | (2.3) | (3.5) |
| Curtailment gain on freezing of certain final salaries | 3.8 | - |
| Pensions returns on assets less interest costs on liabilities | 3.9 | 8.9 |
| Net pension credit | 5.4 | 5.4 |

4. Income tax

| | 2009 £m | 2008 £m |
|--|--------------|--------------|
| United Kingdom corporation tax based on a rate of 28.0% (2008: 28.5%): | | |
| Current tax on income for year | (1.6) | 1.5 |
| Adjustments in respect of prior years | 3.5 | 2.6 |
| United Kingdom corporation tax | 1.9 | 4.1 |
| Overseas current tax on income for year | 1.1 | 1.4 |
| Total current tax charge | 3.0 | 5.5 |
| United Kingdom deferred tax credit | (0.8) | (1.6) |
| Overseas deferred tax credit in year | (2.2) | (1.2) |
| Total deferred tax credit | (3.0) | (2.8) |
| Total United Kingdom tax | 1.1 | 2.5 |
| Total overseas tax | (1.1) | 0.2 |
| Total income tax | - | 2.7 |

5. Earnings per share

| | 2009 £m | 2008 £m |
|--|----------------|----------------|
| Earnings | | |
| Profit after tax | 0.5 | 11.7 |
| Minority interests | 1.2 | 0.7 |
| <hr/> | | |
| Profit attributable to equity shareholders – for basic and diluted EPS | 1.7 | 12.4 |
| <hr/> | | |
| Weighted average number of shares in issue | million | million |
| For basic EPS calculation | 69.2 | 85.9 |
| Dilutive effect of share options and Long-Term Incentive Plan | - | 0.2 |
| <hr/> | | |
| For diluted EPS calculation | 69.2 | 86.1 |
| <hr/> | | |
| Earnings per share | p | p |
| Basic | 2.5 | 14.4 |
| Diluted | 2.5 | 14.4 |

6. Non-recurring cost

The £3.6m non-recurring cost relates to £2.8m of predominantly redundancy and reorganisation programmes across the Group, primarily integration costs at AGA Rangemaster and factory rationalisation programmes at AGA Marvel and Grange and £0.8m of impairment of assets now held for sale in respect of certain property assets no longer occupied by the Group.

7. Post balance sheet event

A Deed of Amendment was signed on 12th January 2010 in respect of freezing pensionable salaries for those members whose salaries were not frozen in 2009. A curtailment gain to be calculated by Towers Watson, the actuary, in respect of liabilities accrued to date of around £15m is expected to arise in 2010.

2010 FINANCIAL CALENDAR

Annual General Meeting
2010 half year end

7th May 2010
30th June 2010

The financial information set out in this announcement does not constitute the Company's statutory accounts for the years ended 31st December 2009 and 2008. The financial information within this announcement is prepared in line with the accounting policies presented within the Company's statutory accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies and those for 2009 will be delivered following the Company's Annual General Meeting. The Company's auditor has reported on these accounts; its reports were unqualified and did not contain statements under section 498 of the Companies Act 2006.