Interim Results for the 26 weeks ended 28 January 2007

The UK's only specialist National leather sofa Retailer

Highlights: 26 weeks to 28 January 2007

- Excellent interim results
- Value offer and low cost model continues to deliver
- Store development programme accelerated
- Concession income up 56% - 80 concessions
- New warehouse opened in Wellham Green
- Interim dividend of 3.65 pence per share in line with expectations

Financial review

Highlights: financial

- Turnover £115m (2005: £94.6m) Up 22%
- Gross margin 45.1% (2005: 42.2) Up 2.9%
- Profit before tax (before exceptionals) - £8.4m Up 33%
- Earnings per share (before exceptionals) – 11.3p Up 33%
- Strong cash flow generation resulting in £20m net cash

Financial review

Income statement

	2007 £000 26 wks	2006 £000 26 wks	
Turnover	115,789	94,582	+22% LFL-0.7% Total 22%
Gross profit	52,280	39,929	
	45.1%	42.2%	+ 2.9%
Operating costs	(44,179)	(33,681)	+31%
Operating profit before exceptional items	8,101	6,248	+30%
Exceptional items	(2,636)*	(280)	
Interest	333	71	
Pre tax profit	5,798	6,039	
Tax	(1,892)	(1,939)	
Post tax profit	3,906	4,100	

* - non-cash charge relating to the mark to market value of the sterling/dollar hedge contract under IAS39

Gross margin

Financial period	Margin
Y/e March 2005	40.0%
Y/e March 2006	41.5%
Y/e July 2006	
H1	42.2%
H2	42.9%
	42.6%
17 weeks to July 2006	43.4%
Y/e July 2007	
H1	45.1%

- Steady improvement in gross margin since listing
- H2 will be lower due to planned promotional activity
- Latest increase from logistics (0.6%), purchasing (1.0%), other (0.1%)

Operating Cash Flow – 26 weeks to 28 January 2007

	2007 26 wks £000	2006 26 wks £000
Operating profit after exceptional items	5,465	5,968
Exceptional items	2,636	-
Depreciation and other non cash items	1,151	622
Movement in working capital	10,047	5,933
Cash generated from operations	19,299	12,523
Interest (net)	333	71
Finance leases	(4)	(10)
Tax paid	(1,346)	(1,730)
Dividends	(3,609)	(1,018)
Capital expenditure	(5,708)	(3,744)
	8,965	6,092

Net cash balances of £20m as at 28 January 2007 including customer deposits of £16.9m.

Dividend

- Interim dividend of 3.65 pence declared
- Basis of dividend
  - Based on cover of 2.25 times post tax profit before exceptional items
  - Calculated in line with market expectations for the full year
- 20% increase from the 9.1 pence in the pro-forma year ended July 2006
- Payable on 14 May 2007 to shareholders on register at 13 April 2007

Operating review

The Market & January Sale

LFL figures	2004/5	2005/6	2006/7
Q1	10.7%	(1.4)%	5.1%
Q2	2.0%	10.5%	(4.6)%
Q3	6.7%	2.0%	n/a
Q4	4.2%	(0.5)%	n/a

- Strong trading performance experienced until December
- December and January affected by general weakening consumer demand and change in trading days during January sale period
- Downturn is across the sector
- Actively managing bulk stock, improving carriage costs and achieving better buying prices
- Action taken to stimulate demand – promotions and credit offer
- Trading expected to remain difficult throughout rest of this financial year

Operational update: marketing

Marketing spend in H1 2007

- £11.7m; 10.1% (2006: £8.6m; 9.0%)
- Full year circa £20.6m; 8.6% (2006: £16.5m); 8.0%)

Marketing spend in H2 2007

- Marketing split: TV (*55*%); National press (*25*%)
- New marketing initiatives
  - Direct mail: two regional trials; roll-out nationally in H2
  - New theme for one day promotion
- New store roll out offers scope for more regional TV promotions in new regions

Operational update: store development

Openings in H1 2007

- 13 new stores across UK and ROI
- 20% new space added in 17 weeks ended 30 July 2006

Openings in H2 2007

- Two new stores in April/May (Oxford and Birmingham)
- Bromley concession closed in February 2007

New store roll-out

- Nationwide roll out continues
  - 44 stores on targeted roll-out; North (9), Midland (15), South (11), London (3), Wales (3), Scotland (3)
  - Stringent evaluation of prospective sites in slower market

Operational update: store development

Mezzanine/concessions

- 7 mezzanine installations completed
- 5 re-opened 28 August 2006 and 2 on Boxing Day
- Roll-out strategy is dependent on refurbishment cycle & concession demand
- Concession income increased by 56% to £2.5m in 26 week period
- 80 concessions occupying 221,600 sq.ft; £6.1m annualised rental income

Conclusion

- Differentiated value led product offer
- Low cost business model
- Cash generative
- Store development ahead of plan
- Outlook
  - Retail environment remains challenging
  - In line to meet market expectations for full year
  - Driving sales and margins

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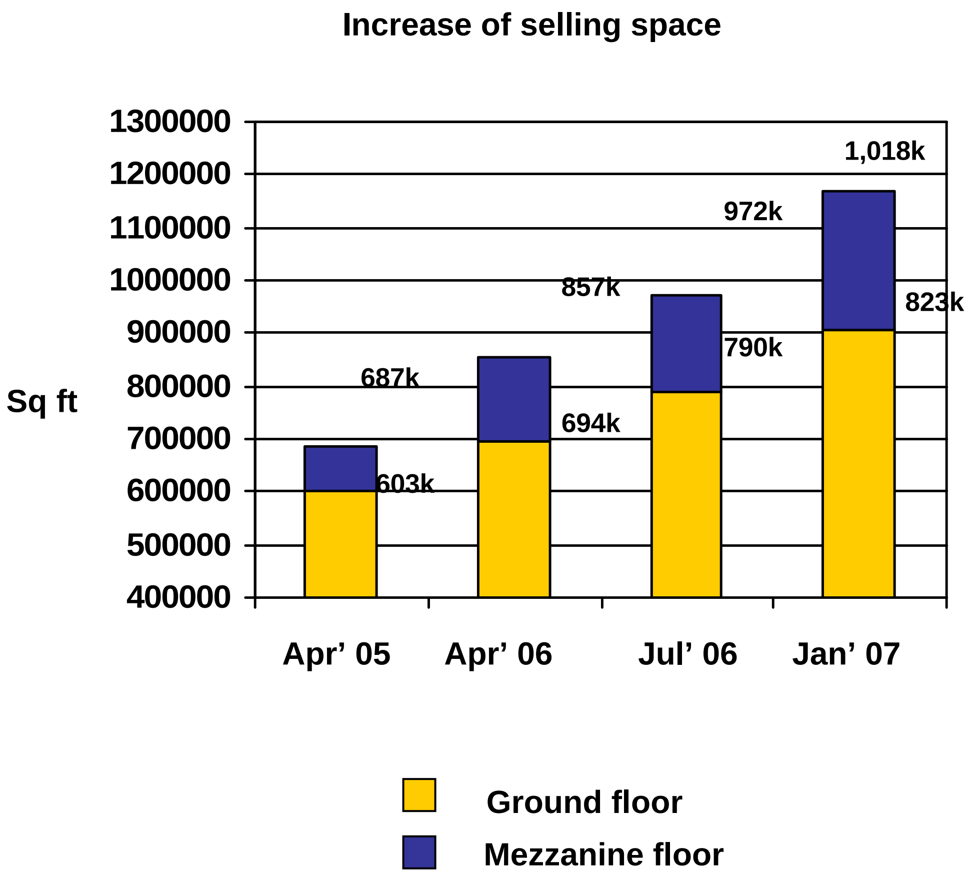
Selling Space



Balance sheet – 28 January

	2007	2006
Intangible fixed assets	20,103	19,800
Tangible fixed assets	24,048	16,083
	44,151	35,883
Inventories	16,444	12,018
Debtors & other current assets	9,155	8,987
Trade creditors	(14,075)	(15,106)
Other current liabilities	(29,600)	(22,746)
Income tax payable	(1,811)	(189)
Net working capital	(19,887)	(17,036)
Cash at bank and derivative	20,042	11,777
Debt	-	-
Landlord inducements and deferred tax	(9,438)	(6,181)
Derivative asset/liability	(7,661)	-
Net assets	27,207	24,443