

EFG MATTHEWS OFFICE FURNITURE LIMITED
(formerly Matthews Office Furniture Plc)

FINANCIAL STATEMENTS

Registered Number 257489/England & Wales

Period ended 31st December, 1999



EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

CHAIRMAN'S STATEMENT

This is my first Chairman's Statement, and I can report on an eventful period! After a prolonged period of negotiation, the company was bought by EFG European Furniture Group AB of Sweden. It has been a wholly owned subsidiary of that company since 1st October 1999.

At that time Phillip Matthews and Claire Golding resigned as directors, and I would like to thank them for their efforts over many years. The remaining Matthews Family directors have stayed, and are now responsible for the management of our UK operation.

At the very end of the accounting period, we took over the assets, liabilities and business of EFG Business Furniture (UK) Ltd.

All of these changes have contributed to the fall in our profits, and at the same time, we have changed the accounting period to bring it into line with other Group companies. These figures cover just a nine-month period. We also suffered from a slow down in sales during the second half of 1999. This was caused by a freeze in new IT projects as our customers prepared for possible Millennium problems. Office furniture sales are greatly influenced by the installation of new IT systems.

However, I now look forward with considerable optimism. The Company is part of a group, which has office furniture sales in excess of £100 million. Our combined ranges are extremely strong within the market place, and by the end of this year, I anticipate that Group factories will manufacture about 60% of EFG Matthews's sales. We now have both the product and resources to be able to offer an attractive package to our customers.

E.KROOK

CHAIRMAN

16th February 2000

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the nine month period ended 31st December 1999

1. Principal activities

The group is principally engaged in the manufacturing and distribution of office furniture. The company deregistered as a public company and changed its name to EFG Matthews Office Furniture Limited on 22nd November 1999. On 31 December 1999, the trade, all assets and liabilities of EFG Business Furniture (UK) Limited, a fellow subsidiary of EFG European Furniture Group AB, were transferred to the company.

2. Results and dividends

The operating profit for the period after taxation amounted to £127799 (1999 £1272261-as restated). The directors recommend payment of dividends of £2100045 (1999 £414498) leaving a loss of £1972246 to be transferred from reserves (1999 Profit £857763-as restated).

3. Directors

The interests of the directors and their families in the shares of the company at 1st April, 1999 and at 31st December, 1999, as recorded in the register maintained by the company in accordance with the provisions of the Companies Act, 1985, were as follows:

	31/12/1999 Beneficially Ordinary £1	31/3/ 1999 Beneficially Ordinary £1	31/3/ 1999 As Trustees Ordinary £1
D. Matthews	Nil	71060	77970
P.J. Matthews (resigned 30/9/1999)	-	195000	Nil
I.D. Matthews	Nil	539900	425998
H.J. Matthews	Nil	404292	441718
M.L. Matthews	Nil	414640	441718
C.J. Golding (resigned 30/9/1999)	-	237500	211718
E.Krook (appointed 30/9/1999)	Nil	-	-
R.Jonegard (appointed 30/9/1999)	Nil	-	-
L.G. Carlsson (appointed 30/9/1999)	Nil	-	-
K.Olsson (appointed 30/9/1999)	Nil	-	-

On 18 October 1999, the entire share capital of the company was acquired by EFG European Furniture Group AB. E.Krook holds 26784 'A' class and 5 'B' class shares, R.Jonegard holds 6000 'B' class shares in EFG European Furniture Group AB.

4. Fixed assets

The directors are of the opinion that in aggregate the market value of land and buildings exceeds the book value of the assets.

5. Employees

All employees receive equal opportunity for training and career development. The sole criterion for selection and promotion is the individual's suitability for the position of employment offered. The company supports the employment of disabled persons wherever possible. For many years the company has actively pursued a policy of encouraging participation by employees in the conduct of the organisation. The company believes that all employees should be kept informed regularly by their own managers on all matters of interest to them.

6. Creditors payment practice

The company adopts a policy of paying creditors within the agreed credit terms offered by their suppliers to take maximum advantage of early settlement discount. At 31st December 1999, average creditor days for the group stood at 51 days.

**EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES
REPORT OF THE DIRECTORS**

7. Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the group and the company, and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

8. Charitable donations

During the period the company made charitable donations of £3696

9. Environmental Update

General Statement : As furniture suppliers we are aware that the raw materials used in our products are environmentally sensitive. Managed correctly, timber is the ultimate renewable resource, and our policy is designed to apply the principles of sustainable development. We will constantly try to improve our environmental performance, and minimise our use of raw materials and energy.

In pursuit of these principles, we have adopted a number of detailed policies, that are set out in our full environmental policy document, which is available on request.

Annual update: The most significant events during the past nine months were:

- The initial assessment of our Environmental Management System was carried out in June 1999 with accreditation to ISO14001, being achieved for both our St. Helens and Milton Keynes sites in July 1999.
- There has always been some concern about the past history of both St. Helens and Milton Keynes sites. In view of this, the Directors decided that it would be in the interests of the Company to take out an environmental insurance policy which provides cover against any previous site pollution.

10. Year 2000

The company reviewed its computer systems for the impact of the year 2000 date change, prepared an action plan to address the issue and carried out all necessary measures. All systems have continued to operate properly over the year 2000 date change and through any roll-over procedures that occurred at a latter date.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependent on the compliance of their major customers, suppliers, and other trading partners, any impact that has occurred on their systems will affect the company's business to a greater or lesser extent.

11. Auditors

Grant Thornton do not intend to offer themselves for re-appointment as auditors. A resolution to appoint KPMG as auditors will be proposed at the Annual General Meeting.

REGINALD ROAD, ST. HELENS
MERSEYSIDE, WA9 4JE.
16th February, 2000

ON BEHALF OF THE BOARD
I.D. MATTHEWS
(Director)

REPORT OF THE AUDITORS

TO THE MEMBERS OF

EFG MATTHEWS OFFICE FURNITURE LIMITED

We have audited the financial statements on pages 5 to 19 which have been prepared under the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 3 the directors are responsible for the preparation of financial statements in accordance with appropriate United Kingdom law and accounting standards. It is our responsibility to form an independent opinion based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the group and the company at 31 December 1999 and of the profit of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

1st Floor, ROYAL LIVER BUILDING
LIVERPOOL L3 1PS
16th February 2000



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

ACCOUNTING POLICIES FOR THE PERIOD ENDED 31ST DECEMBER, 1999

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.
The principal accounting policies of the group have remained unchanged from the previous year, except in respect of leased out plant, goodwill, holiday pay and depreciation of freehold and long leasehold buildings.

Basis of consolidation

The group accounts consolidate the accounts of the company and its subsidiaries. The financial statements of each company in the group have been prepared to 31st December, 1999.

Turnover

Turnover is the total amount receivable by the group in the ordinary course of business with outside customers for goods supplied as a principal and for services provided.

Depreciation

Depreciation on short leasehold property, plant and equipment and motor vehicles is calculated to write down the cost of such fixed assets by equal annual instalments over their expected useful lives.

The rates generally applicable are:-

Freehold and Long Leasehold Properties	-2%
Short Leasehold premises	-period of lease once below 50 years
Plant and equipment	- 10%-33%
Motor vehicles	- 25%

Depreciation has been provided in respect of freehold and long leasehold buildings at the rate of 2% per annum with effect from 1 October 1999. The profits of the current period have been reduced by £28616 as a result.

Furniture sold to customers via finance leases was formerly treated as leased out plant. The related fixed assets have been removed from the financial statements by a prior year adjustment and replaced by a debtor. There is no impact on the current or prior periods results.

Stock and work in progress

Stock and work in progress is stated at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is the tax attributable to timing differences between profits computed for taxation purposes and profits as stated in the financial statements. Provision is made for deferred taxation, except to the extent that there is a reasonable probability of the tax not falling due for payment in the foreseeable future.

Pension Contributions

Pension contributions to the Defined Benefit Scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The pension costs charged against profits in respect of Defined Contribution Schemes represent the amount of the contributions payable to the schemes in respect of the accounting period.

Foreign Currencies

Transactions in foreign currencies are translated at the rate ruling at the date of transaction. Monetary assets and liabilities in foreign currencies have been translated at the rate of exchange ruling at the balance sheet date.

Goodwill

Purchased goodwill is capitalised and is amortised on a straight line basis over its estimated useful life of five years (previously two years). The period of five years represents the period over which it is estimated that the group will benefit directly from the acquisition.

Holiday Pay

Full provision has been made for all employees holiday pay entitlement. Previously no provision was made. A prior year adjustment has been made to reflect this change in accounting policy to accord with EFG group policy and in accordance with FRS12. The change in policy has increased the current period's profits by £15100 and reduced the prior year's profits by £41031

Lessor

Amounts receivable under finance leases are included under debtors and represent the total amount outstanding under lease agreements less unearned income. Finance lease income, having been allocated to accounting periods to give a constant periodic rate of return on the net cash investment, is included in turnover.

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

GROUP PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 1999

	Note	31st Dec.1999	31st March 1999 as restated
Turnover	1	20612052	31983273
Cost of Sales		12931285	20358353
Gross Profit		7680767	11624920
Distribution Costs	2	5739890	7850970
Administration Costs	2	1964204	1986438
		7704094	9837408
Other operating income	3	83929	95853
		7620165	9741555
Operating profit		60602	1883365
Profit on sale of Fixed Assets		66898	0
Interest payable	4	2250	0
Profit on ordinary activities before taxation	2	125250	1883365
Taxation on profit on ordinary activities	5	-2549	611104
Profit on ordinary activities after taxation	15	127799	1272261
Dividends	8,15	2100045	414498
Transfer from reserves		-1972246	857763

The accounting policies and notes on pages 5 and 11 to 19 form part of these financial statements

Statement of Total Recognised Gains and Losses:-

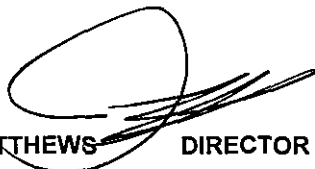
Profit for the period	127799	1272261
Prior year adjustment (see note 16)	-394842	=====
Total gains and losses recognised since last financial statements	-267043	=====

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

GROUP BALANCE SHEET AS AT 31ST DECEMBER, 1999

	Note	@31st Dec.1999	@ 31st Mar.1999 as restated
		-----	-----
Tangible Fixed Assets	6	7811322	8067853
Intangible Fixed Assets	7	100781	161250
Current Assets			
Stocks	11	2771028	3184329
Debtors	12	5380560	6134369
Bank Balances and Cash		1518038	2300922
		-----	-----
		9669626	11619620
Creditors: amounts falling due within one year	13	6084123	6399839
		-----	-----
Net Current Assets		3585503	5219781
Total Assets less current liabilities		11497606	13448884
Provisions for liabilities and charges	14	200416	207000
		-----	-----
		11297190	13241884
		=====	=====
Capital and Reserves			
Called up share capital	15	3463970	3188450
Share premium account	15	5630	5630
Capital redemption reserve	15	175000	175000
Profit and loss account	15	7652590	9872804
		-----	-----
Shareholders Funds	15	11297190	13241884
		=====	=====

These financial statements were approved by the
directors on 16th February, 2000


I.D. MATTHEWS DIRECTOR

The accounting policies and notes on pages 5 and 11 to 19 form part of these
financial statements

EFG MATTHEWS OFFICE FURNITURE LIMITED

BALANCE SHEET AT 31ST DECEMBER, 1999

	Note	@ 31st Dec.1999	@ 31st Mar.1999 as restated
		£	£
Fixed Assets			
Tangible Assets	6	7424313	7193443
Intangible Assets	7	100781	161250
Investments	10	45738	45738
		<u>7570832</u>	<u>7400431</u>
Current Assets			
Stocks	11	2771028	3184329
Debtors	12	5748515	6946198
Bank Balances and Cash		1518037	2288337
		<u>10037580</u>	<u>12418864</u>
Creditors: amounts falling due within one year	13	6094586	6358978
Net Current Assets		<u>3942994</u>	<u>6059886</u>
Total Assets less current liabilities		<u>11513826</u>	<u>13460317</u>
Provisions for liabilities and charges	14	200416	207000
		<u>11313410</u>	<u>13253317</u>
		<u>=====</u>	<u>=====</u>
Capital and Reserves			
Called up share capital	15	3463970	3188450
Share premium account	15	5630	5630
Capital redemption reserve	15	175000	175000
Profit and loss account	15	7668810	9884237
Shareholders Funds	15	<u>11313410</u>	<u>13253317</u>
		<u>=====</u>	<u>=====</u>

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EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER, 1999

	@ 31st Dec.1999	@ 31st Mar.1999 as restated
	-----	-----
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit/loss	-23327	1787512
Depreciation charges (see over)	285936	415974
Amortisation of Goodwill	60469	53750
(Increase)/decrease in stocks	413301	180389
(Increase)/decrease in debtors	834218	-162134
Increase/(decrease) in creditors	598406	-653935
	-----	-----
Net cash inflow from operating activities	2169003	1621556
Returns on investments and servicing of finance (see over)	81679	95853
Taxation	-584070	-548420
Capital expenditure (see over)	37495	-407668
Acquisitions and Disposals (see over)	0	-215000
	-----	-----
	1704107	546321
Equity dividends paid	-2486991	-414498
	-----	-----
	-782884	131823
	=====	=====
Reconciliation of net cash inflow to movement in net funds		
Decrease in cash in the period	-782884	131823
Net funds at 1.4.99	2300922	2169099
	-----	-----
Net funds at 31.12.99	1518038	2300922
	=====	=====

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

NOTES TO CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST DECEMBER, 1999

	@ 31st Dec.1999	@31st Mar.1999
Note 1 - Gross Cash Flows	-----	-----
Depreciation charges		
Depreciation	328838	442049
Profit on sale of tangible fixed assets	-42902	-26075
	-----	-----
	285936	415974
	=====	=====
Returns on investments and servicing of finance		
Interest received	83929	95853
Interest paid	-2250	0
	-----	-----
Net cash inflow from returns on investment and servicing of finance	81679	95853
	=====	=====
Capital expenditure		
Payments to acquire tangible fixed assets	-484206	-446911
Receipts from sale of tangible fixed assets	521701	39243
	-----	-----
	37495	-407668
	=====	=====
Acquisitions and Disposals		
Purchase of business (note.23)	0	-215000
	=====	=====
Note 2 - Analysis of Changes in Net Funds		
	At 1.4.1999	Cash flows
	-----	-----
Cash in hand and at bank	2300922	-782884
	=====	=====
		At 31.12.1999

		1518038
		=====

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER, 1999

1. Turnover

The turnover and profit before taxation is attributable to one activity, the manufacture and distribution of office furniture.

		<u>@ 31st December 1999</u>	<u>@ 31st March 1999</u>
Turnover by destination:	UK	20560387	31299256
	Europe	51665	684017

2. Operating costs

Profit on ordinary activities is stated after:

		<u>@ 31st December 1999</u>	<u>@ 31st March 1999</u>
	£	£	£
Operating Lease payments re Land & Buildings		157750	189664
Professional charges		179175	16281
Auditors remuneration		44282	21875
Other accountants fees		180684	21857
Depreciation of fixed assets		328838	442049
Amortisation of Intangible fixed assets		60469	53750
Staff costs - Wages & Salaries		3525989	4606969
- Social security costs		338506	432104
- Other pension costs		137966	165403

		<u>@ 31st December 1999</u>	<u>@ 31st March 1999</u>
Average number of employees			
Administration		47	44
Sales		110	113
Production		99	94
		256	251
		====	====

Directors emoluments including benefits in kind included above in staff costs are as follows:-

	<u>@ 31st December 1999</u>	<u>@ 31st March 1999</u>
Management remuneration	272643	401758
	=====	=====

The emoluments of the highest paid director, including benefits in kind were as follows:

	<u>@ 31st December 1999</u>	<u>@ 31st March 1999</u>
Management Renumeration	63273	87723

During the period 6 of the Directors participated in Money Purchase Pension Schemes.

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER, 1999

3. Other operating income

	@ 31st December 1999	@ 31st March 1999
Money market interest received	65323	95159
Other interest received	18606	694
	83929	95853
	=====	=====

4. Interest payable

	@ 31st December 1999	@ 31st March 1999
Interest on bank overdraft.	2250	0
	=====	=====

5. Taxation

Profit and loss account

Taxation credit based on the result for the period is made up as follows:

	@ 31st December 1999	@ 31st March 1999
United Kingdom Corporation Tax @31%(31/3/1999 31%)	-1616	616104
Deferred tax	-6584	-5000
Re prior years - corporation tax	5651	0
	-2549	611104
	=====	=====

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER, 1999

6. Tangible fixed assets

The Group	Land and Buildings				Motor vehicles	Plant and equipment
	Total	Freehold	Long Leasehold	Short Leasehold		
Cost						
At 1.4.1999 - as restated	9536586	4912779	2039526	71913	1245317	1267051
Additions	484206	0	0	0	150966	333240
Less Disposals	-667348	-257002	-96758	0	-240677	-72911
At 31.12.1999	9353444	4655777	1942768	71913	1155606	1527380
Depreciation						
At 1.4.1999 - as restated	1468733	0	0	5752	534877	928104
Provided in the period	328838	18902	9714	1110	210889	88223
Less Disposals	-255449	0	0	0	-182538	-72911
At 31.12.1999	1542122	18902	9714	6862	563228	943416
Net book amount						
At 31.12.1999	7811322	4636875	1933054	65051	592378	583964
Net book amount						
At 31.3.1999 - as restated	8067853	4912779	2039526	66161	710440	338947
	Total	Land and Buildings		Plant and equipment	Motor vehicles	
		Freehold	Long Leasehold			
The Company						
Cost						
At 1.4.1999	8199322	4912779	2039525	941652	305366	
Transfer from Leasing Co.	1265351	0	0	325400	939951	
Additions	484206	0	0	333240	150966	
Transfer to Properties Co.	-580577	-580577	0	0	0	
Less Disposals	-410347	0	-96758	-72912	-240677	
At 31.12.1999	8957955	4332202	1942767	1527380	1155606	
Depreciation						
At 1.4.1999	1005880	0	0	828194	177686	
Transfer from Leasing Co.	457101	0	0	99910	357191	
Provided in the period	326110	17284	9714	88223	210889	
Less Disposals	-255449	0	0	-72911	-182538	
At 31.12.1999	1533642	17284	9714	943416	563228	
Net book amount						
At 31.12.1999	7424313	4314918	1933053	583964	592378	
Net book amount						
At 31.3.1999	7193443	4912779	2039525	113458	127680	

The group figures have been restated in respect of plant and equipment leased to customers. Costs of £388,244 and depreciation of £291,528 have been removed by a prior year adjustment.

The gross amount of Land and Buildings on which depreciation is being provided is as follows:-

	The Group (£)	The Company (£)
Freehold Buildings	3786659	3453084
Long Leasehold	1942768	1942767
	<u>5729427</u>	<u>5395851</u>

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER, 1999

7. Intangible Fixed Assets

	<u>The Group and Company</u> <u>Goodwill</u>
Cost	
At 1.4.1999 and at 31.12.1999	215000
	=====
Amortisation	
At 1.4.1999	53750
Provided in period	60469

At 31.12.1999	114219
	=====
Net book amount	
At 31.12.1999	100781
	=====
At 31.3.1999	161250
	=====

The goodwill relates to the acquisition of the business of Universal Office Interiors.

8. Dividend

	<u>@ 31st December</u> <u>1999</u>	<u>@ 31st March</u> <u>1999</u>
An interim dividend of 65p per £1 Ordinary share (1999 13p) has been paid.	2072493	414498
A Dividend of 1p per 'B' share has been paid.	27552	0
	-----	-----
	2100045	414498
	=====	=====

During the period, a share alternative was offered in respect of the above dividend of 1p per 'B' share. The alternative comprised the issue of 100 new 0.1p 'C' shares per 'B' share. Holders of 100% of 'B' shares elected for the share alternative. The total amount of the cash dividend that would otherwise have been paid is included above.

9. Profit for the financial year

The parent company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these statements. The profit dealt with in the parent company's accounts amounts to £132,586

10. Investments

Investments in the Company Balance Sheet represent the shares held in subsidiary undertakings included at cost

	<u>Country of</u> <u>incorporation</u>	<u>Class of</u> <u>shares held</u>	<u>Proportion</u> <u>held</u>	<u>Nature of</u> <u>business</u>
D Matthews (Leasing) Ltd	England & Wales	Ordinary £1	100%	Dormant
Matthews Properties (Liverpool) Ltd	England & Wales	Ordinary £1	100%	Property
Teamwork Office Furniture Ltd	England & Wales	Ordinary £1	100%	Dormant
D Matthews (Lancashire) Ltd	England & Wales	Ordinary £1	100%	Dormant
D Matthews (Scotland) Ltd	England & Wales	Ordinary £1	100%	Dormant
D Matthews & Son Ltd	England & Wales	Ordinary £1	100%	Dormant

11. Stocks

	<u>The Group and Company</u> <u>@ 31st December</u> <u>1999</u>	<u>@ 31st March</u> <u>1999</u>
Warehouse stocks for resale	2342339	2,754,297
Showroom display stocks	303462	325,429
Manufacturing stocks	125227	104,603
	-----	-----
	2771028	3184329
	=====	=====

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER, 1999

12. Debtors

	The Group		The Company	
	@ 31st Dec. 1999	@ 31st Mar. 1999 as restated	@ 31st Dec. 1999	@ 31st Mar. 1999
Trade debtors	4921357	5874753	4921357	5874753
Amounts owed by subsidiary undertakings	0	0	333067	908550
Other debtors and taxes	459203	216654	494091	119933
Employee share loans	0	42962	0	42962
	5380560	6134369	5748515	6946198

Included in employee share loans above is £Nil to be repaid after more than 1 year (31/3/1999 £21177).

Included in Other Debtors above is £50233 to be repaid after more than 1 year (31/3/1999 £36923).

Included in Trade Debtors above is £52791 to be repaid after more than 1 year (31/3/1999 Nil).

13. Creditors - amounts falling due within one year

	The Group		The Company	
	@ 31st Dec. 1999	@ 31st Mar. 1999 as restated	@ 31st Dec. 1999	@ 31st Mar. 1999 as restated
Trade creditors	3630547	4156439	3630546	4144371
Amounts owed to subsidiary undertakings	0	0	10464	10216
Current taxation	0	499624	0	460615
Social security and other taxes	743239	730788	743239	730788
Proposed dividend	0	414498	0	414498
Amounts owing to parent undertaking	1071359	0	1071359	0
Amounts owing to fellow group undertakings	45150	0	45150	0
Other creditors	593828	598490	593828	598490
	6084123	6399839	6094586	6358978

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER, 1999

14. Provision for liabilities and charges and deferred taxation

The amounts provided in the financial statements relate entirely to deferred taxation in respect of accelerated capital allowances. These amounts represent the full and potential liabilities.

	Group	Company
At 31.3.1999	207000	207000
Released in the period	-6584	-6584
At 31.12.1999	200416	200416
	=====	=====

15. Reconciliation of movement in shareholders funds.

The group

	Share Capital	Profit & Loss Account	Capital Redemption Reserve	Share Premium Account	Total
	£	£	£	£	£
Shareholders funds at 1.4.1999	3188450	10267646	175000	5,630	13636726
Prior year adjustment (note 16)	0	-394842	0	0	-394842
Shareholders funds at 1.4.1999 - as restated	3188450	9872804	175000	5630	13241884
Profit for year before dividend	0	127799	0	0	127799
Dividend for year	0	-2100045	0	0	-2100045
Scrip dividend not paid	0	27552	0	0	27552
Scrip dividend declared	275520	-275520	0	0	0
Net decrease in shareholders Funds	275520	-2220214	0	0	-1944694
Shareholders funds at 31.12.1999	3463970	7652590	175000	5630	11297190
	=====	=====	=====	=====	=====

The company

	Share Capital	Profit & Loss Account	Capital Redemption Reserve	Share Premium Account	Total
	£	£	£	£	£
Shareholders funds at 1.4.1999	3188450	10279079	175000	5630	13648159
Prior year adjustment (note 16)	0	-394842	0	0	-394842
Shareholders funds at 1.4.1999 - as restated	3188450	9884237	175000	5630	13253317
Profit for year before dividend	0	132586	0	0	132586
Dividend for year	0	-2100045	0	0	-2100045
Scrip dividend not paid	0	27552	0	0	27552
Scrip dividend declared	275520	-275520	0	0	0
Net decrease in shareholders funds	275520	-2215427	0	0	-1939907
Shareholders funds at 31.12.1999	3463970	7668810	175000	5630	11313410
	=====	=====	=====	=====	=====

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER, 1999

15. Reconciliation of movement in shareholders funds.(cont'd)

Details of the company's share capital at 31/12/1999 are set out below :-

	@31/12/1999		@31/3/1999	
	Authorised	Issued and fully paid	Authorised	Issued and fully paid
	£	£	£	£
£1 Ordinary Shares	0	0	10,000,000	3,188,450
£1 'A' Ordinary Shares	4,000,000	433,244	0	0
£1 'B' Ordinary Shares	4,000,000	2,755,206	0	0
0.1p 'C' Ordinary Shares (2,000,000,000 authorised, 275,520,600 issued and fully paid)	2,000,000	275,520	0	0
	<u>10,000,000</u>	<u>3,463,970</u>	<u>10,000,000</u>	<u>3,188,450</u>

During the period ,all existing Ordinary shares were re-classified as 'A' Ordinary shares.2,755,206 'A' Ordinary shares were then exchanged for 'B' Ordinary shares275,520.'C' Ordinary shares were issued to holders of 'B' Ordinary shares as set out in note 8

The rights of each class of share are set out below :-

Income	100 'C' Ordinary shares and 1 'B' Ordinary shares held together rank pari passu with 1 'A' Ordinary share.
Voting	100 'C' Ordinary shares and 1 'B' Ordinary shares hold one vote and together rank pari passu with 1 'A' Ordinary share.
Return of Capital	100 'C' Ordinary shares and 1 'B' Ordinary shares held together rank pari passu with 1 'A' Ordinary share.

The cumulative amount of goodwill arising from acquisitions accounted for in years ending before 23 December 1998 which has been written off to group reserves is £220000.

16.Prior Year Adjustment.

This represents :-

	The Group and the Company
	£
Provision for Holiday Pay	394842
	=====

17. Capital commitments

At the 31st December 1999 the company had capital commitments of £63961 .(31/3/1999 £Nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER, 1999

18. Pension commitments

The company operates two funded pension schemes. The major scheme is the Matthews Office Furniture Plc Staff Pension Scheme which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group. The contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the "aggregate" method. The most recent valuation was as at 31st March 1997, the next valuation is due on 31st March 2000. The assumptions which have the most significant effect on the results of the valuation are those relating to the valuation rate of interest, the assumed rate of future dividend increases and the rate of increase in salaries and pensions. It was assumed that the valuation rate of interest would be 7.5% per annum, that salary increases would average 6% per annum and that future pensions would increase at the rate of 4% per annum.

The valuation at 31st March 1997, showed that the market value of the scheme's assets was £8,598,000 and that the actuarial value of those assets represented 105% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The contributions of the company and employees are 5.5% and 2.5% respectively.

19. Contingent liabilities

There were no contingent liabilities at the balance sheet date or at 31.3.99.

20. Operating lease commitments

The following operating lease payments are due within one year. The leases to which these amounts relate expire as follows :

	@ 31st Dec 1999 Land & Buildings	@31st Mar 1999 Land & Buildings
Between one and two years	79175	59,500
Between two and five years	138269	107100
In five years or more	52488	19500
	<u>269932</u>	<u>186100</u>
	=====	=====

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

21 Related Party Activities

The group is exempt from the requirement of FRS 8 to disclose transactions with other group members.

22 Ultimate Parent Undertaking

The Ultimate Parent Undertaking of this company is EFG European Furniture Group AB a company incorporated in Sweden.

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST DECEMBER, 1999

23. Acquisitions

On 31 December 1999, the company acquired the following assets and liabilities of EFG Business Furniture (UK) Ltd for a consideration of £45,150, satisfied in cash:

	Book Value £	Fair Value £
Tangible Fixed Assets	42,838	42,838
Stocks	28,857	28,857
Debtors	974,125	974,125
Bank and Cash	246,184	246,184
Total Assets	1,292,004	1,292,004
Creditors		
Trade Creditors	39,133	39,133
Accruals and other creditors	1,207,721	1,207,721
Total Liabilities	1,246,854	1,246,854
Net Assets	45,150	45,150

The consideration was unpaid at the year-end.

The loss after taxation of EFG Business Furniture (UK) Limited for the year-ended 31.12.1999 was £386,864 (1998 profit £244,086). Further details are as follows:-

	1999 £
Turnover	3,849,424
Operating loss	(340,553)
Profit before taxation	(465,482)
Taxation	78,618

EFG MATTHEWS OFFICE FURNITURE LIMITED AND ITS SUBSIDIARIES

GROUP FINANCIAL RECORD 1991-1999 (£,000)

Group Results	31/12 1999	31/3 1999	1998	1997	1996	1995	1994	1993	1992	1991
External sales	20612	31983	28849	24402	24999	24920	22223	22818	29114	31416
Profit/(loss) before taxation	125	1924	1673	720	644	-64	72	-533	819	2055
Taxation	-3	611	485	234	117	-9	-92	-110	255	642
Profit/(loss) after taxation	128	1,313	1188	486	527	-55	164	-423	564	1413
Dividends	2100	414	414	207	103	80	79	0	190	190
Profit retained	-1972	899	774	279	424	-135	85	-423	374	1223
Earnings per share	4p	41p	37p	15p	17p	-	5p	-	17p	42p
Capital Employed										
Land,buildings and plant	7912	8326	8173	7942	7679	7739	8059	8079	6918	6437
Working capital	3586	5518	4777	4239	4680	4260	4188	4239	5090	5502
	11498	13,844	12950	12181	12359	11999	12247	12318	12008	11939
Financed by										
Share capital and reserves	11298	13,637	12738	11964	11906	11483	11583	11509	11921	11861
Deferred taxation	200	207	212	217	195	117	125	94	87	78
Borrowed money	0	0	0	0	258	399	539	715	0	0
	11498	13844	12950	12181	12359	11999	12247	12318	12008	11939

The calculation of Earnings per share is based on Profit after taxation
and the number of ordinary shares in issue at the Balance Sheet date.