

Regulatory Announcement

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Sirdar PLC ("Sirdar" or "the Group")

5 November 2007

Disposal

The directors of Sirdar ("the Directors") are pleased to announce the sale of Sirdar Spinning Limited ("Sirdar Spinning") to Sirdar Holdings Limited (the "Purchaser"), a company controlled by Russell Morris and Ian Stead, both of whom are currently directors of Sirdar Spinning (the "Disposal"). Sirdar Spinning comprises the whole of the Group's Specialist Yarns division. Further details of the Disposal are set out below:

Activities of Sirdar Spinning

Sirdar Spinning is involved in the marketing and distribution of hand knitting and industrial knitting yarns and the manufacturing, marketing and distribution of technical products.

Reason for the disposal of Sirdar Spinning

In the Interim Report released in March 2007, the Directors stated their intention to focus on the Group's core activity of floor coverings and to rationalise its property portfolio. The disposal of Bective Mills, Wakefield and Ensor Mill, Rochdale was completed in July 2007 for gross proceeds of £16.25 million. The Disposal represents a further significant step in the implementation of that strategy.

The performance of Sirdar Spinning has been subject to significant fluctuations in recent years and in particular, the Directors are of the view that, the market for hand knitting yarns is subject to changes in fashion. For these reasons, the Directors believe that the needs of Sirdar Spinning would be better served under different ownership and therefore consider that the Disposal is in the best interests of the Group.

Deal structure

Sirdar will receive an initial consideration of £2.5 million, a deferred consideration of £300,000 (to be satisfied by the issue of loan notes by the Purchaser), and an earn-out of up to a maximum of £500,000, for the sale of Sirdar Spinning. The earn-out is dependant upon Sirdar Spinning achieving an agreed level of EBITA in the years to 30 June 2008 and 30 June 2009.

The agreement relating to the Disposal contains a requirement for Sirdar to change its name within three months of the date of the Disposal. This will require the convening of an extraordinary general meeting of shareholders and more details of this will be announced in the near future.

Financial information on Sirdar Spinning

For the year ended 30 June 2007, Sirdar Spinning had sales of £15 million and achieved an operating profit (adjusted to reflect the increased cost of rent and other items consequent upon the disposal of Bective Mills) of approximately £500,000. The estimated net assets of Sirdar Spinning at the date of the

Disposal were approximately £5 million.

Use of sale proceeds

As indicated in previous announcements, the proceeds of the Disposal and of the property transactions will be used to reduce bank debt, to address the Group's pension deficit and for investment in the Group's core activity of floor coverings. There may also be scope to amend the way that the Group is financed in the future.

The Directors (all of whom are independent in the context of the Disposal), having consulted with Brewin Dolphin Limited, consider that the terms of the Disposal are fair and reasonable insofar as its shareholders are concerned.

For further information please contact:

Sirdar PLC 01924 371501
Steve Harrison - Chief operating officer
Kevin Henry - Finance and planning director

Brewin Dolphin Investment Banking 0113 241 0130
Andrew Kitchingman
Sean Wyndham-Quin

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