

## Regulatory Announcement

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**Company** Sirdar PLC  
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Sirdar PLC ("Sirdar" or "the Company")

9 July 2007

### DISPOSAL OF PROPERTY

Sirdar today announces the disposal by its wholly owned subsidiaries, Sirdar Spinning Limited ("Sirdar Spinning") and Ryalux Carpets Limited ("Ryalux Carpets"), of the freehold properties at Bective Mills and Ensor Mill respectively, to Stirling Investments (Sheffield) LLP ("Stirling Investments") for a total cash consideration of £16.25m ("the Property Sale").

As set out in the Interim Report for the six months ended 31 December 2006, and other recent announcements, the Company and its subsidiaries ("the Group") has been undergoing a period of change and rationalisation which, amongst other changes, has resulted in a reduction of the number of sites from which the Group is operating.

The recent adverse market conditions in the residential floor coverings sector have resulted in the Directors implementing a number of changes within the Group's residential floor coverings business. One of the changes initiated by the Directors has been the closure of a number of manufacturing sites and the consolidation of these sites into centres of excellence. Once the process is completed, currently expected to be by December 2007, the residential floor coverings business will have been reconfigured from seven sites into three centres of excellence. As a result of the restructuring, occupancy of Ensor Mill (owned by Ryalux Carpets) will be gradually reduced over the six months from completion, during which period Stirling Investments will allow Ryalux Carpets to remain in occupancy under a short-term lease.

As stated previously, the Directors are exploring options to sell Sirdar Spinning, the specialist yarns division of the Group. The Bective Mills site is wholly owned and partly occupied by Sirdar Spinning, with other areas of the site being occupied by the Company, the residential floor coverings business and third party tenants. As part of the Property Sale process, the Directors have made arrangements to lease back the areas of Bective Mills that are still being used by the Group. These arrangements are set out in detail below.

The Directors consider that the Group should continue to focus on its core business and accordingly have decided to sell the two properties and to use the proceeds of the sale to repay debt, address the Group's pension deficit and reinvest in the Group's operations. This is set out in detail below.

The completion of the Property Sale is conditional on the consent of the Company's shareholders being given in a general meeting. Accordingly a circular will be posted shortly to all of Sirdar's shareholders convening an Extraordinary General Meeting at which shareholders will be asked to vote to approve the Property Sale.

Further information on the Property Sale is set out below:

#### Bective Mills

Description of Bective Mills, Flanshaw Lane, Alverthorpe, Wakefield.  
the property

being sold

Current use of the property being sold This site is currently being used by the Company, the specialist yarns division, the floor coverings division and external tenants.

Consideration £13,250,000 payable upon completion.

Seller Sirdar Spinning.

Purchaser Stirling Investments.

Principal Terms & Conditions The sale is conditional upon shareholder approval.

On 29 June the Company entered into an agreement with Sirdar Spinning to lease approximately 135,000 square feet of the premises at Bective Mills for a period of ten years from 29 June 2007. The annual rent payable is £420,160.

Upon completion of the sale, Sirdar Spinning will enter into an agreement with Stirling Investments to lease approximately 150,000 square feet of the premises at Bective Mills for a period of ten years. The annual rent payable is £555,574.

Ensor Mill

Description of the property sold being The property on the north side of Queensway, Rochdale known as Ensor Mill.

Current use of the property being sold The site is currently occupied by the floor coverings division.

Consideration £3,000,000 (plus VAT) payable upon Completion.

Seller Ryalux Carpets.

Purchaser Stirling Investments.

Principal Terms & Conditions The sale is conditional upon shareholder approval.

Use of the Property Sale proceeds

The total net debt of the Group as at 31 December 2006 was approximately £4.9 million. The Directors intend to use some of the proceeds of the Property Sale to reduce the level of debt and are currently in discussions with the debt providers to determine the most appropriate way to restructure or repay this debt.

The Group operates a defined benefit, final salary, pension scheme for certain employees. The scheme is now closed to new entrants and accrual of salary related benefits for current members has ceased. As set out in the Interim Report, dated 29 March 2007, the net pension deficit of the Company at 31 December 2006 was £9.1 million. The Directors will consider using part of the proceeds of the Property Sale to address this pension deficit and are in discussions with the Trustees to determine how this is to be effected.

Further to recent investments in people, products and processes within the floor coverings business, it is the intention of the Board to continue to grow this area of the Group. An amount of the proceeds from the Property Sale will be reinvested into modernising operating methods, rationalisation and upgrading of the product range, re-branding and an increased focus on customer needs.

Current trading continues to be in line with the Directors expectations.

Further details of the Disposal will be set out in the circular that is shortly to be posted to Sirdar's shareholders.

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