

INTERFACE INC
Form S-4/A
June 09, 2004

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File Number: 333-114557

As filed with the Securities and Exchange Commission on June 8, 2004.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

INTERFACE, INC.
(Exact Name of Registrant as Specified in Its Charter)

Georgia (State or Other Jurisdiction of Incorporation or Organization)	2822 (Primary Standard Industrial Classification Code Number)	58-1451243 (I.R.S. Employer Identification Number)
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2859 Paces Ferry Road, Suite 2000, Atlanta, Georgia 30339
(770) 437-6800
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal
Executive Offices)

Raymond S. Willoch, Esquire
Senior Vice President-Administration, General Counsel and Secretary
Interface, Inc.
2859 Paces Ferry Road, Suite 2000, Atlanta, Georgia 30339
(770) 437-6800

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:
W. Randy Eaddy, Esquire
Kilpatrick Stockton LLP
1100 Peachtree Street, Atlanta, Georgia 30309-4530
Telephone: (404) 815-6500

Approximate date of commencement of proposed sale to the public: _____, 2004.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier registration statement for the same offering:

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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PRELIMINARY PROSPECTUS

_____, 2004

**Offer to Exchange
9 ½ % Senior Subordinated Notes due 2014, Series B
for
9 ½ % Senior Subordinated Notes due 2014, Series A**

Terms of Exchange Offer

Offer

Terms of Exchange Notes

The terms of the exchange notes and the original notes are identical in all material respects, except for transfer restrictions, registration rights and penalty interest provisions relating to the original notes.

Maturity Date

The exchange notes will mature on February 1, 2014.

Interest

The exchange notes bear interest at the rate of 9 ½ % per year. Interest on the exchange notes is payable semi-annually in cash on February 1 and August 1 of each year, beginning on August 1, 2004.

Optional Redemption

Prior to February 1, 2007, we may redeem up to 35% of the original aggregate principal amount of the exchange notes at a redemption price equal to 109.5% of their principal amount, plus accrued interest, with the cash proceeds from certain kinds of equity offerings as described in this prospectus. On or after February 1, 2009, we may redeem some or all of the exchange notes at any time at redemption prices described in this prospectus.

Change of Control

If we undergo a change of control or sell certain of our assets, we may be required to offer to purchase the exchange notes from holders at a price of 101% of the principal amount.

Subsidiary Guarantees

The exchange notes are fully and unconditionally guaranteed on a senior subordinated basis, jointly and severally, by each of our material U.S. subsidiaries.

Security and Ranking

The exchange notes and the guarantees are senior subordinated unsecured obligations of Interface and the guarantors. The exchange notes are subordinate to all of our and the guarantors' existing and future senior indebtedness, rank equally with any of the existing and future senior subordinated indebtedness of Interface and the guarantors, and are senior in right of payment to any junior subordinated indebtedness of Interface and the guarantors.

No Trading Market Listing

We do not intend to list the exchange notes for trading or quotation on any national securities exchange or the Nasdaq Stock Market.

Investing in the exchange notes involves risks. See Risk Factors beginning on page 12.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the exchange notes or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

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INCORPORATION BY REFERENCE AND AVAILABLE DOCUMENTS

This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. The following documents previously or subsequently filed by us under the Securities Exchange Act of 1934 are incorporated by reference into this prospectus:

Our annual report on Form 10-K for the fiscal year ended December 28, 2003;

Our quarterly report on Form 10-Q for the quarter ended April 4, 2004; and

All documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act.

Any statement incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is

incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

As explained in *Where You Can Find More Information*, these incorporated documents (as well as other documents filed by us under the Exchange Act) are available at the Commission and may be accessed in a number of ways, including online via the Internet. In addition, we will provide without charge to each recipient of this prospectus, upon written request, a copy of any or all of the documents incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference into the document that this prospectus incorporates by reference). Requests should be directed to Interface, Inc., 2859 Paces Ferry Road, Suite 2000, Atlanta, GA 30339, Attention: Patrick C. Lynch, Chief Financial Officer, Telephone: (770) 437-6848, Facsimile: (770) 437-6887; E-mail: patrick.lynch@us.interfaceinc.com.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. Words such as *believes*, *anticipates*, *plans*, *expects* and similar expressions are intended to identify forward-looking statements. These forward-looking statements principally appear in the following sections of the prospectus: *Summary*, *Business*, and *Management's Discussion and Analysis of Financial Condition and Results of Operations*. Various economic and competitive factors could cause actual results or events to differ materially from those discussed in such forward-looking statements, including our strong competition, the cyclical nature of our industry, our reliance on key personnel, the risks faced by our foreign operations, control over the election of a majority of the members of our board of directors, our reliance on petroleum-based raw materials, restrictions on our cash flow due to substantial indebtedness, and the other factors discussed in this prospectus, including those set forth under *Risk Factors*.

TRADEMARKS

In this prospectus, we use several of our trademarks including: *Bentley®*, *Biomorph*, *Camborne*, *Chatham®*, *Cubic*, *Entropy®*, *Fatigue Fighter®*, *FR-701®*, *Frequency*, *GlasBac®*, *GlasBacRe*, *Glenside*, *Guilford of Maine®*, *Heuga®*, *i2*, *Intek®*, *Intercell®*, *Interface®*, *InterfaceFLOR*, *Intersept®*, *NexStep®*, *Prince Street®*, *Prince Street House and Home*, *ReBac*, *ReEntry®*, *Renovisions®*, *Re:Source®*, *Re:Source Floor Care*, *Scan-Lock*, *Solenium®*, *Stevens Linen*, *TekSolutions®*, *Terratex®*, *Toltec®* and *Transformation*. All brand names or other trademarks appearing in this prospectus are the property of their respective holders.

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SUMMARY

The following summary contains only basic information about this offering. We encourage you to read this entire document, including our consolidated financial statements and notes thereto contained in our Annual Report on Form 10-K for the year ended December 28, 2003 and our Quarterly Report on Form 10-Q for the three months ended April 4, 2004 filed with the Securities and Exchange Commission (the "SEC") and incorporated by reference into this prospectus.

In this prospectus, unless otherwise indicated, the words "Interface", "we", "our", and "us" refer to Interface, Inc., the issuer of the notes, and its subsidiaries. The words "exchange notes" refer to our 9 1/2 % Senior Subordinated Notes due 2014, Series B, which we are offering to issue in exchange for our 9 1/2 % Senior Subordinated Notes due 2014, Series A, which we refer to as the "original notes". The words "this offer", "the exchange offering" and "the exchange offer" refer to our offer, described in this prospectus, to issue exchange notes in exchange for original notes.

The Company

We are the worldwide leader in design, production and sales of modular carpet, and we are a leading manufacturer and marketer of other products for the interiors market, with a strong presence in the broadloom carpet, floorcovering services, panel fabrics and upholstery fabrics market segments. We market products in over 100 countries around the world under such preeminent brand names as *Interface®*, *Heuga®*, *Bentley®*, *Prince Street®* and *InterfaceFLOR* in modular carpet; *Bentley*, *Prince Street* and *Prince Street House and Home* in broadloom carpet; *Guilford of Maine®*, *Toltec®*, *Intek®*, *Chatham®* and *Camborne* in interior fabrics and upholstery products; and *Intersept®* in antimicrobial chemicals. Our sales force is one of the largest in the global commercial floorcovering industry. Our principal geographic markets are the Americas, Europe and Asia-Pacific, where our sales were approximately 71%, 24% and 5%, respectively, of total net sales for fiscal year 2003.

Our approximately 35% market share of the specified carpet tile segment (which is the segment where architects and designers are heavily involved in specifying (or selecting) the carpet) is more than double that of our nearest competitor. In the broadloom market segment, our *Bentley* and *Prince Street* brands are leaders in the high-end, designer-oriented sector, where custom design and high quality are the principal specifying and purchasing factors. We provide specialized carpet replacement, installation, maintenance and reclamation services through our *Re:Source®* service network. Our Fabrics Group includes the leading U.S. manufacturer of panel fabrics for use in open plan office furniture systems, with a market share of approximately 50%, and the leading manufacturers of contract upholstery fabrics sold to office furniture manufacturers in the United States and the United Kingdom, with market shares of approximately 34% and 67%, respectively.

Drawing upon these strengths—especially our historical dominance in modular carpet for the corporate office segment—we are increasing our presence and market share in other commercial and institutional segments, such as government, healthcare, hospitality, education and retail space, and we have begun to develop our business in the huge residential market segment. The U.S. residential market segment for carpet is approximately \$11 billion, and the combined U.S. market for carpet in the other commercial and institutional market segments is almost twice the size of the corporate office segment. The appeal and utilization of modular carpet is expanding rapidly in each of these markets, and we are using our considerable skills and experience with designing, producing and marketing modular products to support and facilitate our penetration into these new markets.

Our Key Strengths

Our principal competitive strengths include:

Market Leader in Attractive Modular Segment. We are the world's leading manufacturer of modular carpet, with a market share that is more than twice that of our nearest competitor. Modular carpet includes carpet tile and carpet that is manufactured in two-meter-wide rolls with a firm backing (which we refer to as structure-backed two-meter roll goods). Modular carpet has become more prevalent across all commercial interiors markets as designers, architects and end users become more familiar with its unique beneficial attributes. We are driving this trend with

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our product innovations discussed below, and we expect that it will continue. According to the 2003 *Floor Focus* interiors industry survey of the top 250 designers in the United States, carpet tile was the leading product specified by designers for customer projects for the fifth consecutive year. We believe that we are well positioned to lead and capitalize upon the continued shift to modular carpet.

Preeminent Brands and Reputation for Quality, Reliability and Leadership. Our products are known in the industry for their high quality, reliability and premium positioning in the marketplace. Our preeminent brand names in carpets and interior fabrics are leaders in the industry. In the 2003 interiors industry survey of top designers published by *Floor Focus*, an Interface brand ranked first in four of the five survey categories: carpet design, quality, service and performance. On the international front, *Heuga* is one of the preeminent brand names in carpet tiles for commercial, institutional and residential use worldwide. *Guilford of Maine*, *Chatham*, *Intek* and *Camborne* are leading brand names in their respective markets for interior fabrics. More generally, as the appeal and utilization of modular carpet continues to expand into new market segments such as education, hospitality and retail space, our reputation as the inventor and pioneer of modular carpet as well as our preeminent brands and dominant market position for modular carpet in the corporate office segment will enhance our competitive advantage in marketing to the customers in these new markets.

Strong Free Cash Flow Generation. Our ability to generate strong free cash flow (by which we mean cash available to apply towards debt service) represents a key strength for our operations. We will have no significant debt amortization or debt maturity obligations with respect to our senior or senior subordinated notes until 2008, and our revolving credit facility does not mature until October 2007. Drawing upon the specified, high-end nature of our principal products and their premium positioning in the marketplace, we have structured our principal businesses to yield high contribution margins. Our business is also characterized by low maintenance capital expenditures, and we previously made the strategic investments necessary to establish our global manufacturing capabilities and mass customization techniques and facilities. Several of our strategic restructuring initiatives over the past three years further enhanced our ability to generate free cash flow. As a result, we have the current capacity, without significant incremental capital expenditures, to increase production levels to handle significantly higher demand for our products which may result from either or both of (1) improved economic conditions and (2) the continued expansion of our business in non-corporate office market segments and thus to generate significantly higher levels of free cash flow in the future. While free cash flow should not be construed as a substitute for operating income or a better indicator of liquidity than cash flow from operating activities, which are determined in accordance with GAAP, we believe our free cash flow position is useful information because it is indicative of our ability to repay our indebtedness.

Innovative Product Design and Development Capabilities. Our product design and development capabilities have long given us a significant competitive advantage, and they continue to do so as modular carpet's appeal and utilization expand across virtually every market segment and around the globe. Our most recent design innovation is our new *i2* modular product line, which includes our popular *Entropy*® product. The *i2* line introduced and features random patterning designs (which allow for mergeable dye lots and permit initial installation and replacement without regard to the directional orientation of the carpet tiles), cost-efficient installation and maintenance, interactive flexibility, and recycled and recyclable materials. In just over two years, our *i2* line of products now comprises approximately 20% of our total U.S. modular carpet business, and *Entropy* has become the fastest growing product in our history. *Biomorph*, another one of our *i2* products, garnered the Best of NeoCon Gold Award at the 2003 NeoCon annual trade show. We introduced more than 20 new *i2* products at that show, which we believe was several times more than the product introductions of any of our competitors.

Make-to-Order and Low-Cost Global Manufacturing Capabilities. The success of our modernization and restructuring of operations over the past several years gives us a distinct competitive advantage in meeting two principal requirements of the specified products markets we primarily target that is, providing custom samples quickly and on-time delivery of customized final products. Approximately 85% of our modular carpet products in the

United States and Asia-Pacific markets are now made-to-order, and we are increasing our made-to-order production in Europe as well. Our make-to-order capabilities not only enhance our marketing and sales, they significantly improve our inventory turns. Our global manufacturing capabilities in modular carpet production are an important component of this strength, and give us a particular advantage in serving the needs of multinational corporate customers that require products and services at various locations around the world. Global manufacturing locations also enable us to compete effectively with local producers in our international markets, while giving international customers more favorable delivery times and freight costs.

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Experienced and Motivated Management and Sales Force. An important component of our competitive position is the strength of our management team and its commitment to developing and maintaining an engaged and accountable work force. Over the past two years, we have augmented our senior management team in several areas with experienced executives. Our team is highly skilled and dedicated to guiding our overall growth and expansion into our targeted new market segments, while maintaining our dominance in traditional markets and advancing our high contribution margins and free cash flow generation strategic initiatives. We utilize an internal marketing and predominantly commissioned sales force of over 750 experienced personnel, stationed at over 75 locations in over 30 countries, to market our products and services in person to our customers. We have also developed special features for our incentive compensation and our sales and marketing training programs in order to promote performance and facilitate leadership by our executives in strategic areas.

Our Key Strategic Initiatives

Our business strategy is (1) to continue to use our dominant position in the modular carpet segment and our unique product design and global make-to-order capabilities as a platform to exploit the expanding markets for modular products across industry segments, while maintaining our leadership position in the corporate office market segment, and (2) to return to our historical profit levels in the high-end, designer-oriented sector of the broadloom carpet and interior fabrics markets. We will seek to increase revenues, free cash flow and profitability by capitalizing on our competitive strengths through the following key strategic initiatives:

Penetrate Expanding Markets for Modular Products. The popularity of modular carpet continues to increase compared with other floorcovering products across most markets, internationally as well as in the United States. While maintaining our dominance in the corporate office segment, we will continue to build upon our position as the worldwide leader for modular carpet in order to drive sales in all market segments globally. As part of our focus on the approximately \$11 billion U.S. residential carpet market segment, we recently launched our *InterfaceFLOR* and *Prince Street House and Home* product lines, which are discussed below. A principal part of our international focus which leverages our global marketing capabilities and sales infrastructure is the significant opportunities in several emerging geographic markets for modular carpet. Some of these markets, such as China, India and Eastern Europe, represent large and growing economies that are essentially new markets for interiors products, which we believe are going directly to high utilization of modular products. Others, such as Germany, which is the second largest carpet market in the world, are established markets that are transitioning to the use of modular products from historically low levels of penetration by modular carpet. Each of these emerging markets represents a significant growth opportunity for our modular business.

Increase All Product Sales in Non-Corporate Office Market Segments. In both our floorcoverings and fabrics businesses, we will continue to focus product design and marketing and sales efforts on non-corporate office market segments such as government, education, healthcare, hospitality, retail, tenant improvement and residential space. We began this initiative as part of our segment diversification strategy in 2001 primarily to reduce our exposure to the more severe economic cyclicality of the corporate office segment, and we reduced our mix of corporate office versus non-corporate office sales from 70% and 30% in fiscal 2002 to 67% and 33% for fiscal 2003. As part of this strategy for the U.S. residential market segment, we launched our *InterfaceFLOR* and *Prince Street House and Home* lines of products in 2003. These products were specifically created to bring high style modular and broadloom floorcovering to the residential market. As part of its marketing approach, *InterfaceFLOR* offers direct-to-consumer sales by catalog and website. In addition, we are test-marketing in-store sales for these products, including a program by which a number of our residential modular products are being offered by Lowe's, the home-improvement retailer, in most of its Atlanta-area stores on a test basis.

Advance Ecological Sustainability. Our goal and commitment to be ecologically sustainable by 2020 that is, the point at which we are no longer a net taker from the earth and do no harm to the biosphere is both a strategic initiative

and a competitive strength. Increasingly, our customers are concerned about the environmental and broader ecological implications of their operations and the products they use in them. Our commitment to sustainability preceded the market's interest, and it is ingrained in our culture. Our leadership, knowledge and expertise in the area, especially in the green building movement and the related Leadership in Energy & Environmental Design (LEED) certification program, resonate deeply with many of our customers and prospects around the globe, and these businesses are increasingly making purchase decisions based on green factors. Our

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modular carpet products historically have had inherent installation and maintenance advantages that translated into greater efficiency and waste reduction. We have further enhanced the green quality of our modular carpet in our new, highly successful *i2* product line, and we are using raw materials and production technologies and processes in areas of our fabrics business that directly reduce the adverse impact of those operations on the environment. The 2003 *Floor Focus* survey of the top 250 designers named us the top company among the green leaders. As more customers in our target markets share our view that sustainability is good business and not just good deeds, our acknowledged leadership position should provide a differentiated advantage in competing for their business.

Pay Down Debt. One of our objectives is to use the strong free cash flow generation capability of our business to repay our existing debt and to continue to strengthen our financial position. Our prior initiatives have positioned us to do so. We will continue to execute programs to reduce costs further and enhance free cash flow. In addition, our existing capacity to increase production levels without significant capital expenditures will further enhance our generation of free cash flow when demand for our products rises as a result of improved economic conditions generally or the increase in revenues otherwise from our other strategic initiatives. We do not anticipate repaying the exchange notes before our higher-interest, shorter-term debt is repaid.

Continue to Tighten Our Supply Chain and Cost Containment Generally. For 2003, our Company-wide, end-to-end, supply chain management program continued to drive performance improvement across our businesses around the world. That program which focuses on the three major areas of inventory performance, accounts receivable optimization, and supplier and spending management has instituted a cultural shift within our company because of its immediate and demonstrable bottom line results. Beyond that initiative, we have been steadily trimming costs from our operations for several years, through multiple and sometimes painful initiatives, which has served to make us stronger today and for the future. We will continue to implement prudent initiatives in these and other areas in order to further eliminate or contain costs, while remaining poised to capitalize upon market improvements.

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The Exchange Offer

The Exchange Offer	We are offering to exchange up to \$135,000,000 in principal amount of our 9 ½ % Senior Subordinated Notes due 2014, Series B, for up to \$135,000,000 in principal amount of our outstanding 9 ½ % Senior Subordinated Notes due 2014, Series A.
The Exchange Notes	The notes we will issue in this exchange offer are identical in all material respects to the original notes, except for transfer restrictions, registration rights and penalty interest provisions of the original notes that related to their issuance in a private offering and to our obligation to conduct this registered exchange offer within a prescribed period of time, which we are now doing. We will issue the exchange notes without legends restricting their transfer. See Description of the Notes , beginning on page 66.
Expiration Date; Withdrawal of Tender	The exchange offer will expire at _____, Eastern Time, on _____, 2004, unless we extend the offer. Until the offer expires, you may withdraw any original notes that you previously tendered. If we do not accept your original notes for exchange for any reason, we will return them to you at our cost, promptly after the exchange offer.
Conditions to the Exchange Offer	<p>The exchange offer is subject to customary conditions, including the following:</p> <ul style="list-style-type: none">there is no threatened or pending lawsuit that may materially impair our ability to proceed with the exchange offer,there is no law, statute, rule or regulation that might materially impair our ability to proceed with the exchange offer, andwe receive any governmental approval necessary to complete the exchange offer. <p>We may waive one or more of these conditions in our reasonable discretion. These conditions are discussed in more detail below under The Exchange Offer Conditions to the Exchange Offer on page 23.</p>
Procedures for Tendering Original Notes	<p>If you hold original notes and wish to accept the exchange offer, you must:</p> <ul style="list-style-type: none">complete, sign and date the letter of transmittal that is included with this prospectus, andmail or deliver the letter of transmittal to SunTrust Bank, our exchange agent.

Be sure to include the original notes you wish to exchange, deliver the original notes by book entry transfer, or make guaranteed delivery. You must tender original notes for exchange in \$1,000 multiples.

By executing the letter of transmittal, you will represent to us that, among other things,

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- (1) you will acquire the exchange notes in the ordinary course of your business,
- (2) you are not engaging in or intending to engage in a distribution of the exchange notes,
- (3) you have no arrangement with any person to participate in the distribution of the exchange notes, and
- (4) you are not our affiliate, as defined in Rule 405 of the Securities Act of 1933, as amended (the Securities Act).

If any affiliates or broker-dealers acquired original notes directly from us, they would not be able to participate in the exchange offer.

Special Procedures for Beneficial Owners

This paragraph applies to the beneficial owners of original notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee. If you are a beneficial owner and wish to tender your original notes in the exchange offer, please contact the registered holder and instruct it to tender on your behalf. If you wish to tender on your own behalf, you must either re-register the original notes in your name or obtain a properly completed bond power from the registered holder. You may not be able to re-register your original notes in time to participate in the exchange offer.

Guaranteed Delivery Procedures

If you wish to tender your original notes, but they are not immediately available, or you cannot deliver your original notes, the letter of transmittal, or any other required documents to SunTrust Bank before the offer expires, you must tender your original notes using the guaranteed delivery procedures described in *The Exchange Offer Guaranteed Delivery Procedures*, beginning on page 26.

Registration Requirements

We will use our best efforts to complete the registered exchange offer to allow you an opportunity to exchange your original notes for the exchange notes. If applicable interpretations of the staff of the SEC do not permit us to effect the exchange offer or in certain other circumstances, we have agreed to file a shelf registration statement covering resales of the original notes. In such event, we will use our best efforts to cause the shelf registration statement to be declared effective under the Securities Act and, subject to certain exceptions, to keep the shelf registration statement effective until the second anniversary of the date we initially issued the original notes, unless all the notes are sold under the shelf registration statement in a shorter timeframe.

U.S. Federal Income Tax Consequences

We discuss the material federal income tax consequences relating to the exchange notes in *U.S. Federal Income Tax Consequences*, beginning on page 104.

Use of Proceeds

We will not receive any proceeds from the exchange of notes in this exchange offer. The proceeds we received from the sale of the original notes were applied as described in connection with that offering. See Use of Proceeds on page 20.

Exchange Agent

SunTrust Bank is our exchange agent. Its address and telephone number are listed in The Exchange Offer Exchange Agent , on page 27.

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Summary Description of the Exchange Notes

The following summary is provided solely for your convenience. As a summary, it is not intended to be a complete discussion of all information. You should read the full text and more specific details contained elsewhere in this prospectus. For a more detailed description of the exchange notes, see Description of the Notes .

Issuer	Interface, Inc.
Notes Offered	\$135,000,000 aggregate principal amount of 9 1/2 % Senior Subordinated Notes due 2014, Series B.
Maturity Date	February 1, 2014.
Interest Payment Dates	February 1 and August 1, commencing August 1, 2004.
Subsidiary Guarantees	The exchange notes are fully and unconditionally guaranteed on a senior subordinated basis, jointly and severally, by each of our material U.S. subsidiaries.
Security and Ranking	<p>The exchange notes and the guarantees are senior subordinated unsecured obligations of Interface and the guarantors. The exchange notes are subordinate to all of our and the guarantors' existing and future senior indebtedness, rank equally with any of the existing and future senior subordinated indebtedness of Interface and the guarantors, and are senior in right of payment to any junior subordinated indebtedness of Interface and the guarantors.</p> <p>As of April 4, 2004, \$345.0 million of our debt would rank senior to the exchange notes. At April 4, 2004, we could have incurred an additional \$48.1 million of debt under our revolving credit facility that would have ranked senior to the exchange notes.</p>
Optional Redemption	Prior to February 1, 2007, we may redeem up to 35% of the original aggregate principal amount of the exchange notes at a redemption price equal to 109.5% of their principal amount, plus accrued interest, with the cash proceeds from certain kinds of equity offerings as described in Description of the Notes Optional Redemption beginning on page 70. On or after February 1, 2009, we may redeem some or all of the exchange notes at any time at redemption prices described in this prospectus.
Change of Control	Upon a change of control, we must offer to repurchase the exchange notes at 101% of the principal amount plus accrued interest at the purchase date.
Certain Covenants	<p>The indenture governing the exchange notes contains several covenants, including limitations and restrictions on our ability to:</p> <ul style="list-style-type: none"> incur additional indebtedness; make dividend payments or other restricted payments;

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create liens;

make asset sales;

sell securities of our subsidiaries;

enter into transactions with shareholders and affiliates; and

enter into mergers, consolidations, or sales of all or substantially all of our assets.

These covenants are subject to important exceptions and qualifications, which are described in [Description of the Notes](#) [Certain Covenants](#) .

No Trading Market Listing

We do not intend to list the exchange notes for trading or quotation on any national securities exchange or the Nasdaq Stock Market.

Risk Factors

Holders of original notes should carefully consider the matters set forth under the caption [Risk Factors](#) prior to making an investment decision with respect to the exchange notes.

Interface was incorporated in 1973 as a Georgia corporation. Our principal executive offices are located at 2859 Paces Ferry Road, Suite 2000, Atlanta, Georgia 30339, and our telephone number is (770) 437-6800.

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We derived the summary consolidated financial data presented below from our audited consolidated financial statements and the notes thereto for the years indicated and our unaudited interim consolidated financial statements and the notes thereto for the three-month periods ended April 4, 2004 and March 30, 2003. In our opinion, the unaudited financial information contains all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results of operations for such periods. The results for the three months ended April 4, 2004 may not be indicative of results to be achieved for the entire fiscal year. You should read the summary financial data presented below together with those audited and unaudited consolidated financial statements and notes thereto contained in our Annual Report on Form 10-K for the year ended December 28, 2003 and our Quarterly Report on Form 10-Q for the three months ended April 4, 2004, respectively, both of which are filed with the SEC and incorporated by reference into this prospectus. Amounts for all periods presented have been adjusted for the discontinued operations of our U.S. raised/access flooring business.

	As of and For the Year Ended					As of and For the Three Months Ended	
	January 2, 2000	December 31, 2000	December 30, 2001	December 29, 2002	December 28, 2003	March 30, 2003	April 4, 2004
			(Dollars in thousands)			(Unaudited)	
Statement of Income Data:							
Net sales	\$1,189,585	\$1,223,895	\$ 1,058,846	\$ 924,084	\$ 923,509	\$ 210,210	\$ 249,244
Gross profit on sales	376,373	379,448	312,526	264,174	252,977	55,699	72,276
Selling, general and administrative expenses	298,786	291,548	259,039	225,569	231,306	57,040	62,763
Restructuring charges(1)	1,131	21,047	54,577	23,449	6,196	2,086	
Operating income (loss)	76,456	66,853	(1,090)	15,156	15,475	(3,427)	9,513
Interest expense	39,211	36,959	35,887	42,022	42,820	10,180	11,805
Income (loss) from continuing operations	23,732	17,063	(25,921)	(17,759)	(18,410)	(9,042)	(3,029)
Net income (loss)(2)(3)	23,545	17,321	(36,287)	(87,664)	(33,257)	(10,354)	(3,029)
Earnings (loss) per common share from continuing operations:							
Basic	\$ 0.45	\$ 0.34	\$ (0.52)	\$ (0.36)	\$ (0.36)	\$ (0.18)	\$ (0.06)
Diluted	\$ 0.45	\$ 0.34	\$ (0.52)	\$ (0.36)	\$ (0.36)	\$ (0.18)	\$ (0.06)
Other Data:							
	\$ 123,240	\$ 137,007	\$ 99,419	\$ 73,135	\$ 57,648	\$ 7,909	\$ 16,515

Adjusted EBITDA(4)							
Depreciation and amortization	44,606	49,586	46,421	35,328	37,257	9,343	9,755
Capital expenditures	28,278	30,495	30,036	14,344	16,328	4,607	6,029
Ratio of earnings to fixed charges(5)	1.86x	1.67x	.20x	.47x	.45x	.26x	.76x

As of

As of

January 2, 2000	December 31, 2000	December 30, 2001	December 29, 2002	December 28, 2003	March 30, 2003	April 4, 2004
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(Dollars in thousands)

(Unaudited)

Balance Sheet**Data:**

Cash and cash equivalents	\$ 2,543	\$ 7,856	\$ 788	\$ 34,134	\$ 16,633	\$ 22,959	\$ 17,607
Working capital	223,734	247,235	224,282	197,809	168,490	191,060	196,030
Total assets	1,028,495	1,034,849	954,754	863,510	894,274	865,092	912,779
Total long-term debt(6)	395,618	415,858	448,494	445,000	445,000	447,504	474,247
Total shareholders equity	389,192	372,435	302,475	224,171	218,733	217,857	215,424
Total capitalization(7)	786,822	793,457	755,409	674,078	667,191	670,390	699,247

- (1) During 2002, 2001 and 2000, we initiated three separate restructuring plans, and recognized restructuring charges related to those plans. For further analysis of these restructuring plans and charges see Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 28, 2003 and Notes to Consolidated Condensed Financial Statements included in our Quarterly Report on

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Form 10-Q for the three months ended April 4, 2004, both of which are filed with the SEC and incorporated by reference into this prospectus.

- (2) In the fourth quarter of 2002, we decided to discontinue the operations related to our U.S. raised/access flooring business. Substantially all of the assets related to these operations were sold in the third quarter of 2003. See Notes to Consolidated Financial Statements Discontinued Operations in our Annual Report on Form 10-K for the year ended December 28, 2003 and Notes to Consolidated Condensed Financial Statements Discontinued Operations included in our Quarterly Report on Form 10-Q for the three months ended April 4, 2004, both of which are filed with the SEC and incorporated by reference into this prospectus.
- (3) In the first quarter of 2002, we recognized an impairment charge of \$55.4 million (after-tax) related to our adoption of Statement of Financial Accounting Standard No. 142, Goodwill and Other Intangible Assets. See Notes to Consolidated Financial Statements Summary of Significant Accounting Policies Goodwill included in our Annual Report on Form 10-K for the year ended December 28, 2003 filed with the SEC and incorporated by reference into this prospectus.
- (4) Adjusted EBITDA represents income before income taxes plus net interest expense, depreciation, amortization, non-recurring charges and extraordinary items. While Adjusted EBITDA should not be construed as a substitute for operating income or a better indicator of liquidity than cash flow from operating activities, which are determined in accordance with GAAP, it is included herein to provide additional information with respect to our ability to meet our future debt service, capital expenditures and working capital requirements. In addition, we believe that investors find Adjusted EBITDA to be a useful tool for measuring our ability to service our debt. Adjusted EBITDA is not necessarily a measure of our ability to fund cash needs. The following are our components of Adjusted EBITDA:

	As of and For the Year Ended					As of and For the Three Months Ended	
	January 2, 2000	December 31, 2000	December 30, 2001	December 29, 2002	December 28, 2003	March 30, 2003	April 4, 2004
	(Dollars in thousands)					(Unaudited)	
Net income (loss) from continuing operations	\$ 23,732	\$ 17,063	\$ (25,921)	\$ (17,759)	\$ (18,410)	\$ (9,042)	\$ (3,029)
Income taxes	14,560	12,352	(11,546)	(9,905)	(10,215)	(4,658)	(1,916)
Interest expense	39,211	36,959	35,887	42,022	42,820	10,180	11,805
Depreciation and amortization	44,606	49,586	46,421	35,328	37,257	9,343	9,755
Restructuring charges	1,131	21,047	54,577	23,449	6,196	2,086	
Adjusted EBITDA	\$ 123,240	\$ 137,007	\$ 99,419	\$ 73,135	\$ 57,648	\$ 7,909	\$ 16,515



We view Adjusted EBITDA as a liquidity measure and, therefore, the nearest GAAP measure is cash flow from operations. The following is a reconciliation of our Adjusted EBITDA to our cash flow from continuing operations: