

## John Lewis of Hungerford plc

### Pre Close Update

The Board of John Lewis of Hungerford plc (AIM:JLH) provides a trading update ahead of reporting its results for the year ended 31st August 2016, which it expects to announce in December 2016.

#### H2 Trading

Based on unaudited management information, the Board expect to report sales for the year to 31st August 2016 of £8.2 million. The 5% increase over the £7.8m reported in 2015 was achieved almost entirely in the second half. These sales figures are based on the Company's statutory revenue recognition policy, which is to recognise revenue at the point orders are despatched.

The sales growth contributed to the business delivering an underlying profit in the second half although, as highlighted at the time of the interim results, this was insufficient to recover in full the loss incurred in the first half. Based on unaudited management information we expect to report an underlying loss for the full year of £0.3m excluding exceptional items, which include the previously announced closure costs of our Tunbridge Wells and Harrogate showrooms.

The Board have previously announced steps which have been taken to rationalise its cost base and generate annualised savings of at least £0.3 million from the beginning of the new financial year. These changes have ensured a more streamlined internal structure, without compromising our high standards of customer service. The Board expect that this improvement in the underlying cost base of the business will ensure the company is able to work towards a sustained return to profitability and improved shareholder value.

#### Current Trading

In the current financial year despatched sales and forward orders (which we consider to be the best measure of current trading) for Q1 stand at £1.8million (2015: £1.9 million). The forward order book remains comparable with last year at £1.3m (2015: £1.3m). Steps taken during the second half of 2016 to address the recent pressures on gross margin are now beginning to take effect and have contributed to a small improvement in the current year. Reversing the recent decline in gross margin remains a focus of the management team.

The new Board look forward to engaging positively with shareholders and notification of the final results will be accompanied by an opportunity for shareholders to meet with the Board to discuss recent developments. Further details will be provided in due course.

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This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.