

JOHN LEWIS OF HUNGERFORD PLC

("John Lewis of Hungerford" or the "Company")

Interim results

CHAIRMAN'S STATEMENT

This interim statement covers the six month period to 28 February 2014.

Financial performance

It is pleasing to be able to report a modest operating profit of £66,000 for the half year, the second consecutive year in which we have made a profit in what is traditionally our weaker trading period (2013: £35,000).

Turnover growth to £3.6 million (2013: £3.1 million) reflects a strong contribution across the business and has been generated from a broadly consistent sales mix.

<i>Products</i>	2014	2013
	£000	£000
Turnover	3,123	2,674
Cost of sales	(1,333)	(1,158)
Gross margin	1,790	1,516

The results shown above were derived from a comparable estate year-on-year. Our flagship showroom in Hungerford performed particularly strongly following its refurbishment during the last financial year and similarly the newly refurbished Fulham showroom traded ahead of budget. This reinforces our strategy of balancing new openings with investment in the refurbishment of existing showrooms. Our new bedroom collection contributed sales of £105,000 during the period (2013: £nil) and continues to trade ahead of our expectations as we roll this out in a controlled manner. The collection is now displayed in Fulham in addition to the dedicated Wantage showroom. It is our intention to create further bedroom display areas as space allows over time.

<i>Installations</i>	2014	2013
	£000	£000
Turnover	450	394
Cost of sales	(322)	(278)
Gross margin	128	116

Our artisan installation service continues to trade strongly. As well as making a valuable financial contribution the service plays an important role in enhancing the overall customer experience of our brand through enabling us control the quality of the installation. The fluctuation in gross margin is driven in part by the size mix of installations undertaken during the period.

Cash flow

Cash at bank and in hand at the end of the period was £720,000 (2013 £749,000) inclusive of customer deposits and advance payments. Our bank loans at the end of the period were £536,000

repayable over 10 years. Refurbishment of the new showroom at Chiswick will be funded through additional facilities provided by Barclays who remain supportive of our growth strategy.

Current trading

We believe the best measure of current trading to be the aggregate of our dispatched sales and the forward order book, being committed orders for which deposits have been taken. At the end of the period the aggregate of these stood at £4.3 million an increase of 18% over the comparable period last year. However, once again we reiterate the challenge of extrapolating this into a meaningful forecast for the full year due to the length of sales cycle and our exposure to short term changes in consumer confidence.

New showrooms

Based on our experience with the five showrooms opened since 2008 we are confident that we have a sound model for identifying locations receptive to our brand. However, given that the addressable market is relatively localised around each showroom a key driver of our growth strategy is the selective investment in opening new locations.

Our previously announced new showroom in Chiswick is due to open during May 2014. We are pleased to announce today that we have also secured the lease for a new showroom in Cobham, Surrey, located within our core South East trading area some 17 miles South West of London. The showroom is expected to open in July 2014 and is sited on Cobham high street, which we believe will prove to be an excellent addition to our estate. Whilst we are always open to new opportunities, we do not currently anticipate opening further showrooms beyond these in the remainder of this financial year.

In conjunction with the opening of two new showrooms the Board has also been conducting a review of trading performance in other showrooms. As a result the decision has been made to close our last remaining concession, located within Hoopers department store in Wilmslow, Cheshire, which has made minimal sales in recent years and contributed a small loss in the first half year.

Outlook

Seemingly there is a growing sentiment around the improved prospects for the UK economy which can only help discretionary spend businesses such as our own. But as I have often said before we must remain vigilant for signs this might change since it can have a disproportionate effect on such businesses.

We are fortunate to have a management team with a proven ability to react quickly to both the opportunities and threats presented by volatile economic conditions. We therefore face the future with increasing confidence as we continue with our strategy to become a £10 million turnover business by 2016.

Malcolm Hepworth
Chairman

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Chairman

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PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2014

		<i>Unaudited 6 months ended</i>		<i>Audited</i>
		<i>28 February</i>	<i>28 February</i>	<i>Year</i>
		<i>2014</i>	<i>2013</i>	<i>ended</i>
		<i>£'000</i>	<i>£'000</i>	<i>31 August</i>
	<i>Note</i>			<i>2013</i>
				<i>£'000</i>
Turnover		3,573	3,068	6,557
Cost of sales		(1,655)	(1,436)	(3,103)
Gross profit		1,918	1,632	3,454
Selling and distribution costs		(288)	(218)	(420)
Administration expenses		(1,564)	(1,379)	(2,838)
Operating profit		66	35	196
Interest receivable		1	1	5
Interest payable		(17)	(18)	(33)
Profit on ordinary activities before taxation		50	18	168
Taxation		-	-	(23)
Profit / (loss) on ordinary activities after taxation		50	18	145
Earnings / (loss) per share	2			
Basic		0.03p	0.01p	0.08p
Fully diluted		0.03p	0.01p	0.08p

BALANCE SHEET**AS AT 28 FEBRUARY 2014**

	<i>Unaudited</i> 28 February 2014	<i>Unaudited</i> 28 February 2013	<i>Audited</i> 31 August 2013
	£'000	£'000	£'000
Fixed assets			
Intangible assets	107	78	105
Tangible assets	2,516	2,313	2,363
	2,623	2,391	2,468
Current assets			
Stocks	214	202	192
Debtors	331	313	294
Cash at bank and in hand	720	749	1,122
	1,265	1,264	1,608
Creditors: amounts falling due within one year	(1,306)	(1,224)	(1,523)
Net current assets	(41)	40	85
Total assets less current Liabilities	2,582	2,431	2,553
Creditors: amounts falling due after more than one year	(494)	(536)	(515)
Provisions for liabilities and charges	(16)	-	(16)
Total net assets	2,072	1,895	2,022

Capital and Reserves			
Called up share capital	187	187	187
Other reserves	1	1	1
Share premium account	1,188	1,188	1,188
Profit and Loss account	696	519	646
Shareholders funds	2,072	1,895	2,022
- all equity interests			

CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2014

	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
	<i>6 months</i>	<i>6 months</i>	<i>Year</i>
	<i>ended</i>	<i>ended</i>	<i>ended</i>
	<i>28 February</i>	<i>28 February</i>	<i>31 August</i>
	<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Operating profit	66	35	196
Depreciation and amortisation	125	97	207
Share based payments	-	-	-
Increase in Stock	(22)	(35)	(25)
Increase in Debtors	(37)	(51)	(39)
(Decrease) / increase in Creditors	(217)	(147)	152
Loss / (profit) on disposal of tangible fixed assets	9	1	(3)
Net cash (outflow) / inflow from operating activities	(76)	(100)	488

Returns on investment and servicing of finance	(16)	(17)	(28)
Capital expenditure	(290)	(96)	(280)
Financing	(20)	(18)	(38)
(Decrease) / increase in cash	<u>(402)</u>	<u>(231)</u>	<u>142</u>

NOTES:

1. The interim accounts, which are unaudited, have been prepared under the historical cost convention using the accounting policies set out in the accounts for the year ended 31 August 2013.

2. Basic and fully diluted loss per ordinary share is calculated as follows:

	6 months ended 28 February 2014	6 months ended 28 February 2013	Year ended 31 August 2013
Profit attributable to ordinary shareholders (£'000)	50	18	145
Weighted average number of shares in issue	186,745,519	186,745,519	186,745,519
Dilution due to share options	11,853,752	-	930
Shares used to calculate diluted earnings per share	198,599,271	186,745,519	186,746,449
Basic earnings per ordinary share (pence)	0.03 p	0.01 p	0.08 p
Diluted earnings per ordinary share (pence)	0.03 p	0.01 p	0.08 p

3. Copies of the 2014 interim accounts will be available to shareholders on the Company's website www.johnlewis.co.uk.