JOHN LEWIS OF HUNGERFORD PLC

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

Interim results - period ended 28 February 2013

CHAIRMAN'S STATEMENT

I am pleased to present our results covering the six months to 28 February 2013.

This was another difficult period for UK retailers as the depressed economic background continued to affect consumer confidence across most major markets. It is therefore testament to the steps we have taken to strengthen the business in recent years that we were able to generate a small operating profit during what is traditionally our weaker trading period.

This was driven by a strong trading performance with like-for-like turnover increasing to £3.1 million, an increase of 24.7 per cent. over the corresponding period in 2012. However, this comparison is flattered by the previous period having included two exceptionally poor trading months, the reasons for which I have commented on previously. A more meaningful comparison would therefore be against the £2.7 million sales reported in the first half of 2011 and so it can be seen that these results still represent an excellent performance. Coupled with careful cost control this resulted in an operating profit of £18,000.

Sales in the core kitchen and furniture business were £2.7 million (2012: £2.1 million) and it is particularly pleasing to report that our recently opened store in Cirencester performed ahead of budget. However,we continue to see variations in performance across our retail portfolio and have taken steps to address this through the recruitment of a new head of sales and marketing, Kiran Noonan. Kiran brings a wealth of operational and sales experience and I am delighted she has agreed to join the senior management team. The appointment of an external candidate into this role reinforces our commitment to continue investing to strengthen the business.

Our Artisan Installation Service achieved sales of £0.4 million (2012: £0.3 million) and we are now beginning to benefit from the strategic decision three years ago to restructure this service. As we anticipated at the time the ability to exercise greater control over the installation process has proved important in enhancing the overall customer experience.

Gross margins increased slightly with the blended margin of 53.2% (2012: 53.1%) reflecting a small improvement in our installation business offset by discounts in the core kitchen business during the winter sale period.

Our balance sheet continues to be strong with cash balances at the end of the period of £749,000. We have also recently renewed our overdraft facility.

As previously reported our strategy remains to secure increased economies of scale from our Wantage factory. We have been successful in delivering sales growth through increasing our retail footprint and we continue to explore sites for possible new stores along with complementary strategies to boost activity levels. At the same time we recognise such investment must not be at the expense of our existing stores and we have recently completed a refit of our Hungerford showroom. We also plan to undertake a refit of our showcase Fulham store in the second half year.

For some time I have referred to the importance of the prevailing level of consumer confidence on discretionary spend businesses such as our own. Since my last statement the economic outlook has not changed significantly and the fragile consumer confidence makes it very difficult to forecast with any degree of certainty.

The length of our sales cycle means the forward order book remains an important measure of customer sentiment. At the end of the period the aggregate of this and actual reported sales was approximately 11% ahead of the previous year. We believe this is the best indication of the sales outturn for the full year although it remains difficult to extrapolate a meaningful forecast with changes in promotional phasing likely to have pulled some sales forward. However, we continue to trade positively with no indication that we are facing a decline of the extreme kind experienced last year.

Nevertheless it is essential that we remain alert to changes in customer behaviour, both positive and negative, and change our trading strategy accordingly. We are fortunate to have an extremely capable management team that has consistently demonstrated its ability to do this.

However, we are not complacent. The focus of our business must always be around improving the customer experience and we have a continuous and rigorous programme to ensure this remains at the forefront of everything we do. During the period we introduced a 10 year product and workmanship guarantee, which is just one small example of our why we believe our brand continues to stand out in the market and that we are well positioned to build on the positive momentum in the business.

Malcolm Hepworth
Chairman

Enquiries:

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PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2013

	Note	*Unaudited 6 months ended 28 February 2013*	*Unaudited 6 months ended 29 February 2012*	*Audited Year ended 31 August 2012*
		£'000	*£'000*	*£'000*
Turnover		**3,068**	2,459	5,626
Cost of sales		**(1,436)**	(1,154)	(2,683)
Gross profit		**1,632**	1,305	2,943
Selling and distribution costs		**(218)**	(195)	(383)
Administration expenses:				
Share based payments		**-**	(2)	(3)
Other		**(1,379)**	(1,334)	(2,648)
Total		**(1,379)**	(1,336)	(2,651)
Operating profit / (loss) before share based payments		**35**	(224)	(88)
Operating profit / (loss)		**35**	(226)	(91)
Interest receivable		**1**	1	3
Interest payable		**(18)**	(19)	(35)
Profit / (loss) on ordinary activities before taxation		**18**	(244)	(123)
Taxation		**-**	-	17
Profit / (loss) on ordinary activities after taxation		**18**	(244)	(106)
Earnings / (loss) per share	2			
Basic		**0.01p**	(0.13)p	(0.06)p
Fully diluted		**0.01p**	(0.13)p	(0.06)p

BALANCE SHEET
AS AT 28 FEBRUARY 2013

	Unaudited 28 February 2013	*Unaudited 29 February 2012*	*Audited 31 August 2012*
	£'000	*£'000*	*£'000*
Fixed assets			
Intangible assets	**78**	30	54
Tangible assets	**2,313**	2,472	2,338
	2,391	2,502	2,392
Current assets			
Stocks	**202**	187	167
Debtors	**313**	258	262
Cash at bank and in hand	**749**	587	980
	1,264	1,032	1,409
Creditors: amounts falling due within one year	**(1,224)**	(1,205)	(1,369)
Net current assets	**40**	(173)	40
Total assets less current Liabilities	**2,431**	2,329	2,432
Creditors: amounts falling due after more than one year	**(536)**	(583)	(555)
Provisions for liabilities and charges	**-**	(10)	-
Total net assets	**1,895**	1,736	1,877
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	**519**	360	501
Shareholders funds - all equity interests	**1,895**	1,736	1,877

CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2013

	Unaudited 6 months ended 28 February 2013	*Unaudited 6 months ended 29 February 2012*	*Audited Year ended 31 August 2012*
	£'000	*£'000*	*£'000*
Operating profit / (loss)	**35**	(226)	(91)
Depreciation and amortisation	**97**	116	235
Share based payments	**-**	2	3
(Increase) / decrease in Stock	**(35)**	32	52
(Increase) / decrease in Debtors	**(51)**	42	45
(Decrease) / increase in Creditors	**(147)**	(41)	125
Loss / (profit) on disposal of tangible fixed assets	**1**	-	(5)
Net cash (outflow) / inflow from operating activities	**(100)**	(75)	364
Returns on investment and servicing of finance	**(17)**	(18)	(32)
Capital expenditure	**(96)**	(122)	(127)
Financing	**(18)**	(7)	(35)
(Decrease) / increase in cash	**(231)**	(222)	170

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 2012.

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

	6 months ended 28 February 2013	6 months ended 29 February 2012	Year ended 31 August 2012
Profit / (loss) attributable to ordinary shareholders (£'000)	18	(244)	(106)
Weighted average number of shares in issue	186,745,519	186,745,519	186,745,519
Earnings / (loss) per ordinary share (pence)	0.01 p	(0.13)p	(0.06)p

3. Copies of the 2013 interim accounts will be available to shareholders on the Company's website www.john-lewis.co.uk