JOHN LEWIS OF HUNGERFORD PLC

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

Interim results - period ending 28 February 2009

CHAIRMAN'S STATEMENT

Review of Operations

Weaker sales revenues in the second quarter of the current financial year reflected a highly challenging trading environment. Revenue in the Winter Sale being particularly affected. However, sales for the third quarter are 10% up on the same period last year and the order book is already strong for quarter 4. As a result, although overall sales revenues in the period were significantly below our budgeted figures and fell below management's expectations, an improvement is expected in the second half of the year.

The gross margin has improved by 1.2% points compared with the same time period last year, but the reduced volume has increased the overall loss for the first half by £345k.

Steps have been taken within the business to reduce the cost base as far as possible and the effect of this will flow through over the next 12 months.

The two new showrooms, Cambridge (opened 26th April 2008) and Oxford (opened 7th June 2008) are both trading in line with expectations and to budget.

During the period under review management has continued to implement many operational changes. The expected benefits of these have yet to be reflected in the financial results.

The management team have continued their commitment to developing the Company's operating methodology to find efficiencies where possible and to gain maximum benefit from the new systems that have been introduced. In addition there have been further introductions of new products and product enhancements which have yet to be rolled out across all showrooms. February also saw the launch of our on-line shop, designed to improve the accessibility and increase sales of our furniture products throughout the UK.

All of these changes reflect management's commitment to invest for the longer-term future of the Company.

Summary of Financial Results

Turnover for the period was £1,593,000 against £2,132,000 for the comparable period last year – a decrease of 25%. The majority of this deficit occurred in the Winter Sale period.

Unit sales of kitchens and the average revenue have declined in the period. The enhancements made to the product line last year have bolstered the sales figures considerably and continue to provide a wider offering for customers who are appreciative of this enhancement.

The timing of sales at the moment is very much led by customer requirements, rather than any advertised sales periods. This has created a notable change to order book activity.

The Normalised Loss before taxation, share based payments and exceptional items was £509,000 *(2008 - £117,000 loss)*. As in the prior year, due to uncertainties as to the outcome of the current year, no tax credit has been booked in these interim statements against current period losses. Normalised losses exclude the effect of accounting standard FRS20 in relation to unvested share options. The charge for the period, including related expenses, amounted to £84,000 *(2008: £57,000)*. Your Board considers that the arbitrary nature of the FRS20 methodology means that this resulting charge has little meaningful relevance to the reported financial results.

Capital expenditures in the period were £18,000 *(2008 - £86,138)*.

While remaining in a cash positive position, net cash outflows from operating activities were £584,000 *(2008 - £130,000 inflow)*.

As at 28 February 2009 the Company had cash balances of £333,000 *(2008 - £814,000)* and available overdraft facilities amounting to £250,000 which have not been utilised.

Outlook for the Future

Continuing weakness in the UK housing market and a deteriorating general economic outlook has resulted in a highly challenging trading environment.

However the Company's established brand name and enhanced product offering of quality and style at reasonable prices, means the Company is now well positioned against many of its competitors.

Increasing appropriately targeted customer access to the Company's product range is essential to future revenue growth. The two new showroom units referred to above are an illustration of what can be achieved with the new product range in the right locations.

The Board remains very positive about improvements being implemented within the business even though this is being masked by the challenging economic picture.

Your Board is very cautious as to the outcome for the full year but remains confident that the foundations now being laid for the future, will deliver significant improvements in financial performance once overall market conditions improve.

Malcolm Hepworth
Chairman

22 May 2009

Enquiries:

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PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2009

	Note	*Unaudited 6 months ended*		*Audited Year ended*
		28 February 2009 £'000	*29 February 2008 £'000*	*31 August 2008 £'000*
Turnover		**1,593**	2,132	4,577
Cost of sales		**(779)**	(1,069)	(2,129)
Gross profit		**814**	1,063	2,448
Distribution costs		**(234)**	(264)	(519)
Administration expenses:				
Share based payments and related costs		**(84)**	(57)	(144)
Exceptional expenses		**-**	(79)	(92)

Other		**(1,089)**	(910)	(2,019)
Total		**(1,173)**	(1,046)	(2,255)
Operating loss before share based payments and exceptional expenses		**(509)**	(111)	(90)
Operating loss		**(593)**	(247)	(326)
Interest receivable		**11**	6	17
Interest payable		**(11)**	(12)	(22)
Loss on ordinary activities before taxation		**(593)**	(253)	(331)
Taxation		**-**	5	51
Loss on ordinary activities after taxation		**(593)**	(248)	(280)
Loss per share	3			
Basic		**(0.32)p**	(0.17)p	(0.17)p
Fully diluted		**(0.32)p**	(0.17)p	(0.17)p

BALANCE SHEET
AS AT 28 FEBRUARY 2009

	Unaudited 28 February 2009 £'000	*Unaudited 29 February 2008 £'000*	*Audited 31 August 2008 £'000*
Fixed assets			
Intangible assets	**14**	19	16
Tangible assets	**1,770**	1,626	1,846
	1,784	1,645	1,862
Current assets			
Stocks	**550**	515	581
Debtors	**318**	247	217
Cash at bank and in hand	**333**	814	942
	1,201	1,576	1,740
Creditors: amounts falling due within one year	**(1,071)**	(1,218)	(1,170)
Net current assets	**130**	358	570
Total assets less current Liabilities	**1,914**	2,003	2,432
Creditors: amounts falling due after more than one year	**(255)**	(275)	(264)
Provisions for liabilities and charges	**(53)**	(50)	(53)
Total net assets	**1,606**	1,678	2,115

Capital and Reserves			
Called up share capital	**187**	167	187
Other reserves	**1**	1	1
Share premium account	**1,188**	825	1,188
Share based payment reserve	**254**	83	170
Profit and Loss account	**(24)**	602	569
Shareholders funds	**1,606**	1,678	2,115
- all equity interests			

CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2009

	Unaudited 6 months ended 28 February 2009 £'000	*Unaudited 6 months ended 29 February 2008 £'000*	*Audited Year ended 31 August 2008 £'000*
Operating loss	**(593)**	(247)	(326)
Depreciation	**81**	71	155
Share based payments	**84**	57	129
Decrease / (increase) in Stock	**31**	51	(15)
(Increase) / decrease in Debtors	**(101)**	2	81
(Decrease) / increase in Creditors	**(86)**	196	212
Net cash (outflow) / inflow from operating activities	**(584)**	130	236
Returns on investment and servicing of finance	**-**	(6)	(5)
Corporation tax paid	**-**	-	(48)
Capital expenditure	**(16)**	(86)	(388)
Financing	**(9)**	(9)	362
(Decrease) / increase in cash	**(609)**	29	157

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 2008.

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

	6 months ended 28 February 2009	6 months ended 29 February 2008	Year ended 31 August 2008
Loss attributable to ordinary shareholders (£'000)	(593)	(248)	(280)

Weighted average number of shares in issue	186,745,519	148,745,519	167,474,286
Loss per ordinary share (pence)	(0.32)p	(0.17)p	(0.17)p

3. Copies of the 2009 interim accounts will be available to shareholders on the Company's website www.john-lewis.co.uk