JOHN LEWIS OF HUNGERFORD PLC ("John Lewis of Hungerford" or the "Company")

Interim results - period ending 28 February 2007

HIGHLIGHTS

• Revenues increase 32% to £1,896,000 (2006 - £1,431,000).

• *Normalised loss before taxation reduced to £51,000 (2006 - £289,000 loss).

• Net cash inflows from operating activities £195,000 (2006 - £138,000).

* Normalised loss is loss before taxation excluding the first time application of accounting standard FRS20.

CHAIRMAN'S STATEMENT

Review of Operations

Changes to the Board and executive management of the Company addressed in prior announcements are beginning to deliver results. The sales performance of the Company has shown marked improvement and first half losses have been substantially reduced.

Importantly, other significant changes within the Company have yet to be reflected in the financial numbers. These include the recent introduction of a new kitchen range offered in both solid oak and walnut, much wider accessory offerings (for example granite and stone worktops) and changes in production processes and customer service.

With the above in place, the Company is now competitively positioned to deliver attractive new products in terms of both offering and price.

Summary of Financial Results

Turnover for the period was £1,896,000 against £1,431,000 for the comparable period last year.

Unit sales of kitchens grew 50%; sales of furniture units grew 1%.

Gross profit margins were broadly flat at 62.0% against 63.0% in the same period in the prior year.

The pattern of sales continues to be increasingly skewed to promotional events. Much of the sales revenue in the period was at discounted prices, although the financial impact of this has been reduced through price increases.

Normalised losses before taxation were £51,000 (2006 - £289,000 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 first time application of accounting standard FRS20 in relation to unvested share options. The charge for the period amounted to £15,000. Your Board considers that the arbitrary nature of the FRS20 methodology means that the resulting charge has little meaningful relevance to the reported results.

Capital expenditures in the period were £5,000 (2006 - £31,000).

Net cash inflows from operating activities were £195,000 (2006 - £138,000).

As at 28 February 2007 the Company had cash balances of £841,000 (2006 - £472,000) and unused overdraft facilities amounting to £250,000.

Outlook for the Future

Following a successful Winter Sale, recent order input has been weaker than expected although the last few weeks have seen some up-turn.

We continue to work on the development of further new product lines to broaden the appeal of the John Lewis of Hungerford brand. In addition we are continuing to extend the range of appliances and accessories offered by the Company.

Our sales focus remains firmly on the core business of kitchens and key furniture lines.

The Board remains very positive about the progress being made within the business.

Whilst we remain cautious as to the outcome for the full year, we do expect a continuation of the improving performance over the remainder of the financial year.

John Lewis
Chairman

29 May 2007

PROFIT AND LOSS ACCOUNT
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2007

	Unaudited 6 months ended 28 February 2007	Unaudited 6 months ended 28 February 2006 Restated	Audited 12 months ended 31 August 2006
	£000	£000	£000
Turnover	1,896	1,431	3,990
Cost of sales	(719)	(529)	(1,524)
Gross profit	1,177	902	2,466
Distribution costs	(249)	(248)	(517)
Administration costs	(970)	(933)	(1,865)
Operating (loss)/profit	(42)	(279)	84
Interest receivable	1	0	1
Interest payable	(10)	(10)	(22)
(Loss)/profit on ordinary activities before taxation	(51)	(289)	63
Share based payment (FRS 20)	(15)	-	-
Taxation	-	-	(12)
(Loss)/profit on ordinary activities after taxation	(66)	(289)	51

Dividends	-	-	-
Retained (loss)/profit	(66)	(289)	51
(Loss)/profit per share			
Basic	(0.04)p	(0.19)p	0.03p
Fully diluted	(0.04)p	(0.19)p	0.03p

BALANCE SHEET

AS AT 28 FEBRUARY 2007

	Unaudited 28 February 2007		Unaudited 28 February 2006		Audited 31 August 2006	
	£000	£000	£000	£000	£000	£000
Fixed assets						
Intangible assets	23		27		26	
Tangible assets	1,652		1,833		1,732	
		1,675		1,860		1,758
Current assets						
Stocks	485		512		456	
Debtors	103		100		151	
Cash at bank and in hand	841		472		671	
	1,429		1,084		1,278	
Creditors: amounts falling due within one year	(1,139)		(1,237)		(1,008)	
Net current assets/ (liabilities)		290		(153)		270
Total assets less current liabilities		1,965		1,707		2,028
Creditors: amounts falling due after more than one year		(294)		(316)		(306)
Provisions for liabilities and charges		(48)		(58)		(48)
Total net assets		1,623		1,333		1,674

Capital and Reserves

Called up

share capital	149	149	149
Other reserves	1	1	1
Share premium account	825	825	825
Share option capital	15	-	-
Profit and loss account	633	358	699
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Shareholders' funds - all equity interests	1,623	1,333	1,674
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CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 28 FEBRUARY 2007

	Unaudited 6 months ended 28 February 2007 £000	Unaudited 6 months ended 28 February 2006 £000	Audited 12 months ended 31 August 2006 £000
Operating (loss)/profit	(42)	(279)	84
Depreciation	88	108	218
(Increase) in stock	(29)	(156)	(100)
Decrease/(increase) in debtors	48	(25)	(57)
Increase in creditors	130	490	240
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Net cash inflow from operating activities	195	138	385
Returns on investment and servicing of finance	(9)	(10)	(21)
Corporation tax paid	-	(5)	(6)
Capital expenditure	(5)	(31)	(38)
Equity dividends paid	-	-	-
Financing	(11)	(10)	(19)
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Increase in cash	170	82	301
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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 2006.

2. The basic loss per share is calculated on the loss after taxation of £66,000 and on the basis of 148,745,519 shares in issue. The basic loss per share for the 6 months ended 28 February 2006 is calculated on the loss after taxation of £289,000 and on the basis of 148,745,519 shares in issue. The basic profit per share for the year ended 31 August 2006 is calculated on the profit after taxation of £51,000 and on the basis of 148,745,519 shares in issue.

The fully diluted loss per share is calculated on the loss after taxation of £66,000 and on the basis of 156,782,198 shares in issue. The fully diluted loss per share for the 6 months ended 28 February 2006 is calculated on the loss after taxation of £289,000 and on the basis of 148,745,519 shares in issue. The fully diluted profit per share for the year ended 31 August 2006 is calculated on the profit after taxation of £51,000 and on the basis of 148,745,519 shares in issue.

3. The company has applied FRS20 - Share-based Payment, for the first time in this interim report. Under FRS20 the amount to be charged to the Profit and Loss account is based on an estimate of the fair value of any share-based payment (in the case of the Company this is options over its shares) between the date of grant and the date of vesting. This fair value figure is then adjusted by making estimates of the number of share options which are likely to vest. The resulting amount to be charged is then time-apportioned over the period from the date of grant to the date of vesting.

To determine the value of the share options in accordance with the above, the Company has used a pricing model relevant to share options. This has resulted in a charge of £15,419 to the profit and loss account for the six months to 28 February 2007.

4. Copies of the 2007 interim accounts will be available to shareholders on the Company's website www.john-lewis.co.uk.

5. Copies of this announcement will be available from the Nominated Adviser, Smith & Williamson Corporate Finance Limited, 25 Moorgate, London, EC2R 6AY for one month from the date of this announcement.