

## Regulatory Story

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**Company** Ashley (Laura) Hldgs PLC  
**TIDM** ALY  
**Headline** Interim Results  
**Released** 07:00 12-Sep-2012  
**Number** 0440M07

RNS Number : 0440M  
Ashley (Laura) Hldgs PLC  
12 September 2012

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### **Laura Ashley Holdings plc ("the Company") Results for the 26 weeks to 28 July 2012**

Laura Ashley announces a 13.7% increase in interim profit before taxation (excluding exceptional items) and UK like-for-like sales growth of 3.9%.

#### **Summary**

- Total Group sales up 7.5% to £145.4m (2011: £135.3m)
- Like-for-like UK sales up 3.9%. Total UK retail sales up 6.1% to £127.5m (2011: £120.1m)
- Profit before taxation (excluding exceptional items) up 13.7% to £8.3m (2011: £7.3m)
- Non-store revenue growth of 18.7%
- E-Commerce revenue growth of 21.4%
- Strong Balance Sheet with £27.8m net cash and a clean inventory position.
- Interim dividend maintained at 1.00 pence per share (2011: 1.00 pence per share)

Commenting on the results, Tan Sri Dr. K P Khoo, Chairman, said:

"In a sector that continued to see challenges through the period, we are very pleased to report a 13.7% increase in profit before taxation (excluding exceptional items) and a UK like-for-like sales growth of 3.9%. This growth is a result of our dedication to improving the customer experience, our multi-channel strategy and differentiated product offer.

Our multi-channel and international strategies have continued to develop, increase and add significant value to our business, with the website now including extra functionality that has significantly enhanced our customer shopping experience. As a British brand, we are very proud that over 40% of our sales come from product manufactured in the UK.

As we enter the second half of the year, we have seen the momentum of the first half of the year maintained with UK like-for-like sales growth of 4.2% for the 32 weeks to 8 September 2012. While we remain mindful of the broader consumer environment and its challenges, we are confident that this progress can be maintained."

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## Overview

For the 26 weeks to 28 July 2012, total Group sales increased by £10.1m (7.5%) to £145.4m compared with the previous period of £135.3m. Total UK retail sales increased by 6.1% to £127.5m (2011: £120.1m). Like-for-like sales, increased by 3.9% over the same period. E-Commerce sales grew by 21.4% to £20.4m (2011: £16.8m). The gross margin rate fell by 2.5% during the period. This was attributable to strong Q1 despatched sales of product ordered during our January 2012 sale and improved customer offers during the period.

Profit before taxation, excluding exceptional items, was up 13.7% to £8.3m, (2011: £7.3m). Profit before taxation, including exceptional items was up 18.6% to £8.3m (2011: £7.0m).

Excluding exceptional items, operating expenses were flat, year-on-year.

## Cash Flow and Balance Sheet

The net cash balance at 28 July 2012 was £27.8m. There are no bank borrowings and inventory is clean and in line with requirements.

## Dividend

The Board has approved the payment of an interim dividend of 1.00 pence per share. (2011: 1.00 pence per share). The interim dividend will be paid on 30 October 2012 to all shareholders on the register at the close of business on 5 October 2012. The ex dividend date will be 3 October 2012.

## UK Retail

As at 28 July 2012, the property portfolio in the UK comprised 211 stores (January 2012: 211). The portfolio is broken down as follows: 134 Mixed Product stores, 53 Home stores, 21 Home concession stores, 2 Gifts & Accessories stores and 1 Clearance outlet. During the first half, one new store was opened and one was closed.

Minor store realignment will continue throughout the second half as we remain focused on optimising space in our existing portfolio to drive additional sales density and profitability.

We are committed to a multi-channel strategy. E-Commerce, Mail Order and Retail Stores continue to work in a highly complementary way to drive sales. Total E-Commerce and Mail Order sales were up 17.8% on last year and now represent 17.8% of total UK Retail sales (2011: 15.9%). Within this figure, E-Commerce sales were up 21.4%, more than compensating for an ongoing market decline in Mail Order sales.

During the first half, a smart phone web site was launched to complement our digital portfolio, which also includes free applications for customers to download on the iPhone, iPad and the Android platforms. A "click and collect in store" service will be introduced during the second half of 2012.

## Product

The UK business is split into four main categories. For the 26 weeks ended 28 July 2012, the relative split of UK sales is as follows: Furniture 30%, Home Accessories 27%, Decorating 23% and Fashion 20%.

### Furniture

The Furniture product category includes upholstered and cabinet furniture, beds and mirrors.

Furniture sales for the 26 weeks to 28 July 2012 decreased by 1.1% over the same period last year with like-for-like sales broadly flat at -0.3%. Although this is disappointing, this category has outperformed the market and we have seen successes in new shapes, fabrics and colours. We are also very encouraged by an 11% growth online in this category.

### Home Accessories

The Home Accessories product category includes lighting, gifts, bed linen, rugs, throws, cushions and children's accessories.

Home Accessories sales for the 26 weeks to 28 July 2012 increased by 9.0% over the same period last year with a strong like-for-like performance of +10.4%. Within this category, we have seen significant growth in our bed linen, lighting and gift ranges. We will continue to add new, innovative and complementary product to this category during the second half of 2012.

#### Decorating

This category includes fabric, curtains, wall coverings, paint and decorative accessories.

Decorating sales for the 26 weeks to 28 July 2012 increased by 4.7%, with like-for-like sales up 5.7%. The diversity and distinctive nature of our collections continue to set us apart from the competition. We are able to respond quickly to trends and success as most decorating product is still manufactured by the company in our UK factory.

#### Fashion

This category includes: adult and girls (2-8 years) fashion, fashion accessories and perfumery. Fashion sales for the 26 weeks to 28 July 2012 decreased by 1.2% over the same period last year, although like-for-like sales remained flat. Fashion performance, however, has significantly outperformed the market with continued success in key categories such as dresses, knitwear and blouses.

#### **Hotel**

Renovation and refurbishment work has commenced on the hotel which the Company acquired in November 2011. It is due to be launched during the second half of the year

#### **International Operations**

Our international franchising operations continue to be an important part of our multi-channel business and, as at 28 July 2012, there were 263 franchised stores (245 as at January 2012) in 29 territories worldwide. Two additional stores were opened in Russia during the first half with further openings in Japan, Taiwan and Australia.

Work continues to engage new partners in the Asian, South American and European territories.

Franchise revenues grew by 15% to £13.7m (2011: £11.9m) during the 26 weeks to 28 July 2012.

Licensing income increased by 11% to £2.0m (2011: £1.8m). One new license, for shower enclosures, was awarded during the first half of 2012.

#### **Current Trading and Outlook**

As we enter the second half of the year, we have seen the momentum of the first half of the year maintained with UK like-for-like sales growth of 4.2% for the 32 weeks to 8 September 2012. While we remain mindful of the broader consumer environment and its challenges, we are confident that this progress can be maintained.



**Condensed Group Statement of Comprehensive Income  
for the 26 weeks ended 28 July 2012**

	<b>26 weeks to 28 July 2012 (unaudited) £m</b>	26 weeks to 30 July 2011 (unaudited) £m	52 weeks to 28 January 2012 (audited) £m
<b>Revenue</b>	<b>145.4</b>	135.3	285.9
Cost of sales	<b>(83.4)</b>	(74.3)	(159.9)
<b>Gross profit</b>	<b>62.0</b>	61.0	126.0
Operating expenses	<b>(54.0)</b>	(54.2)	(107.7)
<b>Profit from operations</b>	<b>8.0</b>	6.8	18.3
Share of operating profit of associate	<b>0.4</b>	0.4	0.8
Finance income	-	0.1	0.2
Finance costs	<b>(0.1)</b>	-	(0.5)
<b>Profit before taxation excluding exceptional items</b>	<b>8.3</b>	7.3	18.8
Exceptional items	-	(0.3)	(0.4)
<b>Profit before taxation</b>	<b>8.3</b>	7.0	18.4
Taxation	<b>(2.1)</b>	(1.7)	(5.4)
<b>Profit for the financial period*</b>	<b>6.2</b>	5.3	13.0
<b>Other comprehensive income:</b>			
Exchange differences on translation of investments	-	(0.3)	0.7
Other reserve movements	-	-	0.5
Unrealised investment gain	<b>1.0</b>	1.1	1.0
<b>Other comprehensive income for the period net of tax</b>	<b>1.0</b>	0.8	2.2
<b>Total comprehensive income for the period</b>	<b>7.2</b>	6.1	15.2
* Earnings per share - basic and diluted calculated based on profit for the financial period	<b>0.85p</b>	0.73p	1.79p

The Group's results shown above are derived entirely from continuing operations.





**Condensed Group Balance Sheet  
as at 28 July 2012**

	At 28 July 2012 (unaudited) £m	At 30 July 2011 (unaudited) £m	At 28 January 2012 (audited) £m
<b>Non-current assets</b>			
Property, plant and equipment	26.2	22.7	27.3
Deferred tax asset	1.7	2.0	1.7
Investment in associate	5.6	4.3	5.2
Investment in quoted shares	4.3	3.4	3.3
	<b>37.8</b>	32.4	37.5
<b>Current assets</b>			
Inventories	51.0	45.2	53.1
Trade and other receivables	23.2	20.2	21.8
Cash and cash equivalents	27.8	32.1	35.0
	<b>102.0</b>	97.5	109.9
<b>Total assets</b>	<b>139.8</b>	129.9	147.4
<b>Current liabilities</b>			
Current tax liabilities	2.1	1.8	2.2
Trade and other payables	70.1	61.7	77.6
	<b>72.2</b>	63.5	79.8
<b>Non-current liabilities</b>			
Retirement benefit liabilities	6.7	7.2	6.7
Deferred tax liabilities	0.5	0.6	0.4
Provisions and other liabilities	0.1	0.1	0.1
	<b>7.3</b>	7.9	7.2
<b>Total liabilities</b>	<b>79.5</b>	71.4	87.0
<b>Net assets</b>	<b>60.3</b>	58.5	60.4
<b>Equity</b>			
Share capital	37.3	37.3	37.3
Share premium	86.4	86.4	86.4
Own shares	(0.8)	(0.8)	(0.8)
Retained earnings	(62.6)	(64.4)	(62.5)
<b>Total equity</b>	<b>60.3</b>	58.5	60.4



**Condensed Group Statement of Changes in Shareholders' Equity  
as at 28 July 2012**

	Share Capital £m	Share Premium £m	Own Shares £m	Retained Earnings £m	Total Equity £m
Balance as at 29 January 2011	37.3	86.4	(0.8)	(63.2)	59.7
Profit for the period ended 30 July 2011	-	-	-	5.3	5.3
Dividend paid	-	-	-	(7.3)	(7.3)
Other comprehensive income	-	-	-	0.8	0.8
Balance as at 30 July 2011	37.3	86.4	(0.8)	(64.4)	58.5
Profit for the period ended 28 January 2012	-	-	-	7.7	7.7
Dividend paid	-	-	-	(7.3)	(7.3)
Other comprehensive income	-	-	-	1.5	1.5
Balance as at 28 January 2012	37.3	86.4	(0.8)	(62.5)	60.4
Profit for the period ended 28 July 2012	-	-	-	6.2	6.2
Dividend paid	-	-	-	(7.3)	(7.3)
Other comprehensive income	-	-	-	1.0	1.0
<b>Balance as at 28 July 2012</b>	<b>37.3</b>	<b>86.4</b>	<b>(0.8)</b>	<b>(62.6)</b>	<b>60.3</b>



**Condensed Group Cash Flow Statement  
for the 26 weeks ended 28 July 2012**

	<b>26 weeks to 28 July 2012 (unaudited) £m</b>	26 weeks to 30 July 2011 (unaudited) £m	52 weeks to 28 January 2012 (audited) £m
<b>Operating activities</b>			
Cash generated from operations	3.6	4.0	24.4
Corporation tax paid	(2.2)	(1.5)	(4.2)
Dividend paid	(7.3)	(7.3)	(14.5)
Dividend received	0.1	-	-
Finance income	-	0.1	0.2
Finance cost	(0.1)	-	(0.5)
	<b>(5.9)</b>	<b>(4.7)</b>	<b>5.4</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	(1.3)	(1.7)	(8.9)
	<b>(1.3)</b>	<b>(1.7)</b>	<b>(8.9)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(7.2)</b>	<b>(6.4)</b>	<b>(3.5)</b>

**Reconciliation of Net Cash Flow to Movement in Net Funds  
for the 26 weeks ended 28 July 2012**

	<b>26 weeks to 28 July 2012 (unaudited) £m</b>	26 weeks to 30 July 2011 (unaudited) £m	52 weeks to 28 January 2012 (audited) £m
Net decrease in cash and cash equivalents	(7.2)	(6.4)	(3.5)
Net funds at the beginning of the period	35.0	38.5	38.5
<b>Net funds at the end of the period</b>	<b>27.8</b>	<b>32.1</b>	<b>35.0</b>

**1. Basis of Preparation**

This condensed set of financial statements has been prepared in accordance with the requirements of IAS 34 'Interim Financial Reporting' as adopted by the European Union ('EU').

As required by the Disclosure and Transparency Rules of the UK's Financial Services Authority and other than described below, the condensed set of financial statements has been prepared by applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the financial year ended 28 January 2012, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU. The statutory audited accounts for the year ended 28 January 2012 have been delivered to the Registrar of Companies in England and Wales. The Auditor's report on these accounts was unqualified and did not contain statements under Section 498 of the Companies Act 2006.

These half-year condensed financial statements are unaudited, not reviewed in accordance with 'Interim Standard on Review Engagements (UK and Ireland) 2410' and do not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006.

## 2. Segmental Analysis

	26 weeks to 28 July 2012 (unaudited) £m	26 weeks to 30 July 2012 (unaudited) £m	52 weeks to 28 January 2012 (audited) £m
<b>Revenue</b>			
<b>Retail:</b>			
Stores	106.1	102.2	217.8
E-Commerce & Mail Order	22.5	19.1	39.6
Hotel	0.7	-	0.3
<b>Total Retail</b>	<b>129.3</b>	<b>121.3</b>	<b>257.7</b>
<b>Non-Retail</b>	<b>16.1</b>	<b>14.0</b>	<b>28.2</b>
<b>Total Revenue</b>	<b>145.4</b>	<b>135.3</b>	<b>285.9</b>

<b>Retail</b>			
Contribution:			
Stores	6.0	7.9	17.6
E-Commerce & Mail Order	5.4	3.9	9.0
Hotel	-	-	0.1
Total contribution	11.4	11.8	26.7
Indirect overhead costs	(9.5)	(10.3)	(19.5)
Finance income	-	0.1	-
Finance costs	(0.1)	-	(0.3)
<b>Profit before taxation</b>	<b>1.8</b>	<b>1.6</b>	<b>6.9</b>

<b>Non-Retail</b>			
Contribution	6.1	5.0	10.7
Share of associate profit	0.4	0.4	0.8
<b>Profit before taxation</b>	<b>6.5</b>	<b>5.4</b>	<b>11.5</b>

<b>Total Retail &amp; Non-Retail</b>			
Contribution	17.5	16.8	37.4
Indirect overhead costs	(9.5)	(10.3)	(19.5)
Share of associate profit	0.4	0.4	0.8
Finance income	-	0.1	-
Finance costs	(0.1)	-	(0.3)
<b>Profit before taxation</b>	<b>8.3</b>	<b>7.0</b>	<b>18.4</b>

	26 weeks to 28 July 2012 (unaudited) £m	26 weeks to 30 July 2012 (unaudited) £m	52 weeks to 28 January 2012 (audited) £m
<b>Non-Current Assets</b>			
<u>Destination</u>			
UK, Ireland & France	32.1	27.9	32.1
Other Continental Europe	0.1	0.2	0.2
Rest of the World	5.6	4.3	5.2
<b>Total Non-Current Assets</b>	<b>37.8</b>	<b>32.4</b>	<b>37.5</b>

<b>Revenue</b>			
<u>Destination</u>			
UK, Ireland & France	129.3	121.3	257.7
Continental Europe	3.0	2.9	5.8
Rest of the World	13.1	11.1	22.4
<b>Total Revenue</b>	<b>145.4</b>	<b>135.3</b>	<b>285.9</b>

The reported segments are consistent with the Group's internal reporting for performance measurement and resources allocation. The Group does not allocate indirect overhead costs between its retail and non-retail segments. As significant elements of the indirect overhead costs arise from the retail segment, it is decided that the entire indirect costs are allocated to this segment.

Retail revenue reflects sales through Laura Ashley's Managed Stores, Mail Order, E-Commerce and Hotel. Non-retail revenue includes Licensing, Franchising and Manufacturing. Contribution is stated after deducting direct operating expenses, buying, marketing and administrative costs.

### **3. Taxation**

Taxation has been calculated by applying the forecast full year effective rate of tax in the individual fiscal territories to the results for this period.





#### 4. Earnings per Share

Earnings per share is calculated by dividing the profit for the financial period by the weighted average number of ordinary shares during the year (excluding treasury shares of 18,272,500).

	<b>26 weeks to 28 July 2012 (unaudited)</b>	26 weeks to 30 July 2011 (unaudited)	52 weeks to 28 January 2012 (audited)
Profit for the financial period (£m)	<b>6.2</b>	5.3	13.0
Weighted average number of ordinary shares - basic and diluted ('000)	<b>727,763</b>	727,763	727,763
<b>Earnings per share</b>	<b>0.85p</b>	0.73p	1.79p

#### 5. Reconciliation of Profit from Operations to Net Cash Inflow from Operating Activities

	<b>26 weeks to 28 July 2012 (unaudited) £m</b>	26 weeks to 30 July 2011 (unaudited) £m	52 weeks to 28 January 2012 (audited) £m
Profit from operations	<b>8.0</b>	6.8	18.3
Exceptional losses	-	(0.3)	(0.4)
Depreciation charge	<b>2.2</b>	2.6	5.1
Loss on sale of property, plant and equipment	-	-	0.1
Exchange movement on property, plant and equipment	<b>0.2</b>	-	0.1
Decrease/(increase) in inventories	<b>2.1</b>	3.5	(4.4)
(Increase)/decrease in receivables	<b>(1.4)</b>	1.5	(0.1)
(Decrease)/increase in payables	<b>(7.5)</b>	(10.1)	5.7
<b>Net cash inflow from operating activities</b>	<b>3.6</b>	4.0	24.4

#### 6. Related Party Transactions

The related party transactions that have occurred in the 26 weeks ended 28 July 2012 are not materially different in size or nature to those reported in the Company's Annual Report for the financial year ended 28 January 2012.

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