23 August 2017

LAURA ASHLEY HOLDINGS plc
("the Group")

Laura Ashley Holdings plc announces its full final results for the 52 weeks to 30 June 2017.

Summary

- Profit before tax and exceptional items of £8.4m (2016: £24.7m – 74 week period).
- Statutory Profit before tax of £6.3m (2016: £22.8m – 74 week period).
- Total like-for-like* retail sales down 3.1%.
- Total Group sales of £277.0m (2016: £400.9m – 74 week period).
- Online revenue of £57.3m (2016: £73.5m – 74 week period).
- Online sales up 5.6% on a like-for-like* basis
- Hotel revenue of £2.5m (2016: £3.5m – 74 week period).
- The board is not recommending payment of a final dividend. Interim dividend of 0.5p already paid (2016 – 2.5p).

References to "like-for-like" refer to a full 52 week comparison.

Commenting on the results, Tan Sri Dr Khoo Kay Peng, Chairman, said:

"Trading conditions have been challenging for the year ended 30 June 2017. The impact of weak sterling has also contributed to the overall fall in profit which the Group has experienced.

We are focussed on addressing the challenges which our business has encountered over the past year and are confident that we are well-positioned to overcome them. Our online performance continues to be strong and we saw like-for-like online revenues grow by 5.6% over the year. Customer responses to the improvements we have made to our multi-channel offer have been positive and we are committed to its ongoing enhancement and development.

A strong and expanding international presence is at the core of our strategy. We signed a new license partner in India earlier this year and we are looking forward to the opening of our first Indian stores next month. We launched our Chinese website in November and I am pleased that this is making good progress and enhancing our presence in the territory.

Laura Ashley is known worldwide for high quality, beautifully designed products. 33% of our sales come from products manufactured in the UK. We are confident that the enduring nature and heritage of this much-loved British Brand as well as the execution of our business strategies, will help position the Group to grow and develop over the years to come."

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Overview

For the 52 weeks to 30 June 2017, total Group sales were £277.0m compared with the 74 week period last year (2016: £400.9m). Like-for-like* sales fell by 3.1% over the same period. e-Commerce sales were £57.3m (2016: £73.5m - 74 weeks). Like-for-like* e-Commerce sales grew by 5.6%.

Group profit before taxation, excluding exceptional items, was £8.4m (2016: £24.7m - 74 weeks). An exceptional charge of £2.8m was recorded in respect of impairment on the Singapore property following a recent valuation.

Statutory profit before taxation, was £6.3m (2016: £22.8m – 74 weeks).

Operating expenses of £98.2m were recorded for the year (2016: £143.0m – 74 week period).

Cash Flow and Balance Sheet

As at 30 June 2017, bank borrowings stood at £21.6m and the net cash overdraft balance was £10.7m. Inventory of £57.7m was in line with requirements. The bank borrowings reflect the balance of the loan due in respect of the property in Singapore which was acquired in 2015.

Dividend

The board is not recommending payment of a final dividend. The total dividend paid for the year to 30 June 2017 remains at 0.5p, having already paid an interim dividend. (Period ended 30 June 2016, 2.5p for a 74 week period)

UK Retail

As at 30 June 2017, the property portfolio in the UK comprised 167 stores (June 2016: 192). The portfolio is as follows: 114 Mixed Product stores, 48 Home stores, 3concession stores, 1 Gifts & Accessories store and 1 Clearance outlet. During the reporting period, twenty five stores were closed and none opened, reducing total selling space by 6.5% to 681,000 square feet. Twenty two of the store closures were Homebase concession stores following the takeover of Homebase by the Australian Wesfarmers group.

Over the coming year, we will open two new stores and close three stores as we optimise store profitability.

Total UK retail sales of £252.0m were recorded during the 52 weeks to 30 June 2017 (2016: £363.2m - 74 weeks). UK retail sales were affected by the Homebase concession closures and the mainline store closures.

Total e-Commerce sales of £57.3m were recorded during the 52 weeks to 30 June 2017 (2016: £73.5m – 74 weeks). On a like-for-like* basis, sales grew by 5.6%.

Product

The UK business is split into four main categories. For the year ended 30 June 2017, the relative split of UK sales was as follows: Home Accessories 33%, Furniture 30%, Decorating 22% and Fashion 15%.

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

Home Accessories sales for the year to 30 June 2017 increased by 1.3% over the same period last year with like-for-like* performance up by 3.7%. Now our largest category, its continued growth is based on new, relevant and innovative product as well as an ever improving seasonal offering. As always, these products are designed to complement our decorating and furnishing themes.

Furniture

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

Furniture sales for the year to 30 June 2017 decreased by 7.2% over the same period last year with like-for-like* sales down by 5.3%. Furniture is our most price sensitive category and we are reviewing the end to end supply chain to ensure that good value, as well as our rich and diverse depth of choice, enables the furniture business to flourish. New products have been added to what was already a comprehensive range.

Decorating

This category includes fabric, curtains, wallpaper, paint and decorative accessories.

Decorating sales for the year to 30 June 2017 fell by 5.9% with like-for-like* sales down 4.0%. While the performance of decorating has been below expectation, we remain confident that, our combination of heritage and contemporary classic designs, have broad and enduring appeal to both our existing and new customers.

Fashion

This category includes adult fashion, fashion accessories and perfumery.

Fashion sales for the year to 30 June 2017 decreased by 12.2% over the same period last year with like-for-like* sales down 10.4%. This performance has been disappointing and we have been working hard to remedy this. We have restructured our fashion team and appointed a new Head of Fashion, who joined us in July. We are confident that the building blocks are now in place to stabilise and grow our fashion business.

Hotel

The Laura Ashley hotel recorded sales of £2.5m (2016: £3.5m – 74 Weeks) over the period. Like for like performance was flat year on year. We continue to partner under license with a hotel in the Lake District, (Laura Ashley, The Belsfield).

In June 2017, we opened our first Tea Room. Located in the Regency Hotel, Solihull, it has met with both customer and media acclaim. Further Tea Rooms may be opened as we refine and develop the model.

International Operations

Contributing 7.4% of total Group revenue, our international Franchise and Licensing channels are an important and strategic part of our business. As at 30 June 2017, there were 243 franchised stores (252 as at 30 June 2016) in 29 territories worldwide.

Franchise and Licensing revenue of £20.6m was recorded during the year to 30 June 2017. (2016: £30.7m – 74 weeks). Like for like performance was down 1.1%.

We will continue to work closely with our partners and are confident that the Franchise and Licensing business will grow and develop.

We are pleased that we have acquired a new licence partner, The Future Group, in India and will be opening our first Indian stores in September. We have continued to grow and develop our online presence in China having launched a website there in November 2016. We have already seen progress in both of these territories and we are also in discussions with a number of potential partners in other territories in the Far East.

Current Trading and Outlook

Trading for the seven weeks to 19 August 2017 is performing in line with management expectations.

Laura Ashley is known worldwide for high quality, beautifully designed products. With 33% of our sales coming from products manufactured in the UK, we are confident that the enduring nature and heritage of this much loved British Brand will help position the Group's growth and development over the years to come.

Acknowledgements

The success of the Group is due, in no small part, to the hard work and commitment of the staff, management and my fellow board members. For this, I wish to convey my thanks and appreciation.

For their continued support and loyalty to the Group, I would like to thank our customers, shareholders and suppliers.

Group Statement of Comprehensive Income
For the Financial period ended 30 June 2017

	Notes	**52 weeks to 30 June 2017 £m**	Restated 74 weeks to 30 June 2016 £m
Revenue	5	**277.0**	400.9
Cost of sales		**(167.8)**	(229.0)
Gross profit		**109.2**	171.9
Operating expenses		**(98.2)**	(144.0)
Profit from operations		**11.0**	27.9
Share of operating (loss)/ profit of associate		**(1.4)**	(1.9)
Finance costs		**(1.2)**	(1.3)
Profit before taxation and exceptional items		**8.4**	24.7
Exceptional items		**(2.1)**	(1.9)
Profit before taxation		**6.3**	22.8
Taxation	6	**(2.3)**	(6.9)
Profit for the financial year*		**4.0**	15.9
Other comprehensive income:			
Actuarial (loss)/ gain on defined benefit pension schemes		**1.9**	1.1
Deferred tax effect		**(0.4)**	(0.2)
Total that will not be subsequently reclassified to profit and loss		**1.5**	0.9
Exchange differences on translation of investments		**(0.4)**	(2.2)
Other reserve movements		**0.9**	1.8
Total that may be subsequently reclassified to profit and loss		**0.5**	(0.4)
Other comprehensive income/(expense) for the year net of taxation		**2.0**	0.5
Total comprehensive income for the year		**6.0**	16.4
*Earnings per share – basic and diluted – calculated based on profit for the financial year	2	**0.55p**	2.18p
Adjusted earnings per share (excluding exceptional items)	2	**0.84p**	2.45p

Statement of Financial Position
As at 30 June 2017

GROUP	Notes	2017 £m	Restated 2016 £m	Restated 2015 £m
Non-current assets				
Intangibles	11	**1.9**	2.4	2.0
Property, plant and equipment	12	**47.2**	52.0	21.2
Investment property	13	**3.8**	3.9	-
Deferred tax asset	22	**2.6**	3.2	3.6
Investment in associate	14	**1.3**	2.6	3.7
Investment in subsidiaries	15	**-**	-	-
		56.8	64.1	30.5
Current assets				
Inventories	16	**57.7**	51.1	50.4
Trade and other receivables	17	**19.1**	17.2	22.1
Cash and cash equivalents	25	**-**	5.0	27.8
		76.8	73.3	100.3
Total assets		**133.6**	137.4	130.8
Current liabilities				
Current tax liabilities		**1.0**	3.0	2.1
Trade and other payables	18	**50.9**	50.5	68.0
Short-term borrowings	19	**12.0**	1.3	-
		63.9	54.8	70.1
Non-current liabilities				
Retirement benefit liabilities	28	**13.8**	16.2	17.8
Deferred tax liabilities	22	**0.1**	0.2	0.2
Long-term borrowings	34	**20.3**	21.7	-
Provisions and other liabilities	21	**0.1**	0.6	0.7
		34.3	38.7	18.7
Total liabilities		**98.2**	93.5	88.8
Net assets		**35.4**	43.9	42.0
Equity				
Share capital	23	**37.3**	37.3	37.3
Share premium		**86.4**	86.4	86.4
Own shares		**(3.2)**	(3.2)	(3.2)
Treasury shares		**(4.6)**	(4.6)	(4.6)
Retained earnings		**(80.5)**	(72.0)	(73.9)
Total equity		**35.4**	43.9	42.0

Group Statement of Changes in Shareholder's Equity
As at 30 June 2017

	Share Capital £m	Share Premium £m	EBT Shares £m	Treasury Shares £m	Retained Earnings £m	Total Equity £m
Balance as at 31 January 2015 - previously reported	37.3	86.4	(0.8)	-	(79.0)	43.9
Prior year adjustments	-	-	(2.4)	(4.6)	5.1	(1.9)
Balance as at 31 January 2015 - restated	37.3	86.4	(3.2)	(4.6)	(73.9)	42.0
Profit for the financial year - previously reported	-	-	-	-	17.0	17.0
Adjustment to profit for the financial year	-	-	-	-	(1.1)	(1.1)
Profit for the financial year - restated	-	-	-	-	15.9	15.9
Dividends paid	-	-	-	-	(14.5)	(14.5)
Other comprehensive loss	-	-	-	-	0.5	0.5
Balance as at 30 June 2016 - restated	37.3	86.4	(3.2)	(4.6)	(72.0)	43.9
Profit for the financial year	-	-	-	-	4.0	4.0
Dividends paid	-	-	-	-	(14.5)	(14.5)
Other comprehensive income	-	-	-	-	2.0	2.0
Balance as at 30 June 2017	**37.3**	**86.4**	**(3.2)**	**(4.6)**	**(80.5)**	**35.4**

Group Statement of Cash Flows
For the Period ended 30 June 2017

	Note	Group **52 weeks to 30 June 2017** **£m**	 74 weeks to 30 June 2016 £m restated
Operating activities			
Cash generated from operations	3	**5.8**	16.3
Corporation tax paid		**(4.2)**	(5.8)
Dividends paid		**(14.5)**	(14.5)
Dividends received		-	-
Finance income		-	-
Finance cost		-	-
		(12.9)	(4.0)
Investing activities			
Purchase of property, plant and equipment		**(0.5)**	(39.5)
Purchase of intangible assets		**(0.3)**	(1.7)
Sale of investment in shares		-	-
Sale of property, plant and equipment		-	-
		(0.8)	(41.2)
Financing activities			
Bank loan received		-	24.1
Repayment of bank loan		**(1.3)**	(1.1)
Interest expense		**(0.7)**	(0.6)
		(2.0)	22.4
Net decrease in cash and cash equivalents		**(15.7)**	(22.8)

1 Basis of Preparation

Consolidated financial statements and accounting policies

The preliminary announcement for the period ended 30 June 2017 has been prepared in accordance with International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

These consolidated financial statements have been prepared using the historical cost convention, modified for certain items carried at fair value, as stated in the accounting policies. Details of the accounting policies applied are those set out in Laura Ashley Holdings Plc's Annual Report 2017.

The annual financial information presented in this announcement for the period ended 30 June 2017 is based on, and is consistent with, that in the audited financial statements of Laura Ashley Holdings Plc and its subsidiaries ("the Group") for the period ended 30 June 2017, and those financial statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The auditor's report on those financial statements is unqualified and does not contain any statement under Section 498(2) or (3) of the Companies Act 2006.

Statutory Accounts

Information in this preliminary announcement does not constitute statutory accounts of the Group within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2016 have been filed with the Registrar of Companies. The auditor's report on these accounts was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

The Group's Annual Report for the period ended 30 June 2017 will be made available in due course and can be viewed and downloaded from the Group's website at www.lauraashley.com. The Annual Report will be circulated in September 2017 to those shareholders who have elected to receive a copy in printed form.

2 Earnings per Share

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

	2017 (52 weeks)	2016 (74 weeks)
Profit for the financial year (£m)	**4.0**	15.9
Exceptional (loss)/gain (£m)	**(2.1)**	(1.9)
Weighted average number of ordinary shares ('000) - basic and diluted	**727,763**	727,763
Earnings per share	**0.55p**	2.18p
Adjusted earnings per share (excluding exceptional items)	**0.84p**	2.45p

3 Reconciliation of Profit from Operations to Net Cash Inflow from Operations

	2017 (52 weeks) £m	2016 (74 weeks) £m
Profit from operations	**11.0**	27.9
Exceptional (loss)/gain	**(2.1)**	(1.9)
Amortisation charge	**0.9**	1.2
Depreciation charge	**3.0**	4.6
Loss/(gain) on disposal of fixed/non-current asset	**0.4**	0.2
Exchange movement on property, plant and equipment	**0.8**	0.1
(Increase)/decrease in inventories	**(6.6)**	(0.9)
(Increase)/decrease in receivables	**(1.9)**	4.9
Increase/(decrease) in payables	**0.4**	(16.7)
Movement in provisions	**(0.1)**	(3.1)
Net cash inflow from operations	**5.8**	16.3

4 Analysis of Net Funds

	At 30 Jun 2016 £m	Cash Flow £m	**At 30 Jun 2017 £m**
Cash and cash equivalents	5.0	(15.7)	**(10.7)**

5 Segmental Analysis

	---------------------Retail--------------					
		E-Commerce		Total	Total	
	Stores	& Mail Order	Hotel	Retail	Non-Retail	**Total**
2017 (52 weeks)	£m	£m	£m	£m	£m	**£m**
Revenue	196.0	57.3	2.5	255.8	21.2	**277.0**
Contribution	3.9	13.8	(0.2)	17.5	11.7	**29.2**
Share of loss of associate				-	(1.4)	**(1.4)**
Indirect overhead costs				(18.2)	-	**(18.2)**
Finance costs				(1.2)	-	**(1.2)**
Exceptional items				(2.1)	-	**(2.1)**
Profit before taxation				(4.0)	10.3	**6.3**

	---------------------Retail--------------					
		E-Commerce		Total	Total	
	Stores	& Mail Order	Hotel	Retail	Non-Retail	Total
2016 (74 weeks)	£m	£m	£m	£m	£m	£m
Revenue	291.3	73.5	3.6	368.4	32.5	400.9
Contribution	21.6	17.0	(0.3)	38.3	13.5	51.8
Share of loss of associate				-	(1.9)	(1.9)
Indirect overhead costs				(23.9)	-	(23.9)
Finance costs				(1.3)	-	(1.3)
Exceptional items				(1.9)	-	(1.9)
Profit before taxation				11.2	11.6	22.8

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.

Segmental Analysis (continued)

	Non-Current Assets		Revenue	
	2017	2016	**2017 (52 weeks)**	2016 (74 weeks)
	£m	£m	**£m**	£m
Destination				
UK & Ireland & France	**20.3**	23.6	**257.6**	372.3
Other Continental Europe	**(1.3)**	(1.2)	**2.8**	4.0
Japan	**2.6**	3.9	**9.8**	14.6
Singapore	**35.1**	37.8	**-**	-
Rest of the World	**-**	-	**6.8**	10.0
	56.8	64.1	**276.9**	400.9

6. Taxation

The taxation charge for the year comprises taxation for the Group and the associate entity on current and prior years' taxable profits.

The effective tax rate for the current year is higher than the rate of UK Corporation tax primarily due to the decrease in the Group's overall deferred tax asset due to the reduction in the UK tax rate and non-relievable losses arising in Japan.

In the previous year, the effective tax rate was lower than the rate of UK Corporation tax mainly due to capital gains being covered by capital losses in the Group, which eliminate the impact of excess depreciation over capital allowances, the decrease in the Group's overall deferred tax asset due to the reduction in the UK tax rate and the higher rate in Japan.