

10th September 2010

LAURA ASHLEY HOLDINGS plc
(“the Company”)

Laura Ashley today announces results for the 26 weeks to 31 July 2010.

Summary

- Total Group sales up 5.7% to £135.1m for 26 weeks (2009: £127.8m)
- Total UK retail sales up 5.5% to £121.6m, like-for-like sales up 5.6%
- Profit before taxation and excluding exceptional gains up to £5.7m (2009: £0.0m).
- Exceptional gain of £4.8m (2009: £1.0m)
- Profit before taxation and including exceptional gains up to £10.5m (2009: £1.0m).
- Gross margin improved by 1.4 percentage points
- Strong Balance Sheet with £31.2m net cash (2009: £10.0m) and a clean-stock position
- Interim dividend proposed of 0.5 pence per share (2009: 0.25 pence per share)
- All product categories showing positive like-for-like sales growth:
 - Furniture sales up 7.8%, like-for-like sales up 8.8%
 - Home Accessories sales up 5.0%, like-for-like sales up 4.7%
 - Decorating sales up 6.3%, like-for like-sales up 6.8%
 - Fashion sales up 4.2%, like-for-like sales up 0.8%

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

I am delighted with the strong performance of the Company for the first half of this financial year. In an uncertain economic climate, Laura Ashley has again demonstrated its resilience and has continued to offer its customers beautiful, innovative and unique products. Our E Commerce and international channels have continued to grow and become increasingly important to our multi channel strategy. We will continue to focus on operational efficiency and remain cautiously optimistic for the remainder of the year in what will continue to be a challenging and competitive marketplace.

1

Enquiries:

Brunswick

020 7404 5959

Tom Buchanan / James Olley

Laura Ashley Holdings plc

020 7880 5100

Seán Anglim CFO

Overview

For the 26 weeks to 31st July 2010, underlying profit before tax and exceptional items was £5.7 million (2009: £0.0 million). Including gains from exceptional items, profit was £10.5 million (2009: £1.0 million).

Total Group sales increased by £7.3 million (5.7%) to £135.1 million compared to the previous year of £127.8 million. The improved total sales position was primarily due to the increase in UK store sales and Internet sales. For the 26 weeks ended 31 July 2010, total UK store sales were up 1.6% to £103.1 million (LFL +1.4%) whilst Internet sales grew by 63.0% to £15.4million. Retail Space was reduced by 20,000 selling square feet (2.3%) as the store portfolio was reduced by six, to 225 stores.

Gross margin improved by 1.4 percentage points against last year due stronger Sterling and more targeted promotional activity. Operating expenses have decreased by 0.6% to £54.5 million (2009: £54.8 million) due to continued focus on cost-control measures.

The Board has approved an interim dividend of 0.5 pence per share. (2009: 0.25 pence)

Product

The UK business is split into four main categories. For the 26 weeks ended 31 July 2010, the relative split of UK sales is as follows: Furniture 30%, Home Accessories 26%, Decorating 23% and Fashion 21%.

Furniture

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

Furniture sales for the 26 weeks to 31st July 2010 increased by 7.8% (LFL +8.8%) over the same period last year. This compares favourably against a market that declined by 2.0% on a LFL basis according to the British Retail Consortium data.

New product additions to our popular ranges continue to drive this core category forward, as has the continued introduction of more innovative products.

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 31st July 2010 increased by 5.0% (LFL +4.7%) over the same period last year. This compares favourably against a market that grew by 1.1% on a LFL basis according to the British Retail Consortium data.

This category continues to epitomise the Laura Ashley Brand. Innovative, inspirational and of the highest quality, this product truly distinguishes Laura Ashley from its competitors.

Decorating

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

Decorating sales for the 26 weeks to 31st July 2010 increased by 6.3% (LFL +6.8%) over the same period last year. This compares favourably against a market that grew by 1.7% on a LFL basis according to the British Retail Consortium data.

Re colourations of best sellers, shorter lead-times and distinctive statement wallpapers continue to drive this category.

Our online Made to Measure curtains offer has also been particularly popular and has now been made available to our European online customer.

Fashion

Fashion sales for the 26 weeks to 31st July 2010 increased by 4.2% (LFL +0.8%) over the same period last year.

The accessories range continues to be very popular, particularly scarves and jewellery. The core fashion categories such as dresses, skirts and knitwear also performed well with new shapes, styles and colours having been added to the range.

UK Operations

As at 31 July 2010, the property portfolio in the UK comprised 225 stores (Jan 2010: 231). We have four main store types: 139 Mixed Product stores (selling all product categories), 58 Home stores (selling Home products only), 25 Home concession stores and 3 Clearance outlets.

During the six months ended 31 July 2010, we opened 1 new store and closed 7 stores. As a result, total selling space decreased by 2.3% to 853,000 square feet.

Store realignment will continue in 2010 and, as previously, it will continue to be subject to our rigorous property selection criteria. The realignment will focus on the acquisition of smaller, new concept stores and optimising space in our existing portfolio to drive additional density.

Our E-Commerce and Mail Order channels now represent 15% of total UK retail sales, (12% as at July 2009). Total E-commerce and Mail Order sales were up 35% on last year. Within this figure and reflecting the trend we have seen over recent years, E-Commerce sales were up 63.0%, more than compensating for an ongoing market decline in Mail Order sales. Laura Ashley is now selling online in Germany, Switzerland, Italy and Austria and, has recently launched an i Phone “App”.

International Operations

Our international franchising operations continue to be an important part of the Laura Ashley business and, as at 31 July 2010, there were 233 (January 2010: 230) franchised stores in 26 countries worldwide. New franchise partners have been signed in Korea and Jersey and stores are due to open in both territories this Autumn.

Franchise revenues grew by 3.0% to £10.4 during the 26 weeks to 31st July 2010.

Licensing income increased 24.0% to £1.8m. Licenses were awarded during 2010 for new categories, which include toiletries.

Dividend

A final dividend in respect of the financial year ended 30th January 2010 of 0.75 pence per ordinary share was paid on 4th August 2010. When taken with this first interim dividend of 0.25 pence per share, the total dividend for the year ended 30th of January 2010 was 1.0 pence per share.

On 9th September 2010, the Board approved payment of an interim dividend of 0.5 pence per share. The interim dividend will be paid on [11th November 2010] to all shareholders on the register at the close of business on [16 October 2010].

Current Trading and Outlook

For the 31 weeks to 4th September 2010, total UK retail sales increased by [%]. For the same period, like-for-like UK retail sales improved by [%].

We will continue to focus on operational efficiency and remain cautiously optimistic for the remainder of the year in what will continue to be a challenging and competitive marketplace.

Responsibility Statement

We confirm that to the best of our knowledge:

- a) The condensed set of financial statements has been prepared in accordance with IAS 34;
- b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of material related party transactions and changes therein).

By order of the Board

Seán Anglim
Chief Financial Officer

Condensed Group Statement of Comprehensive Income
for the 26 weeks ended 31 July 2010

	26 weeks to 31 July 2010 (unaudited) £m	26 weeks to 1 August 2009 (unaudited) £m	52 weeks to 30 January 2010 (audited) £m
Revenue	135.1	127.8	268.4
Cost of sales	(75.6)	(74.3)	(151.4)
Gross profit	59.5	53.5	117.0
Operating expenses	(49.2)	(52.3)	(104.3)
Profit from operations	10.3	1.2	12.7
Share of operating profit/(loss) of associate	0.3	-	(1.1)
Finance income	-	-	0.1
Finance costs	(0.1)	(0.1)	(0.7)
Profit before taxation	10.5	1.1	11.0
Taxation	(1.8)	(0.3)	(5.2)
Profit for the financial period *	8.7	0.8	5.8
Other comprehensive income:			
Exchange differences on translation of investments	1.0	-	(0.2)
Unrealised investment gain	0.2	0.6	0.5
Other comprehensive income for the period net of tax	1.2	0.6	0.3
Total comprehensive income for the period	9.9	1.4	6.1
* Earnings per share - basic and diluted calculated based on profit for the financial period	1.20p	0.11p	0.80p

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

Condensed Group Balance Sheet
as at 31 July 2010

	At 31 July 2010 (unaudited) £m	At 1 August 2009 (unaudited) £m <i>Restated</i>	At 30 January 2010 (audited) £m <i>Restated</i>
Non-current assets			
Property, plant and equipment	25.7	38.3	36.3
Deferred tax asset	1.9	1.8	1.9
Investment in associate	4.6	4.6	3.2
Investment in quoted shares	2.2	2.1	2.0
	34.4	46.8	43.4
Current assets			
Inventories	52.3	47.6	48.8
Trade and other receivables	20.8	19.5	20.6
Cash and cash equivalents	31.2	10.0	17.4
	104.3	77.1	86.8
Total assets	138.7	123.9	130.2
Current liabilities			
Current tax liabilities	3.0	-	4.5
Trade and other payables	68.1	64.4	68.1
	71.1	64.4	72.6
Non-current liabilities			
Retirement benefit liabilities	6.9	6.5	6.9
Deferred tax liabilities	0.9	0.4	0.7
Provisions and other liabilities	0.4	0.5	0.5
	8.2	7.4	8.1
Total liabilities	79.3	71.8	80.7
Net assets	59.4	52.1	49.5
Equity			
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	(63.5)	(70.8)	(73.4)
Total equity	59.4	52.1	49.5

Condensed Group Statement of Changes in Shareholders' Equity
for the 26 weeks ended 31 July 2010

	Share Capital £m	Share Premium £m	Own Shares £m	Retained Earnings £m	Total Equity £m
Balance as at 31 January 2009	37.3	86.4	(0.8)	(70.9)	52.0
Change of accounting policy	-	-	-	(1.3)	(1.3)
Balance as at 31 January 2009 as restated	37.3	86.4	(0.8)	(72.2)	50.7
Profit for the 6 months ended 1 August 2009	-	-	-	0.8	0.8
Other comprehensive income	-	-	-	0.6	0.6
Balance as at 1 August 2009	37.3	86.4	(0.8)	(70.8)	52.1
Profit for the 6 months ended 30 January 2010	-	-	-	5.0	5.0
Dividends paid	-	-	-	(7.3)	(7.3)
Other comprehensive loss	-	-	-	(0.3)	(0.3)
Balance as at 30 January 2010	37.3	86.4	(0.8)	(73.4)	49.5
Profit for the 6 months ended 31 July 2010	-	-	-	8.7	8.7
Other comprehensive income	-	-	-	1.2	1.2
Balance as at 1 August 2009	37.3	86.4	(0.8)	(63.5)	59.4

Condensed Group Cash Flow Statement
for the 26 weeks ended 31 July 2010

	26 weeks to 31 July 2010 (unaudited) £m	26 weeks to 1 August 2009 (unaudited) £m	52 weeks to 30 January 2010 (audited) £m
Operating activities			
Cash generated from operations	5.4	4.2	20.3
Corporation tax paid	(3.3)	(0.3)	(0.5)
Dividends paid	-	-	(7.3)
Finance income	-	-	0.1
Finance cost	(0.1)	(0.1)	(0.7)
	2.0	3.8	11.9
Investing activities			
Purchase of property, plant and equipment	(0.5)	(1.8)	(2.4)
Sale of property, plant and equipment	12.3	-	-
	11.8	(1.7)	(2.4)
Net increase in cash and cash equivalents	13.8	2.1	9.5

Reconciliation of Net Cash Flow to Movement in Net Funds

for the 26 weeks ended 31 July 2010

	26 weeks to 31 July 2010 (unaudited) £m	26 weeks to 1 August 2009 (unaudited) £m	52 weeks to 30 January 2010 (audited) £m
Net increase in cash and cash equivalents / change in net funds resulting from cash flows	13.8	2.1	9.5
Net funds at the beginning of the period	17.4	7.9	7.9
Net funds at the end of the period	31.2	10.0	17.4

Notes

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, 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 30 January 2010, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU. The statutory audited accounts for the year ended 30 January 2010 have been delivered to the Registrar of Companies in England and Wales. The Auditors' report on these accounts was unqualified and did not contain statements under section or of the Companies Act 2006

These half-year condensed financial statements are unaudited, not reviewed, and do not constitute statutory accounts within the meaning of Section of the Companies Act 2006.

2. Segmental Analysis

	26 weeks to 31 July 2010	26 weeks to 1 August 2009	52 weeks to 30 January 2010
	Total (unaudited) £m	Total (unaudited) £m	Total (audited) £m
<u>Revenue</u>			
Stores	104.1	102.3	215.3
E-Commerce & Mail Order	18.5	13.7	30.1
Retail	122.6	116.0	245.4
Non-retail	12.5	11.8	23.0
Total Revenue	135.1	127.8	268.4
<u>Retail</u>			
Contribution			
Stores	11.2	5.3	16.0
E-Commerce & Mail Order	4.7	2.1	7.6
Total contribution	15.9	7.4	23.6
Indirect overhead costs	(10.2)	(10.6)	(18.4)
Finance income	-	-	0.1
Finance costs	(0.1)	(0.1)	(0.6)
Profit/(loss) before taxation	5.6	(3.3)	4.7

Total assets	59.6	53.3	56.0
Total liabilities	19.8	18.0	20.2
Net assets	39.8	35.3	35.8

Capital expenditure	0.5	1.7	2.3
Depreciation	2.6	2.5	5.2

Non-Retail

Contribution	4.6	4.4	7.5
Share of associate profit/(loss)	0.3	-	(1.1)
Finance costs	-	-	(0.1)
Profit/(loss) before taxation	4.9	4.4	6.3

Total assets	79.1	70.6	74.2
Total liabilities	59.5	53.8	60.5
Net assets	19.6	16.8	13.7

Capital expenditure	-	0.1	0.1
Depreciation	0.1	0.1	0.1

Total Retail & Non-Retail

Contribution	20.5	11.8	31.1
Indirect overhead costs	(10.2)	(10.6)	(18.4)
Share of associate profit/(loss)	0.3	-	(1.1)
Finance income	-	-	0.1
Finance costs	(0.1)	(0.1)	(0.7)
Profit/(loss) before taxation	10.5	1.1	11.0

Total assets	138.7	123.9	130.2
Total liabilities	79.3	71.8	80.7
Net assets	59.4	52.1	49.5

Capital expenditure	0.5	1.8	2.4
Depreciation	2.7	2.6	5.3

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 and split assets or liabilities into business segments.

Retail revenue reflects sales through Laura Ashley's managed stores, Mail Order and E-Commerce. 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

	26 weeks to 31 July 2010 (unaudited)	26 weeks to 1 August 2009 (unaudited)	52 weeks to 30 January 2010 (audited)
Profit for the financial period (£m)	8.7	0.8	5.8
Weighted average number of ordinary shares - basic and diluted ('000)	727,763	729,408	727,763
Earnings per share	1.20p	0.11p	0.80p

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).

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

	26 weeks to 31 July 2010 (unaudited) £m	26 weeks to 1 August 2009 (unaudited) £m	52 weeks to 30 January 2010 (audited) £m
Profit from operations	10.3	1.2	12.7
Depreciation charge	2.7	2.6	5.3
Profit on sale of property, plant and equipment	(4.0)	0.1	-
Exchange movement on property, plant and equipment	-	0.2	0.2
(Increase)/decrease in inventories	(3.5)	5.5	4.3
Increase in receivables	(0.2)	(1.0)	(2.1)
Decrease in payables	-	(4.6)	(0.9)
Change in provisions and other liabilities	0.1	0.2	0.8
Net cash inflow from operating activities	5.4	4.2	20.3

6. Related Party Transactions

The related party transactions that have occurred in the 26 weeks ended 31 July 2010 are not materially different in size or nature to those reported in the Company's Annual Report for the financial year ended 30 January 2010.