8 September 2011

Laura Ashley Holdings plc ("the Company")
Results for the 26 weeks to 30 July 2011

Laura Ashley announces 28% increase in interim profit before tax and exceptional items and UK like-for-like sales growth of 3.5%. Interim dividend increased by 100%.

Summary

- Total Group sales up 0.1% to £135.3m (2010: £135.1m)
- Like-for-like UK sales up 3.5%. Total UK retail sales down 1.1% to £120.1m (2010: £121.6m) due to store portfolio rationalisation
- Profit before taxation (excluding exceptional items) up 28% to £7.3m (2010: £5.7m)
- Gross margin improved by 1.0 percentage point
- Strong Balance Sheet with £32.1m cash (2010: £31.2m) and a clean inventory position
- Interim dividend increased by 100% to 1.00 pence per share (2010: 0.50 pence per share)

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

"These are a set of pleasing results with a 28% increase in profit before tax and exceptional items and a UK like-for-like sales growth of 3.5% over the period in what has been a very unsettled time for the retail sector.

I am delighted that, once again, Laura Ashley's strong product offering, distinctive brand and continued focus on providing an attractive retail experience for customers have delivered another robust performance. These results show that our multi-channel and international strategies are working well. These, along with our strong balance sheet and ongoing operational efficiencies, give me confidence, notwithstanding the continuing economic headwinds, that we will meet the Board's expectations for the year."

Additional Information:

- All product categories except Home Accessories showed positive like-for-like sales growth:
    - Furniture sales up 1.4%, like-for-like sales up 5.8%
    - Home Accessories sales down 5.2%, like-for-like sales down 1.0%
    - Decorating sales up 0.4%, like-for-like sales up 3.9%
    - Fashion sales up 1.4%, like-for-like sales up 5.2%
- E-Commerce sales grew by 9.2%
- Franchise revenues grew by 13.4%

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Overview

For the 26 weeks to 30 July 2011, total Group sales increased by £0.2m (0.1%) to £135.3m compared to the previous period of £135.1m. Total UK retail sales decreased by 1.1% to £120.1m (2010: £121.6m) following the net closure of 14 unprofitable stores last year and a further 3 this half year. Like-for-like sales, however, increased by 3.5% over the same period. E-Commerce sales grew by 9.2% to £16.8m (2010: £15.4m).

Profit before taxation, excluding exceptional items, was up 28% to £7.3m (2010: £5.7m). Profit before taxation, including exceptional items, was down 33% to £7.0m, (2010: £10.5m). Exceptional gains of £4.8m were included in last year's profits following the sale and leaseback of a freehold property. An exceptional charge of £0.3m relating to a trademark litigation was incurred during this half year.

Gross margin improved by 1.0 percentage point against last year due to improved sourcing. Excluding exceptional items, operating expenses were flat, year-on-year.

Cash Flow and Balance Sheet

The cash balance at 30 July 2011 was £32.1m (July 2010: £31.2m). There were no bank borrowings and inventory was clean and in line with requirements.

Dividend

A final dividend, in respect of the financial year ended 29 January 2011, of 1.00 pence per ordinary share was paid on 15 July 2011. When taken with the interim dividend of 0.50 pence per share paid on 10 November 2010, the total dividend for the year ended 29 January 2011 was 1.50 pence per share.

On 7 September 2011, the Board approved the payment of an interim dividend of 1.00 pence per share, an increase of 100% (2010: 0.50 pence per share). The interim dividend will be paid on 8 November 2011 to all shareholders on the register at the close of business on 14 October 2011.

The Board will determine future dividend payments at the relevant time, in the light of actual trading conditions and Group cash requirements.

UK Retail

As at 30 July 2011, the property portfolio in the UK comprised 214 stores (January 2011: 217). The portfolio is broken down as follows: 137 Mixed Product stores, 54 Home stores, 21 Home concession stores, 1 Gifts & Accessories store and 1 Clearance outlet.

During the six months ended 30 July 2011, we closed 3 unprofitable stores. As a result, total selling space decreased by 0.8% to 826,000 square feet.

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 3.4% on last year and now represent 15.9% of total UK Retail sales (2010: 15.2%). Within this figure, E-Commerce sales were up 9.2%, more than compensating for an ongoing market decline in Mail Order sales. We continue to find ways to improve our digital platform and have recently launched a free application for customers to download on the iPhone, iPad and the Android platforms.

Product

The UK business is split into four main categories. For the 26 weeks ended 30 July 2011, the relative split of UK sales is as follows: Furniture 31%, Home Accessories 26%, Decorating 23% and Fashion 20%.

<u>Furniture</u>
The Furniture product category includes upholstered and cabinet furniture, beds and mirrors.

Furniture sales for the 26 weeks to 30 July 2011 increased by 1.4% (LFL +5.8%) over the same period last year. This has been driven by developing more contemporary styles and range extensions as well as updating best selling shapes, fabrics and colours. Such developments are helping us to expand our customer base.

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 30 July 2011 decreased by 5.2% (LFL -1.0%) over the same period last year. Although our like-for-like sales have fallen, we have, however, outperformed the market (BRC –3.9% LFL in this category). Our distinctive formula of complementing our decorating stories with exclusive accessory pieces sets us apart from the competition. We continue to innovate and update best sellers in terms of new colours, textures and sizes.

Decorating

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

Decorating sales for the 26 weeks to 30 July 2011 increased by 0.4% (LFL +3.9%) over the same period last year. This performance has been driven by a focus on interior design following a significant increase in headcount of dedicated interior designers. The diversity of our collections gives our customers choice and continues to help us attract a broader customer base.

Fashion

Fashion sales for the 26 weeks to 30 July 2011 increased by 1.4% (LFL +5.2%) over the same period last year.

We have developed four sub brands, Weekend, Occasion Wear, Essentials and Archive, which have helped give definition to our ranges and drive sales. Expansion of and innovation in our ranges have also helped us increase turnover.

In February 2011, we launched a new range of Girlswear (Ages 2-8). It is being sold in 41 stores and online. The range remains small at present but has had very positive feedback.

International Operations

Our international franchising operations continue to be an important part of our multi-channel business and, as at 30 July 2011, there were 235 franchised stores in 27 territories worldwide. A new franchise partner has been signed in Russia and two stores are due to open in Moscow later this year.

We are continuing to grow our international business by focusing on new territories such as China, India, Indonesia and Thailand.

Franchise revenues grew by 13.4% to £11.9m (2010: £10.5m) during the 26 weeks to 30 July 2011.

Licensing income increased by 2.4% to £1.8m (2010: £1.7m). New licenses for the European market were awarded during the first half of 2011 for bathroom furniture, sewing machines and lingerie and nightwear.

Current Trading and Outlook

For the 31 weeks to 3 September 2011, total UK LFL sales were maintained at the first half level of +3.5%. While the consumer environment continues to be uncertain, we remain confident for the remainder of the year.

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 30 July 2011

	26 weeks to 30 July 2011 (unaudited) £m	26 weeks to 31 July 2010 (unaudited) £m		52 weeks to 29 January 2011 (audited) £m
Revenue	**135.3**	135.1		285.0
Cost of sales	**(74.3)**	(75.6)	#	(159.6)
Gross profit	**61.0**	59.5		125.4
Operating expenses	**(54.2)**	(54.0)	#	(105.6)
Profit from operations	**6.8**	5.5		19.8
Share of operating profit of associate	**0.4**	0.3		0.5
Finance income	**0.1**	-		-
Finance costs	**-**	(0.1)		(1.0)
Profit before taxation excluding exceptional items	**7.3**	5.7		19.3
Exceptional items	**(0.3)**	4.8	#	4.8
Profit before taxation	**7.0**	10.5		24.1
Taxation	**(1.7)**	(1.8)		(4.8)
Profit for the financial period *	**5.3**	8.7		19.3
Other comprehensive income:				
Exchange differences on translation of investments	**(0.3)**	1.0		0.2
Unrealised investment gain	**1.1**	0.2		0.3
Other comprehensive income for the period net of tax	**0.8**	1.2		0.5
Total comprehensive income for the period	**6.1**	9.9		19.8
* Earnings per share - basic and diluted calculated based on profit for the financial period	**0.73p**	1.20p		2.65p
Adjusted earnings per share (excluding exceptional items)	**0.77p**	0.53p		1.99p

 # Reclassification of expenses amounting to £0.5 million from operating expenses to cost of sales and separate disclosure of exceptional items from operating expenses.

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

Condensed Group Balance Sheet
as at 30 July 2011

	At 30 July 2011 (unaudited) £m	At 31 July 2010 (unaudited) £m *Restated*	At 29 January 2011 (audited) £m
Non-current assets			
Property, plant and equipment	**22.7**	25.7	23.7
Deferred tax asset	**2.0**	1.9	2.0
Investment in associate	**4.3**	4.6	4.1
Investment in quoted shares	**3.4**	2.2	2.3
	32.4	34.4	32.1
Current assets			
Inventories	**45.2**	51.0	48.7
Trade and other receivables	**20.2**	21.4	21.7
Cash and cash equivalents	**32.1**	31.2	38.5
	97.5	103.6	108.9
Total assets	**129.9**	138.0	141.0
Current liabilities			
Current tax liabilities	**1.8**	2.8	1.6
Trade and other payables	**61.7**	68.1	71.8
	63.5	70.9	73.4
Non-current liabilities			
Retirement benefit liabilities	**7.2**	6.9	7.2
Deferred tax liabilities	**0.6**	0.9	0.6
Provisions and other liabilities	**0.1**	0.4	0.1
	7.9	8.2	7.9
Total liabilities	**71.4**	79.1	81.3
Net assets	**58.5**	58.9	59.7
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	**(64.4)**	(64.0)	(63.2)
Total equity	**58.5**	58.9	59.7

Condensed Group Statement of Changes in Shareholders' Equity
for the 26 weeks ended 30 July 2011

	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 – Note 1	-	-	-	(1.8)	(1.8)
Balance as at 31 January 2009 as restated	37.3	86.4	(0.8)	(72.7)	50.2
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)	(71.3)	51.6
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)	(73.9)	49.0
Profit for the 6 months ended 31 July 2010	-	-	-	8.7	8.7
Other comprehensive income	-	-	-	1.2	1.2
Balance as at 31 July 2010	37.3	86.4	(0.8)	(64.0)	58.9
Profit for the 6 months ended 29 January 2011	-	-	-	10.6	10.6
Dividends paid	-	-	-	(9.1)	(9.1)
Other comprehensive loss	-	-	-	(0.7)	(0.7)
Balance as at 29 January 2011	37.3	86.4	(0.8)	(63.2)	59.7
Profit for the 6 months ended 30 July 2011	-	-	-	5.3	5.3
Dividends 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**

Condensed Group Cash Flow Statement
for the 26 weeks ended 30 July 2011

	26 weeks to 30 July 2011 (unaudited) £m	26 weeks to 31 July 2010 (unaudited) £m	52 weeks to 29 January 2011 (audited) £m
Operating activities			
Cash generated from operations	**4.0**	5.3	29.1
Corporation tax paid	**(1.5)**	(3.2)	(8.4)
Dividends paid	**(7.3)**	-	(9.1)
Finance income	**0.1**	-	-
Finance cost	**-**	(0.1)	(1.0)
	(4.7)	2.0	10.6
Investing activities			
Purchase of property, plant and equipment	**(1.7)**	(0.5)	(1.6)
Sale of property, plant and equipment	**-**	12.3	12.1
	(1.7)	11.8	10.5
Net (decrease)/increase in cash and cash equivalents	**(6.4)**	13.8	21.1

Reconciliation of Net Cash Flow to Movement in Net Funds
for the 26 weeks ended 30 July 2011

	26 weeks to 30 July 2011 (unaudited) £m	26 weeks to 31 July 2010 (unaudited) £m	52 weeks to 29 January 2011 (audited) £m
Net (decrease)/increase in cash and cash equivalents / change in net funds resulting from cash flows	**(6.4)**	13.8	21.1
Net funds at the beginning of the period	**38.5**	17.4	17.4
Net funds at the end of the period	**32.1**	31.2	38.5

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 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 29 January 2011, which were prepared in accordance with International Financial Reporting Standards as adopted by the EU. The statutory audited accounts for the year ended 29 January 2011 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.

Impact of Changes to Accounting Standards

Changes in Accounting Policy
An amendment to IAS 38 *Intangible Assets* requires that all marketing and production costs of the Group be recognised in the Group statement of comprehensive income as incurred rather than during the season that the costs relate to, resulting in a reduction in the net assets after tax at the previous balance sheet dates prior to 31 January 2009 by £1.6 million retrospectively. Adjustments of £1.3 million and £0.3 million were made at 31 July 2010 and 29 January 2011 respectively.

Fixed Asset Adjustment in Subsidiary Company
Costs of short leases under land and buildings amounting to £0.2 million were written off against the prior year reserves of Laura Ashley S.A. in France. There was no tax impact for this adjustment.

The result of the above changes is shown as follows:-

	£m
Inventories	(0.8)
Trade and other receivables	(1.2)
Prior year corporation tax	0.4
Fixed asset adjustment in subsidiary company	(0.2)
Retained earnings	(1.8)

Notes continued

2. Segmental Analysis

	26 weeks to 30 July 2011 Total (unaudited) £m	26 weeks to 31 July 2010 Total (unaudited) £m	52 weeks to 29 January 2011 Total (audited) £m
Revenue			
Stores	**102.2**	104.1	220.7
E-Commerce & Mail Order	**19.1**	18.5	37.8
Total retail	**121.3**	122.6	258.5
Non-retail	**14.0**	12.5	26.5
Total revenue	**135.3**	135.1	285.0
Retail			
Contribution:			
Stores	**7.9**	*6.4	22.0
E-Commerce & Mail Order	**3.9**	4.7	9.8
Total contribution	**11.8**	11.1	31.8
Indirect overhead costs	**(10.3)**	(10.2)	(19.0)
Finance income	**0.1**	-	-
Finance costs	**-**	(0.1)	(1.0)
Profit before taxation	**1.6**	0.8	11.8
Non-Retail			
Contribution	**5.0**	*9.4	11.8
Share of profit of associate	**0.4**	0.3	0.5
Profit before taxation	**5.4**	9.7	12.3
Total Retail & Non-Retail			
Contribution	**16.8**	20.5	43.6
Indirect overhead costs	**(10.3)**	(10.2)	(19.0)
Share of profit of associate	**0.4**	0.3	0.5
Finance income	**0.1**	-	-
Finance costs	**-**	(0.1)	(1.0)
Profit before taxation	**7.0**	10.5	24.1

* Reclassification of exceptional items amounting to £4.8 million from retail contribution to non-retail contribution.

Notes continued

2. Segmental Analysis (continued)

	26 weeks to 30 July 2011 Total (unaudited) £m	26 weeks to 31 July 2010 Total (unaudited) £m	52 weeks to 29 January 2011 Total (audited) £m
Non-Current Assets			
Destination			
UK, Ireland and France	**27.9**	29.4	27.7
Continental Europe	**0.2**	0.4	0.3
Other	**4.3**	4.6	4.1
Total non-current assets	**32.4**	34.4	32.1
Revenue			
Destination			
UK, Ireland and France	**121.3**	122.4	258.5
Continental Europe	**2.9**	3.3	6.1
Other	**11.1**	9.4	20.4
Total revenue	**135.3**	135.1	285.0

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 a significant element of the indirect overhead costs arises 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 and E-Commerce. Non-retail revenue includes Licensing, Franchising and Manufacturing.

Contribution is stated after deducting direct operating expenses, buying, marketing and administrative costs.

Notes continued

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. No tax charge arises on the exceptional income due to the availability of capital losses in the Group.

4. Earnings per Share

	26 weeks to 30 July 2011 (unaudited)	26 weeks to 31 July 2010 (unaudited)	52 weeks to 29 January 2011 (audited)
Profit for the financial period (£m)	**5.3**	8.7	19.3
Weighted average number of ordinary shares - basic and diluted ('000)	**727,763**	727,763	727,763
Earnings per share	**0.73p**	1.20p	2.65p
Adjusted earnings per share (excluding exceptional items)	**0.77p**	0.53p	1.99p

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).

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

	26 weeks to 30 July 2011 (unaudited) £m	**26 weeks to 31 July 2010 (unaudited) £m**	52 weeks to 29 January 2011 (audited) £m
Profit from operations	**6.5**	**10.3**	24.6
Depreciation charge	**2.6**	**2.7**	5.4
Profit on sale of property, plant and equipment	**-**	**(4.0)**	(4.0)
Exchange movement on property, plant and equipment	**-**	**-**	0.1
Decrease/(increase) in inventories	**3.5**	**(3.5)**	(0.7)
Decrease/(increase) in receivables	**1.5**	**(0.2)**	(0.5)
(Decrease)/increase in payables	**(10.1)**	**-**	3.7
Movements in provisions	**-**	**-**	0.5
Net cash inflow from operating activities	**4.0**	**5.3**	29.1

Notes continued

6. Related Party Transactions

The related party transactions that have occurred in the 26 weeks ended 30 July 2011 are not materially different in size or nature to those reported in the Company's Annual Report for the financial year ended 29 January 2011.

7. Exceptional Item

The Company and a related company, Laura Ashley, Inc. (Master US Licensee), were co-respondents in defending an action against them in respect of a trademark litigation with a company in the United States. On 13 May 2011, the panel presiding over the case awarded final damages of US$1,302,923 to the claimant. The Company has accounted for a further £0.3m cost and the case is now closed.