



Whittard
O F C H E L S E A

INTERIM REPORT

**FOR THE SIX MONTHS
ENDED 30 NOVEMBER 1998**

Whittard of Chelsea Plc

CHAIRMAN'S STATEMENT

I am pleased to present the Company's unaudited interim results for the half year to 30 November 1998.

In the six months to 30 November 1998 the pre tax profit for the Company was £284,000 (1997 £433,000). In a very difficult period for most retailers, we have suffered a like for like drop in sales. Total sales grew by 19% to £16.9m (1997 £14.2m). Sales grew through a combination of new store openings and some investment of gross margin to protect market share. While painful in the short term, this activity underpins the long term value of the brand.

Our confidence in long term prospects is reflected in an interim dividend maintained at 1.15p per share (1997 1.15p per share).

The retail environment remains challenging and the Board expect results for the year to May 1999 to fall below last year's record levels.

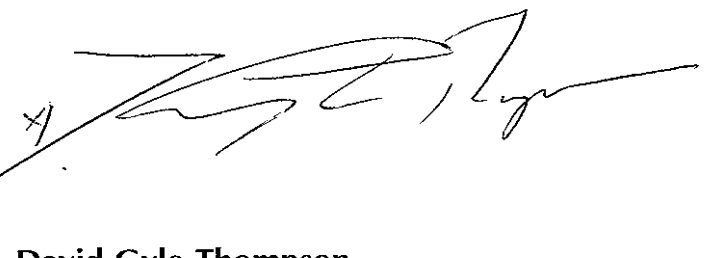
There were 118 shops trading in the U.K. at the end of November 1998 against 108 in November 1997. Five further stores are contracted to open in the second half.

The Board's strategy of building on organic growth and avoiding debt has given us the strength to maintain profitability in a difficult time. We continue to develop the business and test new formats.

The factory outlet format now trades in nine units, with lease negotiations proceeding for a further four openings. The t bar was opened in September in Baker Street and will be assessed for potential rollout in the Spring when we have accumulated sufficient trading history.

Overseas, two more franchise stores opened in Kuwait and Saudi Arabia. Negotiations are in hand for two further territories. In total seven stores operate overseas under franchise agreements while the Company operates two stores in France. During the first half our business in Japan stabilised.

Since the period end, Christmas sales improved on the trend in the year to date but remained slightly under last year like for like.



David Gyle-Thompson

Chairman

1 February 1999

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. The figures for the six months have not been audited but have been prepared under the same accounting policies as applied for the accounts for the year ended 31 May 1998.
2. The exceptional administrative expense relates to the costs associated with the Introduction of the Company's shares to the Official List.
3. The taxation charge for the six months is based on the estimated effective rate of tax for the year ended 31 May 1999.
4. The dividend in the figures to 30 November 1998 relates to the 1998/99 interim dividend of 1.15p per share (1997 1.15p), to be paid on 24 February 1999 to shareholders on the Register at 12 February 1999.
5. The calculation of basic earnings per share is based upon profit on ordinary activities after taxation and on the weighted average number of shares in issue during the six months ended 30 November 1998 - 16,385,189 (1997 - 16,384,809).
6. The results shown above for the year ended 31 May 1998 are an abridged version of the Company's full accounts, which carried an unqualified audit report.
7. Copies of this interim report will be posted to shareholders. Further copies can be obtained from the Company's registered office at Union Court, 22 Union Road, London SW4 6JQ and the offices of the Company's stockbroker, Henderson Crosthwaite Institutional Brokers, 32 St Mary at Hill, London EC3P 3AJ.

UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30 November 1998

	30 November 1998 £'000	30 November 1997 £'000	31 May 1998 £'000
FIXED ASSETS			
Tangible assets	4,997	4,635	4,702
Investments	<u>1</u>	<u>1</u>	<u>1</u>
	4,998	4,636	4,703
CURRENT ASSETS			
Stock	4,067	4,141	2,723
Debtors	1,910	1,053	1,455
Cash at bank and in hand	<u>558</u>	<u>746</u>	<u>2,179</u>
	6,535	5,940	6,357
CURRENT LIABILITIES	<u>(5,571)</u>	<u>(5,788)</u>	<u>(5,089)</u>
NET CURRENT ASSETS	<u>964</u>	<u>152</u>	<u>1,268</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	5,962	4,788	5,971
Deferred taxation	<u>(84)</u>	<u>(50)</u>	<u>(84)</u>
	5,878	4,738	5,887
Share capital	819	819	819
Share premium	2,546	2,545	2,546
Profit and loss account	<u>2,513</u>	<u>1,374</u>	<u>2,522</u>
	5,878	4,738	5,887

UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 November 1998

	Notes	Six months ended 30 November 1998 £'000	1997 £'000	Year ended 31 May 1998 £'000
TURNOVER		16,863	14,222	32,456
Cost of sales		<u>(15,481)</u>	<u>(12,711)</u>	<u>(27,297)</u>
GROSS PROFIT		1,382	1,511	5,159
Selling and distribution costs		(282)	(243)	(513)
Administrative expenses		(864)	(704)	(1,748)
Exceptional administrative expenses	2	<u>—</u>	<u>(140)</u>	<u>(140)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		236	424	2,758
Interest receivable and similar income		55	14	66
Interest payable and similar charges		<u>(7)</u>	<u>(5)</u>	<u>(10)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		284	433	2,814
Tax on profit on ordinary activities	3	<u>(105)</u>	<u>(205)</u>	<u>(1,019)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		179	228	1,795
Dividends	4	<u>(188)</u>	<u>(188)</u>	<u>(607)</u>
		<u>(9)</u>	<u>40</u>	<u>1,188</u>
EARNINGS PER SHARE	5	<u>1.1p</u>	<u>1.4p</u>	<u>11.0p</u>



Whittard
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