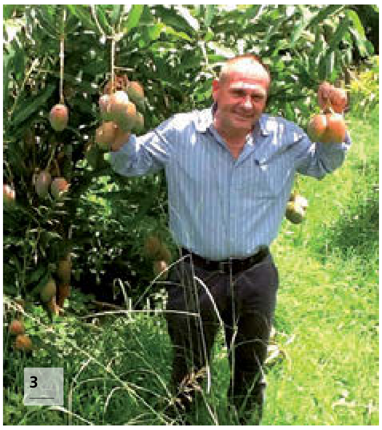
Pittards®
WORLD CLASS LEATHER

PITTARDS PLC
INTERIM RESULTS 2014

Pittards is a global brand supplying premium leather and leather products, working with leading international brands, retailers and manufacturers. Our future strategy is founded upon product innovation, targeted marketing and efficient logistics, together with the development of new raw material sources.



1

For the first time at the Royal Bath & West Show, Pittards exhibited their full range of leather goods including bags, garments, dress gloves and the popular Pittards pouches. It was a fantastic opportunity to show the public what Pittards now offers following the expansion of the Design Centre in Yeovil.

2

Star employees at Pittards Product Manufacturing were recognised for their hard work and dedication to the company in an award ceremony in February in Addis Ababa where twenty PPM employees received the certificate of merit from Master Alison Gowman of the Worshipful Company of Glovers of London during her week long visit to Ethiopia.

3

Ethiopia Tannery Share Company planted their two hectare (700 tree) mango farm in the year 2007/2008 to celebrate the Ethiopian Millennium. It serves as an inspirational model for Ethiopian farmers to demonstrate just how quickly produce can flourish into a significant crop and can also be used as a demonstration site for the local Ejersa school.The fruits are enjoyed by employees at the factory as a supplementary source of nutrition.

4

Strictly Come Dancing Star Ola Jordan has been photographed at a recent event in London with two of our newly launched Pittards England leather bags; shown here is the NYC City Clutch.The Pittards England bags are designed and handcrafted here in Somerset using Pittards' naturally soft aniline leathers to create products which are rich in heritage but still exude modern appeal.

5

World famous distance runner Haile Gebrselassie is now a prominent businessman in Addis Ababa as well as one of sport's elder statesmen. There was great excitement at the PPM factory when he popped in to meet Reg Hankey, CEO, and catch up on latest developments.

6

Baroness Chalker, former Minister of State for Overseas Development and Africa and Chairman of Africa Matters Ltd has visited both our PPM factory in Addis Ababa and our Yeovil factory in recent months so is uniquely placed to vouch for the consistent quality of our products across the two continents.

7

Pittards' England Collection leather skirt featured prominently in the Telegraph fashion pages. The kilted style is made from Pittards soft glove-tanned leather and both leather and the skirt were manufactured at its Somerset HQ. Working as one team from the start of the leather making to the final stitch results in beautiful garments with a bespoke attention to detail.

8

FootJoy's DNA golf shoe uses Pittards Chromoskin™ Leather system which offers superior waterproof performance alongside our characteristic lightness and suppleness. It has been a big hit with golfers all round the world.

Chairman's interim statement

The increasing strength of sterling throughout the first six months of 2014 was a material issue for the business as a significant proportion of sales are invoiced in US dollars and euros. Turnover for the period was £17.4m, compared with £18.4m achieved in 2013. In fact, underlying sales in foreign currencies were slightly increased and had the dollar and euro exchange rates been the same as those prevailing for the first half of 2013, the turnover would have been £18.7m.

Improving sales in our industrial and dress glove manufacturing businesses in Ethiopia were offset by shortfalls in demand for dress glove leathers, which is very weather sensitive and suffered from a mild start to 2013/14 winter worldwide which impacted adversely on glove sales. The other shortfall was military leather, where draw downs from contracts already in place were slow.

Gross margins reduced from 21% to 19% year on year reflecting the reduction in sales due to the strength of sterling, partly offset by some benefit from raw materials purchased in dollars. In the light of this, cost savings were implemented. Distribution and administrative expenses were reduced by £0.331m compared to the prior year.

The profit from operations reduced to £0.504m from £1.099m in the prior year as a result of the above factors and the loss on foreign currency translation.

Net finance costs increased slightly from £0.165m to £0.204m as proportionately more of our borrowings were in Ethiopia where interest rates are substantially higher. This was because we decided to pay our suppliers of raw materials more quickly to secure supplies of suitable hides and skins at better prices, thus helping gross margin. This consequently affected gearing as trade payable balances reduced and borrowings increased and gearing increased from 42% at December 2013 to 45% at 30 June, which was nonetheless still within our target of less than 50%.

After a small tax charge of £0.038m (2013: £0.019m) made up of withholding tax on royalty receipts from Ethiopia and a deferred tax movement the profit after taxation was £0.284m (2013: £0.935m).

Net assets of £16.8m remained at a similar level to 2013 year end and the reduced dress glove leather sell through noted earlier meant that inventory levels were virtually unchanged.

Our global presence as one of the few branded leather producers around the world is reinforced as we continue to exhibit at all the major trade fairs and we were delighted to be visited on our stand at the All Africa Leather Fair in Addis Ababa in February by the new President of Ethiopia, HE Mulatu Teshome Wirtu.

The recently created consumer product division in the UK has recently gained sterling denominated contracts from some prestigious British brands and is currently very busy, having started the year quietly. We have now launched our first Pittards England collection of handbags, available in both our shop and on line (www.pittardsonline.com) which has been well received and is increasingly being picked up in the fashion press.

Relationships with our key customer FootJoy remain strong and volumes of shoe leathers supplied to them have increased as their DNA golf shoe, which was launched in early 2014 and features Pittards Chromoskin leather system, has been a great success.

Our glove manufacturing in Ethiopia, though still relatively small, continues to build.

Although the strength of sterling was a major challenge in the first half of the year it has moderated in the last couple of months and we believe there are good opportunities for growth. With a good product base and tight control of costs we look forward to a stronger second half result.

Stephen Boyd Chairman
17 September 2014

Consolidated income statement (unaudited)

for the six months ended 30 June 2014

Year ended 31 December 2013 £'000		Note	**Six months ended 30 June 2014 £'000**	Six months ended 30 June 2013 £'000
35,813	**Revenue**		**17,434**	18,431
(28,487)	Cost of sales		**(14,182)**	(14,600)
7,326	**Gross profit**		**3,252**	3,831
(2,279)	Distribution costs		**(1,043)**	(1,227)
(3,121)	Administrative expenses		**(1,599)**	(1,747)
78	Administrative expenses – gain (loss) on foreign currency translation		**(106)**	242
2,004	**Profit from operations before finance costs**		**504**	1,099
(350)	Finance costs		**(204)**	(165)
58	Finance income		**22**	20
1,712	**Profit before taxation**		**322**	954
(265)	Taxation charge	2	**(38)**	(19)
1,447	**Profit for the period after taxation**		**284**	935
	Profit attributable to:			
1,449	Owners of the parent		**286**	935
(2)	Non-controlling interest		**(2)**	–
1,447			**284**	935
	Earnings per share attributable to equity shareholders of the parent	1		Restated (Note 1)
15.68p	– basic		**3.07p**	10.12p
15.68p	– diluted		**3.07p**	10.12p

Consolidated statement of comprehensive income (unaudited)

for the six months ended 30 June 2014

Year ended 31 December 2013 £'000		**Six months ended 30 June 2014 £'000**	Six months ended 30 June 2013 £'000
1,447	**Profit for the period after taxation**	**284**	935
	Other comprehensive income (expense)		
	Items that will not be reclassified to profit or loss		
139	Revaluation of land and buildings	**–**	–
139		**–**	–
	Items that may be subsequently reclassified to profit or loss		
(469)	Unrealised exchange (loss) gain on translation of overseas subsidiaries	**(401)**	327
(469)		**(401)**	327
(330)	**Other comprehensive (expense) income**	**(401)**	327
1,117	**Total comprehensive income (expense) for the period**	**(117)**	1,262
	Total comprehensive income (expense) attributable to:		
1,131	Owners of the parent	**(105)**	1,254
(14)	Non-controlling interest	**(12)**	8

Consolidated statement of changes in equity (unaudited)

for the six months ended 30 June 2014

	Share capital £'000	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Retained earnings £'000	Translation reserve £'000	Shares held by ESOP £'000	Revaluation reserve £'000	Share options reserve £'000	Total attributable to owners of the parent £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2013	**4,631**	**5,250**	**8,158**	**6,475**	**(7,413)**	**(2,417)**	**(495)**	**1,370**	**48**	**15,607**	**188**	**15,795**
Comprehensive income for the period												
Profit for the year after taxation	–	–	–	–	935	–	–	–	–	935	–	935
Other comprehensive income												
Unrealised exchange loss on translation of foreign subsidiaries	–	–	–	–	–	258	–	61	–	319	8	327
Gain on the revaluation of buildings	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	935	258	–	61	–	1,254	8	1,262
Transactions with owners												
Proceeds from shares issued	–	–	–	–	–	–	–	–	–	–	–	–
Reserves transfer	–	(5,250)	(8,158)	–	13,408	–	–	–	–	–	–	–
Total transactions with owners	–	(5,250)	(8,158)	–	13,408	–	–	–	–	–	–	–
At 30 June 2013	**4,631**	**–**	**–**	**6,475**	**6,930**	**(2,159)**	**(495)**	**1,431**	**48**	**16,861**	**196**	**17,057**
Comprehensive income for the period												
Profit for the year after taxation	–	–	–	–	514	–	–	–	–	514	(2)	512
Other comprehensive income												
Unrealised exchange loss on translation of foreign subsidiaries	–	–	–	–	–	(632)	–	(153)	–	(785)	(11)	(796)
Gain (loss) on the revaluation of buildings	–	–	–	–	–	–	–	148	–	148	(9)	139
Total comprehensive income for the period	–	–	–	–	514	(632)	–	(5)	–	(123)	(22)	(145)
Transactions with owners												
Reserves transfer	–	–	–	–	48	–	–	–	(48)	–	–	–
Total transactions with owners	–	–	–	–	48	–	–	–	(48)	–	–	–
At 1 January 2014	**4,631**	**–**	**–**	**6,475**	**7,492**	**(2,791)**	**(495)**	**1,426**	**–**	**16,738**	**174**	**16,912**
Comprehensive income for the period												
Profit for the year after taxation	–	–	–	–	286	–	–	–	–	286	(2)	284
Other comprehensive income												
Unrealised exchange loss on translation of foreign subsidiaries	–	–	–	–	–	(313)	–	(78)	–	(391)	(10)	(401)
Total comprehensive income for the period	–	–	–	–	286	(313)	–	(78)	–	(105)	(12)	(117)
At 30 June 2014	**4,631**	**–**	**–**	**6,475**	**7,778**	**(3,104)**	**(495)**	**1,348**	**–**	**16,633**	**162**	**16,795**

Consolidated balance sheet (unaudited)

as at 30 June 2014

31 December 2013 £'000		Note	**30 June 2014 £'000**	30 June 2013 £'000
	ASSETS			
	Non-current assets			
6,095	Property, plant and equipment		**5,857**	6,246
164	Intangible assets		**198**	135
1,194	Deferred income tax asset	3	**1,438**	1,567
2	Available for sale financial instruments		**1**	2
7,455	**Total non-current assets**		**7,494**	7,950
	Current assets			
15,441	Inventories		**15,682**	15,597
5,312	Trade and other receivables		**6,558**	6,497
522	Cash and cash equivalents		**362**	675
84	Current income tax recoverable		**84**	75
606	Deferred income tax asset	3	**342**	433
21,965	**Total current assets**		**23,028**	23,277
29,420	**Total assets**		**30,522**	31,227
	LIABILITIES			
	Current liabilities			
(27)	Deferred income tax liability		**(25)**	–
(4,868)	Trade and other payables		**(5,796)**	(6,829)
(6,196)	Interest bearing loans, borrowings and overdrafts		**(6,865)**	(6,478)
(11,091)	**Total current liabilities**		**(12,686)**	(13,307)
	Non-current liabilities			
(1,417)	Interest bearing loans, borrowings and overdrafts		**(1,041)**	(863)
(1,417)	**Total non-current liabilities**		**(1,041)**	(863)
(12,508)	**Total liabilities**		**(13,727)**	(14,170)
16,912	**Net assets**		**16,795**	17,057
	EQUITY			
4,631	Share capital		**4,631**	4,631
6,475	Capital reserve		**6,475**	6,475
(495)	Shares held by ESOP		**(495)**	(495)
7,492	Retained earnings		**7,778**	6,930
(2,791)	Translation reserve		**(3,104)**	(2,159)
1,426	Revaluation reserve		**1,348**	1,431
–	Share options reserve		**–**	48
16,738	**Total equity attributable to owners of the parent**		**16,633**	16,861
174	Non-controlling interest		**162**	196
16,912	**Total equity**		**16,795**	17,057

Statement of cash flows (unaudited)

for the six months ended 30 June 2014

Year ended 31 December 2013 £'000		Note	**Six months ended 30 June 2014 £'000**	Six months ended 30 June 2013 £'000
	Cash flows from operating activities			
(685)	Cash used in operations	*4*	**(158)**	(449)
(63)	Tax paid		**(10)**	(64)
(334)	Interest paid		**(193)**	(133)
(1,082)	**Net cash used in operating activities**		**(361)**	(646)
	Cash flows from investing activities			
(358)	Purchases of property, plant and equipment		**(192)**	(225)
(57)	Purchases of intangible assets		**(41)**	(26)
(415)	**Net cash used in investing activities**		**(233)**	(251)
	Cash flows from financing activities			
1,265	Loan financing		**733**	–
(1,092)	Repayment of bank loans		**(431)**	(710)
–	New finance lease obligations		**–**	68
(38)	Repayment of obligations under finance leases		**(23)**	(13)
198	**Net cash generated from (used in) financing activities**		**279**	(655)
(1,299)	**Decrease in cash and cash equivalents**		**(315)**	(1,552)
(3,105)	Cash and cash equivalents at beginning of period		**(4,388)**	(3,105)
16	Exchange gains (losses) on cash and cash equivalents		**16**	(12)
(4,388)	**Cash and cash equivalents at end of period**		**(4,687)**	(4,669)

Notes (unaudited)

1. Earnings per share attributable to equity shareholders of the parent

On 15 January 2014 the shareholders approved a 1:50 share consolidation which changed the structure of the share capital from 463,101,933 1p shares to 9,262,039 50p shares. The new holdings have been reflected in this report.

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year excluding the shares owned by the Pittards employee share ownership trust.

Year ended 31 December 2013 £'000		**Six months ended 30 June 2014 £'000**	Six months ended 30 June 2013 £'000
1,449	Profit attributable to equity holders of the company	**284**	935
Shares '000		**Shares '000**	Shares '000
9,243	Weighted average number of ordinary shares in issue	**9,243**	9,243

(b) Diluted

Diluted earnings per share is not presented as there are no outstanding warrants or share options that could have a dilutive effect.

2. Taxation

Year ended 31 December 2013 £'000		**Six months ended 30 June 2014 £'000**	Six months ended 30 June 2013 £'000
	Analysis of the charge in the period		
	The charge based on the profit for the year comprises:		
–	Corporation tax on profit for the year	–	–
36	Foreign tax	**18**	19
36	**Total current tax**	**18**	19
	Deferred tax		
40	Origination and reversal of temporary differences	**20**	–
189	Impact of change in UK tax rate	**–**	–
229	**Total deferred tax**	**20**	–
265	**Income tax charge**	**38**	19

Notes (unaudited) continued

3. Deferred taxation

The Group has recognised and unrecognised deferred tax assets in respect of temporary differences and losses.

Year ended 31 December 2013 £'000		**Six months ended 30 June 2014 £'000**	Six months ended 30 June 2013 £'000
	Deferred tax assets		
1,194	Deferred tax asset to be recovered after more than 12 months	**1,438**	1,567
606	Deferred tax asset to be recovered within 12 months	**342**	433
1,800	Total	**1,780**	2,000
	Deferred tax liabilities		
–	Deferred tax liability to be realised after more than 12 months	**–**	–
(27)	Deferred tax liability to be realised within 12 months	**(25)**	–
(27)	Total	**(25)**	–
1,773	Deferred tax asset (net)	**1,775**	2,000

4. Cash used in operations

Year ended 31 December 2013 £'000		**Six months ended 30 June 2014 £'000**	Six months ended 30 June 2013 £'000
1,712	**Profit before taxation**	**322**	954
	Adjustments for:		
355	Depreciation of property plant and equipment	**192**	353
5	Amortisation	**6**	3
(44)	Other non-cash items in Income Statement	**(17)**	3
334	Bank and other interest charges	**193**	133
2,362	**Operating cash flows before movement in working capital**	**696**	1,446
	Movements in working capital (excluding exchange differences on consolidation)		
(1,541)	Increase in inventories	**(593)**	(1,021)
(963)	Increase in trade and other receivables	**(1,474)**	(1,822)
(543)	Increase in trade and other payables	**1,213**	948
(685)	**Cash used in operations**	**(158)**	(449)

Notes (unaudited) continued

5. Basis of preparation

The financial information contained in this interim statement has not been audited or reviewed by the Company's auditor and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The directors approved and authorised this interim statement for issue on 17 September 2014.The financial information for the full preceding year is extracted from the statutory accounts for the financial year ended 31 December 2013. Those accounts, upon which the auditor issued an unqualified opinion, have been delivered to the Registrar of Companies. The auditor's report did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Pittards plc is a public limited company incorporated and domiciled under the Companies Act 2006 in England. It is quoted on the Alternative Investment Market ("AIM").

These financial statements are presented in sterling as that is considered to be the functional currency of the primary economic environment in which the Group operates.

As permitted this interim report has been prepared in accordance with UK AIM listing rules and not in accordance with IAS 34 "Interim Financial Reporting" therefore it is not fully in compliance with IFRS.

The report containing the interim financial information is to be sent direct to shareholders. Copies of the report are available to the public from the registered office of Pittards plc. The address of the registered office is: Pittards plc, Sherborne Road, Yeovil, Somerset BA21 5BA.

Designed and produced by Robson Dowry. Printed in England by Taylor Brothers.
In keeping with Pittards' environmental policy this report has been printed on an environmentally responsible paper that has been manufactured using environmentally friendly technologies and follows strict European environmental legislation. The paper is made from Elemental Chlorine Free (ECF) pulp obtained from sustainable wood forests.

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