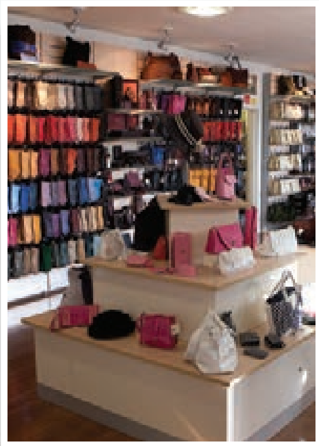
Pittards®
WORLD CLASS LEATHER

PITTARDS PLC
INTERIM RESULTS 2015

Pittards is a global brand supplying premium leather and leather products, working with leading international brands, retailers and manufacturers.



The Yeovil factory, which we bought back in June following the successful fund raising, is the innovations hub of our business. We manufacture high quality sheepskin and bovine leathers for a variety of end uses here, plus premium Pittards England and Daines & Hathaway leather goods and it is also the site of our first retail unit.

The Pittards brand has started to appear in a variety of media this year with the new Pittards England duffle bag in ES Magazine, the Pittards England NYC clutch bag on fashion blog “So many lovely things” and the watch roll on Instagram site @gmtfanatic

Chairman's interim statement

During the first half of 2015, we delivered an improved profit in line with expectations; increased gross margins more than made up for lower sales volumes as we benefitted from more favourable currency movements. Pittards remains a global brand dedicated to the manufacture of innovative, high performance leather and more recently the design and production of leather goods.

Turnover was down at £15.6m (2014 £17.4m) in the first half of 2014 due to reduced volume in the dress glove and military sectors although the gross margin improved from 19% to 22% reflecting more favourable exchange rates, in particular a stronger dollar.

Profit before finance costs increased to £0.8m (2014 £0.5m) largely as a result of the improved gross margin and a reduction in administrative expenses to £1.6m (2014 £1.7m).

There was a small tax charge of £0.2m arising mainly from the reversal of timing differences affecting the deferred taxation asset.

Profit attributable to shareholders increased to £0.4m (2014 £0.3m) and basic earnings per share increased to 4.42 pence per share (2014 3.07 pence per share).

Net assets increased from £18.3m at the end of December 2014 to £23.8m mainly as a result of the purchase of the freehold at Yeovil and the fundraising.

Fund raising

The successful fund raising in June 2015, which raised £5.3m net of expenses, was undertaken to finance the purchase of the freehold of the Group's UK manufacturing and head office site in Yeovil and to generate additional working capital.

Following the completion of the fundraising, the freehold of the UK site was successfully purchased for £3.8m inclusive of expenses. This purchase was financed by £1.7m of the funds raised and a ten year term loan of £2.1m from the Group's bankers. The interest and loan repayments will be slightly less than the rental of £0.272m per annum that was being paid previously.

The development of the Group's business has been constrained for a number of years by a lack of fixed and working capital. The funds raised in excess of that required for the purchase of the freehold will be used to invest in developing the Group's business.

Borrowings

Following the fundraising, the Group has a combination of long and short term facilities of £8.6m from its main UK bankers. The Group has adequate facilities to develop its business and at 30 June 2015, £3.6m of the Group's UK facilities was drawn down.

Non-executive directors

The Board has been strengthened by the appointment of Louise Cretton, who previously served as a non-executive director of the Company from April 2001 to December 2013, and the appointment of Stephen Yapp as non-executive directors. These appointments extend the Board's skill set and provide a better balance for pursuing our objective of creating shareholder value over the medium term.

Jan Holmstrom, who had been a non-executive director for 5 years stepped down from the Board on 4 June. I would like to take this opportunity to thank Jan for his contribution to the Group.

As previously announced, I will be retiring as Chairman at the Annual General Meeting in May 2016 and it is intended that Stephen Yapp will succeed me in this role.

Market conditions

Looking ahead, the indications are that the world market for finished leather products will be suppressed in the short term, impacted by slower growth in emerging markets notably China and Russia and the risk of wider economic uncertainty causing further financial market volatility. Nevertheless, according to the World Economic Outlook, the underlying drivers for a gradual acceleration in economic activity in advanced economies including lower fuel prices, easy financial conditions and confidence remain intact.

Outlook

Following the successful fund raising, we are investing to drive our business forward in the longer term and have taken the opportunity to close a location in Walsall and relocate production to our newly acquired site in Yeovil.

The current order book is below our expectations and reflects the lower level of demand that has become evident during July and August. This trend was confirmed at the major international trade fairs attended recently, where it was clear that activity levels in the leather industry are currently depressed and likely to remain so in the medium term.

As a result of the factors explained above, sales and profits in the second half are expected to be below market expectations.

Looking further forward, a number of new opportunities are starting to appear and these could begin to have an impact in the second half of 2016.

We are in the process of reviewing our strategy for the next three years to validate, and, where appropriate, reset our priorities. Consequently, we anticipate continuing to make substantial investments in people and training, during 2016, in order to facilitate the delivery of our strategic priorities to meet our customers' evolving needs and deliver superior shareholder value in the longer term.

Stephen Boyd Chairman
21 September 2015

Consolidated income statement (unaudited)

for the six months ended 30 June 2015

Year ended 31 December 2014 £'000		Note	**Six months ended 30 June 2015 £'000**	Six months ended 30 June 2014 £'000
34,729	**Revenue**		**15,623**	17,434
(27,696)	Cost of sales		**(12,239)**	(14,182)
7,033	**Gross profit**		**3,384**	3,252
(2,001)	Distribution costs		**(1,016)**	(1,043)
(3,061)	Administrative expenses		**(1,616)**	(1,705)
1,971	**Profit from operations before finance costs**		**752**	504
(427)	Finance costs		**(218)**	(204)
45	Finance income		**21**	22
1,589	**Profit before taxation**		**555**	322
(479)	Taxation charge	2	**(118)**	(38)
1,110	**Profit for the period after taxation**		**437**	284
	Profit attributable to:			
1,115	Owners of the parent		**442**	286
(5)	Non-controlling interest		**(5)**	(2)
1,110			**437**	284
	Earnings per share attributable to equity shareholders of the parent	1		
12.06p	– basic		**4.42p**	3.07p
12.06p	– diluted		**4.42p**	3.07p

Consolidated statement of comprehensive income (unaudited)

for the six months ended 30 June 2015

Year ended 31 December 2014 £'000		**Six months ended 30 June 2015 £'000**	Six months ended 30 June 2014 £'000
1,110	**Profit for the period after taxation**	**437**	284
	Other comprehensive income (expense)		
	Items that will not be reclassified to profit or loss		
245	Revaluation of land and buildings	**–**	–
245		**–**	–
	Items that may be subsequently reclassified to profit or loss		
41	Unrealised exchange (loss) gain on translation of overseas subsidiaries	**(241)**	(401)
41		**(241)**	(401)
286	**Other comprehensive (expense) income**	**(241)**	(401)
1,396	**Total comprehensive income (expense) for the period**	**196**	(117)
	Total comprehensive income (expense) attributable to:		
1,398	Owners of the parent	**207**	(105)
(2)	Non-controlling interest	**(11)**	(12)

Consolidated statement of changes in equity (unaudited)

for the six months ended 30 June 2015

	Share capital £'000	Share premium £'000	Capital reserve £'000	Retained earnings £'000	Translation reserve £'000	Shares held by ESOP £'000	Revaluation reserve £'000	Total attributable to owners of the parent £'000	Non-controlling interest £'000	Total equity £'000
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 other comprehensive income	–	–	–	286	(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**
Comprehensive income for the period										
Profit for the year after taxation	–	–	–	829	–	–	–	829	(3)	826
Other comprehensive income										
Gain on the revaluation of buildings	–	–	–	–	–	–	320	320	3	323
Unrealised exchange loss on translation of foreign subsidiaries	–	–	–	–	354	–	–	354	10	364
Total other comprehensive income	–	–	–	–	354	–	320	674	13	687
Total comprehensive income for the period	–	–	–	829	354	–	320	1,503	10	1,513
At 31 December 2014	**4,631**	**–**	**6,475**	**8,607**	**(2,750)**	**(495)**	**1,668**	**18,136**	**172**	**18,308**
Comprehensive income for the period										
Profit for the year after taxation	–	–	–	442	–	–	–	442	(5)	437
Other comprehensive income										
Gain on the revaluation of buildings	–	–	–	–	–	–	–	–	–	–
Unrealised exchange loss on translation of foreign subsidiaries	–	–	–	–	(178)	–	(57)	(235)	(6)	(241)
Total other comprehensive income	–	–	–	–	(178)	–	(57)	(235)	(6)	(241)
Total comprehensive income for the period	–	–	–	442	(178)	–	(57)	207	(11)	196
Transactions with owners										
Proceeds from share issue	2,313	2,984	–	–	–	–	–	5,297	–	5,297
Total transactions with owners	2,313	2,984	–	–	–	–	–	5,297	–	5,297
At 30 June 2015	**6,944**	**2,984**	**6,475**	**9,049**	**(2,928)**	**(495)**	**1,611**	**23,640**	**161**	**23,801**

Consolidated balance sheet (unaudited)

as at 30 June 2015

31 December 2014 £'000		Note	**30 June 2015 £'000**	30 June 2014 £'000
	ASSETS			
	Non-current assets			
6,560	Property, plant and equipment		**10,170**	5,857
187	Intangible assets		**176**	198
1,636	Deferred income tax asset	3	**1,363**	1,438
2	Available for sale financial instruments		**–**	1
8,385	**Total non-current assets**		**11,709**	7,494
	Current assets			
17,796	Inventories		**18,378**	15,682
4,896	Trade and other receivables		**5,165**	6,558
529	Cash and cash equivalents		**249**	362
–	Current income tax recoverable		**38**	84
164	Deferred income tax asset	3	**321**	342
23,385	**Total current assets**		**24,151**	23,028
31,770	**Total assets**		**35,860**	30,522
	LIABILITIES			
	Current liabilities			
(64)	Deferred income tax liability		**(62)**	(25)
(5,097)	Trade and other payables		**(4,881)**	(5,796)
(171)	Current income tax liability		**–**	–
(6,877)	Interest bearing loans, borrowings and overdrafts		**(3,216)**	(6,865)
(12,209)	**Total current liabilities**		**(8,159)**	(12,686)
	Non-current liabilities			
(1,253)	Interest bearing loans, borrowings and overdrafts		**(3,900)**	(1,041)
(1,253)	**Total non-current liabilities**		**(3,900)**	(1,041)
(13,462)	**Total liabilities**		**(12,059)**	(13,727)
18,308	**Net assets**		**23,801**	16,795
	EQUITY			
4,631	Share capital		**6,944**	4,631
–	Share premium		**2,984**	–
6,475	Capital reserve		**6,475**	6,475
(495)	Shares held by ESOP		**(495)**	(495)
8,607	Retained earnings		**9,049**	7,778
(2,750)	Translation reserve		**(2,928)**	(3,104)
1,668	Revaluation reserve		**1,611**	1,348
18,136	**Total equity attributable to owners of the parent**		**23,640**	16,633
172	Non-controlling interest		**161**	162
18,308	**Total equity**		**23,801**	16,795

Statement of cash flows (unaudited)

for the six months ended 30 June 2015

Year ended 31 December 2014 £'000		Note	**Six months ended 30 June 2015 £'000**	Six months ended 30 June 2014 £'000
	Cash flows from operating activities			
744	Cash generated from (used in) operations	*4*	**(292)**	(158)
(151)	Tax paid		**(202)**	(10)
(451)	Interest paid		**(191)**	(193)
142	**Net cash generated from (used in) operating activities**		**(685)**	(361)
	Cash flows from investing activities			
(607)	Purchases of property, plant and equipment		**(3,978)**	(192)
(35)	Purchases of intangible assets		**–**	(41)
(642)	**Net cash used in investing activities**		**(3,978)**	(233)
	Cash flows from financing activities			
1,063	Proceeds from borrowings		**3,922**	733
(680)	Repayment of bank loans		**(957)**	(431)
–	New finance lease obligations		**35**	–
(45)	Repayment of obligations under finance leases		**(20)**	(23)
–	Proceeds from share issue		**5,297**	–
338	**Net cash generated from financing activities**		**8,277**	279
(162)	**(Decrease) increase in cash and cash equivalents**		**3,614**	(315)
(4,388)	Cash and cash equivalents at beginning of period		**(4,551)**	(4,388)
(1)	Exchange (losses) gains on cash and cash equivalents		**14**	16
(4,551)	**Cash and cash equivalents at end of period**		**(923)**	(4,687)

Notes (unaudited)

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

On 5th June 2015 4,626,651 new Pittards shares were issued as a result of a Placing and Open Offer, taking the total share capital of the Company to 13,888,690 shares. These new shares are reflected in the weighted average number of shares presented below.

(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 2014 £'000		**Six months ended 30 June 2015 £'000**	Six months ended 30 June 2014 £'000
1,115	Profit attributable to equity holders of the company	**437**	284
Shares '000		**Shares '000**	Shares '000
9,243	Weighted average number of ordinary shares in issue	**9,886**	9,243

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

2. Taxation

Year ended 31 December 2014 £'000		**Six months ended 30 June 2015 £'000**	Six months ended 30 June 2014 £'000
	Analysis of the charge in the period		
	The charge based on the profit for the year comprises:		
217	Corporation tax on profit for the year	**–**	–
32	Foreign tax on profit for the year	**13**	18
193	Foreign tax related to prior years	**–**	–
442	**Total current tax**	**13**	18
	Deferred tax		
(49)	Origination and reversal of temporary differences	**105**	20
86	Impact of change in UK tax rate	**–**	–
37	**Total deferred tax**	**105**	20
479	**Income tax charge**	**118**	38

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 2014 £'000		**Six months ended 30 June 2015 £'000**	Six months ended 30 June 2014 £'000
	Deferred tax assets		
1,636	Deferred tax asset to be recovered after more than 12 months	**1,363**	1,438
164	Deferred tax asset to be recovered within 12 months	**321**	342
1,800	Total	**1,684**	1,780
	Deferred tax liabilities		
(64)	Deferred tax liability to be realised after more than 12 months	**(62)**	–
–	Deferred tax liability to be realised within 12 months	**–**	(25)
(64)	Total	**(62)**	(25)
1,736	Deferred tax asset (net)	**1,622**	1,775

4. Cash used in operations

Year ended 31 December 2014 £'000		**Six months ended 30 June 2015 £'000**	Six months ended 30 June 2014 £'000
1,589	**Profit before taxation**	**555**	322
	Adjustments for:		
407	Depreciation of property plant and equipment	**215**	192
12	Amortisation	**11**	6
(31)	Other non-cash items in Income Statement	**7**	(17)
451	Bank and other interest charges	**191**	193
2,428	**Operating cash flows before movement in working capital**	**979**	696
	Movements in working capital (excluding exchange differences on consolidation)		
(2,328)	Increase in inventories	**(835)**	(593)
437	Increase (decrease) in trade and other receivables	**(378)**	(1,474)
207	Increase (decrease) in trade and other payables	**(58)**	1,213
744	**Cash used in operations**	**(292)**	(158)

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 21 September 2015. The financial information for the full preceding year is extracted from the statutory accounts for the financial year ended 31 December 2014. 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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