

1 May 2008

**Land of Leather Holdings plc**  
**("Land of Leather" or the "Company")**

**Interim Management Statement**

Land of Leather, the UK's only national solely leather specialist upholstery retailer, announces its trading update for the 13 weeks ended Sunday 27 April 2008.

Trading period – 13 weeks to 27 April 2008

- Total sales order intake down 24.7%
- Like for like sales orders down 32.1% (Prior year comparative down 0.9%)

39 weeks ended 27 April 2008

- Total sales order intake down 9.8%
- Like for like sales orders down 20.7% (Prior year comparative down 0.8%)

Since the announcement of the interim results on the 27 March 2008, market conditions have remained challenging due to the increasing demands on consumers' disposable income and the continuing credit crunch. The third quarter results show a 32% decline over a two year period which we estimate is in line with the reduction in the market in that period.

Management's focus remains on delivering cost efficiencies commensurate with lower activity levels and on conserving cash. Actions have already been taken to reduce operating costs by approximately £11m on an annual basis, including cutting back on advertising and significantly reducing discretionary spend. We continue to look at ways of further reducing costs and improving efficiencies.

One new store was opened in Yeovil in the quarter. No additional store openings are planned until the retail conditions show signs of improvement.

Following the announcement on 1 April regarding The Sleep Depot, the group has moved quickly to reduce the loss of the concession rental income. We are pleased to announce that the company has entered into an agreement with Homestyle Group for it to take concession space in 28 of its stores. The Homestyle Group, part of Steinhoff International Holdings, will use this space for its bed division which includes Bensons, Sleepmasters and The Bed Shed. The agreement provides for a turnover related rent, to be paid on a monthly basis, estimated to yield in the region of £2m per annum in rent commencing on 1st June 2008 for a minimum of four years. The group continues to look at other options to maximizing the space remaining and will update shareholders in due course.

The Board expects market conditions to be challenging for the remainder of 2008, and particularly in the final quarter of the financial year where trading is against strong comparatives, but remains confident in the business' ability to increase profits quickly when consumer confidence returns.

**Enquiries:**

**Hudson Sandler**

James White

Tel: 020 7796 4133

**Land of Leather Holdings plc**

Clive Hatchard

Tel: 01474 543 291