

1 November 2007

Land of Leather Holdings plc
Interim Management Statement

Land of Leather, the UK's leading, specialist, national leather sofa retailer announces its interim management statement for the first quarter of the financial year ending 3 August 2008 which includes the 13 weeks ended Sunday 28th October 2007.

First quarter – 13 weeks to 28th October 2007

- Total sales order intake up 5% (2006: up 35%)
- Like for like sales orders down 9.2% (2006: up 5.1%)

As noted in the preliminary statement issued on 26th September 2007, the first quarter of the year is measured against a strong comparative first quarter of 2006 when we reported like for like sales up 5.1% and an increase in total sales orders of 35%. To illustrate the effect of this, on a two year basis, when comparing against the first quarter in 2005, the total sales orders are up broadly in line with store numbers at 40% and like for like sales orders are down only 0.4% on those stores open throughout the two years. Despite the strong comparatives, the like for like growth was still slightly below our expectations due to particularly difficult trading conditions in the Republic of Ireland.

We opened nine new stores in the first quarter of the financial year which included Wetherby, Grantham, Cannock, Wigan, Cardiff, Warrington, Southport, Drogheda and Wrexham. These new stores include five which were acquired from the administrator of the Klausner Group in June 2007. This brings our total number of stores to 103 as at 28th October 2007. We expect to open a further five new stores on Boxing Day 2007 and anticipate total new stores in the financial year ending 3rd August 2008 to be at least fifteen.

Commenting on the trading update Paul Briant, Chief Executive, said: "As expected, trading in the first quarter of the year has continued to be difficult as the full effect of the five interest rate increases filter through to the consumer and we were trading against strong comparatives. The second quarter of the year includes the important January sale period for which our product range and marketing plans are well advanced. As a result we remain confident in our ability to compete effectively in a tough trading environment."

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