

2 August 2007

Land of Leather Holdings plc

Trading Update

Land of Leather, the UK's leading, specialist, national leather sofa retailer announces its trading update for the year ended 29 July 2007.

The Board is pleased to announce that it expects to meet market expectations for the year and is confident of delivering future growth due to its significant store opening programme. Fifteen new stores were opened in the year and a minimum of fifteen new stores are planned for the year ending 3 August 2008.

Trading period – 13 weeks to 29th July 2007

- Total sales order intake up 19.8%
- Like for like sales orders up 3.5% (prior year comparative down 0.5%)

Year ended 29th July 2007

- Total sales order intake up 21.4%
- Like for like sales orders up 0.3% (prior year comparative up 3.1%)

The increase in the like for like sales orders in both the fourth quarter and the full year ended July 2007 represents an excellent performance in a market which has been affected by five interest rate increases since August 2006 (including two increases in the last quarter). The like for like sales order growth in the last quarter was a reflection of increased advertising activity and strong promotional offers despite a continued reduction in average order value..

A major strength of the business in these challenging times remains its ability to deliver strong total sales order growth as a result of its significant store opening programme.

The new store development programme is ahead of plan. The Company currently operates 94 stores and a further nine stores are planned to open before the August bank holiday weekend. These new stores include five stores acquired from the administrator of the Klaussner group in June 2007 which are in Wetherby, Grantham, Cannock, Wigan and Cardiff together with four new stores at Warrington, Southport, Drogheda and Wrexham. In view of the strong availability of new stores on our targeted retail parks, caused by the excess of supply from other groups downsizing their stores, together with the high number of openings planned for August, the Company expects to open a minimum of 15 new stores in the new financial year ending July 2008.

Commenting on the trading statement Paul Briant, Chief Executive, said: "It has been a challenging year which has required exceptional effort and commitment from all our staff in order to deliver profits in line with the market's expectations. We are focussed on delivering the new store roll out and developing Land of Leather as a truly specialist national brand which delivers quality and value. We anticipate that market conditions may be even more challenging in the year ahead as the full impact of the upward momentum in interest rates is felt by the consumer but we remain confident that our successful value-led offer together with the strong new store opening programme will deliver future growth."

The Company will report its preliminary results for the year ended 29th July 2007 on Wednesday 26th September 2007.

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