

## Regulatory Announcement

**Company** Land of Leather Holdings plc  
**TIDM** LAN  
**Headline** Trading Statement  
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### Land of Leather Holdings plc Pre Close Trading Update

Land of Leather, the UK's only specialist national leather sofa retailer, announces its pre close trading update for the year ended 2 April 2006.

Overall, the Board is pleased to announce that it expects to meet market expectations for the year and that its store development programme is being implemented to plan. The business is well placed for the important Easter trading period and to continue the growth achieved to date.

#### Trading period – 26 weeks to 2<sup>nd</sup> April 2006

- Total sales order intake up 22.7% (25.4%\*)
- Like for like sales orders up 1.3 % (3.1%\*)

#### Year ended 2<sup>nd</sup> April 2006

- Total sales order intake up 26.4% (28.0%\*)
- Like for like sales orders up 3.4% (4.5%\*)

\* - figures adjusted for the effect of the Easter sales period falling in the 2005 comparative period

We are pleased with the overall like for like sales growth of 4.5% (Easter adjusted) for the year in view of the continued difficult trading conditions. The lower like for like sales performance since the last trading update has reflected the lower advertising activity following the successful January Sale. This was planned as this is not a significant trading period in view of the Easter Sale promotion occurring in April this year.

The new store development programme remains on track. The Company currently operates 72 stores and a further nine stores are planned to open in April and May 2006; including a further three in the Republic of Ireland. It is anticipated that one store will be closed in the summer of 2006. This represents a slight acceleration of the store opening programme owing to the recent availability of suitable units on targeted business parks. We will continue to accelerate the store opening programme whilst these favourable conditions remain.

Overall, due to the significant sales growth and improved gross margin in the second half of the year, we expect the Company to report full year operating profits in excess of £14.0m and in line with market expectations, despite the higher operating costs experienced in the year.

Commenting on the trading statement Paul Briant, Chief Executive, said: "We are pleased to have made good progress and continue to focus on the key strategic initiatives stated in the flotation prospectus. Our continuing success is based on our position as the UK's only national retailer that specialises solely in retailing leather sofas combined with the appeal of our strong value led offer."

The Company will report its preliminary results for the year ended 2<sup>nd</sup> April 2006 on Wednesday 24<sup>th</sup> May 2006.

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