Distil plc
("Distil" or the "Group")

Interim Results for the six months
ended 30th September 2014

Distil plc (AIM: DIS), owner of premium drinks brands including Blavod black vodka, Blackwoods gin and vodka and RedLeg spiced rum, today announces its unaudited interim results for the six months ended 30th September 2014.

Operational review:

- US Distributor appointed in anticipation of TTB (US Alcohol and Tobacco Tax and Trade Bureau) approval for Blackwoods gin, Blackwoods vodka and RedLeg spiced rum.
- US FDA (Food and Drug Administration) approval for the natural flavourings for RedLeg Spiced rum allowing the subsequent admission to TTB for approval.
- Appointment of replacement distributor in US for Blavod Black vodka.
- Appointment of distributors for RedLeg in Russia and Canada and for Blackwoods in Portugal Germany, France and Italy.
- Increased investment in promotional support for Blackwoods gin, vodka and RedLeg rum.
- Ukraine and Russia Duty Free reduction in imports year-on-year.
- Termination of remaining third party brand distribution agreements. Group now entirely focused on owned brands.

Financial Review - versus same period last year

- Gross profit from owned brands increased by 8%
- Decline in Blavod vodka volumes as Eastern Europe and Ukraine reduce imports.
- Margins on owned brands rise from 39% to 55% for the same period, year-on-year.
- Turnover falls as the Group moves from 3rd party brand distribution in the UK and transfers owned brands to a distributor. This is reflected in the associated reduction in staff costs.
- Financing costs reduced to £3k (down 83%) following withdrawal from invoice factoring.
- Total administrative expenses reduced by 33% of which Staff costs are down 41%

Don Goulding, Executive Chairman of Distil, said:

"Our primary objective remains to move the business to break even through the building of our brands whilst holding down costs. Key to achieving this is to open up major export markets and continuing to develop existing markets. Approval for our brands into the important US market is taking considerably longer than envisaged although we remain confident that the necessary approvals will be achieved in the near future. It has however led to significant delay in building anticipated brand profits."

Executive Chairman's statement

Results

Gross profits and margins from our brands rose in the period as we focused on brand building through increased distribution and brand promotion. This was partially offset by a decline in sales in Eastern Europe for the Blavod black vodka brand.

Gross margin from our brands as a percentage of sales rose from 39% to 55% as a result of an improved product mix and our withdrawal from unprofitable deals.

Operations

Whilst it is disappointing that the approval process for or our brands is taking longer than we expected in the US, we have taken steps to ensure that we hit the ground running once the final stages of approvals are granted by the TTB and US FDA. We have agreed terms with a US distributor for Blackwoods Gin, Blackwoods Vodka and RedLeg spiced rum and also following a review appointed a new distributor for Blavod Black Vodka. This new distributor is currently in the process of obtaining TTB approvals and planning to be up and running in 2015. In addition, we have appointed distributors for RedLeg in Canada and for Blackwoods Gin and Vodka in Portugal, Germany, France and Italy. In these European territories we have increased our spend on promotional support and anticipate this will increase sales levels in the coming months.

UK Market conditions continue to be favourable for premium brands although the value sector is under considerable pressure. As we reported in November, we secured a number of important listings across a range of outlets including bars, retail groups and a major wholesale Cash and Carry operator.

Trading conditions in Eastern Europe particularly after events in Ukraine have been challenging and we expect will remain so for the foreseeable future. As a result, we are actively seeking new markets where we can begin to distribute our brands in these territories. Spiced rum and premium gin sectors remain in growth ahead of their respective categories.

Encouragingly, sales of RedLeg Spiced Rum continued to grow both in the UK and overseas. We have continued to support the brand with tastings directly to consumers at festivals, events and through our rum shack appearances at key "on trade" venues. Our rum shack events have been particularly successful in driving awareness and in creating a growing consumer following.

Blackwoods gin has also continued to perform well in an increasingly competitive market.

Blackwoods vodka sales are ahead of expectations albeit from a small base and both trade and consumer reaction has been positive and we are confident this brand will keep growing in popularity.

Over this period we have developed new packaging designs to replace the previous three designs for Blavod vodka. The first roll-out of these new designs for Blavod Original, will be launched in the UK during January 2015.

The Group has reduced operating costs further in the period, with reduced financing costs following the termination of factoring of invoices as well as lowering of administrative and staff costs.

Outlook

Market conditions remain relatively favourable for premium brands and we continue to focus on opening new markets and the promotion of our brands in existing markets. Opening the US for Blackwoods gin and vodka and remains our priority.

Distil plc - Half Year Results

Consolidated comprehensive interim income statement

	Six months ended 30 September 2014	Six months ended 30 September 2013	Year ended 31 March 2014
	Un-audited	Un-audited	Audited
	£,000	£,000	£,000
Profit & Loss			
Revenue	280	1,286	2,405
Cost of sales	(123)	(1,009)	(1,830)
Gross Profit	**157**	**277**	**575**
Administrative expenses:			
Advertising and promotional costs	(66)	(58)	(235)
Other administrative expenses	(284)	(427)	(714)
Depreciation & amortization	(2)	(4)	(7)
Other Operating Income	-	-	14
Total administrative expenses	**(352)**	**(489)**	**(942)**
Operating loss	(195)	(212)	(367)
Finance expense	(3)	(17)	(25)
(Loss) before tax from continuing operations	**(198)**	**(229)**	**(392)**
Income tax	-	-	-
(Loss) for the period	**(198)**	**(229)**	**(392)**

Earnings per share:

From continuing operations			
Basic (pence per share)	(0.05)	(0.07)	(0.12)
Diluted (pence per share)	(0.05)	(0.07)	(0.12)

Consolidated interim balance sheet	As at 30 September 2014	As at 30 September 2013	As at 31 March 2014
	Un-audited	Un-audited	Audited
	£,000	£,000	£,000
ASSETS			
Non current assets			
Property, plant and equipment	8	13	9
Intangible fixed assets	1,497	1,482	1,493
Total non current assets	**1,505**	**1,495**	**1,502**
Current assets			
Inventories	115	120	64
Trade and other receivables	221	419	361
Cash and cash equivalents	189	53	344
Total current assets	**525**	**592**	**769**
Total assets	**2,030**	**2,087**	**2,271**
LIABILITIES			
Current liabilities			
Trade and other payables	(271)	(357)	(314)
Finance facility liability	-	(162)	-
Total current liabilities	**(271)**	**(519)**	**(314)**
Total liabilities	**(271)**	**(519)**	**(314)**
Net Assets	**1,759**	**1,568**	**1,957**
EQUITY			
Equity attributable to equity holders of the parent			

Share capital	1,153	1,096	1,153
Share premium	1,853	1,358	1,853
Shares to be issued	-	12	-
Retained deficit	(1,247)	(898)	(1,049)
Total equity	**1,759**	**1,568**	**1,957**

Consolidated interim cash flow statement	**Six months ended 30 September 2014**	**Six months ended 30 September 2013**	**Year ended 31 March 2014**
	Un-audited	**Un-audited**	**Audited**
Cashflows	**£,000**	**£,000**	**£,000**
Cashflows from operating activities			
(Loss) before tax	(198)	(229)	(392)
Adjustments for:			
Finance expense	3	17	25
Depreciation	2	4	7
Loss on disposal of property, plant and equipment	-	-	2
	(193)	(208)	(358)
Movements in working capital			
(Increase)/Decrease in inventories	(51)	241	297
Decrease/(Increase) in accounts receivables	140	209	267
(Decrease)/Increase in trade payables	(43)	(71)	(114)
Cash generated by/ (used in) operations	46	379	450
Net finance expense	(3)	(17)	(25)
Net cash (used in)/generated by operating activities	**(150)**	**154**	**67**
Cashflows from investing activities			
Purchase of property plant & equipment	(1)	-	(1)

Expenditure relating to the acquisition and registration of licenses and trademarks	(4)	(64)	(75)
Net cash (used in) investing activities	**(5)**	**(64)**	**(76)**
Cashflows from financing activities			
Proceeds from issue of shares	-	-	552
Net cash (repaid to)/received from finance facility	-	(97)	(259)
Net cash (used in)/generated by financing activities	**-**	**(97)**	**293**
Net (decrease) in cash and cash equivalents	(155)	(7)	284
Cash & cash equivalents at the beginning of the period	344	60	60
Cash & cash equivalents at the end of the period	189	53	344

Notes:

1. Basis of preparation

This interim report was approved by the Board on15 December 2014. These consolidated interim unaudited financial statements are for the six months ended 30 September 2014. They have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) Interpretations at 30 September 2014, as adopted by the European Union. They do not include any of the information required for annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2014. This condensed consolidated financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2014 were approved on 6 June 2014. These accounts, which contained an unqualified audit report under Section 495 of the Companies Act 2006 did not contain any statements under Section 498 of the Companies Act 2006 and have been delivered to the registrar of companies in accordance with Section 441 of the Companies Act 2006.

2. Availability

Copies of the interim report will be available from the Company's head office at 3rd Floor, Cardinal House, 39/40 Albemarle Street, London, W1S 4TE and also on www.distil.uk.com

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