Distil plc

("Distil" or the "Group")

Interim Results for the six months ended 30th September 2015

Distil (AIM: DIS), owner of premium drinks brands; RedLeg spiced rum, Blackwoods gin and vodka, Blavod black vodka, Jago's cream liqueur and Diva vodka, today announces its unaudited interim results for the six months ended 30th September 2015.

Operational review:

- Consumer awareness, trial and repeat purchases of RedLeg spiced rum continue to grow as we build UK On Trade distribution.
- New listings of RedLeg in 400 UK supermarkets supported with promotion in store.
- First shipments of Blackwoods Small Batch gin to USA.
- Reopening of US market for Blavod black vodka with initial shipments now in market.
- Decline in volume of Blavod black vodka through Eastern Europe due to the impact of adverse currency rates on Duty Free sales.
- Increased investment in marketing and promotion of our brands in key outlets is driving rate of sale.
- Blackwoods Limited Edition (60% ABV) approved by TTB for the US.

Financial Review – versus same period last year:

- Revenue increased by 89%
- Gross profit increased by 95%
- Volume (litres) increased by 23%
- Administration costs reduced by 16%
- Investment in brand marketing and promotion increased by 100%
- Reduction in adjusted operating loss of 69%

Don Goulding, Executive Chairman of Distil, said:

"The continued progress in developing our brands in key markets is reflected in a pleasing set of first half results. Revenue growth is being supported by increased investment in brand marketing and we are seeing this come through to the bottom line as we tightly manage our costs and deliver procurement efficiencies."

Executive Chairman's statement

Results

Overall sales volumes and revenues for the period are significantly ahead of last year. This is mainly due to the strong growth of RedLeg spiced rum and continued progress of the Blackwoods brand on the back of increased marketing support and distribution gains. Duty Free sales of Blavod black vodka in Eastern Europe continue to decline due to adverse currency exchange rates.

Gross profits and margins also rose during the period, benefitting from the growth in sales revenue and reduced production costs on a per case basis through procurement savings as a result of improved forecasting and quantity efficiencies. Product quality has been maintained and improved throughout this process.

On the cost side; we reduced administrative costs by 16% as we secured the last of those benefits coming through from our reorganisation last year.

The savings in production and overheads costs achieved during the period were invested in brand marketing.

Operations

Our efforts remain focused on the development of our key brands in key markets. This is reflected in the growing number of stockists both in bars and retail stores secured by our distributors and ourselves. Where possible we have supported our products at the point of purchase with promotional activity to encourage consumer awareness and trial.

We announced today that a leading supermarket group has listed RedLeg for 700 of its largest stores throughout the UK. This follows the successful listing of RedLeg in April 2015 by a major UK grocery chain and significantly increases the brands presence and availability in the UK.

Investment was maintained at music and food festivals throughout the summer with excellent results for both RedLeg and Blackwoods gin. The RedLeg rum shack popped-up in some unusual places including the Henley Regatta.

In the USA we will focus on building Blackwoods Small Batch brand before introducing our Limited Edition. We still await TTB approval for RedLeg spiced rum. The delay was caused by a query relating to a technical description of one of the ingredients, which is in the process of being resolved. We understand this should not affect the brand's availability for launch next year as planned.

As reported earlier Jago's vanilla vodka cream liqueur has been redesigned and reformulated ready for launch; however, we have held back from major investment in production and marketing until a listing with a major retailer is secured. The cost of market entry is high in the cream liqueur category and therefore we would need to be confident that the launch would not risk eroding shareholder value. Efforts to secure major listings have been made throughout this year and will continue.

Shipments of the newly redesigned and repackaged Diva vodka have begun in the UK and Europe. Diva is a super premium offering and the initial consumer response has been positive.

Outlook

The market remains highly competitive as the consumer is faced with a growing number of choices and offers. Therefore marketing and promotional investment will be maintained on our brands.

We remain confident that our strategy of developing and supporting our brands in key markets will enable us to continue to grow revenues across the portfolio. Accordingly, we expect our encouraging 1st half performance to continue and are confident for the full year, which we expect will be in line with market expectations.

Distil plc - Half Year Results
Consolidated comprehensive interim income statement

	Six months ended 30 September 2015	Six months ended 30 September 2014	Year ended 31 March 2015
	Un-audited	**Un-audited**	**Audited**
	£,000	£,000	£,000
Profit & Loss			
Revenue	530	280	666
Cost of sales	(223)	(123)	(260)
Gross Profit	**307**	**157**	**406**
Administrative expenses:			
Advertising and promotional costs	(133)	(66)	(148)
Other administrative expenses	(237)	(284)	(563)
Share based payment expense	(29)	-	-
Depreciation & amortization	(2)	(2)	(4)
Other Operating Income	5	-	23
Total administrative expenses	**(396)**	**(352)**	**(692)**
Operating loss	**(89)**	**(195)**	**(286)**
Finance expense	(1)	(3)	(3)
(Loss)before tax from continuing operations	***(90)***	***(198)***	***(289)***
Income tax	-	-	-
(Loss) for the period	***(90)***	***(198)***	***(289)***

Earnings per share:

From continuing operations			
Basic (pence per share)	(0.02)	(0.05)	(0.08)
Diluted (pence per share)	(0.02)	(0.05)	(0.08)

Consolidated interim balance sheet	As at 30 September 2015 Un-audited £,000	As at 30 September 2014 Un-audited £,000	As at 31 March 2015 Audited £,000
ASSETS			
Non current assets			
Property, plant and equipment	4	8	6
Intangible fixed assets	1,516	1,497	1,510
Total non current assets	**1,520**	**1,505**	**1,516**
Current assets			
Inventories	239	115	230
Trade and other receivables	205	221	211
Cash and cash equivalents	355	189	511
Total current assets	**799**	**525**	**952**
Total assets	**2,319**	**2,030**	**2,468**
LIABILITIES			
Current liabilities			
Trade and other payables	(150)	(271)	(238)
Total current liabilities	**(150)**	**(271)**	**(238)**
Total liabilities	**(150)**	**(271)**	**(238)**
Net Assets	**2,169**	**1,759**	**2,230**
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	1,227	1,153	1,227
Share premium	2,341	1,853	2,341
Shares based payment reserve	29	-	-
Retained deficit	(1,428)	(1,247)	(1,338)
Total equity	**2,169**	**1,759**	**2,230**

Consolidated interim cash flow statement

Cashflows	Six months ended 30 September 2015 Un-audited £,000	Six months ended 30 September 2014 Un-audited £,000	Year ended 31 March 2015 Audited £,000
Cashflows from operating activities			
(Loss) before tax	(90)	(198)	(289)
Adjustments for:			
Finance expense	1	3	3
Depreciation	2	2	4
Share Based Payment Expense	29	-	-
	(58)	(193)	(282)
Movements in working capital			
(Increase)/Decrease in inventories	(9)	(51)	(166)
Decrease/(Increase) in accounts receivables	6	140	150
(Decrease)/Increase in trade payables	(88)	(43)	(76)
Cash generated by/ (used in) operations	(91)	46	(92)
Net finance expense	(1)	(3)	(3)
Net cash (used in)/generated by operating activities	**(150)**	**(150)**	**(377)**
Cashflows from investing activities			
Purchase of property plant & equipment	-	(1)	(1)
Expenditure relating to the acquisition and registration of licenses and trademarks	(6)	(4)	(17)
Net cash (used in) investing activities	**(6)**	**(5)**	**(18)**
Cashflows from financing activities			
Proceeds from issue of shares	-	-	562
Net cash (used in)/generated by financing activities	**-**	**-**	**562**
Net (decrease) in cash and cash equivalents	(156)	(155)	167
Cash & cash equivalents at the beginning of the period	511	344	344
Cash & cash equivalents at the end of the period	**355**	**189**	**511**

Notes to the interims accounts:

1. Basic of preparation

This interim consolidated financial information for the six months ended 30 September 2015 has been prepared in accordance with AIM rule 18, '*Half yearly reports and accounts'*. This interim consolidated financial information is not the group's statutory financial statements within the meaning of Section 434 of the Companies Act 2006 (and information as required by section 435 of the Companies Act 2006) and should be read in conjunction with the annual financial statements for the year ended 31 March 2015, which have been prepared under International Financial Reporting Standards (IFRS) and have been delivered to the Register of Companies. The auditors have reported on those accounts; their report was unqualified, did not include references to any matters to which drew attention by way of emphasis of matter without qualifying their report and did not contain any statements under Section 498 (2) or (3) of the Companies Act 2006.

The interim consolidated financial information for the six months ended 30 September 2015 is unaudited. In the opinion of the Directors, the interim consolidated financial information presents fairly the financial position, and results from operations and cash flows for the period. Comparative numbers for the six months ended 30 September 2014 are also unaudited.

2. Availability

Copies of the interim report will be available from the Company's registered office at 201 Temple Chambers, 3-7 Temple Avenue, EC4Y 0DT and also on www.distil.uk.com.

3. Approval of interim report

This interim report was approved by the Board on 28 October 2015.

For further information please contact:

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