

Distil plc

(“Distil” or the “Group”)

Interim Results for the six months ended 30th September 2016

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 2016.

Operational review:

- RedLeg spiced Rum approved by TTB for sale in the USA.
- New listings for RedLeg in two major retail groups.
- New listing for Blackwoods Vintage Dry Gin in major UK retailer.
- Continued growth in on-trade distribution for RedLeg and Blackwoods.

Financial Review – versus same period last year:

- Revenue increased by 25.7% to £0.666m (2015 : £0.53m)
- Gross profit increased by 22.5% to £376k (2015 : £307k)
- Volume (litres) increased by 16.4%
- Other administration costs increased by 12.2%
- Investment in brand marketing and promotion increased by 9.8%
- Reduction in operating loss of 25.8% to £66k (2015 : £89k)

Don Goulding, Executive Chairman of Distil, said:

“We achieved strong year-on-year growth in the six months to September 2016. Continued growth in demand for RedLeg Spiced Rum, Blackwoods Vintage Gin and Blackwoods Vodka more than offset lower shipment figures for Blavod which had benefitted from pipeline fill as we reopened the US market in 2015.

Our decision in 2014 to move all export sales to GBP invoicing together with a drive to locally sourced raw materials where possible, has softened much of the negative impact of currency devaluation post Brexit”.

Executive Chairman's statement

Results

Distil's brands enjoyed strong year-on-year sales and volume growth during the period, supported by continued investment in marketing, distribution and promotion. This growth was primarily driven by strong performances from our RedLeg Spiced Rum and Blackwoods Vintage Gin and Vodka brands. Year-on-year sales of Blavod Black Vodka were considerably lower than the prior period, though the latter benefitted from pipeline fill following the re-opening of the US market in 2015.

Gross profit rose during the period, benefitting from the growth in sales revenue whilst an increase in administrative costs reflects the increase in headcount during the period to support the continuing growth of our brands.

Operations

Our efforts remain focused on the development of our key brands in key markets. This is reflected in the growing number of stockists across all trade channels. We continue to make steady progress with our brands which are benefiting from increased marketing support.

We announced during the course of the reporting period that two leading retailers have listed RedLeg Spiced Rum and that one leading retailer has listed Blackwoods Gin in stores throughout the UK and on-line. This follows the successful listing of RedLeg during 2015 by major UK Groups and further enhances awareness and availability of these popular brands which are growing in both the On-trade and Off-trade.

During the period headcount increased to support growth through additional marketing activity, improved procurement and increased production volumes.

Outlook

We have secured a good level of support activity for the important Q3 period and expect to remain on plan for the full year.

In October we finalised label approval by the TTB for RedLeg in the USA; production and shipments are now planned for Q4.

RedLeg Spiced Rum packaging has been modified through the development of a premium proprietary bottle which commenced shipping in the UK and Europe this month. Our award winning liquid and label design are unchanged.

Q4 will see the new Rum Shack and Blackwoods Gin Palace vehicle making its first appearance at festivals and events throughout the UK.

Distil plc - Half Year Results
Consolidated comprehensive interim income statement

	Six months ended 30 September 2016 Un-audited £'000	Six months ended 30 September 2015 Un-audited £'000	Year ended 31 March 2016 Audited £'000
Profit & Loss			
Revenue	666	530	1,169
Cost of sales	(290)	(223)	(488)
Gross Profit	376	307	681
Administrative expenses:			
Advertising and promotional costs	(146)	(133)	(280)
Other administrative expenses	(266)	(237)	(470)
Share based payment expense	(29)	(29)	(29)
Depreciation & amortization	(1)	(2)	(3)
Other Operating Income	-	5	4
Total administrative expenses	(442)	(396)	(778)
Operating loss	(66)	(89)	(97)
Finance expense	-	(1)	(1)
(Loss)before tax from continuing operations	(66)	(90)	(98)
Income tax	-	-	-
(Loss) for the period	(66)	(90)	(98)
Earnings per share:			
From continuing operations			
Basic (pence per share)	(0.01)	(0.02)	(0.02)
Diluted (pence per share)	(0.01)	(0.02)	(0.02)

Consolidated interim balance sheet

ASSETS

Non-current assets

Property, plant and equipment
Intangible fixed assets

Total non-current assets

Current assets

Inventories
Trade and other receivables
Cash and cash equivalents

Total current assets

Total assets

LIABILITIES

Current liabilities

Trade and other payables

Total current liabilities

Total liabilities

Net Assets

EQUITY

Equity attributable to equity holders of the parent

Share capital
Share premium
Shares based payment reserve
Retained deficit

Total equity

	As at 30 September 2016 Un-audited £'000	As at 30 September 2015 Un-audited £'000	As at 31 March 2016 Audited £'000
	3	4	3
	1,527	1,516	1,525
Total non-current assets	1,530	1,520	1,528
	185	239	204
	349	205	274
	883	355	982
Total current assets	1,417	799	1,460
Total assets	2,947	2,319	2,988
	(217)	(150)	(225)
Total current liabilities	(217)	(150)	(225)
Total liabilities	(217)	(150)	(225)
Net Assets	2,730	2,169	2,763
	1,291	1,227	1,290
	2,883	2,341	2,880
	58	29	29
	(1,502)	(1,428)	(1,436)
Total equity	2,730	2,169	2,763

Consolidated interim cash flow statement

Cashflows

Cashflows from operating activities

	Six months ended 30 September 2016 Un-audited £'000	Six months ended 30 September 2015 Un-audited £'000	Year ended 31 March 2016 Audited £'000
(Loss) before tax	(66)	(90)	(98)
Adjustments for:			
Finance expense	-	1	1
Depreciation	1	2	3
Share Based Payment Expense	29	29	29
	(36)	(58)	(65)
Movements in working capital			
(Increase)/Decrease in inventories	19	(9)	26
Decrease/(Increase) in accounts receivables	(75)	6	(63)
(Decrease)/Increase in trade payables	(8)	(88)	0(13)
Cash generated by/ (used in) operations	(64)	(91)	(50)
Net finance expense	-	(1)	(1)
Net cash (used in)/generated by operating activities	(100)	(150)	(116)
Cashflows from investing activities			
Purchase of property plant & equipment	(1)	-	-
Expenditure relating to the acquisition and registration of licenses and trademarks	(2)	(6)	(15)
Net cash (used in) investing activities	(3)	(6)	(15)
Cashflows from financing activities			
Proceeds from issue of shares	4	-	602
Net cash (used in)/generated by financing activities	4	-	602
Net (decrease) in cash and cash equivalents	(99)	(156)	471
Cash & cash equivalents at the beginning of the period	982	511	511
Cash & cash equivalents at the end of the period	883	355	982

Notes to the interims accounts:

1. Basic of preparation

This interim consolidated financial information for the six months ended 30 September 2016 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 2016, 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 2016 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 2015 are also unaudited.

2. Availability

Copies of the interim report will be available from Distil'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 27 October 2016.

For further information please contact:

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