Interim Report 09

Hallenstein Glasson Holdings Ltd

Contents

Chairman's Report

The directors advise that unaudited net profit after tax for the 6 months ended 1 February 2009 was $5.481 million, down -40.7% on the prior year ($9.237 million).

Group sales were $95.713 million, down -2.8% on the prior year ($98.500 million).

The retail environment has been exceptionally difficult, and the quest for the consumers' dollar has been at the expense of margin. We have found it necessary to aggressively promote in order to maintain market share and ensure inventory levels are managed effectively. The gross profit on sales was 53.3%, down 2.7 points from 56.0% for the previous period. Notwithstanding a disappointing result, the group balance sheet remains very strong. Inventory levels at $12.180 million were below the prior period level of $16.678 million, again demonstrating the group's ability to manage inventory.

During the 6 months period to 1 February 2009 a total of 3 new stores were added. In Australia Glassons opened a new store in August 2008 at Doncaster in Melbourne, and in New Zealand a further Glassons store was opened in late November at Blenheim. The Storm chain opened its fourth store at Milford (Auckland) in October 2008.

Further New Zealand site opportunities are being reviewed for each chain. Hallensteins have also opened a new store in Masterton in March this year.

Future Outlook

The current retail environment is difficult to predict. Rising unemployment and concerns over job security are clearly having a dampening effect on demand, yet falling interest rates, reduced taxes, and lower petrol prices are having a counterbalancing effect.

Same store sales for the first 7 weeks of the winter season have been +7% on last year, but sales have been achieved on a lower gross margin than last year so that overall profitability is marginally below last year. These results indicate some resilience, but the key winter trading months have yet to come and it is much too early to make any pronouncement on earnings for the current period.

Dividend

The directors resolved to pay an interim dividend of 10 cents per share (last year 17 cents). The dividend will be fully imputed at the 33% tax rate or 4.925 cents per share. The dividend consumes $5.965 million dollars from total cash reserves of $20.275 million as at 1 February 2009.

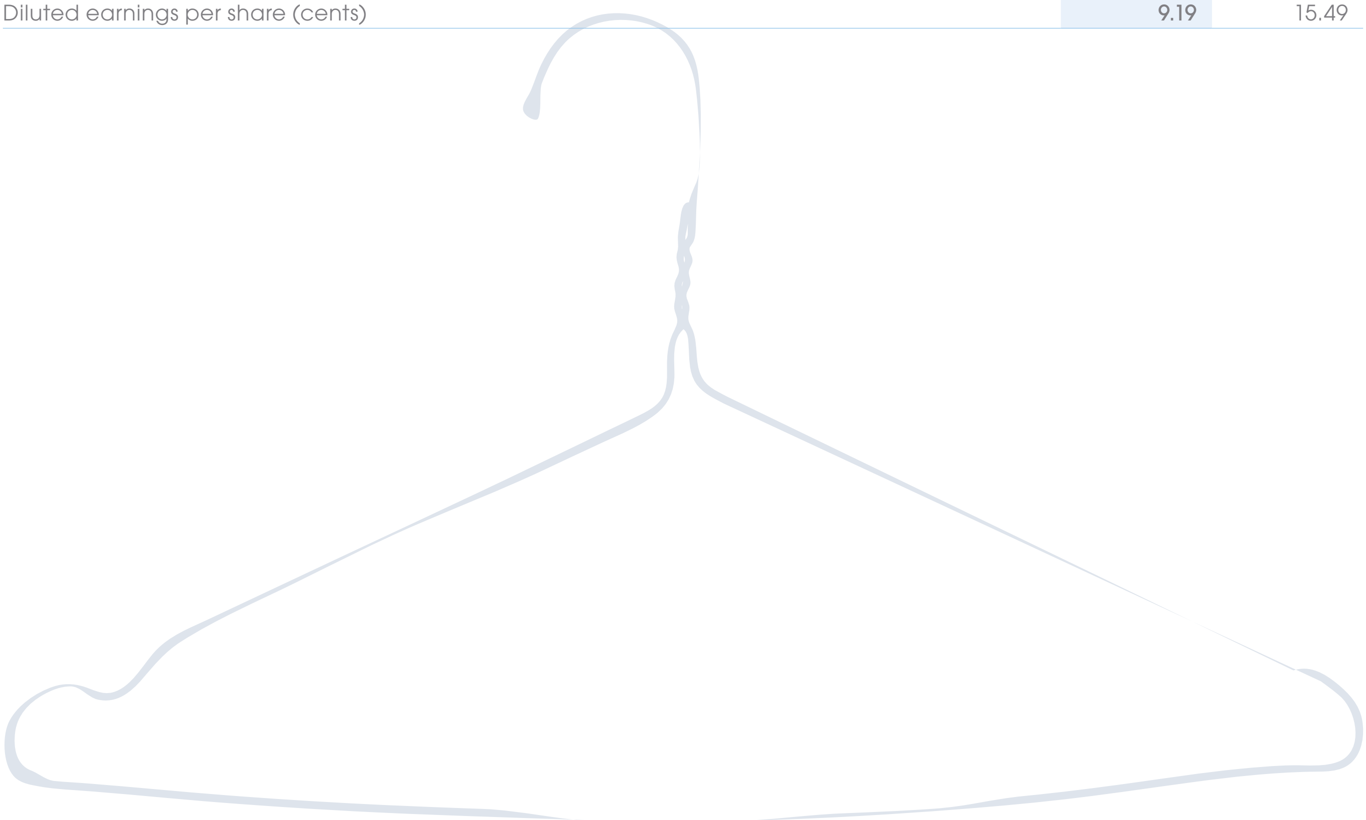
The interim dividend will be paid on 17th April 2009 for shareholders registered as at 5pm 9th April 2009.

W J Bell
Chairman of Directors
26 March 2009

Statements of Financial Performance

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2009 (UNAUDITED)

	Half Year ended 1/2/09 $'000	Half Year ended 1/2/08 $'000
Sales Revenue	95,713	98,500
Cost of Sales	(44,899)	(43,363)
Gross Profit	50,814	55,137
Other operating income	78	71
Selling expenses	(33,079)	(33,239)
Distribution expenses	(2,908)	(2,716)
Administration expenses	(7,672)	(6,496)
Total Expenses	(43,659)	(42,451)
Operating profit	7,233	12,757
Finance income	597	1,061
Profit before income tax	7,830	13,818
Income tax	(2,349)	(4,581)
Net Surplus Attributable to the Shareholders of the Holding Company	5,481	9,237
Basic earnings per share (cents)	9.19	15.49
Diluted earnings per share (cents)	9.19	15.49



Statements of Financial Position

AS AT 1 FEBRUARY 2009 (UNAUDITED)

	As at 1/2/09 $'000	As at 1/2/08 $'000	As at 1/8/08 $'000
Equity			
Contributed equity	27,001	28,204	27,654
Asset revaluation reserve	9,739	9,006	9,739
Cashflow hedge reserve	1,353	(531)	246
Retained earnings	19,834	23,827	20,318
Total Equity	57,927	60,506	57,957
Represented by			
Current Assets			
Cash and cash equivalents	20,276	26,450	18,350
Trade receivables	909	971	1,035
Derivative financial instruments	1,932	-	431
Prepayments and other receivables	639	2,494	2,824
Inventories	12,180	12,781	16,678
Total Current Assets	35,936	42,696	39,318
Non-Current Assets			
Property, plant and equipment	33,928	33,873	35,010
Intangible assets	575	433	461
Deferred tax	825	1,152	964
Total Non-Current Assets	35,328	35,458	36,435
Total Assets	71,264	78,154	75,753
Current Liabilities			
Trade payables	5,621	10,600	8,904
Employee benefits	2,418	2,230	2,160
Other payables	4,745	2,756	6,447
Derivative financial instruments	-	814	56
Taxation payable	553	1,248	229
Total Current Liabilities	13,337	17,648	17,796
Total Liabilities	13,337	17,648	17,796
Net Assets	57,927	60,506	57,957

Statements of Changes in Equity

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2009 (UNAUDITED)

	Half Year ended 1/2/09 $'000	Half Year ended 1/2/08 $'000	Year ended 1/8/08 $'000
Equity at the beginning of the period	57,957	60,219	60,219
Surplus and revaluations			
Net surplus for the year	5,481	9,237	15,868
Movement in asset revaluation reserve	-	-	733
Movement in cash flow hedge reserve net of tax	1,107	1,212	1,989
Total recognised revenues and expenses for the year	6,588	10,449	18,590
Other Movements			
Distribution to owners			
Interim dividend	-	-	(10,140)
Final dividend	(5,965)	(10,737)	(10,737)
	(5,965)	(10,737)	(20,877)
Movement in Treasury Stock	(653)	(575)	25
Equity at the end of the period	57,927	60,506	57,957

Statements of Cash Flows

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2009 (UNAUDITED)

	Half Year ended 1/2/09 $'000	Half Year ended 1/2/08 $'000
Cash Flows from Operating Activities		
Receipts:		
Sales to customers	95,837	98,828
Rent received	78	71
Interest from short term advances	551	1,008
Other interest	46	53
	96,512	99,960
Cash was applied to:		
Payments to suppliers	66,762	63,841
Payments to employees	17,180	16,520
Interest paid	-	-
Taxation paid	1,886	7,243
	85,828	87,604
Net cash flows from/(applied to) operating activities	10,684	12,356
Cash flows from investing activities		
Cash was applied to:		
Purchase of property, plant and equipment and intangible assets	2,140	4,190
Investment in treasury stock	653	(575)
	2,793	3,615
Net cash flows from/(applied to) investing activities	(2,793)	(3,615)
Cash flows from financing activities		
Cash was applied to:		
Dividend paid	5,965	10,737
Net cash flows from/(applied to) financing activities	(5,965)	(10,737)
Net increase/(decrease) in funds held	1,926	(1,996)
Opening cash position		
Bank	6,550	9,420
Add:		
Cash on hand	62	61
Short term deposits	11,738	18,965
	11,800	19,026
Net cash held as at 2 August 2008	18,350	28,446
Closing cash position		
Bank	13,547	13,110
Add:		
Short term deposits	6,665	13,279
Cash on hand	64	61
	6,729	13,340
Net cash held as at 1 February 2009	20,276	26,450
Net increase/(decrease) in funds held	1,926	(1,996)

Reconciliation Of Surplus After Taxation to Cash Flows From Operating Activities

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2009 (UNAUDITED)

	6 Months 1-Feb-09 $'000	6 Months 1-Feb-08 $'000
Reported surplus after taxation	5,481	9,237
Add/(deduct) items classified as investing or financing activities		
(Gain)/ loss on sale of fixed assets	4	-
Add/(deduct) non cash items		
Depreciation and amortisation	3,106	2,746
Deferred taxation	139	479
Revaluation of Financial Instruments	(452)	(656)
Add/(deduct) movements in working capital items		
Taxation payable	324	(2,524)
Receivables	2,311	530
Creditors and accruals	(4,727)	(808)
Inventories	4,498	3,352
Net cash flows from/(applied to) operating activities	10,684	12,356

Notes to the interim financial statements

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2009 (UNAUDITED)

Hallenstein Glasson Holdings Limited ("Company" or "Parent") together with its subsidiaries (the "Group") is a retailer of men's and women's clothing in New Zealand and Australia.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 187 Queen Street, Auckland.

The financial statements were approved for issue by the Board of Directors on 26th March 2009.

Basis of preparation of financial statements

These interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), NZ IAS 34 and IAS 34 Interim Financial Reporting and should be read in conjunction with the 2008 Annual Report.

The financial statements for the six months ended 1 February 2009 and 1 February 2008 are unaudited. The comparative information for the year ended 1 August 2008 is audited.

The accounting policies used in the preparation of these financial statements are consistent with those used in the previously published interim financial statements to 1 February 2008, and the audited financial statements to 1 August 2008.

Entities reporting

The financial statements are the Consolidated Financial Statements of the Group comprising Hallenstein Glasson Holdings Limited and subsidiaries:

I. Glassons Limited
II. Glassons Australia Limited
III. Hallenstein Bros Limited
IV. Hallenstein Properties Limited
V. Retail 161 Limited

The parent and its subsidiaries are designated as profit-oriented entities for financial reporting purposes.

The financial statements of the Parent are for the Company as a separate legal entity.

Statutory base

Hallenstein Glasson Holdings Limited is a company registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978. The Company is also listed on the New Zealand Stock Exchange (NZX).

The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Notes to the interim financial statements

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2009 (UNAUDITED)

1. SEGMENT INFORMATION

Description of segments

The Group has determined its primary segments to be business segments, predominantly being:

Hallensteins Bros Limited (New Zealand)
Glassons Ltd(New Zealand)
Glassons Australia Limited (Australia)
Storm (Retail 161 Limited) (New Zealand)
Hallenstein Properties Limited (New Zealand)

SEGMENT RESULTS

FOR THE 6 MONTHS ENDED 1 FEBRUARY 2009

	Glassons NZ	Glassons Australia	Hallensteins	Storm	Property	Parent	Total Group
	$000's	$000's	$000's	$000's	$000's	$000's	$000's
INCOME STATEMENT							
Total sales revenue from external customers	42,059	16,034	36,396	1,224	-	-	95,713
Interest Income	109	31	420	10	-	27	597
Depreciation and software amortisation	1,182	704	1,056	84	80	-	3,106
Net profit after tax	2,835	(779)	2,872	32	521	-	5,481
BALANCE SHEET							
Assets	23,431	9,197	22,698	1,188	13,730	1,020	71,264
Liabilities	5,543	962	6,238	378	138	78	13,337

FOR THE 6 MONTHS ENDED 1 FEBRUARY 2008

	Glassons NZ	Glassons Australia	Hallensteins	Storm	Property	Parent	Total Group
INCOME STATEMENT							
Total sales revenue from external customers	45,057	14,474	38,064	905	-	-	98,500
Interest Income	316	92	624	12	-	17	1,061
Depreciation and software amortisation	1,037	591	950	82	86	-	2,746
Net profit after tax	4,872	(144)	4,084	(66)	491	-	9,237
BALANCE SHEET							
Assets	26,494	8,796	27,546	1,274	13,358	686	78,154
Liabilities	7,829	2,079	7,285	191	191	73	17,648

Notes to the interim financial statements

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2009 (UNAUDITED)

2. RESERVES

	Asset revaluation reserve	Cash flow hedge reserve	Retained earnings
	$'000	$'000	$'000
Balance as at 1 August 2007	9,006	(1,743)	25,327
Profit for period	-	-	9,237
Dividend payment	-	-	(10,737)
Shares issued	-	-	-
Cash flow hedges net of tax	-	(531)	-
Transfer to net profit	-	1,743	-
Revaluation of land and buildings	-	-	-
Balance as at 1 February 2008	9,006	(531)	23,827
Profit for period	-	-	6,631
Dividend payment	-	-	(10,140)
Shares issued	-	-	-
Cash flow hedges net of tax	-	246	-
Transfer to net profit	-	531	-
Revaluation of land and buildings	733	-	-
Balance as at 1 August 2008	9,739	246	20,318
Profit for period	-	-	5,481
Dividend payment	-	-	(5,965)
Shares issued	-	-	-
Cash flow hedges net of tax	-	1,353	-
Transfer to net profit	-	(246)	-
Revaluation of land and buildings	-	-	-
Balance as at 1 February 2009	9,739	1,353	19,834

3. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 1 February 2009, the Group acquired assets with a total cost of $2,141,000 (2008: $4,190,000). Assets with a net book value of $4,090 were disposed of during the six months ended 1 February 2009 (1 February 2008: $Nil) resulting in a net gain (loss) on disposal of ($4,090) (2008: $Nil).

Notes to the interim financial statements

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2009 (UNAUDITED)

4. INCOME AND EXPENSES

Profit before income tax includes the following specific income and expenses:

	Half Year ended 1/2/09 $'000	Half Year ended 1/2/08 $'000
Employee benefits	17,057	16,520
Depreciation	2,960	2,653
Amortisation of intangible assets	146	93
Rental expense	10,222	9,934

5. RELATED PARTY TRANSACTIONS

The Group enters into transactions with Related Parties. Details of Related Parties and the types of transactions entered into during the period ended 1 February 2009 are consistent with those disclosed in the audited financial statements for the year ended 1 August 2008.

6. CAPITAL EXPENDITURE COMMITMENTS

	Half Year ended 1/2/09 $'000	Half Year ended 1/2/08 $'000	Full Year ended 1/2/08 $'000
Commitments in relation to store fitouts	650	2,250	880

7. CONTINGENT LIABILITIES

	Half Year ended 1/2/09 $'000	Half Year ended 1/2/08 $'000	Full Year ended 1/2/08 $'000
Contingent liabilities inder contracts, guarantees, and other agreements arising in the ordinary course of business on which no loss is anticipated are as follows:			
Letters of credit	253	175	754

Notes to the interim financial statements

FOR THE SIX MONTHS ENDED 1 FEBRUARY 2009 (UNAUDITED)

8. OPERATING LEASE COMMITMENTS

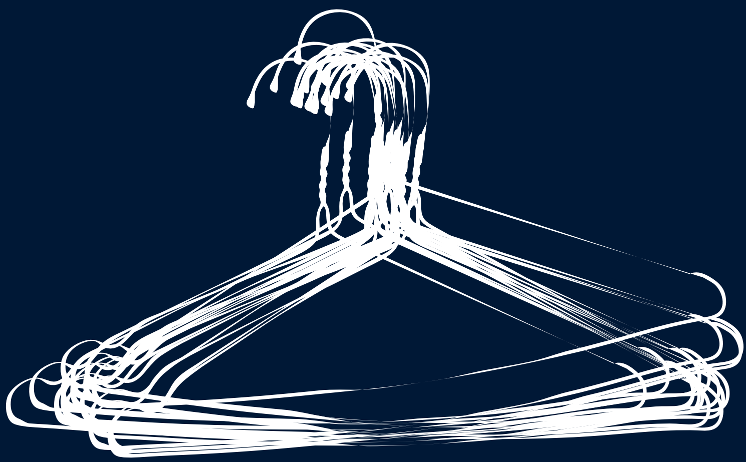
	Half Year ended 1/2/09 $'000	Half Year ended 1/2/08 $'000	Full Year ended 1/2/08 $'000
Total operating lease commitments	56,288	52,725	55,144

9. DIVIDENDS

	Half Year ended 1/2/09 cents per Share	Half Year ended 1/2/08 cents per Share	Half Year ended 1/2/09 $000's	Half Year ended 1/2/08 $000's
Final dividend for period ended 1 August 2008	10.00		5,965	-
Final dividend for period ended 1 August 2007	-	18.00	-	10,737
Total	10.00	18.00	5,965	10,737

10. INVENTORIES

During the six months ended 1 February 2009 the group recognised in the Statement of Financial Performance a write down of finished goods inventory to provide for obsolescence of $1,006,551 (2008: $421,151)



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