



HALLENSTEIN GLASSON HOLDINGS LTD

Interim Report

2013



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CHAIRMAN'S REPORT

THE DIRECTORS ADVISE THAT THE UNAUDITED NET PROFIT AFTER TAX FOR THE SIX MONTHS ENDED 1 FEBRUARY 2013 WAS \$10.371 MILLION, AN INCREASE OF 14.9 % OVER THE PRIOR CORRESPONDING PERIOD (\$9.028 MILLION). TOTAL COMPREHENSIVE INCOME FOR THE PERIOD AFTER FAIR VALUE ADJUSTMENTS WAS \$10.339 MILLION (\$9.764 MILLION). GROUP SALES FOR THE 6 MONTHS ENDED 1 FEBRUARY 2013 WERE \$115.73 MILLION, AN INCREASE OF 6.6% OVER THE PRIOR YEAR (\$108.57 MILLION).

The first half of the year has seen some significant improvements over the prior year.

Hallensteins have continued to re-position the brand and that strategy has now begun to deliver strong results. Net profit after tax for Hallensteins increased 21.2% and we have a very positive outlook for that brand.

Storm continued to outperform the market, delivering same store growth of 27%, while net profit after tax increased 72.7%. Later this year we will open our first Storm store in Australia in Chapel Street, Melbourne.

Glassons in New Zealand continued to play a leading role in the New Zealand market, lifting net profit after tax 12.8%.

Glassons in Australia has been a challenge and sales over the December, January period did not meet expectations. Given the positive growth we achieved earlier in the year this was disappointing however we remain positive about our future in this market. During the period we incurred \$NZD 500,000 for store relocation and restructuring in Australia. In the period under review we incurred a net loss after tax of \$600,000 in Australia.

Our ecommerce business has continued to grow to meet the demands of the change in consumer purchasing habits. Sales on the web have continued to see strong growth and we will continue to invest and place emphasis on this channel.

Segment Results

Glassons New Zealand

Sales +2% (same store sales +2%)
Profit after tax \$4.605 million (2012 \$4.084 million) +12.8%

Glassons Australia

Sales +13% (same store sales -1%)
Profit (Loss) after tax -\$600k (2012 -\$204k)

Hallensteins

Sales +6% (same store sales +8%)
Profit after tax \$5.149 million (2012 \$4.249 million) +21.2%

Storm

Sales +39% (same store sales +27%)
Profit after tax \$822k (2012 \$476k) +72.7%

Property

Profit after tax \$395k (2012 \$423k) -6.6%

Dividend

The Directors have declared an interim dividend of 16.0 cents per share (last year 14.5 cents per share.) In addition a supplementary dividend of 2.82 cents per share to those shareholders who are non-resident for New Zealand tax.

The dividend will be paid on 19th April 2013 to those shareholders registered as at 12th April 2013.

Future Outlook

The first seven weeks of the new season have been a challenge with record warm temperatures making it difficult to get traction for the winter season both in Australia and in New Zealand. Group sales are down -1% on the prior year, but as the cooler weather has started that trend has begun to reverse. We do not expect the retail environment to show any significant uplift, and are working on the premise that conditions will be very competitive.

Our sales on the internet continue to grow and together with investing in key stores we will continue to ensure our brands are at the forefront of our competitors.

Warren Bell
Chairman of Directors
27 March 2013



STATEMENTS OF
FINANCIAL PERFORMANCE
For the six months
ended 1 February 2013
(Unaudited)

Group \$000's	Half Year ended 1/2/13	Half Year ended 1/2/12
Sales revenue	115,730	108,572
Cost of sales	(47,606)	(46,358)
Gross profit	68,124	62,214
Other operating income	69	83
Selling expenses	(41,097)	(38,313)
Distribution expenses	(3,540)	(3,260)
Administration expenses	(9,653)	(8,598)
Total expenses	(54,290)	(50,171)
Operating profit	13,903	12,126
Finance income	541	469
Profit before income tax	14,444	12,595
Income Tax	(4,073)	(3,567)
Net surplus attributable to the shareholders of the holding company	10,371	9,028
Other comprehensive income		
Fair value gain (loss) in cash flow hedge reserve net of tax	(54)	671
Increase (decrease) in share option reserve	22	65
Total comprehensive income for the year	10,339	9,764
Earnings per share		
Basic earnings per share	17.39	15.14
Diluted earnings per share	17.39	15.14

The Notes to the Accounts form an integral part of and are to be read in conjunction with these Financial Statements.



STATEMENTS OF
FINANCIAL POSITION
For the six months
ended 1 February 2013
(Unaudited)

Group \$000's	As at 1/2/13	As at 1/2/12	As at 1/8/12
EQUITY			
Contributed equity	27,566	27,591	27,672
Asset revaluation reserve	10,632	10,632	10,632
Cashflow hedge reserve	(40)	(327)	14
Share option reserve	284	255	325
Retained earnings	27,362	24,486	27,921
Total equity	65,804	62,637	66,564
Represented by			
CURRENT ASSETS			
Cash and cash equivalents	26,199	22,253	25,970
Trade and other receivables	1,069	1,389	864
Prepayments	3,187	3,241	2,760
Inventories	13,650	13,910	19,514
Total current assets	44,105	40,793	49,108
NON-CURRENT ASSETS			
Property, plant and equipment	38,253	36,800	38,125
Intangible assets	626	474	734
Deferred tax	835	1,066	592
Total non-current assets	39,714	38,340	39,451
Total assets	83,819	79,133	88,559
CURRENT LIABILITIES			
Trade payables	3,923	3,233	6,632
Employee benefits	3,695	3,334	2,743
Other payables	9,248	8,035	9,439
Derivative financial instruments	55	455	(19)
Taxation payable	1,094	1,439	3,200
Total current liabilities	18,015	16,496	21,995
Total liabilities	18,015	16,496	21,995
Net assets	65,804	62,637	66,564

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STATEMENTS OF CHANGES IN EQUITY

For the six months
ended 1 February 2013
(Unaudited)

Group \$000's	Share capital	Treasury stock	Asset revaluation reserve	Cash flow hedge reserve	Share option reserve	Retained earnings	Total equity
Balance at 1 August 2011	29,279	(1,680)	10,632	(998)	190	25,598	63,021
COMPREHENSIVE INCOME							
Profit for year	-	-	-	-	-	9,028	-
Revaluation net of tax	-	-	-	-	-	-	-
Cash flow hedges net of tax	-	-	-	671	-	-	-
Increase in share option reserve	-	-	-	-	65	-	-
Total comprehensive income	-	-	-	671	65	9,028	9,764
TRANSACTIONS WITH OWNERS							
Purchase of treasury stock	-	(99)	-	-	-	-	-
Sale of treasury Stock	-	-	-	-	-	-	-
Dividends	-	91	-	-	-	(10,140)	-
Gain/loss on sale of treasury stock transferred to retained earnings	-	-	-	-	-	-	-
Total transactions with owners	-	(8)	-	-	-	(10,140)	(10,148)
Balance at 1 February 2012	29,279	(1,688)	10,632	(327)	255	24,486	62,637
COMPREHENSIVE INCOME							
Profit for year	-	-	-	-	-	11,992	-
Revaluation net of tax	-	-	-	-	-	-	-
Cash flow hedges net of tax	-	-	-	341	-	-	-
Increase in share option reserve	-	-	-	-	162	-	-
Total comprehensive income	-	-	-	341	162	11,992	12,495
TRANSACTIONS WITH OWNERS							
Purchase of treasury stock	-	-	-	-	-	-	-
Sale of treasury stock	-	-	-	-	-	-	-
Transfer of share option reserve to Retained earnings	-	-	-	-	(92)	92	-
Dividends	-	81	-	-	-	(8,649)	-
Gain/loss on sale of treasury stock transferred to retained earnings	-	-	-	-	-	-	-
Total transactions with owners	-	81	-	-	(92)	(8,557)	(8,568)
Balance at 1 August 2012	29,279	(1,607)	10,632	14	325	27,921	66,564
COMPREHENSIVE INCOME							
Profit for year	-	-	-	-	-	10,371	-
Revaluation net of tax	-	-	-	-	-	-	-
Cash flow hedges net of tax	-	-	-	(54)	-	-	-
Increase in share option reserve	-	-	-	-	22	-	-
Total comprehensive income	-	-	-	(54)	22	10,371	10,339
TRANSACTIONS WITH OWNERS							
Purchase of treasury stock	-	(699)	-	-	-	-	-
Sale of treasury stock	-	732	-	-	-	-	-
Transfer of treasury stock to employees	-	142	-	-	-	-	-
Transfer of share option reserve to Retained earnings	-	-	-	-	(63)	63	-
Dividends	-	59	-	-	-	(11,333)	-
Gain/loss on sale of treasury stock transferred to retained earnings	-	(340)	-	-	-	340	-
Total transactions with owners	-	(106)	-	-	(63)	(10,930)	(11,099)
Balance at 1 February 2013	29,279	(1,713)	10,632	(40)	284	27,362	65,804

STATEMENTS OF CASH FLOWS

For the six months
ended 1 February 2013
(Unaudited)

Group \$000's	Half Year ended 1/2/13	Half Year ended 1/2/12
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash was provided from:		
Sales to customers	115,667	111,719
Rent received	69	83
Interest from short term advances	512	435
Other interest	29	34
	116,277	112,271
Cash was applied to:		
Payments to suppliers	73,114	72,839
Payments to employees	21,529	20,181
Interest paid	-	-
Taxation paid	6,401	5,166
	101,044	98,186
Net cash flows from/(applied to) operating activities	15,233	14,085
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash was provided from:		
Proceeds from sale of property, plant and equipment and intangible assets	92	28
	92	28
Cash was applied to:		
Purchase of property, plant and equipment and intangible assets	3,855	4,706
	3,855	4,706
Net cash flows from/(applied to) investing activities	(3,763)	(4,678)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash was provided from:		
Sale of treasury stock	732	-
Dividends received for treasury stock	59	91
	791	91
Cash was applied to:		
Dividend paid	11,333	10,140
Purchase of treasury stock	699	99
	12,032	10,239
Net cash flows from/(applied to) financing activities	(11,241)	(10,148)
Net increase/(decrease) in funds held	229	(741)
Opening cash position		
Bank	2,694	6,285
Cash on hand	68	64
Short term deposits	23,208	16,645
Net cash held at the beginning of period	25,970	22,994
Closing cash position		
Bank	841	2,686
Cash on hand	25,291	19,501
Short term deposits	67	66
Net cash held at the end of period	26,199	22,253
Net increase/(decrease) in funds held	229	(741)

The Notes to the Accounts form an integral part of and are to be read in conjunction with these Financial Statements.

RECONCILIATION OF SURPLUS AFTER
TAXATION TO CASHFLOWS FROM

OPERATING ACTIVITIES

For the six months
ended 1 February 2013
(Unaudited)

Group \$000's	Year ended 1/2/13	Year ended 1/2/12
Reported surplus after taxation	10,371	9,028
ADD/(DEDUCT) ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES		
(Gain)/ loss on sale of plant and equipment	(18)	37
ADD/(DEDUCT) NON CASH ITEMS		
Depreciation and amortisation	3,760	3,412
Deferred taxation	(222)	(324)
Revaluation of financial instruments	-	(261)
Notional share option cost	22	65
ADD/(DEDUCT) MOVEMENTS IN WORKING CAPITAL ITEMS		
Taxation payable	(2,107)	(1,274)
Receivables	(490)	2,768
Creditors and accruals	(1,947)	(3,727)
Inventories	5,864	4,361
Net cash flows from/(applied to) operating activities	15,233	14,085

The Notes to the Accounts form an integral part of and are to be read in conjunction with these financial statements.

NOTES TO THE ACCOUNTS

For the six months
ended 1 February 2013
(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 235 Broadway Newmarket, Auckland.

The financial statements were approved for issue by the Board of Directors on 27th March 2013.

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 2012 Annual Report.

The financial statements for the six months ended 1 February 2013 and 1 February 2012 are unaudited. The comparative information for the year ended 1 August 2012 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 2012, and the audited financial statements to 1 August 2012.

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.

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.

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 Limited (New Zealand)
- Glassons Australia Limited (Australia)
- Storm (Retail 161 Limited) (New Zealand)
- Hallenstein Properties Limited (New Zealand)



NOTES TO THE ACCOUNTS

For the six months
ended 1 February 2013
(Unaudited)

\$000's	Glassons New Zealand	Glassons Australia	Hallensteins	Storm	Property	Parent	Total Group
For the period ended 1 February 2013							
INCOME STATEMENT							
Total sales revenue from external customers	45,870	21,375	43,754	4,731	-	-	115,730
Cost of sales	(20,138)	(7,916)	(18,149)	(1,403)	-	-	(47,606)
Interest income	150	8	375	4	-	4	541
Depreciation and software amortisation	1,456	944	1,067	172	121	-	3,760
Net profit before tax	6,412	(822)	7,159	1,147	548	-	14,444
Tax	(1,807)	222	(2,010)	(325)	(153)	-	(4,073)
Net profit after tax	4,605	(600)	5,149	822	395	-	10,371
BALANCE SHEET							
Current assets	12,751	3,297	27,002	1,046	(61)	70	44,105
Non current assets	12,216	6,547	6,210	1,018	13,723	-	39,714
Current liabilities	6,892	3,137	6,828	992	61	105	18,015
Purchase of property, plant and equipment and intangibles	1,972	783	914	186	-	-	3,855

\$000's	Glassons New Zealand	Glassons Australia	Hallensteins	Storm	Property	Parent	Total Group
For the period ended 1 February 2012							
INCOME STATEMENT							
Total sales revenue from external customers	44,860	18,848	41,463	3,401	-	-	108,572
Cost of sales	(20,143)	(6,950)	(18,158)	(1,107)	-	-	(46,358)
Interest income	129	29	298	7	-	6	469
Depreciation and software amortisation	1,353	689	1,105	175	90	-	3,412
Net profit before tax	5,702	(273)	5,914	664	588	-	12,595
Tax	(1,618)	69	(1,665)	(188)	(165)	-	(3,567)
Net profit after tax	4,084	(204)	4,249	476	423	-	9,028
BALANCE SHEET							
Current assets	13,876	3,477	21,429	1,527	(61)	545	40,793
Non current assets	10,684	5,712	7,240	984	13,720	-	38,340
Current liabilities	7,405	2,764	5,403	775	117	32	16,496
Purchase of property, plant and equipment and intangibles	1,607	1,469	1,432	94	104	-	4,706

NOTES TO THE ACCOUNTS

For the six months
ended 1 February 2013
(Unaudited)

2. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 1 February 2013, the Group acquired assets with a total cost of \$3,855,000 (2012: \$4,706,000). Assets with a net book value of \$74,695 were disposed of during the six months ended 1 February 2013 (2012: \$64,829) resulting in a net gain on disposal of \$17,990 (2012: \$37,272 loss).

3. INCOME AND EXPENSES

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

\$000's	Half Year Ended 1/2/13	Half Year Ended 1/2/12
Employee benefits	21,529	20,181
Depreciation	3,552	3,220
Amortisation of intangible assets	208	191
Rental expense	11,946	11,173

4. 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 2013 are consistent with those disclosed in the audited financial statements for the year ended 1 August 2012.

5. CAPITAL EXPENDITURE COMMITMENTS

\$000's	Half Year ended 1/2/13	Half Year ended 1/2/12	Full Year ended 1/8/12
Commitments in relation to store fitouts	4,945	2,889	1,400



NOTES TO THE ACCOUNTS

For the six months
ended 1 February 2013
(Unaudited)

6. OPERATING LEASE COMMITMENTS

\$000's	Half Year ended 1/2/13	Half Year ended 1/2/12	Full Year ended 1/8/12
Total operating lease commitments	58,870	65,364	62,396

7. DIVIDENDS

	Half Year ended 1/2/13	Half Year ended 1/2/12	Half Year ended 1/2/13	Half Year ended 1/2/12
	cents per Share	cents per Share	\$000's	\$000's
Final dividend for period ended 1 August 2012	19.00		11,333	-
Final dividend for period ended 1 August 2011	-	17.00	-	10,140
Total	19.00	17.00	11,333	10,140

8. INVENTORIES

During the six months ended 1 February 2013 the group recognised in the Statement of Financial Performance a write down of finished goods inventory to provide for obsolescence of \$507,873 (2012: \$525,083).



