

## RESULTS FOR THE FULL YEAR TO 1 August 2014

The directors advise that the audited net profit after tax for the 12 months to 1 August 2014 was \$14.278 million, a decrease of -23.5% over the corresponding period last year (\$18.669 million). Group sales for the period were \$207.984 million, a decrease of -5.5% over the corresponding period last year (\$220.117 million). Total Group Comprehensive Income for the period was \$14.445 million, (\$20.055 million).

The decline in earnings was felt particularly in the first half of the year when poor December sales contributed to a fall in earnings of -40% on the prior year. Earnings for the second half of the year saw some improvement as the season progressed and the winter season sales ended -2.7% on the corresponding period, with earnings just short of the 2013 winter season at -2.4%.

Commenting on the result CEO Graeme Popplewell said “ the 2013/14 financial year had been extremely challenging with all the brands in the group failing to deliver expected results. Whilst there have been external influences that have been detrimental to trade the majority of the difficulties we have faced have been due to internal factors that saw poor execution of planning and buying, particularly in the first half of the year. We have taken appropriate steps to ensure there is no reoccurrence of those circumstances and are starting to see the results of those efforts.”

### Dividend

The Directors have declared a final dividend of 16.5 cents per share, payable on 5th December 2014 to shareholders on the company's register as at 5:00pm 28th November 2014. Together with the interim dividend of 12 cents per share paid 17th April 2014 the dividend for the full year is 28.5 cents per share (last year 33.5 cents per share). The strength of the balance sheet together with current trading patterns allows us to comfortably accommodate this payout.

### Segment Results

#### Glassons New Zealand

For the full year sales declined -5.2% and profit after tax was down -14.5%. The majority of the decline was in the first half of the year when profit was -33.8% down on the prior year.

The second half of the year saw some improvement with sales increasing over the corresponding period by 0.5%, and profit after tax increased 9.0%.

During August Tracy Shaw, the recently appointed CEO for Glassons resigned due to family reasons. Page Executive, London have been appointed to undertake a global search for a replacement candidate.

#### Glassons Australia

Expressed in Australian dollars sales declined -1.73% however the movement in the exchange rate with the New Zealand dollar translated into a -13% decline in NZ\$.

A loss for the year after tax of -\$1.505 million was incurred, the majority of which was in the first half of the year.

The second half sales in Australian Dollars were +2.3% and in NZ dollars -10.4%. A net loss after tax of \$0.262 million was incurred in the second half.

## Hallensteins

For the full year sales declined -1.8% and profit after tax declined -18.6%. Second half sales were -2% and profit after tax -8%. The warm winter had a stronger influence on menswear than on womenswear which is more trend rather than climate driven.

## Storm

After a record year in 2013 Storm struggled to maintain momentum during the financial year. Sales for the full year declined -7.4% and profit after tax was down -56%. Sales in the second half were -5.8% and profit after tax -46.1%. Considerable focus has gone into reversing this trend and we are now seeing sales return to historic levels.

## E-Commerce

Sales on the internet continue to play an increasing part in the business. Web sales now account for 5% of group turnover. Our policy remains to continue to invest resource in this channel and there is a strong focus to gain further growth. For the new year to date sales have increased 7% over the prior year.

## Future Outlook

The first 7 weeks of the new financial year have been encouraging with group sales +4% on the prior year. All chains in the group are trading above last year. There has also been a solid improvement on gross margin over last year.

This is the result of exiting winter with stocks well managed and also a positive customer reaction to new season merchandise.

We have continued to invest in our stores, with store refurbishment in a number of locations planned over the next few months. Hallensteins will move to newer and larger premises in Dunedin and in also in Queen Street Auckland. Glassons will also upgrade its Queen Street Auckland store. Our new large format store in Lambton Quay which opened October 2013 has been very successful for both Hallensteins and Glassons and our further investment in these larger format stores is a result of that success.

We will also launch two new format stores in Australia at Bondi Junction and Macquarie (Sydney). All of this activity will be completed prior to Christmas 2014.

Later this year Glassons will launch a new brand campaign to reawaken awareness of the brand. We believe Glassons is well positioned to benefit from this investment.

It is too early in the season to project results for the first half of the year, but we are confident the business is in a much stronger position than it was at a comparable stage last year. There is a strong focus to ensure our performance over the crucial trading months of December and January is well executed.

Further guidance will be given at the Annual Meeting of Shareholders in December 2014.

Graeme Popplewell

CEO

25<sup>th</sup> September 2014

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