HALLENSTEIN GLASSON
HOLDINGS LIMITED

9th August 2016

HALLENSTEIN GLASSON HOLDINGS LIMITED
TRADING UPDATE FOR FULL YEAR ENDED 1 AUGUST 2016

The Company advises that sales for the 12 months ended 1 August 2016 were $223.48 million which were marginally above the prior year ($221.52 million.)
Net profit after tax is projected at approximately $13.5 million, a decrease of -22% on the prior year ($17.386 million.)
Whilst top line sales have been maintained in a very challenging environment for apparel, there were 3 main factors that caused profit erosion:

1. A lower exchange rate has had a negative impact on gross margin which has fallen 3 basis points from 59.3% in the prior year to 56.5% in the current year. We have substantially consumed forward cover at unattractive rates and purchases for the key December trading period will be made at a more attractive rate.
2. Record mild temperatures on both sides of the Tasman during early winter resulted in key winter categories failing to match last year sales. A return to normalised winter temperatures has allowed the Company to trade through winter stocks although this had been at a lower that usual margin.
3. Difficulties in securing effective management for Glassons business had seen a lack of continuity fashionability which has impacted both sales and margin. That key issue has been addressed and following the appointment of Di Humphries in April 2016 significant work had been done to address those issues. Since June we have started to see an improvement in performance and we look forward to the new year with confidence.

The Group's cash reserves remain healthy and future cash flow is projected to be positive. Given current trading trends the expectation is that December dividend will remain at historic levels.

A full profit release will be made to the market on 23 September 2016.

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