Kathmandu®

live the dream™

KATHMANDU HOLDINGS LIMITED
ASX/NZX/MEDIA ANNOUNCEMENT
22 DECEMBER 2011

PRELIMINARY TRADING UPDATE AND PROFIT GUIDANCE

FOR THE HALF YEAR ENDED 31 JANUARY 2012

Kathmandu Holdings Limited (ASX and NZX code: KMD) advise that trading to date during the Christmas period has not met management expectations, and as a result it is now expected that earnings for first half of FY12 will be less than the NZ$23.2m EBITDA achieved for the same period last year.

At last month's Annual General Meeting Kathmandu advised that for the 15 weeks to 13 November 2011 sales had increased by 16.0% on pcp (17.6% at constant exchange rates). However same store sales over the past five weeks have been less than last year. In this period trading has been stronger in New Zealand than Australia and gross margins have been maintained at approximately the same levels as last year. As there are six more weeks of trading before the end of the first half FY12, it is too early to provide more specific detailed guidance on either total sales or profitability for the full period.

Sales performance year to date is detailed below:

Period	Sales growth % (constant currency)	Same stores growth % (constant currency)
15 weeks to 13 November 2011	17.6%	9.2%
20 weeks to 18 December 2011	10.6%	2.8%

Kathmandu's Chief Executive Officer Peter Halkett said the retail environment had become increasingly difficult in both Australia and New Zealand. "Our trading performance throughout the Christmas period to date has been below expectations, which is a reflection of weaker consumer spending", said Mr Halkett, "but our overall profit result for the full year remains primarily dependent on second half year trading which last year contributed almost 70% of our total year profit. As Kathmandu continues to roll out more stores, the weighting of our earnings towards second half trading is expected to increase due to two of our three major sale events occurring in the second half".

Mr Halkett stated that "a number of actions have been initiated to recover the sales shortfall over the Christmas period and, subject to second half trading, full year profit growth remains achievable."

Kathmandu's full result for the half year will be released on Wednesday 21 March 2012.

Any enquiries re this announcement to Mark Todd, CFO +64212711328

Kathmandu Holdings Ltd
11 Mary Muller Drive, Heathcote 8022
PO Box 1234, Christchurch 8140, New Zealand
Phone: +64 3 373 6110 **Fax:** +64 3 373 6116
www.kathmandu.co.nz

55-65 Sky Road, Melbourne Airport, Business Park, Victoria 3045
PO Box 200, Tullamarine, Victoria 3043, Australia
Phone: +61 3 9267 9999 **Fax:** +61 3 9267 9934
www.kathmandu.com.au