TRANSCRIPTION

Company:	**Kathmandu Holdings Limited**
Title:	**Annual General Meeting**
Date:	**24 November 2010**
Time:	
Conference ID number:	**1007**
Moderator / Speaker:	**James Strong**

Start of Transcript

James Strong: Good morning ladies and gentlemen. I have much pleasure in declaring open the first Kathmandu Holdings Limited Annual General Meeting and I'd like to extend a warm welcome to everyone who's turned up here today.

On the information conveyed to me I declare that a quorum of shareholders is present and the meeting has been duly convened.

Before we start the formal business I'd like to introduce our Directors to you. On my left, starting from John Harvey, John Holland - these are no in the order sorry that they're - people are seating - Sandra McPhee between those two; Peter Halkett on my left who's the CEO and Managing Director; and on the extreme left of course is Mark Todd who's our Finance Director and also Company Secretary.

Before moving to the meeting's formal business, it's necessary for me as Chairman of the meeting to inform you of how voting on each resolution is to be handled today. The Board considers it appropriate that all shareholders who have taken the time to either attend today's meeting or to complete a proxy form should be given the opportunity to vote in respect of the resolutions to be considered by the meeting.

Accordingly I don't propose to call for a show of hands on each resolution, as is the custom today that all resolutions will be put to a poll which I now declare open. This procedure records all the votes of all shareholders who vote, both in person or by lodging proxies and we'll display the proxies before the vote is taken on each motion.

At registration you will have received an attendance or voting card. A yellow card indicates you are a shareholder and are entitled to vote and to address the meeting. Red indicates you are a non-voting shareholder and as such are either a joint shareholder or have already returned a proxy vote prior to the commencement of the meeting. A blue card indicates you are a visitor to the meeting, you are welcome here today, but will not be able to address the meeting.

If you do not have a voting card and believe you are entitled to vote, please see one of the registry staff from Link Market Services immediately outside.

For those present I will indicate proxy votes to you at the appropriate time when considering each item of business on the agenda. The final results of the poll will, after scrutiny by the representatives of our share registry present at the meeting, be lodged with the NSX and the ASX.

A reasonable opportunity will be given to shareholders to ask questions about or make comments on the items of business on the agenda for today's meeting. Where appropriate I will refer detailed questions best answered by management to Peter or to Mark - that means the difficult questions.

Once we have considered the financial report, shareholders will be given the opportunity to ask general questions. Shareholders with questions relating to specific resolutions are requested to ask those questions when we are considering the relevant subject matter.

When we do open the floor discussion I will ask that for the convenience of all present those shareholders who wish to speak use the available microphone. Please show your yellow card and state your name before asking questions.

As to minutes, this is the first Annual General Meeting, so there are no minutes of previous meetings to notify you of.

The first item on the agenda is to receive and consider the financial statements and auditors report as contained in the Company's Annual Report for the year ended 31 July 2010. Before seeking shareholders comments on that report I'd like to give you an overview of the 2009/10 year from the Chairman's perspective and the Board's perspective and then I will ask Peter Halkett, our Managing Director and CEO, to provide a review of activities in the year and an update on the first half's and full year's outlook for the current financial year.

So, according to this quaint custom I will address you from over here.

Kathmandu Holdings Limited listed on the ASX and the NSX on 13 November 2009 after a successful initial public offer of 200 million shares. The IPO was well supported on both sides of the Tasman and it has provided the opportunity for over 4000 investors to participate in the ownership of Australasia's leading retailer of clothing and equipment for travel and adventure.

Shareholders should not that the addresses today and any supporting presentation material referred to NZ dollar denominated results, which is the Company's base reporting currency.

First of all on our results - Kathmandu's first year of trading as a listed company has coincided with a sustained period of weak consumer confidence and real reduction in discretionary retail spending across the three countries that we trade in.

Despite these circumstances, for the year ended 31 July 2010, Kathmandu sales grew by 14% to NZD245.8 million and earnings before interest and tax grew by 12.4% to NZD47.9 million. This result was after eliminating the one-off costs associated with the IPO last November.

Whilst this profit increase was slightly below our IPO prospectus forecast, your Board considered that it was a credible outcome given the economic environment which became considerably more challenging as 2010 progressed.

Adjusting for the one-off IPO costs net of tax, net profit and after tax grew by NZD14.9 million to NZD25.2 million and the Board approved an initial dividend of NZD0.07 per share. We anticipate continuing to adopt a dividend payout ratio of around 55% of tax paid profit in the medium-term whilst the company continues to invest in the expansion and upgrading of its retail store network in both New Zealand and Australia.

Our CEO Peter Halkett and his management team have steered the Company through a challenging 12 months. There were very substantial demands placed upon them throughout the IPO process and in their subsequent effective adaptation to the rigors of operating as a public company. The teams competency and commitment were critical to the successful public listing, and this year's increase in earnings.

Corporate governance - your Board of Directors - which you will note is quite small - was appointed in conjunction with the IPO last year and the Board members have a broad range of appropriate experience which we believe will provide the necessary oversight for Kathmandu in our initial years as a listed company.

We have made a successful and appropriate transition from private equity ownership and the Board has adopted the key corporate governance policies and practices that shareholders expect in any listed entity.

Given the smaller Board size it has been efficient and effective for all of the independent Directors to be members of each of our sub-committees. I thank all of the Board members for their commitment and support during our first year.

Peter will comment further on the outlook, but I'd just like to make these remarks.

It is possible that the economic environment will continue to adversely affect overall consumer spending in at least the short-term. Despite these circumstances and the disappointing current share price - which I must record the Board's disappointment with the current share price - Kathmandu's continuing market leadership, brand positioning and value proposition - which is underpinned by its vertical integrated business model - will continue to provide strategic competitive advantage and resilience to deal with any extended market downturn.

The store rollout program identified in our prospectus, which projects a Kathmandu potential store network across Australia and New Zealand, of up to 150 stores remains on track and is achievable.

We expect to again open about 15 new stores in the forthcoming year, primarily in Australia. The economic environment in the UK is certainly challenging and the Board does not currently contemplate any expansion in that market.

Our focus remains on taking up the investment opportunities in both product and retail footprint which exist in Australia and New Zealand. In this way we will seek to maximise returns to shareholders from the ongoing growth in sales in these markets. Your Board and the management team are clearly focused on achieving this outcome.

Thanks very much and I'll ask Peter now if he could make some comments on our performance and the outlook.

Peter Halkett: Thank you James. Most people probably don't recognise me today - this is me in a suit. I went through the last 12 months wearing Kathmandu gear, and I thought I'd break with tradition because this is our birthday.

Thanks everybody for joining us today, and thank you James once again.

I'm going to outline a number of topics today - first all I'm going to go back through our 2010 results. I'm going to highlight some of the key achievements that I felt were achieved during the last 12 months as well, update on the ongoing growth strategy, provide some insight into our trading year to date and we are going to be giving specific numbers, which I know the analysts amongst the group will find interesting. And I'm also going to provide a comment on the remainder of the financial year.

From a highlights point of view it was a major milestone in the history of Kathmandu -the listing of the company on 13 November. Our transition the first four months from a private company to a public company from private equity to public company - that's a fairly major transition from those to types of ownership and in fact for a company of our size to dual list with the resources we have available, I thought was a great achievement.

I would like to take this opportunity to thank Mark Todd who really put in an enormous amount of effort with everybody to make that happen.

Just furthermore, we did open 15 stores during the year. We were targeting 12 and we managed to get that to 15 and in fact in last year's result we also had a couple of additional temporary stores we opened of the Christmas sale - sorry, for the winter sale.

Sales were NZD245.8 million, up 14% and this was a 1.3% increase on a same store basis and that's 0.9 on a constant exchange rate basis. Same store sales by country were up 0.8 in Australia, about 0.6 in New Zealand, and 5.8 in the UK. Some of that UK is a result of the second year ramp up of a couple of the stores we opened the prior year.

Another highlight was the improved operating cash flow, once again coming out of private equity. The new capital structure we have as a public company allows us to take advantage of all sorts of interesting investment opportunities we have in the future.

We grew our product range. We launched new products. I'm going to talk about these points in a little bit more detail shortly. Our Summit Club membership continued to grow up to 400,000, which was 129% increase on two years ago and that's a core part of our business, and you will hear that increasingly from other retailers -they are talking online and they are talking about growing their loyal customer base.

We actually launched our online site in October 2009 and already that's trading to the equivalent of two small stores in each country, and we introduced a third party warehousing to facilitate a more efficient distribution. We have direct to store deliveries out of China now, so a lot of innovation and over the next couple of years that will improve our operating leverage, particularly in those non-store related costs.

Just over viewing the results - the market conditions and consumer confidence were stronger in our first half of last year and the first half we did achieve same store sales of in the order of 13% and we traded well above the prospectus expectation at that time.

The second half we encountered much tougher conditions, as most people here will be aware, and it became far more challenging for us. The market was very price focused. There was a period of subdued demand and the discretionary retail coincided with our most critical trading period where we had two of our main promotions - our Easter sale and our winter sale - that's the period of March through to July.

However we did take a number of actions. We did increase our marketing activity, we created more promotional offers and we attempted to get a balance between more aggressive activity as well as protecting our margin selling through our winter stock, and in parallel with that ensuring that our brand credibility and integrity was maintained.

I think we achieved that despite the fact that we still missed the prospectus forecast.

EBIT and net profit after tax while slightly below prospectus forecast were well above the previous year after eliminating our IPO costs. In fact EBIT was up NZD3.8 million or 8.6% and the net profit after tax was up NZD10.3 million or 69%. EBIT was below prospectus forecast by 5.3%.

On the operational front, we did - I have mentioned already we were targeting 12 stores, we grew that to 15 stores. In addition, that meant at the end of the year we were at 97 stores in total - that was 36 in New Zealand, 55 in Australia and six in the UK. The stores we opened during the year were in Australia - Devonport - or Davenport - depending which side of the ditch you come from. South Wharf DFO in Melbourne. Chappell Street in Melbourne. Frankston in Melbourne. Ballarat just outside Melbourne - there's quite a lot of investment going in to Victoria. McArthur here in New South Wales. Townsville.

Fremantle. Tea Tree Adelaide. Adelaide Harbor Town - which is an outlet store. And in New Zealand we opened another outlet store in Onehunga. We opened a large destination store in Tauranga CBD. Gisborne, Hastings and Timaru.

The one thing I'd say about those stores is they represent a range of sizes, demographics and locations. Early indications are all those stores are performing very well.

In addition to the new stores, we commenced a program of refurbishment and relocations, new store design concepts were introduced and in some cases it was about upgrading for the brand, upgrading and creating more selling space. Projects include Kent Street; I'm not sure how many of the audience have been to the Kent Street store. There's certainly a good before and after case there. We upgraded our Cashel Street store in Christchurch, Bourke Street store in Melbourne and Dunedin. In fact, we have a program to upgrade all our major CBD stores as part of the repositioning of the brand. Once again, the trading from these locations and these upgrades has been very good.

We began our online trading in October, and as I mentioned this channel is well above our expectations. It's fair to say I was slightly sceptical as to how well we would do, but customers are finding this a great place to review our products, to buy online, to go online, see the products and then come into store and vice versa. So already those stores are trading the equivalent of two small stores and we have big plans for online over the next 12 months.

We grew our product for last year by approximately 10% and you'll probably be aware we have a target over the next three years of growing that by 30%, so we're on track. Once again, it's not just about growing product range, it's about introducing new technology, innovation and improve quality as well. As I see it, Kathmandu's growth not only comes from store rollout but it comes from product rollout.

Some of the examples of the products we introduced that you may or may not be familiar with were things like UltraCore thermal range, which is a top end thermal product. We extended our travel accessories range into small bags and pouches and wallets and all sorts of things and we grew our Kathmandu kids' range, which once again is proving very popular and leveraging the brand, leveraging the styles, leveraging the manufacture capability.

In the UK we actually achieved 16.7% total sales growth and 5.8% on a same store basis. This was actually in line with our expectations or budget, but it's still some way from what we're targeting to ensure that that's a long term sustainable business. The UK operation remains some way from profitability; a review will be undertaken within the next six to 12 months to decide how best to take the business forward.

Just wanting to comment on growth strategy; most of this has been talked about before and this is an opportunity for me to update and just reconfirm that we're on track. Once again, I would reinforce the fact that Kathmandu is as much about a brand as it is about retail stores. So our success is about our brand and the products as well as the store rollout. First and foremost we're not just a chain of retail stores; the brand name is our greatest asset which we must protect and grow.

During the year we actually commissioned some research on our brand to ensure we fully understand the value and the equity in the brand. We plan to apply these learnings over the next year or two and strengthen our brand identity, our store environment, our packaging and pretty well all of our marketing communications that will be included on our clothing and equipment as well. That is a major project and a big step forward.

I've talked about the growth in our product range so I won't go on too much except to confirm that we are on track to grow the range by 30% over the next three years. That's going to drive same store sales. That's about leveraging our existing portfolio as opposed to just rolling out more and more stores. In fact, next year we expect to be celebrating our hundredth store, that's in New Zealand and Australia. We're on track for 15 this year and I'm going to update you shortly as to where we are and which stores we've re-signed up to date.

We have five stores already confirmed, Logan in Queensland on the Gold Coast; we have Orange which you'll be familiar with, not far from here, Mark, you drove it the other day, it's a good three hour drive so we'll be opening a store in Orange early next; Wollongong and Whitford Westfield in Western Australia and we also have Perth Harbour Town and we've just, in fact, at our Board meeting yesterday we signed off another three stores as well. So that will be eight stores out of our 15 we've already got under our belt, and I have no doubt we will get to our target.

From a refurbishment point of view we've already completed five major refurbishments this year. We're very positioned and enlarged our new Plymouth store, our Palmerston

North store, Sylvia Park store in Auckland, our Queen Street store in Auckland and our Innaloo store in Western Australia.

Once again, as we grow our product range we have to grow our store sizes to accommodate the range.

So I'm going to provide an update, and I think this is why some people might be here. We have certainly seen continuing and difficult retail conditions. Our sales for the first 16 weeks, and that's up until Sunday, have been NZD51.6 million and total up 9.3% and on a same period on a constant exchange rate basis, that's 7.7%. On a same store basis this is 2.1% up positive and at a constant exchange rate it's also positive at 0.6%.

This compares to the equivalent period last year for the same 16 weeks when we were up 19%. I think that's showing the evidence of the fiscal stimulus coming through. There possibly is still some impact now, but I think it's fair to say we're up against some fairly large numbers and we've still shown positive same store growth.

By market we do see New Zealand slightly better at the moment than Australia from a same store point of view. In fact, both New Zealand and UK are slightly positive with Australia slightly negative. Once again, I think that evidenced the fiscal stimulus cycling through.

The first half profit will be largely dependent upon the Christmas and the January period, which I've got a table coming up soon which just highlights how important that period is in the context of the first six months, and in fact it shows the whole year and how last year was followed up.

We're satisfied with our performance year to date, although we still think there's scope for further improvement. It's a satisfying performance from what I hear from other retail and satisfying given how difficult I think it has been coming up against increases such as our 19% in the prior year.

When we look at the trading pattern it's important to highlight the significance of the trading update I've just given relative to the full year. In fact, you'll see the period we've been through is 18% of our total annual turnover and you'll also see that the next period is 24% and then in terms of the first half that's 42% compared to 58%. Now that's last year's pattern. It may not reflect this year, but all things being equal it will be something similar to that.

So our major three promotional periods being winter, Christmas and Easter remain critical to our annual performance, total sales above 60%. Last year to this point in time we were 18% so from a profit point of view it's less than 5% of our total profit year to date because we haven't actually undertaken any of those major promotions. So in many ways our trading performance comparing to retail and comparing to last year is very good but in terms of what it means for our half year result and full year result it's really just the entree with the main course on its way.

From an outlook point of view looking forward I tend to split this into what's happening within Kathmandu, which I've largely talked about but I'll summarise; how we see the market and what we think all this really summarises and means. Looking forward our focus will remain on the store rollout. Our growth story is very simple; it's roll out more stores, enlarge and reposition stores and grow the product range and all of that is continuing. The brand refresh is about a longer term investment and ensuring the equity and the strength of the brand remains. We also have a goal to maintain our margins within 62% to 64% which year to date is absolutely still on track.

From a market point of view clearly you've heard this from a lot of other people, that there's still a lot of uncertainty, there's a lot of volatility. In fact, sitting in my seat it's very difficult to see even week by week what may happen and so it's a challenge when I get asked how do you see the environment. It's hard, particularly as I'm not an economist and even if I was it probably wouldn't mean anything anyway. It's very difficult for us to predict so for us we just see it volatile, we see a lot of uncertainty and we build the business and build our model around that.

The discretionary retail spend remains under a lot of pressure. Once again, if you look at the New Zealand side of things I don't believe the retail spend has actually reached the levels of 2006. But on the positive side, the Australian fiscal stimulus, I'm not sure that it's cycled, but it's certainly getting near the end of the cycle. I think there was a time when people were allocated the money; the question is when did they spend that money.

So in summary, from the Board's point of view and the management's point of view, as long as there's no further deterioration in the trading conditions we believe the business will continue to grow in the year ahead.

I want to thank you for your time again today and I'll now pass back to James. Thank you.

James Strong: Thanks very much for that, Peter. I'd just like to record my thanks to the management and also my Board colleagues for the year just passed.

This is the opportunity now for shareholders to ask questions or comment on the annual report, the presentations that Peter's just made and my own comments or any other matters relating to the Company. Anyone wishing to speak please stand up and a microphone will be passed to you.

I might also indicate when we're presenting the accounts that we have with us Eddie Wilkie from PricewaterhouseCoopers, thank you very much for being with us, so if there are any technical questions relating to the audit we could ask Eddie to comment on those.

Would anyone like to ask a question or make a comment?

Paul Finnessy: (Shareholder) Good afternoon. Paul Finnessy, I'm an independent shareholder and a Summit Club member I'm pleased to say.

I notice there's been a 6% increase in our staff which is obviously driven by the new stores. Under the heading Kathmandu Team on page nine of the annual report, I note that there is significant importance given to people acquisition, retention and development. They are a critical enabler of success it states. Yet I note that none of the senior management team has a human resource responsibility attributed to them. That would suggest that people development is being actioned from a lowish internal level within Kathmandu.

Could you inform me who is responsible for people development within the team?

James Strong: Thank you Paul. I'll ask Peter to comment on that.

Peter Halkett: Thank you for the question. There is someone at this table here who is now responsible for HR, which is Mark Todd. Over two years ago Kathmandu didn't even have a dedicated HR function; it was part of the transition from, I guess, a small private entity into a larger business that we are today. During that period we needed to manage our costs and manage our structure very carefully, so we're introducing some of these practices as we can afford it and as the business can afford it.

A change that we made, Mark, was approximate three months ago. Rebecca Edwards is our HR manager. She used to report through our operations manager. We've now moved that function and made it a corporate responsibility reporting through to Mark Todd.

It was a good question and I'm pleased that we've actually moved on that.

James Strong: Any other comments? If everyone's satisfied on that we'll move on to the other items on the agenda.

The first one is the election of directors. Article 4.4 of the Company's Constitution requires at least one third of the directors to retire by rotation at the annual shareholders meeting. To comply with the listing rules it's necessary for each director to be appointed by separate resolution.

The first motion relates to my reappointment. We call for volunteers for re-election and I'm the first director to come up for reappointment so I'll need to hand over to John Harvey to conduct that, so I step aside as Chairman and hand the chair to you. Thanks, John.

John Harvey: Thank you, James, and good morning ladies and gentlemen. Before I put the motion I'll hand straight back to James and ask him to speak to you regarding his re-election as a director.

James Strong: Thanks, John. I'd just like to say that the initial period of involvement in the company has been extremely interesting. As I mentioned during the Chairman's Address, we are disappointed with the share price performance, and obviously we've been trading in difficult conditions. However, I think the important thing to say to shareholders and to the market is that during that period we have really progressed our agenda both in terms, as Peter's indicated, of the product development, people development, growing our stores, and making sure that we believe that we've got a sound future for the organisation.

I'm very pleased to offer myself for re-election for a further term, and I can assure shareholders that from my point of view there is no shortage of enthusiasm and believe in the product and the organisation. Thank you, John.

John Harvey: Thank you, James. I certainly think we're very privileged to have somebody with James' experience as chairman of our board. I now have pleasure in moving that James Strong, who retires in accordance with Article 4.4 of the company's constitution, and being eligible, offers himself for re-election, be re-elected as the director of the company. On the screen behind me you will see details of the proxy votes that have been received in respect of James' election so that you are fully aware of them before you are asked to vote.

Is there any discussion on the motion? If not, then please indicate your vote on your voting card now, or wait until all resolutions have been considered. There being no further discussion, based on the proxy votes received it appears that this resolution will be passed. Congratulations, James, on your re-appointment, and I'll hand the meeting back to you.

James Strong: Thanks very much, John. The next motion relates to the reappointment of John Holland, who was the other volunteer for re-election, as a director of the company. Before I put the motion I'd also like to ask John to speak to you shortly about his re-election.

John Holland: Good morning. I'm a lawyer, a partner in a national law firm in New Zealand, Chapman Tripp based in Christchurch, which of course is the location of Kathmandu's head office. I'm also a member of the New Zealand securities commission, which is the rough New Zealand equivalent of your ASIC. I've had an involvement with Kathmandu since the early 1990s, initially as a legal advisor, and then subsequently as a board member immediately before the sale to private equity in 2006. So I've seen the company grow.

Mark can say he's seen the company grow from about nine stores to nearly 100. I think I've seen the company grow from about six to nearly 100. I think that the growth in the company and the brand over that time has obviously been fantastic, but there's obviously still a lot of work to do, and a lot of potential further growth in both the brand and the company, particularly in Australia.

I'd be very honoured to continue to act as a director of the company, and I'd be very happy to answer any questions anyone might have.

James Strong: Okay. From a formal point of view, thanks very much, John. I'll ask that the motion be displayed. I'm going to move that John Holland, who retires in accordance with Article 4.4 of the company's constitution, and being eligible, offers himself for re-election, be re-elected as a director of the company. Is there any discussion on that motion, or questions?

In the absence of that, could I ask if you could indicate your vote on your voting card now, or wait until all resolutions have been considered? Also on the screen you see the proxy votes received, so it appears that this resolution will be passed as well. Thank you, ladies and gentlemen, for your continued support.

The third item on the agenda is to authorise the directors to fix the fees and expenses of Price Waterhouse Coopers as the company's auditor. To do that I'll move that to record that Price Waterhouse Coopers can continue in office as the company's auditors and authorise directors to fix the remuneration of Price Waterhouse Coopers for the ensuing year. Are there any questions or discussions on that motion? The resolution again is displayed, and the proxy voting on that. Again, please complete your own card to indicate your voting. As you can see, again the proxies indicate that that resolution will be passed.

The next item is one that's quite important, and which a fair bit of work has been put into. That is constructing a long term incentive plan for employees. This is asking for your approval of the Kathmandu Holdings Limited Long Term Incentive Plan, and the grant of performance rights to participants under that plan if hurdles of performance are met. The explanatory statement which we've circulated provides details of the new employee incentive plan including its objectives, its role within the company's overall remuneration arrangements, and the reason for the plan requiring shareholder approval, which we think is quite appropriate.

The plan's terms are also summarised in the explanatory statement and for the information of shareholders I can advise that should the plan be approved, the directors would intend to grant performance rights under the plan to the eight senior executives of the company. In other words, key employees. This does include Peter and Mark, who as executive directors must have their grants approved by the shareholders, so we'll be doing those separately as approvals five and six on our agenda.

I'll put the motion for approval of the long term incentive plan, and ask if there are any discussions on that motion, or comments, please? I'll just formally read it: approval is given for the purpose of exception nine in ASX Listing Rule 72 and for all other purposes including the Company's Act 1993 New Zealand for the establishment of an employee plan to be called the Kathmandu Holdings Limited Long Term Incentive Plan, on the terms contained in the explanatory statement for the provision of incentives to eligible employees of the company, or any related body corporate of the company, and the grant of performance rights and the subsequent issue or transfer or ordinary Kathmandu Holdings Limited shares to participants under the Kathmandu Holding Limited Long Term Incentive Plan.

Can I just make a comment that as I said earlier we have put a lot of time and effort into constructing this to make sure that it's in the shareholders interest if these shares are divest. The voting is now on the screen with the motion, and as there seems to be no further discussion it appears that resolution will be passed. That means we now have to move to the specific approval in relation to both Peter and Mark.

Item five: approval of the grant of performance rights to our managing director, Peter Halcott under the Kathmandu Holdings Limited Long Term Incentive Plan. We require shareholder approval under ASX listing rule 10-14 in Australia, for the granting of performance rights to an executive director. The explanatory memorandum, again, accompanied the notice of meeting, provided details of the value of the rights to be granted to Peter and the basis of it. The actual motion is now displayed, and again, in order for shareholders to be informed, the proxies that we've received.

Does anyone wish to comment in relation to Peter's plan? No? Well on that basis if you indicate your vote on your voting cards, and you'll see from the display of the proxy votes that this resolution is likely to be passed. The next item relates to Mark Todd, the same. Item six: approval of the grant of performance rights to our finance director, Mark Todd, under the Kathmandu Holdings Limited Long Term Incentive Plan. Again, I repeat the explanation that shareholder approval is required under ASX listing 10-14.

The explanatory statement accompanying the notice provided details of the value of the rights that we may grant to Mark, depending on performance, and the basis of that grant. Again I put the motion up and indicate the proxies that have been filed. Did anyone want to make a comment about Mark's situation? No. In the absence of that, if you would indicate your own votes on voting cards and I think again I can say to dispose of formalities, that it appears on proxies that this resolution will be passed.

In terms of any shareholder voting here today, or proxy holder, please ensure you've completed the poll voting card you were handed on registering today. Once you've completed your voting card please hand it to a representative of the share registry who will now collect it from you. Okay. There are some here along this table. Is there any shareholder who wants to lodge their voting card here at the meeting? Thank you very much. I now declare the poll closed. Once the share registry counts the votes the poll results will be lodged with the NSX and the ASX later today.

Ladies and gentlemen, that concludes the business of the meeting. I'd just like to thank everybody who has attended our first annual general meeting, and there'll be a cup of tea or coffee available outside. Thank you very much.

End of Transcript