

KATHMANDU HOLDINGS LIMITED

INTERIM REPORT 2015

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2015

DIRECTORS' REPORT

The Directors of Kathmandu Holdings Limited present the interim report for the Company and its controlled entities for the half year ended 31 January 2015.

Review of Operations

The consolidated net loss for the period was NZ\$1.843 million (2014: Net profit of NZ\$11.358 million). Sales for the period were NZ\$179.358 million (2014: NZ\$167.642 million).

A review of the operations of the Company and its controlled entities is set out in the accompanying Company's media release of 24 March 2015. The key line items in the half year results were:

- Sales up 7.0% to NZ\$179.4m,
- EBIT down NZ\$17.0m to NZ\$0.6m,
- NPAT down NZ\$13.2m to a loss of NZ\$1.8m.

Chief Executive Officer

Following the resignation of CEO Peter Halkett in August 2014, a comprehensive international search was undertaken to find a new CEO. The Board was delighted to announce the appointment of Xavier Simonet to CEO on 23 January 2015.

Mr. Simonet is currently the Chief Executive Officer of Radley, based in London, and will relocate to Melbourne to take up the role in July 2015. Mr Simonet brings wide experience in retailing and brand development in Australia and in many international markets. He has a proven track record building brands and developing successful retail businesses in fashion, apparel, accessories and related products.

Seasonality

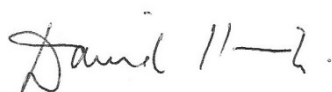
Due to the seasonal nature of the Company and its controlled entities activities, the activities in the second half of each year are expected to provide a larger portion of the sales and net profit for the full year.

The Balance Sheet at 31 January 2015 reflects a higher level of borrowings compared to other times during the year due to the seasonal nature of the Company and its controlled entities activities, in particular the amounts spent to purchase inventory.

Dividends

On 23 March, the Directors declared a dividend of NZ 3.0 cents per share. This will be fully franked for Australian shareholders and fully imputed for New Zealand shareholders.

Signed in accordance with a resolution of the directors:



David Kirk
Director



Mark Todd
Director

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | Unaudited Six Months Ended 31 January 2015 | Unaudited Six Months Ended 31 January 2014 | Audited Year Ended 31 July 2014 |
|---|------|--|--|---|
| | | NZ\$'000 | NZ\$'000 | NZ\$'000 |
| Sales revenue | | 179,358 | 167,642 | 392,918 |
| Cost of sales | | (73,088) | (60,526) | (144,777) |
| Gross profit | | 106,270 | 107,116 | 248,141 |
| Other income | | - | 31 | 1,363 |
| Selling expenses | 4 | (72,717) | (62,739) | (123,193) |
| Administration and general expenses | 4 | (32,980) | (26,824) | (62,055) |
| | | 573 | 17,584 | 64,256 |
| Finance income | | 250 | 239 | 257 |
| Finance expenses | | (2,614) | (2,786) | (4,850) |
| Finance costs - net | 4 | (2,364) | (2,547) | (4,593) |
| (Loss)/Profit before income tax | | (1,791) | 15,037 | 59,663 |
| Income tax (expense)/benefit | | (52) | (3,679) | (17,511) |
| (Loss)/Profit after income tax | | (1,843) | 11,358 | 42,152 |
| Comprehensive income that may be recycled to the Income Statement: | | | | |
| Movement in cash flow hedge reserve | | 12,401 | (2,363) | (7,122) |
| Movement in foreign currency translation reserve | | (2,522) | (6,095) | (3,794) |
| Other comprehensive income for the period, net of tax | | 9,879 | (8,458) | (10,916) |
| Total comprehensive income for the period attributable to shareholders | | 8,036 | 2,900 | 31,236 |
| Basic earnings per share | | (0.9)cps | 5.7cps | 21.0cps |
| Diluted earnings per share | | (0.9)cps | 5.6cps | 20.8cps |
| Weighted average basic ordinary shares outstanding ('000) | | 200,876 | 200,260 | 200,422 |
| Weighted average diluted ordinary shares outstanding ('000) | | 202,401 | 202,206 | 202,303 |

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2015

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Unaudited Six Months Ended 31 January 2015 | Unaudited Six Months Ended 31 January 2014 | Audited Year Ended 31 July 2014 |
|--|---|---|--|
| | NZ\$'000 | NZ\$'000 | NZ\$'000 |
| Total equity at the beginning of the period | 302,146 | 294,189 | 294,189 |
| Total comprehensive income and expense for the period | 8,036 | 2,900 | 31,236 |
| Dividends paid | (18,119) | (18,028) | (24,047) |
| Issue of share capital | 1,963 | 442 | 557 |
| Share options / Performance rights lapsed | 209 | - | - |
| Movements in share based payments reserve | (606) | (112) | 211 |
| Total equity at the end of the period | 293,629 | 279,391 | 302,146 |

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2015

CONSOLIDATED BALANCE SHEET

| | Note | Unaudited as at 31 January 2015 | Unaudited as at 31 January 2014 | Audited as at 31 July 2014 |
|--------------------------------------|------|--|--|-------------------------------------|
| | | NZ\$'000 | NZ\$'000 | NZ\$'000 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | | 1,808 | 2,295 | 7,192 |
| Trade and other receivables | | 4,048 | 2,818 | 3,779 |
| Derivative financial instruments | | 15,369 | 4,764 | 10 |
| Current tax asset | | 6,166 | 4,048 | - |
| Inventories | | 97,324 | 102,487 | 103,767 |
| Total current assets | | 124,715 | 116,412 | 114,748 |
| Non-current assets | | | | |
| Property, plant and equipment | 11 | 50,533 | 42,203 | 48,402 |
| Intangible assets | | 236,290 | 231,816 | 238,674 |
| Derivative financial instruments | | 30 | 141 | 138 |
| Deferred tax | | 930 | 2,756 | 6,335 |
| Total non-current assets | | 287,783 | 276,916 | 293,549 |
| Total assets | | 412,498 | 393,328 | 408,297 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | | 31,065 | 29,747 | 37,489 |
| Derivative financial instruments | | 79 | 602 | 2,999 |
| Interest bearing liabilities | 7 | 87,272 | 227 | 231 |
| Current tax liabilities | | - | - | 2,739 |
| Total current liabilities | | 118,416 | 30,576 | 43,458 |
| Non-current liabilities | | | | |
| Derivative financial instruments | | 453 | 349 | 209 |
| Interest bearing liabilities | 7 | - | 83,012 | 62,484 |
| Total non-current liabilities | | 453 | 83,361 | 62,693 |
| Total liabilities | | 118,869 | 113,937 | 106,151 |
| Net assets | | 293,629 | 279,391 | 302,146 |
| EQUITY | | | | |
| Contributed equity - ordinary shares | | 200,191 | 197,812 | 198,228 |
| Reserves | | (6,401) | (13,238) | (15,674) |
| Retained earnings | | 99,839 | 94,817 | 119,592 |
| Total equity | | 293,629 | 279,391 | 302,146 |

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2015

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Note | Unaudited Six Months Ended 31 January 2015 | Unaudited Six Months Ended 31 January 2014 | Audited Year Ended 31 July 2014 |
|--|------|--|--|---|
| | | NZ\$'000 | NZ\$'000 | NZ\$'000 |
| Cash flows from operating activities | | | | |
| Cash was provided from: | | | | |
| Receipts from customers | | 179,035 | 168,473 | 394,163 |
| Interest received | | 33 | 17 | 50 |
| | | <u>179,068</u> | <u>168,490</u> | <u>394,213</u> |
| Cash was applied to: | | | | |
| Payments to suppliers and employees | | 172,842 | 170,489 | 338,975 |
| Income tax paid | | 9,287 | 12,025 | 19,555 |
| Interest paid | | 2,704 | 2,014 | 4,488 |
| | | <u>184,833</u> | <u>184,528</u> | <u>363,018</u> |
| Net cash inflow / (outflow) from operating activities | 5 | <u>(5,765)</u> | <u>(16,038)</u> | <u>31,195</u> |
| Cash flows from investing activities | | | | |
| Cash was provided from: | | | | |
| Proceeds from sale of property, plant and equipment | | - | 6 | 8 |
| | | <u>-</u> | <u>6</u> | <u>8</u> |
| Cash was applied to: | | | | |
| Purchase of property, plant and equipment | | 7,602 | 4,569 | 15,168 |
| Intangibles | | 2,247 | 3,509 | 9,047 |
| | | <u>9,849</u> | <u>8,078</u> | <u>24,215</u> |
| Net cash (outflow) from investing activities | | <u>(9,849)</u> | <u>(8,072)</u> | <u>(24,207)</u> |
| Cash flows from financing activities | | | | |
| Cash was provided from: | | | | |
| Proceeds from share issues | | 1,453 | 216 | 557 |
| Proceeds of loan advances | | 51,448 | 87,627 | 53,577 |
| | | <u>52,901</u> | <u>87,843</u> | <u>54,134</u> |
| Cash was applied to: | | | | |
| Dividends | | 18,119 | 18,028 | 24,047 |
| Repayment of loan advances | | 25,376 | 45,754 | 32,778 |
| | | <u>43,495</u> | <u>63,782</u> | <u>56,825</u> |
| Net cash inflow / (outflow) from financing activities | | <u>9,406</u> | <u>24,061</u> | <u>(2,691)</u> |
| Net increase / (decrease) in cash held | | <u>(6,208)</u> | <u>(49)</u> | <u>4,297</u> |
| Opening cash and cash equivalents | | 7,192 | 2,345 | 2,345 |
| Effect of foreign exchange rates | | 824 | (1) | 550 |
| Closing cash and cash equivalents | | <u>1,808</u> | <u>2,295</u> | <u>7,192</u> |

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2015

1 GENERAL INFORMATION

Kathmandu Holdings Limited (the Company) and its subsidiaries (together the Group) is a designer, marketer and retailer of clothing and equipment for travel and adventure. It operates in New Zealand, Australia and the United Kingdom.

The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 11 Mary Muller Drive, Christchurch.

These consolidated interim financial statements have been approved for issue by the Board of Directors on 23 March 2015, and have been reviewed, not audited.

Seasonality

The majority of Kathmandu's annual sales are derived from three major sales promotions in each year, occurring in a portion of the months of December and January (Christmas), March and April (Easter) and June and July (Winter). Two of these sales occur in the second half of the financial year, and the Winter Sale is the largest of these three promotions. As a consequence, a greater proportion of Kathmandu's sales and EBITDA are derived in the second half of each financial year, with the proportion in any given year dependent on the relative success of each of these promotions.

2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These general purpose financial statements for the six months ended 31 January 2015 have been prepared in accordance with NZ IAS 34, Interim Financial Reporting. In complying with NZ IAS 34, these consolidated interim financial statements also comply with IAS 34.

These consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the audited financial statements of Kathmandu Holdings Limited for the year ended 31 July 2014 which have been prepared in accordance with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

The Group is designated as a profit-oriented entity for financial reporting purposes.

3 ACCOUNTING POLICIES

All significant accounting policies have been applied on a basis consistent with those used in the audited financial statements of Kathmandu Holdings Limited for the year ended 31 July 2014.

4 EXPENSES

| | Unaudited Six Months Ended 31 January 2015 | Unaudited Six Months Ended 31 January 2014 | Audited Year Ended 31 July 2014 |
|---|---|---|--|
| | NZ\$'000 | NZ\$'000 | NZ\$'000 |
| Profit before tax includes the following expenses: | | | |
| Depreciation | 4,638 | 4,275 | 8,500 |
| Amortisation | 1,589 | 711 | 1,698 |
| Employee benefit expense | 37,404 | 31,693 | 72,082 |
| Rental expense | 25,265 | 21,821 | 44,461 |
| Finance costs – net consist of: | | | |
| Interest income | (33) | (17) | (50) |
| Interest expense | 1,794 | 1,665 | 3,904 |
| Other finance costs | 254 | 291 | 570 |
| Net exchange loss/(gain) on foreign currency borrowings | 349 | 608 | 169 |

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2015

5 RECONCILIATION OF NET PROFIT AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES

| | Unaudited Six Months Ended 31 January 2015 | Unaudited Six Months Ended 31 January 2014 | Audited Year Ended 31 July 2014 |
|--|--|--|---|
| | NZ\$'000 | NZ\$'000 | NZ\$'000 |
| Profit after taxation | (1,843) | 11,358 | 42,152 |
| <i>Movement in working capital:</i> | | | |
| (Increase) / decrease in trade & other receivables | (323) | 831 | (119) |
| (Increase) / decrease in inventories | 4,850 | (24,492) | (24,978) |
| Increase / (decrease) in trade and other payables | (5,697) | (2,109) | 5,176 |
| (Decrease) / increase in tax liability | (8,889) | (9,422) | (2,689) |
| | (10,059) | (35,192) | (22,610) |
| <i>Add non cash items:</i> | | | |
| Depreciation | 4,638 | 4,275 | 8,500 |
| Amortisation of intangibles | 1,589 | 711 | 1,698 |
| Revaluation of derivative financial instruments | (5,708) | 1,528 | 3,079 |
| (Increase) / decrease in deferred taxation | 5,259 | 1,076 | (2,432) |
| Employee share based remuneration | 111 | 115 | 211 |
| Loss on sale of property, plant and equipment | 248 | 91 | 597 |
| | 6,137 | 7,796 | 11,653 |
| Cash inflow from operating activities | (5,765) | (16,038) | 31,195 |

6 RELATED PARTY DISCLOSURES

Parent and Ultimate Controlling Party

Kathmandu Holdings Limited is the immediate parent, ultimate parent and controlling party.

During the period, legal fees of \$34,250 (2014: \$65,213) were paid to Chapman Tripp for services (primarily related to property leases). John Holland is both a Director of Kathmandu Holdings Limited and a Partner of Chapman Tripp.

During the period, operating lease costs of \$148,853 (2014: \$138,394) were paid to Chalmers Properties Limited, a subsidiary of Port Otago Limited. John Harvey is a Director of both of these companies.

No amounts owed to related parties have been written off or forgiven during the period.

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2015

7 INTEREST BEARING LIABILITIES

| | Unaudited As at 31 January 2015 | Unaudited As at 31 January 2014 | Audited As at 31 July 2014 |
|---------------------|--|--|-------------------------------------|
| | NZ\$'000 | NZ\$'000 | NZ\$'000 |
| Current portion | 87,272 | 227 | 231 |
| Non-current portion | - | 83,012 | 62,484 |
| Total term loans | <u>87,272</u> | <u>83,239</u> | <u>62,715</u> |

The Group has a multi option facility agreement with Commonwealth Bank of Australia and ASB Bank Limited and a facility agreement with Bank of New Zealand and National Bank of Australia, both dated 19 December 2011. The loans are repayable in full on final maturity date of the facilities being 21 December 2015. The current portions of the loans are working capital drawdowns made under the same facilities. Interest is payable based on the BKBM rate (\$NZ borrowings), the BBSY rate (\$A borrowings), or the applicable short term rate for interest periods less than 30 days, plus a margin of up to 1.15%. The bank loans are secured against the assets of the company and its subsidiaries.

On 23 March 2015 the Group has entered into a new multi option facility agreement with Commonwealth Bank of Australia and ASB Bank Limited and a facility agreement with Bank of New Zealand and National Bank of Australia with a maturity date of 23 March 2018 on terms consistent within the existing facility agreement.

The covenants entered into by the Group require specified calculations of Group earnings before interest, tax, depreciation and amortisation (EBITDA) plus lease rental costs to exceed total fixed charges (net interest expense and lease rental costs) at the end of each half during the financial year. Similarly EBITDA must be no less than a specified proportion of total net debt at the end of each half. The calculations of these covenants are specified in the bank syndicated facility agreement of 19 December 2011 and have been complied with at 31 January 2015.

The current interest rates, prior to hedging, on the term loans ranged between 3.45% - 4.57% (2014: 3.41% - 3.76%).

8 CONTINGENT LIABILITIES

| | Unaudited As at 31 January 2015 | Unaudited As at 31 January 2014 | Audited As at 31 July 2014 |
|---|--|--|-------------------------------------|
| | NZ\$'000 | NZ\$'000 | NZ\$'000 |
| <i>Bank guarantees issued in relation to:</i> | | | |
| Liabilities outstanding under letters of credit | 5,789 | 2,049 | 1,301 |
| Rent guarantees | 11,575 | 8,967 | 9,923 |
| Financial guarantees | 1,871 | 1,813 | 1,286 |

Financial guarantees cover overdrafts, credit card limits and deferred duty.

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2015

9 CONTINGENT ASSETS

There are no contingent assets as at 31 January 2015 (2014: nil).

10 COMMITMENTS

(a) Operating lease commitments

Group as lessee:

Rent expenses reported in these financial statements relate to non-cancellable operating leases. The future commitments on these leases are as follows:

| | Unaudited As at 31 January 2015 | Unaudited As at 31 January 2014 | Audited As at 31 July 2014 |
|----------------------|--|--|-------------------------------------|
| | NZ\$'000 | NZ\$'000 | NZ\$'000 |
| Due within 1 year | 46,935 | 40,254 | 45,220 |
| Due within 1-2 years | 40,822 | 34,750 | 38,531 |
| Due within 2-5 years | 69,269 | 59,920 | 62,999 |
| Due after 5 years | 20,886 | 10,841 | 9,157 |
| | <u>177,912</u> | <u>145,765</u> | <u>155,907</u> |

Some of the existing lease agreements have right of renewal options for varying terms.

The Group leases various properties under non-cancellable lease agreements. These leases are generally between 1 - 10 years.

(b) Capital commitments

Capital commitments contracted for at balance date are:

| | Unaudited As at 31 January 2015 | Unaudited As at 31 January 2014 | Audited As at 31 July 2014 |
|-------------------------------|--|--|-------------------------------------|
| | NZ\$'000 | NZ\$'000 | NZ\$'000 |
| Property, plant and equipment | 2,109 | 505 | 3,420 |
| Intangible assets | - | 3,791 | 1,135 |

11 PROPERTY PLANT & EQUIPMENT

| | Unaudited Ended 31 January 2015 | Unaudited Ended 31 January 2014 | Audited Ended 31 July 2014 |
|-----------|--|--|-------------------------------------|
| | NZ\$'000 | NZ\$'000 | NZ\$'000 |
| Additions | 7,611 | 4,569 | 15,168 |
| Disposals | (33) | (122) | (776) |

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2015

12 Financial risk management and financial instruments

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks, market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage certain risk exposures. Derivatives are exclusively used for economic hedging purposes, i.e. not as trading or other speculative instruments, however not all derivative financial instruments qualify for hedge accounting.

Risk management is carried out based on policies approved by the Board of Directors. The Group treasury policy provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk. The Parent is not directly exposed to any significant financial risk.

The consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 July 2014. There have been no changes in the risk management department or in any risk.

(b) Fair value estimation

The only financial instruments held by the Group that are measured at fair value are over-the-counter derivatives. These derivatives have all been determined to be within level 2 (for the purposes of NZ IFRS 13) of the fair value hierarchy as all significant inputs required to ascertain the fair value of these derivatives are observable.

There were no changes in valuation techniques during the period.

The following methods and assumptions were used to estimate the fair values for each class of financial instrument.

Trade debtors, trade creditors and bank balances

The carrying value of these items is equivalent to their fair value.

Term liabilities

The fair value of the Group's term liabilities is approximately carrying value.

Foreign exchange contracts and interest rate swaps

The forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are insignificant for these derivatives.

Guarantees and overdraft facilities

The fair value of these instruments is estimated on the basis that management do not expect settlement at face value to arise. The carrying value and fair value of these instruments is approximately nil. All guarantees are repayable on demand.

The following table presents the group's assets and liabilities that are measured at fair value at 31 January 2015.

| | Total |
|----------------------------------|------------------|
| | NZ\$' 000 |
| Assets | |
| Derivative financial instruments | 15,399 |
| Total assets | 15,399 |
| Liabilities | |
| Derivative financial instruments | 532 |
| Total liabilities | 532 |

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2015

13 SEGMENTAL INFORMATION

The Group operates in three geographical areas: New Zealand, Australia and the United Kingdom.

| 31 January 2015 | Australia NZ\$'000 | New Zealand NZ\$'000 | United Kingdom NZ\$'000 | Elimination NZ\$'000 | Total NZ\$'000 |
|--|-------------------------------|-------------------------------------|--|---------------------------------|---------------------------|
| Segment profit / (loss) before income tax | (6,938) | 6,259 | (2,564) | 1,452 | (1,791) |
| Income tax expense | | | | | (52) |
| Profit / (loss) after tax | | | | | (1,843) |
| Segment profit / (loss) before income tax includes the following specific income and (expenses): | | | | | |
| Sales to external customers | 111,147 | 65,152 | 3,059 | - | 179,358 |
| Sales to Group entities | 415 | 567 | 191 | (1,173) | - |
| Cost of sales | (42,939) | (28,642) | (1,507) | - | (73,088) |
| Interest income | 23 | 10 | - | - | 33 |
| Interest expense | (1,423) | (371) | - | - | (1,794) |
| Other finance costs | (215) | (39) | - | - | (254) |
| Intercompany net finance income/(expense) | (1,419) | 1,419 | - | - | - |
| Intercompany recharges income/(expense) | (4,954) | 4,954 | - | - | - |
| Depreciation and software amortisation | (3,160) | (2,916) | (151) | - | (6,227) |
| Exchange gain/(loss) on foreign currency borrowings | (2,516) | 488 | 227 | 1,452 | (349) |
| Additions of non-current assets | 4,814 | 5,019 | 16 | - | 9,849 |
| Total current assets | 75,855 | 148,872 | 3,322 | (103,334) | 124,715 |
| Total non-current assets | 132,363 | 647,204 | 1,838 | (493,622) | 287,783 |
| Total assets | 208,218 | 796,076 | 5,160 | (596,956) | 412,498 |
| Total current liabilities | (173,826) | (31,061) | (17,237) | 103,334 | (118,790) |
| Total non-current liabilities | (79) | - | - | - | (79) |
| Total liabilities | (173,905) | (31,061) | (17,237) | 103,334 | (118,869) |

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2015

| 31 January 2014 | Australia NZ\$'000 | New Zealand NZ\$'000 | United Kingdom NZ\$'000 | Elimination NZ\$'000 | Total NZ\$'000 |
|--|-----------------------|----------------------------|-------------------------------|-------------------------|-------------------|
| Segment profit / (loss) before income tax | 2,817 | 9,853 | (1,218) | 3,585 | 15,037 |
| Income tax expense | | | | | (3,679) |
| Profit / (loss) after tax | | | | | 11,358 |
| Segment profit / (loss) before income tax includes the following specific income and (expenses): | | | | | |
| Sales to external customers | 103,054 | 62,282 | 2,306 | - | 167,642 |
| Sales to Group entities | 556 | 877 | 144 | (1,577) | - |
| Cost of sales | (33,596) | (25,787) | (1,143) | - | (60,526) |
| Interest income | 12 | 5 | - | - | 17 |
| Interest expense | (1,047) | (618) | - | - | (1,665) |
| Other finance costs | (158) | (134) | - | - | (292) |
| Intercompany net finance income/(expense) | (1,361) | 1,361 | - | - | - |
| Intercompany recharges income/(expense) | (4,513) | 4,513 | - | - | - |
| Depreciation and software amortisation | (2,865) | (1,938) | (183) | - | (4,986) |
| Exchange gain/(loss) on foreign currency borrowings | (4,393) | (106) | 221 | 3,670 | (608) |
| Additions of non-current assets | 3,024 | 4,331 | 723 | - | 8,078 |
| Total current assets | 67,553 | 429,541 | 2,582 | (383,264) | 116,412 |
| Total non-current assets | 127,909 | 341,841 | 1,993 | (194,827) | 276,916 |
| Total assets | 195,462 | 771,382 | 4,575 | (578,091) | 393,328 |
| Total current liabilities | (92,990) | (10,250) | (11,805) | 84,469 | (30,576) |
| Total non-current liabilities | (61,669) | (21,692) | - | - | (83,361) |
| Total liabilities | (154,659) | (31,942) | (11,805) | 84,469 | (113,937) |

Revenue is allocated based on the country in which the customer is located. New Zealand includes holding company costs and head office charges.

Total assets / liabilities are allocated based on where the assets / liabilities are located.

The Group operates in one industry being retailer of clothing and equipment for travel and adventure.

14 EVENTS OCCURRING AFTER BALANCE DATE

On 23 March 2015 the Group has entered into a new multi option facility agreement with Commonwealth Bank of Australia and ASB Bank Limited and a facility agreement with Bank of New Zealand and National Bank of Australia with a maturity date of 23 March 2018.

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2015

STATUTORY INFORMATION

GROUP STRUCTURE

Kathmandu Holdings Limited owns 100% of the following companies:

Milford Group Holdings Limited

Kathmandu Limited

Kathmandu Pty Limited

Kathmandu (UK) Limited

DIRECTORS' DETAILS

| | |
|-----------------|---|
| Mark Todd | Finance Director and Acting Chief Executive Officer |
| David Kirk | Non-Executive Director (Chairman) |
| John Harvey | Non-Executive Director |
| John Holland | Non-Executive Director |
| Sandra McPhee | Non-Executive Director |
| Christine Cross | Non-Executive Director |

EXECUTIVES' DETAILS

| | |
|--------------|---|
| Mark Todd | Chief Executive Officer (Acting) |
| Reuben Casey | Chief Financial Officer and Company Secretary |

DIRECTORY

Kathmandu New Zealand (Head Office)

11 Mary Muller Drive

Heathcote

PO Box 1234

Christchurch 8140

KATHMANDU HOLDINGS LIMITED - INTERIM REPORT 2015

SHARE REGISTRY

In New Zealand: Link Market Services (LINK)

Physical Address: Level 7, Zurich House,
21 Queen Street,
Auckland 1010
New Zealand

Postal Address: PO Box 91976,
Auckland, 1142
New Zealand

Telephone: +64 9 375 5999

Investor enquiries: +64 9 375 5998

Facsimile: +64 9 375 5990

Internet address: www.linkmarketservices.com

In Australia: Link Market Services (LINK)

Physical Address: Level 1, 333 Collins Street
Melbourne, VIC 3000
Australia

Postal Address: Locked Bag A14
Sydney,
South NSW 1235
Australia

Telephone: +61 2 8280 7111

Investor enquiries: +61 2 8280 7111

Facsimile: +61 2 9287 0303

Internet address: www.linkmarketservices.com.au

STOCK EXCHANGES

The company's shares are listed on the NZX and the ASX.

INCORPORATION

The company is incorporated in New Zealand.