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KATHMANDU HOLDINGS LIMITED
ASX/NZX/MEDIA ANNOUNCEMENT
19 JANUARY 2011

PRELIMINARY TRADING UPDATE AND PROFIT GUIDANCE FOR THE HALF YEAR ENDED 31 JANUARY 2011

Kathmandu Holdings Limited (ASX and NZX code: KMD), today advises that its performance for the six months to 31 January 2011 is expected to be significantly ahead of the same period last year. Kathmandu currently expects that for this period *[1] :

- Group sales will be in the range of $NZ124 and $NZ126 million, up between 16.3% and 18.2% on the previous comparative period;
- Same store sales increase will be between 8.9% and 10.3% (7.5% to 8.8% at constant exchange rates);
- EBIT will be between $NZ 18.5 and $NZ 19.5 million, up 20 to 26% on the previous comparative period (prior to the IPO costs associated with that period).

Kathmandu's Chief Executive Officer Peter Halkett said that strong sales performance in December and for the month to date in January in both Australia and New Zealand, coupled with improved gross margins have been the primary reasons for the year on year increase. "We have been pleased with our trading performance throughout the Christmas period", said Mr Halkett, "however our overall profit result for the full year will remain dependent on second half year trading, when historically approximately 60% of Kathmandu's full year's sales are made."

Kathmandu's full result for the half year will be released on Thursday 17 March.

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

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[1] *All amounts above derived from*

- *unaudited management accounts for the period to 31 December 2010;*
- *preliminary sales results to the date of this announcement for the month of January 2011 and*
- *forecast sales results for the balance of the month of January 2011, which will affect the final result for the period.*