

The Directors advise that the audited Net Profit after tax was \$21.020 million (\$18.283 million) an increase of 14.97% on the prior year. Total sales were \$215.581 million (\$205.485 million) an increase of 4.91%.

Despite an economic environment in both New Zealand and Australia that can be categorised as anything but helpful to retail all chains in the group performed well and increased market share.

Dividend

The Directors have resolved that a final dividend of 19 cents per share (last year 17 cents) will be paid on 7th December 2012 to shareholders on the company's register as at 5:00pm, 30th November 2012.

Together with the interim dividend of 14.5 cents per share paid in April 2012 total dividend for the year is 33.5 cents compared with 31.0 cents per share last year.

Segment Results

Glassons New Zealand

Sales increased 2.2% and net profit after tax increased 5.4%.

In the second half of the year Glassons completed major refurbishments in Cuba Mall, Hamilton, and Queen Street Auckland. Since balance date Dunedin has also been completed. Investment in these stores translate into improved sales and strengthen the brand.

Glassons Australia

Sales improved 9.7% and net profit after tax turned from a loss in 2011 to a modest return in 2012. The second half of the year profit improved 48%.

The business in Australia is beginning to show positive returns and further stores will be added as sites become available in selected locations.

During the year new stores were opened in Chapel Street, Melbourne, and Carindale, Brisbane. Since balance date a further store has been opened in Brisbane at Chermside. The new stores have immediately contributed to earnings.

To better support the business in Australia a new distribution facility was opened in April 2012. This facility allows better flow of stock to the stores and we have seen immediate benefits.

The retail environment in Australia is undergoing considerable change, and to some extent the market is experiencing a delayed impact from the global financial crisis. While Government intervention initially softened the blow that has now played out and we are witnessing fallout at every level. In the circumstances we are encouraged by our results in this market.

Hallensteins

Sales improved 4.2% and net profit after tax increased 17.7%.

The repositioning of Hallensteins to a more youthful fashionable brand has earned positive results and over the next year we will begin investing in store refurbishments that will underpin the strength of this brand.

Storm

Sales improved 25.3% and net profit after tax increased 46.7%. Same store sales improved 8%.

During the year a further store was opened in Dunedin in March 2012 and other sites in selected areas are under consideration.

Storm has continued to refine its offer and has delivered credible results for the period.

Ecommerce

From a base of almost zero in 2011, revenue from sales on the web are now at a level where it represents a key store for each brand. Our ecommerce platform is world class and we are projecting strong growth in the near term. In October we will begin to fulfil orders for Australia from our Sydney distribution facility so that we can offer our Australian customers an experience that is more than competitive to that achieved by the pure play retailers in that market. We have invested in an infrastructure to ensure we capitalise on what we see as an important part of our business moving forward.

Future Outlook

The first 7 weeks of the new financial year have seen sales increase 7%, with profitability ahead of last year. While this is a good start, in a macro economic sense there is little on the horizon that suggests the environment in which we operate will materially improve. What we see is what we get. Despite historically low interest rates the consumer remains cautious and has the opportunity with the internet to browse and shop on a truly international stage. Our focus is to understand our customer better than our competitors and to deliver a superior product and in store experience. Our investment in store refurbishment will continue for all our brands and our attention to detail will remain a core focus for 2013.

Hallenstein Glasson Holdings Limited

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CEO

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