

michael hill

INTERNATIONAL LIMITED

The company wishes to provide the market with trading update for the 6 months ending 31 December 2008.

The following sales figures are in local currency

		Last Year	This Year	% Var
Australia same stores	AUD	112,277,051	113,664,855	1.2%
NZ same stores	NZD	52,958,054	48,034,623	-9.3%
Canada same stores	CAD	11,308,932	10,130,035	-10.4%
Australia all stores	AUD	119,438,826	125,381,526	5.0%
NZ all stores	NZD	53,672,219	49,577,486	-7.6%
Canada all stores	CAD	13,495,242	14,024,683	3.9%
USA all stores	USD	0	4,102,627	

The following sales figures are in NZ Dollars

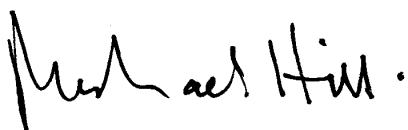
		Last Year	This Year	% Var
Australia same stores		129,201,513	136,565,590	5.7%
NZ same stores		52,958,054	48,034,623	-9.3%
Canada same stores		14,820,951	14,255,711	-3.8%
Total same stores		\$196,980,518	\$198,855,924	1.0%
Australia all stores		137,462,059	150,576,816	9.5%
NZ all stores		53,672,219	49,577,816	-7.6%
Canada all stores		17,691,420	19,752,658	11.7%
USA all stores		0	7,019,660	
Total all stores		\$208,825,698	\$226,926,620	8.7%

Exchange rates used for the 6 months:

Australian	0.87	0.83
Canada	0.76	0.71
USA	NA	0.58

December sales targets were difficult to achieve in the tough retail conditions we were facing, especially in New Zealand and Canada. Margins for the group will be significantly lower for the half due to exchange rate deterioration on inventory purchases and also due to the difficult conditions that necessitated us going on "Sale" in all markets earlier than normal. A conscious decision was made to target sales at the expense of margins due to the uncertainties of the current economic climate. Managing inventories and cash flow was seen as a priority.

With lower margins and several one-off costs associated with the US acquisition and internal restructuring, the first half "trading" result (excluding restructure tax benefits) will be materially below last year's record interim result of \$19.450 million. The interim result will be released on 20 February.



R.M. Hill
Chairman

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