

Michael Hill International Limited

Results for announcement to the market

Reporting Period	12 months to 30 June 2015
Previous Reporting Period	12 months to 30 June 2014

	Amount \$AU'000	Percentage Change %
Revenue from ordinary activities	503,370	4.0%
Profit from ordinary activities after tax attributable to members	27,754	10.8%
Net profit for the period attributable to members	27,754	10.8%

	Amount per security	Imputed amount per security
Final dividend for year ended 30 June 2015	NZ 2.5 cents	nil
Record date	25 September 2015	
Dividend payment date	2 October 2015	

Michael Hill International Limited's accounts have been audited and an unqualified audit opinion was given.

STATEMENT OF COMPREHENSIVE INCOME	Statement of Comprehensive Income		
	Current full year \$AU'000	% Change	Previous corresponding full year \$AU'000
Revenue			
Operating revenue	503,370	4.0%	483,935
Other revenue	2,259	195.7%	764
Total operating revenue	505,629	4.3%	484,699
Expenses			
Cost of goods sold	(181,135)	4.4%	(173,504)
Employee benefits expense	(130,937)	3.1%	(127,010)
Occupancy costs	(50,640)	7.1%	(47,287)
Marketing expenses	(31,906)	19.0%	(26,818)
Selling expenses	(22,748)	(2.0%)	(23,203)
Depreciation and amortisation expense	(15,738)	20.4%	(13,070)
Loss on disposal of property, plant & equipment	(204)	(82.0%)	(1,133)
Other expenses	(30,211)	(0.8%)	(30,463)
Finance costs	(4,708)	(13.4%)	(5,436)
Profit before income tax	37,402	1.7%	36,775
Income tax (expense)	(9,648)	(17.8%)	(11,734)
Profit attributable to owners of Michael Hill International Limited	27,754	10.8%	25,041

INCLUDED IN STATEMENT OF COMPREHENSIVE INCOME ABOVE

Interest income	49	(18.3%)	60
Insurance recoveries	137	-	-
Net foreign exchange gain / (loss)	1,783	608.0%	(351)
Depreciation	13,878	17.1%	11,847
Amortisation	1,860	52.1%	1,223
Net loss on disposal of property, plant & equipment	204	(82.0%)	1,133
Rental expense relating to operating leases	50,640	7.1%	47,287
Donations	39	44.4%	27

DIVIDENDS	Dividends	
	Current full year \$AU'000	Previous corresponding full year \$AU'000
Final dividend for the year ended 30 June 2014 of NZ 4.0 cents (2013 - NZ 4.0 cents) per fully paid share paid on 3 October 2014 (2013 - 4 October 2013).	13,765	13,462
Interim dividend for the year ended 30 June 2015 of NZ 2.5 cents (2014 - NZ 2.5 cents) per fully paid share paid on 2 April 2015 (2014 - 1 April 2014).	9,411	8,874
Total dividends provided for or paid	23,176	22,336

EARNINGS PER SHARE	Earnings Per Share	
	Current full year AU Cents	Previous corresponding full year AU Cents
Basic EPS	7.24	6.54
Diluted EPS	7.22	6.43

STATEMENT OF FINANCIAL POSITION	Statement of Financial Position		
	At end of current full year \$AU'000	% Change	At end of previous full year \$AU'000
ASSETS			
Current assets			
Cash and cash equivalents	6,797	(16.2%)	8,109
Trade and other receivables	24,859	(1.1%)	25,143
Inventories	182,232	1.6%	179,280
Current tax receivables	11,376	18,549.2%	61
Other current assets	3,143	-	-
Total current assets	228,407	7.4%	212,593
Non-current assets			
Trade and other receivables	636	32.5%	480
Property, plant and equipment	64,845	17.0%	55,400
Intangible assets	6,491	1.2%	6,413
Deferred tax assets	48,381	(22.4%)	62,324
Other non-current assets	2,253	(13.6%)	2,608
Total non-current assets	122,606	(3.6%)	127,225
Total assets	351,013	3.3%	339,818
LIABILITIES			
Current liabilities			
Trade and other payables	43,739	4.1%	42,034
Provisions	4,624	9.2%	4,235
Deferred revenue	21,516	(13.0%)	24,736
Total current liabilities	69,879	(1.6%)	71,005
Non-current liabilities			
Borrowings	45,116	(19.4%)	56,000
Provisions	4,254	144.5%	1,740
Deferred revenue	44,143	48.2%	29,788
Total non-current liabilities	93,513	6.8%	87,528
Total liabilities	163,392	3.1%	158,533
Net assets	187,621	3.5%	181,285
EQUITY			
Contributed equity	3,760	3.0%	3,651
Reserves	7,445	28.5%	5,796
Retained profits	176,416	2.7%	171,838
Total equity	187,621	3.5%	181,285

		Net Tangible Assets	
NET TANGIBLE ASSETS		Current full year A\$ / Share	Previous corresponding full year A\$ / Share
Net tangible assets		\$ 0.47	\$ 0.46

		Cash flow statements	
CASH FLOW STATEMENTS		Current full year \$AU'000	Previous corresponding full year \$AU'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST and sales taxes)		566,544	540,581
Payments to suppliers and employees (inclusive of GST and sales taxes)		(462,663)	(472,170)
Interest received		49	60
Other revenue		477	765
Interest paid		(4,626)	(5,357)
Income tax paid		(9,105)	(15,542)
Net GST and sales taxes paid		(36,110)	(33,648)
Net cash inflow / (outflow) from operating activities		54,566	14,689
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		283	102
Payments for property, plant and equipment		(20,190)	(19,687)
Payments for intangible assets		(1,925)	(3,540)
Net cash inflow / (outflow) from investing activities		(21,832)	(23,125)
Cash flows from financing activities			
Proceeds from borrowings		68,507	90,000
Repayment of borrowings		(79,500)	(62,000)
Proceeds from sale of treasury stock		98	102
Proceeds from share options exercised		-	102
Dividends paid to Company's shareholders		(23,176)	(22,336)
Net cash inflow / (outflow) from financing activities		(34,071)	5,868
Net increase / (decrease) in cash and cash equivalents		(1,337)	(2,568)
Cash and cash equivalents at the beginning of the year		8,109	10,461
Effects of exchange rate changes on cash and cash equivalents		25	216
Cash and cash equivalents at the end of year		6,797	8,109

STATEMENT OF CHANGES IN EQUITY	Statements of Changes in Equity	
	Current full year \$AU'000	Previous corresponding full year \$AU'000
Total equity at the beginning of the year	181,285	173,685
Profit for the year	27,754	25,041
Exchange differences on translation of foreign operations	2,115	4,239
Cash flow hedges taken to equity	(491)	(277)
Total recognised income and expense for the year	29,378	29,003
Transactions with equity holders in their capacity as equity holders		
Issue of share capital on exercise of options	-	102
Employee Share Scheme issue	109	113
Option reserve movement	25	718
Dividends provided for or paid	(23,176)	(22,336)
Total equity at the end of the year	187,621	181,285

ISSUED AND QUOTED SECURITIES	Issued Securities	
	At end of current full year No. of Shares	At end of previous full year No. of Shares
Ordinary Shares:		
Fully Paid	383,153,190	383,153,190
Treasury stock held for Employee Share Scheme	(14,677)	(111,584)
	383,138,513	383,041,606
Options issued during the year	400,000	5,900,000
Options exercised during the year	-	(100,000)
Options forfeited during the year	(1,000,000)	(300,000)

Issued Options:

	Issued	Exercise Price	Expiry Date
Options issued 7 November 2007	3,750,000	\$1.25	30/09/17
Options issued 24 August 2009	100,000	\$0.94	30/09/19
Options issued 5 November 2009	150,000	\$0.94	30/09/19
Options issued 17 September 2010	250,000	\$0.88	30/09/20
Options issued 5 November 2010	400,000	\$0.94	30/09/19
Options issued 5 November 2010	400,000	\$0.88	30/09/20
Options issued 16 September 2011	650,000	\$1.16	30/09/21
Options issued 19 September 2012	650,000	\$1.41	30/09/22
Options issued 18 September 2013	650,000	\$1.82	30/09/23
Options issued 29 November 2013	4,750,000	\$1.82	30/09/23
Options issued 10 November 2014	400,000	\$1.63	30/09/24

SUBSIDIARIES		Subsidiaries	
		Current full year % Ownership	Previous corresponding full year % Ownership
Name of Entity	Country of Incorporation		
Michael Hill Jeweller Limited	New Zealand	100%	100%
Michael Hill Trustee Company Limited	New Zealand	100%	100%
MHJ (US) Limited	New Zealand	100%	100%
Michael Hill Finance (NZ) Limited	New Zealand	100%	100%
Michael Hill Franchise Holdings Limited	New Zealand	100%	100%
Emma & Roe NZ Limited	New Zealand	100%	100%
Michael Hill Online Holdings Limited	New Zealand	100%	100%
Michael Hill Jeweller (Australia) Pty Limited	Australia	100%	100%
Michael Hill Wholesale Pty Limited	Australia	100%	100%
Michael Hill Manufacturing Pty Limited	Australia	100%	100%
Michael Hill Finance (Limited Partnership)	Australia	100%	100%
Michael Hill Group Services Pty Limited	Australia	100%	100%
Michael Hill Franchise Pty Limited	Australia	100%	100%
Michael Hill Franchise Services Pty Limited	Australia	100%	100%
Michael Hill Charms Pty Limited	Australia	100%	100%
Michael Hill Online Pty Limited	Australia	100%	100%
Emma & Roe Pty Limited	Australia	100%	100%
Emma & Roe Online Pty Limited	Australia	100%	100%
Michael Hill Jeweller (Canada) Limited	Canada	100%	100%
Michael Hill LLC	United States	100%	100%

Statement of segmented results
for the year ended 30 June 2015

	MHJ AUSTRALIA			MHJ NEW ZEALAND			MHJ CANADA			MHJ USA			GROUP		
	2015 AU\$'000	2014 AU\$'000	+/-%	2015 AU\$'000	2014 AU\$'000	+/-%	2015 AU\$'000	2014 AU\$'000	+/-%	2015 AU\$'000	2014 AU\$'000	+/-%	2015 AU\$'000	2014 AU\$'000	+/-%
Operating revenue															
Sales to customers	294,442	298,474	(1.4%)	106,180	99,496	6.7%	81,348	70,454	15.5%	13,610	10,899	24.9%	495,580	479,323	3.4%
Unallocated revenue													7,790	4,612	68.9%
Total operating revenue													\$ 503,370	\$ 483,935	4.0%
Segment results															
Operating surplus / (loss)	45,933	47,193	(2.7%)	21,938	20,083	9.2%	6,326	3,890	62.6%	(2,342)	(1,898)	(23.4%)	71,855	69,268	3.7%
Unallocated revenue less unallocated expenses													(34,453)	(32,493)	(6.0%)
Profit before income tax													37,402	36,775	1.7%
Income tax (expense)													(9,648)	(11,734)	17.8%
Profit for the year													\$ 27,754	\$ 25,041	10.8%
Segment assets	110,040	112,575	(2.3%)	38,841	44,273	(12.3%)	62,581	53,502	17.0%	18,348	13,275	38.2%	229,810	223,625	2.8%
Unallocated													121,203	116,193	4.3%
Total													\$ 351,013	\$ 339,818	3.3%
Segment liabilities	65,239	59,249	10.1%	19,142	18,326	4.5%	14,896	11,851	25.7%	4,176	2,962	41.0%	103,453	92,388	12.0%
Unallocated													59,939	66,145	(9.4%)
Total													\$ 163,392	\$ 158,533	3.1%
Segment acquisitions of property, plant & equipment and intangibles															
	6,496	6,865	(5.4%)	3,308	3,860	(14.3%)	6,080	6,999	(13.1%)	2,015	1,761	14.4%	17,899	19,485	(8.1%)
Unallocated													4,216	3,742	12.7%
Total													\$ 22,115	\$ 23,227	(4.8%)
Segment depreciation and amortisation expense															
	6,559	6,041	8.6%	2,496	2,037	22.5%	2,963	2,357	25.7%	748	531	40.9%	12,766	10,966	16.4%
Unallocated													2,972	2,104	41.3%
Total													\$ 15,738	\$ 13,070	20.4%

Notes:

- 1 Michael Hill International Limited and its controlled entities operate predominantly in one business segment being the sale of jewellery and related services.
- 2 The company operates in 4 geographical segments; New Zealand, Australia, Canada and the United States of America and is managed on a global basis.
- 3 Inter segment pricing is at arm's length or market value.
- 4 Unallocated expenses include all expenses that do not relate directly to the relevant segment and include: the Emma & Roe brand operations, trading activity through our online presence, manufacturing activities, warehouse and distribution, general corporate expenses, interest and company tax.
- 5 Costs of A\$565k relating to the closure of 2 US stores during the 2013-14 financial year are not included in the US retail segment. These costs are included as unallocated costs.