

michael hill

INTERNATIONAL LIMITED

Minutes of the Annual Meeting of Shareholders

Held on Wednesday, 29 October 2014 at 10.30am at Stamford Plaza Hotel,
28 Albert St, Auckland.

PRESENT: Sir Michael Hill, Chairman

E.J.Hill

M.R. Parsell

L.W. Peters

G.J. Gwynne

Lady Christine Hill

G.W. Smith

R.I Fyfe

P.R. Taylor - CFO

W.K. Butler - Company Secretary

and approximately 80 Shareholders and guests

1. Chairman's Welcome

Sir Michael welcomed all shareholders to the 27th annual meeting of the Company.

He introduced the members of the Board to the shareholders. He thanked Wayne Peters who was retiring from the Board for his wise advice and counsel since he joined the Board in 1999. The notice of meeting sent to all shareholders was taken as read. The chairman advised that in accordance with the company's constitution voting on all resolutions, in the interests of transparency, would be carried out by a poll.

2. Annual Report

The chairman tabled the annual report for the year ended 30th June 2014, which had been circulated to all shareholders who had requested a hard copy. The report was also available on the company's website.

3. CEO's Address

Mike Parsell used a PowerPoint presentation to give a financial update on last year's results and the Group's priorities for the 2014/15 financial year. A copy of this presentation is posted on the Company's Investor website.

At the conclusion of the address, a number of questions were asked by shareholders relating to the annual report.

a) How does Michael Hill intend to foster growth in the US market ?

Mike explained that in the US, the company sees a strategy of only having stores in AAA shopping malls combined with an omni channel online offer. Since the acquisition of the Whitehall stores in 2008, the Company has been progressively adjusting the real estate portfolio acquired to support this strategy and this is proving to be successful as shown in our first 3 months sales for the current financial year.

b) There was a question raised relating to the dispute with the IRD as detailed in the Annual Report.

Mike explained that the Company has kept the market informed in relation to this matter which is ongoing. A contingent liability has been created in the financial accounts for \$31 million but at this stage it is too early to comment in detail on the impact on our profitability and the impact on our funding and balance sheet should the Company lose that dispute. The Company has considered all the likely impacts in the event of losing the case and the Board is comfortable where our likely financial position would be and the impact on our balance sheet and our funding arrangements. Phil Taylor (CFO) responded to a question from a shareholder seeking clarification of the original disputed amount with the IRD.

c) There was a question relating to the closure of mega stores like Albany.

Mike explained that the concept of mega stores had now been dropped. They had proven to be very expensive in terms of the capital expenditure to set them up and in addition they were difficult to operate because of the high staffing levels required. The smaller mall stores were proven to be far easier and more profitable to operate.

4. Chairman's Address

Sir Michael Hill addressed the meeting and gave an account of the direction in which the company was headed.

Michael spoke of the determination of the Board to turn the Company into a truly global brand which no other company had done from New Zealand. The ideas that have been learned in North America have been brought back to our Australasian stores and the whole group has benefited as a result. Doing business in the US is very challenging and demanding but he predicted the rewards for the Company will be very significant in the future.

The Canadian operation was now performing very well after struggling for many years. We now had 55 stores there and Michael predicted that within a few years the Michael Hill brand would be the number one player in the Canadian jewellery market.

The future of the Company was in North America in the US. Growth opportunities in Australasia were now limited and once the fine tuning of the American model was completed and proven, expansion across the 250 AAA malls in the US would commence. Opportunities beyond North America would also open up. Michael also outlined the exciting opportunities for the new Emma & Roe brand with potential for opening an Emma & Roe store in every location where there is a Michael Hill store. Once the concept is proven, there is the opportunity to open up several hundred shops fairly rapidly.

Michael updated the meeting on his violin competition to be held again in 2015 and the NZ Golf open, both of which were very important in the brand building exercise for Michael Hill.

In summary, Sir Michael felt that the future looked great for the group with so many opportunities available and thanked the Board and the rest of the team for all their support. He also thanked shareholders for their attendance and support.

5. Election of Directors – Resolutions put to the meeting.

1. Re-Elect Sir Richard Michael Hill

Votes for	Percentage	Votes Against	Percentage
294,903,537	100%	11,547	0.00%

Sir Michael Hill was re-elected.

2. Elect Robert Ian Fyfe

Votes for	Percentage	Votes Against	Percentage
294,904,084	100.00%	8,000	0.00%

Rob Fyfe was elected.

6. Auditors – Resolution put to the meeting

“That the Directors be authorised to fix the fees of the Auditors for the ensuing year”

Votes for	Percentage	Votes Against	Percentage
294,865,084	99.98%	50,000	0.02%

The resolution was carried.

Confirmed as a true and correct record.

A handwritten signature in black ink that reads "Michael Hill." The signature is written in a cursive style with a period at the end.

Sir Michael Hill Chairman. 15/11/14