

Michael Hill International Limited	
Results for announcement to the market	
Reporting Period	6 months to 31 December 2013
Previous Reporting Period	6 months to 31 December 2012

	Amount \$AU'000	Percentage Change %
Revenue from ordinary activities	270,750	9.8%
Profit from ordinary activities after tax attributable to members	16,245	-26.3%
Net profit for the period attributable to members	16,245	-26.3%

	Amount per security	Imputed amount per security
Interim dividend for half-year ended 31 December 2013	2.5 cents	nil
Record date	24 March 2014	
Dividend payment date	1 April 2014	

Michael Hill International Limited's accounts attached to this report have been reviewed and are not subject to any qualification.

STATEMENT OF FINANCIAL PERFORMANCE	Consolidated Statement of Financial Performance		
	Current half-year AU\$'000	% Change	Previous corresponding half-year AU\$'000
Revenue			
Trading revenue	270,750	9.8%	246,645
Other revenue	305	113.3%	143
Total operating revenue	271,055	9.8%	246,788
Expenses			
Cost of goods sold	(95,893)	7.7%	(89,060)
Employee benefits expense	(68,960)	14.6%	(60,170)
Occupancy costs	(22,996)	13.2%	(20,307)
Selling expenses	(14,111)	(3.3%)	(14,588)
Marketing expenses	(15,720)	13.8%	(13,809)
Depreciation and amortisation expense	(6,206)	23.0%	(5,044)
Loss on disposal of property, plant & equipment	(597)	2111.1%	(27)
Other expenses	(16,631)	9.6%	(15,171)
Finance costs	(1,456)	(4.0%)	(1,516)
Profit before income tax	28,485	5.1%	27,096
Income tax (expense)	(12,240)	141.7%	(5,064)
Profit attributable to members of Michael Hill International Limited	16,245	(26.3%)	22,032

INCLUDED IN STATEMENT OF FINANCIAL PERFORMANCE ABOVE

Interest income	193	589.3%	28
Net foreign exchange loss	(282)	36.2%	(442)
Depreciation	(6,152)	22.5%	(5,024)
Amortisation	(54)	170.0%	(20)
Net loss on disposal of property, plant & equipment	(597)	2111.1%	(27)
Rental expense relating to operating leases	(22,996)	13.2%	(20,307)
Donations	(18)	63.6%	(11)

EARNINGS PER SECURITY	Earnings Per Security	
	Current half-year Cents	Previous corresponding half-year Cents
Basic EPS	4.24	5.76
Diluted EPS	4.17	5.72

DIVIDENDS	Dividends	
	Current half-year AU\$'000	Previous corresponding half-year AU\$'000
Final dividend for the year ended 30 June 2013 of NZ\$ 4.0 cents (2012 - NZ\$ 3.5 cents) per fully paid share paid on 4 October 2013 (2012 - 5 October 2012).	13,462	10,678
Total dividends provided for or paid	13,462	10,678

STATEMENT OF FINANCIAL POSITION	Consolidated Statement of Financial Position		
	At end of current half-year AU\$'000	% Change	At end of previous half-year AU\$'000
ASSETS			
Current Assets			
Cash and cash equivalents	9,852	(7.3%)	10,625
Trade and other receivables	25,627	51.9%	16,876
Inventories	210,477	24.4%	169,251
Total current assets	245,956	25.0%	196,752
Non-current assets			
Trade and other receivables	1,976	256.0%	555
Property, plant and equipment	54,578	31.8%	41,400
Intangible assets	5,991	187.2%	2,086
Deferred tax assets	60,216	14.5%	52,589
Other non-current assets	2,469	36.3%	1,811
Total non-current assets	125,230	27.2%	98,441
Total assets	371,186	25.7%	295,193
LIABILITIES			
Current liabilities			
Trade and other payables	61,273	8.9%	56,280
Borrowings	56,000	-	
Current tax liabilities	9,549	93.0%	4,948
Provisions	4,506	20.2%	3,749
Deferred revenue	17,297	78.3%	9,700
Total current liabilities	148,625	99.0%	74,677
Non-current liabilities			
Borrowings		-	27,000
Provisions	1,951	23.0%	1,586
Deferred revenue	35,237	30.3%	27,033
Total non-current liabilities	37,188	(33.1%)	55,619
Total liabilities	185,813	42.6%	130,296
Net assets	185,373	12.4%	164,897
EQUITY			
Contributed equity	3,651	6.6%	3,424
Reserves	9,806	(281.7%)	(5,397)
Retained profits	171,916	3.0%	166,870
Total equity	185,373	12.4%	164,897

NET TANGIBLE ASSETS	Net Tangible Assets	
	Current half-year AU\$ / Share	Previous corresponding half-year AU\$ / Share
Net tangible assets	\$ 0.47	\$ 0.43

STATEMENT OF CASH FLOWS	Consolidated Statement of Cash flows	
	Current half-year AU\$'000	Previous corresponding half-year AU\$'000
Cash flows from operating activities		
Receipts from customers (incl. GST)	302,675	277,482
Payments to suppliers and employees (incl. GST)	(286,021)	(235,368)
Interest received	193	28
Other revenue	305	158
Interest paid	(1,232)	(1,411)
Income tax paid	(4,928)	(6,069)
Net goods and services tax paid	(13,250)	(12,645)
Net cash inflow / (outflow) from operating activities	(2,258)	22,175
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	15	91
Payments for property, plant and equipment	(11,333)	(10,888)
Payments for intangible assets	(2,129)	(594)
Net cash inflow / (outflow) from investing activities	(13,447)	(11,391)
Cash flows from financing activities		
Proceeds from borrowings	66,000	57,000
Repayment of borrowings	(38,000)	(56,000)
Share options exercised	102	-
Proceeds from sale of treasury stock	102	56
Dividends paid to company's shareholders	(13,462)	(10,678)
Net cash inflow / (outflow) from financing activities	14,742	(9,622)
Net increase / (decrease) in cash and cash equivalents	(963)	1,162
Cash and cash equivalents at the beginning of the financial year	10,461	9,488
Effects of exchange rate changes on cash and cash equivalents	354	(25)
Cash and cash equivalents at the end of year	9,852	10,625

STATEMENT OF CHANGES IN EQUITY	Statement of Changes In Equity	
	Current half-year AU\$'000	Previous corresponding half-year AU\$'000
Total equity at the beginning of the financial year	173,685	152,862
Profit for the year	16,245	22,032
Exchange differences on translation of foreign operations	7,319	551
Total recognised income and expense for the year	23,564	22,583
Transactions with equity holders in their capacity as equity holders		
Issue of share capital - exercise of options	101	-
Employee share scheme issue	113	62
Option reserve movement	1,413	68
Cancellation of issued options	(41)	-
Dividends provided for or paid	(13,462)	(10,678)
Total equity at the end of the financial year	185,373	164,897

ISSUED AND QUOTED SECURITIES	Issued Securities	
	At end of current half-year No. of Shares	At end of previous half-year No. of Shares
Ordinary Shares:		
Fully Paid	383,153,190	383,053,190
Treasury stock held for employee share scheme	(111,584)	(203,646)
	383,041,606	382,849,544
Options issued during the year	5,900,000	2,400,000

Issued Options:

	Issued	Exercise Price	Expiry Date
Options issued 7 November 2007	4,250,000	\$1.25	30/09/2017
Options issued 24 August 2009	100,000	\$0.94	30/09/2019
Options issued 5 November 2009	150,000	\$0.94	30/09/2019
Options issued 17 September 2010	250,000	\$0.88	30/09/2020
Options issued 5 November 2010	400,000	\$0.94	30/09/2019
Options issued 5 November 2010	400,000	\$0.88	30/09/2020
Options issued 16 September 2011	650,000	\$1.16	30/09/2021
Options issued 19 September 2012	750,000	\$1.41	30/09/2022
Options issued 18 September 2013	550,000	\$1.82	30/09/2023
Options issued 29 November 2013	5,250,000	\$1.82	30/09/2023

SUBSIDIARIES		Subsidiaries	
		Current half-year % Ownership	Previous corresponding half-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%
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 Jeweller (Canada) Limited	Canada	100%	100%
Michael Hill LLC	United States	100%	100%

Statement of segmented results
for the half year ended 31 December 2013

	MHJ NEW ZEALAND			MHJ AUSTRALIA			MHJ CANADA			MHJ USA			GROUP		
	2013	2012	+/-%	2013	2012	+/-%	2013	2012	+/-%	2013	2012	+/-%	2013	2012	+/-%
	\$'000	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000	\$'000	
Operating revenue															
Sales to customers	54,229	49,770	9.0%	171,737	162,712	5.5%	39,392	28,545	38.0%	5,486	5,283	3.8%	270,844	246,310	10.0%
Unallocated revenue													(94)	335	(128.2%)
Total operating revenue													270,750	246,645	9.8%
Segment results															
Operating surplus / (loss)	11,081	10,229	8.3%	29,002	27,987	3.6%	2,978	1,486	100.4%	(596)	(1,221)	51.2%	42,465	38,481	10.4%
Unallocated revenue less unallocated expenses													(13,980)	(11,385)	22.8%
Profit before income tax													28,485	27,096	5.1%
Income tax expense													(12,240)	(5,064)	141.7%
Profit for the year													16,245	22,032	(26.3%)
Segment assets	45,496	41,023	10.9%	121,347	116,238	4.4%	70,949	36,334	95.3%	15,501	10,689	45.0%	253,293	204,284	24.0%
Unallocated													117,893	90,909	29.7%
Total													371,186	295,193	25.7%
Segment liabilities	20,136	15,425	30.5%	63,875	52,761	21.1%	13,640	10,260	32.9%	2,711	2,464	10.0%	100,362	80,910	24.0%
Unallocated													85,451	49,386	73.0%
Total													185,813	130,296	42.6%
Segment acquisitions of property, plant & equipment and intangibles															
	2,345	961	144.0%	3,953	7,294	(45.8%)	4,846	2,104	130.3%	291	121	140.5%	11,435	10,480	9.1%
Unallocated													2,027	1,002	102.1%
Total													13,462	11,482	17.2%
Segment depreciation and amortisation expense															
	952	775	22.8%	3,122	2,614	19.4%	1,116	772	44.6%	247	226	9.3%	5,437	4,387	23.9%
Unallocated													769	657	17.0%
Total													6,206	5,044	23.0%

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: manufacturing activities, warehouse and distribution, general corporate expenses, interest and company tax.