



## 3 MONTHS TRADING UPDATE TO 30 SEPTEMBER 2015

**The Group achieved same store sales growth of 6.0% for the 3 months to 30 September 2015 in AUD.**

### Michael Hill brand

New Zealand was particularly strong with sales growth of 8.6% in local currency and Canada also continued to show good growth finishing the quarter 6.2% up on last year. The Australia market has steadied from previous reporting periods and achieved 2.9% growth for the quarter while the US finished the quarter 1.2% up on last year. In Australian dollars, the Michael Hill brand reported same store sales growth of 5.7% for the quarter which was a pleasing result after a difficult second half trade in 2014-15. Gross margins have been under pressure due to the strengthening USD against our other currencies, however appropriate action has been taken and gross margin should be steady for the period against the corresponding period last year. The Group opened 3 new Michael Hill stores giving 291 stores trading at the end of the quarter.

### Emma & Roe brand

Emma & Roe achieved same store sales growth of 44.6% on the same quarter last year. We have not previously released Emma & Roe trading results but now that the trial of this new brand is in its second full year we believe it is now appropriate to keep the market informed on its progress. There were 8 Emma & Roe stores trading at the commencement of the quarter and 1 was opened during the quarter giving 9 stores in total. While the company still considers the Emma & Roe brand to be in a trial phase the Group has plans to open a further 2 stores in the coming quarter. This will take the brand to a critical mass in the South East Queensland market and give us the best indication of its commercial viability. The directors are pleased with the trading results to date.

### Revenue from the sale of goods and services for the 3 months to 30 September 2015 including PCP income:

#### The following figures are in Australian dollars

	Last Year	This Year	% Var
Michael Hill same stores	100,135,300	105,884,849	5.7%
Emma & Roe same stores	<u>785,417</u>	<u>1,135,362</u>	<u>44.6%</u>
<b>Total same stores</b>	<b>\$100,920,717</b>	<b>\$107,020,211</b>	<b>6.0%</b>
Michael Hill all stores	101,628,818	110,941,063	9.2%
Emma & Roe all stores	<u>785,245</u>	<u>1,571,108</u>	<u>100.1%</u>
<b>Total all stores</b>	<b>\$102,414,063</b>	<b>\$112,512,171</b>	<b>9.9%</b>

#### Exchange rates used for the 3 months:

New Zealand	1.10	1.11
Canada	1.01	0.95
United States	0.93	0.73

#### Michael Hill same store figures in local currency:

		Last Year	This Year	% Var
Australia same stores	AUD	63,413,279	65,277,163	2.9%
New Zealand same stores	NZD	21,782,799	23,649,894	8.6%
Canada same stores	CAD	14,784,108	15,693,728	6.2%
United States same stores	USD	2,026,631	2,050,404	1.2%

<b>Emma &amp; Roe same stores</b>	<b>AUD</b>	<b>785,417</b>	<b>1,135,362</b>	<b>44.6%</b>
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#### Michael Hill all stores figures in local currency:

Australia all stores	AUD	63,975,739	66,594,206	4.1%
New Zealand all stores	NZD	21,793,118	23,649,894	8.5%
Canada all stores	CAD	15,277,695	18,259,981	19.5%
United States all stores	USD	2,426,594	2,804,506	15.6%

Australia Emma & Roe all stores	AUD	785,245	1,438,558	83.2%
New Zealand Emma & Roe all stores	NZD	0	132,550	0.0%

The above figures represent 2 months accounting adjusted sales results plus September preliminary sales figures prior to accounting adjustments, and are unaudited. Revenue figures stated above include the Professional Care Plan (PCP) revenue brought to income during the period. The PCP income recognition pattern is based on existing estimates and is subject to ongoing management review, and accordingly is adjusted at each year end.

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