

Michael Hill International Limited	
Results for announcement to the market	
Reporting period	6 months to 31 December 2015
Previous reporting period	6 months to 31 December 2014

	Amount \$AU'000	Percentage change %
Revenue from ordinary activities	310,775	9.7%
Profit from ordinary activities after tax attributable to members	24,916	5.1%
Net profit for the period attributable to members	24,916	5.1%

	Amount per security	Imputed amount per security
Interim dividend for half-year ended 31 December 2015	NZ 2.5 cents	nil
Record date	23 March 2016	
Dividend payment date	1 April 2016	

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

STATEMENT OF COMPREHENSIVE INCOME	Statement of Comprehensive Income		
	Current half-year \$AU'000	% Change	Previous corresponding half-year \$AU'000
Revenue			
Operating revenue	310,775	9.7%	283,189
Other revenue	34	(98.3%)	2,035
Total operating revenue	310,809	9.0%	285,224
Expenses			
Cost of goods sold	(110,862)	8.9%	(101,780)
Employee benefits expense	(77,581)	10.5%	(70,194)
Occupancy costs	(26,553)	6.8%	(24,872)
Marketing expenses	(19,212)	8.8%	(17,663)
Selling expenses	(13,798)	9.2%	(12,640)
Depreciation and amortisation expense	(8,701)	14.9%	(7,574)
Loss on disposal of property, plant and equipment	(138)	12.2%	(123)
Other expenses	(18,581)	20.9%	(15,375)
Finance costs	(2,209)	(13.7%)	(2,559)
Profit before income tax	33,174	2.3%	32,444
Income tax (expense)	(8,258)	(5.6%)	(8,747)
Profit attributable to owners of Michael Hill International Limited	24,916	5.1%	23,697

INCLUDED IN STATEMENT OF COMPREHENSIVE INCOME ABOVE

Interest income	138	500.0%	23
Net foreign exchange gain / (loss)	(1,258)	(163.9%)	1,968
Depreciation	7,886	18.7%	6,644
Amortisation	815	(12.4%)	930
Net loss on disposal of property, plant and equipment	138	12.2%	123
Rental expense relating to operating leases	26,553	6.8%	24,872
Donations	16	23.1%	13

EARNINGS PER SHARE	Earnings Per Share	
	Current half-year AU Cents	Previous corresponding half-year AU Cents
Basic EPS	6.50	6.19
Diluted EPS	6.48	6.15

STATEMENT OF FINANCIAL POSITION	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	7,567	(35.5%)	11,737
Trade and other receivables	30,914	1.3%	30,527
Inventories	215,653	3.8%	207,774
Current tax receivables	1,680	-	-
Other current assets	4,714	228.0%	1,437
Total current assets	260,528	3.6%	251,475
Non-current assets			
Trade and other receivables	647	10.8%	584
Property, plant and equipment	67,939	5.0%	64,727
Intangible assets	6,535	(1.6%)	6,643
Deferred tax assets	50,631	(22.2%)	65,042
Other non-current assets	2,143	(15.0%)	2,521
Total non-current assets	127,895	(8.3%)	139,517
Total assets	388,423	(0.7%)	390,992
LIABILITIES			
Current liabilities			
Trade and other payables	66,681	(2.6%)	68,489
Current tax liabilities	-	-	6,025
Provisions	4,870	2.8%	4,737
Deferred revenue	24,280	(4.8%)	25,510
Total current liabilities	95,831	(8.5%)	104,761
Non-current liabilities			
Borrowings	33,916	(25.6%)	45,572
Provisions	4,821	(8.4%)	5,262
Deferred revenue	49,386	27.1%	38,846
Total non-current liabilities	88,123	(1.7%)	89,680
Total liabilities	183,954	(5.4%)	194,441
Net assets	204,469	4.0%	196,551
EQUITY			
Contributed equity	3,760	-	3,760
Reserves	8,247	(25.2%)	11,021
Retained profits	192,462	5.9%	181,770
Total equity	204,469	4.0%	196,551

NET TANGIBLE ASSETS	Net Tangible Assets	
	Current half-year A\$ / Share	Previous corresponding half-year A\$ / Share
Net tangible assets	\$ 0.52	\$ 0.50

CASH FLOW STATEMENTS	Cash Flow Statement	
	Current half-year \$AU'000	Previous corresponding half-year \$AU'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST and sales taxes)	347,246	315,529
Payments to suppliers and employees (inclusive of GST and sales taxes)	(299,470)	(253,659)
Interest received	138	23
Other revenue	34	67
Interest paid	(2,039)	(2,395)
Income tax received / (paid)	1,864	(4,178)
Net GST and sales taxes paid	(15,310)	(15,459)
Net cash inflow / (outflow) from operating activities	32,463	39,928
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	67	144
Payments for property, plant and equipment	(11,328)	(11,265)
Payments for intangible assets	(1,034)	(1,156)
Net cash inflow / (outflow) from investing activities	(12,295)	(12,277)
Cash flows from financing activities		
Proceeds from borrowings	70,000	68,507
Repayment of borrowings	(80,500)	(79,000)
Proceeds from sale of treasury stock	-	99
Dividends paid to Company's shareholders	(8,870)	(13,765)
Net cash inflow / (outflow) from financing activities	(19,370)	(24,159)
Net increase / (decrease) in cash and cash equivalents	798	3,492
Cash and cash equivalents at the beginning of the half-year	6,797	8,109
Effects of exchange rate changes on cash and cash equivalents	(28)	136
Cash and cash equivalents at the end of half-year	7,567	11,737

DIVIDENDS	Dividends	
	Current half-year \$AU'000	Previous corresponding half-year \$AU'000
Final dividend for the year ended 30 June 2015 of NZ 2.5 cents (2014 - NZ 4.0 cents) per fully paid share paid on 2 October 2015 (2014 - 3 October 2014).	8,870	13,765
Total dividends provided for or paid	8,870	13,765

STATEMENT OF CHANGES IN EQUITY	Statements of Changes in Equity	
	Current half-year \$AU'000	Previous corresponding half-year \$AU'000
Total equity at the beginning of the half-year	187,621	181,285
Profit for the half-year	24,916	23,697
Exchange differences on translation of foreign operations	841	5,748
Cash flow hedges taken to equity	(221)	(609)
Total recognised income and expense for the half-year	25,536	28,836
Transactions with equity holders in their capacity as equity holders		
Employee shares issued	-	109
Option reserve movement	182	86
Dividends provided for or paid	(8,870)	(13,765)
Total equity at the end of the half-year	204,469	196,551

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	383,153,190
Treasury stock held for Employee Share Scheme	(14,677)	(14,677)
	383,138,513	383,138,513
Options issued during the half-year	-	400,000

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

Name of Entity

Country of Incorporation

Michael Hill Jeweller Limited	New Zealand
Michael Hill Trustee Company Limited	New Zealand
MHJ (US) Limited	New Zealand
Michael Hill Finance (NZ) Limited	New Zealand
Michael Hill Franchise Holdings Limited	New Zealand
Emma & Roe NZ Limited	New Zealand
Michael Hill Online Holdings Limited	New Zealand
Michael Hill Jeweller (Australia) Pty Limited	Australia
Michael Hill Wholesale Pty Limited	Australia
Michael Hill Manufacturing Pty Limited	Australia
Michael Hill Finance (Limited Partnership)	Australia
Michael Hill Group Services Pty Limited	Australia
Michael Hill Franchise Pty Limited	Australia
Michael Hill Franchise Services Pty Limited	Australia
Michael Hill Charms Pty Limited	Australia
Michael Hill Online Pty Limited	Australia
Emma & Roe Pty Limited	Australia
Emma & Roe Online Pty Limited	Australia
Michael Hill Jeweller (Canada) Limited	Canada
Michael Hill LLC	United States

Current half-year % Ownership	Previous corresponding half-year % Ownership
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%
100%	100%

Statement of segmented results
for the half-year ended 31 December 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	175,563	168,540	4.2%	61,866	58,045	6.6%	55,433	45,835	20.9%	10,256	6,768	51.5%	303,118	279,188	8.6%
Unallocated revenue													7,657	4,001	(91.4%)
Total operating revenue													\$ 310,775	\$ 283,189	9.7%
Segment results															
Operating profit / (loss)	32,431	31,504	2.9%	14,113	12,814	10.1%	7,619	5,251	45.1%	(2,023)	(644)	(214.1%)	52,140	48,925	6.6%
Unallocated revenue less unallocated expenses													(18,966)	(16,481)	(15.1%)
Profit before income tax													33,174	32,444	2.3%
Income tax expense													(8,258)	(8,747)	5.6%
Profit for the half-year													\$ 24,916	\$ 23,697	5.1%
Segment assets	124,391	121,993	2.0%	50,336	47,794	5.3%	66,680	67,432	(1.1%)	23,407	18,200	28.6%	264,814	255,419	3.7%
Unallocated													123,609	135,573	(8.8%)
Total													\$ 388,423	\$ 390,992	(0.7%)
Segment liabilities	77,111	72,434	6.5%	24,957	23,634	5.6%	18,944	17,777	6.6%	4,925	3,209	53.5%	125,937	117,054	7.6%
Unallocated													58,017	77,387	(25.0%)
Total													\$ 183,954	\$ 194,441	(5.4%)
Segment acquisitions of property, plant & equipment and intangibles															
	3,143	1,749	79.7%	1,935	2,117	(8.6%)	3,372	3,708	(9.1%)	1,973	541	264.7%	10,423	8,115	28.4%
Unallocated													1,939	4,306	(55.0%)
Total													\$ 12,362	\$ 12,421	(0.5%)
Segment depreciation and amortisation expense	3,479	3,202	8.7%	1,265	1,168	8.3%	1,796	1,447	24.1%	541	322	68.0%	7,081	6,139	15.3%
Unallocated													1,620	1,435	12.9%
Total													\$ 8,701	\$ 7,574	14.9%

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.