

michael hill

INTERNATIONAL LIMITED

Minutes of the Annual Meeting

Held on Friday, 04 November 2011 at 10.30am at Stamford Plaza Hotel, 28 Albert St, Auckland.

PRESENT: Sir Michael Hill, Chairman
M.R. Parsell
L.W. Peters
M.R. Doyle
G.J. Gwynne
Lady Christine Hill
E.J.Hill
D.W. McGeoch
P.R. Taylor - CFO
W.K. Butler - Company Secretary
and approximately 150 Shareholders

1. Chairman's Welcome

Michael Hill welcomed all shareholders to the 24th annual meeting of the Company.

He introduced the members of the Board to the shareholders. 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 resolutions would be carried out by a show of hands, unless a poll was demanded in terms of schedule 1 of the Companies Act 1993.

2. Apologies

There were no apologies.

3. Proxies

Proxies were received from 187 shareholders representing 272 million shares.

4. Annual Report

The chairman tabled the annual report for the year ended 30th June 2011, that had been circulated to all shareholders who had requested a hard copy. The report was also available on the company's website.

5 CEO's Address

Mike Parsell used a powerpoint presentation to give a financial update on last year's results and the first quarter's sales figures. A copy of this presentation and the first quarter sales are posted on the Company's website.

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

Mr Philip O'Brien questioned Mike Parsell on where Canada would be in terms of profitability in 5 years time. Mike replied that the company was making progress in Canada but that the number of stores there needed to be lifted to give the advertising clout required to really dominate the market. In the Ontario market, for example, we have 9-10 stores but you really need 40 stores to dominate. In the longer term, Mike expected the Canadian store contributions to be on a par with the Australian stores.

In reply to a written question from a shareholder, Mike Parsell stated that the company did not have a dividend share reinvestment plan, as the company had plenty of cash and did not need to introduce such a plan.

6. Chairman's Address

Michael Hill addressed the meeting and gave an account of the direction in which the company was heading in terms of branded jewellery. The Company was now heavily concentrating on the sale of diamond jewellery and had the largest jewellery manufacturing division in Australasia. The Company was selling very large jewellery pieces and over the Rugby world cup had sold a pair of very large diamond earrings for \$250,000. A recent sale of a diamond ring fetched over \$1 million.

Hard economic times have always brought out the best in the Michael Hill staff. It is still hard work in the US and Canada but there are signs of light at the end of the tunnel. We have been ten years in Canada, but we are still 10-20 stores away from having sufficient grunt in advertising to make the significant gains we are looking for. On the way however, the company has picked up a great deal of information and new techniques in the North American markets that have been applied to our Australasian stores to great effect so that overall, the group has benefited enormously.

People are still the greatest asset the company has and the company is fortunate to have so many talented and dedicated people.

Michael advised that the new Michael Hill perfume was being launched in November.

Although the current worldwide economic situation provided interesting challenges ahead, he was confident that the Company would do well and he was looking forward to the exciting times ahead. The group had excellent medium and long term prospects.

7. Election of Directors

Moved: Mike Parsell

Seconded : Mr T. Arthur

"that Sir Richard Michael Hill be re-elected a Director of the Company" – Carried unanimously.

Moved : Mike Parsell

Seconded : Mr N. Piper

"that Leslie Wayne Peters be re-elected a Director of the Company" – Carried unanimously.

Moved : Mike Parsell

Seconded : Mr D Bacon

"that Deeta Wildridge be re-elected a Director of the Company" – Carried unanimously.

8. Auditors

Moved: Michael Hill

Seconded: Mr Oliver Saint

"That the Directors be authorised to fix the fees of the Auditors for the ensuing year" – Carried unanimously.

9. Non – Executive Directors fees

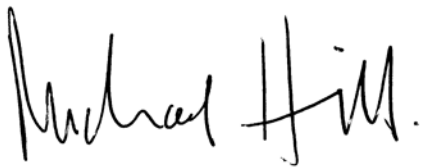
There was some discussion on the proposal to increase the Directors' fees. Oliver Saint from the Shareholders' Association praised the performance of the Company and stated he had no problems with the proposal to increase Directors' fees. Alan Best from the Shareholders' Association commented that the returns to shareholders over the 4 year period had almost matched the proposed Directors fee increase percentage, so he had no problems with the proposed increase. Mr Tony O'Connor asked whether other staff had been receiving cost of living increases. Mike replied that staff were covered by agreements. The company needed to retain staff and be competitive. If staff performed they were rewarded with increases.

Moved: Michael Hill

Seconded : David Stephens

“that for the purposes of Listing Rule 3.5.1, the maximum aggregate remuneration payable to the company's Directors will be increased by \$175,000 from \$395,000 to \$570,000 per annum, which amount may be divided between the directors as the Board deems appropriate”. – carried unanimously.

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. 16/2/2012