

Michael Hill International Limited

6 months trading update to 31 December 2012

Note that these figures represent 5 months accounting adjusted sales results plus December preliminary sales figures prior to final accounting adjustments and are unaudited. Revenue figures stated below include the Professional Care Plan (PCP) revenues brought to income during the period.

Revenue from sale of goods for the 6 months to 31 December 2012:

The following figures are in NZ dollars

	Last Year	This Year	% Var
Australia same stores	183,753,900	188,454,454	2.6%
New Zealand same stores	60,553,893	62,455,857	3.1%
Canada same stores	29,516,675	30,128,794	2.1%
United States same stores	<u>6,634,201</u>	<u>6,684,981</u>	<u>0.8%</u>
Total same stores	\$280,458,669	\$287,724,086	2.6%
Australia all stores	189,550,222	206,699,761	9.0%
New Zealand all stores	60,907,953	63,188,946	3.7%
Canada all stores	30,353,540	36,235,725	19.4%
United States all stores	<u>6,634,201</u>	<u>6,684,981</u>	<u>0.8%</u>
Total all stores	\$287,445,916	\$312,809,413	8.8%

Exchange rates used for the 6 months:

Australia	0.78	0.79
Canada	0.80	0.81
United States	0.79	0.82

The following figures are in local currency

		Last Year	This Year	% Var
Australia same stores	AUD	142,607,491	148,531,784	4.2%
New Zealand same stores	NZD	60,553,893	62,455,857	3.1%
Canada same stores	CAD	23,596,688	24,523,620	3.9%
United States same stores	USD	5,271,525	5,478,247	3.9%
Australia all stores	AUD	147,090,553	162,925,790	10.8%
New Zealand all stores	NZD	60,907,953	63,188,946	3.7%
Canada all stores	CAD	24,256,876	29,505,246	21.6%
United States all stores	USD	5,271,525	5,478,247	3.9%

December quarter sales, including the critical Christmas trading period, fell short of our forecasts and didn't deliver the improvement over last year that the company had expected. However while all four markets struggled to gain traction over last year's sales in the second quarter, it is still pleasing that all four markets achieved solid "same store" store sales for the half year.

Cash flow remains strong and our Professional Care Plan product continues to deliver good cash flow as well as contributing solidly to the Group's revenue line (see below).

It should be noted that the revenue figures stated above include the current portion of income from the sale of PCP's. The revenue from these plans is carried on the balance sheet as deferred revenue and is then brought to income over the life of the plans (three year and life time plans).

The following figures are in NZ Dollars

		Last Year	This Year	% Var
PCP revenue collected for the 6 months	NZD	14,411,408	18,063,228	25.3%
PCP revenue brought to income for the 6 months	NZD	1,466,312	5,059,515	245.1%

Half year EBIT for the Group is expected to be in the range of \$34m to \$36m compared to \$34.775m for the corresponding period last year. The full half year results for the 6 months to 31 December 2012 are due for release to the NZX on 15 February, 2013.



Sir Michael Hill 11 January 2013
Chairman

All enquiries should be made to either Mike Parsell CEO phone +61 403 246655 or Phil Taylor CFO +61 413 709066