

Michael Hill International Limited	
Results for announcement to the market	
Reporting Period	6 months to 31 December 2014
Previous Reporting Period	6 months to 31 December 2013

	Amount \$AU'000	Percentage Change %
Revenue from ordinary activities	283,189	4.6%
Profit from ordinary activities after tax attributable to members	23,697	45.9%
Net profit for the period attributable to members	23,697	45.9%

	Amount per security	Imputed amount per security
Interim dividend for half-year ended 31 December 2014	NZ 2.5 cents	nil
Record date	26 March 2015	
Dividend payment date	2 April 2015	

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			
Trading revenue	283,189	4.6%	270,750
Other revenue	66	(78.4%)	305
Total operating revenue	283,255	4.5%	271,055
Expenses			
Cost of goods sold	(101,780)	6.1%	(95,893)
Employee benefits expense	(70,194)	1.8%	(68,960)
Occupancy costs	(24,872)	8.2%	(22,996)
Selling expenses	(12,640)	(10.4%)	(14,111)
Marketing expenses	(17,663)	12.4%	(15,720)
Depreciation and amortisation expense	(7,574)	22.0%	(6,206)
Loss on disposal of property, plant & equipment	(123)	(79.4%)	(597)
Other expenses	(13,406)	(19.4%)	(16,631)
Finance costs	(2,559)	75.8%	(1,456)
Profit before income tax	32,444	13.9%	28,485
Income tax (expense)	(8,747)	(28.5%)	(12,240)
Profit attributable to owners of Michael Hill International Limited	23,697	45.9%	16,245

INCLUDED IN STATEMENT OF COMPREHENSIVE INCOME ABOVE

Interest income	23	(88.1%)	193
Net foreign exchange gain / (loss)	1,968	797.9%	(282)
Depreciation	6,644	8.0%	6,152
Amortisation	930	1,622.2%	54
Net loss on disposal of property, plant & equipment	123	(79.4%)	597
Rental expense relating to operating leases	24,872	8.2%	22,996
Donations	13	(27.8%)	18

DIVIDENDS	Dividends	
	Current half-year \$AU'000	Previous corresponding half-year \$AU'000
Final dividend for the year ended 30 June 2014 of NZ 4.0 cents (2013 - NZ 4.0 cents) per fully paid share paid on 3 October 2014 (2013 - 4 October 2013).	13,765	13,462
Total dividends provided for or paid	13,765	13,462

EARNINGS PER SECURITY	Earnings Per Security	
	Current half-year AU Cents	Previous corresponding half-year AU Cents
Basic EPS	6.19	4.24
Diluted EPS	6.15	4.17

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	11,737	19.1%	9,852
Trade and other receivables	30,527	19.1%	25,627
Inventories	207,774	(1.3%)	210,477
Other current assets	1,437	-	-
Total current assets	251,475	2.2%	245,956
Non-current assets			
Trade and other receivables	584	(70.4%)	1,976
Property, plant and equipment	64,727	18.6%	54,578
Intangible assets	6,643	10.9%	5,991
Deferred tax assets	65,042	8.0%	60,216
Other non-current assets	2,521	2.1%	2,469
Total non-current assets	139,517	11.4%	125,230
Total assets	390,992	5.3%	371,186
LIABILITIES			
Current liabilities			
Trade and other payables	68,489	11.8%	61,273
Borrowings	-	-	56,000
Current tax liabilities	6,025	(36.9%)	9,549
Provisions	4,737	5.1%	4,506
Deferred revenue	25,510	47.5%	17,297
Total current liabilities	104,761	(29.5%)	148,625
Non-current liabilities			
Borrowings	45,572	-	-
Provisions	5,262	169.7%	1,951
Deferred revenue	38,846	10.2%	35,237
Total non-current liabilities	89,680	141.2%	37,188
Total liabilities	194,441	4.6%	185,813
Net assets	196,551	6.0%	185,373
EQUITY			
Contributed equity	3,760	3.0%	3,651
Reserves	11,021	12.4%	9,806
Retained profits	181,770	5.7%	171,916
Total equity	196,551	6.0%	185,373

		Net Tangible Assets	
NET TANGIBLE ASSETS		Current half-year A\$ / Share	Previous corresponding half-year A\$ / Share
Net tangible assets		\$ 0.50	\$ 0.47

		Cash flow statements	
CASH FLOW STATEMENTS		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)		315,529	302,675
Payments to suppliers and employees (inclusive of GST and sales taxes)		(253,659)	(286,021)
Interest received		23	193
Other revenue		67	305
Interest paid		(2,395)	(1,232)
Income tax paid		(4,178)	(4,928)
Net goods and services tax paid		(15,459)	(13,250)
Net cash inflow / (outflow) from operating activities		39,928	(2,258)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		144	15
Payments for property, plant and equipment		(11,265)	(11,333)
Payments for intangible assets		(1,156)	(2,129)
Net cash inflow / (outflow) from investing activities		(12,277)	(13,447)
Cash flows from financing activities			
Proceeds from borrowings		68,507	66,000
Repayment of borrowings		(79,000)	(38,000)
Proceeds from sale of treasury stock		99	102
Proceeds from share options exercised		-	102
Dividends paid to Company's shareholders		(13,765)	(13,462)
Net cash inflow / (outflow) from financing activities		(24,159)	14,742
Net increase / (decrease) in cash and cash equivalents		3,492	(963)
Cash and cash equivalents at the beginning of the half- year		8,109	10,461
Effects of exchange rate changes on cash and cash equivalents		136	354
Cash and cash equivalents at the end of half-year		11,737	9,852

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	181,285	173,685
Profit for the half-year	23,697	16,245
Currency translation differences	5,748	7,319
Cash flow hedges taken to equity	(609)	-
Total recognised income and expense for the half-year	28,836	23,564
Transactions with equity holders in their capacity as equity holders		
Issue of share capital on exercise of options	-	102
Employee share scheme issue	109	113
Option expense through share based payments reserve	86	1,411
Cancellation of issued options	-	(40)
Dividends provided for or paid	(13,765)	(13,462)
Total equity at the end of the half-year	196,551	185,373

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)	(111,584)
	383,138,513	383,041,606
Options issued during the half-year	400,000	5,900,000
Options exercised during the half-year	-	(100,000)
Options cancelled during the half-year	-	(300,000)

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	650,000	\$1.41	30/09/2022
Options issued 18 September 2013	650,000	\$1.82	30/09/2023
Options issued 29 November 2013	5,250,000	\$1.82	30/09/2023
Options issued 10 November 2014	400,000	\$1.63	30/09/2024

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%
Emma & Roe NZ Limited	New Zealand	100%	-
Michael Hill Online Holdings Limited	New Zealand	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 Charms Pty Limited	Australia	100%	-
Michael Hill Online Pty Limited	Australia	100%	-
Emma & Roe Pty Limited	Australia	100%	-
Emma & Roe Online Pty Limited	Australia	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 2014

	MHJ AUSTRALIA			MHJ NEW ZEALAND			MHJ CANADA			MHJ USA			GROUP		
	2014 AU\$'000	2013 AU\$'000	+/-%	2014 AU\$'000	2013 AU\$'000	+/-%	2014 AU\$'000	2013 AU\$'000	+/-%	2014 AU\$'000	2013 AU\$'000	+/-%	2014 AU\$'000	2013 AU\$'000	+/-%
Operating revenue															
Sales to customers	168,540	171,737	(1.9%)	58,045	54,229	7.0%	45,835	39,392	16.4%	6,768	5,486	23.4%	279,188	270,844	3.1%
Unallocated revenue													4,001	-94	4,356.4%
Total operating revenue													\$ 283,189	\$ 270,750	4.6%
Segment results															
Operating surplus / (loss)	31,504	29,002	8.6%	12,814	11,081	15.6%	5,251	2,978	76.3%	(644)	(596)	(8.1%)	48,925	42,465	15.2%
Unallocated revenue less unallocated expenses													(16,481)	(13,980)	(17.9%)
Profit before income tax													32,444	28,485	13.9%
Income tax (expense)													(8,747)	(12,240)	28.5%
Profit for the year													\$ 23,697	\$ 16,245	45.9%
Segment assets	121,993	121,347	0.5%	47,794	45,496	5.1%	67,432	70,949	(5.0%)	18,200	15,501	17.4%	255,419	253,293	0.8%
Unallocated													135,573	117,893	15.0%
Total													\$ 390,992	\$ 371,186	5.3%
Segment liabilities	72,434	63,875	13.4%	23,634	20,136	17.4%	17,777	13,640	30.3%	3,209	2,711	18.4%	117,054	100,362	16.6%
Unallocated													77,387	85,451	(9.4%)
Total													\$ 194,441	\$ 185,813	4.6%
Segment acquisitions of property, plant & equipment and intangibles															
	1,749	3,953	(55.8%)	2,117	2,345	(9.7%)	3,708	4,846	(23.5%)	541	291	85.9%	8,115	11,435	(29.0%)
Unallocated													4,306	2,027	112.4%
Total													\$ 12,421	\$ 13,462	(7.7%)
Segment depreciation and amortisation expense															
	3,202	3,122	2.6%	1,168	952	22.7%	1,447	1,116	29.7%	322	247	30.4%	6,139	5,437	12.9%
Unallocated													1,435	769	86.6%
Total													\$ 7,574	\$ 6,206	22.0%

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: the Emma & Roe brand operations, trading activity through our online presence, manufacturing activities, warehouse and distribution, general corporate expenses, interest and company tax.