

Dividend Distribution Policy

The current dividend distribution policy of Michael Hill International Limited (**Distribution Policy**), adopted upon ASX listing, is set out below.

Policy

The board is committed to a policy of providing consistent dividend streams to shareholders while maintaining a strong balance sheet and retaining flexibility to meet the businesses financial needs.

Policy Guidelines

- (a) Dividends declared will take into account current year earnings, trading outlook in our various markets, capital requirements and desired long term capital structure.
- (b) The target equity ratio is in the range of 50% to 70% however abnormal circumstances or events could take the equity ratio outside this range from time to time.
- (c) Other relevant economic factors can also impact the company's Distribution Policy and the board reserves the right to set dividends taking into account any external factors affecting the business.
- (d) Wherever possible dividends will be fully imputed however this is dependent on the level of imputation credits available to attach at the time of payment.