

michael hill

INTERNATIONAL LIMITED

3 months sales to 30 September 2007

Note that these figures represent 2 months accounting adjusted sales results plus September preliminary sales figures prior to final accounting adjustments.

The following figures are in NZ Dollars	Last Year	This Year	% Var
NZ same stores	17,768,417	17,203,629	(3.2%)
Australia same stores	45,903,070	43,339,100	(5.6%)
Canada same stores	4,164,247	3,695,808	(11.2%)
Total same stores	\$67,835,734	\$64,238,537	(5.3%)
NZ all stores	18,464,694	17,964,878	(2.7%)
Australia all stores	47,084,246	47,658,417	1.2%
Canada all stores	4,908,978	5,486,816	11.8%
Total all stores	\$70,457,918	\$71,110,111	0.9%

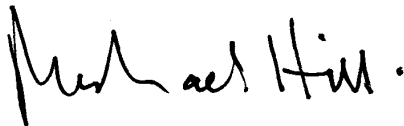
Exchange rates used for the 3 months:

Australian	0.84	0.88
Canada	0.71	0.78

The following figures are in local currency		Last Year	This Year	% Var
NZ same stores	NZD	17,768,417	17,203,629	(3.2%)
Australia same stores	AUD	38,463,294	37,977,835	(1.3%)
Canada same stores	CAD	2,953,730	2,867,209	(2.9%)
NZ all stores	NZD	18,464,694	17,964,878	(2.7%)
Australia all stores	AUD	39,455,661	41,755,193	5.8%
Canada all stores	CAD	3,487,547	4,252,771	21.9%

Comments

Despite the lower sales volumes for the quarter, these were offset by a significant improvement in gross margins. Therefore on a same store basis, gross margin dollars finished higher for the quarter than last year. This was due to better margin control and reduced discounting. The lower sales were partly due to the watch clearance sale launched in September last year. This clearance was the company's first major attempt to clear out extensive stocks of branded watches following the decision to quit them in favour of building the Michael Hill watch brand. Sales volumes were high and resulted in an extensive amount of inventory being cleared, albeit at low margins. This clearance inflated last year's sales figures for the first quarter.



R.M. Hill 11/10/07
Chairman

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