

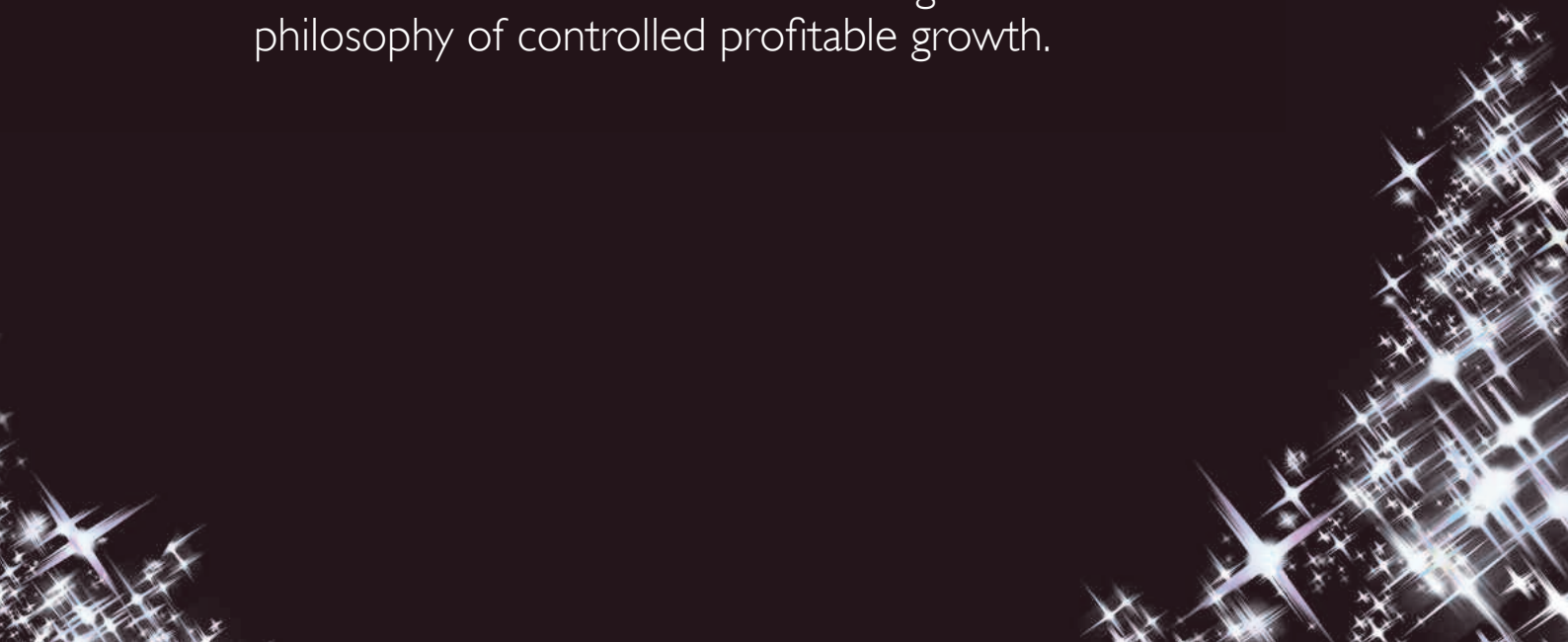
michael hill

INTERNATIONAL LIMITED

HALF YEAR REPORT TO 31 DECEMBER 2010



Our overall strategic goal is to grow
shareholder wealth over time through our
philosophy of controlled profitable growth.





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Michael Hill International owns the brand “Michael Hill” and operates a retail jewellery chain of 237 stores in Australia, New Zealand, Canada and United States as at 31 December 2010. The Company had its origins in 1979 when Michael and Christine Hill opened their first store in the New Zealand town of Whangarei, some 160 kilometres north of Auckland. The group now has 54 stores throughout New Zealand.

A unique retail jewellery formula that included dramatically different store designs, a product range devoted exclusively to jewellery and high impact advertising elevated the company to national prominence.

The company listed on the New Zealand Stock Exchange in 1987 the same year it expanded into Australia and now has 144 stores throughout Australia. In 2002, the Company expanded into Canada, opening its first stores in Vancouver. We now have a presence in British Columbia, Alberta, Manitoba and Ontario with 30 stores. In September 2008, the Company entered the United States market and now has 9 stores in Illinois.

Today the group employs over 2,000 permanent employees who are involved in retail sales, manufacturing and administration. It has approximately 3,600 shareholders and is proud of its consistently high returns to shareholders. Our overall strategic goal is to grow shareholder wealth over time through our philosophy of controlled profitable growth.

HIGHLIGHTS OF THE HALF YEAR

Operating revenue of \$269.069m up 9.9% on last year

Same store sales up 9.7% on same period last year

EBIT of \$32.296m up 6.5% on last year

Net profit before tax of \$29.128m up 5.8% on last year

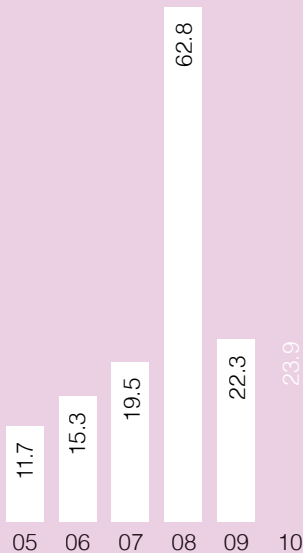
Net profit after tax of \$23.896m up 7.2% on last year

Total of 237 stores open at 31 December 2010

5 new stores opened during the six months

Interim dividend of 1.5 cents per share

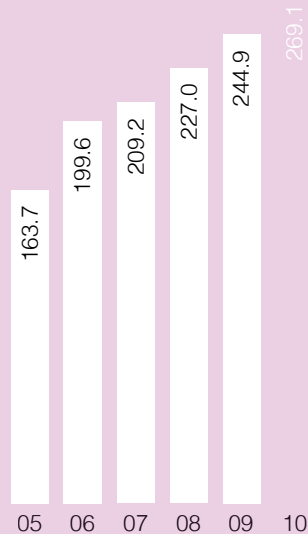
Net operating cash inflow of \$20.247m for the period up 43.7% on last year



GROUP PROFIT AFTER TAX

\$ millions to 31 December

*Note that the 2008 group profit after tax contained a deferred tax credit of NZ\$50.197m



GROUP OPERATING REVENUE

\$ millions to 31 December

FINANCIAL CALENDAR

Dividends Payable:

Interim - April,

Final - October

Financial Results Announced:

Half Year - February,

Annual - August

(NZ\$)	31 Dec 10	31 Dec 09	±%
Trading results (\$000's)			
Group revenue	269,069	244,864	9.9%
Earnings before interest and tax	32,296	30,329	6.5%
Group profit after tax	23,896	22,299	7.2%
Net cash from operating activities	20,247	14,090	43.7%
Financial position at year end (\$000's)			
Contributed equity 382,664,473 ordinary shares	3,983	3,850	3.5%
Total equity	177,386	160,887	10.3%
Total assets	325,455	280,807	15.9%
Net debt	49,163	36,465	34.8%
Number of stores 31 December			
New Zealand	54	53	
Australia	144	143	
Canada	30	29	
United States	9	17	
Total	237	242	
Distribution to shareholders			
Interim dividend per ordinary share (¢)	1.5	1.5	
Key measures			
Share price 31 December	\$0.88	\$0.66	
Basic earnings per share (¢)	6.24	5.83	
Return on average shareholders' funds	14.1%	14.3%	
Interest expense cover (times)	10.2	10.9	
Equity ratio	54.5%	57.3%	
Current ratio	3.2:1	3.3:1	
Options Issued	4,250,000 - expiry date 30/9/2017, exercise price \$1.253		
	750,000 - expiry date 30/9/2019, exercise price \$0.94		
	750,000 - expiry date 30/9/2020, exercise price \$0.88		
	<u>5,750,000</u>		

Profit Announcement (all values stated in NZD unless stated otherwise. Reference to "last year" refers to the same previous corresponding period from last year).

Michael Hill International today announced an after tax profit of \$23.896m for the six months ended 31 December 2010 compared to \$22.299m for the previous corresponding period.

Summary of Key Points

- Operating revenue of \$269.069m up 9.9% on last year
- Same store sales up 9.7% on last year
- Earnings before interest and tax (EBIT) of \$32.296m up 6.5% on last year
- Net profit before tax of \$29.128m up 5.8% on last year
- Net profit after tax of \$23.896m up 7.2% on last year
- 5 new stores opened during the six months
- Total of 237 stores open at 31 December 2010
- Interim dividend of 1.5 cents per share the same as last year

Australian Retail Operations

The Australian retail segment increased its revenue by 6.1% to A\$140.916m for the six months with EBIT of A\$25.306m an increase of 3.7% on last year.

Same store sales in local currency increased 5.7% for the six months (last year 3.6% increase).

The operating surplus as a percentage of revenue was 18.0% compared to 18.4% last year. Solid sales and bottom line growth was achieved during the six months.

Three new stores were opened in Australia during the period, as follows:

- Rundle Mall, South Australia
- Castletown, Queensland
- Wendouree, Victoria

There were a total of 144 stores operating in Australia at 31 December 2010.

New Zealand Retail Operations

The New Zealand retail segment increased revenue by 7.1% to \$56.133m for the six months with EBIT of \$10.929m an increase of 16.2% on last year's \$9.403m.

Same store sales increased by 6.2% for the six months (last year 5.5% increase). The operating surplus as a percentage of revenue was 19.5% compared to 17.9% last year. NZ achieved a strong increase in EBIT for the six months which is pleasing.

One new store was opened during the period at The Base in Hamilton. There were 54 stores operating in New Zealand as at 31 December 2010.

Canadian Retail Operations

The Canadian retail segment increased its revenue 23.5% for the six months to C\$20.071m.

Same stores sales in local currency increased 15.1% for the six months (last year 5.1% decrease).

There was an operating surplus of C\$0.423m compared to a surplus of C\$0.150m last year.

Good sales growth was achieved in Canada for the six months however additional marketing was utilised to create stronger foot traffic and also an increase in sales on finance plans which has a cost associated with it. The company now has 30 stores in this market and earnings growth should improve as the company opens further stores allowing for improved scales of economy on overheads.

One new store was opened at Chinook, Alberta, during the period.

US Retail Operations

The US retail segment achieved revenue of US\$4.205m for the six months.

Same store sales in local currency were 25.4% up for the six months.

There was an operating loss of US\$2.110m compared to a loss of US\$2.885m for the previous corresponding period. The strategy to reduce the US operation from 17 stores to 9 stores has achieved the planned improvements in this business with all 9 stores now refurbished to the latest design.

There were 9 stores open as at 31 December 2010.

Interim Dividend

The Directors are pleased to announce an interim dividend of 1.5¢ per share (2010 – 1.5¢), with no imputation credits attached for New Zealand shareholders and full franking credits for Australian shareholders. The dividend will be paid on Friday, 1st April 2011 with the record date being Friday, 25th March 2011.

Cash Flows / Balance Sheets

The Group has reported net operating cash flows of \$20.247m for the six months, compared to \$14.090m for the previous year.

The Group's balance sheet continues to be sound with an equity ratio of 54.5% as at 31 December 2010 (57.3% in 2009) and a working capital ratio of 3.2:1 (3.3:1 in 2009).

Outstanding Tax Issues from 2008 Restructuring

The company has been in discussion with the IRD in New Zealand in relation to the way the group financed the sale of Intellectual Property from our New Zealand Company to our Australian Company. Tax returns have been filed with the IRD for the 2008-09 financial year and the company has been in discussions with the IRD since that time answering a number of questions they have in relation to the internal financing of the transaction.

The company has also been in discussions with the Australian Taxation Office (ATO) in relation to the 2008 restructuring regarding the value at which the intellectual property was transferred between the respective companies. As a result of these discussions the company issued a notice to the market in July 2010 adjusting the value by \$20m. However discussions are continuing with the ATO in respect to this adjusted value at the time of this announcement.

Appointment of new Director

The Board of Michael Hill International Limited is pleased to announce the appointment of Deeta Colvin as a non-executive Director of Michael Hill International Limited.

Based in Sydney, Deeta Colvin (B.A.) has wide communications and retail skills founded in fashion, perfumes and cosmetics, travel and the media.

She is a former owner of high profile marketing and PR consultancy Colvin Communications which specialised in lifestyle, consumer products and corporate issues and management. She has been a director of corporate relations for PBL Media and has consulted to some of the world's biggest fashion and cosmetic brands including Louis Vuitton, Dior, Fendi and Versace.

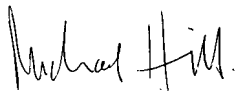
She is also a non executive Director of NZX listed Ecoya Limited and a board member of UNICEF Australia. We welcome Deeta to the Board.

In terms of NZSX Listing rule 3.3.1B (b), the Board has determined Deeta Colvin is an independent Director. The Board now comprises 8 Directors, 3 of whom are deemed to be "independent " Directors (Murray Doyle, Gary Gwynne and Deeta Colvin).

Summary

The directors are satisfied with the trading result for the six months and in particular the improvement in sales in North America. The general retail climate remains cautious in all markets and recent adverse climatic events in Australia will make the third quarter difficult in this key market.

The Group's philosophy of controlled profitable growth will continue and further new stores are being evaluated in all markets. The Directors remain confident in the continued growth and profitability of the group.



Sir Michael Hill, Chairman
16 February 2011



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TO THE MEMBERS OF MICHAEL HILL INTERNATIONAL LIMITED

We have reviewed the interim financial statements on pages 12 to 23. The interim financial statements provide information about the past financial performance of the Group and its financial position as at 31 December 2010. This information is stated in accordance with the accounting policies set out in the Group's annual financial statements dated 19 August 2010.

This report is made solely to the company's shareholders, as a body. Our review has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our review work, for this report, or for our findings.

Directors' responsibilities

The directors are responsible for the preparation of interim financial statements which comply with generally accepted accounting practice in New Zealand and which present fairly the financial position of the Group as at 31 December 2010 and the results of its operations and cash flows for the six month period ended on that date.

Reviewer's responsibilities

We are responsible for reviewing the interim financial statements presented by the directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the interim financial statements do not present fairly the matters to which they relate.

Basis of statement

A review is limited primarily to enquiries of Group personnel and analytical review procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, do not express an audit opinion.

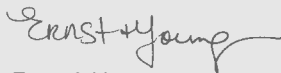
We have reviewed the interim financial statements of the Group for the six months ended 31 December 2010 in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand. These standards require that we plan and perform the review to obtain moderate assurance as to whether the statements are free of material misstatement whether caused by fraud or error. We also evaluated the overall adequacy of the presentation of information in the interim financial statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the company or any of its subsidiaries.

Statement of review findings

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial statements, set out on pages 12 to 23, do not fairly present the financial position of the Group as at 31 December 2010 and its financial performance and cash flows for the six month period ended on that date in accordance with generally accepted accounting practice in New Zealand.

Our review was completed on 16 February 2011 and our findings are expressed as at that date.

A handwritten signature in cursive script that reads "Ernst & Young".

Ernst & Young
Chartered Accountants
Brisbane

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Notes	31 Dec 10 \$000	31 Dec 09 \$000
Revenue from continuing operations		269,069	244,864
Other income		176	597
Cost of goods sold		(100,666)	(91,966)
Employee benefits expense		(63,529)	(57,535)
Occupancy costs		(20,921)	(20,702)
Depreciation and amortisation expense		(5,051)	(4,944)
Loss on disposal of property, plant and equipment		(77)	(39)
Other expenses		(46,663)	(39,826)
Finance costs		(3,210)	(2,907)
Profit before income tax		29,128	27,542
Income tax expense		(5,232)	(5,243)
Profit for the half-year		23,896	22,299
Other comprehensive income			
Currency translation differences arising during the half-year	6	2,725	(2,519)
Total comprehensive income for the half-year		26,621	19,780
Total comprehensive income for the half-year is attributable to:			
Owners of Michael Hill International Limited		26,621	19,780
Earnings per share attributable to the ordinary equity holders of the company during the half-year, attributable to continuing operations:			
Basic earnings per share		6.24¢	5.83¢
Diluted earnings per share		6.23¢	5.82¢

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Notes	31 Dec 10 \$000	31 Dec 09 \$000	30 June 10 \$000
ASSETS				
Current assets				
Cash and cash equivalents		24,573	25,194	6,270
Trade and other receivables		12,340	9,869	5,451
Inventories		189,558	150,485	150,875
Current tax receivables		-	-	3,311
Total current assets		226,471	185,548	165,907
Non-current assets				
Property, plant and equipment	4	39,565	36,656	34,898
Deferred tax assets		59,201	58,228	57,758
Intangible assets		218	375	280
Total non-current assets		98,984	95,259	92,936
Total assets		325,455	280,807	258,843
LIABILITIES				
Current liabilities				
Trade and other payables		63,876	54,187	43,776
Current tax liabilities		3,096	499	-
Provisions		2,950	2,403	2,189
Total current liabilities		69,922	57,089	45,965
Non-current liabilities				
Borrowings		73,736	61,659	51,707
Provisions		1,425	1,172	1,248
Deferred revenue		2,986	-	-
Total non-current liabilities		78,147	62,831	52,955
Total liabilities		148,069	119,920	98,920
Net assets		177,386	160,887	159,923
EQUITY				
Contributed equity	5	3,983	3,850	3,850
Reserves	6	5,776	2,212	2,775
Retained profits		167,627	154,825	153,298
Total equity		177,386	160,887	159,923

The above statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Attributable to equity holders of Michael Hill International Limited				
	Notes	Contributed equity	Reserves	Retained profits	Total equity
		\$000	\$000	\$000	\$000
Balance at 1 July 2009		3,850	4,626	138,263	146,739
Total comprehensive income		-	(2,519)	22,299	19,780
		3,850	2,107	160,562	166,519
Transactions with owners in their capacity as owners:					
Option expense through share based payments reserve	6	-	105	-	105
Dividends paid	7	-	-	(5,737)	(5,737)
		-	105	(5,737)	(5,632)
Balance at 31 December 2009		3,850	2,212	154,825	160,887
Balance at 1 July 2010		3,850	2,775	153,298	159,923
Total comprehensive income		-	2,725	23,896	26,621
		3,850	5,500	177,194	186,544
Transactions with owners in their capacity as owners:					
Employee shares issued	5	133	-	-	133
Option expense through share based payments reserve	6	-	276	-	276
Dividends paid	7	-	-	(9,567)	(9,567)
		133	276	(9,567)	(9,158)
Balance at 31 December 2010		3,983	5,776	167,627	177,386

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	Notes	31 Dec 10 \$000	31 Dec 09 \$000
Cash flows from operating activities			
Receipts from customers (incl. of goods and services tax)		291,133	282,026
Payments to suppliers and employees (incl. of goods and services tax)		(260,509)	(256,385)
		30,624	25,641
Interest received		42	120
Other revenue		159	185
Interest paid		(2,987)	(2,906)
Income tax paid		1,094	(294)
Net goods and services tax paid		(8,685)	(8,656)
Net cash inflow from operating activities	11	20,247	14,090
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		73	209
Payments for property, plant and equipment		(8,216)	(6,597)
Net cash (outflow) from investing activities		(8,143)	(6,388)
Cash flows from financing activities			
Proceeds from borrowings		72,402	31,910
Repayment of borrowings		(56,850)	(30,682)
Proceeds from sale of treasury stock		119	-
Dividends paid to company's shareholders	7	(9,567)	(5,737)
Net cash inflow / (outflow) from financing activities		6,104	(4,509)
Net increase in cash and cash equivalents		18,208	3,193
Cash and cash equivalents at the beginning of the half-year		6,270	23,529
Effects of exchange rate changes on cash and cash equivalents		95	(1,528)
Cash and cash equivalents at end of the half-year		24,573	25,194

The above statement of cash flows should be read in conjunction with the accompanying notes.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements for the half-year ended 31 December 2010 have been prepared in accordance with NZ IAS 34 interim financial reporting and IAS 34 interim financial reporting.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

A new accounting policy has been adopted for service revenue, as set out below:

Service revenue recognition

Service revenue will be recognised over the period in which the services are performed. Amounts are held in deferred revenue until recognised in revenue.

Statutory base

Michael Hill International Limited is a public company registered under the Companies Act 1993 and is domiciled in New Zealand. The company has its primary listing on the New Zealand Stock Exchange.

The interim financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993. The interim financial statements of the Group are for the economic entity comprising Michael Hill International Limited and its subsidiaries.

The reporting currency used in the preparation of these consolidated interim financial statements is New Zealand dollars, rounded to the nearest thousand.

2010 \$000	MHJ USA		2010 \$000	GROUP	
	2009 \$000	± %		2009 \$000	± %
5,614	7,453	(24.7%)	268,431	244,521	9.8%
			638	343	86.0%
			269,069	244,864	9.9%
(2,829)	(4,017)	29.6%	41,336	35,748	15.6%
			(12,208)	(8,206)	48.8%
			29,128	27,542	5.8%
			(5,232)	(5,243)	(0.2%)
			23,896	22,299	7.2%
14,075	14,011	0.5%	222,045	184,524	20.3%
			103,410	96,283	7.4%
			325,455	280,807	15.9%
1,919	1,086	76.7%	51,091	40,718	25.5%
			96,978	79,202	22.4%
			148,069	119,920	23.5%
2,048	692	196.0%	7,237	5,647	28.2%
			979	950	3.0%
			8,216	6,597	24.5%
139	32	334.4%	4,053	3,988	1.6%
			998	956	4.4%
			5,051	4,944	2.2%

- 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: manufacturing activities, warehouse and distribution, general corporate expenses, interest and company tax.

3. CORRECTION OF ORIGINAL VALUATION OF THE SALE OF INTELLECTUAL PROPERTY

Due to an adjustment to the original valuation of the intellectual property sold from the New Zealand subsidiary, Michael & Co Limited, to the Australian subsidiary, Michael Hill Franchise Pty Limited amounts have been adjusted in the comparative period. In the Group's financial statements, the error had the effect of overstating the consolidated deferred tax asset, total assets, consolidated retained earnings and total equity by \$2.745m as at 31 December 2009.

4. PROPERTY, PLANT AND EQUIPMENT**Acquisitions and disposals**

During the six months ended 31 December 2010, the Group acquired assets with a total cost of \$8,215,000 (31 December 2009 - \$6,597,000). Assets with a net book value of \$150,000 were disposed of during the six months ended 31 December 2010 (31 December 2009 - \$248,000), resulting in a net loss on disposal of \$77,000 (31 December 2009 - \$39,000 loss).

5. CONTRIBUTED EQUITY	31 Dec 10	31 Dec 09	30 June 10	31 Dec 10	31 Dec 09	30 June 10
	Shares	Shares	Shares	\$000	\$000	\$000
Share capital						
Ordinary shares						
Fully paid (no par value)	383,053,190	383,053,190	383,053,190	4,177	4,141	4,141
Treasury stock held for employee share scheme	(388,717)	(584,290)	(584,290)	(194)	(291)	(291)
	382,664,473	382,468,900	382,468,900	3,983	3,850	3,850
Opening balance of ordinary shares issued	383,053,190	383,053,190	383,053,190	4,141	4,141	4,141
Issues of ordinary shares during the year						
Employee share scheme issue	195,573	-	-	133	-	-
Treasury from treasury stock	(195,573)	-	-	(97)	-	-
Closing balance of ordinary shares issued	383,053,190	383,053,190	383,053,190	4,177	4,141	4,141

(a) Employee share scheme

During the half-year, 195,573 shares were issued to the Michael Hill Employee Share Ownership Plan at an average price of \$0.68. The shares will be held by a Trustee for a one year period during which time any dividends derived will be paid to the employee.

Michael Hill International Limited acquired nil shares through on-market purchases on the New Zealand Stock Exchange during the half-year.

(b) Options

The board resolved to issue 350,000 share options on the 17 September 2010, to subscribe for ordinary shares in the Company to senior executives. The options have an exercise price of \$0.88, which was 30% above the volume weighted average market price of the Company's ordinary shares in the 20 business days following the announcement to the New Zealand Stock Exchange on 20 August 2010 of the Company's results for the year to 30 June 2010.

On 8 November 2010, the board resolved to issue 800,000 options to subscribe for ordinary shares in the Company to Mike Parsell in his capacity as CEO of the Group. 400,000 of the options have an exercise price of \$0.94, which was 30% above the volume weighted average market price of the Company's ordinary shares in the 20 business days following the announcement on 24 August 2009 of the Company's results for the year to 30 June 2009 to the New Zealand Stock Exchange. The remaining 400,000 of the options have an exercise price of \$0.88, which was 30% above the volume weighted average market price of the Company's ordinary shares in the 20 business days following the announcement on 20 August 2010 of the Company's results for the year to 30 June 2010 to the New Zealand Stock Exchange.

6. RESERVES

	31 Dec 10	31 Dec 09	30 June 10
	\$000	\$000	\$000
Share-based payments reserve	886	505	610
Foreign currency translation reserve	4,890	1,707	2,165
	5,776	2,212	2,775

7. DIVIDENDS	31 Dec 10	31 Dec 09
	\$000	\$000
(a) Ordinary shares		
Final dividend for the year ended 30 June 2010 of 2.5 cents (2009 - 1.5 cents) per fully paid share paid on 11 October 2010 (2009 - 12 October 2009)	9,567	5,737
(b) Dividends not recognised at the end of the half-year		
In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 1.5 cents per fully paid ordinary share (2009 - 1.5 cents). The aggregate amount of the proposed dividend expected to be paid on 1 April 2011 out of retained profits at 31 December 2010, but not recognised as a liability at the end of the half-year, is	5,740	5,737

The dividends paid during the current financial period and corresponding previous financial period are not imputed out of existing imputation credits or out of imputation credits arising from the payment of income tax.

8. CONTINGENCIES

(a) Contingent liabilities

The Group had contingent liabilities at 31 December 2010 in respect of guarantees to bankers and other financial institutions of subsidiary companies' overdraft facilities and fixed assets at 31 December 2010 of \$114,000 (31 December 2009 - \$112,000).

No material losses are anticipated in respect of any of the above contingent liabilities. The Group has no other material contingent liabilities as at balance date.

(b) Contingent assets

The company has no material contingent assets existing as at balance date.

9. RELATED PARTY TRANSACTIONS

There were no loans to directors by the company or associated persons at 31 December 2010.

The gross remuneration of the directors and key management personnel during the period was \$2,284,000 (31 December 2009 - \$1,728,000)

10. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There were no material adjusting or non-adjusting events occurring after balance date that would cause a material misstatement to the financial information presented in this interim financial report.

11. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 Dec 10	31 Dec 09
	\$000	\$000
Profit for the half-year	23,896	22,299
Depreciation and amortisation	5,051	4,944
Non-cash employee benefits expense - share based payments	276	105
Other non-cash expenses	(60)	(38)
Net loss on sale of non-current assets	77	39
Deferred taxation	(1,443)	363
Net exchange differences	1,561	(884)
(Increase) in trade and other receivables	(6,287)	(3,449)
(Increase) in inventories	(23,490)	(31,380)
Increase in trade and other payables	14,581	18,559
Increase in current tax liabilities	2,591	2,904
Increase in provisions	541	628
Increase in deferred revenue	2,953	-
Net cash inflow from operating activities	20,247	14,090

DIRECTORS

Sir Michael Hill, K.N.Z.N. (Chairman)
E.J. Hill B.Com., M.B.A. (Deputy Chairman)
M.R. Parsell (Chief Executive Officer)
G.J. Gwynne
L.W. Peters M.B.A., FFin.
M.R. Doyle
Lady Christine Hill Dip F.A.
D.W. Colvin B.A.

COMPANY SECRETARY

W.K. Butler B.Com., F.C.I.S.

REGISTERED OFFICE

The Offices of Kensington Swan
Level 9
89 The Terrace
Wellington
(All communications to
GPO Box 2922, Brisbane
Qld 4001, Australia)

GROUP HEAD OFFICE

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Brisbane Qld 4001, Australia
Telephone 617 3399 0200
Fax 617 3399 0222

SHARE REGISTRAR

Computershare Investor Services Limited
Level 2, 159 Hurstmere Rd
Takapuna
North Shore City
Investor Enquiries (09) 488 8777

SOLICITORS

Kensington Swan
PO Box 10246
Wellington
New Zealand

AUDITORS

Ernst & Young
Waterfront Place
1 Eagle Street
Brisbane, Qld 4000, Australia

BANKERS

ANZ Banking Group (New Zealand) Limited
Australia and New Zealand Banking Group Limited
Bank of America N.A.
Bank of Montreal

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