michael hill INTERNATIONAL LIMITED HALF YEAR REPORT TO 31 DECEMBER 2009


michael hill
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CONTENTS

COMPANY PROFILE

Michael Hill International owns the brand “Michael Hill” and operates a retail jewellery chain of 242 stores in Australia, New Zealand, Canada and United States as at 31 December 2009. 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 kilometers north of Auckland.

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

The company grew steadily, expanding to 10 stores by 1987, the same year it listed on the New Zealand Stock Exchange. 1987 also saw expansion of Michael Hill into Australia with the opening of four stores in four weeks. 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.

In September 2008, the Company entered the United States market by acquiring 17 stores in Illinois and Missouri from Whitehall Jewelers.

Today the group employs over 2,000 permanent employees who are involved in retail sales, manufacturing and administration. It has approximately 3,800 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 $244.864m up 7.9% on last year

Net Profit before tax of $27.542m up 53.9% on last year

Net profit after tax of $22.299m

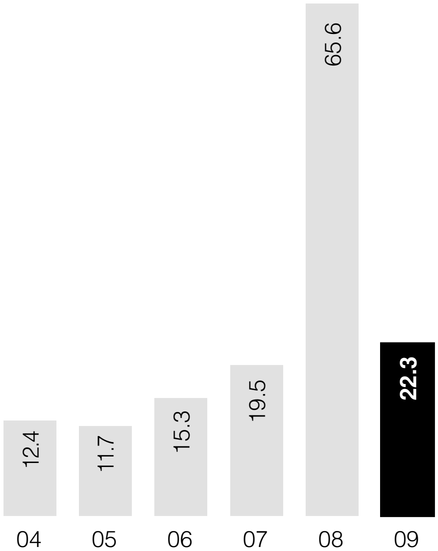
Same store sales up 4.5% on same period last year

Total of 242 stores open at 31 December 2009

5 new stores opened during the six months and 2 closed

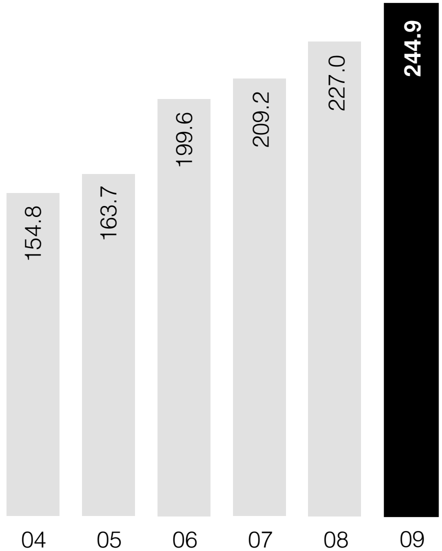
Interim dividend of 1.5 cents per share up from 1.0 cent last year

Net operating cash inflow of $14.090m for the period



GROUP PROFIT AFTER TAX
$ millions to 31 December

*Note that the 2008 group profit after tax contained a deferred tax credit of NZ$52.942m



GROUP OPERATING REVENUE
$ millions to 31 December

RESULTS IN BRIEF for the six months ended 31 December 2009

(NZ$)	31 Dec 09	31 Dec 08	±%
Trading results ($000's)			
Group revenue	**244,864**	226,976	7.9%
Earnings before interest and tax	**30,329**	21,317	42.3%
Group profit after tax*	**22,299**	65,614	-66.0%
Net cash from operating activities	**14,090**	14,984	-6.0%
Financial position at year end ($000's)			
Contributed equity 382,468,900 ordinary shares	**3,850**	3,850	-
Total equity	**163,632**	149,943	9.1%
Total assets	**283,552**	272,557	4.0%
Net debt	**36,465**	57,892	-37.0%
Number of stores 31 December			
New Zealand	**53**	53	
Australia	**143**	140	
Canada	**29**	24	
United States	**17**	17	
Total	**242**	234	
Distribution to shareholders			
Interim dividend per ordinary share (¢)	**1.5**	1.0	
Key measures			
Share price 31 December	**$0.66**	$0.51	
Basic earnings per share (¢)*	**5.83**	17.16	
Return on average shareholders' funds*	**14.2%**	55.9%	
Interest expense cover (times)	**10.9**	6.0	
Equity ratio	**57.7%**	55.0%	
Current ratio	**3.3:1**	2.6:1	

Options Issued 4,250,000 - expiry date 30/9/2017, exercise price $1.253
200,000 - expiry date 30/9/2019, exercise price $0.94
150,000 - expiry date 30/9/2019, exercise price $0.94
4,600,000

* Note that the 2008 group profit after tax contained a deferred tax credit of NZ$52.942m

Financial Calendar
Dividends Payable:
Interim - April,
Final - October
Financial Results Announced:
Half Year - February,
Annual - August

CHAIRMAN'S REPORT

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 $22.299m for the six months ended 31 December 2009 compared to $65.614m for the previous corresponding period. (The previous period included a deferred tax credit of $52.942m).

Summary of Key Points

- Operating revenue of $244.864m up 7.9% on last year
- Same store sales up 4.5% on last year
- Earnings before interest and tax (EBIT) of $30.329m up 42.3% on last year
- Net profit before tax of $27.542m up 53.9% on last year
- Net profit after tax of $22.299m
- 5 new stores opened during the six months and 2 closed
- Total of 242 stores open at 31 December 2009
- Interim dividend of 1.5 cents per share up from 1.0 cent last year

Australian Retail Operations

The Australian retail segment increased its revenue by 6.2% to A$132.818m for the six months with EBIT of A$24.414m an increase of 5.6% on last year. Same store sales in local currency increased 3.6% for the six months (last year 1.0% increase). The operating surplus as a percentage of revenue was 18.4% compared to 18.5% last year.

The company is pleased with the Australian retail result in such challenging times.

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

- Top Ryde, NSW
- Northland, Victoria

Two under performing stores were closed during the period giving a total of 143 stores operating in Australia at 31 December 2009.

New Zealand Retail Operations

The New Zealand retail segment increased revenue by 5.7% to $52.408m for the six months with (EBIT) of $9.403m a decrease of 4.9% on last year.

Same store sales increased by 5.5% for the six months (last year 9.3% decrease). The operating surplus as a percentage of revenue was 17.9% compared to 19.9% last year. Trading conditions improved slightly for the six months compared to last year, however retail sales are still difficult to make and margin continues to be under pressure. Additional expense was also incurred due to an increase in the use of finance plans to help generate additional sales revenue.

There were 53 stores operating in New Zealand as at 31 December 2009.

Canadian Retail Operations

The Canadian retail segment increased its revenue 16.3% for the six months to C$16.248m. Same stores sales in local currency decreased 5.1% for the six months (last year 10.7% decrease). There was an operating surplus of C$0.150m compared to a surplus of C$0.316m last year.

Trading conditions continued to be difficult for the Canadian company throughout the six months. Three new stores were opened during the period:

- Crossirons Mill, Alberta
- Bower Place, Alberta
- Park Royal, British Colombia

There were 29 stores open as at 31 December 2009.

US Retail Operations

The US retail segment achieved revenue of US$5.332m for the six months.

There was an operating loss of US$2.885m compared to a loss of US$1.035m for the previous corresponding period. Note that this business was acquired on 3rd September 2008 so only had four months of trade last year. This business is still in its infancy and the management team will continue to focus on adapting our proven retail formula to the US market.

There were 17 stores open as at 31 December 2009.

Non-Retail Segment Unallocated Expenses

Last year a number of “abnormal” and “one off” transactions occurred that adversely affected the group’s half year result, were detailed in last years half year Chairman’s Report and included US acquisition costs and restructure costs. As a result of these “abnormal” and “one off” costs the unallocated expenses are significantly down on last year and this has lifted the half year result from the corresponding period last year.

Interim Dividend

The Directors are pleased to announce an interim dividend of 1.5¢ per share (2009 – 1.0¢), with no imputation credits attached for New Zealand shareholders and full franking credits for Australian shareholders. The dividend will be paid on Thursday, 1st April 2010 with the record date being Thursday, 25th March 2010.

Cash Flows / Balance Sheets

The Group has reported net operating cash flows of $14.090m for the six months, compared to $14.984m for the previous year.

The Group’s balance sheet continues to be sound with an equity ratio of 57.7% as at 31 December 2009 (55.0% in 2008) and a working capital ratio of 3.3:1 (2.6:1 in 2008).

Summary

The directors are satisfied at the improved operating result especially in such difficult trading conditions. With the global economic outlook still uncertain a strong focus will remain on improving existing store performance and controlling costs.

The Group’s philosophy of controlled profitable growth will continue and further new stores are being evaluated in all markets. However in the current economic climate only the very best opportunities will be considered. The Directors remain confident in the continued growth and profitability of the group.

R. M. Hill, Chairman
17 February 2010

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ACCOUNTANTS' REPORT

To the shareholders of Michael Hill International Limited

We have reviewed the interim condensed financial statements ("financial statements") on pages 12 to 23. The financial statements provide information about the past financial performance and cash flows of the Group, for the period ended 31 December 2009 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on page 18.

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditor's 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 procedures, for this report, or for the opinions we have formed.

Directors' responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements that present fairly the financial position of the Group as at 31 December 2009 and its financial performance and cash flows for the period ended on that date.

Accountants' responsibilities

We are responsible for reviewing the financial statements presented by the Directors in order to report 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 financial statements do not present fairly the matters to which they relate.

Basis of opinion

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit on the financial statements and, accordingly, we do not express an audit opinion.

We have reviewed the financial statements of the Group for the period ended 31 December 2009 in accordance with the Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand.

We have no relationship with or interests in the Company or any of its subsidiaries other than in our capacity as accountants conducting this review, auditors under the Companies Act 1993, consultants in tax compliance, international tax consulting and transfer pricing.

Review opinion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements which have been prepared in accordance with International Accounting Standard 34 and New Zealand Equivalent to International Accounting Standard 34: Interim Financial Reporting do not present fairly the financial position of the Group as at 31 December 2009 and its financial performance and cash flows for the period ended on that date.

Our review was completed on 17 February 2010 and our review opinion is expressed as at that date.

PricewaterhouseCoopers

Chartered Accountants
Brisbane

I, Brett Delaney, am currently a member of The Institute of Chartered Accountants in Australia and my membership number is 74795.

PricewaterhouseCoopers was the firm appointed to undertake the review of Michael Hill International Ltd for the half year ended 31 December 2009. I was responsible for the execution of the review and delivery of our firm's accountants' report. The review work was completed on 17 February 2010.

Brett Delaney

COMPREHENSIVE INCOME STATEMENT

for the six months ended 31 December 2009

	31 Dec 09 $000	31 Dec 08 $000
Revenue from continuing operations	**244,864**	226,976
Other income	**597**	769
Cost of goods sold	**(91,966)**	(89,820)
Employee benefits expense	**(57,535)**	(54,691)
Occupancy costs	**(20,702)**	(18,896)
Depreciation and amortisation expense	**(4,944)**	(4,835)
Loss on disposal of property, plant and equipment	**(39)**	(73)
Other expenses	**(39,826)**	(38,012)
Finance costs	**(2,907)**	(3,526)
Profit before income tax	**27,542**	17,892
Income tax (expense) / credit	**(5,243)**	47,722
Profit for the half-year	**22,299**	65,614
Profit attributable to members of Michael Hill International Ltd	**22,299**	65,614
Currency translation differences arising during the half-year	**(2,519)**	875
Total recognised income and expense for the half-year	**19,780**	66,489
Total comprehensive income for the half-year attributable to members of Michael Hill International Ltd	**19,780**	66,489
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:		
Basic earnings per share	**5.83¢**	17.16¢
Diluted earnings per share	**5.82¢**	17.13¢

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

STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2009

	Notes	Attributable to equity holders of Michael Hill International Limited			
		Contributed equity	**Reserves**	**Retained profits**	**Total equity**
		$000	$000	$000	$000
Balance at 1 July 2008		3,850	4,186	82,965	91,001
Option expense through share based payments reserve	4(a)	-	114	-	114
Comprehensive income for the half-year		-	875	65,614	66,489
Dividends paid	5	-	-	(7,661)	(7,661)
Total recognised income and expense for the half-year		-	989	57,953	58,942
Balance at 31 December 2008		3,850	5,175	140,918	149,943
Balance at 1 July 2009		3,850	4,626	141,008	149,484
Option expense through share based payments reserve	4(a)	-	105	-	105
Comprehensive income for the half-year		-	(2,519)	22,299	19,780
Dividends paid	5	-	-	(5,737)	(5,737)
Total recognised income and expense for the half-year		-	(2,414)	16,562	14,148
Balance at 31 December 2009		3,850	2,212	157,570	163,632

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

STATEMENT OF SEGMENTED RESULTS for the six months ended 31 December 2009

	MHJ NEW ZEALAND			MHJ AUSTRALIA			MHJ CANADA			MHJ USA			GROUP		
	2009	2008		**2009**	2008		**2009**	2008		**2009**	2008		**2009**	2008	
	$000	$000	± %	**$000**	$000	± %	**$000**	$000	± %	**$000**	$000	± %	**$000**	$000	± %
Operating revenue															
Sales to customers	**52,408**	49,585	5.7%	**163,650**	150,199	9.0%	**21,010**	19,667	6.8%	**7,453**	6,999	6.5%	**244,521**	226,450	8.0%
Unallocated revenue													**343**	526	-34.8%
Total operating revenue													**244,864**	226,976	7.9%
Segment results															
Operating surplus	**9,403**	9,890	-4.9%	**30,166**	27,670	9.0%	**196**	514	-61.9%	**(4,017)**	(1,749)	-129.7%	**35,748**	36,325	-1.6%
Unallocated revenue less unallocated expenses													**(8,206)**	(18,433)	-55.5%
Profit before income tax													**27,542**	17,892	53.9%
Income tax (expense) / credit													**(5,243)**	47,722	-111.0%
Profit for the half year													**22,299**	65,614	-66.0%
Segment assets	**41,864**	37,587	11.4%	**100,639**	97,685	3.0%	**28,010**	24,730	13.3%	**14,011**	15,991	-12.4%	**184,524**	175,993	4.8%
Unallocated													**99,028**	96,564	2.6%
Total													**283,552**	272,557	4.0%
Segment liabilities	**8,752**	7,899	10.8%	**27,200**	22,859	19.0%	**3,680**	2,850	29.1%	**1,086**	274	296.4%	**40,718**	33,882	20.2%
Unallocated													**79,202**	88,732	-10.7%
Total													**119,920**	122,614	-2.2%
Segment acquisitions of property, plant & equipment and intangibles	**1,380**	1,663	-17.0%	**1,970**	3,354	-41.3%	**1,605**	415	286.7%	**692**	-	-	**5,647**	5,432	4.0%
Unallocated													**950**	602	57.9%
Total													**6,597**	6,034	9.3%
Segment depreciation & amortisation expense	**793**	827	-4.1%	**2,579**	2,496	3.3%	**584**	497	17.5%	**32**	-	-	**3,988**	3,820	4.4%
Unallocated													**956**	1,015	-5.8%
Total													**4,944**	4,835	2.3%

Notes:
1. The company operates in 4 geographical segments; New Zealand, Australia, Canada and the United States of America and is managed on a global basis.
2. Michael Hill International Limited and its controlled entities operate predominantly in one business segment being the sale of jewellery and related services.
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, interest, company taxation and general corporate expenses.

This statement of segmented results should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION as at 31 December 2009

		Notes	31 Dec 09 $000	31 Dec 08 $000	30 June 09 $000
ASSETS	**Current assets**				
	Cash and cash equivalents		**25,194**	19,935	23,529
	Trade and other receivables		**9,869**	10,921	6,420
	Inventories		**150,485**	143,290	119,105
	Current tax receivables		**-**	-	2,405
	Total current assets		**185,548**	174,146	151,459
	Non-current assets				
	Property, plant and equipment	2	**36,656**	35,950	35,280
	Deferred tax assets		**60,973**	61,801	61,336
	Intangible assets		**375**	660	471
	Total non-current assets		**98,004**	98,411	97,087
Total assets			**283,552**	272,557	248,546
LIABILITIES	**Current liabilities**				
	Trade and other payables		**54,187**	39,790	35,628
	Borrowings		**-**	24,583	-
	Current tax liabilities		**499**	1,995	-
	Provisions		**2,403**	1,922	1,672
	Total current liabilities		**57,089**	68,290	37,300
	Non-current liabilities				
	Borrowings		**61,659**	53,244	60,487
	Provisions		**1,172**	1,080	1,275
	Total non-current liabilities		**62,831**	54,324	61,762
Total liabilities			**119,920**	122,614	99,062
Net assets			**163,632**	149,943	149,484
EQUITY	Contributed equity	3	**3,850**	3,850	3,850
	Reserves	4(a)	**2,212**	5,175	4,626
	Retained profits	4(b)	**157,570**	140,918	141,008
Total equity			**163,632**	149,943	149,484

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

CASH FLOW STATEMENT for the six months ended 31 December 2009

	Notes	31 Dec 09 $000	31 Dec 08 $000
Cash flows from operating activities			
Receipts from customers (incl. of goods and services tax)		**282,026**	245,010
Payments to suppliers and employees (incl. of goods and services tax)		**(256,385)**	(215,679)
		25,641	29,331
Interest received		**120**	101
Other revenue		**185**	556
Interest paid		**(2,906)**	(3,710)
Income tax paid		**(294)**	(4,365)
Net goods and services tax paid		**(8,656)**	(6,929)
Net cash inflow from operating activities	9	**14,090**	14,984
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**209**	88
Payments for property, plant and equipment		**(6,597)**	(6,034)
Net cash (outflow) from investing activities		**(6,388)**	(5,946)
Cash flows from financing activities			
Proceeds from borrowings		**31,910**	48,152
Repayment of borrowings		**(30,682)**	(40,929)
Dividends paid to company's shareholders	5	**(5,737)**	(7,661)
Net cash (outflow) from financing activities		**(4,509)**	(438)
Net increase in cash and cash equivalents		**3,193**	8,600
Cash and cash equivalents at the beginning of the half-year		**23,529**	10,013
Effects of exchange rate changes on cash and cash equivalents		**(1,528)**	1,322
Cash and cash equivalents at end of the half-year		**25,194**	19,935

This cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements for the half-year ended 31 December 2009 have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS), and other applicable New Zealand Financial Reporting Standards, as appropriate for profit orientated entities.

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 2009. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Statutory base

Michael Hill International Limited is a public company registered under the Companies Act 1993 and is domiciled in New Zealand. The financial statements have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

These consolidated financial statements have been approved for issue by the Board of Directors on 17 February 2010. The reporting currency used in the preparation of these consolidated financial statement is New Zealand dollars, rounded to the nearest thousands.

2. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 31 December 2009, the Group acquired assets with a total cost of $6,597,000 (31 December 2008 - $6,034,000). Assets with a net book value of $248,000 were disposed of during the six months ended 31 December 2009 (31 December 2008 - $161,000), resulting in a net loss on disposal of $39,000 (31 December 2008 - $73,000 loss).

3. CONTRIBUTED EQUITY	**31 Dec 09 Shares**	31 Dec 08 Shares	30 June 09 Shares	**31 Dec 09 $000**	31 Dec 08 $000	30 June 09 $000
Share capital						
Ordinary shares						
Fully paid (no par value)	**383,053,190**	383,053,190	383,053,190	**4,141**	4,141	4,141
Treasury stock held for employee share scheme	**(584,290)**	(584,290)	(584,290)	**(291)**	(291)	(291)
	382,468,900	382,468,900	382,468,900	**3,850**	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
Closing balance of ordinary shares issued	**383,053,190**	383,053,190	383,053,190	**4,141**	4,141	4,141

(a) Options

The board resolved to issue 200,000 share options on the 24 August 2009 and 150,000 share options on the 5 November 2009, to subscribe for ordinary shares in the Company to senior executives. 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 to the New Zealand Stock Exchange on 24 August 2009 of the Company's results for the year to 30 June 2009.

NOTES TO THE FINANCIAL STATEMENTS cont.

4. RESERVES AND RETAINED PROFITS	**31 Dec 09**	31 Dec 08	30 June 09
	$000	$000	$000
(a) Reserves			
Share-based payments reserve	**505**	334	400
Foreign currency translation reserve	**1,707**	4,841	4,226
	2,212	5,175	4,626
(b) Retained profits			
Movements in retained profits were as follows:			
Balance at 1 July	**141,008**	82,965	82,965
Net profit for the half-year	**22,299**	65,614	69,533
Dividends	**(5,737)**	(7,661)	(11,490)
Balance at 31 December	**157,570**	140,918	141,008

5. DIVIDENDS	**31 Dec 09**	31 Dec 08
	$000	$000
(a) Ordinary shares		
Final dividend for the year ended 30 June 2009 of 1.5 cents (2008 - 2.0 cents) per fully paid share paid on 12 October 2009 (2008 - 13 October 2008)	**5,737**	7,661
(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 (2008 - 1.0 cent fully imputed on tax paid at 30%). The aggregate amount of the proposed dividend expected to be paid on 1 April 2010 out of retained profits at 31 December 2009, but not recognised as a liability at the end of the half-year, is	**5,737**	3,825

The dividends paid during the current financial year are not imputed out of existing imputation credits or out of imputation credits arising from the payment of income tax. The interim dividend paid during the corresponding previous financial year was fully imputed. Supplementary dividends of $0 (2008: $221,000) were paid to shareholders not tax-resident in New Zealand for which the Group received a foreign investor tax credit entitlement.

6. CONTINGENCIES

(a) Contingent liabilities

The Group had contingent liabilities at 31 December 2009 in respect of guarantees to bankers and other financial institutions of subsidiary companies' overdraft facilities and fixed assets at 31 December 2009 of $112,000 (31 December 2008 - $112,000). In addition, the parent entitiy has a claim against it from Telstra for advertising services. The total exposure if the company lost the claim is $159,000.

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.

7. RELATED PARTY TRANSACTIONS

There were no loans to directors by the company or associated persons at 31 December 2009.

The gross remuneration of the directors and key management personnel during the period was $1,728,000 (31 December 2008 - $1,210,000)

8. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

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

	31 Dec 09	31 Dec 08
	$000	$000
Profit for the half-year	**22,299**	65,614
Depreciation and amortisation	**4,944**	4,835
Non-cash employee benefits expense - share based payments	**105**	114
Other non-cash expenses	**(38)**	-
Net loss on sale of non-current assets	**39**	73
Deferred taxation	**363**	(53,978)
Net exchange differences	**(884)**	(3,488)
(Increase) in trade and other receivables	**(3,449)**	(3,604)
(Increase) / decrease in inventories	**(31,380)**	418
Increase in trade and other payables	**18,559**	3,303
Increase in current tax liabilities	**2,904**	1,355
Increase in provisions	**628**	342
Net cash inflow from operating activities	**14,090**	14,984

CORPORATE DIRECTORY

DIRECTORS
R.M. Hill, C.N.Z.M (Chairman)
M.R. Parsell (Chief Executive Officer)
G.J. Gwynne
L.W. Peters M.B.A., FFin.
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A.C. Hill Dip F.A.
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