

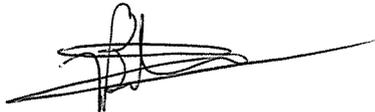
michael hill

7 Smallwood Place, Murarrie, QLD 4172 Australia  
GPO Box 2922 Brisbane QLD 4001 Australia  
P +61 7 3114 3500 F +61 7 3399 0222  
[www.michaelhill.com](http://www.michaelhill.com)

Attached is a re-issued version of the "Financial Accounts for the 6 months ended 31 December 2013 and Audit Review".

The original version released contained an omission of "The Borrowings" noted on page 2 of the Condensed statement of financial position. This error occurred as a result of a minor formatting change done to the Condensed statement of financial position.

The Statement of Financial position in Appendix 1 was correct.



W.K Butler  
Company Secretary 14/2/14

**Michael Hill International Limited**  
**Condensed statement of comprehensive income**  
**For the six months ended 31 December 2013**

	<b>31 Dec 2013 \$'000</b>	31 Dec 2012 \$'000	Full Year 30 June 2013 \$'000
Revenue from continuing operations	<b>270,750</b>	246,645	440,225
Other income	<b>305</b>	143	332
Cost of goods sold	<b>(95,893)</b>	(89,060)	(159,681)
Employee benefits expense	<b>(68,960)</b>	(60,170)	(112,707)
Occupancy costs	<b>(22,996)</b>	(20,307)	(41,761)
Selling expenses	<b>(14,111)</b>	(14,588)	(24,707)
Marketing expenses	<b>(15,720)</b>	(13,809)	(24,360)
Depreciation and amortisation expense	<b>(6,206)</b>	(5,044)	(10,452)
Loss on disposal of property, plant and equipment	<b>(597)</b>	(27)	(100)
Other expenses	<b>(16,631)</b>	(15,171)	(26,464)
Finance costs	<b>(1,456)</b>	(1,516)	(2,588)
<b>Profit before income tax</b>	<b>28,485</b>	27,096	37,737
Income tax expense	<b>(12,240)</b>	(5,064)	(5,638)
<b>Profit for the half-year</b>	<b><u>16,245</u></b>	<u>22,032</u>	<u>32,099</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences arising during the half-year	<b><u>7,319</u></b>	<u>551</u>	<u>7,030</u>
<b>Total comprehensive income for the half-year</b>	<b><u>23,564</u></b>	<u>22,583</u>	<u>39,129</u>
<b>Total comprehensive income for the half-year is attributable to:</b>			
Owners of Michael Hill International Limited	<b><u>23,564</u></b>	<u>22,583</u>	<u>39,129</u>
	<b>Cents</b>	Cents	Cents
<b>Earnings per share attributable to the ordinary equity holders of the Company during the half-year, attributable to continuing operations:</b>			
Basic earnings per share	<b>4.24</b>	5.76	8.38
Diluted earnings per share	<b>4.17</b>	5.72	8.24

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

**Michael Hill International Limited**  
**Condensed statement of financial position**  
**As at 31 December 2013**

	Notes	31 Dec 2013 \$'000	31 Dec 2012 \$'000	30 June 2013 \$'000	1 July 2012 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		9,852	10,625	10,461	9,488
Trade and other receivables		25,627	16,876	15,653	9,319
Inventories		<u>210,477</u>	<u>169,251</u>	<u>154,293</u>	<u>147,089</u>
Total current assets		<u>245,956</u>	<u>196,752</u>	<u>180,407</u>	<u>165,896</u>
<b>Non-current assets</b>					
Trade and other receivables		1,976	555	1,092	-
Property, plant and equipment	3	54,578	41,400	49,140	35,600
Intangible assets	4	5,991	2,086	3,632	1,511
Deferred tax assets		60,216	52,589	56,064	50,403
Other non-current assets		<u>2,469</u>	<u>1,811</u>	<u>2,000</u>	<u>1,139</u>
Total non-current assets		<u>125,230</u>	<u>98,441</u>	<u>111,928</u>	<u>88,653</u>
<b>Total assets</b>		<u>371,186</u>	<u>295,193</u>	<u>292,335</u>	<u>254,549</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		61,273	56,280	41,286	40,316
Borrowings	5	56,000	-	-	-
Current tax liabilities		9,549	4,948	2,706	4,189
Provisions		4,506	3,749	3,844	3,044
Deferred revenue		<u>17,297</u>	<u>9,700</u>	<u>13,141</u>	<u>6,552</u>
Total current liabilities		<u>148,625</u>	<u>74,677</u>	<u>60,977</u>	<u>54,101</u>
<b>Non-current liabilities</b>					
Borrowings		-	27,000	28,000	26,000
Provisions		1,951	1,586	1,680	1,622
Deferred revenue		<u>35,237</u>	<u>27,033</u>	<u>27,993</u>	<u>19,964</u>
Total non-current liabilities		<u>37,188</u>	<u>55,619</u>	<u>57,673</u>	<u>47,586</u>
<b>Total liabilities</b>		<u>185,813</u>	<u>130,296</u>	<u>118,650</u>	<u>101,687</u>
<b>Net assets</b>		<u>185,373</u>	<u>164,897</u>	<u>173,685</u>	<u>152,862</u>
<b>EQUITY</b>					
Contributed equity	6	3,651	3,424	3,424	3,362
Reserves		9,806	(5,397)	1,128	(6,016)
Retained profits		<u>171,916</u>	<u>166,870</u>	<u>169,133</u>	<u>155,516</u>
<b>Total equity</b>		<u>185,373</u>	<u>164,897</u>	<u>173,685</u>	<u>152,862</u>

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

**Michael Hill International Limited**  
**Condensed statement of changes in equity**  
**For the six months ended 31 December 2013**

		<b>Attributable to owners of Michael Hill International Limited</b>				
		<b>Contributed equity</b>	<b>Options reserve</b>	<b>Foreign currency translation reserve</b>	<b>Retained profits</b>	<b>Total equity</b>
Notes		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>Balance at 1 July 2013</b>	3,424	1,212	(84)	169,133	173,685
	Profit for the period	-	-	-	16,245	16,245
	Currency translation movements	-	-	7,319	-	7,319
		<u>3,424</u>	<u>1,212</u>	<u>7,235</u>	<u>185,378</u>	<u>197,249</u>
<b>Transactions with owners in their capacity as owners:</b>						
	Employee shares issued	6	113	-	-	113
	Issue of share capital - exercise of options		101	-	-	101
	Transfer option reserve to contributed equity on exercise of options		13	(13)	-	-
	Option expense through share based payments reserve	6	-	1,413	-	1,413
	Cancellation of issued options		-	(41)	-	(41)
	Dividend paid	7	-	-	(13,462)	(13,462)
	<b>Balance at 31 December 2013</b>	<u>3,651</u>	<u>2,571</u>	<u>7,235</u>	<u>171,916</u>	<u>185,373</u>

		<b>Attributable to owners of Michael Hill International Limited</b>				
		<b>Contributed equity</b>	<b>Options reserve</b>	<b>Foreign currency translation reserve</b>	<b>Retained profits</b>	<b>Total equity</b>
Notes		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>Balance at 1 July 2012</b>	3,362	1,098	(7,114)	155,516	152,862
	Profit for the period	-	-	-	22,032	22,032
	Currency translation movements	-	-	551	-	551
		<u>3,362</u>	<u>1,098</u>	<u>(6,563)</u>	<u>177,548</u>	<u>175,445</u>
<b>Transactions with owners in their capacity as owners:</b>						
	Employee shares issued	6	62	-	-	62
	Option expense through share based payments reserve	6	-	68	-	68
	Dividend paid	7	-	-	(10,678)	(10,678)
	<b>Balance at 31 December 2012</b>	<u>3,424</u>	<u>1,166</u>	<u>(6,563)</u>	<u>166,870</u>	<u>164,897</u>

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

**Michael Hill International Limited**  
**Condensed statement of cash flows**  
**For the six months ended 31 December 2013**

	31 Dec 2013 \$'000	31 Dec 2012 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (incl. of goods and services tax)	302,675	277,482
Payments to suppliers and employees (incl. of goods and services tax)	<u>(286,021)</u>	<u>(235,368)</u>
	<u>16,654</u>	<u>42,114</u>
Interest received	193	28
Other revenue	305	158
Interest paid	(1,232)	(1,411)
Income tax paid	(4,928)	(6,069)
Net goods and services tax paid	(13,250)	(12,645)
<b>Net cash inflow / (outflow) from operating activities</b>	10 <u>(2,258)</u>	<u>22,175</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	15	91
Payments for property, plant and equipment	(11,333)	(10,888)
Payments for intangible assets	(2,129)	(594)
<b>Net cash inflow / (outflow) from investing activities</b>	<u>(13,447)</u>	<u>(11,391)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	66,000	57,000
Repayment of borrowings	(38,000)	(56,000)
Proceeds from sale of treasury stock	102	56
Share options exercised	102	-
Dividends paid to Company's shareholders	7 <u>(13,462)</u>	<u>(10,678)</u>
<b>Net cash inflow / (outflow) from financing activities</b>	<u>14,742</u>	<u>(9,622)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(963)</b>	1,162
Cash and cash equivalents at the beginning of the half-year	10,461	9,488
Effects of exchange rate changes on cash and cash equivalents	<u>354</u>	<u>(25)</u>
<b>Cash and cash equivalents at end of the half-year</b>	<u><b>9,852</b></u>	<u>10,625</u>

*The above condensed cash flow statement 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 2013 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 2013. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### **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.

These consolidated financial statements have been approved for issue by the Board of Directors on 13 February 2014.

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

### **Presentation currency - change in accounting policy**

The Group's revenues, profits and cash flows are primarily generated in Australian dollars (AUD), and are expected to remain principally denominated in Australian dollars in the future. During the year, the Group changed the currency in which it presents its consolidated financial statements from New Zealand dollars to Australian dollars, in order to better reflect the underlying performance of the Group.

A change in presentation currency is a change in accounting policy which is accounted for retrospectively. Statutory financial information included in the Group's half year report for the six months ended 31 December 2012 previously reported in New Zealand dollars has been restated into Australian dollars using the procedures outlined below:

- Assets and liabilities denominated in currencies other than AUD were translated into AUD at the closing rates of exchange on the last day of the relevant accounting period
- Revenues and expenses in currencies other than AUD were translated into AUD at the monthly average rate of exchange over the relevant accounting period;
- The cumulative translation reserves were set to nil at 30 June 2010, the date the current accounting system was implemented, and these reserves have been restated on the basis that the Group has reported in AUD since that date.
- Share capital, treasury stock and reserves were translated at the historic rates prevailing at 30 June 2010, and subsequent rates prevailing on the date of each transaction.
- In each case, the rates of exchange were consistent with those used by the Group in the relevant accounting period.

## **2 Segment information**

### **Identification and description of segments**

The operating segments are identified by the Board and Executive Team based on the country in which the item is sold.

The Executive Director and Executive Team consider, organise and manage the business from a geographic perspective, being the country of origin where the sale and service was performed. Discrete financial information about each of these operating businesses is reported to the Board and Executive Team monthly, via the preparation of the Group financial report.

The Group operates in four geographic segments: New Zealand, Australia, Canada and the United States of America.

### **Types of products and services**

Michael Hill International Limited and its controlled entities operate predominately in the sale of jewellery and related services. As indicated above, the Group is organised and managed globally into geographic areas.

### **Major customers**

Michael Hill International Limited and its controlled entities sells goods and provides services to a number of customers from which revenue is derived. There is no single customer from which the Group derives more than 10% of the total consolidated revenue.

### **Accounting policies and inter-segment transactions**

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the accounts and in the prior period.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments, then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments, which management believes will be inconsistent.

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. Inter-segment pricing is at arm's length or market value.

**2 Segment Information (continued)**

	MHJ NEW ZEALAND			MHJ AUSTRALIA			MHJ CANADA			MHJ USA			GROUP		
	2013	2012		2013	2012		2013	2012		2013	2012		2013	2012	
	\$'000	\$'000	+/-%	\$'000	\$'000	+/-%	\$'000	\$'000	+/-%	\$'000	\$'000	+/-%	\$'000	\$'000	+/-%
<b>Operating revenue</b>															
Sales to customers	54,229	49,770	9.0%	171,737	162,712	5.5%	39,392	28,545	38.0%	5,486	5,283	3.8%	270,844	246,310	10.0%
Unallocated revenue													(94)	335	(128.1%)
<b>Total operating revenue</b>													<b>270,750</b>	<b>246,645</b>	<b>9.8%</b>
<b>Segment results</b>															
Operating surplus / (loss)	11,081	10,229	8.3%	29,002	27,987	3.6%	2,978	1,486	100.4%	(596)	(1,221)	51.2%	42,465	38,481	10.4%
Unallocated revenue less unallocated expenses													(13,980)	(11,385)	22.8%
Profit before income tax													28,485	27,096	5.1%
Income tax expense													(12,240)	(5,064)	141.7%
<b>Profit for the year</b>													<b>16,245</b>	<b>22,032</b>	<b>(26.3%)</b>
<b>Segment assets</b>	45,496	41,023	10.9%	121,347	116,238	4.4%	70,949	36,334	95.3%	15,501	10,689	45.0%	253,293	204,284	24.0%
Unallocated													117,893	90,909	29.7%
Total													<b>371,186</b>	<b>295,193</b>	<b>25.7%</b>
<b>Segment liabilities</b>	20,136	15,425	30.5%	63,875	52,761	21.1%	13,640	10,260	32.9%	2,711	2,464	10.0%	100,362	80,910	24.0%
Unallocated													85,451	49,386	73.0%
Total													<b>185,813</b>	<b>130,296</b>	<b>42.6%</b>
<b>Segment acquisitions of property, plant &amp; equipment and intangibles</b>															
Unallocated	2,345	961	144.0%	3,953	7,294	(45.8%)	4,846	2,104	130.3%	291	121	140.5%	11,435	10,480	9.1%
Total													<b>2,027</b>	<b>1,002</b>	<b>102.3%</b>
<b>Segment depreciation and amortisation expense</b>															
Unallocated	952	775	22.8%	3,122	2,614	19.4%	1,116	772	44.6%	247	226	9.3%	5,437	4,387	23.9%
Total													<b>769</b>	<b>657</b>	<b>17.0%</b>
													<b>6,206</b>	<b>5,044</b>	<b>23.0%</b>

### **3 Property, plant and equipment**

#### **Acquisitions and disposals**

During the six months ended 31 December 2013, the Group acquired assets with a total cost of \$11,333,000 (31 December 2012 - \$10,888,000). Assets with a net book value of \$612,000 were disposed of during the six months ended 31 December 2013 (31 December 2012 - \$118,000), resulting in a net loss on disposal of \$597,000 (31 December 2012 - \$27,000 loss).

### **4 Intangible assets**

#### **Acquisitions and disposals**

During the six months ended 31 December 2013, the Group acquired assets with a total cost of \$2,129,000 (31 December 2012 - \$594,000). No assets were disposed of during the six months ended 31 December 2013 (31 December 2012 - nil).

### **5 Current liabilities - Interest bearing liabilities**

The borrowing facility currently in place with our banking provider is offered under a multi option facility that expires on 29 August 2014. The renewal of the facility was under negotiation over the balance date, and was signed on 10 February 2014. As the facility renewal had not been signed as at 31 December 2013, accounting standards require the reclassification of borrowing levels under the facility as a current liability. This reclassification is not linked to any covenant breaches under the facility, and has no impact on the Group's profit or retained earnings. It is expected that any borrowings under the renewed facility held at year end will be classified as a non-current liability.

## 6 Contributed equity

	<b>31 Dec 2013 Shares</b>	<b>30 June 2013 Shares</b>	<b>31 Dec 2013 \$'000</b>	<b>30 June 2013 \$'000</b>
<b>Share capital</b>				
Ordinary shares				
Fully paid	<b>383,153,190</b>	383,053,190	<b>3,702</b>	3,515
Treasury stock held for employee share scheme	<u>(111,584)</u>	<u>(203,646)</u>	<u>(51)</u>	<u>(91)</u>
	<b><u>383,041,606</u></b>	<b><u>382,849,544</u></b>	<b><u>3,651</u></b>	<b><u>3,424</u></b>
<b>Opening balance of ordinary shares issued</b>	<b>383,053,190</b>	383,053,190	<b>3,515</b>	3,482
<b>Issues of ordinary shares during the year</b>				
Exercise of options	<b>100,000</b>	-	<b>101</b>	-
Transfer from option reserve	-	-	<b>13</b>	-
Employee share scheme issue	<b>92,062</b>	73,958	<b>113</b>	62
Transfer from treasury stock	<u>(92,062)</u>	<u>(73,958)</u>	<u>(40)</u>	<u>(29)</u>
<b>Closing balance of ordinary shares issued</b>	<b><u>383,153,190</u></b>	<b><u>383,053,190</u></b>	<b><u>3,702</u></b>	<b><u>3,515</u></b>

### (a) Employee Share Scheme

During the half-year, 92,062 shares were issued to the Michael Hill International Limited Employee Share Scheme at an average price of NZD\$1.26. 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 has resolved to issue 5,900,000 share options during the 2014 financial year (including 2,400,000 share options to Mike Parsell in his capacity as CEO), to subscribe for ordinary shares in the Company to senior executives. The options were issued with an exercise price of \$1.82, 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 16 August 2013 of the Company's results for the year to 30 June 2013.

## 7 Dividends

	<b>31 Dec 2013 \$'000</b>	<b>31 Dec 2012 \$'000</b>
<b>(a) Ordinary shares</b>		
Final dividend for the year ended 30 June 2013 of NZD 4.0 cents (2012 - NZD 3.5 cents) per fully paid share paid on 4 October 2013 (2012 - 5 October 2012)	<u>13,462</u>	<u>10,678</u>
<b>(b) Dividends not recognised at the end of the half-year</b>		
In addition to the above dividends, since the end of the half-year the Directors have recommended the payment of an interim dividend of NZD 2.5 cents per fully paid ordinary share (2012 - NZD 2.5 cents). The aggregate amount of the proposed dividend expected to be paid on 1 April 2014 out of retained profits at 31 December 2013, but not recognised as a liability at the end of the half-year, is	<u>8,816</u>	<u>7,804</u>

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

#### *Tax matters*

The Group has two unresolved tax matters relating to the sale and financing of the intellectual property between New Zealand and Australian Group members, as reported in the 2013 Annual Report.

Discussions continue with the Inland Revenue Department within their dispute process framework, but it remains unclear when final resolution will be achieved in respect of this matter. The Board does not consider that this tax matter requires a provision in the Group's financial statements.

No binding settlement agreement has been concluded with the Australian Taxation Office, but significant progress has been made and compliance with financial reporting standards has meant that the Board has re-visited its classification of the exposure. Therefore, a provision has been made in respect of the previously disclosed issues with the Australian Tax Office (ATO). The Board will not provide further information on the settlement at this stage in order to not impair the outcome of the negotiations. A further announcement will be made upon conclusion of any final agreement or if circumstances require further adjustment or re-classification of the provision.

The Group has no other material contingent liabilities as at balance date.

## 9 Events occurring after the reporting period

On 10 February 2014, the Group's multi option banking facility was renewed with our banking provider, which includes the borrowing facility. Additional details are included in note 5 to this interim financial report.

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

**10 Reconciliation of profit after income tax to net cash inflow from operating activities**

	<b>31 Dec 2013 \$'000</b>	31 Dec 2012 \$'000
Profit for the half-year	<b>16,245</b>	22,032
Depreciation and amortisation	<b>6,206</b>	5,044
Non-cash employee benefits expense - share based payments	<b>1,393</b>	85
Other non-cash expenses	<b>59</b>	15
Net loss on sale of non-current assets	<b>597</b>	27
Net exchange differences	<b>144</b>	432
(Increase) / Decrease in trade and other receivables	<b>(8,937)</b>	(7,502)
(Increase) / Decrease in inventories	<b>(47,171)</b>	(22,391)
(Increase) / Decrease in deferred tax asset	<b>4,395</b>	(2,531)
(Increase) / Decrease in other non-current assets	<b>(413)</b>	(671)
(Decrease) / Increase in trade and other payables	<b>18,618</b>	15,962
(Decrease) / Increase in current tax liabilities	<b>(3,418)</b>	749
(Decrease) / Increase in provisions	<b>814</b>	673
(Decrease) / Increase in deferred revenue	<b>9,210</b>	10,251
Net cash inflow / (outflow) from operating activities	<b><u>(2,258)</u></b>	<b><u>22,175</u></b>

## Review report to the Shareholders of Michael Hill International Limited

We have reviewed the interim financial statements on pages 1 to 11. The interim financial statements provide information about the past financial performance of the Group and its financial position as at 31 December 2013.

This information is stated in accordance with the accounting policies set out in the Group's annual financial statements dated 15 August 2013.

This report is made solely to the Group's shareholders, as a body, in accordance with Review Engagement Standards issued by the Institute of Chartered Accountants of New Zealand. Our review has been undertaken so that we might state to the Group'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 Group and the Group'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 as it relates to interim financial statements and which present fairly the financial position of the Group as at 31 December 2013 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 provides 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 2013 in accordance with the Review Engagement Standards issued by the External Reporting Board. 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.

Ernst & Young provides taxation advice and risk advisory services to Michael Hill International Limited. Other than this and 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 1 to 11, do not fairly present the financial position of the Group as at 31 December 2013 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 as it relates to interim financial statements.

Our review was completed on 13 February 2014 and our findings are expressed as at that date.



Ernst & Young  
Chartered Accountants  
Brisbane