

Michael Hill International Limited

3 months sales to 30 September 2008

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
Australia same stores	46,089,982	51,447,128	11.6%
NZ same stores	17,963,991	16,767,918	-6.7%
Canada same stores	<u>4,974,206</u>	<u>4,622,825</u>	-7.1%
Total same stores	\$69,028,179	\$72,837,871	5.5%
Australia all stores	47,728,777	55,572,708	16.4%
NZ all stores	17,963,991	17,297,348	-3.7%
Canada all stores	5,467,065	6,221,096	13.8%
USA all stores	<u>0</u>	<u>638,109</u>	
Total all stores	\$71,159,833	\$79,729,261	12.0%

Exchange rates used for the 3 months:

Australian	0.88	0.82
Canada	0.78	0.80
USA	NA	0.70

The following figures are in local currency		Last Year	This Year	% Var
Australia same stores	AUD	40,385,135	41,316,055	2.3%
NZ same stores	NZD	17,963,991	16,767,918	-6.7%
Canada same stores	CAD	3,890,628	3,438,650	-11.6%
Australia all stores	AUD	41,814,900	44,629,614	6.7%
NZ all stores	NZD	17,963,991	17,297,348	-3.7%
Canada all stores	CAD	4,238,227	4,627,329	9.2%
USA all stores	USD	0	431,553	

Comments

Australia has traded well for the first quarter but started to feel the pressure of global conditions during September. The exchange rate difference from last year has inflated the NZD translation of the first quarter result but given the recent fall in the AUD:NZD this is unlikely to be the case in the second quarter and we may experience some down side on consolidation of the important second quarter results.

New Zealand struggled for much of the quarter and we aren't expecting this to improve materially during the balance of the financial year due to the economic climate we are operating in.

Canada was also weak for most of the first quarter and we also don't expect any short term correction of this trend.

The 17 US stores traded for 28 days of September and the board is satisfied with their results for the month given the fact they were trading under Chapter 11 prior to acquisition. This market will take quite some time to turn around but the board is confident this investment will position the company well for the future.

The volatility of the currencies involved for the group has been a challenge for the company recently as this affects the value of inventory and margins achieved and also the consolidated group's reported profits. However, it is too early to predict the effect of these recent movements on the company's full year result.



R.M. Hill 10/10/08
Chairman

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