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ASX and Media Release (ASX: MCP)

22 February 2012

McPherson's First Half Profit from Continuing Operations* $11.7 million

- **Result in line with guidance**
- **Interim dividend of 10 cents**
- **Demerger of Printing completed**
- **Cosmex acquired and integrated**

McPherson's Limited, the consumer products company, today announced an after-tax profit of $11.7 million from continuing operations for the six months to 31 December 2011, excluding one-off costs related to the demerger of the printing business. This compares with $15.8 million for the previous corresponding period and is in line with guidance provided at the company's annual general meeting in November 2011. Net profit attributable to members (including McPherson's Printing's earnings and costs related to its demerger) was $10.1 million (pcp: $16.9 million).

The directors have declared an interim dividend of 10 cents per share fully franked, which is consistent with the company's policy to distribute at least 60% of annual net profit before amortisation. The dividend will be payable on 12 April 2012 to shareholders on the register at 26 March 2012.

Results summary for the first half	**31 Dec 11** ($ million)	**31 Dec 10** ($ million)	**Change** (%)
Sales revenue from continuing operations*	**143.9**	158.4	(9.2)
EBIT (Earnings before interest and tax) from continuing operations*	**19.4**	26.6	(27.1)
Profit before tax from continuing operations*	**16.6**	22.6	(26.7)
Profit after tax from continuing operations*	**11.7**	15.8	(26.3)
Net profit attributable to members	**10.1**	16.9	(40.0)
Earnings per share (cents) from continuing operations*	**16.1**	22.1	(27.1)
Earnings per share (cents) attributable to members	**14.0**	23.6	(40.7)
Interim dividend (cents) fully franked	**10.0**	12.0	(16.7)

'In a difficult trading environment where consumer spending has deteriorated and retailer ranging strategies have been challenging, McPherson's has been able to achieve significant increases in revenue from the hair care and beauty categories through growth in the Lady Jayne and Manicare brands. This was more than offset by lower revenue from Impulse Merchandising and our Housewares' brands. Sales of Multix household consumable products were also lower as a result of retailers reducing their inventory levels.' said Paul Maguire, managing director. 'To overcome these challenges, we are implementing a number of initiatives which we expect to benefit second half performance.'

* The costs related to the demerger of McPherson's Printing and the proposed acquisition of Opus ($1.8 million net of tax) and the half year profit of McPherson's Printing ($0.3 million net of tax) are excluded from continuing operations.

'Following shareholder approval of the demerger of the Printing Division in January 2012, McPherson's is well positioned as a focused consumer products business to expand its operations both organically and through strategic acquisitions. Already, the acquisition of Cosmex last month has strengthened our position in the personal care market, and we are reviewing other value-accretive opportunities which leverage our sourcing, marketing and logistics capabilities.'

'We are also targeting a number of opportunities to increase automation and upgrade operational processes. These will improve customer service. In addition, they will increase productivity and efficiency, lower the cost of doing business and facilitate efficient integration of future acquisitions.'

Net Debt and Gearing

Net debt decreased to $68.9 million at 31 December 2011 from $70.3 million a year earlier and gearing (net debt / (net debt + shareholders' equity)) reduced marginally to 28% at 31 December 2011 from 29% at 31 December 2010 (excluding Printing net debt and shareholders' equity).

Interest expense for the half was $2.8 million (H1 F2011: $4.0 million), with interest savings from lower borrowings and interest rates. Interest cover for the first half, based on EBIT from continuing operations, was 6.9 times compared with 6.6 times for the six months to 31 December 2010. Term debt facilities are in place until 31 August 2013.

Outlook

Mr Maguire said: 'The retail environment is expected to remain challenging in the second half of F2012. The initiatives we have undertaken should lead to earnings of a similar level to the second half of F2011. Consequently, we are expecting a 20% decline in full year profit before tax from continuing operations, which is in line with previous guidance.'

'We will continue to focus on innovation and new product development to boost sales of our strong portfolio of well recognised brands, while rigorous expense control and efficiency improvements will reduce our operating costs. The combination of our brands and our strong balance sheet positions the company well for future growth.'

About McPherson's

McPherson's designs and markets a large range of consumer products. Its key brands are Wiltshire and Stanley Rogers (housewares), Manicare, Lady Jayne and Swisspers (personal care), Multix (household consumables) and Home Living (impulse merchandising). Distribution is through all major retailers throughout Australia and New Zealand, and in Asia. Manufacturing is outsourced to a range of countries, particularly China, and McPherson's has a significant presence in Hong Kong and China focused on product sourcing and quality assurance.

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McPherson's Limited
ABN: 98 004 068 419
Half Year ended 31 December 2011

Results for Announcement to the Market

				$A000's
Revenue from continuing operations	down	9.2%	to	**143,963**
Profit before tax from continuing operations	down	26.7%	to	**16,559**
Profit after tax from continuing operations	down	26.3%	to	**11,663**
Profit after tax attributable to members	down	40.0%	to	**10,137**
Net profit for the period attributable to members	down	40.0%	to	**10,137**

Dividends/distributions	**Amount per security**	**Franked amount per security**
Interim dividend	10.0¢	10.0¢
Previous corresponding period	12.0¢	12.0¢

Payment date for interim dividend	**12 April 2012**
Record date for determining entitlements to the dividend	**26 March 2012**

McPherson's Limited
Consolidated Statement of Comprehensive Income
For the period ended 31 December 2011

	Half Year 31 Dec 2011 A$000's	Half Year 31 Dec 2010 A$000's
Continuing operations		
Revenue		
Sales revenue	143,919	158,440
Interest	20	27
Royalties	24	26
Total revenue	**143,963**	158,493
Other income	114	123
Total revenue and other income	**144,077**	158,616
Expenses		
Materials and consumables used	75,730	79,861
Employee costs	22,140	23,067
Rental expenses relating to operating leases	3,345	3,536
Amortisation of other intangibles	121	103
Depreciation/other amortisation	1,215	1,160
Advertising and promotional	6,273	7,737
Repairs and maintenance	149	234
Cartage and freight	7,155	7,286
Net loss from disposal of property, plant and equipment	2	195
Other expenses	8,544	8,838
Borrowing costs expense	2,844	3,997
Total expenses	**127,518**	136,014
Profit before income tax expense	**16,559**	22,602
Income tax expense	(4,896)	(6,769)
Profit from continuing operations after income tax expense	**11,663**	15,833
Discontinued Operations		
(Loss) / profit from discontinued operations (net of income tax)	(1,526)	1,050
Profit for the period	**10,137**	16,883

The above statement of comprehensive income should be read in conjunction with the following notes and appendices.

McPherson's Limited
Consolidated Statement of Comprehensive Income (continued)
For the period ended 31 December 2011

	Half Year 31 Dec 2011 A$000's	Half Year 31 Dec 2010 A$000's
Profit after income tax expense	**10,137**	16,883
Other comprehensive income		
Changes in the fair value of cash flow hedges	(170)	(2,586)
Exchange differences on translation of foreign operations	(2)	(2,029)
Income tax relating to components of other comprehensive income	60	776
Other comprehensive income for the period	**(112)**	(3,839)
Total comprehensive income for the period	**10,025**	13,044

	Half Year 31 Dec 2011 Cents	Half Year 31 Dec 2010 Cents
Basic earnings per share	**14.0**	23.6
Diluted earnings per share	**14.0**	23.3
Basic earnings per share - continuing operations	**16.1**	22.1
Diluted earnings per share - continuing operations	**16.1**	21.9

The above statement of comprehensive income should be read in conjunction with the following notes and appendices.

McPherson's Limited
Consolidated Balance Sheet
As at 31 December 2011

	31 Dec 2011	30 June 2011
	A$000's	A$000's
Current assets		
Cash	1,013	1,705
Receivables	63,862	57,930
Inventories	51,439	59,672
Derivative financial instruments	316	-
Assets held for distribution to owners	34,709	-
Total current assets	**151,339**	119,307
Non-current assets		
Other financial assets	-	1,249
Property, plant and equipment	7,041	23,713
Intangibles	179,319	179,163
Deferred tax assets	5,078	6,856
Total non-current assets	**191,438**	210,981
Total assets	**342,777**	330,288
Current liabilities		
Payables	32,817	36,742
Derivative financial instruments	2,649	3,251
Borrowings	2,378	1,235
Provisions	5,562	10,989
Current tax liabilities	2,078	5,376
Liabilities held for distribution to owners	13,992	-
Total current liabilities	**59,476**	57,593
Non-current liabilities		
Derivative financial instruments	504	191
Borrowings	67,500	57,000
Provisions	808	1,010
Deferred tax liabilities	13,552	13,696
Total non-current liabilities	**82,364**	71,897
Total liabilities	**141,840**	129,490
Net assets	**200,937**	200,798

The above balance sheet should be read in conjunction with the following notes and appendices.

McPherson's Limited
Consolidated Balance Sheet (continued)
As at 31 December 2011

	31 Dec 2011	30 June 2011
	A$000's	A$000's
Shareholders' equity		
Share capital	129,338	129,338
Reserves	(4,043)	(4,181)
Retained profits	75,642	75,641
Total shareholders' equity	**200,937**	200,798

The above balance sheet should be read in conjunction with the following notes and appendices.

McPherson's Limited
Consolidated Statement of Changes in Equity
For the period ended 31 December 2011

	Share Capital A$000's	Reserves A$000's	Retained Profits A$000's	Total Equity A$000's
Balance at 1 July 2011	**129,338**	**(4,181)**	**75,641**	**200,798**
Profit after income tax for the half year	-	-	10,137	10,137
Cash flow hedges, net of tax	-	(110)	-	(110)
Exchange differences on translation of foreign operations	-	(2)	-	(2)
Total comprehensive income for the half year	**-**	**(112)**	**10,137**	**10,025**
Transactions with shareholders				
Share based payments expense	-	250	-	250
Dividends paid	-	-	(10,136)	(10,136)
Balance at 31 December 2011	**129,338**	**(4,043)**	**75,642**	**200,937**

The above statement of changes in equity should be read in conjunction with the following notes and appendices.

McPherson's Limited
Consolidated Statement of Changes in Equity
Prior period comparative

	Share Capital A$000's	Reserves A$000's	Retained Profits A$000's	Total Equity A$000's
Balance at 1 July 2010	**127,193**	**(2,290)**	**71,995**	**196,898**
Profit after income tax for the half year	-	-	16,883	16,883
Cash flow hedges, net of tax	-	(1,810)	-	(1,810)
Exchange differences on translation of foreign operations	-	(2,029)	-	(2,029)
Total comprehensive income for the half year	**-**	**(3,839)**	**16,883**	**13,044**
Transactions with shareholders				
Share based payments expense	-	334	-	334
Dividends paid	-	-	(7,165)	(7,165)
Balance at 31 December 2010	**127,193**	**(5,795)**	**81,713**	**203,111**

The above statement of changes in equity should be read in conjunction with the following notes and appendices.

McPherson's Limited
Consolidated Statement of Cash Flows
For the period ended 31 December 2011

	Half Year 31 Dec 2011 A$000's	Half Year 31 Dec 2010 A$000's
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	171,706	192,760
Payments to suppliers and employees (inclusive of GST)	(159,499)	(168,130)
Interest received	20	30
Interest and borrowing costs paid	(2,782)	(4,151)
Income tax paid	(7,757)	(4,654)
Dividend received	100	100
Net cash inflows from operating activities	**1,788**	15,955
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(3,402)	(2,060)
Proceeds from sale of property, plant and equipment	29	61
Payments for purchase of intangibles	-	(10)
Payments for acquisition of business assets	(561)	-
Net cash outflows from investing activities	**(3,934)**	(2,009)
Cash flows from financing activities		
Proceeds from borrowings	70,500	66,000
Repayment of borrowings	(60,000)	(67,500)
Dividends paid	(10,136)	(7,165)
Repayment of finance lease liabilities	(84)	(6)
Net cash inflows / (outflows) from financing activities	**280**	(8,671)
Net (decrease) / increase in cash held	**(1,866)**	5,275
Cash at beginning of the financial year	486	20
Net effect of exchange rate changes on cash	16	(36)
Net cash at end of half year	**(1,364)**	5,259

The above statement of cash flows should be read in conjunction with the following notes and appendices.

McPherson's Limited
Notes to the Consolidated Financial Statements
For the period ended 31 December 2011

Material factors affecting the revenues and expenses of the Group for the current period.

Material factors affecting the revenues and expenses of the Group for the period ended 31 December 2011 and significant trends or events since that date, are included in the attachment to this announcement.

Material factors affecting the assets, liabilities and equity of the Group for the current period.

Significant movements in equity for the period are set out on pages 3 and 6.

Material factors affecting the cash flows of the Group for the current period.

A reconciliation of net cash provided by operating activities to operating profit after income tax is attached as Appendix A to this report.

Changes in accounting policies

As disclosed in the 30 June 2011 Annual Report, the Group changed its policy in relation to recognising receipts from trade debtors. Previously the Group included remittances from trade debtors received on the first day of the next financial period in the balance sheet and cash flow of the current financial period. The Group now only recognises those remittances received in the current financial period.

The 31 December 2010 comparative cash flow information has been restated to reflect the application of this new policy. The restatement has resulted in receipts from customers decreasing by $3,090,000, repayment of borrowings decreasing by $3,000,000, cash at the beginning of the 31 December 2010 half year period decreasing by $144,000 and cash at the end of 31 December 2010 half year period decreasing by $234,000.

There have been no other changes in accounting policies since the last ASX release, required to be disclosed in accordance with Australian Accounting Standard AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Extraordinary items

N/A

Reconciliation of income tax expense

A reconciliation of prima facie income tax to the actual income tax expense is attached as Appendix B to this report.

McPherson's Limited
Notes to the Consolidated Financial Statements
For the period ended 31 December 2011

Segment note

Information on the business segments of the group is attached as Appendix C to this report.

Discontinued operations

On 18 November 2011 the Group announced its intention to demerge its Printing business into a separate public company via a demerger distribution. Subsequent to demerging, the Printing business is expected to complete an acquisition of the Opus Group, which would then create a substantial business services group with operations in Australia, New Zealand and Singapore.

Subsequent to balance date, on 16 January 2012, the shareholders of McPherson's Limited approved the demerger at an extraordinary general meeting and the demerger took place on 31 January 2012.

As a result of this transaction, and in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations,* the Group's Printing business is being shown as a discontinued operation at 31 December 2011. Information on this discontinued operation is attached as Appendix D to this report.

Events occurring after reporting date

On the 16 January 2012, the shareholders of McPherson's Limited approved the proposed demerger of the McPherson's Printing business at an extraordinary general meeting and the business was formally demerged from the McPherson's Limited Group on 31 January 2012. The fair value of the net assets distributed to shareholders amounted to approximately $27,545,000 (inclusive of an additional $4,700,000 of cash required to be injected into the business in January 2012 prior to demerger) and was equivalent to the book value.

On 20 January 2012, the Group's Australian consumer products business purchased the business assets of Cosmex International Pty Limited, a leading marketer and distributor of hair care and beauty products, for $5,757,000.

McPherson's Limited
Supplementary Appendix 4D information
For the period ended 31 December 2011

Basis of preparation

This consolidated interim financial report for the half year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does 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 2011 and any public announcements made by McPherson's Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Additional dividend information

Details of dividends declared or paid during or subsequent to the period ended 31 December 2011 are as follows:

	A$000's
• Interim 2011/12 ordinary dividend of 10.0 cents per fully paid ordinary share declared by directors (fully franked) but not recognised as a liability at half year	7,240

The 2011 final ordinary dividend of $10,136,000 (14.0 cents per fully paid ordinary share) referred to in the Directors' Report dated 22 August 2011 was paid on 3 October 2011.

Dividend reinvestment plans

The Company's Dividend Reinvestment Plan remains suspended until further notice.

NTA Backing

	Half Year 31 Dec 2011 cents	Half Year 31 Dec 2010 cents
Net tangible asset backing per ordinary share	29.9	21.7

Control gained over entities during the period

Nil

McPherson's Limited
Supplementary Appendix 4D information
For the period ended 31 December 2011

Loss of control of entities during the period

Nil

Associates and Joint Venture entities

The Group has a 33⅓% shareholding in an associate company, Denward Court Pty Ltd, which is incorporated in Australia and whose principal activity is book binding.

Audit

This report is based on accounts which have been subject to review in accordance with ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the entity.*

McPherson's Limited

P.R. Bennett
Company Secretary

Signed this 21st day of February 2012.

APPENDIX A

McPherson's Limited
Reconciliation of net cash provided by operating activities to operating profit after income tax
For the period ended 31 December 2011

	Half Year 31 Dec 2011 A$000's	Half Year 31 Dec 2010 A$000's
Operating profit after income tax	**10,137**	16,883
Amortisation of other intangibles	121	103
Depreciation/other amortisation	2,774	2,695
(Profit)/loss on disposal of property, plant and equipment	(10)	186
Loss on disposal of intangibles	-	8
Share based payments expense	250	334
Share of profit in associate not received as dividends or distributions	(104)	(152)
Dividends received from associate	100	100
Time value in option hedging contracts	(793)	460
Finance charges included in lease payments	14	1
Operating assets and liabilities, excluding the effects from purchase or sale of controlled entities:		
Increase/(Decrease) in payables	4,863	3,540
Increase/(Decrease) in other provisions	(1,941)	(794)
Increase/(Decrease) in employee entitlements	(976)	43
Increase/(Decrease) in tax payable	(3,551)	2,506
(Increase)/Decrease in receivables	(12,407)	(14,202)
(Increase)/Decrease in inventories	3,311	4,244
Net cash inflows from operating activities	**1,788**	15,955

APPENDIX B

McPherson's Limited
Reconciliation of prima facie income tax to actual income tax expense
For the period ended 31 December 2011

	Half Year 31 Dec 2011 A$000's	Half Year 31 Dec 2010 A$000's
Operating profit before tax – continuing operations	16,559	22,602
Operating profit before tax – discontinued operations	(2,216)	1,441
Total operating profit before tax	14,343	24,043
Prima facie income tax at 30%	**4,303**	7,213
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share of net profit of associate	(31)	(46)
Share based payments expense	75	100
Tax rate differences in overseas entities	(180)	(128)
Over provision in prior years	(2)	(25)
Other	41	46
Income tax expense	**4,206**	7,160
Income tax expense – continuing operations	4,896	6,769
Income tax expense – discontinued operations	(690)	391
	4,206	7,160

APPENDIX C

McPherson's Limited
Consolidated Segment Report
For the period ended 31 December 2011

	Consumer Products A$000's	Printing (Discontinued) A$000's	Inter-segment Eliminations/ Unallocated A$000's	Consolidated A$000's
2011 Segment Information				
Sales to external customers	143,919	22,857	-	166,776
Inter-segment sales	-	82	(82)	-
Total sales revenue	**143,919**	**22,939**	**(82)**	**166,776**
Other revenue/income	135	500	9	644
Share of net profit of associate	-	104	-	104
Total segment revenue, other income and share of net profit of associate	**144,054**	**23,543**	**(73)**	**167,524**
Profit / (loss) before interest, tax, depreciation, amortisation and significant items	22,260	1,907	(1,542)	22,625
Depreciation and amortisation expense	(1,335)	(1,559)	(1)	(2,895)
Segment result before significant items	**20,925**	**348**	**(1,543)**	**19,730**
Significant items (1)	-	-	(2,550)	(2,550)
Segment result including significant items	**20,925**	**348**	**(4,093)**	**17,180**
Net borrowing costs				(2,837)
Profit before income tax				**14,343**
Income tax expense				(4,206)
Profit after income tax				**10,137**

(1) This significant item expense relates to the expected costs associated with the demerger of the Printing business and its subsequent acquisition of the Opus Group. Refer to the discontinued operations note disclosed at Appendix D to this financial report.

Operating segments are reported in a manner which is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Managing Director of McPherson's Limited.

The internal reports reviewed by the Managing Director, which are used to make strategic decisions, are separated into two distinct reporting segments; Consumer Products and Printing.

The reporting segments derive revenue from the following products and services:

Consumer Products:
Producers of kitchen knives, scissors, cutlery, kitchen utensils, hair, beauty and personal care products, plastic bags, wraps, foils and other consumer products.

Printing (discontinued):
Printers of a wide range of products including quality books, paperbacks and loose-leaf printing.

APPENDIX C
McPherson's Limited
Consolidated Segment Report
Prior Period Comparative

	Consumer Products A$000's	Printing (Discontinued) A$000's	Inter-segment Eliminations/ Unallocated A$000's	Consolidated A$000's
2010 Segment Information				
Sales to external customers	158,440	31,299	-	189,739
Inter-segment sales	-	39	(39)	-
Total sales revenue	**158,440**	**31,338**	**(39)**	**189,739**
Other revenue/income	142	546	13	701
Share of net profit of associate	-	152	-	152
Total segment revenue, other income and share of net profit of associate	**158,582**	**32,036**	**(26)**	**190,592**
Profit / (loss) before interest, tax, depreciation, amortisation and significant items	30,373	2,976	(2,538)	30,811
Depreciation and amortisation expense	(1,262)	(1,535)	(1)	(2,798)
Segment result before significant items	**29,111**	**1,441**	**(2,539)**	**28,013**
Significant items	-	-	-	-
Segment result including significant items	**29,111**	**1,441**	**(2,539)**	**28,013**
Net borrowing costs				(3,970)
Profit before income tax				**24,043**
Income tax expense				(7,160)
Profit after income tax				**16,883**

APPENDIX D
McPherson's Limited
Discontinued Operations
For the period ended 31 December 2011

Discontinued operation

On 18 November 2011 the Group announced its intention to demerge its Printing business into a separate company, which is proposed to be listed on the ASX. Subsequent to demerging, the Printing business is expected to complete an acquisition of the Opus Group, which would then create a substantial business services group with operations in Australia, New Zealand and Singapore.

The demerger is to be via a demerger distribution, which would be satisfied by the transfer of shares in McPherson's Printing Group to McPherson's Limited shareholders in the same proportion as their existing McPherson's Limited shareholdings.

Subsequent to balance date, on 16 January 2012, the shareholders of McPherson's Limited approved the demerger at an extraordinary general meeting and the demerger took place on 31 January 2012.

As a result of this transaction, and in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations,* the Group's Printing business is being shown as a discontinued operation at 31 December 2011. Consequently, the Consolidated Statement of Comprehensive Income (both current period and prior period comparative) has been prepared with the Printing business disclosed in the discontinued operations line. In addition, all of the Printing related assets and liabilities have been disclosed in the Group's 31 December 2011 Balance Sheet as a separate category titled "current assets / liabilities held for distribution to owners".

Details of the assets and liabilities held for distribution to owners, the financial performance and cash flow information of the Printing discontinued operation is set out below.

(a) Assets and Liabilities held for distribution to owners

	31 Dec 2011 A$000's
Cash	1
Receivables	6,431
Inventories	5,043
Derivative financial instruments	19
Other financial assets	1,252
Property, plant and equipment	19,849
Deferred tax assets	2,114
Total assets of disposal group held for distribution to owners	**34,709**
Payables	8,100
Borrowings	3,014
Provisions	2,725
Deferred tax liabilities	153
Total liabilities of disposal group held for distribution to owners	**13,992**

APPENDIX D
McPherson's Limited
Discontinued Operations (continued)
For the period ended 31 December 2011

(b) Discontinued operation financial performance and cash flow information

	Half Year 31 Dec 2011 A$000's	Half Year 31 Dec 2010 A$000's
Revenue	22,939	31,338
Other Income	604	698
Expenses	(23,195)	(30,595)
Borrowing costs	(13)	-
Profit before income tax and significant items	**335**	1,441
Income tax expense	(76)	(391)
Profit after income tax before significant items	**259**	1,050
Significant items		
Expected costs associated with demerger and subsequent acquisition of Opus (net of tax)	(1,785)	-
(Loss) / profit of discontinued operation for the period	**(1,526)**	1,050
Basic earnings per share (before significant items) – cents	0.4	1.5
Diluted earnings per share (before significant items) – cents	0.4	1.5
Cash flow information		
Net cash inflows from operating activities	1,627	1,543
Net cash outflows from investing activities	(2,175)	(783)
Net cash outflows from financing activities	(68)	-
Net cash (outflows) / inflows for the period	**(616)**	760

(c) Details of distribution to owners subsequent to balance date

Subsequent to balance date, on 31 January 2012, the McPherson’s Printing Group formally demerged from the McPherson’s Limited Group. The fair value of the net assets distributed to shareholders amounted to approximately $27,545,000 (inclusive of an additional $4,700,000 of cash required to be injected into the business in January 2012 prior to demerger) and was equivalent to the book value.

The distribution requires McPherson’s Limited to recognise a reduction in equity, equivalent to the fair value of the net assets distributed, through a combination of a return of capital and a dividend. As the distribution did not take place during the period to 31 December 2011, the demerger transactions have not been recorded in the McPherson’s Limited financial statements at 31 December 2011.

McPherson's Limited and Controlled Entities
Directors' Report

The Board of Directors issues the following report on the consolidated financial statements of the Group for the half year ended 31 December 2011 and the state of affairs at that date.

(a) Directors

The names of the directors of McPherson's Limited who were in office from the beginning of, or at any time during, the half year to the date of this report are as follows:

D.J. Allman, P.J. Maguire, J.P. Clifford and G.A. Cubbin.

Mr P.D.J. Landos retired as a director on 18 November 2011.

Mr S.A. Rowell retired as a director on 30 November 2011.

A.M. Lacaze was appointed as a non-executive director on 22 September 2011.

(b) Review of operations

Refer separate commentary which forms part of this report.

(c) Dividends

Directors have recommended that an interim dividend of 10.0¢ per share be paid.

(d) Rounding

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report and Directors' Report. Amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

(e) Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 20.

Signed in accordance with a resolution of the directors.

Dated at Sydney this 21st day of February 2012.

D. J. Allman

D.J. Allman
Director

Auditor's Independence Declaration

As lead auditor for the review of McPherson's Limited for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of McPherson's Limited and the entities it controlled during the period.

P.J. Carney

Paddy Carney
Partner
PricewaterhouseCoopers

Sydney
21 February 2012

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McPherson's Limited and Controlled Entities
Directors' Declaration

I, David J. Allman being a director of McPherson's Limited, declare that in the opinion of the directors:

(a) the financial statements set out in the Half Yearly Report:

(i) comply with Accounting Standards and have been prepared in accordance with the Corporations Act 2001 and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the consolidated entity's financial position at 31 December 2011 and of its performance for the half year ended on that date;

(b) there are reasonable grounds to believe that McPherson's Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Dated at Sydney this 21st day of February 2012.

D.J. Allman
Director

Independent auditor's review report to the members of McPherson's Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of McPherson's Limited, which comprises the balance sheet as at 31 December 2011, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the McPherson's Limited Group (the consolidated entity). The consolidated entity comprises both McPherson's Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of McPherson's Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of McPherson's Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the Company for the half-year ended 31 December 2011 included on McPherson's Limited web site. The company's directors are responsible for the integrity of the McPherson's Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

P.J. Carney

Paddy Carney
Partner

Sydney
21 February 2012