ANNUAL REPORT

McPHERSON'S

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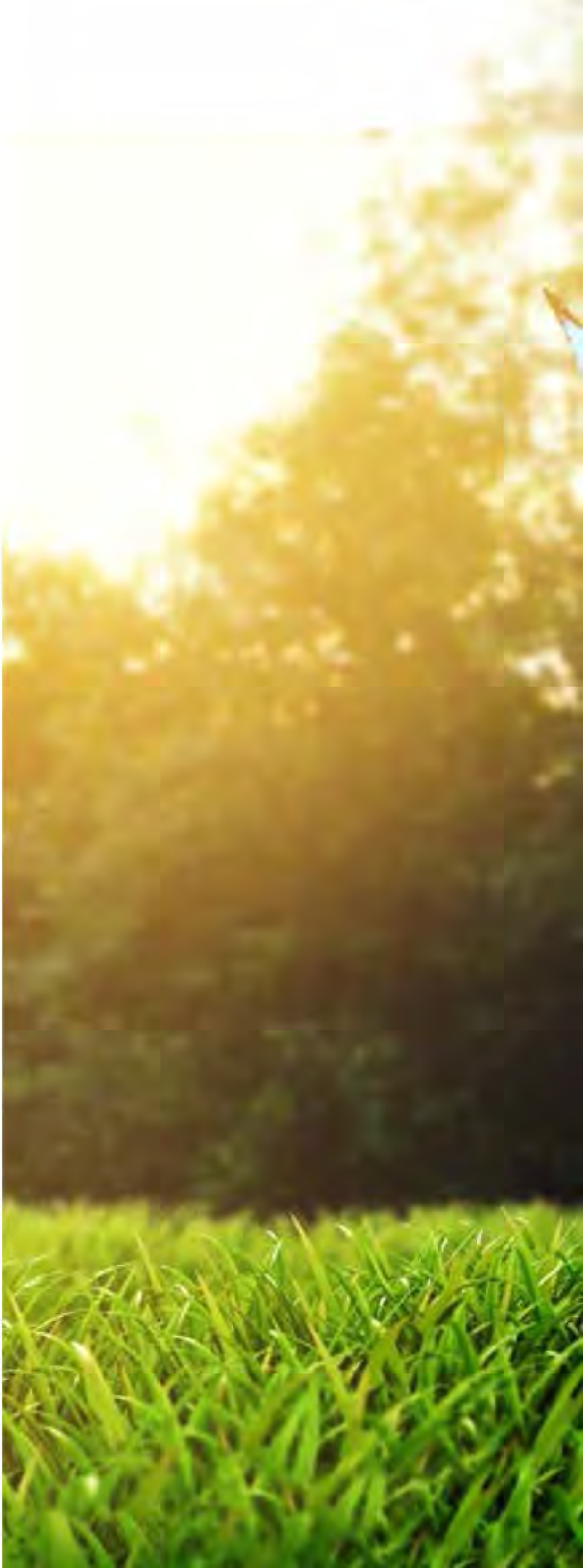


DIVIDEND POLICY

To distribute at least 60% of the Company's net earnings to shareholders (subject to other funding requirements).

FINANCIAL CALENDAR*

November 2015
Annual General Meeting

February 2016
Release of results to 31 December 2015

August 2016
Preliminary results to 30 June 2016

September 2016
Publication of Annual Report and accounts for year to 30 June 2016

*Subject to change

THE TRANSFORMATION JOURNEY

Having substantially transformed through acquisitions, the next phase is consolidation and optimisation of the growth potential of core acquisitions.

FY2015
KEY ACHIEVEMENTS:

» **Acquired the natural skincare brand A'kin, plus the natural hair care brand Al'chemy.**

» Appointed Australian distributor for Proctor & Gamble's fine fragrance brands – Gucci, Dolce & Gabbana and Hugo Boss.

» **Awarded Best International Launch for the new Dolce & Gabbana Intenso fine fragrance for men.**

» Awarded Beauty Supplier of the Year in Priceline.

» **Appointed Australian distributor of the natural skincare brands Trilogy and Goodness.**

» Divested 51% of the Housewares business in Australia, Singapore and Hong Kong to the Facklemann Group.

» **Launched comprehensive new innovative product ranges.**

» Upgraded systems and processes (IT and Continuous Improvement initiatives).

$349.1 million
Sales revenue

12.4 cents
per share underlying earnings

4.3%
Comparable sales revenue increase

8.0 cents
per share total fully franked dividend

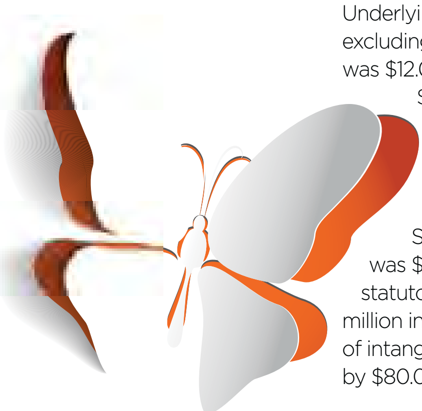
CREATING VALUE

A challenging year didn't stop us from our transformational journey. We have restructured many aspects of the company to improve efficiency and to create a more resilient business.

It was a challenging year for McPherson's. The rapid decline in the AUD/USD exchange rate, combined with a delay in realising the benefits from the company's substantial transformation program, thwarted our expectation of a strong second half and a higher underlying pre-tax profit for the year. Nonetheless, all the issues within our control that affected our performance last year have been addressed and, coupled with selling price increases, profit is confidently forecast to improve this year.

FINANCIAL PERFORMANCE

Underlying after-tax profit, excluding non-recurring items, was $12.0 million compared with $14.3 million in FY2014, and underlying earnings per share were 12.4 cents compared with 15.4 cents in FY2014. Statutory after-tax profit was $8.8 million following a statutory after-tax loss of $67.0 million in FY2014 when the value of intangible assets was impaired by $80.0 million.



Sales revenue was $349.1 million, 1% below FY2014, but underlying sales revenue, excluding the Housewares division which was equity accounted from November 2014 following the sale of 51% of the business, increased by 15%.

Shareholders received a fully franked interim dividend of 6 cents per share and will receive a final dividend of 2 cents per share fully franked in November, in line with the directors' policy of paying dividends of at least 60% of underlying net profit.

Net debt at 30 June 2015 was $77.2 million, compared with $74.7 million a year earlier, with the increase due mainly to acquisitions and capital expenditure. The gearing ratio (net debt / total funds employed) was 43.9% compared with 44.6% at 30 June 2014.

In March 2015, the company issued two $30 million tranches of unsecured corporate bonds with tenures of four years (floating interest) and six years (fixed interest), providing funding certainty over the medium term and adding diversity to the company's capital base. The funds raised were applied to extinguish secured term debt. Additionally, a new two year secured working capital facility was established.

TRANSFORMATION TO CREATE VALUE

While the delay in realising the benefits from our transformation strategy is disappointing, we remain steadfastly confident it will create significant value for shareholders. Three and a half years ago, McPherson's performance largely depended on the grocery channel, where margins were constrained, and its printing business, which served a declining market. Today, we are a very different company; the printing business was demerged in February 2012 and the grocery channel last year provided only 43% of total revenue, with this percentage expected to be even lower in the current year. Importantly, the proportion of our purchases in US dollars fell from 85% in FY2014 to 63% last year and will continue to decline.

Our strategy remains to transform the company through growth in our recently acquired brands and new agency partnerships, further divestments, the strengthening of our iconic beauty brands through increased investment, and diversifying away from margin constrained channels. Over the past three or so years, despite some very challenging headwinds, we have acquired and successfully integrated eight new businesses, secured several profitable agency brands, formed a joint venture with a leading international group to market and distribute our housewares products, and developed and launched new product ranges. We have also restructured many aspects of the company to improve efficiency and to create a more resilient business and a strong platform for earnings growth.

The factors that prevented our benefiting from these changes during the past year have been addressed. Key customers were reluctant to accept price increases to compensate for the lower AUD/USD exchange rate and higher commodity prices, but after protracted negotiations increased prices have been agreed and, where margins were inadequate, contracts have been exited. We have also negotiated lower product costs with suppliers and reduced expenses, particularly in the supply chain.

In addition, certain one-off costs that affected last year's result will benefit the company's performance in the current year. These included extra promotional expenditure to establish newly acquired brands and the cost of re-shaping the New Zealand operation, including outsourcing its logistics function and transitioning the business to our primary ERP system.

This ERP system will also be rolled out during the current year to our Hong Kong-based sourcing operation and our Home Appliances business, which will deliver meaningful productivity and efficiency gains. We will also advance our digital capability so consumers can access product information more readily and purchase selected brands online.

> We will continue to transform the company through growth in our recently acquired brands and new agencies.

DIVISIONAL PERFORMANCE

Health & Beauty sales increased by 32% and the division contributed 44% of Group revenue, excluding housewares, compared with 39% the previous year. Importantly, the pharmacy channel contributed 23% of Group revenue, up from 16% the previous year, further reducing our reliance on the grocery channel.

The A'kin and Al'chemy natural skincare and haircare brands acquired in December 2014 and the Trilogy agency which began in July 2014 performed well, as did the Dr. LeWinn's and Swisspers brands. Sales of the market leading Manicare and Lady Jayne brands were steady.

Initial sales of Procter & Gamble's fine fragrances (Gucci, Dolce & Gabbana and Hugo Boss), for which the company was awarded the agency in August 2014, were lower than expected due to delays in re-establishing distribution; however, the outlook for these products has improved significantly.

The division's brands will be consolidated over the coming months, reducing the total number of brands and product lines and providing scope to reduce distribution, marketing and selling expenses. This will enable us to boost profitability as well as increase investment in our key beauty brands that have significant growth potential.

The Home Appliances division contributed 21% of Group revenue, excluding housewares, and provided further diversification into the electrical retail, hardware and commercial channels. Sales were 12% higher than the previous year, with increased sales of Euromaid branded products partially offset by lower than expected sales of the Baumatic range and by a short delay in introducing new products. Margins were adversely impacted by the fall in the AUD/USD exchange rate. The appointment of a new chief executive, significant restructuring, and confirmed new ranging in two major retailers have materially improved Home Appliances' outlook for the current year.

The Household Consumables division contributed 29% of Group revenue, excluding housewares. Sales increased by 7%, driven by higher sales of private label products, while sales of the market-leading Multix brand were steady. Margins were lower due to delays in agreeing selling price increases with major customers, but have now recovered.

Additional ranging of Impulse Merchandising products in supermarkets resulted in a 3% increase in sales and further growth is expected this year.

The results of the Housewares business in Australia, Singapore and Hong Kong have been equity accounted from 1 November 2014 following the divestment of a 51% stake to the Fackelmann Group, a global manufacturer and distributor of kitchen, baking, home, leisure and bathroom products. This new venture is working well for both parties and its contribution to McPherson's earnings on an annualised basis is expected to increase in the current year.

BOARD RENEWAL

In February, John Clifford retired from McPherson's board following 12 years as a non-executive director, and Jane McKellar, an experienced director of both public and private companies in Australia and overseas, was appointed to the board.

In July 2015, David Allman retired from the board following 20 years as a director, initially as managing director and since late 2011 as chairman. He was succeeded as chairman by Graham Cubbin who joined the board in 2010 and is chairman of the audit, risk management and compliance committee. An additional non-executive director is expected to be appointed shortly, at which time board committee membership will be reviewed.

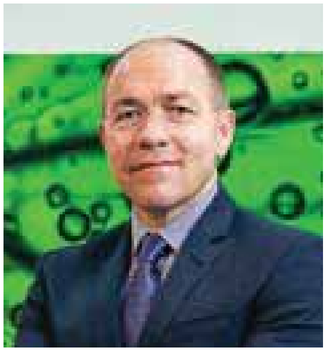
The board thanks David Allman and John Clifford very much for their substantial contributions to the company over a long period.

LOOKING FORWARD

We will continue to transform the company through growth in our recently acquired brands and new agencies, further restructuring, operating expense reductions, brand consolidation, selling price increases and new product launches – all of which are expected to contribute to an increase in future earnings. We will also strengthen and grow our key iconic beauty brands through strong advertising and promotional support.

We thank our employees for their commitment and contributions during a challenging year and our shareholders for their continuing support. We are confident that the improvements we have made, and continue to make, will result in a stronger and more profitable company.

Graham Cubbin
Chairman



Paul Maguire
Managing Director

TRANSFORMING THROUGH DIVERSIFICATION REDUCES RISK

Lessened exposure to foreign currency plus a more profitable channel and customer mix are part of our strategy for increasing shareholder value.

OUR BUSINESS

McPherson's Limited designs, sources and markets products under four broad categories: **Health & Beauty**, with brands including Manicare, Lady Jayne, Swisspers, Revitanail, Dr. LeWinn's, A'kin and Al'chemy; **Home Appliances**, with brands including Euromaid, Baumatic, Lemair and Venini; **Household Consumables** under the Multix brand; and **Impulse Merchandising** under the Home Living brand.

Additionally the **Housewares Division** markets and distributes products such as cutlery, knives, bakeware and kitchen accessories under brands such as Wiltshire, Stanley Rogers, Furi and Luigi Bormioli. McPherson's has a 49% stake in this division with the remaining 51% owned by the Fackelmann Group. Founded in Germany in 1948, the Fackelmann Group is a global manufacturer and distributor of kitchen, baking, home, leisure and bathroom products.

Since the demerger of the Group's printing business in FY2012, McPherson's has embarked on a successful transformation. Through strategic acquisitions and divestments, as well as product innovation, the management team has established a portfolio of trusted and profitable brands across a diverse, multi-channel customer base in Australia, New Zealand and Asia.

Manufacturing is outsourced to various suppliers, predominantly in Asia. McPherson's maintains a strong presence in Hong Kong and mainland China focused on sourcing and quality assurance.

ACQUISITIONS DURING THE YEAR

Health & Beauty

On 1 December 2014, McPherson's acquired the natural skincare brand A'kin to complement its existing skincare range. Additionally, McPherson's acquired the natural hair care brand Al'chemy. Distribution of these brands is primarily through the Australian pharmacy channel.

The addition of these natural botanical products together with the Trilogy range of natural skincare products has further diversified McPherson's channel exposure.

NEW AGENCIES ESTABLISHED DURING THE YEAR

On 1 August 2014, McPherson's was appointed Australian distributor for Proctor & Gamble's fine fragrance brands – Gucci, Dolce & Gabbana and Hugo Boss – excluding duty free stores. McPherson's was recently awarded Best International Launch for the new Dolce & Gabbana Intenso fine fragrance for men. This prestigious award, together with the successful launch of Gucci Bamboo for women clearly illustrates the Group's capability in this area, instilling confidence in the year ahead.

DIVESTMENT DURING THE YEAR

On 31 October 2014, McPherson's divested 51% of its stake in the Housewares business in Australia, Singapore and Hong Kong to the Facklemann Group. Additionally on 1 July 2015, McPherson's divested 51% of its stake in the Housewares business in New Zealand to the Fackelmann Group.

Both McPherson's and Fackelmann are pleased with the performance of the new venture, with its contribution on an annualised basis expected to increase in FY2016.

RESULTS FOR THE YEAR*

McPherson's sales revenue was $349.1 million net of customer allowances, 1.0% below the previous year's $352.7 million*. Sales revenue on a comparable, like-for-like basis i.e. excluding Housewares and the impact of acquisitions made in FY2014 and FY2015, was $10.7 million or 4.3% above FY2014. This increase was primarily due to the increased sales of Home Appliance products and private label Household Consumables products.

* FY2014 figures have been restated to reflect a change with respect to the timing of recognising revenue and promotional discounts. The impact has been to reduce sales revenue $0.7m, increase the loss before tax $0.7m, and increase the loss after tax $0.5m.

EBIT (earnings before interest and tax), excluding the non-cash impairment of intangibles and non-recurring items, was $22.5 million, 15.4% below FY2014 ($26.6 million*). Excluding non-recurring items and impairment of intangibles, profit before tax was $16.4 million, 18.2% below FY2014. Non-recurring items before tax in FY2015 included $4.1 million in restructuring costs, a $2.0 million interest rate swap termination loss, a $2.0 million contingent consideration adjustment benefit, a $0.6 million impairment of intangible assets and $0.4 million in acquisition related costs. Non-recurring items before tax in FY2014 included an $80.0 million non-cash impairment of intangible assets, restructuring costs of $1.5 million, and acquisition and transition costs of $1.1 million. Underlying profit after tax, excluding the non-cash impairment of intangibles and non-recurring items was $12.0 million, 16.1% below FY2014.

Underlying earnings per share, excluding the non-cash impairment of intangibles and non-recurring items, declined 19.5% from 15.4 cents per share to 12.4 cents per share.

Inclusive of the aforementioned non-recurring items, McPherson's reported a statutory profit after tax of $8.8 million, compared with a loss after tax of $67.0 million in FY2014.

Operating cashflow before interest and tax was $19.5 million, $14.4 million below FY2014, and represents cash conversion of 89% of underlying EBITDA. Net working capital decreased by $3.2 million, with the increase in inventories more than offset by a decrease in trade receivables and an increase in trade payables.

Net debt increased from $74.7 million at 1 July 2014 to $77.2 million at 30 June 2015. The Company's gearing ratio (net debt/total funds employed) was 43.9% compared with 44.6% at 30 June 2014. The net cash inflow of $7.4 million in FY2015 included payments totalling $8.1 million for the acquisitions made during the year and proceeds from the divestment of business assets of $8.6 million made during the year.

Directors declared a total dividend of 8.0 cents per share fully franked for the full year. This represented a payout ratio for the year ended 30 June 2015 of 65% of underlying earnings per share, excluding the non-cash impairment of intangibles and non-recurring items.

Earnings in FY2015 benefited from the acquisitions of the A'kin and Al'chemy brands, together with the distribution of Procter & Gamble's fine fragrances and Trilogy. While gross margins declined during FY2015 primarily as a result of the depreciation in the Australian dollar, the Group has implemented price increases across all product ranges and negotiated cost decreases both of which are expected to lead to higher margins in FY2016.

The Company continues to operate a comprehensive foreign exchange hedging program, which mitigates the impact of Australian dollar and US dollar movements. Estimated US dollar requirements are hedged eight months forward on a rolling basis, using options, forward exchange contracts and collars. In FY2016 the company's exposure to the US dollar is expected to continue to reduce as a result of the cessation of unprofitable private label supply contracts sourced in US dollars and the continued growth in Australian sourced Health and Beauty product.

Total expenses, excluding product costs, borrowing costs, restructure costs and non-cash impairment costs, decreased by $2.0 million or 1.7%, largely due to a reduction in cartage, freight and third party warehousing costs resulting from the change in product mix and the divestment of the Housewares business. The percentage of expenses to sales ratio reduced from 34.6% of sales in FY2014 to 34.4% of sales in FY2015.

During the past year the company has transitioned its New Zealand IT operation to the primary ERP system used in Australia. Additionally the logistics function in New Zealand was outsourced to a third party provider, removing a significant fixed cost element from the New Zealand operation, providing potential for future improvements in profitability.

* FY2014 figures have been restated to reflect a change with respect to the timing of recognising revenue and promotional discounts. The impact has been to reduce sales revenue $0.7m, increase the loss before tax $0.7m, and increase the loss after tax $0.5m.

AUSTRALIA

McPherson's Australian operation's sales revenue was $306.9 million, a decrease of 0.2% on FY2014 ($307.4 million).

Housewares revenue declined by $42.0 million due to the divestment of 51% of the business on 31 October 2014. This revenue decline was largely offset by the impact of acquisitions and new agencies in the Health & Beauty division ($32.3 million), together with growth in Home Appliance revenue and private label Household Consumables revenue.

The Multix brand continued to maintain market leadership in Australia, resulting in FY2014 revenue that was in line with prior year. Margins were also impacted by the depreciation of the AUD/USD exchange rate.

The Home Appliances division achieved revenue growth of $9.3 million or 12%, largely due to growth in the retail and commercial channels. Margins were adversely impacted by depreciation of the AUD/USD exchange rate.

NEW ZEALAND

McPherson's New Zealand operation experienced an 8.5% decrease in sales as a result of the weaker demand from key customers and disruption to supply occasioned by its transition to a new third party logistics arrangement.

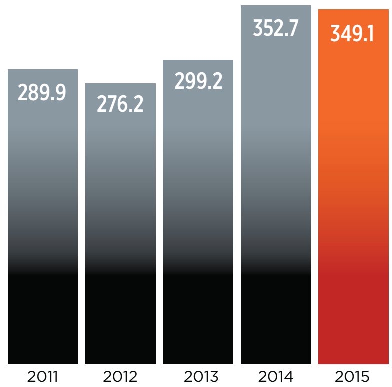
ASIA

From its Asian headquarters in Singapore, McPherson's markets an extensive range of health & beauty products throughout the Asian region. Brands include the key Company-owned brands of Manicare, Lady Jayne and Swisspers complemented by licensed brands.

ASSETS AND LIABILITIES HELD FOR SALE

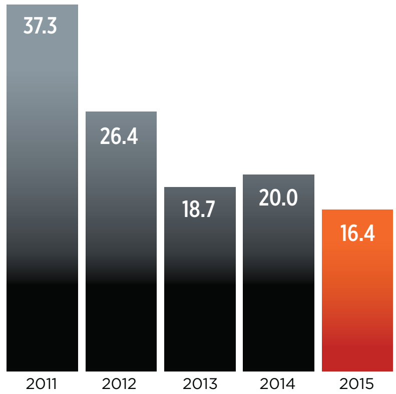
The Group is continuing to pursue a sale of its Household Consumables business and completed the divestment of 51% of its Housewares business in New Zealand on 1 July 2015. Consequently, in its FY2015 Financial Statements, McPherson's has classified the assets and liabilities of the Household Consumables division and the New Zealand Housewares business as assets and liabilities held for sale.

SALES*
($m)



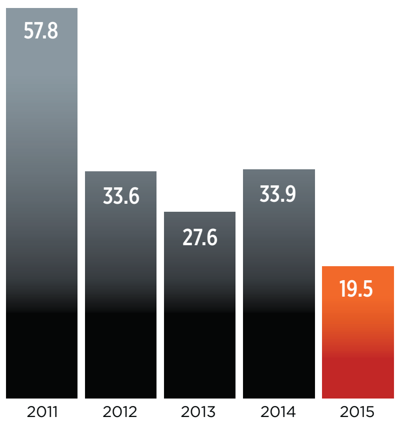
* Sales are Net of Customer Allowances.

PROFIT BEFORE TAX*
($m)



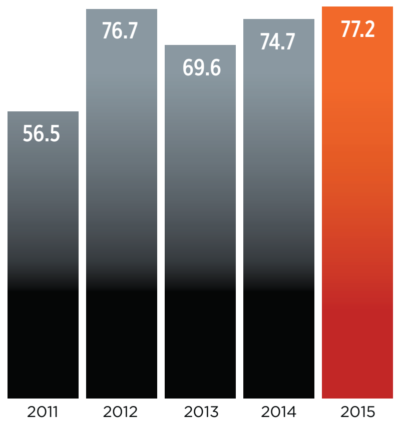
* Operating profit before tax excluding non-recurring items.

CASH FLOW*
($m)

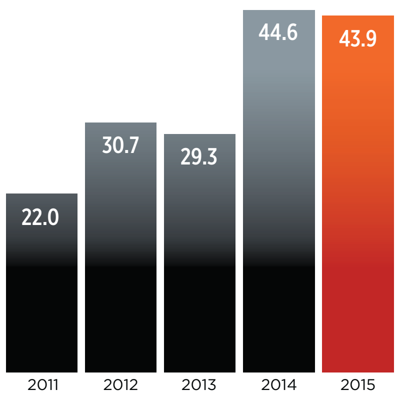


* Pre-tax cash flow before capital expenditure and dividend payments.

NET DEBT
($m)

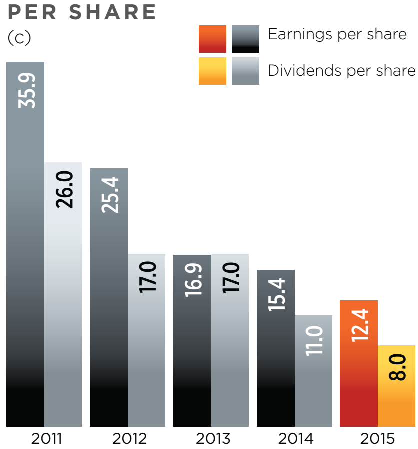


GEARING*
(%)



* Net debt / (Net debt + shareholders' funds)

EARNINGS* AND DIVIDENDS PER SHARE
(c)



* Underlying EPS excludes non-recurring items.

> Immediate emphasis is being placed on further enhancing the performance of the Group's portfolio of powerful Health & Beauty brands that have significant growth potential.

The terms of the Heads of Agreement with the Fackelmann Group provide a Put Option for McPherson's to divest the remaining 49% of the new Housewares venture after one, two or three years for a consideration comprising the sum of net asset value and a multiple of future earnings. Additionally, the Fackelmann Group has a corresponding Call Option on similar terms. The parties are not bound to exercise these options.

CORPORATE STRATEGY

McPherson's mission is to be a world-class consumer products company.

McPherson's strategy has been to substantially transform through acquisition / divestment, the establishment of new agency partnerships and channel expansions with the objective of diversifying away from margin constrained channels and increasing participation in channels with greater profit potential. Immediate emphasis is being placed on further enhancing the performance of the most recent acquisitions and new agencies, with particular emphasis on the Group's portfolio of powerful Health & Beauty brands that have significant growth potential.

The Group's corporate strategy focuses on two key areas: 1) Growth and 2) Operational Excellence.

Our Growth Strategies can be summarised as follows:

- **Innovation:** Providing innovative, high quality branded products and services that improve the lives of consumers;
- **Agencies / licenses:** new agency partners chosen to strengthen ranging;
- **Acquisitions:** having substantially transformed through acquisitions, the next phase is consolidation and optimisation of the growth potential of core acquisitions;
- **Divestments:** exiting businesses that operate in margin constrained channels; and
- **International expansion:** a platform for growing profit and brand equity.

Our Operational Excellence Strategies can be summarised as follows:

- Improved productivity and efficiency through:
  - Significant enhancement of IT systems to automate processes; and
  - Substantial process improvement.
- A strong company culture with highly engaged employees through:
  - Training and development of high achievers; and
  - Establishment of a culture of continuous improvement.

Successful execution of these strategies will enable us to achieve our corporate vision which is "Making Life Easier" for:

- **Consumers:** through high quality, value for money branded products that improve their lives;
- **Customers:** by providing retail solutions through McPherson's products and services;
- **Suppliers:** through McPherson's growth;
- **Employees:** through careers, rewards and recognition; and
- **Shareholders:** through earnings growth.

RISK MANAGEMENT AND COMPLIANCE

The Board has ultimate responsibility for the oversight of risk management and compliance across the Group.

Risk is an integral part of the Group's decision-making process and all risks and opportunities are adequately and appropriately assessed to ensure that unreasonable risk exposures are minimised. The Group's risk and compliance frameworks ensure that all risks and compliance obligations are properly identified and managed, that insurances are adequate and that processes are in place to ensure compliance with regulatory requirements.

The Managing Director is accountable to the Board for the development and management of the Group's risk and compliance frameworks and is supported by the Chief Financial Officer in terms of adopting appropriate risk management and compliance processes, including regular and transparent reporting to the Audit, Risk Management and Compliance Committee. Each senior manager is responsible for the management of risk and compliance with relevant laws and regulations.

The key risks are identified in a Group risk analysis matrix which is used to:

1. Determine the effectiveness of controls to address risks assessed as extreme or high;
2. Isolate and report indicators of control effectiveness;
3. Isolate and report any recent incidents pertaining to the risk area;
4. Report recent action taken to improve risk management;
5. Isolate any areas for potential improvement;
6. Report how the Group's existing insurance program responds to each area of risk; and
7. Assist in prioritising areas of focus for internal audit.

The material risks that have potential to have an effect on the Group's financial prospects, and how the Group manages these risks, include:

- **Reduction in consumer demand**
  Given McPherson's reliance on consumer spending, adverse changes to the general economic landscape in Australasia or consumer sentiment for the Group's products could impact its financial results. This risk is

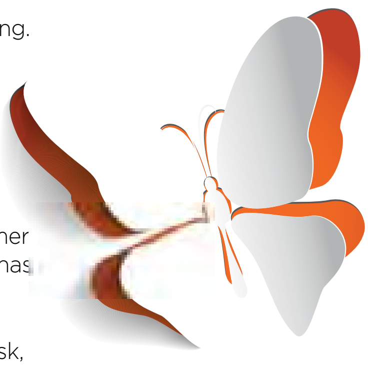
GROUP FINANCIAL SUMMARY

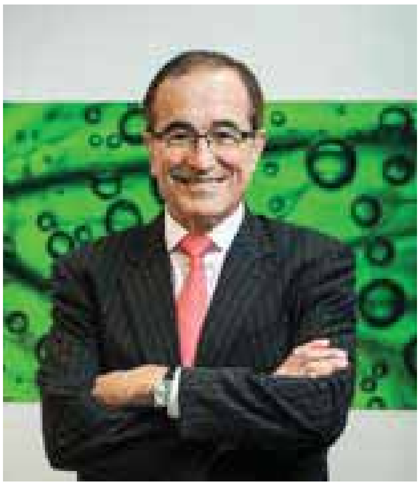
	NOTE		2015	2014[7]	2013	2012	2011
Sales	1,2	$000's	**349,069**	352,697	299,189	276,246	289,934
Operating profit before tax	1,3	$000's	**16,362**	20,001	18,655	26,423	37,260
Income tax expense	1,3	$000's	**(4,400)**	(5,749)	(5,598)	(7,758)	(11,100)
Operating profit after tax	1,3	$000's	**11,962**	14,252	13,057	18,665	26,160
Statutory profit after tax		$000's	**8,840**	(67,039)	(33,319)	17,028	19,499
Operating cash flow	4	$000's	**19,453**	33,941	27,553	33,575	57,815
Shareholders' funds	5	$000's	**98,738**	92,765	167,795	172,941	200,798
Return on average shareholders' funds	1,6	%	**12.5**	10.9	7.7	10.0	13.2
Underlying earnings per share (EPS)	1,3	Cents	**12.4**	15.4	16.9	25.4	35.9
Statutory earnings per share (EPS)		Cents	**9.2**	(72.4)	(43.2)	23.5	27.1
Dividends per share (fully franked)		Cents	**8.0**	11.0	17.0	17.0	26.0
Net debt		$000's	**77,192**	74,700	69,589	76,666	56,544
Gearing (net debt / (net debt + shareholders' funds))		%	**43.9**	44.6	29.3	30.7	22.0

Note 1: Results for 2011 and 2012 exclude results from the Group's former Printing business.
Note 2: Sales are net of customer allowances.
Note 3: Excludes non-recurring items.
Note 4: Operating cash flow before interest and tax.
Note 5: Shareholders' funds at the end of the financial year.
Note 6: Calculated using operating profit after tax and excluding non-recurring items.
Note 7: The 2014 balances have been restated as noted in this report.

addressed through keeping abreast of economic and consumer data / research, innovative product development and brand building.

- **Workplace health and safety**
  Given the physical nature of the Group's operations, workplace health and safety are of paramount importance. Significant effort and attention have been placed on internal policies and processes to ensure that employees are aware of their legal obligations and the productivity benefits that come from working safely. A tone of safety first is set at the top of the organisation and is reinforced through commitment of resources including a dedicated workplace health and safety officer.
- **Foreign currency fluctuation**
  The Group sources the majority of its inventory in currencies other than Australian dollars, with the US dollar the predominant sourcing currency. Consequently, significant fluctuations in the AUD / USD currency cross can materially impact the Group's result. The Board has established, and regularly reviews, the Group's foreign currency hedging policy with the objective of mitigating short to medium term foreign currency risk.
- **Raw material price fluctuation**
  A material proportion of the Group's inventory prices is influenced by movements in commodities such as resin and aluminium. Such commodity prices are denominated in US dollars and historically are correlated with movements in the AUD / USD cross. This correlation provides a degree of natural hedge against the profit impact of movements in the AUD / USD cross; consequently separate risk mitigation measures are not utilised to manage this risk.
- **Loss of a major customer or deranging of a major product range**
  A significant proportion of the Group's sales is to two customers in the grocery channel. The delisting of a material product range by one of these customers could materially reduce McPherson's profitability. In order to mitigate this risk, the Group strives to provide superior customer service, product innovation and competitive pricing. It is also pursuing a strategy of channel diversification, as demonstrated by the recent acquisitions in Health & Beauty and Home Appliances.
- **Deficiency in product quality**
  As a supplier of branded consumer products to retailers, the Group has an exposure to product faults leading to liability claims and product recalls. To control this risk, the Group adopts stringent quality control and supplier verification procedures. In addition, it holds adequate product and public liability insurance and product recall insurance.
- **Compliance with debt facility undertakings**
  A significant portion of the Group's capital requirement is in the form of debt facilities supplied by Financial Institutions that require the Group to comply with various undertakings, including specific financial ratios or covenants, in order for the Group to continue to access facilities. The Group seeks to adopt a debt structure that in both quantum and terms, has sufficient capacity for it to withstand a short term decline in earnings or assets, that may impact its ability to meet its various debt facility undertakings.





GRAHAM A. CUBBIN, B.Econ. (Hons)

Independent Non-Executive Director and Chairman of the Board

Expertise and experience:

Mr Cubbin was appointed an Independent Non-Executive Director of McPherson's Limited on 28 September 2010 and was appointed Chairman of McPherson's Limited on 1 July 2015.

Mr Cubbin was a senior executive with Consolidated Press Holdings Limited (CPH) from 1990 until September 2005, including Chief Financial Officer for 13 years. Prior to joining CPH, Mr Cubbin held senior finance positions with a number of major companies, including Capita Financial Group and Ford Motor Company. Mr Cubbin has over 20 years experience as a Director and audit committee member of public companies in Australia and the United States.

Special responsibilities:

Chairman of the Board.

Member and Chairman of the Audit Risk Management and Compliance Committee. A new Chairman of the Audit Risk Management and Compliance Committee is in the process of being appointed.

Member of the Nomination and Remuneration Committee.

Other current Directorships:

Mr Cubbin is a Director of the ASX listed companies Challenger Limited, STW Communications Group Limited, Bell Financial Group Limited and White Energy Company Limited.

Former Directorships in last three years: None.

Interests in shares and performance rights:

110,000 ordinary shares in McPherson's Limited. No performance rights held.

PAUL J. MAGUIRE, B.Sc (Hons), M.Bus (Marketing)

Managing Director

Experience and expertise:

Mr Maguire was appointed Managing Director of McPherson's Limited on 1 November 2009.

Mr Maguire was Chief Executive of Multix Proprietary Limited from 2002, and following the combining of McPherson's two consumer products businesses, McPherson's Consumer Products and Multix, into a single entity in July 2009, Mr Maguire took the position of Chief Executive of the enlarged business.

Before joining Multix (which was acquired by McPherson's in 2004), Mr Maguire worked in a number of management roles for SCA Hygiene Products Australasia. Mr Maguire has a Master of Business (Marketing) from Monash University and an Honours Science Degree from La Trobe University.

Special responsibilities:

Managing Director.

Other current Directorships:

None.

Former Directorships in last three years:

None.

Interests in shares and performance rights:

1,433,143 ordinary shares in McPherson's Limited; and 388,000 performance rights over ordinary shares of McPherson's Limited.

AMANDA M. LACAZE, B.A

Independent Non-Executive Director

Expertise and experience:

Ms Lacaze was appointed an Independent Non-Executive Director of McPherson's Limited on 22 September 2011.

Ms Lacaze has an extensive executive career as a chief executive and as a marketing executive. She is currently CEO and MD of Lynas Corporation Ltd. Previously she has been CEO and MD of Commander Communications, Executive Chairman of Orion Telecommunications, and CEO of AOL|7. Prior to these roles Ms Lacaze was Managing Director of Marketing at Telstra, and held various business management roles at ICI (now Orica). Ms Lacaze's early experience was in consumer goods with Nestlé.

Special responsibilities:

Member of the Audit Risk Management and Compliance Committee.

Other current Directorships:

Non-Executive Director of ING Bank Australia Limited.

Executive Director of Lynas Corporation.

Director and member of Morgan Lacaze Consulting.

Former Directorships in last three years:

None.

Interests in shares and performance rights:

18,642 ordinary shares in McPherson's Limited.

JANE M. McKELLAR, MA - (Hons)

Independent Non-Executive Director

Expertise and experience:

Ms McKellar was appointed an Independent Non-Executive Director of McPherson's Limited on 23 February 2015.

Ms McKellar is an experienced international senior executive with extensive customer-focused, brand, marketing and digital experience across a number of high-profile, global brands.

Ms McKellar commenced her career at Unilever in London and her subsequent roles have included global CEO of Stila Corporation, USA; Managing Director of Elizabeth Arden Australia; Founding CEO of Excite.com Asia Pacific; Director of Sales and Marketing for Microsoft (MSN); and Founding Director of Ninemsn.

Ms McKellar has a Bachelor of Arts and a Master of Arts with Honours from the University of Aberdeen and is a MAICD.

Special responsibilities:

Member and Chairman of the Nomination and Remuneration Committee.

Other current Directorships:

Non-Executive Director of Helloworld Limited.

Non-Executive Director of Seachange Technologies Pty Ltd.

Former Directorships in last three years:

None.

Interests in shares and performance rights:

Nil.

COMPANY SECRETARIES

PHILIP R. BENNETT, B.Com, CA

Joint Company Secretary

Expertise and experience

Mr Bennett was appointed Company Secretary of McPherson's Limited on 2 February 2012. Mr Bennett had previously held the position of Chief Financial Officer of McPherson's Limited since 2000, and Company Secretary from 1995; however Mr Bennett stepped down from both these positions in November 2011.

Mr Bennett is a Chartered Accountant and has a Commerce degree from the University of Melbourne.

Before joining McPherson's, Mr Bennett held senior financial and company secretarial positions with another listed company, and prior to that was a senior manager with a major Australian chartered accounting firm.

PAUL WITHERIDGE, B.Com, CA

Chief Financial Officer and Joint Company Secretary

Expertise and experience

Mr Witheridge was appointed Chief Financial Officer and Joint Company Secretary of McPherson's Limited on 1 December 2011. In May 2010 Mr Witheridge was appointed the Chief Financial Officer of McPherson's Consumer Products Pty Ltd.

Mr Witheridge is a Chartered Accountant and has a Commerce degree.

Before joining McPherson's, Mr Witheridge held senior financial and company secretarial positions with a number of listed companies in the retail sector including Angus and Coote Limited and OPSM Limited. Prior to that Mr Witheridge spent six years within KPMG's Audit and Assurance Practice.

MEETINGS OF DIRECTORS

The number of Board, Audit Risk Management and Compliance, and Nomination and Remuneration Committee meetings held during the year ended 30 June 2015, and the number of meetings attended during that period by each Director, are set out below:

	BOARD MEETINGS		AUDIT RISK MANAGEMENT AND COMPLIANCE COMMITTEE MEETINGS		NOMINATION AND REMUNERATION COMMITTEE MEETINGS	
DIRECTOR	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
David J. Allman [1]	9	8	4	4	3	3
Graham A. Cubbin [2]	9	9	4	4	3	3
Paul J. Maguire	9	9	n/a	n/a	n/a	n/a
Amanda M. Lacaze	9	7	4	3	n/a	n/a
John P. Clifford [3]	5	5	n/a	n/a	2	2
Jane M. McKellar [4]	4	4	n/a	n/a	1	1

1. Mr Allman resigned as Chairman and as an Independent Non-Executive Director on 1 July 2015
2. Mr Cubbin was appointed Chairman of McPherson's Limited on 1 July 2015
3. Mr Clifford resigned as an Independent Non-Executive Director on 23 February 2015
4. Ms McKellar was appointed an Independent Non-Executive Director on 23 February 2015

Health & Beauty has established itself as the "number one beauty destination", Home Appliances has expanded into new markets and categories and Household Consumables launched a truly integrated social media platform. Meanwhile, Housewares has embarked on a new and interesting journey.

HEALTH & BEAUTY

During the year McPherson's added to its stable of market leading Health & Beauty brands with the acquisition of natural skincare brand A'kin and natural hair care brand Al'chemy. McPherson's also established new agency arrangements with natural skincare brands Trilogy and Goodness, as well as with Proctor and Gamble in relation to its fine fragrance brands – Gucci, Dolce & Gabbana and Hugo Boss. These are exciting additions to the McPherson's range.

The acquisition of the A'kin and Al'chemy brands are strategically important to McPherson's as they give McPherson's a presence within the fast growing natural category. This is then further complemented with the Trilogy agency. All three brands have a strong consumer following, having won multiple awards and received strong consumer reviews. Facial oils, in particular have been a huge consumer trend in "naturals", which both A'kin and Trilogy have been able to capitalise on.

Since acquiring the A'kin and Al'chemy brands McPherson's has expanded the distribution of these brands, providing more consumers with the opportunity to experience the power of purity for healthy, beautiful hair and skin. McPherson's also expanded its in-house expertise in both skincare and hair care with a highly experienced Innovation Manager and an on-site laboratory.

Dr. LeWinn's continues to launch first-to-market innovations to drive category and brand growth. Dr. LeWinn's Eternal Youth has been an important new sub-brand for the Dr. LeWinn's brand which has enabled us to modernise the brand and attract younger users.

Based on the huge success of the Eternal Youth Day and Night Cream, which is now the number one selling Dr. LeWinn's SKU in Priceline, we extended the range to also include an Eternal Youth Serum, Eternal Youth

Eye Cream and Eternal Youth Blur Cream. All products feature the breakthrough ingredient Juvefoxo™, a scientifically created hexapeptide that mimics the immortal jellyfish that regulates DNA-damage response. Juvefoxo helps rejuvenate skin cell performance by 10 years. The launch was first to market with the unique and innovative applicator of the Eternal Youth Eye Cream which stimulates blood microcirculation and has a self closing function that prolongs product shelf life. These new product releases continue to show McPherson's strength in releasing innovative new products to market.

Lady Jayne continues to lead the hair accessory category across all key Pharmacy accounts. During the year Lady Jayne continued to innovate and attract younger users with its new "Style collections" including sports luxe, minimalistic leather and the luxe collection. These beautiful ranges add modernity and differentiation to a leading heritage brand.

We are also working on a packaging refresh for the Lady Jayne range which will keep the brand on trend and in line with consumer needs. This is expected to be launched in the current year.

Manicare, another one of our market-leading brands, continues to perform strongly and deliver innovative new products loved by consumers. An example of this was our new Ergonomic Buffer which gives consumers one product to deliver four benefits, and has proven to be a popular choice amongst consumers achieving 4 out of 5 stars amongst Beauty Heaven users.

The Manicare Nail Polish Remover Pads continue to be a hit delivering an effective nail polish remover which is acetone free, and beautifully fragranced with coconut, floral or vanilla. In 2015, Manicare Nail Polish Remover Pads won a Priceline Pinky Award.

On the back of our successful Public Relations event last year, the Health & Beauty team recently held its second annual event. This year we presented a Beauty Boutique at Sun Studio's in Alexandria where attendees were invited to 'shop' our newest, exciting innovations.

This event reiterates McPherson's position as a key player in the beauty industry. It reminds editors, key opinion leaders and bloggers of our iconic brands and generates excitement for our latest new product launches ensuring they are top of mind.

By engaging the guests in a strikingly beautiful, fun and captivating experience, the event prompts immediate cut through on Instagram and other social media platforms. With attendees, that boast a huge online following of over 100,000 posting about the event, the extended reach was significant.

HEALTH & BEAUTY (CONTINUED)

An article on Beauty Directory described the event as: "Bringing home just why they're the 'number one beauty destination'. McPherson's invited media to its Beauty Boutique to shop the latest from its line-up of iconic brands including Manicare, Glam by Manicare, Lady Jayne, Dr. LeWinn's, Trilogy, Goodness, A'kin, Al'chemy, Revitanail, 7th Heaven, Elegant Touch, Eylure, Footcare, and Swisspers".

During the year, McPherson's was recognised by winning several industry awards, including the Beauty Supplier of the Year in Priceline.

Glam by Manicare's market leadership continued with new products, packaging and a digital campaign within the artificial lash segment. Whilst the new look packaging helped consumers select the right product, the new digital campaign featuring key beauty influencers attracted new and lapsed users into the category during party season to propel the brand to its highest ever market share results.

Revitanail's Nail Strengthener continues to lead the nail treatments category with the number one selling SKU. For the sixth year running this superior treatment has won the Instyle Best Beauty Buys Award making it a favourite amongst consumers with its multiple award winning formula.

Within a year, McPherson's has been recognised as a key player in fragrance with our distribution of leading brands, Gucci, Dolce & Gabbana and Hugo Boss. Through regaining premium shelf space in-store, high impact new product launches and our targeted beauty advisor program, McPherson's has driven significant growth across all three brands, delivered exceptional blockbuster launches and recently won a global Proctor & Gamble award for best innovation program.

HOME APPLIANCES

Home Appliances is starting to benefit from operational initiatives, recent acquisitions, the launch of new products and the stronger level of building approvals. Home Appliances continues to deliver quality products to its customers throughout the electrical retail, hardware and commercial channels.

During FY2015, Home Appliances established itself as a significant supplier in the laundry category. A top load washer range was developed for major retailers Appliances Online, Masters and Harvey Norman. A further laundry range including washers and dryers is targeted for late 2015. After the success of the Laundry Care Range in Harvey Norman, the Euromaid top load washing Machines were launched in May 2015.

The Black Pearl Built-In Appliance range was a major innovation for the Euromaid brand in late 2014 exclusively into Harvey Norman, Domayne and Joyce Mayne Stores. The Black Pearl range features a black glass design to meet market trends and offers a comprehensive range of products across the cooking range of ovens, cooktops, dishwashers and microwaves. The launch was supported by national catalogue advertising and editorial in media outlets.

This was augmented by the Euromaid 'White Pearl' Built-In Appliance range – popular models from the Black Pearl range in white glass as well as a range of cooktops, Gas on Ceramic Cooktops – a popular new look combining easy clean ceramic with high performing gas cooktops with wok, a Ceramic Knob Control cooktop and a two burner ceramic, all with matching Black Pearl knobs.

A decision was made to consolidate the Home Appliance dishwasher range. Some of the unique selling features of the new range include brushless motors, extra cutlery tray and an active fan drying system. The black and white glass dishwashers in this range have been well received.

Home Appliances also has the exclusive rights to market Lofra in Australia. A well-established Italian Company, Lofra produces high performance upright cookers. The range includes 70cm and 90cm Premium Italian upright cookers in all Gas, Dual Fuel and Colonial models.

In May 2015, Home Appliances ventured into a new retail market with the introduction of a range of products into JB Hi-Fi nationally. Each store has a branded bay featuring the products and point-of-sale material highlighting core features, a branding story and extra products not ranged on the floor.

The Studio Solari range has been extended and consolidated with further expansion plans into kitchen companies nationally. To support this a major advertising campaign is planned through industry magazine Kitchen & Bathrooms Quarterly.

Other launches in the cooking category were:

- Arc Oven & Cooktop in A Box. Pack offers in a coloured box for Retail, Commercial and Kitchen;
- Re-launch of a popular Euromaid Benchtop Cooker with a new aesthetic and new coloured packaging;
- Euromaid 90cm EGE9TS and GE9SS Dual Fuel upright cookers;
- Baumatic 540mm Upright Range. Following the success of the Euromaid 540mm range in Harvey Norman an exclusive 540mm freestanding range was launched for Masters; and
- CALIBER 900mm and 540mm upright cookers - first release to Bunnings hardware channels.

HOUSEHOLD CONSUMABLES

Multix continues to lead the market and is one of Australia's most trusted brands. Multix is the brand most chosen by the Australian consumer and is proud to play a part in the daily lives of Australians. Everyday Multix is there to help prepare meals, store goods, to clean up and to make life easier.

Primarily sold through grocery retailers, Multix continues to be Australia's market leading brand in the plastic bags, foil and food wraps category. The Multix team continues to create and innovate, reliable fit for purpose products designed to make life easier for its consumers. During FY2015 the following ranges were successfully launched:

- Super Strong Tidy & Garbage Bags;
- Colour Scent range expansion;
- Seasonal Printed Foil Trays;
- Gingham Patty Pans; and
- Foil, Bake & Cling refills for New Zealand.

Multix's brand presence has been strengthened with the rollout of the new Multix logo and pack designs. The stunning imagery certainly lives up to its brand essence to inspire professional results.

Participation at trade expos and field drives were very successful; creating new opportunities, obtaining additional off location displays during peak seasonal trading periods, and helping to gain distribution of new product ranges.

Working closely with some of our major customers, ranges have been further developed to help meet the needs of key consumers, a win for both parties.

Multix has launched a truly integrated social media platform, under the overarching 'Clever Cook' profile. Since December 2014, Multix has staggered the release of 102 recipes, including 56 video recipes, to inspire and educate consumers, on how to use our products.

In that time the Clever Cook has consistently been the fastest growing household goods Facebook page in the region. Clever Cook recipe and tip creations are all about generating increased use of our products, as well as building brand awareness and loyalty. Our social media campaign empowers home cooks, and features professional hints and shortcuts that make creating delicious food easy. Home cooks feel good about every dish, because it looks good, tastes amazing, and, they 'Made it with Multix'.

Positive review results with our major customers at the end of FY2015 has Multix in a strong position to maintain its market leading position, grow share and deliver positive profitable results and continue to be Australia's preferred brand of bags, foil and cooking wraps products.

HOUSEWARES

On 31 October 2014, the Group divested 51% of its Housewares business and entered into a joint venture with the Fackelmann Group. This is an exciting time for not only this new Housewares joint venture but also for both McPherson's and Fackelmann as well. The joint venture now distributes the combined ranges of both McPherson's market leading Housewares products as well as Fackelmann's products.

During the year the Housewares business successfully re-launched the Füri brand of knives at the Melbourne Trade Fair. The launch focused on re-engineering the knives for enhanced performance and durability, exciting new products and a major overhaul to the packaging design to achieve better on-shelf stand out. Founded in 1996 Füri is Australia's leading brand of professional kitchen knives and sharpeners. With a presence in Australia and abroad, Füri designs and manufactures high quality, high performance tools for both professional chefs and passionate home cooks.

As part of the re-launch, Füri signed Kylie Kwong as brand ambassador. Kylie Kwong, one of Australia's most celebrated chefs, is best known for her iconic Sydney restaurant, Billy Kwong, her range of cookbooks as well as appearances on MasterChef.

BakeClub Facebook: bakeclubaustralia Instagram: @bakeclub_australia
Photographer Facebook: Dominique Cherry Instagram: @domcherry

Kylie said: "Anyone who knows me understands my love of good design and practicality. Enter Fūri. Sharp, perfectly balanced and with an innovative handle that makes knife work so much easier, I now only use Fūri in the kitchen."

The re-launch has been successful with the brand achieving broader distribution in all major department stores and speciality Independent stores as well as improved levels of brand awareness amongst consumers.

The Stanley Rogers Quartz Stone Advanced range is new to Cookware and follows the hot trend of stone finish and healthy cooking. Each pan features an innovative and hard-wearing, triple-stone non-stick finish, providing a superior non-stick surface that is PFOA free. Made from a heavy duty, forged construction with a soft-touch ergonomic handle, it's suitable for all cook tops including induction. The range includes an assortment of cookware products and comes with a 10-year guarantee.

Stanley Rogers has launched a stylish range of high fashion cutlery that features a designer element on the handle surface with a soft black finish.

The range includes designs from florals, geometrics and trendy animal prints as pictured. Each piece is dishwasher safe and designed to last in your drawers as long as normal polished stainless steel cutlery. The new packaging also features the design repeated on the box for a stunning look.

Wiltshire's social media fan base continues to go from strength to strength. Now sporting a Facebook community of over 20,000, Wiltshire is leading the way for Australian housewares brands on social media with an assortment of engaging posts including recipes, brand history and product information. With the surge in consumers loving to cook and share, Facebook and Instagram have been the perfect platform for Wiltshire to communicate.

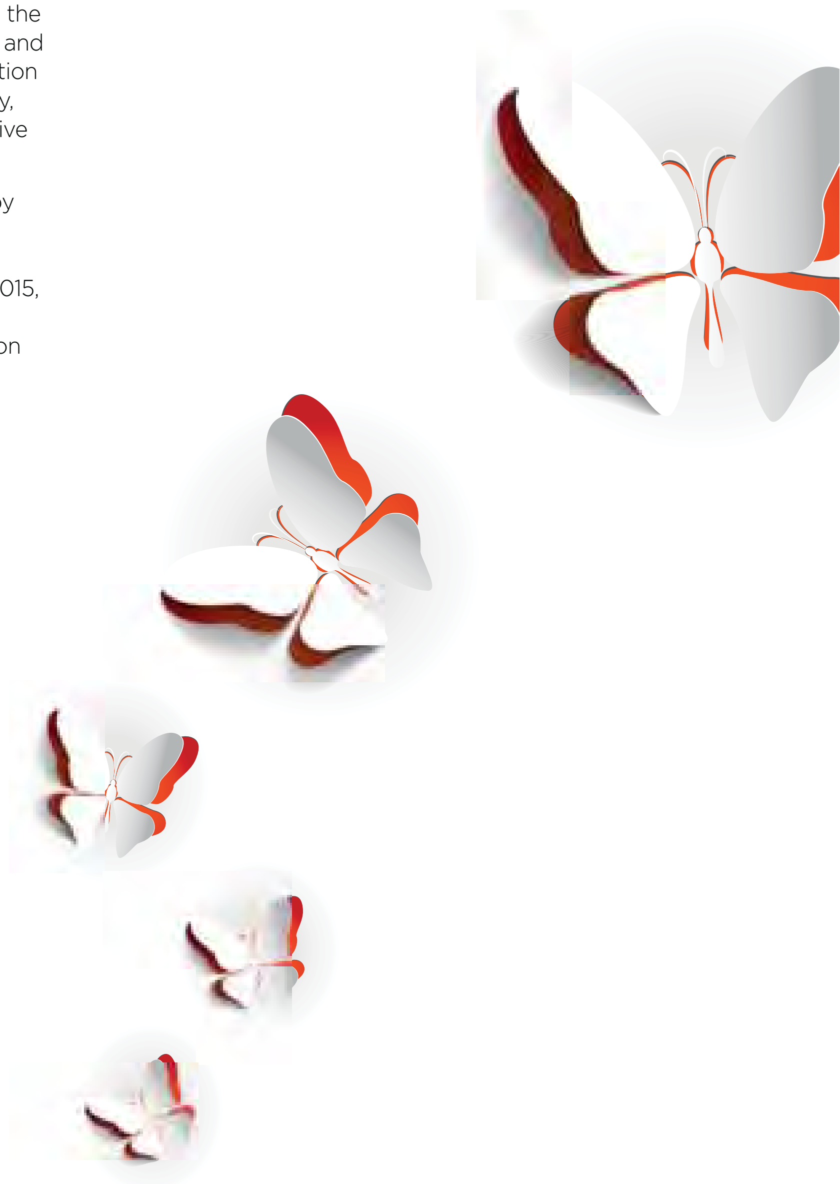
Wiltshire loves being a brand which is passed down through the family and generations. Wiltshire proudly partnered with Anneka Manning (Wiltshire Brand Ambassador and BakeClub founder) in Good Food Week Kids in the Kitchen long table lunch which helped share the knowledge and fun of kitchen preparation and baking with the next generation of cooks!

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is committed to achieving and demonstrating the highest standards of corporate governance. This is considered to be essential for the long term performance and sustainability of the Group, and to protect and enhance the interests of shareholders and other key stakeholders.

The Board regularly reviews the Group's governance arrangements, as well as developments in market practice, expectations and regulation. Subject to the exceptions as noted in the Group's Corporate Governance Statement, the Group's corporate governance arrangements conform to the Corporate Governance Principles and Recommendations (3rd Edition) issued by the ASX Corporate Governance Council ("ASX Corporate Governance Principles"). The exceptions relate to the current composition of the Board's Audit Risk Management and Compliance Committee and the Nomination and Remuneration Committee as a consequence of a temporary Board vacancy, which will be remedied as soon as an additional non-executive director, currently being recruited, is appointed.

The Corporate Governance Statement has been approved by the Board and is current as at 10 September 2015. The statement outlines the Group's main corporate governance practices in place during the financial year ended 30 June 2015, and currently. A copy of the Group's Corporate Governance Statement can be found in the Corporate Governance section of the McPherson's Limited website which is located at www.mcphersons.com.au/corporate-governance.



FINANCIAL REPORT — YEAR ENDED 30 JUNE 2015

McPHERSON'S LIMITED ACN 004 068 419

The Board of Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of McPherson's Limited and the entities it controlled at the end of, or during, the year ended 30 June 2015.

(A) DIRECTORS

The following persons were Directors of McPherson's Limited from the beginning of the financial year to the date of this report:

G.A Cubbin, P.J. Maguire, and A.M. Lacaze.

J.M. McKellar was appointed as an Independent Non-Executive Director on 23 February 2015 and continues in office at the date of this report.

J.P. Clifford was an Independent Non-Executive Director from the beginning of the financial year until his resignation on 23 February 2015.

D.J. Allman was an Independent Non-Executive Director and Chairman from the beginning of the financial year until his resignation on 1 July 2015.

G.A. Cubbin was appointed Chairman on 1 July 2015.

(B) PRINCIPAL ACTIVITIES

McPherson's, established in 1860, is a leading supplier of health & beauty, consumer durable and household consumable products in Australasia, with operations in Australia, New Zealand and Asia. The Health & Beauty Division markets and distributes beauty care, hair care, skincare and fragrance product ranges; the Home Appliance Division markets and distributes large appliances such as ovens, cooktops, washing machines and dishwashers; and the Household Consumables Division markets and distributes kitchen essentials such as plastic bags, baking paper, cling wrap and aluminium foil.

The Housewares Division markets and distributes products such as cutlery, knives, bakeware and kitchen accessories under brands such as Wiltshire, Stanley Rogers, Furi and Luigi Bormioli. McPherson's has a 49% stake in this division with the remaining 51% owned by the Fackelmann Group.

McPherson's manages some significant brands for overseas agency partners such as Gucci, Dolce & Gabbana and Hugo Boss Fine Fragrances; however, the majority of revenue is derived from the Company's diversified portfolio of owned market-leading brands, including Manicare, Lady Jayne, Dr. LeWinn's, A'kin, Al'chemy, Swisspers, Moosehead, Maseur, Euromaid, Baumatic and Multix.

During the year the Group expanded its Health & Beauty product range with the acquisition of natural skincare brand A'kin and natural hair care brand Al'chemy.

(C) DIVIDENDS

Details of dividends paid or declared in respect of the current financial year are as follows:

	$'000
Interim ordinary dividend of 6.0 cents per fully paid ordinary share paid on 9 April 2015 (fully franked)	5,801
Final ordinary dividend of 2.0 cents per fully paid ordinary share declared by Directors (fully franked) and payable on 10 November 2015 but not recognised as a liability at year end	1,947
Total dividends in respect of the year	**7,748**

The 2014 final ordinary dividend of $4,772,000 (5.0 cents per fully paid ordinary share) referred to in the Directors' Report dated 18 August 2014 was paid on 11 November 2014.

(D) CONSOLIDATED RESULTS

The consolidated profit after tax of the Group for the year ended 30 June 2015 was $8,840,000 (2014: loss of $67,039,000). The current year profit after tax is inclusive of significant items amounting to a net expense after tax of $3,122,000 (2014: net expense $81,291,000). Refer to Note 5(C) Significant items for further information.

Excluding significant items, the consolidated profit after tax for the year ended 30 June 2015 was $11,962,000 (2014: $14,252,000).

(E) REVIEW OF OPERATIONS

The review of operations of the Group is contained in the Chairman and Managing Directors' Report on pages 6 to 7 and the Review of Operations on pages 9 to 13 of the Annual Report and forms part of this Directors' report.

(F) SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows:

On 19 August 2014, the Group announced its plan to divest 51% of its Australian, Singapore and Hong Kong Housewares business to the Fackelmann Group. The Fackelmann Group is a global manufacturer and distributor of kitchen, baking, home, leisure and bathroom products. On 31 October 2014, the divestment was completed with the new venture now operating as a joint venture and distributing the combined ranges of housewares products. Refer to Note 14(A) for further details.

On 1 December 2014, the Group's Australian consumer products business finalised its acquisition of natural skincare brand A'kin and natural hair care brand Al'chemy for a total consideration of $8,061,000. Refer to Note 31.

In April 2015 the Group completed its refinancing which resulted in the Group significantly changing the structure and tenure of its funding sources. The Group's new funding sources now include $30,000,000 in variable rate corporate bonds that mature in March 2019; $30,000,000 in fixed rate corporate bonds that mature in March 2021; and a $63,000,000 two year revolving secured bank working capital facility which provides an additional $10,000,000 in seasonal uplift during the period 1 August to 28 February. The funds generated from this refinance were used to repay the previous borrowing amounts. Refer to Notes 19 and 21 for further details.

(G) EVENTS SUBSEQUENT TO BALANCE DATE

On 1 July 2015, the Group sold 51% of its New Zealand Housewares business to the Fackelmann Group for NZ$2,279,000. The consideration received was equal to the adjusted carrying value of the net assets disposed.

On 6 July 2015, the Group's Australian business acquired the remaining 17.79% of the Home Appliances business for $6,637,000. The Home Appliances business is now a 100% owned subsidiary of the Group.

On 21 August 2015, the Directors of the Company declared a final dividend of 2.0 cents per share fully franked which is payable on 10 November 2015 (refer to Note 6).

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected the Group's operations, results or state of affairs, or may do so in future financial years.

(H) LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors continue to pursue a sale of the Group's Household Consumables business. The Directors expect to complete the sale within the financial year ending 30 June 2016. If the sale is completed the net proceeds generated are likely to be used to reduce the Group's debt balance and to fund further acquisitions within the Group's Health & Beauty and / or Appliances divisions.

In the opinion of the Directors, it would prejudice the interests of the Group to include additional information, except as noted above, and as reported elsewhere in the Directors' Report and the financial statements, which relates to likely developments in the operations of the Group and the expected results of these operations in financial periods subsequent to 30 June 2015.

(I) INFORMATION ON DIRECTORS

Particulars of the qualifications, experience and special responsibilities of each Director as at the date of this report are set out on pages 14 to 15 of the Annual Report and form part of this Directors' Report.

Particulars as to the number of Directors' meetings (including meetings of the Audit Risk Management and Compliance and the Nomination and Remuneration Committees of Directors) and the number of meetings attended by each of the Directors of the Company during the year are set out on page 15 of the Annual Report and form part of this Directors' Report.

The interests of Directors in the share capital of the parent entity or in a related entity are contained in the register of Directors' shareholdings of the Company as at the date of this report and are set out on pages 14 to 15 of the Annual Report and form part of this Directors' Report.

(J) COMPANY SECRETARIES

Particulars of the qualifications and experience of the Company Secretaries are set out on page 15 of the Annual Report and form part of this Directors' Report.

(K) REMUNERATION REPORT

The McPherson's Limited 2015 remuneration report sets out key aspects of the Company's remuneration policy and framework, and provides details of the remuneration awarded to the Company's non-executive Directors, Managing Director and other key management personnel.

The remuneration report contains the following sections:

- Key management personnel (KMP) covered in this report
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Contractual arrangements for executive KMP
- Share-based compensation
- Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

(K) REMUNERATION REPORT (CONTINUED)

Key management personnel covered in this report

Directors

The following persons were Directors of McPherson's Limited during the financial year:

Chairman (Non-executive)

D.J. Allman (resigned 1 July 2015)

Executive Director

P.J. Maguire - Managing Director

Non-executive Directors

J.P. Clifford (resigned 23 February 2015)

G.A. Cubbin

A.M. Lacaze

J.M. McKellar (appointed 23 February 2015)

Other key management personnel

In addition to the Directors noted above, the following Group executives were also considered to be key management personnel during the financial year:

NAME	POSITION
S.K.S. Chan	Managing Director, McPherson's Hong Kong
P. Witheridge	Chief Financial Officer and Company Secretary
G.P. Mitchell	General Manager, McPherson's Consumer Products NZ
C. J. Muir	Global Supply Chain Director

Changes since the end of the reporting period

D.J. Allman resigned as Chairman and as a Non-Executive Director on 1 July 2015.

G.A. Cubbin was appointed Chairman of McPherson's Limited on 1 July 2015.

G.P. Mitchell ceased to be a KMP of the Group on 1 July 2015 as a result of the Group's divestment of 51% of its New Zealand Housewares business.

C.J. Muir left the Group on 31 July 2015.

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for the delivery of rewards. The Board ensures that executive rewards satisfy the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Performance linkage / alignment of executive compensation;
- Transparency; and
- Capital management.

McPherson's Limited has a remuneration policy and structure that is equitable, competitive and consistent so as to ensure the recruitment and retention of personnel of the capability, competence and experience necessary for the achievement of the Company's strategies and goals.

The remuneration framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives.

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current year.

The following table summarises the performance of the Group over the last five years:

	2015	2014[1]	2013	2012	2011
Statutory profit / (loss) after tax for the year ($'000)	**8,840**	(67,039)	(33,319)	17,028	19,499
Profit after tax - excluding significant items ($'000)	**11,962**	14,252	13,057	18,665	26,160
Basic earnings per share (cents)	**9.2**	(72.4)	(43.2)	23.5	27.1
Basic earnings per share - excluding significant items (cents)	**12.4**	15.4	16.9	25.4	35.9
Dividends declared for the relevant financial year ($'000)	**7,748**	10,412	14,652	12,308	18,824
Dividend payout ratio as a percentage of statutory profit (%)	**87.6**	n/m[2]	n/m[2]	72.3	96.5
Dividend payout ratio as a percentage of profit excluding significant items (%)	**64.8**	73.1	112.2	65.9	72.0
(Decrease)/increase in share price (%)	**(48.4)**	(13.1)	(21.3)	(40.1)	20.3
Total KMP incentives as percentage of statutory profit / (loss) for the year (%)	**4.9**	(0.2)	(0.3)	2.4	4.9
Total KMP incentives as percentage of profit after tax excluding significant items (%)	**3.6**	0.8	0.7	2.2	3.7

1. See Note 1(A) of the financial statements for details regarding restatement as a result of an error
2. Ratio not considered meaningful due to statutory loss after tax recognised for the year.

Use of Remuneration Consultants

During the year the Group did not engage a remuneration consultant.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is comprised of independent non-executive Directors. The Committee has been established by the Board of Directors to annually review, evaluate and make recommendations to the Board in relation to remuneration, including:

- Non-executive Director remuneration;
- Staff incentive plans proposed by the Managing Director, including bonus, share, option and performance rights plans, and the basis of their application;
- Salary, benefits and total remuneration packages of the Managing Director and other senior executives; and
- Substantial changes to the principles of the Company's superannuation arrangements.

Non-executive Directors

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Remuneration of non-executive Directors is determined by the Board within an aggregate non-executive Directors' fee pool limit which is periodically recommended for approval by the shareholders. The aggregate was last considered by shareholders at the Annual General Meeting in 2010 when a total remuneration of $550,000 inclusive of superannuation was approved. Including superannuation guarantee contributions made on their behalf by the Company, non-executive Director remuneration for the year ended 30 June 2015 totalled $390,597 (2014: $378,137).

Non-executive Directors are not entitled to participate in any incentive scheme, nor are they eligible to receive share options or performance rights.

The current base remuneration of individual non-executive Directors was last reviewed by the Nomination and Remuneration Committee as at 1 October 2014, at which time non-executive Director fees were increased by an average of 3%. The Chairman and other non-executive Directors receive additional fees for their membership of the Board's Audit Risk Management and Compliance Committee. The Chairman of the Nomination and Remuneration Committee also receives an additional fee, however the members of that committee do not. Directors may direct the Company to make superannuation guarantee contributions, or additional superannuation contributions allocated from their Directors' or committee membership fees, to any complying nominated superannuation fund.

At the Annual General Meeting of shareholders held on 7 November 1997, shareholders authorised the Company to enter into agreements with Directors (called "Director's Deeds") which set out certain rights and obligations of the Director. The Directors' Deeds do not reflect a fixed term of appointment as Directors are subject to retirement and re-election by shareholders at least every three years.

(K) REMUNERATION REPORT (CONTINUED)

The following fees applied for the year ended 30 June 2015 and continue to apply at the date of this report:

	FROM 1 JULY 2014	FROM 1 OCTOBER 2014
Base fees		
Chairman	$127,310	$131,130
Other non-executive Directors	$66,840	$68,845
Additional fees		
Audit Risk Management & Compliance Committee – Chairman	$8,490	$8,745
Audit Risk Management & Compliance Committee – Member	$5,300	$5,460
Nomination & Remuneration Committee – Chairman	-	$8,745*

* Payment to the Nomination & Remuneration Committee Chairman commenced on 27 April 2015

The above amounts exclude company superannuation guarantee contributions payable on behalf of Directors at a rate of 9.50% on the base fees and additional fees.

Executive remuneration

The executive remuneration and reward framework has five components:

- Base pay and benefits;
- Short-term performance incentives;
- Long-term incentives;
- Superannuation; and
- Performance assessment.

Base pay and benefits

Base pay is structured as a package amount which may be delivered as cash, prescribed non-cash financial benefits including motor vehicles and additional superannuation contributions at the executive's discretion. Base pay is reviewed annually to reflect increases in responsibility and to ensure that the executive's pay is competitive in the market for a comparable role. There are no guaranteed base pay increases included in any senior executives' contracts.

Short-term performance incentives (STI)

Short-term incentives in the form of cash bonuses are available to senior executives providing the Company, operating division or business most closely aligned with the executive's area or areas of responsibility achieve or exceed pre-determined profit targets because this ensures that variable reward is only available when value has been created for shareholders and when profit and other targets are consistent with or exceed the business plan. For senior executives the maximum target bonus opportunity is usually 50% of the base package amount.

Each year the Nomination and Remuneration Committee considers the appropriate targets and key performance indicators together with the level of payout if targets are met or exceeded. The 2015 STI targets were primarily based on the Group's earnings per share outcome for the financial year.

An assessment regarding eligibility for a cash bonus is made by reference to actual performance outcomes when these are known following the conclusion of the financial year. Short-term incentives are normally payable in September following the end of the financial year to which the incentive relates. Based on the Group's profit performance in the current year the Nomination and Remuneration committee has determined that no senior executive is eligible for a cash bonus relating to the profit performance component for the current year.

From time-to-time additional short-term cash bonuses are paid to senior executives in relation to the achievement of specific outcomes associated with certain significant non-recurring events. Examples of such events may include, among others, achieving a required divestment outcome, completing a significant restructure project or completing a refinancing of the business. The Nomination and Remuneration Committee is responsible for determining when such bonus payments are applicable and the amount to be paid. During the year, certain senior executives were deemed eligible for a cash bonus as a result of meeting a number of restructuring related objectives, including achieving the divestment of 51% of the Group's Housewares business.

Subject to the discretion of the Nomination and Remuneration Committee, the maximum likely short-term incentive payable to a senior executive in future years is 50% of the executive's base salary package amount. The minimum payable would be zero in cases where the specified performance targets are not achieved.

Long-term incentives (LTI)

Long-term incentives are provided to executives to focus them on delivering long-term shareholder returns. During the current year the Company continued with its performance rights plan (The McPherson's Limited Employee Performance Rights Plan) to provide long-term incentives to executives. Under this plan, participants are granted performance rights which only vest if certain performance conditions (relating to compound annual growth in earnings per share – refer to page 32 for further information) are met and the executive is still employed by the Group at the end of the vesting period. Participation in the plan is at the discretion of the Nomination and Remuneration Committee and no individual has a contractual right to receive any guaranteed benefits. The maximum LTI opportunity for the Managing Director and other selected senior executives is 50% and 20% of the base package amount respectively.

Further information regarding share-based compensation in the form of performance rights is contained later in the Remuneration Report on pages 32 to 33.

Superannuation

Retirement benefits are delivered by a number of superannuation funds selected by the Company or the executive. Executives receive superannuation contributions in accordance with Superannuation Guarantee Charge (SGC) rules. However, executives may also direct the Company to make additional superannuation contributions allocated from their base package amount, to any complying nominated superannuation fund. The funds selected provide post-employment benefits to executives and other employees on an accumulation basis.

Performance assessment

The Company has a formal documented process for the performance evaluation of Directors and senior executives, which requires that a review takes place on an annual basis. A performance assessment took place during the year for Directors, including the Managing Director, and other senior executives.

Voting and comments made at the Company's 2014 Annual General Meeting

McPherson's Limited received 94.05% of "yes" votes on its remuneration report for the 2014 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of the Directors of McPherson's Limited and the other key management personnel of McPherson's Limited and the McPherson's Limited Group for the current and previous financial years are set out in the following tables.

2015	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS	
NAME	CASH SALARY & FEES[1] $	CASH BONUS[2] $	NON-MONETARY BENEFITS[3] $	SUPER-ANNUATION $	LONG-SERVICE LEAVE $	PERFORMANCE RIGHTS $	TOTAL $
Directors of McPherson's Limited							
D.J. Allman (Chairman)[4]	125,819	-	-	22,491	-	-	148,310
P.J. Maguire (Managing Director)	593,382	275,000	27,752	25,000	30,645	(11,496)	940,283
G.A. Cubbin[5]	76,937	-	-	7,238	-	-	84,175
A.M Lacaze	73,681	-	-	7,000	-	-	80,681
J.P. Clifford[6]	45,186	-	-	4,293	-	-	49,479
J.M. McKellar[7]	25,527	-	-	2,425	-	-	27,952
Total Directors' Remuneration 2015	**940,532**	**275,000**	**27,752**	**68,447**	**30,645**	**(11,496)**	**1,330,880**
Other Group Key Management Personnel							
S.K.S. Chan	454,751	-	-	42,588	-	(17,940)	479,399
G.P. Mitchell[8]	259,953	-	31,108	24,083	1,870	-	317,014
C. J. Muir[9]	224,613	25,013	32,216	35,521	2,848	(2,216)	317,995
P. Witheridge	326,350	155,000	-	35,000	6,105	(2,742)	519,713
Total Other Key Management Personnel Remuneration 2015	**1,265,667**	**180,013**	**63,324**	**137,192**	**10,823**	**(22,898)**	**1,634,121**
Total Remuneration 2015 – Group	**2,206,199**	**455,013**	**91,076**	**205,639**	**41,468**	**(34,394)**	**2,965,001**

1. Cash salary and fees includes movements in the annual leave provision relating to the Managing Director and other executive key management personnel.
2. Excludes, where relevant, any part of the awarded bonus amount that was paid as a superannuation contribution. Refer page 31 for further information on bonuses awarded.
3. Non-monetary benefits comprise salary sacrificed components of remuneration packages including motor vehicles and related fringe benefits tax and allowances.
4. On 1 July 2015 Mr Allman resigned as Chairman and as a Non-Executive Director.
5. On 1 July 2015 Mr Cubbin was appointed Chairman of McPherson's Limited.
6. Mr Clifford resigned as a Non-Executive Director on 23 February 2015.
7. Ms McKellar was appointed as a Non-Executive Director on 23 February 2015.
8. Mr Mitchell left the Group on 1 July 2015 as a result of the Group's subsequent divestment of 51% of its New Zealand Housewares business.
9. Mr Muir left the Group on 31 July 2015.

(K) REMUNERATION REPORT (CONTINUED)

2014	SHORT TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	SHARE-BASED PAYMENTS	
NAME	CASH SALARY & FEES[1] $	CASH BONUS $	NON-MONETARY BENEFITS[2] $	SUPER-ANNUATION $	LONG-SERVICE LEAVE $	PERFORMANCE RIGHTS $	TOTAL $
Directors of McPherson's Limited							
D.J. Allman (Chairman)	123,148	-	-	21,400	-	-	144,548
P.J. Maguire (Managing Director)	510,453	-	27,990	25,000	6,400	67,538	637,381
J.P. Clifford	66,684	-	-	6,168	-	-	72,852
G.A. Cubbin	75,152	-	-	6,951	-	-	82,103
A.M Lacaze	71,976	-	-	6,658	-	-	78,634
Total Directors' Remuneration 2014	**847,413**	**-**	**27,990**	**66,177**	**6,400**	**67,538**	**1,015,518**
Other Group Key Management Personnel							
S.K.S. Chan	373,128	-	-	34,769	-	17,940	425,837
G.P. Mitchell	221,831	-	34,349	24,028	2,054	-	282,262
C. J. Muir	221,469	-	28,560	25,335	6,938	13,367	295,669
P. Witheridge	279,499	-	23,155	25,000	2,078	16,181	345,913
Total Other Key Management Personnel Remuneration 2014	**1,095,927**	**-**	**86,064**	**109,132**	**11,070**	**47,488**	**1,349,681**
Total Remuneration 2014 - Group	**1,943,340**	**-**	**114,054**	**175,309**	**17,470**	**115,026**	**2,365,199**

1. Cash salary and fees includes movements in the annual leave provision relating to the Managing Director and other executive key management personnel.
2. Non-monetary benefits comprise salary sacrificed components of remuneration packages including motor vehicles and related fringe benefits tax and allowances.

Amounts disclosed as remuneration of Directors and executives exclude premiums paid by the Group in respect of Directors' and Officers' liability insurance contracts. Further information relating to these insurance contracts is set out in paragraph (M) of the Directors' Report.

Relative proportions of remuneration

The relative proportions of remuneration that are linked to performance and those that are fixed are set out in the table below:

There were no option related amounts included in the current or prior year remuneration.

	FIXED REMUNERATION		AT RISK - STI		AT RISK – LTI	
NAME	2015	2014	2015	2014	2015	2014
Executive Director of McPherson's						
P.J. Maguire	**72%**	89%	**29%**	-	**(1%)**	11%
Other key management personnel of the Group						
S.K.S. Chan	**104%**	96%	**-**	-	**(4%)**	4%
G.P. Mitchell	**100%**	100%	**-**	-	**-**	-
C. J. Muir	**92%**	95%	**9%**	-	**(1%)**	5%
P. Witheridge	**69%**	95%	**32%**	-	**(1%)**	5%

Performance based remuneration granted and forfeited during the year

The following table shows for each KMP how much of their 2015 STI cash bonus was awarded and how much was forfeited. The table also shows the value of performance rights granted during the year.

	STI CASH BONUS[1]			LTI PERFORMANCE RIGHTS		
NAME	TOTAL OPPORTUNITY $	AWARDED %	FORFEITED %	VALUE GRANTED $	VALUE EXERCISED $	VALUE FORFEITED $
Executive Director of McPherson's						
P.J. Maguire	**295,000**	**-**	**100**	**217,952**	**-**	**-**
Other key management personnel of the Group						
S.K.S. Chan	**232,644**	**-**	**100**	**-**	**-**	**-**
G.P. Mitchell	**149,223**	**-**	**100**	**-**	**-**	**-**
C. J. Muir	**141,050**	**-**	**100**	**43,368**	**-**	**-**
P. Witheridge	**177,500**	**-**	**100**	**52,264**	**-**	**-**

1. The STI bonus amounts disclosed above relate only to the regular annual STI bonuses plan.

Separate to the above, during the year the following bonus payments were made to KMP in relation to the achievement of a number of restructuring related objectives, including achieving the divestment of 51% of the Group's Housewares business.

2015	$
Executive Director of McPherson's	
P.J. Maguire	**275,000**
Other key management personnel of the Group	
C. J. Muir[1]	**27,389**
P. Witheridge[1]	**165,000**

1. Bonus amount received as a combination of cash payment and superannuation contribution.

Contractual arrangements for executive KMP

Remuneration and other terms of employment for the Managing Director and other key management personnel are formalised in employment agreements. Each of these agreements set out details of the base package amount, usually inclusive of superannuation and motor vehicle benefits, and provide for performance related cash bonuses and other benefits. The agreements also provide for participation, when eligible, in the McPherson's Limited Employee Share/Option Purchase Plan and Performance Rights Plan.

The agreements do not normally reflect a fixed term of employment or nominate a specified amount to be paid on termination of employment. The agreements normally provide that the termination notice period may be paid out by the Company. Termination benefits are within the limits set by the *Corporations Act 2001* such that they do not require shareholder approval.

(K) REMUNERATION REPORT (CONTINUED)

Contractual arrangements for executive KMP (continued)

The major provisions of the employment agreements relating to remuneration for the executives considered to be key management personnel are set out below.

NAME	TERM OF AGREEMENT	BASE SALARY INCLUDING SUPERANNUATION*	TERMINATION BENEFIT
P.J. Maguire Managing Director	On-going Performance rights and/or options over ordinary shares in the Company may be subscribed for on the terms and conditions set out in the contract and subject to shareholder approval.	$590,000	Contract may be terminated on 12 months' notice by the Company and on 6 months' notice by the executive.
S.K.S. Chan Managing Director McPherson's Consumer Products (HK) Limited	On-going	HKD$2,770,134 (AUD$465,287)	Contract may be terminated on 3 months' notice by either the Company or executive.
P Witheridge Chief Financial Officer and Company Secretary	On-going	$355,000	Contract may be terminated on 6 months' notice by the Company and on 3 months' notice by the executive.
G.P. Mitchell General Manager McPherson's Consumer Products (NZ) Limited	On-going	NZD$337,065 (AUD$298,446)	Contract may be terminated on 6 months' notice by either the Company or executive.
C. J. Muir Global Supply Chain Director	On-going	$282,100	Contract may be terminated on 1 months' notice by the Company and on 1 months' notice by the executive.

* Base salaries quoted are for the year ended 30 June 2015; they are reviewed annually by the Nomination and Remuneration Committee.

Share-based compensation

Performance Rights

The terms and conditions of each grant of performance right affecting remuneration in the current or future reporting periods are set out in the table shown below.

Each performance right is entitled to acquire one share for no consideration subject to the satisfaction of the vesting conditions which are based on performance and time related conditions. The number of rights that will vest will be determined proportionately on a straight line basis based on the compound annual growth rate (CAGR) of the Group's earnings per share (EPS) over a two to three year period (depending on the terms of the issue). The base year EPS to be used in determining whether the vesting conditions have been satisfied is the reported basic EPS for the 30 June financial year immediately prior to when the rights were issued adjusted by the Nomination and Remuneration Committee for appropriate non-recurring items.

The rights will vest proportionately from no rights vesting if the Group's EPS CAGR is 3.0% or less to 100% of rights vesting if the Group's EPS CAGR is 8.0% or higher. The performance rights carry no dividend or voting rights.

NAME	YEAR OF GRANT	YEARS IN WHICH RIGHTS MAY VEST	NUMBER OF RIGHTS GRANTED	VALUE OF RIGHTS AT GRANT DATE[1]	NUMBER OF RIGHTS VESTED DURING THE YEAR	VESTED %	NUMBER OF RIGHTS FORFEITED DURING THE YEAR	VALUE AT DATE OF FORFEITURE	FORFEITED %
P. J. Maguire	2014	2016	96,000	$126,720	-	-	-	-	-
	2014	2017	96,000	$115,776	-	-	-	-	-
	2015	2018	196,000	$217,952	-	-	-	-	-
S.K.S. Chan	2014	2016	25,500	$33,660	-	-	-	-	-
	2014	2017	25,500	$30,753	-	-	-	-	-
C.J. Muir	2014	2016	19,000	$25,080	-	-	-	-	-
	2014	2017	19,000	$22,914	-	-	-	-	-
	2015	2018	39,000	$43,368	-	-	-	-	-
P. Witheridge	2014	2016	23,000	$30,360	-	-	-	-	-
	2014	2017	23,000	$27,738	-	-	-	-	-
	2015	2018	47,000	$52,264	-	-	-	-	-

1. The value at grant date is calculated in accordance with AASB 2 *Share-based Payments*

The fair value at grant date was independently valued using the market price of the Company's shares on grant date and the Company's dividend yield (both historic and future yield estimates) as key inputs.

Restriction on removing the at risk aspect of any instruments granted as part of remuneration

The Company's Securities Trading Policy contains a restriction on removing the 'at risk' aspect of any instruments granted to executives as part of their remuneration package. Plan participants may not enter into any transaction designed to remove any 'at risk' aspect before the instruments vest.

Performance rights and options held by key management personnel

NAME	BALANCE AT START OF THE YEAR	GRANTED AS COMPENSATION	EXERCISED (OPTIONS)/ VESTED (RIGHTS)	CANCELLED	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE	UNVESTED
P.J. Maguire							
Options	750,000	-	-	(750,000)	-	-	-
Performance Rights	192,000	196,000	-	-	388,000	-	388,000
S.K.S. Chan							
Performance Rights	51,000	-	-	-	51,000	-	51,000
C.J. Muir							
Performance Rights	38,000	39,000	-	-	77,000	-	77,000
P. Witheridge							
Performance Rights	46,000	47,000	-	-	93,000	-	93,000

Shares held by key management personnel

NAME	BALANCE AT THE START OF THE YEAR	OTHER NON-REMUNERATION CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
Directors of McPherson's Limited			
D.J. Allman	593,096	-	593,096
P.J. Maguire	1,250,143	183,000	1,433,143
J.P. Clifford	-	-	-
G.A. Cubbin	10,000	100,000	110,000
A.M. Lacaze	18,642	-	18,642
J.M. McKellar	-	-	-
Other key management personnel			
S.K.S. Chan	-	-	-
G.P. Mitchell	-	-	-
C.J. Muir	-	-	-
P. Witheridge	21,000	57,000	78,000

None of the shares above are held nominally by the Directors or any of the other key management personnel.

Employee share schemes

The Company does not currently operate an employee share scheme.

Additional information

Loans to Directors and Executives

There were no loans made to Directors of McPherson's Limited or to any key management personnel of the Group, including their personally-related entities during the year, nor were there any loans outstanding at the end of the current or prior financial year.

Other transactions with Directors and Executives

During the year the Group sold minor quantities of its products for domestic use to key management personnel on terms and conditions no more favourable than those adopted when dealing with other employees at arm's length in the same circumstances.

There were no transactions between the Group and the Directors of McPherson's Limited or with any other key management personnel of the Group, including their personally-related entities, during the current or previous financial year other than those disclosed above, and relating to remuneration and to transactions concerning options and shares.

(L) SHARES UNDER OPTION

There are no unissued ordinary shares of McPherson's Limited under option at the date of this report.

Shares issued on the exercise of options

No ordinary shares of McPherson's Limited were issued during the year ended 30 June 2015 (2014: Nil), or since that date, under the McPherson's Limited Employee Share/Option Purchase Plan as no options were exercised. There are no options outstanding at the date of this report.

(M) INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has agreed to indemnify the current Directors and certain current executives of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors or officers of the Company, to the extent permitted by law. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

During the financial year, McPherson's Limited paid a premium to insure Directors and certain officers of the Company and controlled entities. The Directors and officers covered by the insurance policy include the current Directors and Secretaries of McPherson's Limited, Directors or Secretaries of controlled entities who are not or were not also Directors or Secretaries of McPherson's Limited, senior management of the Company and senior management of divisions and controlled entities of McPherson's Limited. As the insurance policy operates on a claims made basis, former Directors and officers of the Company are also covered.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company or controlled entities. The insurance policy outlined above does not contain details of premiums paid in respect of individual Directors and officers of the Company. The insurance policy prohibits disclosure of the premium paid.

(N) ENVIRONMENTAL REGULATION

The Group is not subject to significant environmental regulation in respect of its operations. The Group is committed to achieving a high standard of environmental performance and the Group monitors its compliance with environmental regulations. The Board is not aware of any significant breaches of environmental regulation during the period covered by this report.

(O) PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

(P) NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Risk Management and Compliance Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Risk Management and Compliance Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	CONSOLIDATED 2015 $	2014 $
Other assurance services		
PricewaterhouseCoopers Australian firm:		
Earnout statement audit	**15,000**	-
Review of rent certificates	**-**	6,000
Network firms of PricewaterhouseCoopers Australian firm:		
Financial statements preparation	**-**	3,000
Total remuneration for other assurance services	**15,000**	9,000
Other services		
PricewaterhouseCoopers Australian firm:		
Tax advice relating to employee performance rights plan	**1,500**	9,500
Consulting services associated with due diligence review	**60,000**	39,660
Dispute support services	**205,000**	-
Total remuneration for other services	**266,500**	49,160
Total remuneration for non-audit services	**281,500**	58,160

(Q) ROUNDING

The Company is of a kind referred to in Class Order 98/100 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 Directors' Report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(R) AUDIT RISK MANAGEMENT AND COMPLIANCE COMMITTEE

As at the date of this report, McPherson's Limited has an Audit Risk Management and Compliance Committee consisting of the following independent non-executive Directors:

- G.A. Cubbin (Chairman)
- A.M. Lacaze

The size and composition of the audit Risk Management and Compliance Committee including its chairman will be reviewed immediately following the appointment of an additional independent non-executive Director.

(S) 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 36.

Signed in accordance with a resolution of the Directors.

Dated at Sydney this 10th day of September 2015.

G.A. Cubbin
Director

P.J. Maguire
Director

Auditor's Independence Declaration

As lead auditor for the audit of McPherson's Limited for the year ended 30 June 2015, 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 audit; and

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

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
10 September 2015

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
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We, Graham A. Cubbin and Paul J. Maguire, being two of the Directors of McPherson's Limited, declare that in the Directors' opinion:

(a) the financial statements and notes set out on pages 39 to 88 and the remuneration report on pages 25 to 33 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 35 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in Note 35.

Note 1(A) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

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

Dated at Sydney this 10th day of September 2015.

G.A. Cubbin
Director

P.J. Maguire
Director

pwc

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

Report on the financial report

We have audited the accompanying financial report of McPherson's Limited (the company), which comprises the consolidated balance sheet as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for McPherson's Limited and Controlled Entities (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(A), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of McPherson's Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1(A).

Report on the Remuneration Report

We have audited the remuneration report included in pages 25 to 33 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of McPherson's Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Paddy Carney
Partner

Sydney
10 September 2015

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	NOTE	2015 $'000	2014[1] $'000
Revenue	3	**349,283**	352,724
Other income	4	**2,567**	646
Expenses	5(A)	**(333,339)**	(409,320)
Finance costs	5(B)	**(8,347)**	(6,647)
Share of net profit of associates accounted for using the equity method	14(C)	**1,060**	-
Profit / (loss) before income tax		**11,224**	(62,597)
Income tax expense	8(B)	**(2,384)**	(4,442)
Profit / (loss) for the year		**8,840**	(67,039)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in fair value of cash flow hedges		**6,125**	(7,955)
Exchange differences on translation of foreign operations		**1,249**	1,464
Income tax relating to these items	8(D)	**(1,820)**	2,377
Other comprehensive income for the year		**5,554**	(4,114)
Total comprehensive income for the year		**14,394**	(71,153)

		CENTS	CENTS
Basic earnings / (loss) per share	30	**9.2**	(72.4)
Diluted earnings / (loss) per share	30	**9.2**	(72.4)

1. See Note 1(A) for details regarding the restatement as a result of an error

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

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2015

	NOTE	2015 $'000	2014[1] $'000	2013[1] $'000
Current assets				
Cash and cash equivalents	10	**11,283**	4,120	1,666
Trade and other receivables	11	**55,009**	60,729	54,908
Inventories	12	**57,785**	45,489	67,577
Derivative financial instruments	13	**1,951**	-	5,258
Current tax assets		**1,118**	112	268
Assets classified as held for sale	14(B)	**43,905**	53,281	-
Total current assets		**171,051**	163,731	129,677
Non-current assets				
Other receivables	14(A)	**2,587**	-	-
Investments accounted for using the equity method	14(C)	**8,829**	-	-
Property, plant and equipment	15	**5,501**	6,040	7,667
Intangible assets	16	**89,418**	88,266	168,104
Deferred tax assets	17	**5,555**	6,010	5,597
Total non-current assets		**111,890**	100,316	181,368
Total assets		**282,941**	264,047	311,045
Current liabilities				
Trade and other payables	18	**60,427**	50,627	38,874
Borrowings	19	**406**	2,820	2,404
Derivative financial instruments	13	**1,211**	3,854	814
Provisions	20	**16,564**	20,364	15,965
Liabilities directly associated with assets classified as held for sale	14(B)	**6,447**	7,874	-
Total current liabilities		**85,055**	85,539	58,057
Non-current liabilities				
Borrowings	21	**88,069**	76,000	68,851
Derivative financial instruments	13	**1,601**	978	1,247
Provisions	22	**1,115**	863	949
Deferred tax liabilities	23	**8,363**	7,902	14,146
Total non-current liabilities		**99,148**	85,743	85,193
Total liabilities		**184,203**	171,282	143,250
Net assets		**98,738**	92,765	167,795
Equity				
Contributed equity	24	**149,191**	147,003	139,117
Reserves	25(A)	**2,933**	(2,585)	1,401
(Accumulated losses) / retained earnings	25(B)	**(53,386)**	(51,653)	27,277
Total equity		**98,738**	92,765	167,795

1. See Note 1(A) for details regarding the restatement as a result of an error

The above balance sheet should be read in conjunction with the accompanying notes.

	NOTE	CONTRIBUTED EQUITY $'000	RESERVES $'000	RETAINED EARNINGS $'000	TOTAL EQUITY $'000
Balance at 1 July 2013[1]		139,117	1,401	28,574	169,092
Correction of error (net of tax) [1]		-	-	(1,297)	(1,297)
Restated total equity at 1 July 2013		139,117	1,401	27,277	167,795
Loss for the year[1]		-	-	(67,039)	(67,039)
Other comprehensive income		-	(4,114)	-	(4,114)
Total comprehensive income[1]		-	(4,114)	(67,039)	(71,153)
Transactions with shareholders					
Shares issued, net of transaction costs and tax	24	7,886	-	-	7,886
Dividends provided for or paid	6	-	-	(11,891)	(11,891)
Share-based payment transactions with employees	25(A)	-	128	-	128
Total transactions with shareholders		7,886	128	(11,891)	(3,877)
Balance at 30 June 2014[1]		**147,003**	**(2,585)**	**(51,653)**	**92,765**
Profit for the year		**-**	**-**	**8,840**	**8,840**
Other comprehensive income		**-**	**5,554**	**-**	**5,554**
Total comprehensive income		**-**	**5,554**	**8,840**	**14,394**
Transactions with shareholders					
Shares issued, net of transaction costs and tax	24	**2,188**	**-**	**-**	**2,188**
Dividends provided for or paid	6	**-**	**-**	**(10,573)**	**(10,573)**
Share-based payment transactions with employees	25(A)	**-**	**(36)**	**-**	**(36)**
Total transactions with shareholders		**2,188**	**(36)**	**(10,573)**	**(8,421)**
Balance at 30 June 2015		**149,191**	**2,933**	**(53,386)**	**98,738**

1. See Note 1(A) for details regarding the restatement as a result of an error

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

	NOTE	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**382,762**	379,083
Payments to suppliers and employees (inclusive of GST)		**(363,309)**	(345,142)
Interest received		**214**	27
Interest and borrowing costs paid		**(8,710)**	(6,435)
Income taxes paid		**(4,007)**	(4,339)
Net cash inflows from operating activities	36	**6,950**	23,194
Cash flows from investing activities			
Payments for acquisition of business assets	31	**(8,061)**	(23,654)
Payments for purchase of property, plant and equipment		**(1,969)**	(1,405)
Payments for purchase of other intangible assets		**(1,468)**	(1,128)
Proceeds from sale of business assets	14	**6,571**	2,220
Proceeds received in advance relating to pending disposal of New Zealand Housewares business	14	**1,914**	-
Proceeds from sale of property, plant and equipment		**39**	70
Net cash outflows from investing activities		**(2,974)**	(23,897)
Cash flows from financing activities			
Proceeds from issue of shares	24	**-**	4,804
Share issue transaction costs	24	**-**	(111)
Proceeds from borrowings		**228,842**	143,529
Repayment of borrowings		**(217,013)**	(136,369)
Dividends paid		**(8,379)**	(8,731)
Net cash inflows from financing activities		**3,450**	3,122
Net increase in cash held		**7,426**	2,419
Cash at beginning of financial year		**3,722**	1,315
Effects of exchange rate changes on cash		**135**	(12)
Cash held at end of financial year	10	**11,283**	3,722

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of McPherson's Limited and its subsidiaries.

(A) BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001.* McPherson's Limited is a for profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities (including derivative instruments) which are carried at fair value.

New and amended standards

None of the new standards and amendments to standards that were mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Correction of error – Revenue recognition

During the year the Group reviewed its processes surrounding revenue recognition, in particular with respect to the timing of recognising promotional discount claims against revenue. As a consequence of this review some adjustments with respect to the timing of recognising revenue and the associated claims and discounts were required to be made.

As the underlying error had built up over time, in order to correct the error, it has been necessary to correct prior year information as well. The affected financial statement line items for the prior period are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EXTRACT)	2014 $'000	RESTATEMENT $'000	2014 RESTATED $'000
Sales revenue	353,386	(689)	352,697
Loss before income tax	(61,908)	(689)	(62,597)
Income tax expense	(4,649)	207	(4,442)
Loss for the year	**(66,557)**	**(482)**	**(67,039)**
Other comprehensive income	(4,114)	-	(4,114)
Total comprehensive income	**(70,671)**	**(482)**	**(71,153)**
Basic loss per share (cents)	(71.9)	(0.5)	(72.4)
Diluted loss per share (cents)	(71.9)	(0.5)	(72.4)

(B) PRINCIPLES OF CONSOLIDATION

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 1(H)).

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in controlled entities are accounted for at cost in the individual financial statements of the parent entity.

Changes in ownership interests

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Joint arrangements

Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The Group's 49% investment in McPherson's Housewares is deemed a joint venture due to the contractual rights of the arrangement. This investment is accounted for using the equity method (see below) after initially being recognised at fair value in the consolidated balance sheet.

Equity method

Under the equity method of accounting, after initial recognition the investment is adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from the joint venture are recognised as a reduction in the carrying amount of the investment.

CONSOLIDATED BALANCE SHEET (EXTRACT)	2014 $'000	RESTATEMENT $'000	2014 RESTATED $'000	2013 $'000	RESTATEMENT $'000	2013 RESTATED $'000
Trade and other receivables	63,272	(2,543)	60,729	56,762	(1,854)	54,908
Current tax assets	-	112	112	-	268	268
Current tax liabilities	(652)	652	-	(289)	289	-
Net assets	**94,544**	**(1,779)**	**92,765**	**169,092**	**(1,297)**	**167,795**
(Accumulated losses) / Retained earnings	(49,874)	(1,779)	(51,653)	28,574	(1,297)	27,277
Total equity	**94,544**	**(1,779)**	**92,765**	**169,092**	**(1,297)**	**167,795**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) PRINCIPLES OF CONSOLIDATION (CONTINUED)

If the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in this entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

(C) SEGMENT REPORTING

Operating segments are reported in a manner 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.

(D) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is McPherson's Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(E) REVENUE RECOGNITION

Sales revenue

Sales revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and rebates. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and the goods are dispatched, or when title passes to the customer.

Other income

Other income is recognised when the income is received or becomes receivable.

(F) INCOME TAX

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to any unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Investment Allowances

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

Tax consolidation legislation

McPherson's Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity. McPherson's Limited, as the head entity in the tax consolidated group, recognises current tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under an accounting Tax Funding Agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable. Expenses and revenues arising under the Tax Funding Agreement are presented as income tax expense (credit).

(G) LEASES

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets, and operating leases under which the lessor substantially retains all such risks and benefits. Where a non-current asset is acquired by means of a finance lease, the lower of the fair value of leased property and the present value of the minimum lease payments is established as a non-current asset at the beginning of the lease term and amortised on a straight-line basis over its expected economic life. A corresponding liability is also established and each lease payment is allocated between the principal component and interest expense.

Operating lease payments (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(H) BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition comprises the fair value of the assets transferred, shares issued and liabilities incurred or assumed at the date of exchange. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to Note 1(R)). If the consideration transferred is less than the fair value of the net assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase, but only after a reassessment of the identification and measurement of the net assets acquired.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(I) IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(J) CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(K) TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement no more than 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

(L) INVENTORIES

Inventories (including work in progress) are valued at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on a weighted average basis. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of inventory. Cost of work in progress and finished manufactured products includes materials, labour and an appropriate proportion of factory overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Unrealised profits on inter-company inventory transfers are eliminated on consolidation. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(M) NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(M) NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate cash-generating unit or a group of cash-generating units and is a separate major line of business or geographical area of operations and is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the statement of comprehensive income.

(N) INVESTMENTS AND OTHER FINANCIAL ASSETS

The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss; and
- loans and receivables.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. At initial recognition, the Group measures these financial assets at fair value.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short-term with the intention of making a profit. Derivatives are also categorised as held for trading unless they are designated as hedges which qualify for hedge accounting.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as noncurrent assets. Loans and receivables are included in receivables in the balance sheet.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

(O) DERIVATIVES AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates its derivatives as hedges of highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and in the hedging reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory.

When foreign currency options are used to hedge forecast future inventory purchases, the Group only designates the intrinsic value of the option as the hedging instrument. The intrinsic value of the option is accounted for in accordance with the previous paragraph. The time value of the option is recognised within other comprehensive income and in the hedging reserve within equity. The time value of the option is subsequently included within the initial cost of the related inventory. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income, other expenses or finance costs.

(P) FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of interest rate hedge contracts is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts and other foreign currency contracts are determined using forward exchange market rates and volatilities at the balance sheet date.

The net nominal value of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(Q) PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation on assets is calculated using the straight-line method to allocate their net cost, over their estimated useful lives, which is usually between 3 to 10 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to Note 1(I)).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit or loss.

(R) INTANGIBLE ASSETS

Goodwill

Goodwill is measured as described in Note 1(H). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments.

Brandnames

The Group recognises brandnames that are acquired as part of a business combination or that are specifically acquired from a vendor. The Group does not recognise internally generated brandnames. Brandnames are initially recognised at fair value, if acquired as part of a business combination, or at cost, if specifically acquired from a vendor. For brandnames specifically acquired from a vendor and held at cost, any subsequent adjustments arising from a contingent consideration arrangement associated with the brand acquisition are reflected in the carrying value of the relevant brandname. Subsequent to initial recognition, brandnames are recognised at cost less accumulated impairment losses.

The major brandnames of the Group, have been, in some cases, in existence for more than 50 years and continue to be in active use. The brandnames are utilised predominately on consumer products which do not suffer from technical obsolescence.

The carrying amount of brandnames are not amortised as the Directors are of the view that the brandnames held have an indefinite useful life.

Brandnames are tested individually for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. The recoverable amount of a brandname is determined based on the higher of value-in-use or fair value less costs to sell.

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis generally over three to five years.

IT development costs include only those costs directly attributable to the development phase and are only recognised where the Group has an intention and ability to use the asset.

(S) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which remain unpaid. These amounts are unsecured and are normally settled within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method.

(T) PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Cost of products and services provided under warranty is expensed as incurred. The company provides for warranties based on history of claims and management's best estimate of expected claims.

(U) EMPLOYEE BENEFITS

Short-term obligations

Liabilities for wages and salaries, including annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(U) EMPLOYEE BENEFITS (CONTINUED)

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Bonus plans

A liability for employee benefits in the form of bonuses is recognised in provisions when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms for determining the amount of the benefit;
- the amounts to be paid are determined before the time of completion of the financial report; and
- past practice gives clear evidence of the amount of the obligation.

Superannuation

Contributions to employee superannuation funds are made by McPherson's Limited and controlled entities. Contributions are recognised as an expense as they become payable.

Termination benefits

Liabilities for termination benefits, are recognised when a detailed plan has been developed and a valid expectation has been raised in those employees affected, that the termination will be carried out. The liabilities for termination benefits are recognised in other creditors unless timing of the payment is uncertain, in which case they are recognised as provisions.

Employee benefit on-costs

Employee benefit on-costs are recognised and included in employee benefit liabilities when the employee benefits to which they relate are recognised as liabilities.

Share-based payments

Share-based compensation benefits are provided to employees via the McPherson's Limited Employee Share/Option Purchase Plan or the McPherson's Limited Performance Rights Plan.

The fair value of options or rights granted to employees is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is independently determined at grant date and recognised over the period during which the employees become unconditionally entitled to the options or rights.

Non-market vesting conditions are included in assumptions about the number of options or rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options or rights that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Upon the exercise of options or rights, the balance of the share-based payments reserve relating to those options or rights is transferred to share capital.

(V) CONTRIBUTED EQUITY AND DIVIDENDS

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Provision is made for any dividend declared by the Directors, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(W) EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is determined by dividing the operating profit after income tax attributable to members of McPherson's Limited by the weighted average number of ordinary shares outstanding during the financial year (refer to Note 30).

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account all dilutive potential ordinary shares arising from the exercise of options outstanding (refer to Note 30).

(X) BORROWINGS AND BORROWING COSTS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or financial costs.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan and are amortised over the period of the facility to which it relates, unless a shorter period is considered more appropriate.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Borrowing costs are expensed as incurred.

(Y) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(Z) ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(AA) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period. The Group has considered the new standards and none of these standards are expected to have a material effect on the Group in future reporting periods or on foreseeable future transactions.

(AB) PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity, McPherson's Limited, disclosed in Note 38 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of McPherson's Limited. Dividends received from subsidiaries are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(AC) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant are discussed below.

Estimated recoverable amount of goodwill and indefinite lived brandnames

The Group tests goodwill and indefinite lived brandnames annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. In calculating the recoverable amount of these assets the use of assumptions is required. Refer to Note 16 for details of these assumptions.

Estimated carrying value of provision for contingent consideration

A number of the Group's recent business and asset acquisitions have included a contingent consideration arrangement whereby the Group may be required to pay the vendors a variable amount of money depending on the performance of the acquired business or brand over a set period post acquisition. In accordance with Australian Accounting Standards, management is required to estimate how much of the contingent consideration it is expecting to pay in the future. The actual payout amount may differ to what has been estimated. Refer to Note 31 for further details.

Estimated carrying value of put/call option associated with the Housewares disposal

During the year the Group divested 51% of its Australian, Hong Kong and Singapore Housewares business to the Fackelmann Group. The Group also formally agreed to divest 51% of its New Zealand Housewares business to the Fackelmann Group on 1 July 2015. The sale agreements associated with these divestments include reciprocal put/call option arrangements that can be exercised by either party after 31 December 2015. The final amount to be received by the Group upon sale of its remaining shares will be dependent upon the earnings before interest and tax (EBIT) generated by the joint ventures in the financial year prior to when the option is exercised. The actual amounts received by the Group may significantly differ to what has been estimated. Refer to Note 14(A) for further details.

NOTE 2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to financial risks such as currency risk, interest rate risk, credit risk and liquidity risk. In order to minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange and interest rate hedge contracts are used to hedge certain risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or other speculative instruments.

Risk management is predominantly controlled by a central treasury department under policies approved by the Board of Directors. The central treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

Whilst the Group's hedging policy only allows for highly effective hedge relationships to be established, at times some hedge ineffectiveness can arise. The key sources of hedge ineffectiveness for the hedged risks are:

Foreign exchange risk – if the timing of the hedged highly probable forecast transaction changes from what was originally estimated; if the amount of the hedged highly probable forecast transaction decreases to an amount below the associated hedging instrument amount; or if differences arise between the credit risk inherent within the hedged item and the hedging instrument.

Interest rate risk – if the underlying interest rate inherent within the Group's borrowing arrangements differs from the underlying interest rate included within the hedging instrument; if the Group's outstanding borrowings reduce to an amount below that included within the hedging instrument; if the time period of the hedging instrument goes beyond the maturity date of the related borrowings and it is unlikely that the Group would refinance its borrowings for a further period; or if differences arise between the credit risk inherent within the hedged item and the hedging instrument.

The Group holds the following financial instruments:

	2015 $'000	2014[1] $'000
Financial assets		
Cash and cash equivalents (Note 10)	**11,283**	4,120
Trade and other receivables (Note 11)	**55,009**	60,729
Derivative financial instruments (Note 13)	**1,951**	-
Put option (Note 14(A))	**2,587**	-
	70,830	64,849
Financial liabilities		
Trade and other payables (Note 18)	**60,427**	50,627
Borrowings (Notes 19 and 21)	**88,475**	78,820
Derivative financial instruments (Note 13)	**2,812**	4,832
Contingent consideration (Note 20)	**6,637**	12,885
	158,351	147,164

1. See Note 1(A) for details regarding the restatement as a result of an error

The fair value measurements of the derivative financial instruments, put option and contingent consideration from the above table are shown in Note 2(E).

NOTE 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(A) FOREIGN EXCHANGE RISK

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investment in foreign operations.

The Board's risk management policy is to hedge 100% of anticipated cash flows (mainly inventory purchases) in United States dollars for approximately eight months subsequent, subject to a review of the cost of implementing each hedge. At balance date 100% (2014: 100%) of projected USD purchases qualified as "highly probable" forecast transactions for hedge accounting purposes. The Group also hedges material exposures arising in foreign currencies other than USD. The Group uses a mixture of foreign currency options and forward exchange contracts to hedge its exposures to foreign currency. The weighted average hedged rate for the AUD/USD hedges the Group had in place at 30 June 2015 was $0.7688 (2014: $0.8802).

The Group's exposure to foreign currency risk (being unhedged payable and receivable amounts, and outstanding hedges associated with forecast future transactions) at the reporting date was as follows:

	$'000								
	USD	NZD	EURO	GBP	RMB	CHF	HKD	AUD	SNG
30 June 2015 - Group									
Trade receivables	**310**	**-**	**-**	**47**	**276**	**-**	**-**	**1,366**	**-**
Trade payables	**544**	**49**	**357**	**552**	**116**	**-**	**866**	**1,439**	**-**
Forward foreign exchange contracts - buy foreign currency	**64,692**	**-**	**847**	**-**	**-**	**-**	**-**	**-**	**951**
Foreign currency options - buy foreign currency	**56,745**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
30 June 2014 - Group									
Trade receivables	236	-	-	309	82	-	-	875	-
Trade payables	248	-	302	7	-	76	351	955	-
Forward foreign exchange contracts - buy foreign currency	44,593	1,492	2,110	-	-	-	-	187	691
Foreign currency options - buy foreign currency	56,434	-	1,181	-	-	-	-	-	-

Group Sensitivity

Based on the financial instruments held at 30 June 2015, had the Australian dollar weakened/strengthened by 5% against other foreign currencies at that date, with all other variables held constant, it is estimated that equity would have been $3,027,580 higher / $2,964,486 lower (2014: $2,070,000 higher / $1,619,000 lower), arising from forward foreign exchange contracts and foreign currency options designated as cash flow hedges. The Group's exposure to unhedged amounts is not material.

(B) INTEREST RATE RISK

The Group's main interest rate risk arises from long-term borrowings with variable interest rates, which expose the Group to cash flow interest rate risk. The Group's fixed rate borrowings and receivables are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps the Group agrees with relevant counterparties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

At 30 June 2015 $60,406,000 of the Group's debt is at fixed rates. This is comprised of $30,000,000 of fixed rate bonds, $30,000,000 of floating-to-fixed interest rate swaps and $406,000 of other fixed rate borrowings. The remainder of the Group's debt is at variable rates.

At 30 June 2015 the Group holds two separate $15,000,000 floating-to-fixed interest rate swaps for a combined value of $30,000,000. The swaps mature in May 2020. The contracts restrict the Group's interest rate exposure to 4.13% (excluding the Group's credit margin) for $30,000,000 of the Group's variable rate debt over this period. Both contracts are settled on a quarterly basis and compare with the 90 day Bank Bill Swap Reference Rate (BBSW).

	WEIGHTED AVERAGE INTEREST RATE[1]	BALANCE $'000	% OF TOTAL LOANS
2015			
Bank loans – variable rate	**2.2%**	**30,000**	**33**
Bonds – variable rate	**2.2%**	**30,000**	**33**
Interest rate swaps (notional principal amount)	**4.1%**	**(30,000)**	
Net exposure to cash flow interest rate risk		**30,000**	**33**
2014			
Bank overdrafts and bank loans – variable rate	2.7%	78,398	99
Interest rate swaps (notional principal amount)	4.2%	(60,000)	
Net exposure to cash flow interest rate risk		18,398	23

1. Weighted average interest rates exclude the Group's credit margin

Group Sensitivity

At 30 June 2015, if interest rates had changed by +/- 50 basis points from the year end rates with all other variables held constant, equity is estimated to have been $254,000 higher / $475,000 lower (2014: $411,000 higher / $418,000 lower) as a result of an increase / decrease in the fair value of the interest rate cash flow hedges.

The Group's profit is estimated to have been $101,000 lower / $101,000 higher (2014: $104,000 lower / $104,000 higher) as a result of a change in interest rates of +/- 50 basis points applied to the average unhedged portion of debt throughout the year.

(C) CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, derivative financial instruments and receivables due from customers.

The maximum exposure to credit risk at balance date is the carrying amount of the financial assets as summarised in Note 2. For derivative instruments, counterparties are limited to approved institutions with secure long-term credit ratings.

Credit limits are set and monitored by management with respect to individual customers and in some instances debtor insurance is taken out against specific customers in order to minimise the credit risk. Credit limits are based on the customers' financial position and prior payment history.

For derivative financial instruments, the Board determines the coverage required by the Group and this is reviewed on a regular basis. The Group uses the major Australian banks as counterparties for most of the Group's derivative instruments. Derivatives entered into by foreign subsidiaries also use the major banks from within that country.

Refer to Notes 11 and 13 for additional information regarding receivables and credit risk exposure.

(D) LIQUIDITY RISK

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

	2015 $'000	2014 $'000
Financing Arrangements		
The Group has access to the following undrawn borrowing facilities at the end of the reporting period:		
Unused at balance date – floating rate		
Expiry within one year (bank overdraft and loans)	**-**	25,079
Expiring beyond one year (bank loans)	**33,000**	-
	33,000	25,079

Refer to Note 21 for further information regarding the financing facilities available to the Group.

NOTE 2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(D) LIQUIDITY RISK (CONTINUED)

Maturity profile of the Group's borrowings

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	LESS THAN 1 YEAR $'000	BETWEEN 1 & 2 YEARS $'000	BETWEEN 2 & 3 YEARS $'000	BETWEEN 4 & 6 YEARS $'000	TOTAL CONTRACTUAL CASH FLOWS $'000	CARRYING AMOUNT $'000
30 June 2015						
Non-derivatives						
Payables	**60,427**	**-**	**-**	**-**	**60,427**	**60,427**
Contingent consideration[1]	**6,637**	**-**	**-**	**-**	**6,637**	**6,637**
Borrowings	**5,527**	**34,850**	**37,646**	**33,728**	**111,751**	**88,475**
Total non-derivative financial liabilities	**72,591**	**34,850**	**37,646**	**33,728**	**178,815**	**155,539**
Derivatives						
Interest rate contracts	**409**	**410**	**410**	**781**	**2,010**	**2,010**
Foreign currency options	**802**	**-**	**-**	**-**	**802**	**802**
Total derivative financial instrument liabilities	**1,211**	**410**	**410**	**781**	**2,812**	**2,812**
30 June 2014						
Non-derivatives						
Payables	50,627	-	-	-	50,627	50,627
Contingent consideration[1]	4,170	8,715	-	-	12,885	12,885
Borrowings	7,115	78,024	-	-	85,139	78,820
Total non-derivative financial liabilities	61,912	86,739	-	-	148,651	142,332
Derivatives						
Forward foreign exchange contracts - inflow	(46,945)	-	-	-	(46,945)	-
Forward foreign exchange contracts - outflow	49,074	-	-	-	49,074	1,952
	2,129	-	-	-	2,129	1,952
Interest rate contracts	835	835	142	-	1,812	1,812
Foreign currency options	1,184	-	-	-	1,184	1,068
Total derivative financial instrument liabilities	4,148	835	142	-	5,125	4,832

1. The amounts disclosed above in relation to contingent consideration are based on management's best estimates of the likely future payments based on the facts and circumstances in existence at 30 June 2015 and 30 June 2014 respectively. The final payment amounts may significantly differ from the amounts disclosed above. Refer to Note 31 for further information.

(E) FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following financial instruments held by the Group were measured and recognised at fair value at 30 June 2015 and 30 June 2014 on a recurring basis:

	30 JUNE 2015				30 JUNE 2014			
RECURRING FAIR VALUE MEASUREMENTS	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Financial assets at fair value								
Derivative financial instruments	**-**	**1,951**	**-**	**1,951**	-	-	-	-
Put Option	**-**	**-**	**2,587**	**2,587**	-	-	-	-
Total financial assets at fair value	**-**	**1,951**	**2,587**	**4,538**	-	-	-	-
Financial liabilities at fair value								
Derivative financial instruments	**-**	**2,812**	**-**	**2,812**	-	4,832	-	4,832
Contingent consideration	**-**	**-**	**6,637**	**6,637**	-	-	12,885	12,885
Total financial liabilities at fair value	**-**	**2,812**	**6,637**	**9,449**	-	4,832	12,885	17,717

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The fair value of the derivative financial instruments is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. The fair value of interest rate swaps is calculated as the present value of the estimated cash flows and the fair value of forward exchange and option contracts is determined using forward exchange market rates and volatilities at the end of the reporting period.

The following table presents the changes in level 3 instruments for the years ended 30 June 2015 and 30 June 2014:

	FINANCIAL ASSET	FINANCIAL LIABILITY
	PUT OPTION RECEIVABLE $'000	CONTINGENT CONSIDERATION PAYABLE $'000
Opening balance as at 1 July 2013	**-**	9,040
Acquisitions (refer Note 31)	**-**	4,140
Adjustments arising from reassessment of the provision	**-**	(295)
Closing balance at 30 June 2014	**-**	12,885
Option value recognised on disposal of business (refer Note 14)	**1,347**	-
Adjustments arising from reassessment of the option / provision (refer Note 14 and Note 31 respectively)	**1,240**	(6,248)
Closing balance at 30 June 2015	**2,587**	6,637

The fair values of the Group's put option receivable and provision for contingent consideration payable are determined using internal calculations which use relevant current and projected performance, the shareholder agreements, and contingent consideration agreements as inputs. Refer Notes 14 and 31 for further information.

NOTE 3. REVENUE

	2015 $'000	2014[1] $'000
Revenue from operating activities:		
Sales revenue	**349,069**	352,697
Other revenue:		
Interest	**214**	27
Total revenue	**349,283**	352,724

1. See Note 1(A) for details regarding the restatement as a result of an error

NOTE 4. OTHER INCOME

Commissions	**205**	309
Contingent consideration adjustment	**2,036**	-
Other income	**326**	337
Total other income	**2,567**	646

NOTE 5. OPERATING PROFIT / (LOSS)

(A) EXPENSES

Materials and consumables used	**208,485**	205,685
Employee costs	**49,253**	48,732
Advertising and promotional	**20,560**	17,853
Cartage and freight	**17,571**	20,438
Third party warehousing	**6,904**	8,128
Rental expenses relating to operating leases	**6,583**	7,037
Depreciation	**2,256**	2,502
Amortisation of other intangibles	**403**	393
Restructure costs	**4,123**	1,450
Other expenses	**16,564**	17,102
Impairment of intangible assets	**637**	80,000
Total expenses	**333,339**	409,320

(B) PROFIT / (LOSS) BEFORE INCOME TAX EXPENSE INCLUDES THE FOLLOWING NET EXPENSES AND GAINS:

	2015 $'000	2014 $'000
Expenses:		
Total rental expenses relating to operating leases	**6,583**	7,037
Bad and doubtful debts - trade debtors	**412**	127
Provision for stock obsolescence	**1,797**	4,082
Other provisions:		
Employee entitlements	**3,570**	3,035
Employee incentives	**958**	404
Claims, returns and warranty	**2,662**	1,423
Restructure	**1,409**	100
Contingent consideration	**(2,036)**	-
Other	**413**	161
Total other provisions	**6,976**	5,123
Other expenses:		
Cost of goods sold	**208,485**	205,685
Loss on disposal of plant and equipment	**100**	130
Net foreign exchange (gains)/losses	**(3,490)**	790
Finance costs:		
Borrowing costs	**6,378**	6,647
Termination of interest rate swap associated with refinancing	**1,969**	-
	8,347	6,647

NOTE 5. OPERATING PROFIT / (LOSS) (CONTINUED)

(C) SIGNIFICANT ITEMS

The Group's profit / (loss) after income tax includes the following items that are significant because of their nature or size:

		2015 $'000	2014 $'000
(i)	Impairment of goodwill within the Australian business segment (Note 16)	**(372)**	(78,243)
	Less: Applicable income tax benefit	**-**	-
		(372)	(78,243)
(ii)	Impairment of brandnames within the Australian business segment (Note 16)	**(265)**	(1,757)
	Less: Applicable income tax benefit	**80**	527
		(185)	(1,230)
(iii)	Business combination contingent consideration adjustment (Note 31)	**2,036**	-
	Less: Applicable income tax expense	**-**	-
		2,036	-
(iv)	Restructure costs	**(4,123)**	(1,450)
	Less: Applicable income tax benefit	**1,212**	435
		(2,911)	(1,015)
(v)	Acquisition and transition related costs	**(445)**	(1,148)
	Less: Applicable income tax benefit	**133**	345
		(312)	(803)
(vi)	Termination of interest rate swap associated with refinancing	**(1,969)**	-
	Less: Applicable income tax benefit	**591**	-
		(1,378)	-
(vii)	Gain on revaluation of put option associated with Housewares joint venture (Note 14)	**1,240**	-
	Net loss on reclassifying New Zealand Housewares business to held for sale (Note 14)	**(1,240)**	-
	Less: Applicable income tax benefit	**-**	-
		-	-
	Total significant items	**(5,138)**	(82,598)
	Less: Applicable income tax benefits	**2,016**	1,307
		(3,122)	(81,291)

The significant items set out in the table above are detailed below:

(i) & (ii) Impairment of goodwill and brandnames

The current year impairment writedowns related to goodwill and brandnames are associated with the Group's decision to divest a minor single branded part of the New Zealand business and to discontinue one other minor brand within the Australian Business. The $372,000 goodwill impairment is associated with the Group's New Zealand cash generating unit, while the $265,000 brandname impairment is associated with the Group's Australian Cash generating unit (excluding Home Appliances).

During the prior year an impairment charge of $80,000,000 was recognised against the Australian cash generating unit (excluding Home Appliances), with $78,243,000 of this charge being recognised against goodwill and the remaining $1,757,000 being recognised against certain brandnames. The impairment charge was a direct result of the reduced earnings being generated by the Group's Australian operations (excluding Home Appliances).

Refer to Note 16 for further information.

(iii) Business contingent consideration adjustment

During the current year the Group recognised a $2,036,000 gain associated with the reassessment of the provision for contingent consideration relating to the Home Appliances acquisition. The reassessment was based on the actual outcomes achieved.

Refer to Note 31 for further information.

(iv) Restructure costs

The restructure costs recognised in the current year primarily relate to redundancy, inventory clearance, costs associated with the Housewares disposal and other restructuring activities undertaken by the Group, including transitioning the Group's New Zealand warehouse to an outsourced logistics provider.

The restructure costs in the prior year primarily related to redundancy and inventory clearance costs associated with the businesses disclosed as held for sale at 30 June 2014.

(v) Acquisition and transition related costs

The acquisition and transition related costs recognised in the current year relate to certain costs associated with the Group's acquisition of the A'kin and Al'chemy brands, together with legal and other professional advisory costs associated with a dispute surrounding the contingent consideration arrangement related to the Group's acquisition in the prior year of the Dr. LeWinn's and Revitanail brands.

Acquisition and transition related costs in the prior year related to the transaction and other one-off transition related costs incurred primarily associated with the Group's acquisition of the Think Appliances business (including the Baumatic brandname).

Refer to Note 31 for further information.

(vi) Termination of interest rate swap associated with refinancing

In April 2015, the Group completed its refinancing. This resulted in the Group significantly changing its financing arrangements and the counterparties involved. As a result of this change the Group's existing interest rate swap was terminated as it no longer aligned with the Group's new financing structure. Two new interest rate swaps were then subsequently entered into. In accordance with accounting standards the expense associated with terminating the original interest rate swap has been recognised in full in the current year.

(vii) Disposal of Housewares business

The Group has recognised a gain of $1,240,000 on remeasurement of its put option associated with its remaining 49% investment in the Australian, Singapore and Hong Kong Housewares business. This revaluation is based on the expected performance of the joint venture. The Group has also recognised a loss of $1,240,000 on reclassifying the New Zealand Housewares business to assets classified as held for sale.

Refer to Note 14 for further information.

NOTE 6. DIVIDENDS

Details of dividends declared during the year ended 30 June 2015 are as follows:

	2015 $'000	2014 $'000
Final 30 June 2014 dividend of 5.0 cents per fully paid share (2013: 7.0 cents per fully paid share) fully franked @ 30%	**4,772**	6,251
Interim 2015 dividend of 6.0 cents per fully paid share (2014: 6.0 cents per fully paid share) fully franked @ 30%	**5,801**	5,640
Total dividends	**10,573**	11,891
Dividends not recognised at year end		
In addition to the above dividends, since the year end the Directors have declared a fully franked final dividend of 2.0 cents per fully paid share (2014: 5.0 cents per fully paid share). The aggregate amount of the dividend to be paid on 10 November 2015 but not recognised as a liability at year end is:	**1,947**	4,772
Franked Dividends		
Franked dividends paid after 30 June 2015 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2016.		
Franking credits available for subsequent financial years based on a tax rate of 30%	**17,948**	21,351

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for receipt of the current tax assets.

NOTE 6. DIVIDENDS (CONTINUED)

Dividend reinvestment plan

The Company's dividend reinvestment plan continues to operate at a discount of 2.5% and will apply to the upcoming final dividend. Shareholders on the register at the record date of 23 October 2015 will be eligible for the dividend. Shareholders wishing to participate in the dividend reinvestment plan need to have elected to do so by no later than the trading day immediately following the record date, or by 26 October 2015. Shareholders that have previously elected to participate in the dividend reinvestment plan will continue to do so on the same basis unless a formal election to vary or cease participation is provided by 26 October 2015.

The shares issued under the dividend reinvestment plan are fully paid ordinary shares and rank equally with other fully paid ordinary shares. The issue price under the dividend reinvestment plan is calculated as the volume weighted average price of all shares sold through normal trade on the ASX during the five trading days commencing on the third trading day after the record date, less the 2.5% discount.

NOTE 7. SEGMENT INFORMATION

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 geographic segments and are considered on the basis of Australia, New Zealand and the rest of the world.

Segment revenues

Segment revenues are allocated based on the location in which the revenue originated. Sales between segments are eliminated on consolidation.

Revenues of approximately $69,029,000 (2014: $77,139,000) and $53,880,000 (2014: $61,745,000) were derived from two external customers. These revenues were attributable to the Australian segment.

Segment assets

Segment assets are allocated based on where the asset is located. Assets arising from transactions between segments are eliminated on consolidation.

	AUSTRALIA $'000	NEW ZEALAND $'000	REST OF THE WORLD $'000	INTER-SEGMENT ELIMINATIONS $'000	CONSOLIDATED $'000
2015					
Sales to external customers	**306,869**	**30,605**	**11,595**	**-**	**349,069**
Inter-segment sales	**1,769**	**29**	**118,655**	**(120,453)**	**-**
Total sales revenue	**308,638**	**30,634**	**130,250**	**(120,453)**	**349,069**
Other revenue / income (excluding interest)	**2,237**	**20**	**310**	**-**	**2,567**
Total segment revenue and other income	**310,875**	**30,654**	**130,560**	**(120,453)**	**351,636**
EBITDA before significant items	**20,774**	**1,661**	**2,750**	**-**	**25,185**
Depreciation and amortisation expense	**(2,256)**	**(357)**	**(46)**	**-**	**(2,659)**
Segment result before significant items	**18,518**	**1,304**	**2,704**	**-**	**22,526**
Significant items (excluding interest refer Note 5(C))	**(1,771)**	**(1,398)**	**-**	**-**	**(3,169)**
Segment result including significant items	**16,747**	**(94)**	**2,704**	**-**	**19,357**
Net borrowing costs					**(8,133)**
Profit before income tax					**11,224**
Income tax expense					**(2,384)**
Profit after income tax					**8,840**
Total segment assets	**257,518**	**18,915**	**40,648**	**(34,140)**	**282,941**
Investments in joint ventures	**8,556**	**-**	**273**	**-**	**8,829**
Share of net profit of joint venture accounted for using the equity method	**928**	**-**	**132**	**-**	**1,060**
Non-current assets (other than financial assets and deferred tax)	**100,139**	**1,913**	**1,696**	**-**	**103,748**
Additions to non-current assets (other than financial assets and deferred tax)	**11,216**	**266**	**16**	**-**	**11,498**

	AUSTRALIA $'000	NEW ZEALAND $'000	REST OF THE WORLD $'000	INTER-SEGMENT ELIMINATIONS $'000	CONSOLIDATED $'000
2014 [1]					
Sales to external customers	307,420	33,466	11,811	-	352,697
Inter-segment sales	2,560	35	118,933	(121,528)	-
Total sales revenue	309,980	33,501	130,744	(121,528)	352,697
Other revenue / income (excluding interest)	316	25	305	-	646
Total segment revenue and other income	310,296	33,526	131,049	(121,528)	353,343
EBITDA before significant items	23,182	3,251	3,083	-	29,516
Depreciation and amortisation expense	(2,436)	(411)	(48)	-	(2,895)
Segment result before significant items	20,746	2,840	3,035	-	26,621
Significant items (refer Note 5(C))	(82,598)	-	-	-	(82,598)
Segment result including significant items	(61,852)	2,840	3,035	-	(55,977)
Net borrowing costs					(6,620)
Loss before income tax					(62,597)
Income tax expense					(4,442)
Loss after income tax					(67,039)
Total segment assets	237,549	21,659	34,582	(29,743)	264,047
Non-current assets (other than financial assets and deferred tax)	86,497	6,551	1,258	-	94,306
Additions to non-current assets (other than financial assets and deferred tax)	25,929	217	16	-	26,162

1. See Note 1(A) for details regarding the restatement as a result of an error

NOTE 8. INCOME TAX

(A) INCOME TAX EXPENSE

	2015 $'000	2014[1] $'000
Current tax	**3,719**	4,787
Deferred tax	**(1,182)**	(224)
Over provision in prior years	**(153)**	(121)
	2,384	4,442
Deferred income tax credit included in income tax expense comprises:		
(Increase) / decrease in deferred tax assets (Note 17)	**(1,065)**	329
Decrease in deferred tax liabilities (Note 23)	**(117)**	(553)
	(1,182)	(224)

1. See Note 1(A) for details regarding the restatement as a result of an error

NOTE 8. INCOME TAX (CONTINUED)

(B) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE

	2015 $'000	2014[1] $'000
Total operating profit / (loss) before tax	**11,224**	(62,597)
Prima facie income tax expense / (benefit) at 30%	**3,367**	(18,779)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of intangible assets	**111**	23,473
Non-assessable contingent consideration adjustment	**(611)**	-
Tax rate differences in overseas entities	**(386)**	(469)
Share-based payments expense	**(11)**	38
Non-assessable share of net profit of associates accounted for using the equity method	**(318)**	-
Over provision in prior years	**(153)**	(121)
Other	**385**	300
Income tax expense	**2,384**	4,442

1. See Note 1(A) for details regarding the restatement as a result of an error

(C) AMOUNTS RECOGNISED DIRECTLY IN EQUITY

	2015 $'000	2014 $'000
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly credited to equity:		
Deferred tax assets (Note 17)	**12**	(66)

(D) TAX EXPENSE/(BENEFIT) RELATING TO ITEMS OF OTHER COMPREHENSIVE INCOME

Cash flow hedges (Notes 17, 23)	**1,820**	(2,377)

NOTE 9. KEY MANAGEMENT PERSONNEL

	2015 $	2014 $
Key management personnel compensation		
Short-term benefits	**2,752,288**	2,057,394
Post-employment benefits	**205,639**	175,309
Long-term benefits	**41,468**	17,470
Share-based payments	**(34,394)**	115,026
	2,965,001	2,365,199

Detailed remuneration disclosures are provided in the Remuneration Report contained within the Directors' Report, which is on pages 25 to 33 of the Annual Report.

Loans to key management personnel

There were no loans made to Directors of McPherson's Limited, or to any other key management personnel of the Group, including their personally-related entities during the current or previous year, nor were there any loans outstanding at the end of the current or previous financial year.

Other transactions with key management personnel

During the year the Group sold minor quantities of its products for domestic use to key management personnel on terms and conditions no more favourable than those adopted when dealing with other employees at arm's length in the same circumstances.

There were no transactions between the consolidated entity and the Directors of McPherson's Limited or with any other key management personnel of the Group, including their personally-related entities, during the current or previous financial year other than those disclosed above, and relating to remuneration and to transactions concerning preference shares.

NOTE 10. CASH AND CASH EQUIVALENTS

	2015 $'000	2014 $'000
Cash on hand	**11**	12
Cash at bank and on deposit (at call)	**11,272**	4,108
	11,283	4,120
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	**11,283**	4,120
Less: Bank overdrafts (Note 19)	**-**	(398)
Cash balance per statement of cash flows	**11,283**	3,722

NOTE 11. TRADE AND OTHER RECEIVABLES

Trade receivables	**49,149**	56,984[1]
Provision for impairment	**(378)**	(189)
	48,771	56,795
Other receivables/prepayments	**6,238**	3,934
	55,009	60,729
Movements in the provision for impairment of trade receivables are as follows:		
Balance at 1 July	**(189)**	(62)
Provisions for impairment recognised during the year	**(412)**	(127)
Written-off during the year as uncollectible	**222**	-
Foreign exchange	**1**	-
	(378)	(189)

Other receivables do not contain impaired assets and are not past due. It is expected that these amounts will be received in full when due. Due to the short-term nature of current receivables, their carrying amounts are assumed to be the same as their fair value.

1. See Note 1(A) for details regarding the restatement as a result of an error

NOTE 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

Credit risk

The credit risk relating to trade and other receivables of the Group which have been recognised on the balance sheet, is the carrying amount, net of any provision for impairment. The following provides an overview of the credit risk associated with trade receivables.

	2015 $'000	2014[1] $'000
Neither past due nor impaired	**31,360**	34,240
Past due, but not impaired:		
– less than 30 days	**9,327**	14,869
– 30 to 59 days	**2,754**	4,092
– 60 to 89 days	**2,449**	1,788
– 90 to 119 days	**544**	1,168
– 120 days or more	**2,715**	827
Gross carrying amount	**49,149**	56,984
Provision for impairment	**(378)**	(189)
Net carrying amount	**48,771**	56,795

1. See Note 1(A) for details regarding the restatement as a result of an error

Credit risk concentration

Two external customers represent $16,568,000 (2014: $15,381,000) and $5,573,000 (2014: $14,371,000) respectively of the closing receivables balance. These debtor balances are in relation to the Australian business.

NOTE 12. INVENTORIES

	2015 $'000	2014 $'000
Raw materials	**5,333**	3,095
Finished goods	**46,840**	40,437
Stock in transit	**8,169**	6,698
	60,342	50,230
Provision for inventory obsolescence	**(2,557)**	(4,741)
	57,785	45,489

The basis of inventory valuation adopted is set out in Note 1(L).

Inventory recognised as expenses during the year ended 30 June 2015 amounted to $208,485,000 (2014: $205,685,000). At 30 June 2015 the Group has transferred $19,676,000 (2014: $26,136,000) of inventories to assets held for sale. Refer to Note 14(B) for further information.

NOTE 13. DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are only used for economic hedging purposes and not as trading or speculative instruments. The Group has the following financial instruments:

	2015 $'000	2014 $'000
Current assets		
Forward foreign exchange contracts – cash flow hedges	**1,109**	-
Foreign currency options – cash flow hedges	**842**	-
Total current derivative financial instrument assets	**1,951**	-
Current liabilities		
Interest rate contracts – cash flow hedges	**409**	834
Forward foreign exchange contracts – cash flow hedges	**12**	1,952
Foreign currency options – cash flow hedges	**790**	1,068
Total current derivative financial instrument liabilities	**1,211**	3,854
Non-current liabilities		
Interest rate contracts – cash flow hedges	**1,601**	978

(A) INSTRUMENTS USED BY THE GROUP

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates in accordance with the Group's financial risk management policies (refer to Note 2). For information about the methods and assumptions used in determining the fair value of derivatives please refer to Note 2(E).

Forward foreign exchange contracts – cash flow hedges

The Group enters into forward foreign exchange contracts to hedge highly probable forecast purchases denominated in foreign currencies. The terms of these commitments are predominately eight months or less.

Foreign currency options – cash flow hedges

The Group has also entered into foreign currency option contracts to partially hedge a portion of anticipated United States dollar purchases. At balance date, the outstanding foreign currency option contracts cover the period from July 2015 to February 2016.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity. When the cash flows occur, the Group adjusts the initial measurement of the component recognised in the balance sheet by the related amount deferred in equity.

Interest rate swap contracts - cash flow hedges

The Group has entered into an interest rate swap contract to reduce its exposure to possible increases in interest rates. Refer to Note 2 for further information.

(B) CREDIT RISK EXPOSURE

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity.

Foreign exchange contracts, foreign currency options and interest rate swaps are subject to credit risk in relation to the relevant counterparties, which are major banks. The maximum credit risk exposure on hedging contracts is the full amount the Group pays when settlement occurs should the counterparty fail to pay the amount which it is committed to pay to the Group.

(C) INTEREST RATE AND FOREIGN EXCHANGE RISK

For an analysis of the sensitivity of derivatives to interest rate and foreign exchange risk refer to Note 2. There are no material sources of ineffectiveness in the Group's hedge relationships.

NOTE 14. DISPOSAL, ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND INTEREST IN JOINT VENTURE

(A) HOUSEWARES DISPOSAL

On 19 August 2014, the Group announced its plan to divest 51% of its Housewares business to the Fackelmann Group. The Fackelmann Group is a global manufacturer and distributor of kitchen, baking, home, leisure and bathroom products. The new business would be run as a joint venture between the parties.

On 31 October 2014 the Group transferred its Australian, Singapore and Hong Kong Housewares business into a new venture and then sold 51% of this venture to the Fackelmann Group. The new venture markets and distributes the combined ranges of housewares products.

As part of the disposal the parties entered into a reciprocal put/call option whereby, the Group has the option to put its remaining shares to the Fackelmann Group, and the Fackelmann Group has the option to call the Group to sell its remaining shares. The put and call options can be exercised by either party at any time after the first anniversary of the sale.

As a result of the disposal, and based on the terms of the contract, the new venture is deemed to represent a joint venture on the basis that both shareholders need to agree on decisions in several key areas. Consequently, the Group does not consolidate the results of this joint venture, rather it equity accounts for its share of the joint venture's profit or loss and movements in other comprehensive income. Any dividends received from the joint venture in future periods will be recognised as a reduction in the carrying amount of the Group's investment in this entity.

The details of the disposal are set out below:

	$'000
Cash received	6,571
Fair value of put option	1,347
Total sale consideration	7,918
Fair value of 49% interest retained	7,607
Carrying amount of net assets disposed	(15,525)
Gain on sale	-

Put option

As previously noted, the Group has entered into a reciprocal put/call option as part of the sale. The put and call options can be exercised by either party at any time from 1 January 2016. The final amount to be received by the Group upon sale of its remaining shares will be dependent upon the earnings before interest and tax (EBIT) generated by the joint venture in the financial year prior to when the option is exercised.

In accordance with Australian Accounting Standards the Group was required to estimate the value of the put option at the date of disposal. This amount has been included as part of the gain on sale calculation and has been recognised as an asset by the Group. The value of this option has changed since the date of disposal and may continue to change over time up until the date the option is exercised. The final payment received may significantly differ from the current estimate made. The Group is required to reassess the value of the put option at each balance date, with any changes being recognised through profit or loss. At 30 June 2015 the Group determined that the value of the option was $2,587,000 representing a gain of $1,240,000 which has been recognised in the income statement.

The carrying amounts of assets and liabilities disposed of:

	$'000
Inventories	12,998
Property, plant and equipment	255
Intangible assets	3,435
Deferred tax assets	144
Total assets	16,832
Employee benefits	510
Deferred tax liabilities	797
Total liabilities	1,307
Net assets	15,525

The fair value of the net assets sold was determined to be equivalent to their carrying value. As such the Group's 49% retained share was valued at $7,607,000. This amount was recognised as the carrying value of the Group's investment in the joint venture immediately after the disposal. During the period from 1 November 2014 to 30 June 2015 the Group has equity accounted for its share of the joint venture's net profit and movements in other comprehensive income. The Group has therefore recognised $1,060,000 in profit in the current period and $162,000 in other comprehensive income.

(B) ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

	2015 $'000	2014 $'000
Inventories	**19,676**	26,136
Property, plant and equipment	**102**	428
Intangible assets	**24,010**	26,409
Deferred tax assets	**117**	308
Total assets classified as held for sale	**43,905**	53,281
Employee benefits	**397**	1,027
Deferred tax liabilities	**6,050**	6,847
Total liabilities directly associated with assets classified as held for sale	**6,447**	7,874

As part of the Group's plan to divest its Housewares business to the Fackelmann Group, the Group has agreed to sell 51% of its New Zealand Housewares business. The sale took place on 1 July 2015. The Group is also continuing to pursue a sale of its Household Consumables business. A sale of this business is expected to occur within the coming 12 months.

In accordance with Australian Accounting Standards, as the Directors now expect to recover the identified assets and liabilities associated with these businesses through sale, these items have been disclosed separately as being held for sale within the Group's 30 June 2015 consolidated balance sheet.

The assets classified as held for sale have been measured at the lower of cost and fair value less costs to sell. An impairment charge to goodwill of $1,240,000 was required for the New Zealand Housewares business as a result of the reclassification and remeasurement of these items.

At 30 June 2015, $37,674,000 of assets held for sale are presented within the total assets of the Australian business segment in Note 7, while $6,231,000 are presented within the New Zealand business segment.

If the estimated consideration to be received by the Group associated with the proposed disposals were to be 10% below management's current estimate then an impairment charge of approximately $4,044,000 would arise (30 June 2014: $172,000).

(C) INTEREST IN JOINT VENTURE

As a result of the Group's decision to divest 51% of its Australian, Singapore and Hong Kong Housewares business the Group holds a 49% interest in the recently established Housewares joint venture with the Fackelmann Group. The new venture is deemed a joint venture on the basis that both shareholders need to agree on decisions in several key areas.

	2015 $'000	2014 $'000
Investment in Housewares joint venture	**8,829**	-
Movement during the year		
Balance at 1 July	**-**	-
Investment in joint venture	**7,607**	-
Share of net profit of joint venture	**1,060**	-
Share of other comprehensive income of joint venture	**162**	-
Closing balance at 30 June	**8,829**	-

NOTE 15. PROPERTY, PLANT AND EQUIPMENT

	2015 $'000	2014 $'000
Leasehold improvements:		
At cost	**278**	295
Accumulated amortisation	**(230)**	(232)
Total leasehold improvements	**48**	63
Plant and equipment:		
At cost	**29,535**	31,111
Accumulated depreciation	**(24,082)**	(25,134)
Total plant and equipment	**5,453**	5,977
Total property, plant and equipment	**5,501**	6,040

(A) RECONCILIATIONS

	LEASEHOLD IMPROVEMENTS $'000	PLANT AND EQUIPMENT $'000	TOTAL $'000
Carrying amount at 30 June 2013	63	7,604	7,667
Additions	5	1,400	1,405
Acquisition of businesses	-	5	5
Assets classified as held for sale	-	(428)	(428)
Disposals	-	(200)	(200)
Depreciation expense	(11)	(2,491)	(2,502)
Foreign currency exchange differences	6	87	93
Carrying amount at 30 June 2014	**63**	**5,977**	**6,040**
Additions	**-**	**1,969**	**1,969**
Assets classified as held for sale	**-**	**(78)**	**(78)**
Disposals	**(8)**	**(131)**	**(139)**
Depreciation expense	**(4)**	**(2,252)**	**(2,256)**
Foreign currency exchange differences	**(3)**	**(32)**	**(35)**
Carrying amount at 30 June 2015	**48**	**5,453**	**5,501**

During the year the Group transferred $78,000 of fixed assets ($479,000 cost, net of $401,000 accumulated depreciation) to assets held for sale. Refer to Note 14 for further information.

(B) NON-CURRENT ASSETS PLEDGED AS SECURITY

Refer to Note 21 for information on non-current assets pledged as security by the parent entity and certain controlled entities.

NOTE 16. INTANGIBLE ASSETS

	2015 $'000	2014 $'000
Goodwill	**34,764**	37,464
Brandnames	**52,153**	49,259
Other intangibles	**7,511**	6,194
Accumulated amortisation	**(5,010)**	(4,651)
Total other intangibles	**2,501**	1,543
Total intangibles	**89,418**	88,266

Reconciliations

Reconciliations of the carrying amounts of each class of intangible assets at the beginning and end of the financial year are set out below:

	NOTE	GOODWILL $'000	BRANDNAMES $'000	OTHER INTANGIBLES $'000	TOTAL $'000
Carrying amount at 30 June 2013		124,641	42,655	808	168,104
Additions		-	-	1,128	1,128
Acquisition of businesses/brands	31	448	23,177	-	23,625
Transfers/adjustments		(9,377)	(14,816)	-	(24,193)
Disposals		(460)	-	-	(460)
Impairment charge		(78,243)	(1,757)	-	(80,000)
Amortisation charge		-	-	(393)	(393)
Foreign currency exchange differences		455	-	-	455
Carrying amount at 30 June 2014		**37,464**	**49,259**	**1,543**	**88,266**
Additions		**-**	**42**	**1,426**	**1,468**
Acquisition of brands	31	**-**	**7,257**	**-**	**7,257**
Transfers/adjustments	14, 31	**(2,270)**	**(4,140)**	**-**	**(6,410)**
Disposals		**-**	**-**	**(65)**	**(65)**
Impairment charge		**(372)**	**(265)**	**-**	**(637)**
Amortisation charge		**-**	**-**	**(403)**	**(403)**
Foreign currency exchange differences		**(58)**	**-**	**-**	**(58)**
Carrying amount at 30 June 2015		**34,764**	**52,153**	**2,501**	**89,418**

Acquired brandnames are not amortised under AASB 138 *Intangible Assets*, as the Directors consider these to have an indefinite life. The brandnames are subject to an annual impairment test.

Due to the upcoming sale of the Group's New Zealand Housewares business an amount of $2,270,000 has been transferred from goodwill to assets held for sale. Refer to Note 14(B) for further information.

The Group is required to assess its provision for contingent consideration payable at each balance date. Based on this review an amount of $4,140,000 has been adjusted against the associated brandnames. Refer to Note 31 for further information.

Impairment Testing

Goodwill

Goodwill is allocated to the following cash generating units:

	2015 $'000	2014 $'000
Australia (excluding Home Appliances)	**13,042**	13,042
Home Appliances	**19,393**	19,393
New Zealand	**2,329**	5,029
	34,764	37,464

The recoverable amount of a cash generating unit is determined based on a value-in-use calculation. These calculations use cash flow projections based on financial budgets/forecasts covering a one year period. Cash flows beyond the projected period are extrapolated using estimated growth rates. In performing the value-in-use calculations for each cash generating unit, the Group has applied a post-tax discount rate to discount the forecast future attributable post-tax cash flows.

The assumptions used in the value-in-use calculations, for all cash generating units, are set out below:

	30 JUNE 2015			30 JUNE 2014		
	ESTIMATED GROWTH RATES YEAR 2 ONWARDS	POST-TAX DISCOUNT RATE	PRE-TAX DISCOUNT RATE	ESTIMATED GROWTH RATES YEAR 2 ONWARDS	POST-TAX DISCOUNT RATE	PRE-TAX DISCOUNT RATE
Australia (ex Home Appliances)	**2.0%**	**9.8%**	**13.1%**	2.0%	11.5%	15.1%
Home Appliances	**3.0%**	**10.0%**	**13.1%**	3.0%	11.5%	15.1%
New Zealand	**2.0%**	**10.3%**	**14.0%**	2.0%	11.5%	14.7%

NOTE 16. INTANGIBLE ASSETS (CONTINUED)

In addition, it is noted that the year one cash flow projection is a key assumption within the value-in-use calculations. The cash flow projections used for the year one cash flows are based on the Board approved financial budgets/forecasts. The budgets reflect the Board's expectation of improved cash flows, for the Australian (excl Home Appliances) cash-generating unit, arising from profit optimisation initiatives, new product launches and the full year impact of acquisitions and agency agreements. At 30 June 2015, the value-in-use calculations for all cash generating units exceeded the carrying value of their net assets. The surplus amount within the Australia (excluding Home Appliances) calculation is $16,713,000 (June 2014: $44,579,000). The surplus amount within the Home Appliances calculation is $21,144,000 (June 2014: $16,090,000). The surplus amount within the New Zealand calculation is NZD$127,000 (June 2014: NZD$10,743,000).

Impairment charge

During the current year an impairment charge of $372,000 was recognised against the goodwill allocated to the Group's New Zealand cash generating unit. The recoverable amount used in the goodwill calculations was based on a value-in-use model. The impairment charge was a direct result of the decision to divest a minor single branded part of the business.

The impairment charge is included within the New Zealand reportable segment disclosed within Note 7 Segment Information. The discount rate and other key assumptions used in the value-in-use calculations are disclosed above.

During the prior year an impairment charge of $80,000,000 was recognised against the Australian cash generating unit (excluding Home Appliances), with $78,243,000 of this charge being recognised against goodwill and the remaining $1,757,000 being recognised against certain brandnames. The recoverable amount used in the goodwill calculations was based on a value-in-use model. The impairment charge was a direct result of the reduced earnings being generated by the Group's Australian operations (excluding Home Appliances).

The impairment charge was included within the Australian reportable segment disclosed within Note 7 Segment Information. The discount rate and other key assumptions used in the value-in-use calculation are disclosed above.

Impact of possible changes in key assumptions

If the year one earnings before interest and tax (EBIT) used in the value-in-use calculation for the Australian (excluding Home Appliances) cash generating unit were to be 10.0% below the current estimated EBIT the surplus within the calculation would reduce to $4,135,000.

If the post-tax discount rate used in the value-in-use calculation for the Australian (excluding Home Appliances) cash generating unit was to be 1.0 percentage point higher than management's estimate (10.8% instead of 9.8%) the surplus within the calculation would reduce to $4,521,000.

If the terminal year growth rate used in the value-in-use calculation for the Australian (excluding Home Appliances) cash generating unit was to be 1.0 percentage point lower than management's estimate (1.0% instead of 2.0%) the surplus within the calculation would reduce to $6,919,000.

If the year one earnings before interest and tax (EBIT) used in the value-in-use calculation for the Home Appliances cash generating unit were to be 10.0% below the current estimated EBIT the surplus within the calculation would reduce to $15,144,000.

If the post-tax discount rate used in the value-in-use calculation for the Home Appliances cash generating unit was to be 1.0 percentage point higher than management's estimate (11.0% instead of 10.0%) the surplus within the calculation would reduce to $13,796,000.

If the terminal year growth rate used in the value-in-use calculation for the Home Appliances cash generating unit was to be 1.0 percentage point lower than management's estimate (2.0% instead of 3.0%) the surplus within the calculation would reduce to $15,108,000.

If the year one earnings before interest and tax (EBIT) used in the value-in-use calculation for the New Zealand cash generating unit were to be 10.0% below the current estimated EBIT an impairment loss of NZ$829,000 would arise.

If the post-tax discount rate used in the value-in-use calculation for the New Zealand cash generating unit was to be 1.0 percentage point higher than management's estimate (11.25% instead of 10.25%) an impairment loss of NZ$789,000 would arise.

If the terminal year growth rate used in the value-in-use calculation for the New Zealand cash generating unit was to be 1.0 percentage point lower than management's estimate (1.0% instead of 2.0%) an impairment loss of NZ$599,000 would arise.

Brandnames

Brandnames are tested for impairment on an individual basis annually and more frequently if events or changes in circumstances indicate that they might be impaired. The recoverable amount of a brandname is determined based on the higher of value-in-use or fair value less costs to sell calculations.

The value-in-use calculations are prepared using a discounted cash flow analysis of the future net contribution expected to be generated by the brand, which is based on financial budgets/forecasts covering a one year period. Cash flows beyond the projected period are extrapolated using estimated growth rates. In performing the value-in-use calculations the Group has applied a post-tax discount rate to discount the forecast future attributable post-tax cash flows.

During the current year an impairment charge of $265,000 was recognised as a result of the Australian business deciding to discontinue one minor brand.

The assumptions used in the value-in-use calculations, for all brandnames tested using this method, are set out below.

	2015	2014
Estimated growth rates	**1.0% - 3.0%**	1.0% - 3.0%
Post-tax discount rates	**9.8% - 10.0%**	11.5%
Pre-tax discount rate equivalents	**13.0% - 13.1%**	15.1%

At 30 June 2015, the total carrying value of brandnames tested using the value-in-use method was $52,153,000 (2014: $49,259,000). The value-in-use calculations for these brandnames exceeded their carrying values.

In the current year the fair value less costs to sell calculation relates only to the brandnames that are classified as held for sale at 30 June 2015 and is based on expected disposal calculations. Based on these calculations all brandnames classified as held for sale at 30 June 2015 are considered recoverable. The total carrying value of brandnames tested using this method was $20,166,000 (2014: $23,601,000).

Impact of possible changes in key assumptions

If the year one projected sales by brand were 10.0% below the current estimates used in the value-in-use calculations, for the brands tested using this method, an impairment charge of $557,000 (2014: $1,394,000) would arise.

If the year one contribution margin percentages were 5.0 percentage points below the current estimates used in the value-in-use calculations, for the brands tested using this method, no brand impairment charge would arise (2014: $8,982,000).

If the terminal year growth rates used in the value-in-use calculations were to be 1.0 percentage point lower than management's estimates, for the brands tested using this method, no brand impairment would arise (2014: Nil).

NOTE 17. DEFERRED TAX ASSETS

	2015 $'000	2014 $'000
The balance comprises temporary differences attributable to:		
Cash flow hedges	**868**	1,423
Employee benefits	**1,969**	1,686
Depreciation	**1,143**	1,281
Inventory obsolescence	**203**	364
Transaction costs arising on share issues	**110**	179
Trade receivables impairment	**110**	54
Claims and returns	**114**	54
Warranty	**546**	522
Other provisions and accruals	**-**	419
Deferred gain	**492**	28
Total temporary differences	**5,555**	6,010

Movements

	CASH FLOW HEDGES $'000	EMPLOYEE BENEFITS $'000	DEPRECIATION $'000	OBSOLESCENCE $'000	TRANSACTION COSTS ARISING ON SHARE ISSUES $'000	OTHER $'000	TOTAL $'000
Opening balance at 1 July 2013	618	1,892	1,162	697	254	974	5,597
Credited/(charged) to profit or loss (Note 8)	-	30	(30)	(80)	-	(249)	(329)
Credited/(charged) to equity	805	-	-	-	66	-	871
Amortisation of transaction costs on share issues	-	-	-	-	(110)	-	(110)
Acquired in business combinations (Note 31)	-	39	-	-	-	332	371
Transfers	-	(318)	-	-	-	43	(275)
(Over)/under provision in prior years	-	39	144	(255)	(31)	(25)	(128)
Foreign currency exchange differences	-	4	5	2	-	2	13
Closing balance at 30 June 2014	**1,423**	**1,686**	**1,281**	**364**	**179**	**1,077**	**6,010**
Credited/(charged) to profit or loss (Note 8)	**682**	**346**	**(16)**	**(169)**	**-**	**222**	**1,065**
Credited/(charged) to equity	**(1,237)**	**-**	**-**	**-**	**2**	**(15)**	**(1,250)**
Amortisation of transaction costs on share issues	**-**	**-**	**-**	**-**	**(71)**	**-**	**(71)**
Transfers	**-**	**(37)**	**-**	**-**	**-**	**-**	**(37)**
(Over)/under provision in prior years	**-**	**(21)**	**(122)**	**-**	**-**	**(7)**	**(150)**
Foreign currency exchange differences	**-**	**(5)**	**-**	**8**	**-**	**(15)**	**(12)**
Closing balance at 30 June 2015	**868**	**1,969**	**1,143**	**203**	**110**	**1,262**	**5,555**

NOTE 17. DEFERRED TAX ASSETS (CONTINUED)

	2015 $'000	2014 $'000
Deferred tax assets to be recovered within 12 months	**3,373**	3,944
Deferred tax assets to be recovered after more than 12 months	**2,182**	2,066
	5,555	6,010

NOTE 18. TRADE AND OTHER PAYABLES

Trade payables	**37,501**	30,886
Other payables	**22,926**	19,741
	60,427	50,627

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

NOTE 19. BORROWINGS – CURRENT

	2015 $'000	2014 $'000
Bank overdraft	**-**	398
Bank loans	**-**	2,000
Other borrowings	**406**	571
Debt issue costs	**-**	(149)
	406	2,820
Secured Liabilities		
Bank overdraft	**-**	398
Bank loans	**-**	2,000
	-	2,398

The fair values of the Group's current borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is at current market rates or the borrowings are short-term in nature.

Refer to Note 21 for further information on the Group's financing facilities.

NOTE 20. PROVISIONS - CURRENT

	2015 $'000	2014 $'000
Employee entitlements	**5,837**	4,910
Contingent consideration	**6,637**	12,885
Claims, returns and warranty	**2,042**	1,920
Restructure	**1,409**	-
Employee incentives	**291**	392
Other	**348**	257
	16,564	20,364

(A) EMPLOYEE ENTITLEMENTS

Amounts reflect employees' entitlement to take accrued annual leave and long service leave during the next 12 months. Based on past experience, the Group expects that approximately 50% of the current balance will be taken or paid within the next 12 months.

(B) CONTINGENT CONSIDERATION

A number of the Group's recent acquisitions have included a contingent consideration arrangement whereby the Group may be required to pay the vendors a variable amount of money depending on the performance of the acquired business or asset over a set period post acquisition. In accordance with Australian Accounting Standards, management is required to estimate how much of the contingent consideration it expects to pay in the future and raise a provision for this amount. The estimated amount is required to be reassessed each balance date. Refer to Note 31 for further information.

(C) CLAIMS, RETURNS AND WARRANTY

Provision is made for the estimated product related claims and returns by customers.

(D) RESTRUCTURE

At the end of the 2015 financial year the Group commenced a restructuring program to continue to align the Group's structure with the current strategy and environment. Since the restructuring plan was formally announced to employees prior to the end of the year and a formal plan is in place, a provision has been raised at 30 June 2015, for the restructuring activities that are still to be completed.

(E) EMPLOYEE INCENTIVES

Amounts reflect incentive payments to employees on the basis that certain criteria were fulfilled during the financial year.

(F) OTHER

Miscellaneous obligations for which there is a probability of an outflow of resources.

Movement in provisions

Movements in each class of provision during the financial year, other than employee entitlements, are set out below:

	CONTINGENT CONSIDERATION $'000	CLAIMS, RETURNS AND WARRANTY $'000	RESTRUCTURE $'000	EMPLOYEE INCENTIVES $'000	OTHER $'000
Carrying amount at 1 July 2014	**12,885**	**1,920**	**-**	**392**	**257**
Additional provisions charged to profit or loss	**-**	**2,662**	**1,409**	**968**	**413**
Transfers (Note 16)	**(4,140)**	**-**	**-**	**-**	**-**
Unused amounts reversed to profit or loss	**(2,036)**	**-**	**-**	**(10)**	**-**
Payments	**(72)**	**(2,540)**	**-**	**(1,070)**	**(322)**
Foreign currency exchange differences	**-**	**-**	**-**	**11**	**-**
Carrying amount at 30 June 2015	**6,637**	**2,042**	**1,409**	**291**	**348**

NOTE 21. BORROWINGS – NON-CURRENT

	2015 $'000	2014 $'000
Secured liabilities		
Bank loans - secured	**30,000**	76,000
Unsecured liabilities		
Bonds	**60,000**	-
Debt issue Costs	**(1,931)**	-
	88,069	76,000

In April 2015 the Group completed its refinancing and significantly changed the structure and tenure associated with its funding sources. The Group's new facilities are denominated in Australian dollars and comprise:

- $30,000,000 unsecured variable rate corporate bonds. The bonds mature in March 2019 and pay a coupon rate of 4.30% over the 90 day Bank Bill Swap Rate;
- $30,000,000 unsecured fixed rate corporate bonds. The bonds mature in March 2021 and pay a fixed rate of 7.10%;
- $63,000,000 core two year revolving secured bank working capital facility. This facility provides an additional $10,000,000 seasonal uplift during the period 1 August to 28 February. Drawings under this facility are required to be backed by eligible trade debtor and inventory assets.

The fair value of the Group's non-current borrowings approximate their carrying amount.

Refer to Note 24 for details on the financial covenants associated with the Group's borrowings.

NOTE 21. BORROWINGS – NON-CURRENT (CONTINUED)

Security for borrowings

The Group provides security to its bankers to secure the two year revolving working capital facility and bank overdraft. The security provided also secures letters of credit provided by the Group's bankers to overseas banks to support bank overdraft and loan facilities of controlled entities.

The Group facilities are secured by the following:

- Fixed and floating charges over the assets of the parent and certain controlled entities
- Mortgages over shares held in certain controlled entities
- Cross guarantees and indemnities provided by the parent entity and certain controlled entities.

Assets pledged as security

	2015 $'000	2014[1] $'000
Fixed charge		
Property, plant and equipment	**5,576**	6,425
Intangible assets	**112,437**	113,804
Other financial assets (including investment in joint venture)	**11,250**	-
Total non-current assets pledged as security	**129,263**	120,229
The following current assets are also pledged as security:		
Fixed charge		
Receivables	**50,098**	55,971
Floating charge		
Cash	**10,682**	3,520
Inventories	**76,100**	70,071
Receivables	**1,775**	2,501
Derivative financial instruments	**1,951**	-
Total current assets pledged as security	**140,606**	132,063
Total assets pledged as security	**269,869**	252,292

Where relevant the amounts disclosed above include amounts that are separately disclosed as held for sale in the Group's consolidated balance sheet.

1. See Note 1(A) for details regarding the restatement as a result of an error

NOTE 22. PROVISIONS – NON-CURRENT

	2015 $'000	2014 $'000
Employee entitlements	**1,115**	863

The non-current provision for employee entitlements relates to the Group's liability for long service leave.

NOTE 23. DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

	2015 $'000	2014 $'000
Brandnames	**7,741**	7,821
Cash flow hedges	**586**	-
Prepayments	**8**	17
Depreciation	**4**	6
Other	**24**	58
Total temporary differences	**8,363**	7,902
Deferred tax liabilities to be settled within 12 months	**607**	74
Deferred tax liabilities to be settled after more than 12 months	**7,756**	7,828
	8,363	7,902

Movements

	BRANDNAMES $'000	CASH FLOW HEDGES $'000	OTHER $'000	TOTAL $'000
Consolidated				
Opening balance at 1 July 2013	12,471	1,655	20	14,146
(Credited) / charged to profit or loss (Note 8)	(527)	(82)	56	(553)
Credited to equity	-	(1,572)	-	(1,572)
Transfers	(4,123)	-	-	(4,123)
Over provision in prior years	-	-	4	4
Foreign exchange	-	(1)	1	-
Closing balance at 30 June 2014	**7,821**	**-**	**81**	**7,902**
(Credited) / charged to profit or loss (Note 8)	**(80)**	**9**	**(46)**	**(117)**
Charged to equity	**-**	**583**	**-**	**583**
Over provision in prior years	**-**	**-**	**2**	**2**
Foreign exchange	**-**	**(6)**	**(1)**	**(7)**
Closing balance at 30 June 2015	**7,741**	**586**	**36**	**8,363**

NOTE 24. CONTRIBUTED EQUITY

	2015 $'000	2014 $'000
Issued and paid up capital:		
97,338,017 (June 2014: 95,434,645) ordinary shares – fully paid	**149,191**	147,003

NOTE 24. CONTRIBUTED EQUITY (CONTINUED)

Movements in ordinary share capital

DATE	DETAILS	NUMBER OF SHARES	PRICE $	$'000
1 July 2013	Opening balance	89,294,198		139,117
12 November 2013	Shares issued - Dividend reinvestment plan for 30 June 2013 final dividend	1,088,243	1.33	1,447
12 November 2013	Shares issued - Dividend reinvestment plan underwriting arrangement	3,611,940	1.33	4,804
10 April 2014	Shares issued - Dividend reinvestment plan for 31 December 2013 interim dividend	1,440,264	1.19	1,713
	Transaction costs associated with share issues			(111)
	Tax effect of share issue transaction costs recognised directly in equity			33
30 June 2014	**Closing Balance**	**95,434,645**		**147,003**
10 November 2014	Shares issued - Dividend reinvestment plan for 30 June 2014 final dividend	**1,249,762**	**1.18**	**1,475**
9 April 2015	Shares issued - Dividend reinvestment plan for 31 December 2014 interim dividend	**653,610**	**1.10**	**719**
	Transaction costs associated with share issues			**(9)**
	Tax effect of share issue transaction costs recognised directly in equity			**3**
30 June 2015	**Closing Balance**	**97,338,017**		**149,191**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Options and performance rights

Information relating to the Group's employee performance rights plans, including details of performance rights issued and outstanding at the end of the year, is set out in the Remuneration Report within the Directors' Report and within Note 26.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash assets. Total capital is calculated as net debt plus total equity.

	2015 $'000	2014[1] $'000
Total borrowings (Note 19, 21)	**88,475**	78,820
Less: Cash assets (Note 10)	**(11,283)**	(4,120)
Net debt	**77,192**	74,700
Total equity	**98,738**	92,765
Total capital	**175,930**	167,465
Gearing ratio	**43.9%**	44.6%

1. See Note 1(A) for details regarding the restatement as a result of an error

Under the terms of the borrowing facilities the Group is required to comply with the following key financial covenants:

- The secured leverage ratio must not exceed 2.50 times on the secured bank facility;
- The total leverage ratio must not exceed 4.50 times;
- The interest cover ratio must not be less than 3.50 times; and
- Total Shareholder funds must not be less than $80,000,000.

NOTE 25. RESERVES AND RETAINED EARNINGS

(A) RESERVES

	2015 $'000	2014 $'000
Hedging reserve – cash flow hedges	**888**	(3,417)
Share-based payments reserve	**1,373**	1,409
Foreign currency translation reserve	**672**	(577)
	2,933	(2,585)
Hedging reserve – cash flow hedges:		
Balance 1 July	**(3,417)**	2,161
Revaluation – gross	**1,276**	(3,048)
Deferred tax (Note 17, 23)	**(369)**	912
Transfer to cost of sales - gross	**2,913**	(5,096)
Deferred tax (Note 17, 23)	**(870)**	1,522
Transfer to finance costs - gross	**1,936**	189
Deferred tax (Note 17, 23)	**(581)**	(57)
Balance 30 June	**888**	(3,417)
Share-based payments reserve:		
Balance 1 July	**1,409**	1,281
Share-based payments	**(36)**	128
Balance 30 June	**1,373**	1,409
Foreign currency translation reserve:		
Balance 1 July	**(577)**	(2,041)
Currency translation differences arising during the year	**1,249**	1,464
Balance 30 June	**672**	(577)

(B) (ACCUMULATED LOSSES) / RETAINED EARNINGS

	2015 $'000	2014[1] $'000
Balance 1 July	**(51,653)**	27,277
Profit / (loss) after tax	**8,840**	(67,039)
Dividends provided for or paid	**(10,573)**	(11,891)
Balance 30 June	**(53,386)**	(51,653)

1. See Note 1(A) for details regarding the restatement as a result of an error

NOTE 25. RESERVES AND RETAINED EARNINGS (CONTINUED)

(C) NATURE AND PURPOSE OF RESERVES

Hedging reserve – cash flow hedges

The hedging reserve is used to record gains or losses on hedging instruments in cash flow hedges that are recognised in other comprehensive income as described in Note 1(O). Amounts are recognised in profit or loss when the associated hedged transaction affects profit or loss.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued at grant date but not exercised.

Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(D). The reserve is recognised in profit or loss when the net investment is disposed of.

NOTE 26. SHARE-BASED PAYMENTS

(A) EMPLOYEE PERFORMANCE RIGHTS PLAN

The McPherson's Limited Employee Performance Rights Plan was introduced and approved by shareholders at the 2013 Annual General Meeting. The Performance Rights Plan is designed to provide long-term incentives for senior executives to deliver long-term shareholder returns. Under this plan, participants are granted performance rights which only vest if certain performance conditions (relating to compound annual growth in earnings per share) are met and the executive is still employed by the Group at the end of the vesting period. Participation in the plan is at the discretion of the Nomination and Remuneration Committee and no individual has a contractual right to receive any guaranteed benefits.

Performance rights are issued to the Managing Director and certain other senior executives as part of their remuneration. Each right is entitled to acquire one share for no consideration subject to the satisfaction of the vesting conditions which are based on performance and time related conditions. The number of rights that will vest are determined proportionately on a straight line basis based on the compound annual growth rate (CAGR) of the Group's earnings per share (EPS) over a two to three year period. The rights will vest proportionately from no rights vesting if the Group's EPS CAGR is 3.0% or less to 100% of rights vesting if the Group's EPS CAGR is 8.0% or higher. The performance rights carry no dividend or voting rights.

Set out below is a summary of rights granted under the plan:

	2015		2014	
	AVERAGE FAIR VALUE AT GRANT DATE	NUMBER OF RIGHTS	AVERAGE FAIR VALUE AT GRANT DATE	NUMBER OF RIGHTS
As at 1 July	**$1.26**	**416,000**	-	-
Granted during the year	**$1.11**	**320,000**	$1.26	416,000
As at 30 June	**$1.19**	**736,000**	$1.26	416,000
Vested and exercisable	**-**	**-**	-	-

The fair value at grant date was independently valued using the market price of the Company's shares on grant date and the Company's dividend yield (both historic and future yield estimates) as key inputs.

Performance rights outstanding at the end of the year have the following expiry dates:

		NUMBER OF RIGHTS	
GRANT DATE	VESTING DATE	30 JUNE 2015	30 JUNE 2014
20 November 2013	16 September 2015	**208,000**	208,000
20 November 2013	16 September 2016	**208,000**	208,000
24 November 2014	18 September 2017	**320,000**	-
Total		**736,000**	416,000

(B) EMPLOYEE OPTION PLAN

Previously long-term incentives were provided to executives via the McPherson's Limited Employee Option Plan. Under this plan, executives were granted options which would only vest if certain performance conditions (relating to total shareholder return) were met and the employees were still employed by the Group at the end of the vesting period. Participation in the plan is at the discretion of the Nomination and Remuneration Committee and no individual has a contractual right to receive any guaranteed benefits. The options carry no dividend or voting rights.

Options Granted - 2010 Financial Year

On 9 July 2009 the Company announced that it proposed to grant 1.5 million options over ordinary shares in the Company to the Managing Director designate, Mr Paul Maguire, under the McPherson's Limited Share / Option Purchase Plan. The grant was subject to the approval of shareholders which was given at the McPherson's Limited Annual General Meeting on 13 November 2009 following Mr Maguire's appointment as Managing Director on 1 November 2009. The options formed part of Mr Maguire's remuneration arrangements. The options were granted and were exercisable in four equal tranches of 375,000. Details of the options, all of which were cancelled during the year, are set out below:

					TERMS AND CONDITIONS OF GRANT				
						DATE EXERCISABLE			
NUMBER GRANTED	GRANT DATE[1]	EXPIRY DATE	VALUE PER OPTION AT GRANT DATE[1]	AMOUNT PAID AT GRANT DATE	EXERCISE PRICE	FROM	TO	SHARE PRICE CRITERIA	SHAREHOLDER RETURN CRITERIA
375,000	06-Jul-09	06-Jul-14	$1.16	$3,750	$1.64	06-Jul-11	06-Jul-14	Note 2	Note 3
375,000	06-Jul-09	06-Jan-15	$1.10	$3,750	$1.75	06-Jan-12	06-Jan-15	Note 2	Note 3

Notes:

1. The issue of the options was subject to shareholder approval. The options were initially granted on 6 July 2009 and were formally approved at a General Meeting of shareholders on 13 November 2009. The grant date for option valuation purposes is the shareholder approval date of 13 November 2009.
2. The share price must exceed the relevant exercise price for a continuous period of 40 trading days.
3. Total shareholder return must exceed 15% per annum for the period from the grant date to the relevant exercise date.

Set out below is a summary of movements in options granted under the plan:

	2015		2014	
	AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS	AVERAGE EXERCISE PRICE PER SHARE OPTION	NUMBER OF OPTIONS
As at 1 July	**$1.70**	**750,000**	$2.67	1,525,000
Cancelled during the year	**$1.70**	**(750,000)**	$3.61	(775,000)
As at 30 June	**-**	**-**	$1.70	750,000
Vested and exercisable	**-**	**-**	-	-

Expenses / (income) arising from share-based payment transactions

Total expenses / (income) arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2015 $'000	2014 $'000
Performance rights issued under the employee performance rights plan	**(36)**	128

NOTE 27. CONTRACTUAL COMMITMENTS FOR EXPENDITURE

(A) CAPITAL COMMITMENTS

Aggregate capital expenditure contracted for at balance date, but not provided for in the accounts, due:		
Not later than one year	**246**	20

NOTE 27. CONTRACTUAL COMMITMENTS FOR EXPENDITURE (CONTINUED)

(B) LEASE COMMITMENTS

The Group primarily leases offices, warehouses, motor vehicles and equipment under non-cancellable leases expiring within one to seven years. The leases have varying terms and renewal rights. On renewal, the terms are renegotiated.

	2015 $'000	2014 $'000
Operating leases		
Aggregate amount of non-cancellable operating leases contracted for at balance date, but not provided for in the accounts, due:		
Not later than one year	**6,205**	6,535
Later than one year but not later than five years	**17,308**	18,169
Later than five years	**6,888**	10,774
	30,401	35,478

NOTE 28. CONTINGENT LIABILITIES

From time to time, and in the ordinary course of business, claims arise against the Group including claims relating to product and general liability. The Directors consider these claims to be minor which will not materially affect the results of the Group.

NOTE 29. REMUNERATION OF AUDITORS

	2015 $	2014 $
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:		
(A) PRICEWATERHOUSECOOPERS AUSTRALIA		
Audit and other assurance services		
Audit and review of financial statements	**349,500**	297,000
Other assurance services		
Earnout statement audit	**15,000**	-
Review of rent certificates	**-**	6,000
Total remuneration for audit and other assurance services	**364,500**	303,000
Other services		
Tax advice relating to employee performance rights plan	**1,500**	9,500
Consulting services associated with due diligence review	**60,000**	39,660
Dispute support services	**205,000**	-
Total remuneration for other services	**266,500**	49,160
Total remuneration of PricewaterhouseCoopers Australia	**631,000**	352,160
(B) NETWORK FIRMS OF PRICEWATERHOUSECOOPERS AUSTRALIA		
Audit and other assurance services		
Audit and review of financial statements	**5,300**	44,200
Other assurance services		
Financial statement preparation	**-**	3,000
Total remuneration for audit and other assurance services	**5,300**	47,200
Total remuneration of network firms of PricewaterhouseCoopers Australia	**636,300**	399,360
(C) NON PRICEWATERHOUSECOOPERS AUDIT FIRMS		
Audit and other assurance services		
Audit and review of financial statements	**29,368**	27,702
Total remuneration of non-PricewaterhouseCoopers audit firms	**29,368**	27,702
Total auditor's remuneration	**665,668**	427,062

NOTE 30. EARNINGS PER SHARE

	2015 CENTS	2014[1] CENTS
Basic earnings / (loss) per share	**9.2**	(72.4)
Diluted earnings / (loss) per share	**9.2**	(72.4)
Basic earnings per share excluding significant items	**12.4**	15.4

Reconciliation of earnings used in calculating earnings per share

	2015 $'000	2014[1] $'000
Basic and diluted earnings per share		
Profit for the period (excluding significant items)	**11,962**	14,252
Significant items, net of tax	**(3,122)**	(81,291)
Profit / (loss) for the period	**8,840**	(67,039)

1. See Note 1(A) for details regarding the restatement as a result of an error

Weighted average number of shares used as the denominator

	2015 NUMBER	2014 NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**96,372,429**	92,575,577
Potential ordinary shares	**-**	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**96,372,429**	92,575,577
Options and performance rights that are not dilutive and are therefore not included in the calculation of diluted earnings per share	**736,000**	1,166,000

Information concerning the classification of securities

Options and performance rights

Options and performance rights granted to employees are considered to be potential ordinary shares and are included in the determination of diluted earnings per share to the extent to which they are dilutive. The options and performance rights have not been included in the determination of basic earnings per share.

The 736,000 outstanding performance rights are not included in the calculation of diluted earnings per share because they are anti dilutive for the year ended 30 June 2015. These performance rights could potentially dilute basic earnings per share in the future.

NOTE 31. ACQUISITIONS

(A) CURRENT PERIOD

(i) A'kin, Al'chemy and Lapurete

On 1 December 2014, the Group's Australian consumer products business finalised its acquisition of the brandnames and associated assets of natural skincare brands A'kin and Lapurete and natural hair care brand Al'chemy.

Details of the purchase consideration and the assets acquired are as follows:

	$'000
Purchase consideration	
Cash paid	8,061
Total purchase consideration	**8,061**
The assets acquired were as follows:	
Inventories	787
Property, plant and equipment	17
Brandnames	7,257
Net assets acquired	**8,061**
Purchase consideration – cash outflow	
Cash consideration paid	8,061
Outflow of cash to acquire business assets – investing activities	**8,061**

(ii) Contingent consideration

At 30 June 2015 the Group was required to reassess the amount of contingent consideration it expects to pay relating to a number of acquisitions undertaken in prior periods. Based on the facts and circumstances that existed at 30 June 2015 the Group determined that the provision required to be held was $6,637,000. As a result of this, the Group adjusted down its contingent consideration provision by $6,176,000, after allowing for costs paid during the year. Of this amount, $4,140,000 has been adjusted against brandname intangible assets, since this amount related to an asset only acquisition. The other $2,036,000 of the adjustment was required to be recognised in profit or loss as a contingent consideration gain since this amount related to a business combination transaction. This amount has been separately disclosed within the revenue and other income section of the Statement of Comprehensive Income and within Note 5(C) Significant Items.

The payment ranges associated with the contingent consideration arrangements that remain outstanding at 30 June 2015 are $0 to $13,500,000 for the Dr. LeWinn's and Revitanail acquisition and $1,141,000 to $12,507,000 for the Home Appliances acquisition.

Subsequent to year end the Home Appliances contingent consideration payment was finalised for $6,637,000. The contingent consideration payment associated with the Dr. LeWinn's and Revitanail acquisition has not yet been finalised due to the vendor raising a dispute over the amount. Based on the current facts and circumstances of this dispute the payment range remains at $0 to $13,500,000.

(B) PRIOR PERIOD

(i) Maseur

On 1 July 2013, the Group's Australian consumer products business acquired the brandname and associated assets of Maseur, a leading supplier of quality comfort footwear. Details of the purchase consideration and the net assets acquired are as follows:

	$'000
Purchase consideration	
Total purchase consideration – cash paid	5,257

The assets acquired were as follows:

Inventories	206
Brandnames	5,051
Total assets acquired	**5,257**
Purchase consideration – cash outflow	
Cash consideration paid	5,257
Outflow of cash to acquire business assets – investing activities	**5,257**

(ii) Think Appliances, the Baumatic brandname and Lemair

On 29 October 2013, the Group's Home Appliance business acquired the business assets of Think Appliances, a supplier of quality kitchen appliances including upright cookers, ovens, cooktops, rangehoods, dishwashers, microwaves, coffee machines and warming drawers. The Group also acquired the Baumatic brandname as part of this transaction, which was previously an agency relationship for the Think Appliances business. On 28 March 2014 the Group's Home Appliances business acquired the business assets of Tecma Lemair Pty Ltd, a supplier of quality refrigerators, freezers and small washing machines. A total consideration of $2,908,000 was paid for these three acquisitions.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	
Total purchase consideration - cash paid	2,908

The assets and liabilities recognised as a result of these acquisitions were as follows:

Inventories	1,862
Plant and equipment	5
Brandnames	1,403
Deferred tax assets	348
Employee entitlements	(83)
Provision for warranty	(1,075)
Net identifiable assets acquired	**2,460**
Add: Goodwill	448
Net assets acquired	**2,908**
Purchase consideration – cash outflow	
Cash consideration paid	2,908
Outflow of cash to acquire business assets – investing activities	**2,908**

NOTE 31. ACQUISITIONS (CONTINUED)

(B) PRIOR PERIOD (CONTINUED)

(iii) Dr. LeWinn's and Revitanail

On 31 October 2013, the Group's Australian consumer products business acquired the brandnames and associated assets of iconic skincare brand Dr. LeWinn's and beauty treatment brand Revitanail.

Details of the purchase consideration and net assets acquired are as follows:

	$'000
Purchase consideration	
Cash paid	15,489
Contingent consideration	4,140
Total purchase consideration	**19,629**

The assets and liabilities acquired were as follows:

Inventories	2,932
Brandnames	16,723
Deferred tax assets	13
Employee entitlements	(39)
Net assets acquired	**19,629**
Purchase consideration – cash outflow	
Total consideration for acquisition accounting purposes	19,629
Less: Contingent consideration	(4,140)
Outflow of cash to acquire business assets – investing activities	**15,489**

Contingent consideration

The Dr. LeWinn's / Revitanail acquisition agreement includes a contingent consideration arrangement. Under this arrangement the Group may be required to pay the former owner a potential additional cash payment depending on the level of sales and adjusted net contribution generated by these brands over the twelve month period from acquisition date to 31 October 2014. The expected range of the potential additional payment that the Group may be required to make under this arrangement is between $0 and $13,500,000.

Where an acquisition agreement includes a contingent consideration arrangement, the Group is required to estimate, at acquisition date, the amount of contingent consideration expected to be paid. This amount then forms part of the consideration amount used for acquisition accounting purposes. Based on the facts, circumstances and forecasts that existed at acquisition date, the Group estimated that the contingent consideration payment expected to be paid was $4,140,000. Refer to Note 31(A)(ii) for an update on this arrangement as at 30 June 2015.

NOTE 32. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

	COUNTRY OF INCORPORATION
McPherson's Limited	Australia
Controlled entities of McPherson's Limited	
Domenica Pty Ltd *	Australia
McPherson's Consumer Products (NZ) Limited	New Zealand
McPherson's Housewares (NZ) Limited	New Zealand
McPherson's Consumer Products Pty Ltd *	Australia
Home Appliances Pty Ltd **	Australia
Electrical Distributors Australia Pty Ltd ***	Australia
Electrical Distributors Repairs Servicing Pty Ltd ***	Australia
Euromaid Cooking Appliances NZ Limited	New Zealand
Integrated Appliance Group Pty Ltd ***	Australia
ARC Appliance Group Pty Ltd ***	Australia
McPherson's Consumer Products Pte Ltd	Singapore
Multix Pty Ltd *	Australia
McPherson's America Inc.	USA
McPherson's Publishing Inc	USA
Regent-Sheffield Ltd	USA
McPherson's Hong Kong Limited	Hong Kong
McPherson's Consumer Products (HK) Limited	Hong Kong
Cork International Far East Limited	Hong Kong
McPherson's (UK) Limited	United Kingdom
A.C.N. 082 110 101 Pty Ltd	Australia

* These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to Note 35.

** At 30 June 2015 the McPherson's Group owned 82.21% of Home Appliances Pty Ltd and its wholly owned subsidiaries. Subsequent to year end, on 6 July 2015, the McPherson's Group acquired the remaining 17.79% of Home Appliances Pty Ltd.

*** These subsidiaries form part of the Home Appliances Pty Ltd closed group and as such have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission.

All investments represent 100% ownership interest unless otherwise stated.

NOTE 33. RELATED PARTIES

Directors

Details relating to the insurance of Directors are included in the Directors' Report.

Controlled entities

Transactions between McPherson's Limited and its controlled entities in the Group during the year consisted of:

- Amounts advanced to and by McPherson's Limited
- Amounts repaid to McPherson's Limited
- Amounts borrowed by McPherson's Limited
- Payment and receipt of interest on certain advances at prevailing rates
- Payment of dividends to McPherson's Limited
- Purchase and sale of goods
- Receipt and payment of tax, rent, management and license fees

Refer to the Remuneration Report within the Directors' Report for information relating to key management personnel disclosures.

NOTE 33. RELATED PARTIES (CONTINUED)

Transactions with other related parties

The following transactions occurred with other related parties:

	2015 $	2014 $
Sales of goods to joint venture	**5,156**	-
Recharge of administration services to joint venture	**1,746,929**	-
Interest charged to joint venture	**188,893**	-

In addition to the above the Group also pays for certain charges on behalf of the Housewares joint venture which are then recharged to the joint venture at the same value. These transactions are entered into by the Group on a back-to-back basis with the Housewares joint venture. During the year the Group paid $758,412 (2014: Nil) that were then recharged to the Housewares joint venture at cost.

Outstanding balances with related parties

The following balance is outstanding at balance date in relation to transactions with the Housewares joint venture:

	2015 $	2014 $
Receivable from Housewares joint venture	**741,304**	-

Loans to related parties

Loans to Housewares joint venture		
Beginning of the year	**-**	-
Loans advanced	**1,926,779**	-
Interest charged	**188,893**	-
Interest received	**(188,893)**	-
End of year	**1,926,779**	-

Terms and conditions

Sale of goods, administration recharges and interest charges are on an arm's length basis. Other transactions are transacted between the parties at cost. Receivable amounts outstanding, other than loans, are repayable in cash and are due to be settled within two months of balance date. Outstanding loans are unsecured and do not have a specified repayment date.

NOTE 34. SUPERANNUATION COMMITMENTS

McPherson's Limited and its controlled entities contribute to a number of superannuation funds. The funds provide benefits on a cash accumulation basis for employees or their dependants on resignation, retirement, total and permanent disablement or death. Benefits are based on the contributions and net income thereon held by the funds on behalf of their members. The level of these benefits varies according to the fund to which the employee belongs. Company contributions to all superannuation funds are legally enforceable. Contributions may be made by the member in addition to Company contributions, as specified by the rules of the fund. Group Company contributions to employee superannuation funds during the year totalled $3,282,000 (2014: $3,251,000).

McPherson's Limited outsources the superannuation function throughout the Group, and does not sponsor any superannuation funds or pension schemes.

NOTE 35. DEED OF CROSS GUARANTEE

McPherson's Limited, and the following controlled entities, are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others.

- McPherson's Consumer Products Pty Ltd
- Multix Pty Ltd
- Domenica Pty Ltd

By entering into the Deed, the wholly-owned entities have been relieved from the requirement to prepare a Financial Report and Directors' Report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investment Commission.

(A) CONDENSED CONSOLIDATED INCOME STATEMENT AND A SUMMARY OF MOVEMENTS IN CONSOLIDATED RETAINED EARNINGS

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by McPherson's Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2015 of the Closed Group.

	2015 $'000	2014[1] $'000
Income statement		
Revenue	**244,607**	257,279
Other income	**6,309**	558
Expenses	**(237,271)**	(319,631)
Finance costs	**(7,503)**	(7,046)
Share of net profit of associates accounted for using the equity method	**928**	-
Profit / (loss) before income tax	**7,070**	(68,840)
Income tax expense	**(209)**	(1,769)
Profit / (loss) for the year	**6,861**	(70,609)
Summary of movements in consolidated retained earnings		
Retained earnings at beginning of the financial year	**(76,765)**	5,735
Profit / (loss) after income tax for the year	**6,861**	(70,609)
Dividends provided for or paid	**(10,573)**	(11,891)
Accumulated losses at the end of the financial year	**(80,477)**	(76,765)

1. See Note 1(A) for details regarding the restatement as a result of an error

NOTE 35. DEED OF CROSS GUARANTEE (CONTINUED)

(B) BALANCE SHEET

Set out below is a consolidated balance sheet as at 30 June 2015 of the Closed Group.

	2015 $'000	2014[1] $'000
Current assets		
Cash and cash equivalents	**6,215**	-
Trade and other receivables	**51,505**	60,908
Inventories	**36,259**	19,350
Derivative financial instruments	**1,333**	-
Current tax assets	**1,309**	1,016
Assets classified as held for sale	**37,674**	52,129
Total current assets	**134,295**	133,403
Non-current assets		
Other financial assets	**61,455**	41,594
Property, plant and equipment	**3,816**	4,596
Intangible assets	**52,057**	58,092
Deferred tax assets	**4,724**	4,477
Total non-current assets	**122,052**	108,759
Total assets	**256,347**	242,162
Current liabilities		
Trade and other payables	**50,651**	45,253
Borrowings	**403**	2,323
Derivative financial instruments	**1,122**	3,226
Provisions	**13,545**	17,236
Liabilities directly associated with assets classified as held for sale	**6,330**	7,874
Total current liabilities	**72,051**	75,912
Non-current liabilities		
Payables	**16,185**	12,861
Borrowings	**88,072**	76,000
Derivative financial instruments	**1,601**	978
Provisions	**615**	655
Deferred tax liabilities	**7,354**	7,052
Total non-current liabilities	**113,827**	97,546
Total liabilities	**185,878**	173,458
Net assets	**70,469**	68,704
Equity		
Contributed equity	**149,191**	147,003
Reserves	**1,755**	(1,534)
Accumulated losses	**(80,477)**	(76,765)
Total equity	**70,469**	68,704

1. See Note 1(A) for details regarding the restatement as a result of an error

NOTE 36. NOTES TO THE STATEMENT OF CASH FLOWS

(A) RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING PROFIT AFTER INCOME TAX:

	2015 $'000	2014 $'000
Profit / (loss) after income tax	**8,840**	(67,039)
Impairment of intangible assets	**637**	80,000
Depreciation	**2,256**	2,502
Amortisation of other intangibles	**403**	393
Loss on disposal of property, plant and equipment	**279**	130
Share-based payments	**(36)**	128
Share of profit of equity accounted joint venture	**(1,060)**	-
Contingent consideration adjustment	**(2,036)**	-
Interest rate swap termination loss during refinancing	**1,969**	-
Changes in operating assets and liabilities, excluding the effects from purchase or disposal of business assets:		
Increase in payables	**6,317**	11,766
Increase in other provisions	**1,893**	37
Increase in employee entitlements	**943**	287
(Decrease)/increase in net tax liabilities	**(1,095)**	108
Decrease/(increase) in receivables	**5,899**	(4,379)
Increase in inventories	**(18,259)**	(739)
Net cash inflows from operating activities	**6,950**	23,194

(B) NON-CASH INVESTING AND FINANCING ACTIVITIES

Shares issued under Dividend Reinvestment Plan	**2,194**	3,160

NOTE 37. EVENTS OCCURRING AFTER BALANCE DATE

On 1 July 2015, the Group sold 51% of its New Zealand Housewares business to the Fackelmann Group for NZ$2,279,000. The consideration received was equal to the adjusted carrying value of the net assets disposed.

On 6 July 2015 the Group's Australian business acquired the remaining 17.79% of the Home Appliances business for $6,637,000. The Home Appliances business is now a 100% owned subsidiary of the Group.

On 21 August 2015, the Directors of the Company declared a final dividend of 2.0 cents per share fully franked which is payable on 10 November 2015 (refer to Note 6).

No other matter or circumstance has arisen since 30 June 2015 that has significantly affected the Group's operations, results or state of affairs, or may do so in future financial years.

NOTE 38. PARENT ENTITY FINANCIAL INFORMATION

(A) SUMMARY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

	2015 $'000	2014 $'000
Balance Sheet		
Current assets	**3,474**	1,712
Total assets	**283,400**	278,428
Current liabilities	**12,637**	16,884
Total liabilities	**115,233**	104,835
Shareholders' equity		
Issued capital	**149,191**	147,003
Reserves - cash flow hedges	**317**	(2,815)
- share-based payments	**1,373**	1,409
Retained earnings	**17,286**	27,996
	168,167	173,593
(Loss) / profit for the period	**(138)**	2,795
Total comprehensive income	**2,994**	(1,695)

(B) CONTINGENT LIABILITIES AND GUARANTEES

The parent entity has guaranteed the repayment of borrowings of certain controlled entities.

The cross guarantee given by those entities listed in Note 35 may give rise to liabilities in the parent entity if the subsidiaries do not meet their obligations under the terms of the overdrafts, loans, leases, or other liabilities subject to the guarantee.

The shareholder information set out below was applicable as at 4 September 2015.

1. Share Capital

As at 4 September 2015 the ordinary share capital in the Company was held by the following number of shareholders:

SHARES	SHAREHOLDERS
1 – 1,000	1,500
1,001 – 5,000	1,544
5,001 – 10,000	791
10,001 – 100,000	1,128
100,001 and over	95
TOTAL	**5,058**
Holding less than a marketable parcel	1,224

2. Voting Rights

Each ordinary share on issue entitles the holder to one vote. Performance rights have no voting rights.

3. Twenty Largest Shareholders as at 4 September 2015

	NO. OF SHARES	%
HSBC Custody Nominees (Australia) Limited	14,520,015	14.92
RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	8,299,820	8.53
National Nominees Limited	4,332,860	4.45
Citicorp Nominees Pty Limited	3,656,570	3.76
J P Morgan Nominees Australia Limited	1,608,314	1.65
Equitas Nominees Pty Limited <3021524 A/C>	1,305,309	1.34
Bond Street Custodians Limited <ZCERNA - D02137 A/C>	1,235,000	1.27
P & M Maguire Super Pty Limited <P & M MAGUIRE S/F A/C>	1,203,000	1.24
Sandhurst Trustees Limited <SISF A/C>	1,154,608	1.18
Mr David Madden	925,000	0.95
Mr Peter John Stirling & Mrs Rosalind Verena Stirling	700,000	0.72
Shortis Natural Therapies Pty Limited <SHORTIS FAMILY A/C>	451,632	0.46
EST Mr Trevor Bruce Winston Ward	450,000	0.46
WR & MA Beischer Super Pty Limited <WR & MA BEISCHER S/F A/C>	445,000	0.46
Gatfield Pty Limited <ROWELL S/F A/C>	358,255	0.37
De Bruin Securities Pty Limited	350,000	0.36
Mr John Gassner & Mr Nathan Rothchild	335,001	0.34
Stirling Superannuation Pty Limited	335,000	0.34
Aircole Pty Limited <MACRI RETIREMENT FUND A/C>	320,533	0.33
Dr Andrew Richard Conway & Dr Vanessa Joy Teague	300,000	0.31
	42,285,917	**43.44**
	97,338,017	100.00

4. Substantial Shareholders

The names and shareholdings of substantial shareholders who have notified the Company in accordance with Section 671B of the *Corporations Act 2001* as at 4 September 2015 are as follows:

	NUMBER OF SHARES HELD	% OF TOTAL ISSUED SHARES
Investors Mutual Limited	9,620,364	10.24
Thistle Custodians Pty Ltd Group	8,650,000	9.06
Delta Lloyd N.V. Group	8,317,831	8.60
Dimensional Fund Advisors LP Group	4,883,559	5.12

5. Unquoted Equity Securities

	NO. ON ISSUE	NO. OF HOLDERS
Performance Rights Plan	635,000	5

6. Listing

McPherson's Limited is listed on the Australian Securities Exchange.

McPherson's Limited

ACN: 004 068 419

ASX Code: MCP

McPherson's Limited is a company limited by shares, incorporated and based in Australia. Its registered office and principal place of business is located at:

105 Vanessa Street
Kingsgrove NSW 2208

Telephone: (02) 9370 8000
Facsimile: (02) 9370 8093

Email: enquiries@mcpher.com.au
Website: www.mcphersons.com.au

Company Secretaries

Philip R Bennett
Paul Witheridge

Auditors

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex St
Sydney NSW 2000

Solicitors

Thomson Geer Lawyers
Level 25
1 O'Connell Street
Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067

Telephone within Australia: 1300 85 05 05
Telephone outside of Australia: +61 3 9415 5000
Facsimile: (03) 9473 2500

www.computershare.com
www.investorcentre.com/contactus

Shareholder Enquiries

Shareholders who wish to contact the Company on any matter related to their shareholding are invited to telephone or write to the Share Registry. It is important that shareholders notify the Share Registry in writing if there is a change to their registered address. For added protection, shareholders should always quote their Shareholder Reference Number (SRN).


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