McPherson's Limited
ACN 004 068 419

105 Vanessa Street
Kingsgrove 2208
Australia

Telephone: +61 2 9370 8000
Facsimile: +61 2 9370 8090

ASX/media release

(ASX: MCP)

20 August 2013

McPherson's FY2013 NPAT $14.4[1] million

(Statutory NPAT: loss of $32.0 million)

- **Sales 8.3% above prior period**
- **Unchanged final dividend of 7 cents per share fully franked**
- **Increased channel diversification being achieved through acquisitions**
- **Business transformation continuing through range optimisation and cost reductions**
- **Market conditions expected to remain challenging**

McPherson's Limited, the consumer products company, today announced an after tax profit of $14.4[1] million (before the impairment of intangibles advised in June 2013 and the other non-recurring items noted on page 3) for the twelve months to 30 June 2013. After tax profit (before the impairment of intangibles) for the twelve months to 30 June 2013 was $16.5 million. This compares with $18.4 million from continuing operations[2] for the previous corresponding period. The company's statutory result was an after tax loss of $32.0 million due to a $48.5 million after tax non-cash impairment of intangible assets, comprising a $3.5 million write-down of brands and a $45.0 million write-down of goodwill.

Sales revenue from continuing operations increased by 8.3% to $299.2 million. Like-for-like sales grew by 0.8%, with the remainder of the increase attributable to acquisitions.

The directors have declared a final dividend of 7 cents per share fully franked, payable on 12 November 2013 to shareholders on the register at 9 October 2013. The dividend re-investment plan remains in place with a discount of 2.5%. Dividends for the full year total 17 cents per share fully franked; this represents a payout ratio of 79%.

Results summary for twelve months ended	**30 June 12 ($ million)[2]**	**30 June 13 ($ million)**	**Change (%)**
Sales revenue	276.2	299.2	8.3
EBITDA (excluding non-recurring items)	34.7	29.9	(13.7)
EBIT[1]	**32.1**	**27.2**	**(15.1)**
Net profit before tax[1]	26.1	20.6	(21.1)
Net profit after tax[1]	**18.4**	**14.4**	**(21.5)**
Statutory net profit before tax	26.1	(27.7)	(206.4)
Statutory net profit after tax	**17.0**	**(32.0)**	**(287.7)**
Earnings per share (cents)[1]	25.4	18.7	(26.4)
Statutory earnings per share (cents)	23.5	(41.4)	(276.2)
Final dividend (cents - fully franked)	7.0	7.0	-
Total dividend (cents - fully franked)	17.0	17.0	-

[1] These EBIT, NPBT, NPAT and EPS figures exclude the impact of the $50.0m before tax and $48.5m after tax non-cash impairment of intangibles and the other non-recurring items noted on page 3.
[2] Continuing operations exclude the printing business demerged in January 2012 and the costs of the demerger.

Paul Maguire, Managing Director, said: ‘This result reflects the challenging market conditions of the past year, with earnings adversely affected by lower margins and higher operational costs, which more than offset savings from realigning our logistics capability. Although revenue remained strong, margins in parts of the business suffered due to pressure from some retailers to provide additional promotional support. This support was necessary to maintain our brands’ strong market positions in the current subdued retail environment. In addition, margins were also affected by the weakening Australian dollar and we were unable to recover higher manufacturing costs in China through price increases.

‘We made substantial progress, however, with our strategy to strengthen our business and increase its resilience in a changing market environment. The company’s transformation began with the demerger of McPherson’s Printing Group and continued with a number of acquisitions to diversify our channels to market and broaden our customer base.

‘In response to cost increases and the recent weakness in the Australian dollar, we are in the process of resetting our pricing structure. We are also reviewing the profitability of all business units, brands and products with the aim of ‘right-sizing’ our operations, thereby releasing cash for investment in accretive acquisitions and improving the return on funds employed. This review, which is currently underway, is expected to lead to a significant reduction in both the company’s product range and operating overheads.’

Category performances

McPherson’s **Health and Beauty** category was strengthened during the year with the acquisition of Footcare International, a leading marketer and distributor of foot comfort and shoe care products, and its range has since been complemented with the acquisition of the Maseur footwear brand in July 2013. These products are distributed to varying degrees through supermarkets, discount department stores, pharmacies and specialist retailers, further diversifying our customer base.

Health and Beauty sales increased by 19%, helped by the acquisitions of Footcare International and Cosmex International (Moosehead and DaVinci brands). Revenue from the Lady Jayne and Swisspers brands was marginally higher than the previous year, while sales of Manicare products were relatively stable. The Cosmex and Footcare acquisitions both generated an annualised return on funds employed of more than 20%.

Channels to market were also further diversified with the acquisition of Home Appliances in March 2013, which extended our **Housewares** category into a wide range of kitchen appliances. Home Appliances sells approximately 100,000 appliances every year and owns the Euromaid, IAG and ARC brands which contribute 90% of its revenue, and it has a track record of steady growth. It has strong relationships with major electrical goods retailers, kitchen companies and commercial developers.

Revenue from other Housewares products, marketed under the Wiltshire, Stanley Rogers and a number of agency brands, was in line with the previous year.

Sales of **Household Consumables**, mainly sold under the market-leading Multix brand, were consistent with the previous year, and sales of **Impulse Merchandise** were lower due to the net effect of distribution changes.

Cash flow, balance sheet and hedging

Operating cash inflow before interest and tax was $27.6 million (FY2012: $31.9 million from continuing operations), representing cash conversion of 92% (FY2012: 92%). Capital expenditure on property, plant and equipment was in line with depreciation.

Net debt at 30 June 2013 was $69.6 million compared with $76.7 million at 30 June 2012. The gearing ratio (net debt / total funds employed) was 29.2% (inclusive of the impairment of intangible assets) compared with 30.8% at 30 June 2012.

The company's foreign exchange hedging policy remains unchanged. Estimated US dollar requirements are hedged eight months forward on a rolling basis, utilising options, foreign exchange contracts and collars.

Non-recurring items

These results exclude the following non-recurring items before tax: the $3.5 million write-back of a contingent consideration provision in relation to the acquisition of Footcare International, restructuring costs of $1.6 million and acquisition costs of $0.3 million.

Outlook

Mr Maguire said: 'Despite the challenging environment, McPherson's has a portfolio of well recognised brands, holding the first or second position in their segments, and a highly resilient product range generating strong cash flow.

'The company has demonstrated its ability to adapt to changing market conditions. Right-sizing of the business, in conjunction with the rollout of our ERP system internationally, will reduce our cost of doing business in FY2014, which will position the company for earnings and dividend growth as conditions improve.

'We are continuing to pursue additional growth opportunities through complementary acquisitions, new agency agreements, further product innovation and growth in international sales.'

About McPherson's

McPherson's, established in 1860, is a leading marketer of health & beauty, consumer durables and household consumable products in Australasia, with operations in Australia, New Zealand and Asia. Existing product ranges include beauty care; hair care; skin care; large appliances such as cooktops, ovens, washing machines and dishwashers; kitchen utensils such as cutlery, kitchen knives, bakeware and cookware; and kitchen essentials such as plastic bags, baking paper, cling wrap and aluminium foil. The company owns and markets a portfolio of market-leading brands, including Manicare, Lady Jayne, Swisspers, Moosehead, Footcare, Maseur, Euromaid, Wiltshire, Stanley Rogers and Multix.

For further information please contact:
Paul Maguire, Managing Director, telephone (02) 9370 8042.

For media enquiries please contact:
Ashley Rambukwella, Financial & Corporate Relations, telephone (02) 8264 1004 / 0407 231 282

McPherson's Limited
ABN: 98 004 068 419
Year ended 30 June 2013

Results for Announcement to the Market

				$000's
Revenue from continuing operations	up	8.3%	to	**299,263**
Profit before tax from continuing operations excluding impairment of intangibles	down	14.6%	to	**22,264**
Profit after tax from continuing operations excluding impairment of intangibles	down	10.2%	to	**16,540**
Loss before tax from continuing operations	down	206.4%	to	**(27,736)**
Loss after tax from continuing operations	down	273.6%	to	**(31,960)**
Loss after tax attributable to members	down	287.7%	to	**(31,960)**
Net loss for the period attributable to members	down	287.7%	to	**(31,960)**

Dividends	**Amount per security**	**Franked amount per security**
Final dividend	**7.0c**	**7.0c**
Interim dividend	10.0c	10.0c

Payment date for final dividend	**12 November 2013**
Record date for determining entitlements to the dividend	**9 October 2013**

McPherson's Limited
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2013

	Note	**2013 $000's**	2012 $000's
Continuing operations			
Revenue			
Sales revenue	3	299,189	276,246
Interest		64	39
Royalties		10	34
Total revenue		**299,263**	276,319
Commission		113	35
Contingent consideration adjustment	2	3,500	400
Other income		233	229
Total revenue and other income		**303,109**	276,983
Expenses			
Materials and consumables used		(162,282)	(146,485)
Employee costs		(45,619)	(44,586)
Rental expenses relating to operating leases		(6,785)	(6,743)
Amortisation of other intangibles		(251)	(242)
Depreciation/other amortisation		(2,438)	(2,446)
Advertising and promotional		(15,038)	(13,080)
Repairs and maintenance		(288)	(269)
Cartage and freight		(17,196)	(14,423)
Restructure costs	2	(1,581)	(365)
Time value in option hedging contracts		1,762	927
Other expenses		(24,487)	(17,243)
Borrowing costs expense		(6,642)	(5,970)
Impairment of intangible assets	2	(50,000)	-
(Loss) / profit before income tax expense		**(27,736)**	26,058
Income tax expense	5	(4,224)	(7,648)
(Loss) / profit from continuing operations after income tax expense		**(31,960)**	18,410
Discontinued Operation			
Loss from discontinued operation (net of income tax)	7	-	(1,382)
(Loss) / profit for the year		**(31,960)**	17,028

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

McPherson's Limited
Consolidated Statement of Comprehensive Income (continued)
For the year ended 30 June 2013

	Note	2013 $000's	2012 $000's
(Loss) / profit for the year		**(31,960)**	17,028
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		**5,443**	(1,605)
Exchange differences on translation of foreign operations		**1,864**	549
Income tax relating to components of other comprehensive income		**(1,627)**	488
Other comprehensive income for the year		**5,680**	(568)
Total comprehensive income for the year		**(26,280)**	16,460
Total comprehensive income for the year arises from:			
Continuing operations		**(26,280)**	17,820
Discontinued operation		-	(1,360)
		(26,280)	16,460

	Note	2013 Cents	2012 Cents
Basic earnings per share	11	**(41.4)**	23.5
Diluted earnings per share	11	**(41.4)**	23.5
Basic earnings per share - continuing operations	11	**(41.4)**	25.4
Diluted earnings per share - continuing operations	11	**(41.4)**	25.4

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

McPherson's Limited
Consolidated Balance Sheet
As at 30 June 2013

	Note	2013 $000's	2012 $000's
Current assets			
Cash		1,666	1,253
Receivables		56,762	55,550
Inventories		67,334	52,932
Derivative financial instruments		5,258	95
Total current assets		**131,020**	109,830
Non-current assets			
Property, plant and equipment		7,667	7,076
Intangibles	8	168,104	183,986
Deferred tax assets		5,597	5,462
Total non-current assets		**181,368**	196,524
Total assets		**312,388**	306,354
Current liabilities			
Payables		38,874	30,130
Derivative financial instruments		814	2,760
Borrowings	9	2,404	1,419
Provisions		15,965	6,085
Current tax liabilities		289	989
Total current liabilities		**58,346**	41,383
Non-current liabilities			
Derivative financial instruments		1,247	1,455
Borrowings	9	68,851	76,500
Provisions		949	828
Deferred tax liabilities		14,073	13,546
Total non-current liabilities		**85,120**	92,329
Total liabilities		**143,466**	133,712
Net assets		**168,922**	172,642
Shareholders’ equity			
Share capital	10	139,117	103,253
Reserves		1,401	(4,444)
Retained profits		28,404	73,833
Total shareholders’ equity		**168,922**	172,642

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

McPherson's Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2013

	Share Capital $000's	Reserves $000's	Retained Profits $000's	Total Equity $000's
Balance at 1 July 2012	**103,253**	**(4,444)**	**73,833**	**172,642**
Loss for the year	-	-	(31,960)	(31,960)
Cash flow hedges, net of tax	-	3,816	-	3,816
Exchange differences on translation of foreign operations	-	1,864	-	1,864
Total comprehensive income	**-**	**5,680**	**(31,960)**	**(26,280)**
Transactions with shareholders				
Shares issued, net of transaction costs and tax	35,864	-	-	35,864
Dividends paid	-	-	(13,469)	(13,469)
Share-based payment transactions	-	165	-	165
Total transactions with shareholders	**35,864**	**165**	**(13,469)**	**22,560**
Balance at 30 June 2013	**139,117**	**1,401**	**28,404**	**168,922**

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

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

	Share Capital $000's	Reserves $000's	Retained Profits $000's	Total Equity $000's
Balance at 1 July 2011	**129,338**	**(4,181)**	**75,641**	**200,798**
Profit for the year	-	-	17,028	17,028
Cash flow hedges, net of tax	-	(1,117)	-	(1,117)
Exchange differences on translation of foreign operations	-	549	-	549
Total comprehensive income	**-**	**(568)**	**17,028**	**16,460**
Transactions with shareholders				
Dividends paid	-	-	(17,376)	(17,376)
Share-based payment transactions	-	305	-	305
Distribution to owners – Printing demerger	(26,085)	-	(1,460)	(27,545)
Total transactions with shareholders	**(26,085)**	**305**	**(18,836)**	**(44,616)**
Balance at 30 June 2012	**103,253**	**(4,444)**	**73,833**	**172,642**

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

McPherson's Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2013

	Note	2013 $000's	2012 $000's
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		334,519	330,888
Payments to suppliers and employees (inclusive of GST)		(306,966)	(297,313)
Interest received		64	39
Interest and borrowing costs paid		(7,001)	(5,934)
Income tax paid		(5,847)	(11,457)
Dividend received		-	100
Net cash inflows from operating activities	6	**14,769**	16,323
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(2,399)	(5,023)
Proceeds from sale of property, plant and equipment		65	40
Payment for acquisition of subsidiary, net of cash acquired	13	(16,604)	-
Payments for acquisition of business assets	13	(4,582)	(6,317)
Payments for purchase of intangible assets		(768)	(505)
Cash demerged with Printing business		-	(4,701)
Costs associated with Printing demerger		-	(2,530)
Net cash outflows from investing activities		**(24,288)**	(19,036)
Cash flows from financing activities			
Proceeds from issue of shares	10	33,651	-
Transaction costs from issue of shares	10	(737)	-
Proceeds from borrowings		172,412	124,000
Repayment of borrowings		(177,500)	(104,500)
Repayment of subsidiary borrowings at time of acquisition	13	(6,132)	-
Dividends paid		(10,740)	(17,376)
Repayment of finance lease liabilities		-	(82)
Net cash inflows from financing activities		**10,954**	2,042
Net increase / (decrease) in cash held		**1,435**	(671)
Cash at beginning of the financial year		**(166)**	486
Net effect of exchange rate changes on cash		**46**	19
Net cash at end of financial year		**1,315**	(166)

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

McPherson's Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

1. Accounting Policies

McPherson's Limited is a company domiciled in Australia. The consolidated financial report for the year ended 30 June 2013 comprises McPherson's Limited and the entities it controlled at the end of, or during, the year (the "Group").

(a) Basis of Preparation

This financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, other mandatory professional reporting requirements, and the Corporations Act 2001 for the purpose of fulfilling the Group's obligation under Australian Securities Exchange (ASX) listing rules. The Group is a for-profit entity for the purpose of preparing the financial statements. The report is presented in Australian dollars.

The accounting policies have been applied consistently to all periods presented in the consolidated financial report. The financial report has been prepared on the basis of historical cost, except where assets and liabilities are stated at their fair values in accordance with relevant accounting policies.

None of the new standards and amendments to standards that were mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

A full description of the accounting policies adopted by the Group can be found in the Group's full financial statements.

(b) Significant Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities. Actual results may differ from these estimates. The estimates and associated assumptions are reviewed on an ongoing basis.

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 8 for details of these assumptions.

Estimated carrying value of provision for 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 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 13 for further details.

(c) 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 report. Amounts in the financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

McPherson's Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

2. Significant items

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

	Note	2013 $000's	2012 $000's
(a) Impairment of goodwill within the Australian business segment	8	(45,000)	-
Less: Applicable income tax benefit		-	-
		(45,000)	-
(b) Impairment of brandnames within the Australian business segment	8	(5,000)	-
Less: Applicable income tax benefit		1,500	-
		(3,500)	-
(c) Business combination contingent consideration adjustment	13	3,500	400
Less: Applicable income tax expense		-	-
		3,500	400
(d) Restructure costs		(1,581)	(365)
Less: Applicable income tax benefit		457	110
		(1,124)	(255)
(e) Acquisition costs		(252)	(90)
Less: Applicable income tax benefit		-	-
		(252)	(90)
Total significant items		(48,333)	(55)
Less: Applicable income tax benefits		1,957	110
		(46,376)	55

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

Impairment of goodwill and brandnames
During the current year an impairment charge of $50,000,000 was recognised against the Australian cash generating unit (excluding Home Appliances), with $45,000,000 of this charge being recognised against goodwill and the remaining $5,000,000 being recognised against certain brandnames. The impairment charge is a direct result of the reduced earnings being generated by the Group's Australian operations (excluding Home Appliances). Refer to Note 8 for further information.

2. Significant items (continued)

Contingent consideration adjustment
During the current year the Group recognised a $3,500,000 gain associated with the reassessment of the provision for contingent consideration relating to the Footcare International acquisition. The reassessment was based on the actual outcomes achieved for the year ended 30 June 2013.

During the prior period the Group recognised a $400,000 gain associated with the reassessment of the provision for contingent consideration relating to the Cosmex International Pty Ltd acquisition. The reassessment was based on the actual outcomes achieved during the year ended 30 June 2012.

Refer to Note 13 for further information.

Restructure costs
The restructure costs recognised in the current year primarily relate to redundancy and inventory relocation costs associated with restructuring activities undertaken by the Group. The restructuring costs recognised in the prior year relate to redundancy costs.

Acquisition costs
Acquisition costs relate to the transaction costs incurred associated with the Group's acquisition of Footcare International and Home Appliances. Refer to Note 13 for further information.

3. 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 $77,803,731 (2012: $67,862,000) and $65,523,567 (2012: $61,145,000) 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.

McPherson's Limited
Notes to the Consolidated Financial Statements
For the year ended 30 June 2013

3. Segment Information (continued)

	Australia $000's	New Zealand $000's	Rest of the World $000's	Inter-segment eliminations $000's	Consolidated $000's
2013					
Sales to external customers	259,505	30,473	9,211	-	299,189
Inter-segment sales	1,792	1	114,916	(116,709)	-
Total sales revenue	**261,297**	**30,474**	**124,127**	**(116,709)**	**299,189**
Other revenue / income	3,572	60	224	-	3,856
Total segment revenue and other income	**264,869**	**30,534**	**124,351**	**(116,709)**	**303,045**
EBITDA before significant items	24,651	2,858	2,355	-	29,864
Depreciation and amortisation expense	(2,232)	(407)	(50)	-	(2,689)
Segment result before significant items	**22,419**	**2,451**	**2,305**	**-**	**27,175**
Significant items (refer Note 2)	(48,162)	(50)	(121)	-	(48,333)
Segment result including significant items	**(25,743)**	**2,401**	**2,184**	**-**	**(21,158)**
Net borrowing costs					(6,578)
Loss before income tax					**(27,736)**
Income tax expense					(4,224)
Loss after income tax					**(31,960)**
Segment assets	**286,988**	**21,004**	**31,387**	**(26,991)**	**312,388**
Total non-current assets (other than financial assets and deferred tax)	**168,279**	**6,186**	**1,306**	**-**	**175,771**
Additions to non-current assets (other than financial assets and deferred tax)	**36,544**	**452**	**18**	**-**	**37,014**

McPherson's Limited
Notes to the Consolidated Financial Statements
Prior Year Comparative

3. Segment Information (continued)

	Australia $000's	New Zealand $000's	Rest of the World $000's	Printing (Discontinued) $000's	Inter-segment eliminations $000's	Consolidated $000's
2012						
Sales to external customers	236,860	30,010	9,376	26,527	-	302,773
Inter-segment sales	2,006	100	99,035	86	(101,227)	-
Total sales revenue	**238,866**	**30,110**	**108,411**	**26,613**	**(101,227)**	**302,773**
Other revenue / income	477	46	2,832	560	(2,618)	1,297
Share of net profit of associate	-	-	-	104	-	104
Total segment revenue, other income and share of net profit of associate	**239,343**	**30,156**	**111,243**	**27,277**	**(103,845)**	**304,174**
EBITDA before significant items	29,088	3,723	1,921	2,417	-	37,149
Depreciation and amortisation expense	(2,246)	(391)	(52)	(1,818)	-	(4,507)
Segment result before significant items	**26,842**	**3,332**	**1,869**	**599**	**-**	**32,642**
Significant items – Printing demerger	(2,619)	-	-	-	-	(2,619)
Other significant items (refer Note 2)	(55)	-	-	-	-	(55)
Segment result including significant items	**24,168**	**3,332**	**1,869**	**599**	**-**	**29,968**
Net borrowing costs						(5,968)
Profit before income tax						**24,000**
Income tax expense						(6,972)
Profit after income tax						**17,028**
Segment assets	**283,206**	**18,538**	**24,748**	**-**	**(20,138)**	**306,354**
Total non-current assets (other than financial assets and deferred tax)	**184,060**	**5,758**	**1,244**	**-**	**-**	**191,062**
Additions to non-current assets (other than financial assets and deferred tax)	**6,744**	**675**	**26**	**5,215**	**-**	**12,660**

4. Dividends

Details of dividends declared during the year ended 30 June 2013 are as follows:

	2013 $000's	2012 $000's
Final 30 June 2012 dividend of 7.0 cents per fully paid share (2011: 14.0 cents per fully paid share) fully franked @ 30%	**5,068**	10,136
Interim 2013 dividend of 10.0 cents per fully paid share (2012: 10.0 cents per fully paid share) fully franked @ 30%	**8,401**	7,240
Total dividends	**13,469**	17,376

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 7.0 cents per fully paid share (2012: 7.0 cents per fully paid share). The aggregate amount of the dividend to be paid on 12 November 2013 but not recognised as a liability at year end is:	**6,251**	5,068

Franked Dividends

Franked dividends paid after 30 June 2013 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 2014.

Franking credits available for subsequent financial years based on a tax rate of 30%	**24,724**	26,090

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking credits which are expected to arise from the payment of current tax liabilities.

Dividend reinvestment plans

The Company's Dividend Reinvestment Plan (DRP) was reactivated, with a discount of 2.5%, with effect from the final dividend for the 30 June 2012 financial year, and continues to operate.

5. Income Tax

	2013 $000's	2012 $000's
Operating (loss) / profit before tax – continuing operations	**(27,736)**	26,058
Operating loss before tax – discontinued operation	**-**	(2,058)
Total operating (loss) / profit before tax	**(27,736)**	24,000
Prima facie income tax (benefit) / expense at 30%	**(8,321)**	7,200
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of goodwill	13,500	-
Non-assessable contingent consideration adjustment	(1,050)	(120)
Tax rate differences in overseas entities	(354)	(327)
Share of net profit of associate	-	(31)
Share-based payments expense	50	92
Under provision in prior years	74	4
Other	325	154
Income tax expense	**4,224**	6,972
Income tax expense is attributable to:		
Continuing operations	4,224	7,648
Discontinued operation	-	(676)
	4,224	6,972

6. Notes to the Statement of Cash Flows

	2013 **$000's**	2012 $000's
Operating (loss) / profit after income tax	**(31,960)**	17,028
Amortisation of other intangibles	251	242
Depreciation/other amortisation	2,438	4,265
Loss / (profit) on disposal of property, plant and equipment	52	(9)
Share-based payments expense	165	305
Impairment of goodwill and brandnames	50,000	-
Share of profit in associate not received as dividends	-	(104)
Dividends received from associate	-	100
Time value in option hedging contracts	(1,762)	(927)
Contingent consideration adjustment	(3,500)	(400)
Loss on demerger of the Printing business	-	45
Costs associated with Printing demerger	-	2,550
Changes in operating assets and liabilities, excluding the effects from purchase or disposal of controlled entities:		
Increase in payables	2,178	279
Decrease in other provisions	(218)	(1,608)
Increase/(decrease) in employee entitlements	11	(803)
Decrease in net tax liabilities	(1,830)	(4,500)
Decrease/(increase) in receivables	3,391	(3,906)
(Increase)/decrease in inventories	(4,447)	3,766
Net cash inflows from operating activities	**14,769**	16,323

7. Discontinued Operation

During the prior year, on 18 November 2011 the Group announced its intention to demerge its Printing business into a separate company. Subsequent to demerging, the Printing business completed an acquisition of the Opus Group, in order to create a substantial business services group with operations in Australia, New Zealand and Singapore, and was listed on the ASX.

The demerger was completed via a demerger distribution, which was satisfied by the Group distributing all its shares in the McPherson's Printing Group to the shareholders of McPherson's Limited.

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

As a result of this transaction, and in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations,* the Group's Printing business has been disclosed as a discontinued operation for the comparative year.

7. Discontinued Operation (continued)

	7 months to 31 January 2012 $000's
Revenue	26,527
Other income	664
Expenses	(26,592)
Borrowing costs	(37)
Profit before income tax and significant items	**562**
Income tax expense	(114)
Profit after income tax before significant items	**448**
Significant items	
Costs associated with demerger and subsequent acquisition of Opus	(2,550)
Loss on distribution to owners	(70)
Income tax benefit relating to significant items	790
Loss from discontinued operation for the period	**(1,382)**
Basic earnings per share (before significant items) – cents	0.6
Diluted earnings per share (before significant items) – cents	0.6
Cash flow information	
Net cash inflows from operating activities	1,690
Net cash outflows from investing activities	(2,644)
Net cash inflows from financing activities	5,139
Net cash inflows for the period	**4,185**

There were no discontinued operations in the current year.

8. Non-Current Assets – Intangibles

	2013 $000's	2012 $000's
Goodwill	124,641	137,992
Other intangibles	5,066	4,437
Accumulated amortisation	(4,258)	(4,007)
	808	430
Brandnames	42,655	45,564
Total intangibles	**168,104**	183,986

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:

	Goodwill $000's	**Other Intangibles $000's**	**Brandnames $000's**	**Total $000's**
Consolidated				
Carrying amount at 1 July 2012	137,992	430	45,564	183,986
Additions	453	514	579	1,546
Acquisition of businesses	32,274	115	-	32,389
Transfers	(1,512)	-	1,512	-
Impairment charge	(45,000)	-	(5,000)	(50,000)
Amortisation charge	-	(251)	-	(251)
Foreign currency exchange differences	434	-	-	434
Carrying amount at 30 June 2013	**124,641**	**808**	**42,655**	**168,104**

Acquired brandnames are not amortised under AASB 138, as Directors consider these to have an indefinite life. These brandnames are subject to an annual impairment test.

During the year the acquisition accounting associated with the Cosmex International acquisition was finalised. As a result, $1,512,000 of brandname intangible assets were transferred from Goodwill and separately recognised as brandname assets. These brandnames have been assessed as having an indefinite useful life. In accordance with Australian Accounting Standards the Group's Goodwill balance increased $453,000 during the year as a result of recognising the required deferred tax liability associated with the Cosmex brandnames.

During the year the Group acquired the Furi brandname globally. The acquisition agreement includes a contingent consideration arrangement whereby the Group may be required to pay the former owner an additional payment of between $0 and $867,000. At the time of acquisition, based on the facts, circumstances and forecasts that existed at that date, management estimated the likely additional payment to be $325,000. A contingent consideration provision has been raised for this amount with the other side forming part of the cost of the brandname.

8. Non-Current Assets – Intangibles (continued)

Impairment Testing

Goodwill

Goodwill is allocated to the following cash generating units:

	2013 $000's	2012 $000's
Australia (excluding Home Appliances)	94,160	133,360
Home Appliances	25,514	-
New Zealand	4,967	4,632
	124,641	137,992

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:

	2013	**2012**
Estimated growth rates	3.0%	3.0%
Post-tax discount rate	11.5%	11.5%
Pre-tax discount rate equivalent – Australia, Home Appliances	15.1%	15.1%
Pre-tax discount rate equivalent – New Zealand	14.7%	14.7%

In addition to the above, 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.

At 30 June 2013, the value-in-use calculations for both the Home Appliances and New Zealand business segments exceeded the carrying value of their net assets. The surplus amount within the Home Appliances calculation is $9,193,000 (June 2012: Not applicable). The surplus amount within the New Zealand calculation is NZD$14,978,000 (June 2012: NZD$21,302,000).

Impairment charge

During the current year an impairment charge of $50,000,000 was recognised against the Australian cash generating unit (excluding Home Appliances), with $45,000,000 of this charge being recognised against goodwill and the remaining $5,000,000 being recognised against certain brandnames. The recoverable amount used in the goodwill calculations was based on a value-in-use model. The impairment charge is a direct result of the reduced earnings being generated by the Group’s Australian operations (excluding Home Appliances).

This impairment charge is included within the Australian reportable segment disclosed within Note 3 Segment information. The discount rate and other key assumptions used in the value-in-use calculations are disclosed above.

8. Non-Current Assets – Intangibles (continued)

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 cash generating unit (excluding Home Appliances) were to be 5.0% below the current estimated EBIT an additional impairment charge of $11,496,000 would have been recognised.

If the post-tax discount rate used in the value-in-use calculation for the Australian (excluding Home Appliances) cash generating unit were to be 1.0 percentage point higher than management's estimate (12.5% instead of 11.5%) an additional impairment charge of $9,644,000 would have been recognised.

If the terminal year growth rate used in the value-in-use calculation for the Australian (excluding Home Appliances) cash generating unit were to be 1.0 percentage point lower than management's estimate (2.0% instead of 3.0%) an additional impairment charge of $4,816,000 would have been recognised.

As disclosed in Note 13, had the Group acquired Home Appliances at 1 July 2012 the Home Appliances business would have contributed an EBIT of approximately $3,279,000 to the Group. If the year one EBIT amount used in the value-in-use calculation for Home Appliances were to be equivalent to this amount a possible impairment of approximately $5,054,000 would arise.

There were no reasonably possible changes to key assumptions associated with the New Zealand cash generating unit that resulted in its recoverable amount being equal to or below its carrying value.

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.

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

	2013	**2012**
Estimated growth rates	3.0%	3.0%
Post-tax discount rate	11.5%	11.5%
Pre-tax discount rate equivalent	15.1%	15.1%

At 30 June 2013, the total carrying value of brandnames tested using the value-in-use method was $40,898,000 (2012: $44,121,000). The value-in-use calculations for these brandnames exceeded their carrying values.

8. Non-Current Assets – Intangibles (continued)

The fair value less costs to sell calculation is determined using a 'relief from royalty' approach. The 'relief from royalty' method assumes that if a business did not own the identifiable brandname under consideration it would have to pay a royalty to the owners of the brandname for its use. The calculation is prepared on a discounted cash flow analysis of the future royalty stream which is based on financial budgets/forecasts covering a one year period. The calculation for the current year assumes sales growth rates, for those brands tested using this method, beyond the projected period range of 0.0% to 3.0% (June 2012: 3.0%) and a post-tax discount rate of 11.5% (June 2012: 11.5%), the equivalent pre-tax discount rate equating to 15.1% (June 2012: 15.1%).

At 30 June 2013, the total carrying value of brandnames tested using the 'relief from royalty' method was $6,757,000 (2012: $1,443,000). The recoverable amounts of the brandnames tested using this method were calculated to be $5,000,000 below their carrying amounts and as such an impairment charge of $5,000,000 has been recognised against these brandnames.

Impairment charge

During the current year the Group's Australian cash generating unit (excluding Home Appliances) recognised an impairment charge of $5,000,000 against certain brandnames. The recoverable amounts used in these calculations were based upon fair value less costs to sell calculations using a 'relief from royalty approach'.

This impairment charge is included within the Australian reportable segment disclosed within Note 3 Segment information. The discount rate and other key assumptions used in the calculations are disclosed above.

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, no brand impairment would arise for the brands tested using this method.

If the year one contribution margin percentages were 5.0 percentage points below the current estimates used in the value-in-use calculations, the recoverable amount of certain brands tested using this method would be $6,859,000 below their current carrying amount.

If the terminal year growth rate used in the value-in-use calculations were to be 1.0 percentage point lower than management's estimate (2.0% instead of 3.0%) no brand impairment would arise for the brands tested using this method.

If the year one projected sales were 10.0% below the current estimate used in the relief from royalty calculation the recoverable amounts of the brands tested using this method would have been $156,000 lower which would have resulted in an additional impairment charge of $156,000 being recognised.

If the estimated royalty rates were 1.0 percentage point below the current estimates used in the relief from royalty calculation the recoverable amounts of the brands tested using this method would have been $307,000 lower which would have resulted in an additional impairment charge of $307,000 being recognised.

If the terminal year growth rate used in the relief from royalty calculations were to be 1.0 percentage point lower than management's estimate (2.0% instead of 3.0%), the total recoverable amount of the brands tested using this method would have been $115,000 lower which would have resulted in an additional impairment charge of $115,000 being recognised.

9. Loans and borrowings

	2013 $000's	2012 $000's
Current		
Bank overdraft - secured	351	119
Bank loans - secured	2,000	1,300
Other borrowings	412	-
Debt issue costs	(359)	-
Total current	**2,404**	1,419
Non-current		
Bank loans - secured	69,000	76,500
Debt issue costs	(149)	-
Total non-current	**68,851**	76,500
Total borrowings	**71,255**	77,919

In December 2012, the Group refinanced its borrowing facilities. The new facilities are denominated in Australian dollars and variable interest rates apply (the Group does however hedge its exposure to interest rates for no less than 60% of the term debt facilities). The new facilities provide an amortising core debt facility of $81.0 million (3 year term), an acquisition facility of $15.0 million (expiring at the same time as the core debt facility), a working capital facility of $27.0 million (1 year term subject to annual review) and an additional seasonal working capital facility of $8.0 million (1 year term subject to annual review). The facilities have financial covenants attached relating to net leverage ratio, cash dividend payout ratio, EBIT interest coverage, gearing ratio, maximum permitted financial indebtedness limit and working capital ratio.

The core debt facility amortises by $4.0 million each May and November up until May 2015 at which time the maximum available core debt facility will be $61.0 million.

Maturity profile of the Group's borrowings

The table below analyses the Group's borrowings 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's	**Between 1 & 2 Years $000's**	**Between 2 & 3 years $000's**	**Total Contractual Cash Flows $000's**	**Carrying Amount $000's**
30 June 2013					
Payables	38,874	-	-	38,874	38,874
Borrowings	7,037	12,002	62,687	81,726	71,255
Total non-derivatives	**45,911**	**12,002**	**62,687**	**120,600**	**110,129**
30 June 2012					
Payables	30,130	-	-	30,130	30,130
Borrowings	5,856	77,240	-	83,096	77,919
Total non-derivatives	35,986	77,240	-	113,226	108,049

9. Loans and borrowings (continued)

Security for borrowings
The Group continues to provide security to its financiers to secure bank overdraft, bank loan, bank bill and trade finance facilities. 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

	2013 $000's	2012 $000's
Fixed charge		
Property, plant and equipment	7,603	6,999
Intangibles	167,228	183,184
Total non-current assets pledged as security	**174,831**	190,183
The following current assets are also pledged as security:		
Fixed charge		
Receivables	52,168	52,010
Floating charge		
Cash	1,272	1,092
Inventories	66,274	51,911
Receivables	2,398	1,771
Derivative financial instruments	5,258	95
Total current assets pledged as security	**127,370**	106,879
Total assets pledged as security	**302,201**	297,062

10. Share Capital

	2013 $000's	2012 $000's
Issued and paid up capital:		
89,294,198 (June 2012: 72,401,758) ordinary shares – fully paid	139,117	103,253

Movements in ordinary share capital

Date	Details	Number of Shares	Price $	$000's
1 July 2012	Opening balance	72,401,758		103,253
31 October 2012	Shares issued - Dividend reinvestment plan for 30 June 2012 final dividend	704,875	1.75	1,235
14 March 2013	Shares issued – Institutional placement	10,909,091	2.20	24,000
11 April 2013	Shares issued - Dividend reinvestment plan for 31 December 2012 interim dividend	682,888	2.19	1,494
15 April 2013	Shares issued – Share Purchase Plan	4,595,586	2.10	9,651
	Transaction costs associated with share issues	-		(737)
	Tax effect of share issue transaction costs recognised directly in equity	-		221
30 June 2013	**Closing Balance**	**89,294,198**		**139,117**

11. Earnings Per Share

	2013 Cents	2012 Cents
Basic earnings per share		
From continuing operations	**(41.4)**	25.4
From discontinued operation	**-**	(1.9)
Total basic earnings per share	**(41.4)**	23.5
Basic earnings per share from continuing operations excluding impairment	**21.4**	25.4
Diluted earnings per share		
From continuing operations	**(41.4)**	25.4
From discontinued operation	**-**	(1.9)
Total diluted earnings per share	**(41.4)**	23.5
Diluted earnings per share from continuing operations excluding impairment	**21.4**	25.4

Reconciliation of earnings used in calculating earnings per share

	2013 $000's	2012 $000's
Basic and diluted earnings per share		
Profit from continuing operations (excluding impairment)	16,540	18,410
Impairment, net of tax, from continuing operations	(48,500)	-
Loss from discontinued operation	-	(1,382)
	(31,960)	17,028

Weighted average number of shares used as the denominator

	2013 Number	2012 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**77,203,558**	72,401,758
Potential ordinary shares	-	181,673
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**77,203,558**	72,583,431
Options that are not dilutive and are therefore not included in the calculation of diluted earnings per share	1,525,000	775,000

12. Net tangible asset backing

	2013 Cents	2012 Cents
Net tangible asset backing per ordinary share	**0.9**	(15.7)

13. Business Combinations

Current period

On 1 August 2012, the Group's Australian business acquired the business assets of Footcare International, a leading marketer and distributor of a range of quality foot comfort, shoe care products and shoe accessories, for a total consideration of $8,082,000 (inclusive of $3,500,000 in contingent consideration that was expected to be paid).

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

	$000's
Purchase consideration	
Cash paid	4,582
Contingent consideration	3,500
Total purchase consideration	**8,082**

The assets and liabilities recognised as a result of the acquisition were as follows:

	Fair Value $000's
Prepayments	13
Inventories	1,026
Plant and equipment	376
Deferred tax asset	34
Payables	(57)
Employee entitlements	(70)
Net identifiable assets acquired	**1,322**
Add: Goodwill	6,760
Net assets acquired	**8,082**

The goodwill recognised is attributable to both the future earnings prospects of the acquisition and the synergies expected to be achieved from integrating this business into the Group's existing business. It will not be deductible for tax purposes.

13. Business Combinations (continued)

	$000's
Purchase consideration – cash outflow	
Total consideration for acquisition accounting purposes	8,082
Less: Contingent consideration not achieved	(3,500)
Outflow of cash to acquire business – investing activities	**4,582**

(i) Contingent consideration

The Footcare International acquisition agreement included a contingent consideration arrangement. Under this arrangement the Group could have been required to pay the former owner a potential additional cash payment, up to a maximum of $3,500,000 depending on the adjusted contribution amount generated during the year ended 30 June 2013.

The potential additional payment that the Group could have been required to make under this arrangement was between $0 and $3,500,000.

In accordance with AASB 3 *Business Combinations*, 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 $3,500,000. As at 30 June 2013, the Group was required to reassess the amount of consideration expected to be paid. Based on the actual outcomes achieved over the year ended 30 June 2013 the Group has revised the estimated payment amount down to nil. As a result of this adjustment, and in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, the Group has recognised a $3,500,000 gain in the current year. This amount has been separately disclosed in the Statement of Comprehensive Income, within the revenue and other income section, and within Note 2 Significant items.

(ii) Revenue and profit contribution

The acquired business contributed revenues of $6,353,000 to the Group for the period from 1 August 2012 to 30 June 2013. Net profit generated from this business for this period has not been separately disclosed as it is impracticable to calculate an accurate amount for this given this business has been completely integrated into the Group's existing operations.

(iii) Acquisition-related costs

Acquisition-related costs of $53,000 are included within other expenses in profit or loss and in operating cash flows in the statement of cash flows.

13. Business Combinations (continued)

On 28 March 2013 the Group's Australian business acquired 82.21% of the Home Appliances Pty Limited Group (Home Appliances). At the same time the Group also entered into a reciprocal put/call option whereby, the Group has the option to acquire the remaining shares, and vendors who have retained ownership of 17.79% of Home Appliances have the right to put their remaining shares to the Group, after 30 June 2015. Home Appliances is a major supplier of cooking appliances, primarily into the Australian market, with its range focussing on ovens, cooktops, rangehoods, microwaves, washing machines, dishwashers, barbeques and coffee machines.

Details of the purchase consideration, net identifiable assets acquired (including goodwill and other intangible assets) are set out as follows:

	$000's
Purchase consideration	
Cash paid	18,320
Contingent consideration (relating to put/call option)	8,715
Total purchase consideration	**27,035**

The assets and liabilities recognised as a result of the acquisition were as follows:

	Fair Value $000's
Cash	1,716
Trade receivables	4,270
Other receivables	380
Inventories	8,223
Property, Plant and equipment	304
Intangible assets: software	115
Current tax asset	171
Deferred tax asset	375
Payables	(6,862)
Borrowings	(6,132)
Provision for employee entitlements	(333)
Provision for warranty claims	(706)
Net identifiable assets acquired	**1,521**
Add: Goodwill and other intangibles	25,514
Net assets acquired	**27,035**

The goodwill recognised is attributed to both the future earnings prospects of the acquisition and the synergies expected to be achieved. It will not be deductible for tax purposes.

13. Business Combinations (continued)

Purchase consideration – cash outflow	**$000's**
Cash consideration paid	18,320
Less: Cash acquired	(1,716)
Outflow of cash to acquire subsidiary, net of cash acquired – investing activities	16,604
Repayment of subsidiary external borrowings upon acquisition – financing activities	6,132
Total outflow of cash as a result of acquisition, net of cash acquired	**22,736**

(i) Non-controlling interest and contingent consideration

As previously noted, the Group currently owns 82.21% of Home Appliances with the remaining shares being subject to a reciprocal put/call option arrangement with an exercise date commencing after 30 June 2015. The Group has assessed its position with respect to this arrangement and has determined that the Group has taken over the significant risks and rewards of ownership of Home Appliances and as such no non-controlling interest is reflected in the Group's financial statements.

As a result of this put/call option arrangement it is expected that the Group will acquire the remaining 17.79% of Home Appliances at some stage subsequent to 30 June 2015. The required payment amount for these shares is dependent on the average earnings before interest and tax (EBIT) generated by Home Appliances over the preceding two financial years, and ranges from $1,141,000 to $13,507,000.

In accordance with Australian Accounting Standards, the Group has estimated, at acquisition date, the expected amount to be paid to buy the remaining 17.79% of shares. This amount has been included as 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 expected payment required was $8,715,000 and as such a provision for this amount has been raised.

(ii) Revenue and profit contribution

The Home Appliances business contributed revenues of $9,209,000 and an EBIT of $861,000 to the Group for the period from 29 March 2013 to 30 June 2013. If the acquisition had occurred on 1 July 2012, the Home Appliances business would have contributed revenues of $35,258,000 and an EBIT of approximately $3,279,000 to the Group.

(iii) Acquisition-related costs

Acquisition-related costs of $199,000 are included within other expenses in profit or loss and in operating cash flows in the statement of cash flows.

13. Business Combinations (continued)

Prior period

On 30 November 2011, the Group's New Zealand consumer products business acquired the business assets of Gainsborough Limited, a distributor of beauty related products within the New Zealand market, for $A560,000.

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

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

	$000's
Purchase consideration	
Total consideration for acquisition accounting purposes	6,717
Less: Contingent consideration not achieved	(400)
Outflow of cash to acquire businesses – investing activities	**6,317**

13. Business Combinations (continued)

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

	Fair Value $000's
Inventories	1,884
Plant and equipment	124
Prepayments	124
Brandnames	1,512
Deferred tax asset	144
Deferred tax liability	(453)
Net identifiable assets acquired	**3,335**
Add: Goodwill	3,382
Net assets acquired	**6,717**

The goodwill recognised is attributable to both the future earnings prospects of the acquisitions and the synergies expected to be achieved from integrating these businesses into the Group's existing consumer products business. It will not be deductible for tax purposes.

(i) Contingent consideration

In accordance with AASB3 *Business Combinations*, where an acquisition agreement includes a contingent consideration agreement, 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.

Subsequent changes in the amount of contingent consideration do not affect the value of net assets acquired, rather these movements are recognised in profit or loss.

In accordance with these requirements, the Group recognised a $400,000 gain in the prior year in relation to adjustments made to the contingent consideration. This amount has been separately disclosed in the Statement of Comprehensive Income, within the revenue and other income section, and within Note 2 Significant items.

(ii) Revenue and profit contribution

The acquired businesses contributed revenues of $4,917,000 to the Group for the period from their acquisition dates to 30 June 2012. Net profit generated from these businesses for this period has not been separately disclosed as it is impracticable to calculate an accurate amount for this given these businesses have been completely integrated into the Group's existing operations.

14. 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.

15. Subsequent events

On 1 July 2013, the Group's Australian business acquired the intellectual property assets (primarily brandname assets) and associated inventory of Maseur Sandals, a well known Australian footwear brand, for the value of $5,043,000.

On 19 August 2013, the Directors of the Company declared a final dividend of 7.0 cents per share fully franked which is payable on 12 November 2013 (refer to Note 4).

Other than the matters discussed above, there has not arisen in the interval between the end of the year and the date of this report, any item, transaction or event, of a material and unusual nature likely to significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

16. Compliance Statement

The Financial Report has been audited.