McPherson's Limited
ABN: 98 004 068 419
Half Year ended 31 December 2014

Results for Announcement to the Market

				$000's
Revenue	up	3.3%	to	**186,646**
Profit before tax excluding significant items[1]	down	12.1%	to	**13,021**
Profit after tax excluding significant items[1]	down	12.7%	to	**9,263**
Profit before tax[1]		n.m.[2]		**13,239**
Profit after tax[1]		n.m.[2]		**9,935**
Profit after tax attributable to members[1]		n.m.[2]		**9,935**
Net profit for the period attributable to members[1]		n.m.[2]		**9,935**

Dividends	**Amount per security**	**Franked amount per security**
Interim dividend	**6.0¢**	**6.0¢**
Previous corresponding period	6.0¢	6.0¢

Payment date for interim dividend	**9 April 2015**
Record date for determining entitlements to the dividend	**23 March 2015**

[1] See Note 1 in the attached financial statements for details about restatements associated with the Group early adopting AASB 9 *Financial Instruments*

[2] Movement from previous period not considered meaningful due to the result becoming a profit from a loss

McPherson’s Limited
Directors’ Report

The Board of Directors present the following 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 half year ended 31 December 2014.

(a) Directors

The following persons were Directors of McPherson’s Limited from the beginning of the half year period to the date of this report:

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

(b) Principal Activities

McPherson’s 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 and skin care product ranges; the consumer durables division markets and distributes large appliances such as cooktops, ovens, 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.

McPherson’s manages some significant brands for overseas agency partners; 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 period the Group expanded its health & beauty product range with the acquisition of the natural skincare brands A’kin and Lapurete and the natural hair care brand Al’chemy. During the period the Group also divested 51% of its housewares business to the Fackelmann Group. This business sells housewares products such as cutlery, knives, bakeware and cookware under brands including Wiltshire, Stanley Rogers and Furi.

(c) Review of operations

Refer separate commentary which forms part of this report.

(d) Dividends

The Directors have recommended that an interim dividend (fully franked) of 6.0 cents per share be paid on 9 April 2015. This dividend was declared subsequent to the end of the half year period and therefore has not been recognised as a liability at 31 December 2014.

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

(f) 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 3.

Signed in accordance with a resolution of the Directors.

Dated at Sydney this 23rd day of February 2015.

D. J. Allman

D.J. Allman
Director

Paul Maguire

P.J. Maguire
Director

pwc

Auditor's Independence Declaration

As lead auditor for the review of McPherson's Limited for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Paddy Carney
Partner
PricewaterhouseCoopers

Sydney
23 February 2015

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

McPherson's Limited
Consolidated Statement of Comprehensive Income
For the half year ended 31 December 2014

	Note	**Half Year December 2014 $000's**	Half Year December 2013[1] $000's
Revenue			
Sales revenue		186,640	180,650
Interest		6	13
Total revenue		**186,646**	180,663
Commission		82	94
Contingent consideration adjustment		1,752	-
Other income		303	145
Total revenue and other income		**188,783**	180,902
Expenses			
Materials and consumables used		(108,994)	(102,415)
Employee costs		(25,016)	(24,217)
Advertising and promotional		(10,246)	(8,132)
Cartage and freight		(9,255)	(9,986)
Third party warehousing		(4,149)	(4,202)
Rental expenses relating to operating leases		(3,345)	(3,510)
Depreciation		(1,229)	(1,276)
Amortisation of other intangibles		(164)	(219)
Restructure costs	2	(1,400)	(1,085)
Other expenses		(8,756)	(9,421)
Borrowing costs		(3,293)	(3,352)
Impairment of intangible assets	2	-	(80,000)
Share of net profit of associates accounted for using the equity method		303	-
Profit / (loss) before income tax expense		**13,239**	(66,913)
Income tax expense	6	(3,304)	(3,163)
Profit / (loss) for the half year		**9,935**	(70,076)

[1] See Note 1 for details about restatements associated with the Group early adopting AASB 9 *Financial Instruments*

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 half year ended 31 December 2014

	Note	Half Year December 2014 $000's	Half Year December 2013[1] $000's
Profit / (loss) for the half year		**9,935**	(70,076)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges		7,721	(3,176)
Exchange differences on translation of foreign operations		1,788	1,981
Income tax relating to these items		(2,311)	944
Other comprehensive income for the half year		**7,198**	(251)
Total comprehensive income for the half year		**17,133**	(70,327)

	Note	Cents	Cents
Basic earnings / (loss) per share	12	**10.4**	(77.4)
Diluted earnings / (loss) per share	12	**10.4**	(77.4)

[1] See Note 1 for details about restatements associated with the Group early adopting AASB 9 *Financial Instruments*

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

McPherson's Limited
Consolidated Balance Sheet
As at 31 December 2014

	Note	31 December 2014 $000's	30 June 2014 $000's
Current assets			
Cash and cash equivalents		11,910	4,120
Trade and other receivables		63,361	63,272
Inventories		60,245	45,489
Derivative financial instruments		4,659	-
Assets classified as held for sale	8	42,808	53,281
Total current assets		**182,983**	166,162
Non-current assets			
Other receivables	8	1,347	-
Investments accounted for using the equity method	8	7,910	-
Property, plant and equipment		5,949	6,040
Intangible assets	9	89,906	88,266
Deferred tax assets		5,080	6,010
Total non-current assets		**110,192**	100,316
Total assets		**293,175**	266,478
Current liabilities			
Trade and other payables		70,299	50,627
Borrowings	10	4,660	2,820
Derivative financial instruments		1,125	3,854
Provisions		14,670	20,364
Current tax liabilities		640	652
Liabilities directly associated with assets classified as held for sale	8	6,565	7,874
Total current liabilities		**97,959**	86,191
Non-current liabilities			
Borrowings	10	76,000	76,000
Derivative financial instruments		693	978
Provisions		993	863
Deferred tax liabilities		9,250	7,902
Total non-current liabilities		**86,936**	85,743
Total liabilities		**184,895**	171,934
Net assets		**108,280**	94,544
Equity			
Contributed equity	11	148,474	147,003
Reserves		4,517	(2,585)
Accumulated losses		(44,711)	(49,874)
Total equity		**108,280**	94,544

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

McPherson's Limited
Consolidated Statement of Changes in Equity
For the half year ended 31 December 2014

	Contributed equity $000's	Reserves $000's	Accumulated losses $000's	Total equity $000's
Balance at 1 July 2014	**147,003**	**(2,585)**	**(49,874)**	**94,544**
Profit for the half year	-	-	9,935	9,935
Other comprehensive income	-	7,198	-	7,198
Total comprehensive income	**-**	**7,198**	**9,935**	**17,133**
Transactions with shareholders				
Shares issued, net of transaction costs and tax	1,471	-	-	1,471
Dividends provided for or paid	-	-	(4,772)	(4,772)
Share-based payment transactions with employees	-	(96)	-	(96)
Total transactions with shareholders	**1,471**	**(96)**	**(4,772)**	**(3,397)**
Balance at 31 December 2014	**148,474**	**4,517**	**(44,711)**	**108,280**

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 (continued)
Prior year comparative

	Contributed equity $000's	Reserves $000's	Retained earnings $000's	Total equity $000's
Balance at 1 July 2013[1]	**139,117**	**1,401**	**28,574**	**169,092**
Loss for the half year[1]	-	-	(70,076)	(70,076)
Other comprehensive income[1]	-	(251)	-	(251)
Total comprehensive income	**-**	**(251)**	**(70,076)**	**(70,327)**
Transactions with shareholders				
Shares issued, net of transaction costs and tax	6,178	-	-	6,178
Dividends provided for or paid	-	-	(6,251)	(6,251)
Share-based payment transactions with employees	-	26	-	26
Total transactions with shareholders	**6,178**	**26**	**(6,251)**	**(47)**
Balance at 31 December 2013[1]	**145,295**	**1,176**	**(47,753)**	**98,718**

[1] See Note 1 for details about restatements associated with the Group early adopting AASB 9 *Financial Instruments*

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 half year ended 31 December 2014

	Note	**Half Year December 2014 $000's**	Half Year December 2013 $000's
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		203,167	182,088
Payments to suppliers and employees (inclusive of GST)		(183,376)	(173,644)
Interest received		6	13
Interest and borrowing costs paid		(3,983)	(3,318)
Income taxes paid		(2,900)	(2,675)
Net cash inflows from operating activities	7	**12,914**	2,464
Cash flows from investing activities			
Payments for acquisition of business assets	14	(8,050)	(22,941)
Payments for purchase of property, plant and equipment		(1,470)	(785)
Payments for purchase of other intangible assets	9	(758)	(635)
Proceeds from sale of business assets	8	6,571	-
Proceeds from sale of property, plant and equipment		26	-
Net cash outflows from investing activities		**(3,681)**	(24,361)
Cash flows from financing activities			
Proceeds from issue of shares		-	4,804
Transaction costs from issue of shares		-	(104)
Proceeds from borrowings		75,400	85,840
Repayment of borrowings		(73,858)	(63,700)
Dividends paid		(3,297)	(4,804)
Net cash (outflows) / inflows from financing activities		**(1,755)**	22,036
Net increase in cash held		**7,478**	139
Cash at beginning of the half year		3,722	1,315
Effects of exchange rate changes on cash		86	36
Cash at end of the half year		**11,286**	1,490

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

1. Significant Accounting Policies

McPherson's Limited is a company domiciled in Australia. The consolidated interim financial report for the half year period ended 31 December 2014 comprises McPherson's Limited and the entities it controlled at the end of, or during, the half year period (the "Group").

(a) Basis of Preparation

This interim financial report has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The Group is a for-profit entity for the purpose of preparing the interim financial statements. The report is presented in Australian dollars.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim report is to be read in conjunction with the Annual Report for the year ended 30 June 2014 and the announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period with the exception of the new policies noted below. The interim 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.

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

(ii) 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.

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.

1. Significant Accounting Policies (continued)

Early adoption of accounting standard

During the prior year the Group elected to early adopt AASB 9 *Financial Instruments* as issued in December 2013. This standard replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities; the derecognition of financial instruments; and hedge accounting.

The key change for the Group associated with adopting AASB 9 relates to hedge accounting and the treatment of the movement in time value of foreign currency options. Previously under AASB 139 the movement in time value of foreign currency options used as hedging instruments had to be recognised in profit or loss, whereas AASB 9 requires the movement to be recognised initially in the hedge reserve and then recycled to profit or loss either over the period of the hedge, if the hedge is time related, or when the hedged transaction affects profit or loss, if the hedge is transaction related. While AASB 9 does not need to be applied by the Group until the financial year beginning on 1 July 2017, the Group decided to early adopt the standard in the prior year because the new accounting policies were considered to provide more reliable and relevant information.

In accordance with the transition provisions included within AASB 9 comparative figures have been restated. The restatement has resulted in the following changes being made to the 31 December 2013 half year statement of comprehensive income and statement of changes in equity:

	31 December 2013 Previously stated $000's	Restatement $000's	31 December 2013 Restated $000's
Loss before tax	(67,531)	618	(66,913)
Tax expense	(2,978)	(185)	(3,163)
Loss for the period	**(70,509)**	**433**	**(70,076)**
Other comprehensive income	(251)	-	(251)
Total comprehensive income	**(70,760)**	**433**	**(70,327)**
Basic loss per share (cents)	(77.9)	0.5	(77.4)
Diluted loss per share (cents)	(77.9)	0.5	(77.4)
Accumulated losses	**(48,356)**	**603**	**(47,753)**

1. Significant Accounting Policies (continued)

Except for the effects of early adopting AASB 9 *Financial Instruments* 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.

A full description of the accounting policies adopted by the Group can be found in the Group's Annual Report for the year ended 30 June 2014.

(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 9 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 14 for further details.

2. Significant Items

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

	Note	**Half Year December 2014 $000's**	Half Year December 2013 $000's
(a) Impairment of goodwill within the Australian business segment	9	-	(78,243)
Less: Applicable income tax benefit		-	-
		-	(78,243)
(b) Impairment of brandnames within the Australian business segment	9	-	(1,757)
Less: Applicable income tax benefit		-	527
		-	(1,230)
(c) Contingent consideration adjustment	14	1,752	-
Less: Applicable income tax expense		-	-
		1,752	-
(d) Restructure costs		(1,400)	(1,085)
Less: Applicable income tax benefit		414	326
		(986)	(759)
(e) Acquisition and transition related costs		(134)	(641)
Less: Applicable income tax benefit		40	192
		(94)	(449)
Total significant items		218	(81,726)
Less: Applicable income tax benefits		454	1,045
		672	(80,681)

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

Impairment of goodwill and brandnames
During the prior period 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 9 for further information.

2. Significant items (continued)

Contingent consideration adjustment
During the current period the Group recognised a $1,752,000 gain associated with the reassessment of the provision for contingent consideration relating to the Home Appliances acquisition. The reassessment was based on the available facts, circumstances and forecasts that existed at 31 December 2014.

Refer to Note 14 for further information.

Restructure costs
The restructure costs recognised in the current period primarily relate to redundancy, inventory clearance and disposal costs associated with the housewares disposal and other restructuring activities undertaken by the Group.

Acquisition and transition related costs
Acquisition and transition related costs relate to the transaction and other one-off transition related costs incurred primarily associated with the Group's acquisition of the A'kin and Al'chemy brands in the current period and the Think Appliances business in the prior period.

3. Fair value measurement of financial instruments

The Group holds the following financial instruments which are measured and recognised at fair value at 31 December 2014 and 30 June 2014 on a recurring basis:

	31 December 2014				30 June 2014			
Recurring fair value measurements	**Level 1 $000's**	**Level 2 $000's**	**Level 3 $000's**	**Total $000's**	**Level 1 $000's**	**Level 2 $000's**	**Level 3 $000's**	**Total $000's**
Financial assets at fair value								
Derivative financial instruments	-	4,659	-	4,659	-	-	-	-
Put/call option	-	-	1,347	1,347	-	-	-	-
Total financial assets at fair value	**-**	**4,659**	**1,347**	**6,006**	-	-	-	-
Financial liabilities at fair value								
Derivative financial instruments	-	1,818	-	1,818	-	4,832	-	4,832
Contingent consideration	-	-	6,993	6,993	-	-	12,885	12,885
Total financial liabilities at fair value	**-**	**1,818**	**6,993**	**8,811**	-	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.

3. Fair value measurement of financial instruments (continued)

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 at the end of the reporting period.

The following table presents the changes in level 3 instruments for the half year ended 31 December 2014:

	Financial asset	**Financial liability**
	Put/call option receivable $000's	**Contingent consideration payable $000's**
Opening balance at 1 July 2014	**-**	**12,885**
Disposal of business (refer note 8)	1,347	-
Adjustments arising from reassessment of the provision (refer Note 14)	-	(5,892)
Closing balance at 31 December 2014	**1,347**	**6,993**

The fair value of the Group's put/call option receivable and provision for contingent consideration payable are determined using internal calculations which use relevant current and projected performances, the shareholder agreements, and contingent consideration agreements, as inputs. Refer Note 8 and 14 for further information.

4. 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 $38,956,000 (2013: $41,473,000) and $32,152,000 (2013: $33,177,000) 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.

4. Segment Information (continued)

	Australia $000's	New Zealand $000's	Rest of the World $000's	Inter-segment eliminations $000's	Consolidated $000's
2014					
Sales to external customers	163,654	16,778	6,208	-	186,640
Inter-segment sales	954	28	63,482	(64,464)	-
Total sales revenue	**164,608**	**16,806**	**69,690**	**(64,464)**	**186,640**
Other revenue / income (excluding interest)	1,987	9	141	-	2,137
Total segment revenue and other income	**166,595**	**16,815**	**69,831**	**(64,464)**	**188,777**
EBITDA before significant items	14,553	1,639	1,509	-	17,701
Depreciation and amortisation expense	(1,130)	(241)	(22)	-	(1,393)
Segment result before significant items	**13,423**	**1,398**	**1,487**	**-**	**16,308**
Significant items (refer Note 2)	492	(274)	-	-	218
Segment result including significant items	**13,915**	**1,124**	**1,487**	**-**	**16,526**
Net borrowing costs					(3,287)
Profit before income tax					**13,239**
Income tax expense					(3,304)
Profit after income tax					**9,935**
Segment assets	**263,817**	**23,927**	**45,411**	**(39,980)**	**293,175**
Non-current assets (other than financial assets and deferred tax)	**97,924**	**4,313**	**1,528**	**-**	**103,765**
Additions to non-current assets (other than financial assets and deferred tax)	**9,338**	**147**	**6**	**-**	**9,491**

McPherson's Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2014

4. 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	156,388	18,304	5,958	-	180,650
Inter-segment sales	1,337	34	61,576	(62,947)	-
Total sales revenue	**157,725**	**18,338**	**67,534**	**(62,947)**	**180,650**
Other revenue / income (excluding interest)	92	5	142	-	239
Total segment revenue and other income	**157,817**	**18,343**	**67,676**	**(62,947)**	**180,889**
EBITDA before significant items[1]	15,520	2,439	1,688	-	19,647
Depreciation and amortisation expense	(1,236)	(235)	(24)	-	(1,495)
Segment result before significant items[1]	**14,284**	**2,204**	**1,664**	**-**	**18,152**
Significant items (refer Note 2)	(81,726)	-	-	-	(81,726)
Segment result including significant items[1]	**(67,442)**	**2,204**	**1,664**	**-**	**(63,574)**
Net borrowing costs					(3,339)
Loss before income tax[1]					**(66,913)**
Income tax expense[1]					(3,163)
Loss after income tax[1]					**(70,076)**
Segment assets[1]	**252,823**	**22,321**	**35,290**	**(30,376)**	**280,058**
Non-current assets (other than financial assets and deferred tax)	**112,439**	**6,690**	**1,601**	**-**	**120,730**
Additions to non-current assets (other than financial assets and deferred tax)	**23,688**	**164**	**7**	**-**	**23,859**

[1] See Note 1 for details about restatements associated with the Group early adopting AASB 9 *Financial Instruments*

5. Dividends

Details of dividends declared or paid during or subsequent to the half year ended 31 December 2014 are as follows:

	Half Year December 2014 $000's	Half Year December 2013 $000's
Ordinary		
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

Dividends not recognised at the end of the half year

In addition to the above dividends, since the end of the half year the Directors have declared a fully franked interim dividend of 6.0 cents per fully paid share (2013: 6.0 cents per fully paid share). The aggregate amount of the dividend to be paid on 9 April 2015 but not recognised as a liability at half year end is:	**5,801**	5,640

Dividend reinvestment plan

The Company's dividend reinvestment plan continues to operate at a discount of 2.5% and will apply to the upcoming interim dividend. Shareholders on the register at the record date of 23 March 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 24 March 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 24 March 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.

McPherson's Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2014

6. Income tax expense

	Half Year December 2014 $000's	Half Year December 2013[1] $000's
Profit / (loss) before tax	**13,239**	(66,913)
Prima facie income tax at 30%	**3,972**	(20,074)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of intangible assets	-	23,473
Non-assessable contingent consideration adjustment	(526)	-
Tax rate differences in overseas entities	(218)	(248)
Share-based payments (income)/expense	(29)	8
Over provision in prior years	(9)	(96)
Share of net profit of associates accounted for using the equity method	(91)	-
Other	205	100
Income tax expense	**3,304**	3,163

[1] See Note 1 for details about restatements associated with the Group early adopting AASB 9 *Financial Instruments*

McPherson's Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2014

7. Notes to the statement of cash flows

	Half Year December 2014 $000's	Half Year[1] December 2013 $000's
Profit / (loss) after income tax	**9,935**	(70,076)
Impairment of intangible assets	-	80,000
Depreciation	1,229	1,276
Amortisation of other intangibles	164	219
Gain on disposal of property, plant and equipment	(5)	-
Share-based payments	(96)	26
Share of profit of equity accounted joint venture	(303)	-
Contingent consideration adjustment	(1,752)	-
Changes in operating assets and liabilities, excluding the effects from, purchase or disposal of business assets:		
Increase in payables	20,834	8,298
(Decrease) / increase in other provisions	(460)	237
Increase / (decrease) in employee entitlements	591	(36)
Increase in net tax balances	102	529
Decrease / (increase) in receivables	105	(17,210)
Increase in inventories	(17,430)	(799)
Net cash inflows from operating activities	**12,914**	2,464

[1] See Note 1 for details about restatements associated with the Group early adopting AASB 9 *Financial Instruments*

8. Disposal and assets and liabilities classified as held for sale

(i) Housewares disposal

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 Fackelmann Group is a global manufacturer and distributor of kitchen, baking, home, leisure and bathroom products. The new venture will market and distribute 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 stakeholders 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 Group's New Zealand housewares business was not sold as part of this transaction. The Group is currently discussing a proposed sale of this business with the Fackelmann Group. The Group expects a sale to occur in the near future. As such the Group's New Zealand housewares business has been disclosed as held for sale at 31 December 2014.

The details of the disposal are set out below:

	$000's
Cash received	6,571
Fair value of put/call 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/call 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 after the first anniversary of the sale. 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/call 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 may change over time and the final payment received may significantly differ from the current estimate made. The Group is required to reassess the value of the put/call option at each balance date, with any changes being recognised through profit or loss. At 31 December 2014 the Group determined that the value of the option had remained unchanged at $1,347,000.

8. Disposal and assets and liabilities classified as held for sale (continued)

(i) Housewares disposal (continued)

The carrying amounts of assets and liabilities disposed of:

	$000's
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 31 December 2014 the Group has equity accounted for its share of the joint venture's net profit. This has resulted in the Group recognising a $303,000 equity accounted profit in its current period net profit. The Group's carrying value of its investment in this joint venture has accordingly increased by $303,000 to $7,910,000.

8. Disposal and assets and liabilities classified as held for sale (continued)

(ii) Assets and liabilities classified as held for sale

During the prior year the Directors decided to pursue a sale of the Group's household consumables and housewares businesses. As previously disclosed, the sale of the housewares business (excluding New Zealand) took place on 31 October 2014. The sale process for the household consumables business is continuing.

During the current period, and as a result of the disposal of the Group's Australian, Singapore and Hong Kong housewares business, the Directors now expect to also sell the New Zealand housewares business to the Fackelmann Group on similar terms to the recent sale.

The Directors are aiming to complete the sales of both of these businesses within the next twelve 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 31 December 2014 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. No impairment writedowns were required as a result of the reclassification and remeasurement of these items. Of the assets presented as being held for sale at 31 December 2014, $36,602,000 of these assets are presented within the total assets of the Australian business segment in Note 4, while $6,206,000 are presented within the New Zealand business segment.

	31 December 2014 $000's	30 June 2014 $000's
Inventories	16,974	26,136
Property, plant and equipment	436	428
Intangible assets	25,244	26,409
Deferred tax assets	154	308
Total assets held for sale	**42,808**	53,281
Employee benefits	515	1,027
Deferred tax liabilities	6,050	6,847
Total liabilities directly associated with assets classified as held for sale	**6,565**	7,874

If the estimated consideration to be received by the Group associated with the proposed disposals of the household consumables and New Zealand housewares businesses were to be 10% below management's current estimate then an impairment of intangible assets of approximately $3,624,000 would arise (June 2014: $172,000).

McPherson's Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2014

9. Intangible assets

	31 December 2014 $000's	30 June 2014 $000's
Goodwill	35,469	37,464
Brandnames	52,406	49,259
Other intangibles	6,802	6,194
Accumulated amortisation	(4,771)	(4,651)
	2,031	1,543
Total intangibles	**89,906**	**88,266**

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

	Note	Goodwill $000's	Brandnames $000's	Other intangibles $000's	Total $000's
Carrying amount at 1 July 2014		37,464	49,259	1,543	88,266
Additions		-	41	717	758
Acquisition of brands	14	-	7,246	-	7,246
Transfers / adjustments	8,14	(2,270)	(4,140)	-	(6,410)
Disposal		-	-	(65)	(65)
Amortisation charge		-	-	(164)	(164)
Foreign currency exchange differences		275	-	-	275
Carrying amount at 31 December 2014		**35,469**	**52,406**	**2,031**	**89,906**

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.

Due to the expected 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 8 for further information.

At 31 December 2014, the Group was required to reassess its provision for contingent consideration payable. Based on this arrangement an amount of $4,140,000 has been adjusted against the associated brandnames. Refer to Note 14 for further information.

9. Intangible assets (continued)

Impairment Testing

Goodwill
Goodwill is allocated according to the following cash generating units:

	31 December 2014 $000's	30 June 2014 $000's
Australia (excluding Home Appliances)	13,042	13,042
Home Appliances	19,393	19,393
New Zealand	3,034	5,029
	35,469	**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:

	31 December 2014			**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%	11.5%	15.1%	2.0%	11.5%	15.1%
Home Appliances	3.0%	11.5%	15.1%	3.0%	11.5%	15.1%
New Zealand	2.0%	11.5%	14.7%	2.0%	11.5%	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 31 December 2014, 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 $21,637,000 (June 2014: $44,574,000). The surplus amount within the Home Appliances calculation is $3,357,000 (June 2014: $16,090,000). The surplus amount within the New Zealand calculation is NZD$4,022,000 (June 2013: NZD$10,743,000).

Impairment charge
During the prior period 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 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).

This impairment charge is included within the Australian reportable segment disclosed within Note 4 Segment information. The discount rate and other key assumptions used in the value-in-use calculations are disclosed above.

9. Intangible assets (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 (excluding Home Appliances) cash generating unit were to be 10.0% below the current estimated EBIT the surplus within the calculation would reduce to $4,270,000.

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 (12.5% instead of 11.5%) the surplus within the calculation would reduce to $6,756,000.

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 $10,242,000.

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 an impairment loss of $901,000 would arise.

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 (12.5% instead of 11.5%) an impairment loss of $913,000 would arise.

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 $nil.

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 the surplus within the calculation would reduce to NZ$1,908,000.

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 (12.5% instead of 11.5%) the surplus within the calculation would reduce to NZ$1,974,000.

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%) the surplus within the calculation would reduce to NZ$2,454,000.

9. Non-current assets – Intangibles (continued)

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.

	31 December 2014	30 June 2014
Estimated growth rates	1.0% - 3.0%	1.0% - 3.0%
Post-tax discount rate	11.5%	11.5%
Pre-tax discount rate equivalent	15.1%	15.1%

At 31 December 2014, the total carrying value of brandnames tested using the value-in-use method was $52,406,000 (June 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 31 December 2014 and is based on expected disposal calculations. Based on these calculations all brandnames classified as held for sale at 31 December 2014 are considered recoverable. The total carrying value of brandnames tested using this method was $20,166,000 (June 2014:$23,601,000). Refer Note 8 (ii) for further information.

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, no impairment charge 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 impairment charge would arise.

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.

McPherson's Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2014

10. Borrowings

	31 December 2014 $000's	30 June 2014 $000's
Current		
Bank overdraft - secured	624	398
Bank loans - secured	4,000	2,000
Other borrowings	115	571
Debt issue costs	(79)	(149)
Total current	**4,660**	2,820
Non-current		
Bank loans - secured	76,000	76,000
Total non-current	**76,000**	76,000
Total borrowings	**80,660**	78,820

The Group's 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 facilities provide an amortising core debt facility of $65.0 million (originally $81.0 million, maturing in January 2016), 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. During the current period all financial covenants have been complied with.

The core debt facility will amortise by $4.0 million at May 2015 at which time the maximum available core debt facility will be $61.0 million. At 31 December 2014 the core debt facility limit was $65.0 million.

During the current period the maturity date of the Group's facilities was extended by one month from December 2015 to January 2016. The Group is currently in the process of negotiating the refinancing of its facilities. Negotiations are proceeding well and the Group expects to finalise the refinance in the near future.

10. Borrowings (continued)

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	Between 1 & 2 Years $'000	Total Contractual Cash Flows $'000	Carrying Amount $'000
31 December 2014				
Payables	70,299	-	70,299	70,299
Borrowings	9,036	76,350	85,386	80,660
Contingent consideration[1]	6,993	-	6,993	6,993
Total non-derivative financial liabilities	**86,328**	**76,350**	**162,678**	**157,952**
30 June 2014				
Payables	50,627	-	50,627	50,627
Borrowings	7,115	78,024	85,139	78,820
Contingent consideration[1]	4,170	8,715	12,885	12,885
Total non-derivative financial liabilities	61,912	86,739	148,651	142,332

[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 31 December 2014 and 30 June 2014 respectively. The final payment amounts may significantly differ from the amounts disclosed above. Refer to Note 14 for further information.

11. Contributed equity

	31 December 2014 $000's	30 June 2014 $000's
Issued and paid up capital:		
96,684,407 (June 2014: 95,434,645) ordinary shares - fully paid	**148,474**	147,003

Movements in ordinary share capital

Date	Details	Number of Shares	Price $	$000's
1 July 2014	Opening balance	95,434,645		147,003
10 November 2014	Shares issued - Dividend reinvestment plan	1,249,762	1.18	1,475
	Transactions costs associated with shares issue	-		(6)
	Tax effect of share issue transaction costs recognised directly in equity	-		2
31 December 2014	**Closing Balance**	**96,684,407**		**148,474**

McPherson's Limited
Notes to the Consolidated Financial Statements
For the half year ended 31 December 2014

12. Earnings Per Share

	Half Year December 2014 Cents	Half Year December 2013 Cents[1]
Basic earnings / (loss) per share	10.4	(77.4)
Diluted earnings / (loss) per share	10.4	(77.4)
Basic earnings per share excluding significant items	9.7	11.7

Reconciliation of earnings used in calculating earnings per share

	Half Year December 2014 $000's	Half Year December 2013 $000's[1]
Basic and diluted earnings per share		
Profit for the period (excluding significant items)	9,263	10,605
Significant items, net of tax	672	(80,681)
Profit / (loss) for the period	9,935	(70,076)

Weighted average number of shares used as the denominator

	Half Year December 2014 Number	Half Year December 2013 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**95,776,110**	90,552,717
Potential ordinary shares	-	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**95,776,110**	90,552,717
Options and performance rights that are not dilutive and are therefore not included in the calculation of diluted earnings per share	1,111,000	1,166,000

13. Net tangible asset backing

	31 December 2014 Cents	31 December 2013 Cents[1]
Net tangible asset backing per ordinary share	(7.1)	(15.8)

[1] See Note 1 for details about restatements associated with the Group early adopting AASB 9 *Financial Instruments*

14. Acquisitions

Current period

(i) Acquisition

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's
Purchase consideration	
Cash paid	8,050
Total purchase consideration	**8,050**

The assets acquired were as follows:

Inventories	787
Property, plant and equipment	17
Brandnames	7,246
Net assets acquired	**8,050**
Purchase consideration – cash outflow	
Cash consideration paid	8,050
Outflow of cash to acquire business assets – investing activities	**8,050**

(ii) Contingent consideration

At 31 December 2014 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 31 December 2014 the Group determined that the provision required to be held was \$6,993.000. As a result of this, the Group adjusted down its contingent consideration provision by \$5,892,000. Of this amount, \$4,140,000 has been adjusted against brandname intangible assets, since this amount related to an asset only acquisition. The other \$1,752,000 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 2 Significant Items.

14. Acquisitions (continued)

Whilst the closing contingent consideration provision of $6,993,000 represents the Group's best estimate of the likely amount required to settle these arrangements, based on current and forecast performance, the Directors note that the final payment amounts may differ significantly from the current provision held, due to changes in facts and circumstances that may arise in the future.

As discussed in the Group's annual financial statements for the year ended 30 June 2014 the payment ranges associated with the significant contingent consideration arrangements are $0 to $13,500,000 for the Dr LeWinn's and Revitanail acquisition and $1,141,000 and $12,507,000 for the Home Appliances acquisition.

Prior period

During the prior period, the Group acquired:

- The brandname and associated assets of Maseur on 1 July 2013;
- The business assets of Think Appliances and the Baumatic brandname on 29 October 2013; and
- The brandnames and associated assets of Dr LeWinn's and Revitanail on 31 October 2013.

Details of these acquisitions were disclosed in Note 31 of the Group's annual financial statements for the year ended 30 June 2014.

15. 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.

16. Subsequent events

On 23 February 2015, the Directors of the Company declared an interim dividend of 6.0 cents per share fully franked which is payable on 9 April 2015 (refer to Note 5).

Other than the matter discussed above, there has not arisen in the interval between the end of the half 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.

McPherson's Limited and Controlled Entities
Directors Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 4 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 31 December 2014 and of its performance for the half year ended on that date; and

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

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

Dated at Sydney this 23rd Day of February 2015.

D. J. Allman
Director

P. J. Maguire
Director

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of McPherson's Limited, which comprises the consolidated balance sheet as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the McPherson's Limited group (the consolidated entity). The consolidated entity comprises both McPherson's Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of McPherson's Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

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

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the Company for the half-year ended 31 December 2014 included on the McPherson's Limited web site. The company's directors are responsible for the integrity of the McPherson's Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

Paddy Carney
Partner

Sydney
23 February 2015

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au