27 AUGUST 2013

Blackmores Building platforms for growth

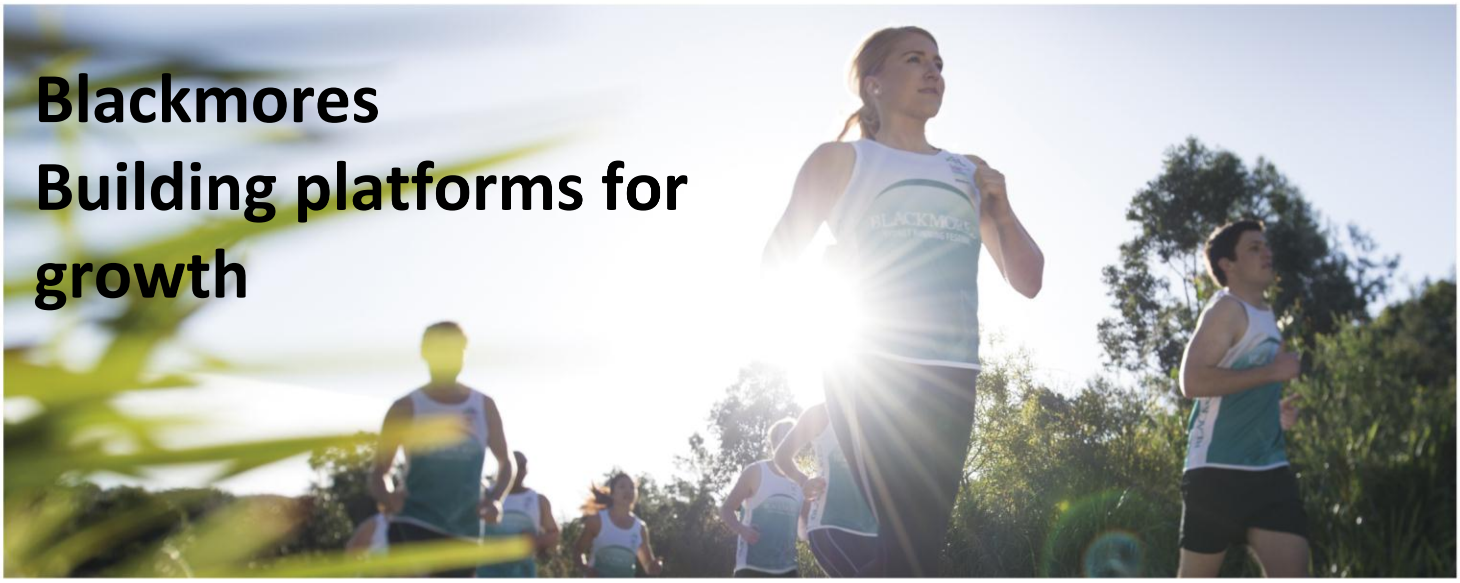

Image: Cristy Schramm and Samuel Teager, leading the Blackmores Running Club

KEY POINTS

- Strong Sales of $327m, up 25% on the previous year
- Net profit after tax of $25 million, down 10% - impacted by a decline in Australian margins
- Further progress in our Asia expansion with sales up 14% to $60m
- Successful transition of BioCeuticals acquisition
- Prudent expense management, evidenced in a reduction in corporate expenses and improved sourcing costs
- Strong focus on cash management, with operating cash flow improving by 6%
- Final dividend of 83 cents, maintaining full year dividend of 127 cents

DEAR SHAREHOLDER

Blackmores Limited (ASX: BKL) has announced annual sales of $327 million, up 25% for 2012/13; its eleventh consecutive year of record sales, with sales growth achieved in all our core businesses. Excluding our BioCeuticals acquisition in the year, Group sales rose 8%.

Blackmores net profit declined 10% to $25 million in the year, impacted by reduced margins in our Australia business, including higher than expected stock write-offs which increased by $2.8m over the prior year.

Expenses were tightly managed across the Group, increasing by just 2.5% compared to the prior year, excluding both BioCeuticals and the impact of the new business model for New Zealand. This, coupled with further operational efficiencies and improved treasury management, plus other business units delivering stronger profit contributions, helped mitigate the full impact of lower Australia margins.

We placed a strong emphasis on optimising our cash in the business and achieved a 6% improvement in operating cash flows year on year as a result of improvements in working capital.

In Australia we continued to invest in and support our retail market, which secured a 4% sales growth for the year. We have increased our investment in consumer marketing whilst continuing our support for pharmacies to give advice with the deployment of additional merchandising units, enhanced training and increased trade support. We have strengthened our management of our grocery customers and opened an additional warehouse to further improve our distribution.

Challenges in the Australian retail market intensified, particularly for pharmacy customers, our core customer group, who are going through significant structural change. The impact of the increased growth of larger customers as a proportion of the vitamins category, whilst smaller community pharmacies are declining, has brought challenges to the business. This, coupled with intense competition from other brands including deep discounting, and significant stock write-offs, particularly in the fourth quarter, put pressure on margins in Australia and caused a 26% decline in EBIT for this business. Although we experienced margin declines in the year, our Australia business is still very profitable and the foundation of our company.

Our business in Asia continues to go from strength to strength with record sales achieved and profits up 23% for the region, including a significant investment in establishing our efforts in China. Thailand, Malaysia, Hong Kong, Singapore and Taiwan all achieved record sales performances. Sales in Korea were impacted by regulatory changes, which caused some short-term product delays, although we remain confident in the long-term health of this business. During the year Blackmores launched in Macau and China and secured a 'Wholly Foreign Owned Enterprise' certification, an important milestone for our future.

Asia is an increasingly important market for Blackmores' future, providing an important platform to secure further profitable growth, an opportunity to leverage better our capital investments and provide sources of alternative currencies to protect the cost of ingredients, which are sourced from all over the world. As we go forward we will continue to invest and grow new markets for our products and services.

Blackmores acquired 100% ownership of BioCeuticals in July 2012 and this new business is performing well. BioCeuticals is the leading brand of practitioner products in Australia and the transition of the business has gone well, evidenced by an 8% increase in sales to $45 million and a strong EBIT contribution of $4.9 million. Taking into account the cost of our increased debt to acquire the business, the investment was earnings accretive.

Net Debt increased by $36m to $69m in the period, including the cash impact of the $38.6m paid for the BioCeuticals acquisition.

In the year we launched the Blackmores Institute as a centre of excellence for knowledge and research with the aim of furthering understanding and usage of natural medicine. The Institute reflects Blackmores' commitment to research, education and evidence-based medicine to the broader community of Australian health professionals and consumers. To support the efficacy of our products, across the Blackmores Group we are investing in over 25 clinical trials and have partnerships with 5 of Australia's leading universities.

In what has been a tough year, we have continued to take strong steps in our quest to build new platforms for growth. In a year that has witnessed further turbulence in the Australian retail market, it has been important that we continue to reshape our business, manage our cost base and grow new sources of revenues and profits.

DIVIDEND

The Board have maintained the final dividend of 83 cents per share fully franked given their confidence in the Company's future. The record date is 30 September 2013 and the dividend is payable on 18 October 2013.

Shareholders who elect to participate in the Dividend Reinvestment Plan (DRP) will benefit from a 5% discount. Shareholders' current DRP election choice is maintained by Computershare Investor Services Limited, the Company's registry manager, and Shareholders are not required to notify Computershare if their previous election to participate remains unchanged.

Shareholders can check their current election by contacting Computershare on 1300 555 159 or online at: www.computershare.com.au/investors

Shareholders are able to change their election or register to participate by either:

- Visiting the Computershare Investor Centre website: www.computershare.com.au/investors
- Contacting Computershare for assistance on 1300 555 159.
- Completing the form enclosed

OUTLOOK

For Blackmores Australia, the competitive challenges of a heavily discounted marketplace has eroded margins and necessitated transformational changes to the way we do business. Whilst these market dynamics will likely prevail in the coming year, we believe the overall market will grow as complementary medicines become more mainstream and that Blackmores as an industry leader is well positioned to capitalise on this opportunity.

Asia represents a significant and increasing part of our business and we anticipate further profitable growth in the region in the coming year. The acquisition of BioCeuticals has made a very positive contribution and we expect that to continue.

Our strategic priorities going forward are clear. We need to:

- support our Australian retail business whilst building our consumer brand
- invest in Asia and BioCeuticals for further profitable growth and develop new additional revenue streams
- continue to improve operational excellence and transform our cost profile going forward, and
- simplify our organisation and align resources closer to our customers.

We continue to expect sales growth and to improve our profit performance in the coming year.

CHRISTINE HOLGATE
CHIEF EXECUTIVE OFFICER

INVESTOR CENTRE

Further information on Blackmores Limited, including Annual Reports, company announcements and shareholder information, can be found at the Investor Centre at blackmores.com.au

INVESTOR CONTACT

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Results at a Glance Year Ended 30 June 2013

Results ($000s) Full Year	**This Year**	**Last Year**	**% Change**
Sales	326,603	260,832	+25.2%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	44,692	46,879	-4.7%
Earnings before interest and tax (EBIT)	38,703	41,957	-7.8%
Net interest expense	4,752	2,761	+72.1%
Profit before tax	33,951	39,196	-13.4%
Income tax expense	8,975	11,390	-21.2%
Profit for the period	24,976	27,806	-10.2%

Results ($000s) (Quarter 4)	**This Year**	**Last Year**	**% Change**
Sales	86,006	74,551	+15.4%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	10,962	13,225	-17.1%
Earnings before interest and tax (EBIT)	9,306	11,977	-22.3%
Net interest expense	1,202	643	+86.9%
Profit before tax	8,104	11,334	-28.5%
Income tax expense	1,654	3,485	-52.5%
Profit for the period	6,450	7,849	-17.8%

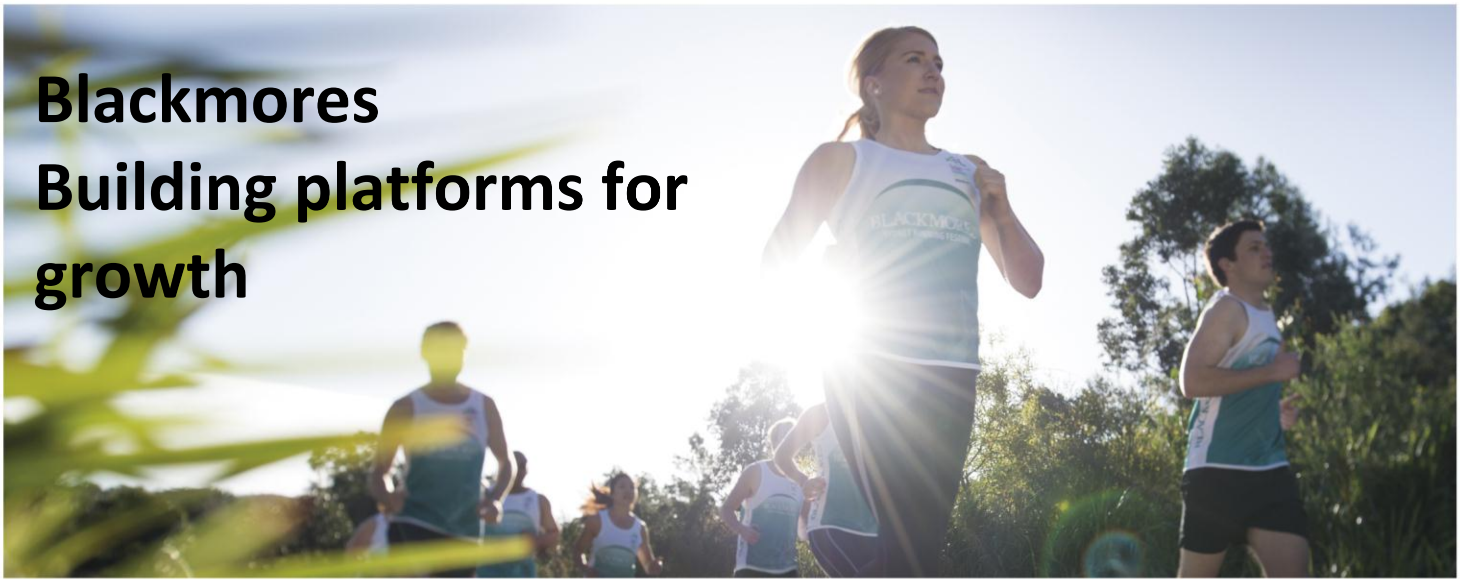
Other Key Items		**30/06/2013**	**30/06/2012**
EBIT/Sales	%	11.9	16.1
Interest cover (net)	times	8.1	15.2
Total Assets	$m	231.5	174.8
Shareholders' Equity	$m	98.1	86.2
Net debt	$m	69.0	33.0
Net debt / (Net debt + Equity)	%	41.3	27.7
Net tangible assets per share	$	3.47	4.75
Operating cash flow	$m	22.0	20.8
Share price (26 August 2013)	$	27.48	26.25[i]
Shares on issue	m	16.97	16.78

Notes

[i] Share price at 30 June 2012

BLACKMORES

Blackmores
Building platforms for growth



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We placed a strong emphasis on optimising our cash in the business and achieved a 6% improvement in operating cash flows year on year as a result of improvements in working capital.

Blackmores Chief Executive Officer, Ms Christine Holgate said; “In Australia we continued to invest in and support our retail market, which secured a 4% sales growth for the year. We have increased our investment in consumer marketing whilst continuing our support for pharmacies to give advice with the deployment of additional merchandising units, enhanced training and increased trade support. We have strengthened our management of our grocery customers and opened an additional warehouse to further improve our distribution.”

“Challenges in the Australian retail market intensified, particularly for pharmacy customers, our core customer group, who are going through significant structural change. The impact of the increased growth of larger customers as a proportion of the vitamins category, whilst smaller community pharmacies are declining, has brought challenges to the business. This, coupled with intense competition from other brands including deep discounting, and significant stock write-offs, particularly in the fourth quarter, put pressure on margins in

Australia and caused a 26% decline in EBIT for this business. Although we experienced margin declines in the year, our Australia business is still very profitable and the foundation of our company."

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"In what has been a tough year, we have continued to take strong steps in our quest to build new platforms for growth, said Ms Holgate. "In a year that has witnessed further turbulence in the Australian retail market, it has been important that we continue to reshape our business, manage our cost base and grow new sources of revenues and profits."

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