BLACKMORES®

our healthy future

FINANCIAL REPORT
FOR THE HALF-YEAR
ENDED 31 DECEMBER 2013

contents

Directors' Report

The Directors of Blackmores Limited submit herewith the Financial Report of Blackmores Limited and its subsidiaries (the Group) for the half-year ended 31 December 2013. In order to comply with the provisions of the Corporations Act 2001, the Directors' Report is as follows:

The names of the Directors of the Company during and since the end of the half-year are:

David G. Ansell (New Director 22 October 2013)
Marcus C. Blackmore
Stephen J. Chapman
Verilyn C. Fitzgerald
Christine W. Holgate
Helen E. C. Nash (New Director 22 October 2013)
Robert L. Stovold (Retired 22 October 2013)
Brent W. Wallace

REVIEW OF OPERATIONS

The Directors report that sales for the six months to 31 December 2013 were $169,566,000 (2012: $164,254,000), an increase of 3.2%. The Group profit after tax for the half-year was $12,112,000 (2012: $13,565,000) a decrease of 10.7% on last year. These results have been reviewed by our auditor.

INTERIM DIVIDEND

The Board has declared an interim dividend of 44 cents per share fully franked (2012: 44 cents fully franked), to be paid to shareholders registered at 5.00 pm on 12 March 2014 and to be paid on 2 April 2014.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 3 of the half-year Financial Report.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order, amounts in the Directors' Report and the half-year Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of Directors made pursuant to s.306 (3) of the Corporations Act 2001.

On Behalf of the Directors

Marcus C. Blackmore AM
Chairman

Sydney, 26 February 2014

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
Blackmores Limited
20 Jubilee Avenue
WARRIEWOOD NSW 2102

26 February 2014

Dear Board Members

Blackmores Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Blackmores Limited.

As lead audit partner for the review of the financial statements of Blackmores Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Delaney

X Delaney
Partner
Chartered Accountants

Independent Auditor's Review Report

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the members of Blackmores Limited

We have reviewed the accompanying half-year financial report of Blackmores Limited, which comprises the condensed statement of financial position as at 31 December 2013, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 17.

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 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 gives a true and fair view and 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 half-year 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 2013 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 Blackmores 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.

Independent Auditor's Review Report

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Blackmores Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 Blackmores 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 2013 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*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Delaney

X Delaney
Partner
Chartered Accountants
Parramatta, 26 February 2014

Directors' Declaration

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the Directors' opinion, the attached Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group.

Signed in accordance with a resolution of the Directors made pursuant to Section 303(5) of the Corporations Act 2001.

On behalf of the Directors

MARCUS C. BLACKMORE AM
Chairman

Sydney, 26 February 2014

Condensed Consolidated Income Statement

for the half-year ended 31 December 2013

	NOTES	Half-Year ended 31 December 2013 $'000	Half-Year ended 31 December 2012 $'000
Sales	4	**169,566**	164,254
Other income		**956**	1,136
Revenue and other income		**170,522**	165,390
Promotional and other rebates		**27,675**	26,649
Changes in inventories of finished goods		**(470)**	8,209
Raw materials and consumables used		**55,607**	44,257
Employee benefits expenses		**34,833**	32,219
Selling and marketing expenses		**15,162**	15,220
Depreciation and amortisation expenses		**3,110**	2,945
Operating lease rental expenses		**1,821**	1,378
Professional and consulting expenses		**2,125**	2,017
Repairs and maintenance expenses		**1,425**	1,311
Freight expenses		**2,922**	2,426
Bank charges		**402**	427
Other expenses		**6,933**	7,018
Total expenses		**151,545**	144,076
Earnings before interest and tax	4	**18,977**	21,314
Interest revenue		**138**	89
Interest expense		**(2,623)**	(2,464)
Net interest expense		**(2,485)**	(2,375)
Profit before tax		**16,492**	18,939
Income tax expense		**(4,380)**	(5,374)
Profit for the period		**12,112**	13,565
EARNINGS PER SHARE			
Basic (cents per share)		**71.2**	80.6
Diluted (cents per share)		**71.2**	80.6

Notes to the consolidated Financial Statements are included on pages 12 to 17.

Condensed Consolidated Statement of Comprehensive Income

for the half-year ended 31 December 2013

	Half-Year ended 31 December 2013	Half-Year ended 31 December 2012
	$'000	$'000
Profit for the period	**12,112**	13,565
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Gain/ (Loss) recognised on cash flow hedges	**376**	(132)
Exchange differences arising on translation of foreign controlled entities	**(234)**	277
Income tax relating to components of other comprehensive income	**(113)**	40
Other comprehensive income for the period, net of tax	**29**	185
Total comprehensive income for the period	**12,141**	13,750

Notes to the consolidated Financial Statements are included on pages 12 to 17.

Condensed Consolidated Statement of Financial Position

As at 31 December 2013

	NOTES	31 December 2013 $'000	30 June 2013 $'000
CURRENT ASSETS			
Cash and bank balances		**10,746**	17,963
Trade and other receivables		**66,909**	63,956
Inventories		**39,577**	39,892
Other financial assets		**252**	-
Other		**3,748**	2,219
Total current assets		**121,232**	124,030
NON-CURRENT ASSETS			
Property, plant and equipment		**64,449**	65,681
Investment property		**2,160**	2,160
Other intangible assets		**18,486**	17,933
Goodwill		**16,863**	17,575
Deferred tax assets		**3,201**	3,683
Other financial assets		**335**	291
Other		**104**	124
Total non-current assets		**105,598**	107,447
Total assets		**226,830**	231,477
CURRENT LIABILITIES			
Trade and other payables		**40,722**	38,369
Interest-bearing liabilities	6	**-**	6
Other financial liabilities		**630**	593
Provisions		**5,197**	5,219
Other		**114**	848
Total current liabilities		**46,663**	45,035
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	6	**81,000**	87,000
Provisions		**696**	722
Other financial liabilities		**235**	396
Other		**232**	273
Total non-current liabilities		**82,163**	88,391
Total liabilities		**128,826**	133,426
Net assets		**98,004**	98,051
EQUITY			
Issued capital	8	**32,896**	30,996
Reserves		**4,423**	4,394
Retained earnings		**60,685**	62,661
Total equity		**98,004**	98,051

Notes to the consolidated Financial Statements are included on pages 12 to 17.

Condensed Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2013

	Issued Capital	Equity-Settled Employee Benefits Reserve	Cash flow Hedging Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2012	25,348	5,430	(725)	(2,941)	59,168	86,280
Dividend declared	-	-	-	-	(13,928)	(13,928)
Profit for the period	-	-	-	-	13,565	13,565
Other comprehensive income for the period, net of tax	-	-	(92)	277	-	185
Total comprehensive income for the period	-	-	(92)	277	13,565	13,750
Issue of shares under Dividend Reinvestment Plan	3,889	-	-	-	-	3,889
Recognition of share-based payments	-	172	-	-	-	172
Balance as at 31 December 2012	**29,237**	**5,602**	**(817)**	**(2,664)**	**58,805**	**90,163**
Balance as at 1 July 2013	**30,996**	**5,806**	**(692)**	**(720)**	**62,661**	**98,051**
Dividend declared	**-**	**-**	**-**	**-**	**(14,088)**	**(14,088)**
Profit for the period	**-**	**-**	**-**	**-**	**12,112**	**12,112**
Other comprehensive income for the period, net of tax	**-**	**-**	**263**	**(234)**	**-**	**29**
Total comprehensive income for the period	**-**	**-**	**263**	**(234)**	**12,112**	**12,141**
Issue of shares under Dividend Reinvestment Plan	**1,900**	**-**	**-**	**-**	**-**	**1,900**
Balance as at 31 December 2013	**32,896**	**5,806**	**(429)**	**(954)**	**60,685**	**98,004**

Notes to the consolidated Financial Statements are included on pages 12 to 17.

Condensed Consolidated Statement of Cash Flows

for the half-year ended 31 December 2013

	NOTES	Half-Year ended 31 December 2013 $'000	Half-Year ended 31 December 2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**183,722**	183,773
Payments to suppliers and employees		**(163,995)**	(169,802)
Cash generated from operations		**19,727**	13,971
Interest and other costs of finance paid		**(2,623)**	(2,463)
Income tax paid		**(3,899)**	(9,069)
Net cash provided by operating activities	5	**13,205**	2,439
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**138**	89
Payment for acquisition of subsidiary, net of cash acquired		**-**	(38,646)
Payment for acquisition of investments		**(713)**	-
Payment for property, plant and equipment		**(1,728)**	(2,694)
Proceeds from sale of property, plant and equipment		**27**	40
Dividends received		**7**	6
Net cash used in investing activities		**(2,269)**	(41,205)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (repayment of)/proceeds from borrowings		**(6,006)**	49,121
Dividends paid[1]	3	**(12,188)**	(10,039)
Net cash (used in)/provided by financing activities		**(18,194)**	39,082
Net (decrease)/increase in cash and cash equivalents held		**(7,258)**	316
Cash and cash equivalents at the beginning of the half-year		**17,963**	11,960
Effect of exchange rate changes on the balance of cash held in foreign currencies		**41**	(37)
Cash and cash equivalents at the end of the half-year		**10,746**	12,239

1 Dividends declared totalled $14,088,000 (2013: $13,928,000) of which $1,900,000 (2012: $3,889,000) relates to shares issued under the Dividend Reinvestment Plan. The balance of $12,188,000 (2012: $10,039,000) was paid as cash to members.

Notes to the condensed consolidated Financial Statements are included on pages 12 to 17.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2013

1 GENERAL INFORMATION

Blackmores Limited (the Company) is a public company listed on the Australian Securities Exchange (trading under the symbol 'BKL'), incorporated in Australia and operating in Australia, Asia and New Zealand.

Blackmores Limited's registered office and its principal place of business are as follows:

20 Jubilee Avenue
Warriewood NSW 2102
Telephone +61 2 9910 5000

The Group's principal activity is the development and sales and marketing of health products for humans and animals including vitamins, herbal and mineral nutritional supplements.

2 SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Blackmores Limited (the Company) is a company domiciled in Australia. The Consolidated Interim Financial Report (Financial Report) of Blackmores as at and for the six months ended 31 December 2013 comprises Blackmores and its subsidiaries (the Group).

The Consolidated Annual Financial Report of the Group as at and for the year ended 30 June 2013 is available upon request from the registered office of Blackmores at 20 Jubilee Avenue, Warriewood, NSW 2102 or online at blackmores.com.au.

STATEMENT OF COMPLIANCE AND AASB 134 INTERIM FINANCIAL REPORTING

The half-year Financial Report is a general purpose Financial Report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 'Interim Financial Reporting' ensures compliance with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report as at and for the year ended 30 June 2013.

BASIS OF PREPARATION

The Condensed Consolidated Financial Statements have been prepared on the basis of historical cost, except certain non-current assets and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian Dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the half-year Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year Financial Report are consistent with those adopted and disclosed in the Group's 2013 Annual Financial Report for the financial year ended 30 June 2013, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

ESTIMATES

The preparation of the Financial Report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this Financial Report, the significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainty in estimation were the same as those that applied to the Financial Report as at and for the year ended 30 June 2013.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

ASSUMPTIONS FOR BIOCEUTICALS, PAW AND OTHER INTANGIBLES IMPAIRMENT REVIEW

The recoverable amount of the goodwill and other intangibles relating to the acquisitions of BioCeuticals and PAW are based on value in use calculations. These calculations use cash-flow projections based on five year plans approved by management, which include a terminal valuation representing cash-flow projections beyond five years. The discount rate used in the calculations is 10% after tax which reflects a market estimate of the Group's weighted average cost of capital.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2013

2 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and amendments thereof and interpretations effective for the current reporting period that are relevant to the Group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement standards
- AASB 12 'Disclosure of interest in Other Entities'
- AASB 13 'Fair Value Measurement and AASB 2011-8 Amendments to Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Accounting Standards arising from AASB 119(2011)'
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosure – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-5 'Amendments to Australia Accounting Standards arising from Annual Improvements 2009-2011 Cycle'
- AASB 2012-10 'Amendments to Accounting Standards – Transition Guidance and other Amendments'

The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods.

3 DIVIDENDS

	Half-Year ended 31 December 2013		Half-Year ended 31 December 2012	
	CENTS PER SHARE	TOTAL $'000	CENTS PER SHARE	TOTAL $'000
FULLY PAID ORDINARY SHARES				
RECOGNISED AMOUNTS				
Final dividend paid in respect of prior financial year:				
Fully franked at 30% corporate tax rate	**83**	**14,088**	83	13,928
UNRECOGNISED AMOUNTS				
Interim dividend:				
Fully franked at 30% corporate tax rate	**44**	**7,500**	44	7,440

The interim dividend for the half-year ended 31 December 2013 has not been recognised because it was declared subsequent to 31 December 2013. On the basis that the directors will continue to declare dividends subsequent to the reporting date, the amounts disclosed as 'recognised' will be the final dividends in respect of the prior financial year.

On 26 February 2014 the directors declared a fully franked interim dividend of 44 cents (2012: 44 cents) per share to the holders of fully paid ordinary shares in respect of the half-year ended 31 December 2013, to be paid to shareholders on 2 April 2014.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2013

4 SEGMENT INFORMATION

Information reported to the Group's Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance is largely focused on geographical regions. Our larger Asian markets – Thailand and Malaysia, are presented as separate segments with the remainder of the Asian markets aggregated as the 'Other Asia' segment. The Group's reportable segments under AASB 8 are therefore as follows:

Australia
BioCeuticals
Thailand
Malaysia
Other Asia
Other

The principal activity of each segment is the development and/or marketing of health products including vitamins, herbal and mineral nutritional supplements.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

SEGMENT REVENUES FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	External Sales		Inter-segment Sales[1]		Total	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Australia	**106,752**	108,003	**14,642**	11,736	**121,394**	119,739
BioCeuticals	**22,842**	21,489	**-**	-	**22,842**	21,489
Thailand	**16,357**	14,281	**-**	-	**16,357**	14,281
Malaysia	**9,994**	9,005	**-**	-	**9,994**	9,005
Other Asia[2]	**7,429**	5,239	**-**	-	**7,429**	5,239
Other[3]	**6,192**	6,237	**-**	-	**6,192**	6,237
Total of all segments	**169,566**	164,254	**14,642**	11,736	**184,208**	175,990
Eliminations[4]					**(14,642)**	(11,736)
Consolidated revenue (excluding interest revenue and other income)					**169,566**	164,254

1 Inter-segment sales are recorded at cost plus a margin determined on an individual basis for each market. Pricing is initially set using a budgeted exchange rate and reviewed each quarter.
2 Other Asia comprises the markets of Singapore, Korea, Hong Kong, Taiwan, China and Cambodia.
3 Other comprises New Zealand and the PAW business.
4 This is the total of adjustments to revenue as a result of the intercompany consolidation eliminations.

INFORMATION ABOUT MAJOR CUSTOMERS

External sales represents the sale of goods when the significant risks and rewards of ownership of the goods has been transferred to the ultimate buyer.

The Group had two customers who contributed more than 10% of the Group's revenue in the half-year period. Included in external sales of the Australian segment of $106,752,000 (2012: $108,003,000) are sales of $35,398,000 (2012: $30,964,000) and $18,009,000 (2012: $21,111,000) which arose from sales to the Group's two largest customers.

SEGMENT RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

The following is an analysis of the Group's EBIT results from continuing operations by reportable segment.

	2013 $'000	2012 $'000
Australia	**17,089**	19,750
BioCeuticals	**3,023**	2,410
Thailand	**4,511**	4,024
Malaysia	**1,504**	966
Other Asia	**(3,697)**	(2,792)
Other	**(770)**	(821)
Corporate Costs	**(2,683)**	(2,223)
Earnings before interest and tax	**18,977**	21,314

Segment profit represents EBIT earned by each segment. This is the measure reported to the Chief Operation Decision Maker for the purposes of resource allocation and assessment of segment performance.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2013

5 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	Half-Year ended 31 December 2013	Half-Year ended 31 December 2012
	$'000	$'000
RECONCILIATION OF PROFIT AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**12,112**	13,565
Interest revenue disclosed as investing cash flow	**(138)**	(89)
Depreciation and amortisation of non-current assets	**3,110**	2,945
Share-based payments	**-**	172
Other	**(464)**	56
Increase/(decrease) in current tax liability	**111**	(3,693)
Increase/(decrease) in deferred tax balances	**482**	(42)
(Decrease)/increase in deferred tax balances related to hedge reserve in equity	**(113)**	40
Changes in net assets and liabilities:		
(Increase)/decrease in assets:		
• Receivables	**(1,375)**	4,350
• Inventories	**437**	(4,104)
• Other debtors and prepayments	**(1,530)**	469
Increase/(decrease) in liabilities:		
• Payables	**665**	(10,540)
• Provisions	**(47)**	(690)
• Other	**(45)**	-
Net cash provided by operating activities	**13,205**	2,439

6 INTEREST-BEARING LIABILITIES

	31 December 2013	30 June 2013
	$'000	$'000
Current		
Finance lease liability	**-**	6
Non-current		
Secured:		
Bank bills at amortised cost[1,2]	**81,000**	87,000

Summary of borrowing arrangements:

1. Secured by registered mortgage debentures and a floating charge over certain assets of the Group.
2. In accordance with the security arrangements of liabilities, as disclosed in this note to the condensed consolidated Financial Statements, effectively all assets of the Company have been pledged as security.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2013

7 FINANCIAL INSTRUMENTS

7.1 FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input	Relationship of unobservable inputs to fair value
	31 DECEMBER 2013 $	30 JUNE 2013 $				
1) Foreign currency forward contracts	Asset 251,505	Assets -	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a market rate. Credit risk of various counterparties were not considered on the basis that the adjustment would be immaterial.	N/A	N/A
2) Interest rate swaps	Liabilities 864,726	Liabilities 988,844	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a market rate. Credit risk of various counterparties were not considered on the basis that the adjustment would be immaterial.	N/A	N/A
3) Investment in shares	Asset 335,205	Asset 291,310	Level 3	Market approach based on recent share prices traded in unquoted market.	Share price unquoted market	N/A

There were no transfers between level 1 and 2 in the period.

7.2 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE ON A RECURRING BASIS

Except as detailed in the following table, the directors consider that the carrying amount of financial assets and financial liabilities recognised in the Consolidated Financial Statements approximate their fair values.

	31 December 2013		30 June 2013	
	Carrying amount $000's	Fair value $000's	Carrying amount $000's	Fair value $000's
Financial assets				
Trade and other receivables	**66,909**	**66,909**	63,956	63,956
Financial liabilities held at amortised cost				
Trade and other payables	**40,722**	**40,722**	38,369	38,369
Finance lease liability	**-**	**-**	6	6
Interest rate swap	**865**	**865**	989	989
Bank loans	**81,000**	**81,000**	87,000	87,000
	122,587	**122,587**	126,364	126,364

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 31 December 2013

8 ISSUANCES OF EQUITY SECURITIES

During the half-year reporting period, the Company issued 72,260 (2012: 127,192) ordinary shares for $1,900,000 (2012: $3,889,000) under its Dividend Reinvestment Plan (DRP).

During the half-year reporting period the Company issued 1,695 (2012: 2,214) ordinary shares for $nil (2012: $nil) under its executive and employee share plans for the year ending 30 June 2013. There were no other movements in the ordinary share capital or other issued share capital of the Company in the current or prior half-year reporting period.

Under the Company Executive Performance Share Plan, during the half-year the Company granted entitlements to an allocation of ordinary shares provided specific performance objectives and hurdles are met in relation to the year ending 30 June 2014. If the performance and employment vesting conditions are met, the minimum number of rights that could be vested under the entitlement is 18,754 (2013: 17,060) and the maximum number of rights that could be vested is 75,014 (2013: 68,244). These share options had a fair value at grant date of $19.27 (2013: $27.94).

As the specific performance objectives and hurdles were not met in relation to the financial year ended 30 June 2013, no rights were vested during the half-year ending 31 December 2012.

9 KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personal are disclosed in the annual financial report.

10 SUBSEQUENT EVENTS

Other than the interim dividend disclosed in note 3, there have been no other matters or circumstances occurring subsequent to the end of the period that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial years.

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